Stock Code：2347

SYNNEX

Synnex Technology International Corporation

2019

Consoliddated 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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SYNNEX 2019 Consoliddated Annual Report

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

Australia logistics centers
Melbourne, Sydney

Indonesia logistics center
Jakarta

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Global Depositary Receipts (GDR) Stock Exchange
Luxembourg Stock Exchange
For GDR trading information, please contact the London Stock Exchange. The website is www.londonstockexchange.com and the stock code is SYXZF.

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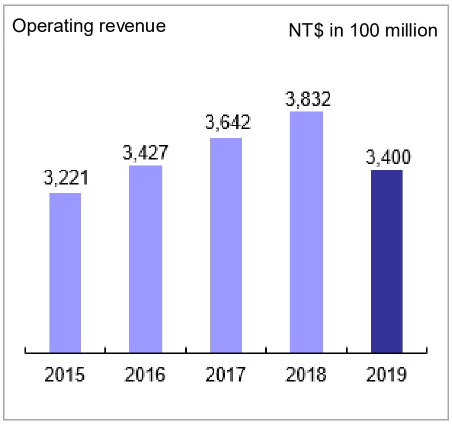
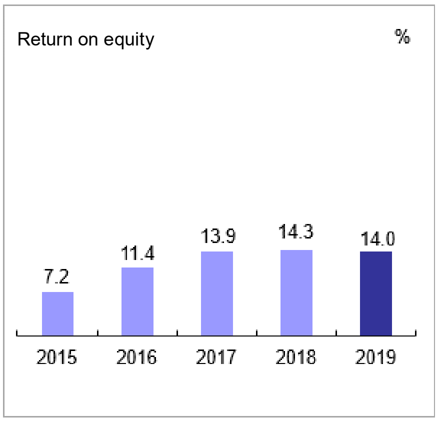
2019 Consolidated Financial Performance

Unit: NTD

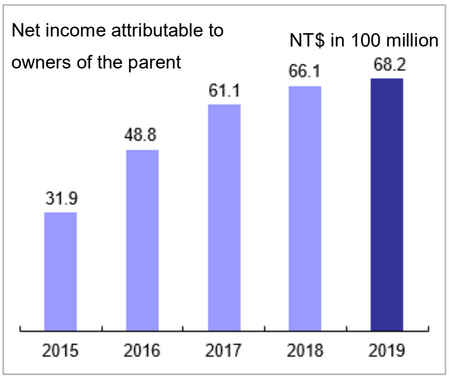
Item/Year	2018	2019	Net change (%)
Operating revenue (in 100 million)	3,832	3,400	(11.3)
Pre-tax profit (in 100 million)	79.8	88.9	11.4
Net income attributable to owners of the parent (in 100 million)	66.1	68.2	3.2
EPS (after retrospective adjustment) (NT$)	3.96	4.09	3.3
Gross profit margin (%)	3.8	4.3	13.2
Operating expense ratio (%)	2.4	2.6	8.3
Operating profit margin (%)	1.4	1.8	28.6
Return on equity (ROE) (%)	14.3	14.0	(2.1)
Average collection days	54	59	9.3
Inventory turnover (days)	39	41	5.1
Average payment turnover days	38	42	10.5


Operating revenue
NT$ in 100 million
3,221
3,427
3,642
3,832
3,400
2015
2016
2017
2018
2019

↓ 11.3%


Return on equity
%
7.2
11.4
13.9
14.3
14.0
2015
2016
2017
2018
2019

↓ 2.1%


Net income attributable to owners of the parent
NT$ in 100 million
31.9
48.8
61.1
66.1
68.2
2015
2016
2017
2018
2019

↑ 3.2%

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Letter to Shareholders

Dear Shareholders,

The performance of the global economy in 2019 is the weakest of the last ten years! Impacts from the US-China Trade War and trade disputes between other various countries, coupled with geographic social and political unrest and climate change, had profound effects on the global economy. According to the estimates of the IMF, the growth of the global economy in 2019 is merely 2.9%, the lowest since the financial crisis. At the beginning of this year, the IMF announced the prospects for 2020, estimating that the growth of global economy for this year may raise to 3.3%. However, the COVID-19 pandemic followed soon after, the impacts of which on the social aspects and economic aspects of the globe are still hard to determine. It may be seen that the environment in which businesses operate is filled with uncertainty and unforgiving challenges.

For Synnex group, 2019 is the year in which the initial results of the “Agility Project” are manifesting. Through cutting high risk, resource-demanding but low profit business items, we can allow the enterprise to focus on expansion and exploration of excellent business items. The consolidated revenue of the group fell 11% from 2018, while operating profit, on the contrary, significantly rose 10.5%. Apart from keeping the good and rejecting the bad in essential business items, Synnex is also successful in exploring new businesses, including the sale of gaming products, cloud services, logistic service provider (LSP), technical services business, AIoT business, and others. Having gained sufficient drive and growth, Synnex is gathering momentum for its future prospects.

Looking to 2020, Synnex will continue to implement the “Agility Project” on its organization and business items, to get rid of redundant and resource-demanding units or items. We will further implement the “Agility Project Phase II”, introducing AI concepts, relevant technology, and tools in operation management mechanisms, comprehensively upgrade the digital capability of all members of the organization, in order to agilely adapt to changes in the business environment, provide quick response to demands of upstream and downstream services, and accurately control operational cost and risks. We believe that pursuing leanness and agility of the organization with our utmost effort is the key to the continued momentum and success of Synnex in a business environment filled with harsh challenges. We sincerely appeal to our shareholders to continue to support our operational team and push us to further success. Thank you!

Below are the key operational highlights of 2019:

1. **Revenue and profit**

   Synnex's 2019 consolidated revenue was NT$340 billion, representing a 11.3% decrease from the NT$383.2 billion in 2018. Operating profit was NT$5.98 billion, representing a 10.5% growth from the NT$5.41 billion in 2018. The net profit after tax was NT$6.82 billion, which is an increase of 3.2% from the NT$6.61 billion in 2018. The EPS after tax was NT$4.09, which is up 3.3% from NT$3.96 in 2018.

2. Concrete operating results

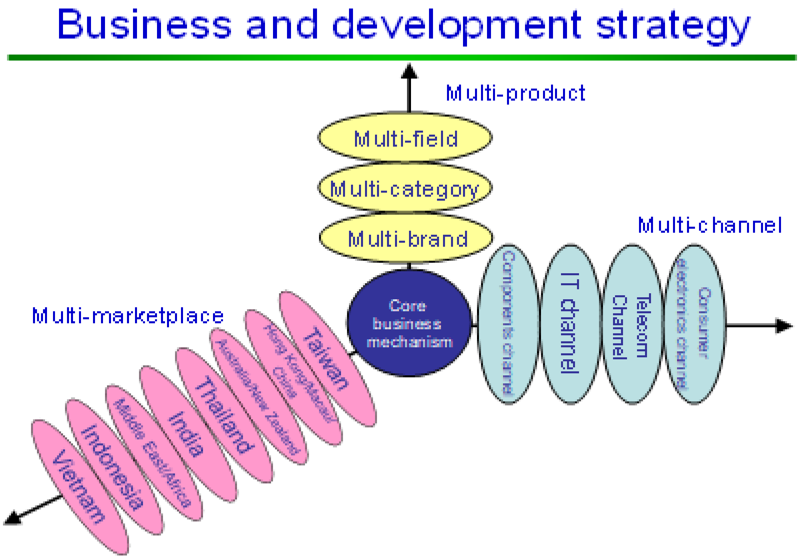
(1) Performance in new business items, such as gaming and cloud services, is excellent. The revenue for gaming products is steadily above $10 billion, revenue for cloud services has significantly grown 55%, with the scale reaching nearly $10 billion.
(2) Home service businesses are growing steadily. Aggregated cases of installation, maintenance, and repair of intelligent home appliance have reached 660,000 cases in Taiwan. We have become the service provider that has obtained the authorized services of the most computer, communications, consumer brands in Taiwan.
(3) We have actively expanded our technical services business and introduced an Mobile Technical Service Management System, significantly improving management efficiency, allowing the technical services business in China to achieve rapid growth.
(4) Implementation of the “Agility Project” achieved extraordinary results, cutting redundancies and reducing loss, and the productivity of the teams have significantly improved.
(5) Introduction of AI digital tool applications have significantly increased the immediacy of the information communication and agile response, improving the efficiency and implementation of decision implementation.

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

1. Continue to increase business in the gaming market, intelligent home appliance market, IoT business, cloud service business, technical services business, the Synergy Intelligent Logistics Business, and 3C Warranty Extension Service Business to create new momentum for the growth of the Group's businesses.
2. Accelerated research, development, and introduction of AI and mobile digital tools, and expanded its application to the various aspects of the company's internal operations management.
3. Comprehensively promote leanness, agility, keeping the good and rejecting the bad, reduction of losses, efficiency and rapid response of operation management of the Group.
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 in the future. Through these strategies, we aim to create greater opportunities while effectively diversifying operational risks.



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 base 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 overall economic environment, 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. Every country in the world is affected by COVID-19 in 2020, resulting in short-term economic stagnation. However, 3C products have become rigid demands in the past three or four decades, so demand will only be delayed but will not disappear. One can see that the growth rate of 3C products is always higher than the economic growth rate.

Finally, 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.

Wishing you good health,

Matthew C. Miau

Chairman: Matthew Feng-Chiang Miau

President: Evans S.W. Tu

Head of Accounting: Oliver Chang

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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

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Year	Milestones
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
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

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Year	Milestones
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

(Continued on next page)

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Year	Milestones
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

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Year	Awards
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
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

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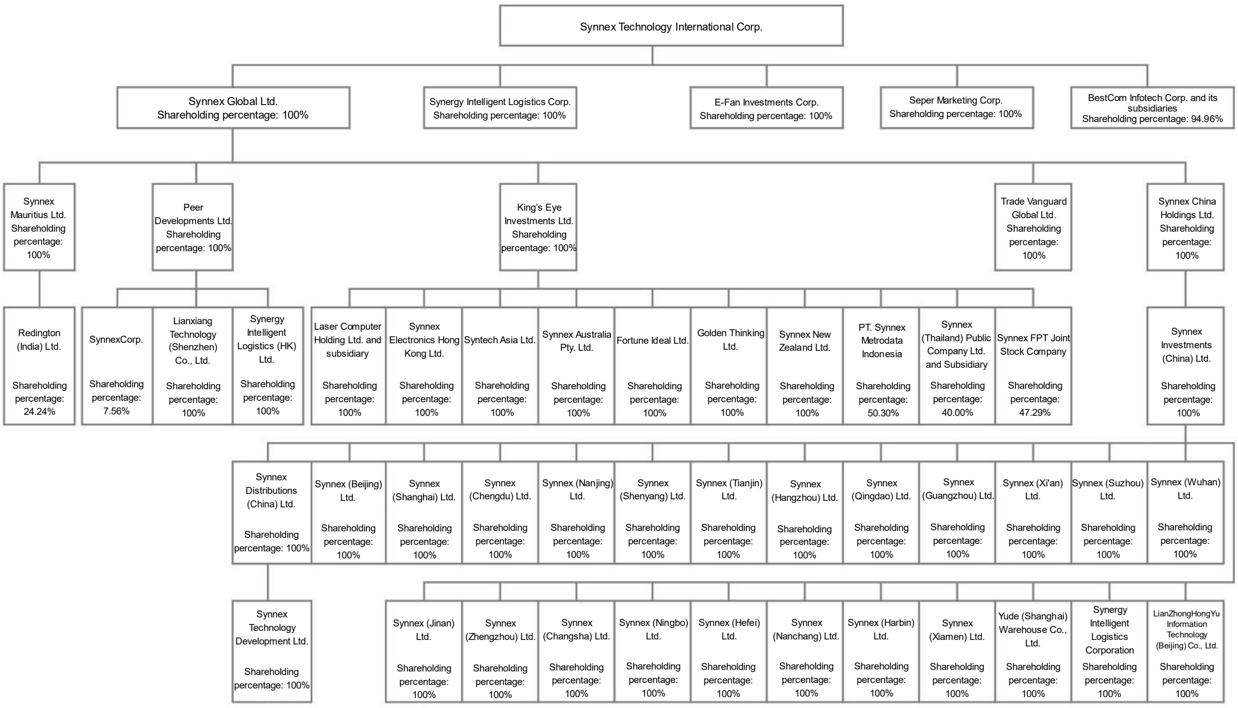
Year	Awards
2014	▪ Ranked #9 in "Taiwan Top Global Brands" by Interbrand with a brand value of US$345 million ▪ Named by CommonWealth Magazine as "Most Admired Company" in 2014 for the 12th consecutive year ▪ Ranked by CommonWealth Magazine as 6th within service industry in the top 2000 companies in 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
2019	▪ The only channel service brand to win the "Taiwan Best 20 Global Brands" for 17 consecutive years with a brand value that increases 2% YoY

II. Corporate Governance Report

(1) Organization

- **Group structure 2019.12.31**



Basic information of group companies

2019.12.31 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	Sale of 3C products
E-Fan Investments Corp.	2001.06.28	Taipei City	NTD	225,000	Investment holding
Synergy Intelligent Logistics Corp.	2016.10.17	Taipei City	NTD	50,000	Warehousing and logistics services
BestCom Infotech Corp. and its subsidiaries	1987.01.13	Taipei City	NTD	980,033	Sale of 3C products
Synnex Global Ltd.	1996.12.27	British Virgin Islands	USD	548,250	Investment holding
Synnex Mauritius Ltd.	2004.12.02	Mauritius	USD	24,000	Investment holding
Peer Developments Ltd.	1996.12.27	British Virgin Islands	USD	30,200	Investment holding
Synnex China Holdings Ltd.	2002.07.19	British Virgin Islands	USD	100,200	Investment holding
King’s Eye Investments Ltd.	1997.01.23	British Virgin Islands	USD	62,477	Investment holding
Trade Vanguard Global Ltd.	2014.04.15	British Virgin Islands	USD	400,000	Investment holding
Synnex Investments (China) Ltd.	2007.11.05	Shanghai, China	USD	200,000	Investment holding
Synnex Distributions (China) Ltd.	2005.11.25	Shanghai, China	USD	330,000	Sale of 3C products
Synnex Technology Development Ltd.	2007.12.06	Beijing, China	RMB	50,000	Sale of 3C products
Synnex (Beijing) Ltd.	2002.10.11	Beijing, China	USD	9,000	Warehousing and logistics services
Synnex (Shanghai) Ltd.	2002.10.15	Shanghai, China	USD	22,000	Sale of 3C products and warehousing and logistics services
Synnex (Chengdu) Ltd.	2006.11.06	Chengdu, China	USD	5,000	Warehousing and logistics services
Synnex (Nanjing) Ltd.	2006.12.20	Nanjing, China	USD	5,000	Warehousing and logistics services
Synnex (Shenyang) Ltd.	2008.08.19	Shengyang, China	USD	3,000	Warehousing and logistics services
Synnex (Tianjin) Ltd.	2009.04.21	Tianjin, China	USD	4,500	Warehousing and logistics services
Synnex (Hangzhou) Ltd.	2009.11.25	Hangzhou, China	USD	5,000	Warehousing and logistics services
Synnex (Qingdao) Ltd.	2010.03.04	Qingdao, China	USD	5,000	Warehousing and logistics services
Synnex (Guangzhou) Ltd.	2010.03.18	Guangzhou, China	USD	12,000	Warehousing and logistics services
Synnex (Xi'an) Ltd.	2010.03.24	Xi'an, China	USD	4,000	Warehousing and logistics services
Synnex (Suzhou) Ltd.	2010.06.17	Suzhou, China	USD	6,000	Warehousing and logistics services
Synnex (Wuhan) Ltd.	2010.12.08	Wuhan, China	USD	5,000	Warehousing and logistics services
Synnex (Jinan) Ltd.	2010.12.06	Jinan, China	USD	5,000	Warehousing and logistics services
Synnex (Zhengzhou) Ltd.	2011.01.07	Zhengzhou, China	USD	5,000	Warehousing and logistics services
Synnex (Changsha) Ltd.	2011.03.23	Changsha, China	USD	4,000	Warehousing and logistics services
Synnex (Ningbo) Ltd.	2011.06.15	Ningbo, China	USD	4,000	Warehousing and logistics services
Synnex (Hefei) Ltd.	2011.07.15	Hefei, China	USD	6,100	Warehousing and logistics services
Synnex (Nanchang) Ltd.	2011.08.24	Nanchang, China	USD	4,000	Warehousing and logistics services
Synnex (Harbin) Ltd.	2012.03.26	Harbin, China	USD	5,000	Warehousing and logistics services
Synnex (Xiamen) Ltd.	2012.05.07	Xiamen China	USD	6,000	Warehousing and logistics services
Yude (Shanghai) Warehouse Co., Ltd.	2012.06.18	Shanghai, China	RMB	2,400	Warehousing and logistics services
Synergy Intelligent Logistics Corporation	2018.06.08	Shanghai, China	RMB	50,000	Warehousing and logistics services
LianZhongHongYu Information Technology (Beijing) Co., Ltd.	2017.01.20	Beijing, China	RMB	1,000	Sale of 3C products
Laser Computer Holding Ltd. and subsidiary	2001.09.06	British Virgin Islands	USD	36,850	Sale of 3C products
Synnex Electronics Hong Kong Ltd.	1993.09.09	Hong Kong	USD	300	Sale of IC component products
Syntech Asia Ltd.	2011.03.11	Hong Kong	USD	300	Sale of IC component products
Synnex Australia Pty. Ltd.	1991.06.06	Australia	AUS	33,250	Sale of 3C products

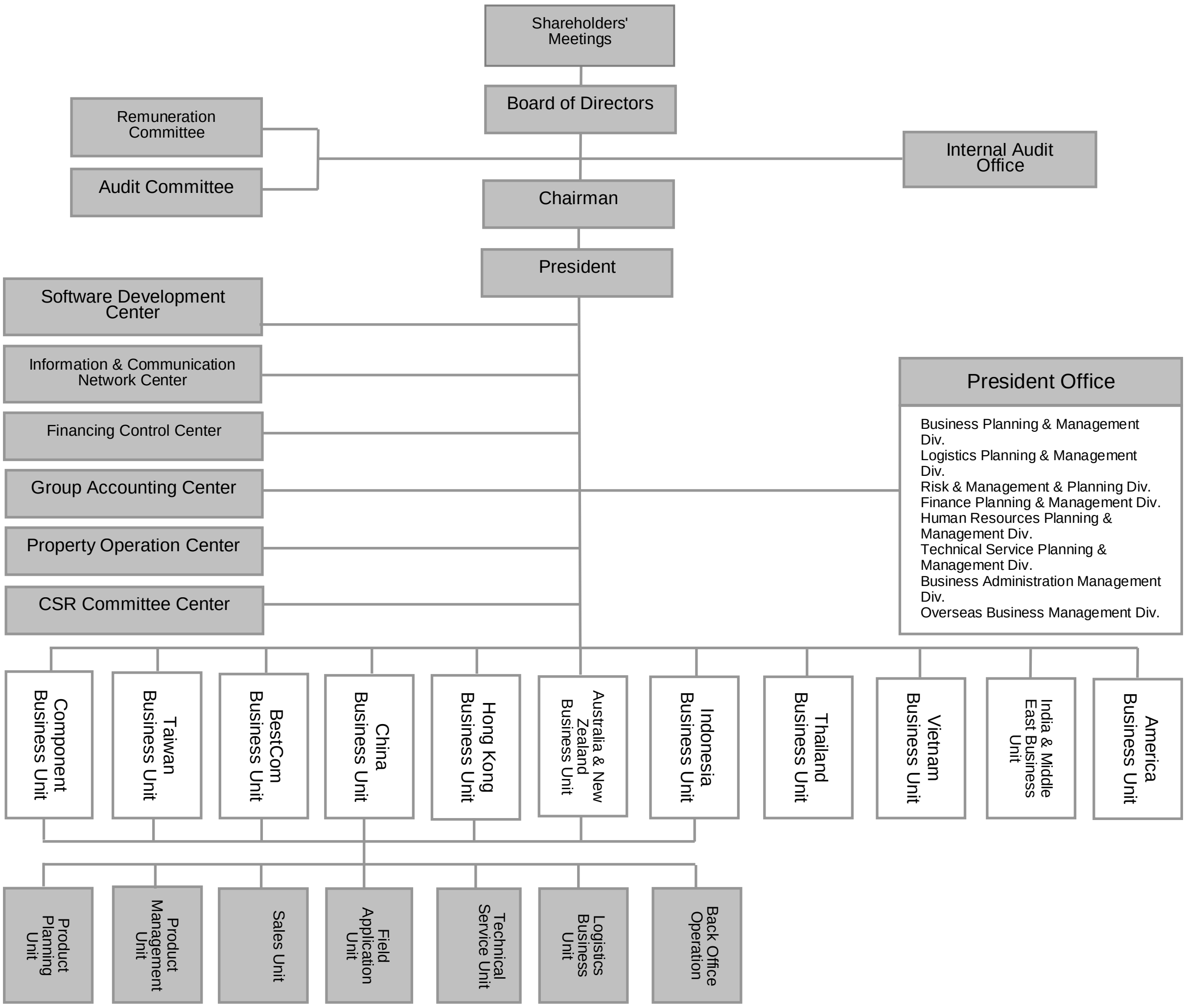
Basic information of group companies

2019.12.31 Unit: thousand

Company name	Date of establishment	Location	Capital		Main businesses or production items
Fortune Ideal Ltd.	2000.09.04	Hong Kong	HKD	14,500	Real estate related businesses
Golden Thinking Ltd.	2010.02.19	Hong Kong	HKD	28,000	Real estate related businesses
Synnex New Zealand Ltd.	2005.07.18	New Zealand	NZD	1,500	Sale of 3C products
PT. Synnex Metrodata Indonesia	2000.05.23	Indonesia	IDR	300,000,000	Sale of 3C products
Synnex (Thailand) Public Company Ltd. And Subsidiary *	1988	Thailand	THB	770,329	Sale of 3C products
Synnex FPT Joint Stock Company*	2009	Vietnam	VND	1,188,400,000	Sale of 3C products
Redington(India)Ltd.*	1961	India	INR	778,163	Sale of 3C products
Synnex Corporation*	1980	USA	USD	53	Sale of 3C products
Lianxiang Technology (Shenzhen) Co., Ltd.	2011.05.26	Shenzhen, China	USD	200	Sale of IC component products
Synergy Intelligent Logistics (HK) Ltd.	2017.07.05	Hong Kong	HKD	100	Warehousing and logistics services

* 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.

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.

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

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.

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 Operation Center: Responsible for planning and setup of the Group's logistics centers as well as property management.

CSR Committee: Responsible for the coordination and promotion of various corporate social responsibility matters.

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.

Finance Planning & Management Div.: Responsible for overall financial analysis, planning, and management.	**Technical Service Unit:** Responsible for technical support service before and after the sale.
Human Resources Planning & Management Div.: Responsible for development, planning, and training of overall human resources.	**Logistics Business Unit:** Responsible for operational implementation of warehousing, distribution, and post-sales maintenance services.
Technical Service Planning & Management Div.: Responsible for planning of overall technical service and operation.	**Back Office Operation**
Business Administration Management Div.: Responsible for the overall product purchase, sales, and inventory operating procedure planning and strategy formulation.	Account management: Responsible for accounts receivable management and credit collection processing.
Overseas Business Management Div.: Responsible for planning, support, and management of overseas affairs.	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

● Director information

2020.04.14

Title Name	Gender	Nationality or place of registration	Date elected	Term (years)	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	31,772,004	1.90	28,452,004	1.71	-	-	-	-	
Director/Evans S.W. Tu	Male	ROC	2018.6.12	3	1988.9.1	36,156,381	2.17	36,156,381	2.17	1,587,245	0.10	-	-	
Director/Hsiang-Yun Yang	Female	ROC	2018.6.12	3	2015.6.12	232,246,054*	13.92	248,721,054*	14.91	*	-	*	-	Representative of MiTAC Inc.
Director/T.C. Chou	Male	ROC	2018.6.12	3	2015.6.12	232,246,054*	13.92	248,721,054*	14.91	*	-	*	-	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	Relationship
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 Holdings 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 Corporation Independent Director of Cathay Financial Holdings Independent Director of Cathay Century Insurance Independent Director of Cathay United Bank	None	None	None
Director Evans S.W. Tu	President of Micro Electronics Corp. Vice-President of MiTAC Inc.	Electrical and Control Engineering, National Chiao Tung University Bachelor's degree	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 Hsiang-Yun Yang	Special Assistant to Chairman of MiTAC Inc. Chief Financial Officer of MiTAC Inc.	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 Tsu Fung Investment Co., Ltd.	Director of MiTAC Inc. Supervisor of MiTAC Information Technology Corp. Supervisor of Waffer Technology Corp.	None	None	None
Director T.C. Chou	Investment Special Assistant to Chairman of MiTAC Inc.	Engineering, Rutgers, The State University of New Jersey PhD	Director of MiTAC Information Technology Corp. Director of National Aerospace Fasteners Corporation Supervisor of MiTAC Inc.	Director 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 of Deloitte Taiwan, Honorary President 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. Director of Vanguard International Semiconductor Corp. Director of Chilisin Electronics Corp.	Independent Director of Far Eastern Department Stores Ltd. Supervisor of Jamicon Corporation Independent Director of Cathay Financial Holdings Independent Director of Cathay United Bank Independent Director of Cathay Securities Corporation	None	None	None
Independent Director Yojun Jiao	Chairman of Walsin Lihwa Corp. Chairman and Remuneration Committee Member of Capella Microsystems Inc.	Electrical Engineering, University of Washington Master's degree 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. Director of MiTAC Holdings Corp.	None	None	None
Independent Director Anping Chang	Chairman of Chia Hsin Cement Corp. Vice Chairman of Taiwan Cement Corp.	Institute of Business Administration, New York University Master's degree	Chairman of Taiwan Cement Corp. Chairman of Ho-Ping Power Company Chairman of E-one Moli Energy Corp. Director of Ta-Ho Maritime 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

2020.04.14

Name of corporate director	Major shareholders of the corporate directors*
MiTAC Inc.	LIEN HWA INDUSTRIAL HOLDINGS 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. 5.36% AI-CHEN HSU 1.97% HUA CHENG INVESTMENT CORP. 1.92% PAO SHIN INTERNATIONAL INVESTMENT CO., LTD. 1.18% MATTHEW FENG-CHIANG MIAU 1.08% YIH FONG INVESTMENT CORP. 0.75%

* 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

2020.04.14

Name of major shareholders of the institutional directors	Their major shareholders
Lien Hwa Industrial Holdings 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%
Mei-An Investment Corp.	VISION QUEST OVERSEAS LTD. 82.25% JUMPSTART INVESTMENTS LTD. 16.67% OTHER 1.08%
MiTAC International Corp.	MITAC HOLDINGS CORP. 100%
Tsu Fung Investment Co., Ltd.	MITAC HOLDINGS CORP. 100%
Hua Cheng Investment Corp.	LIEN HWA INDUSTRIAL HOLDINGS CORP. 100%
Pao Shin International Investment Co., Ltd.	Hon Hai Precision Industry Co., Ltd. 100%
Yih Fong Investment Corp.	Heng Fu Co., Ltd. 100%

Information on Directors

Qualifications	More than 5 years of work experience and the following professional qualifications			Compliance of independence (Note 1)												Number of other public companies concurrently in which the Director also serves as an independent Director
Name (Note 1)	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	11	12	
Chairman Matthew Feng-Chiang Miau			V					V	V		V	V	V	V	V	2 (Note 2)
Director Evans S.W. Tu			V					V	V		V	V	V	V	V	-
Director Yang, Hsiang-Yun			V	V	V	V	V		V	V	V	V	V	V		-
Director Chou, T.C.			V	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	V	V	3 (Note 2)
Independent Director Yojun Jiao			V	V	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	V	V	-

Note 1: If any director or supervisor meets any of the following criteria in the two years before being elected or appointed or during the term of office, please mark with "✓" in the corresponding boxes below each code.

(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 (except where the person is concurrently an independent director of the company and its parent company, a subsidiary, or another subsidiary of the same parent company appointed pursuant to the 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 1% or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.

(4) Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship or closer to anyone listed in (2) or (3).

(5) Not a director, supervisor, or employee of an institutional shareholder who holds directly 5% or more of the company's shares, is one of the top five shareholders, or is a representative appointed as director or supervisor of the company pursuant to Paragraph 1 or 2, Article 27 of the Company Act (except where the person is concurrently an independent director of the company and its parent company, a subsidiary, or another subsidiary of the same parent company appointed pursuant to the Act or local regulations).

(6) Not a director, supervisor, or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company (except where the person is concurrently an independent director of the company or its parent company, a subsidiary, or another subsidiary of the same parent company appointed pursuant to the Act or local regulations).

(7) Not a director, supervisor, or employee of another company or institution that has the same chairman, president, or person with the equivalent rank as the company, or a spouse in one of these roles (except where the person is concurrently an independent director of the company and its parent company, a subsidiary, or another subsidiary of the same parent company appointed pursuant to the Act or local regulations).

(8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution that has a financial or business relationship with the company (except where that specific company or institution holds 20% or more but no more than 50% of the company's shares and is concurrently an independent director of the company and its parent company, a subsidiary, or another subsidiary of the same parent company appointed pursuant to the Act or local regulations).

(9) Not a professional who provides audit or received no more than NT$500,000 in cumulative compensation in the last two years for commercial,

legal, financial, or accounting services to the company or its affiliates, nor an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or organization that provides such services to the company or its affiliates; or the spouse of any of the above. However, exception applies to members of a remuneration committee, a take-over bid review committee, or a special committee for merger and acquisition exercising their authority pursuant to provisions of the Securities and Exchange Act or the Business Mergers and Acquisitions Act.

(10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company.

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

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

Note 2: According to Article 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, no independent director of a public company may concurrently serve as an independent director of more than three other public companies. Where an independent director of a financial holding company or of a TWSE/TPEx listed investment holding company concurrently serves as an independent director of more than one wholly owned subsidiary of that company, the number of such subsidiaries beyond one shall be included in the calculation of the number of subsidiaries at which the independent director concurrently serves in the preceding paragraph.

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

2020.04.14
Unit: Shares/%

Title Name	Gender	Nationality	Date of appointment*	Shares held**		Shares held by spouse and minor children**		Main experience and education	Current positions in other companies	Managerial officer who is a spouse or a relative within second degree		
				Shares	%	Shares	%			Title	Name	Relationship
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. 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	1,117,507	0.07	42,731	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	-	-	Santa Clara University (USA) Master's degree Bachelor of Electrical Engineering, the University of California at Berkeley	Chairman of Lien Hwa Industrial Holdings 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 Corporation Independent Director of Cathay Financial Holdings Cathay Century Insurance Independent Director Cathay United Bank Independent Director	None	None	None

AVP Financial Oliver Chang	Male	ROC	1988.11.1	142,972	0.01	36,634	0.00	Manager of Tait Marketing & Distribution Co., Ltd. Manager of Dimerco Bachelor of Accounting, Soochow University	Supervisor of Seper Marketing Corp. Supervisor of E-Fan Investments Corp.	None	None	None
Vice-President TC Su	Male	ROC	2019.5.10	3,150	0.00	-	-	Bachelor of Law, National Chengchi University	Director of Seper Marketing Corp. Director E-Fan Investments Corp. Director of Synergy Intelligent Logistics Corp. Supervisor of BestCom Infotech 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.

Please refer to Synnex's website for information about performance appraisal and remuneration of directors and managers of the company.

http://www.synnex-grp.com/tw/board-of-directors

Remuneration of directors

2019

Unit: %/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 (%)	Remuneration from investments other than subsidiaries or the parent company*
			Remuneration (A)	Severance payment and pension (B)	Director's remuneration (C)***	Fees for conducting business (D)		Salary, bonuses and allowances (E)	Severance payment and pension (F)****	Remuneration for employees (G)***			
										Cash dividends	Share dividends		
Director	Chairman	Matthew Feng-Chiang Miau	-	-	3,400	420	0.06	88,100	3,902	-	-	1.41	None
	Director	Evans S.W. Tu											
	Director	Chou, T.C.**											
	Director	Yang, Hsiang-Yun**											
Independent Director	Independent Director	Yungdu Wei	-	-	3,600	1,476	0.07	-	-	-	-	0.07	None
	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.
On March 13, 2020, the Board of Directors approved the director remuneration of NT$7,000 thousand and employee remuneration of NT$750
**** thousand for 2019. The amount to be distributed this year is estimated based on the actual distributed amount last year.
Proposed appropriation, not actually paid.

Remuneration scale applicable to the company's directors	Name of Director			
	Total amount for the 4 preceding remunerations (A+B+C+D)		Total amount for the 7 preceding remunerations (A+B+C+D+E+F+G)	
	The company	All companies included in the financial report	The company	All companies included in the financial report
Below NT$1,000,000	Matthew Feng-Chiang Miau, Evans S.W. Tu, Chou, T.C*, Hsiang-Yun Yang*, Yungdu Wei, Yojun Jiao, Anping Chang	Matthew Feng-Chiang Miau, Evans S.W. Tu, Chou, T.C*, Hsiang-Yun Yang*, Yungdu Wei, Yojun Jiao, Anping Chang	Chou, T.C*, Hsiang-Yun Yang*, Yungdu Wei, Yojun Jiao, Anping Chang	Chou, T.C*, Hsiang-Yun Yang*, Yungdu Wei, Yojun Jiao, Anping Chang
NT$1,000,000 (inclusive) to NT$2,000,000				
NT$2,000,000 (inclusive) to NT$3,500,000				
NT$3,500,000 (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

2019
Unit: %/NT$1,000

Title	Name	Salary (A)**	Severance payment and pension (B)** and ****	Bonuses and allowances (C)**	Employee remuneration amount (D)** and ***		Ratio of total remuneration (A+B+C+D) to net income (%)	Remuneration from investments other than subsidiaries or the parent company**
					Cash dividends	Share dividends		
President	Evans S.W. Tu*	119,540	5,294	-	-	-	1.83	-
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 thousand with a book value of NT$2,549 thousand.

** 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.

**** On March 13, 2020, the Board of Directors approved the employee remuneration of NT$750 thousand for 2019. The proposed amount to be distributed this year is estimated based on the actual distributed amount last year.

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 financial report
Below NT$1,000,000	-	-
NT$1,000,000 (inclusive) to NT$2,000,000		
NT$2,000,000 (inclusive) to NT$3,500,000		
NT$3,500,000 (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

2019
Unit: %/NT$1,000

	Title	Name	Share dividends	Cash dividends*	Total	Ratio (%) accounted compared to the total net income
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				
	Vice-President	TC Su				
	AVP Financial	Oliver Chang				
	Treasury Manager	Grace Huang				

* On March 13, 2020, the Board of Directors approved the employee remuneration of NT$750 thousand for 2019. The proposed amount to be distributed this year is estimated based on the actual distributed amount last year.

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

Unit: NT$1,000

Year / Item	Total remuneration amount				Ratio to net income			
	2018		2019		2018		2019	
	The company	All companies included in the financial report	The company	All companies included in the financial report	The company	All companies included in the financial report	The company	All companies included in the financial report
Director's remuneration	9,416	9,416	8,896	8,896	0.14%	0.14%	0.13%	0.13%
Remunerations to president and vice-presidents	124,930	124,930	124,834	124,834	1.89%	1.89%	1.83%	1.83%

(3) Implementation of corporate governance

● Board of Directors operating status

In the most recent year (2019), the Board of Directors (A) has convened 6 meetings, and the records of attendance 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
Chairman	Matthew Feng-Chiang Miau	6	0	100.00%	
Director	Evans S.W. Tu	6	0	100.00%	
Director	Representative of MiTAC Inc.: Yang, Hsiang-Yun	4	2	66.67%	
Director	Representative of MiTAC Inc.: Chou, T.C.	5	1	83.33%	
Independent Director	Yungdu Wei	6	0	100.00%	
Independent Director	Yojun Jiao	6	0	100.00%	
Independent Director	Anping Chang	3	3	50.00%	

Attendance of the independent directors for the 6 meetings in 2019:

Name	1st	2nd	3rd	4th	5th	6th
Yungdu Wei	Attendance in person	Attendance in person	Attendance in person	Attendance in person	Attendance in person	Attendance in person
Yojun Jiao	Attendance in person	Attendance in person	Attendance in person	Attendance in person	Attendance in person	Attendance in person
Anping Chang	Attendance by proxy	Attendance by proxy	Attendance in person	Attendance by proxy	Attendance in person	Attendance in person

Other matters that require reporting:

I. 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

Board of Directors Date/Term	Details of the meeting and subsequent developments	
2019.03.13 1st meeting in 2019	1. The partial revision of the Procedures for Acquisition or Disposal of Assets 2. The partial revision of the Procedures for Derivatives Transactions 3. The payment of the 2018 remuneration to the employees and directors 4. 2018 earnings distribution 5. Assessment of CPA independence 6. The loan to the 100% owned subsidiary Synnex Global Ltd.	Independent directors' opinions: None Actions taken in response to the opinions of independent directors: None Resolutions: Approved by all the present directors

2019.05.10 2nd meeting in 2019	1. Loans and 100% owned subsidiaries 2. Providing a letter to support the bank limit of indirectly 100% owned subsidiaries	Independent directors' opinions: None Actions taken by the company in response to the independent directors' opinion: None Resolution: Approved by all the present directors
2019.08.07 3rd meeting in 2019	1. Setting the cash dividend distribution base date	Independent directors' opinion: None Actions taken by the company in response to independent directors' opinion: None Resolution: Approved by all the present directors
2019.09.16 5th meeting in 2019	1. Purchasing real estate in Nangang District, Taipei City as the office building for the company's headquarters	Independent directors' opinion: None Actions taken by the company in response to independent directors' opinion: None Resolution: Approved by all the present directors
2019.11.08 6th meeting in 2019	1. The 2020 audit plan 2. The 2020 remuneration plan for managers 3. Loans and Seper Technology Corporation	Independent directors' opinion: None Actions taken by the company in response to independent directors' opinion: None Resolutions: Approved by all the present directors

(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

II. 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

Board of Directors Date/Term	Name of director avoiding a conflict of interest	Content of agenda item	Reasons of avoidance of interest	Voting situation
2019.03.13 1st meeting in 2019	Matthew Feng-Chiang Miau Evans S.W. Tu	Payment of the 2018 remuneration to the employees and directors	Serve concurrently as mangers	Approved as proposed by all directors in attendance with voting rights.
2019.05.10 2nd meeting in 2019	Matthew Feng-Chiang Miau Evans S.W. Tu	2020 remuneration plan for managers	Serve concurrently as mangers	Approved as proposed by all directors in attendance with voting rights.

III. The company's implementation status of the Board of Directors self-evaluation: The company started implementing since 2020.

IV. Programs this year and in the most recent year for strengthening the functionality of the Board (for example, set up an auditing committee, improve transparency, etc.) and assessment of execution.

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's website.
4. Since 2015, the election of the company's 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 directors and key persons:

   Since 1999, the company has purchased liability insurance for our directors and key persons and reviews the contents of the policy annually to confirm that the insurance compensation amount and coverage meet the requirements.
6. To implement corporate governance and enhance the functions of the Board of Directors in order to establish performance targets and strengthen

their operational efficiency, the company established the Board of Directors' performance evaluation method on November 8, 2019, and will implement the evaluation in early 2020 and report it to the Board of Directors.

State of Operations of the Audit Committee

In the most recent year (2019), the Audit Committee (A) has convened 6 meetings, and the records of attendance 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
Independent Director	Yungdu Wei	6	0	100.00%	Convener
Independent Director	Yojun Jiao	6	0	100.00%	None
Independent Director	Anping Chang	3	3	50.00%	None

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

I. 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 2019 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.

II. Should any of the following occur during the Audit Committee's operations, 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:

Audit Committee Date/Term	Details of the meeting and subsequent developments	
2019.03.13 4th meeting of term 2	1. Partial revision of the Procedures for Acquisition or Disposal of Assets 2. The 2018 earnings distribution 3. Assessment of CPA independence 4. The loan to the 100% owned subsidiary Synnex Global Ltd.	Audit Committee's opinions: None Actions taken by the company in response to Audit Committee opinions: None Resolutions: Approved by all committee members in attendance, and reported to the Board of Directors for discussion
2019.05.10 5th meeting of term 2	1. Loans and 100% owned subsidiaries 2. Providing a letter to support the bank limit of indirectly 100% owned subsidiaries	Audit Committee's opinions: None Actions taken by the company in response to the Audit Committee's opinions: None Resolution: Approved by all committee members in attendance, and reported to the Board of Directors for discussion
2019.09.16 8th meeting of term 2	1. Purchasing real estate in Nangang District, Taipei City as the office building for the company's headquarters	Audit Committee's opinion: None Actions taken by the company in response to Audit Committee's opinions: None Resolution: Approved by all committee members in attendance, and reported to the Board of Directors for discussion
2019.11.08 9th meeting of term 2	1. Loans and Seper Technology Corporation	Audit Committee's opinions: None Actions taken by the company in response to Audit Committee's opinions: None Resolution: Approved by all committee members in attendance, and reported to the Board of Directors for discussion

(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.

III. 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.

IV. 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/term	Main points of communication	Handling and implementation result
2019.03.13 4th meeting of term 2	The internal auditor’s report and communication for 2018 Q4.	The internal audit manager reported at the meeting, and discussed and communicated the questions raised by the Audit Committee.
2019.05.10 5th meeting of term 2	The internal auditor’s report and communication for 2019 Q1.	The internal audit manager reported at the meeting, and discussed and communicated the questions raised by the Audit Committee.
2019.08.07 6th meeting of term 2	The internal auditor’s report and communication for 2019 Q2.	The internal audit manager reported at the meeting, and discussed and communicated the questions raised by the Audit Committee.
2019.11.08 9th meeting of term 2	The internal auditor’s report and communication for 2019 Q3.	The internal audit manager reported at the meeting, and discussed and communicated the questions raised by the Audit Committee.

5. According to the SASs No. 62, Communication with the Auditee's Governance Unit, and the letter Tai-Cai-Zheng-(6)-Zi No. 0930105373 released by the Securities and Futures Bureau on March 11, 2004, the information of 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 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 Date/Term	Main points of communication	Handling and implementation result
2019.03.13 4th meeting of term 2	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.
2019.08.07 6th meeting of term 2	The CPA described on the auditing status of the 2019 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.

Remuneration Committee

The company has established the Remuneration Committee, which is comprised of three external persons who meet the professional qualifications and independence. The members shall convene at least twice a year in professional and objective positions and faithfully perform the following duties, and submit the recommendations to the Board for discussion:

(1) Establish and conduct regular review of the policies, systems, standards, and structures for performance appraisal and remuneration of the company's directors and managers.
(2) Regularly review and establish renumeration of directors and managers.

Information on Remuneration Committee members

Identity	Qualifications Name	More than 5 years of work experience and the following professional qualifications			Compliance of independence*										Number of other public companies in which the member also serves as a member of their Remuneration Committee	Remarks
		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		
Independent Director	Yungdu Wei		V	V	V	V	V	V	V	V	V	V	V	V	3	-
Independent Director	Yojun Jiao			V	V	V	V	V	V	V	V	V	V	V	1	-
Independent Director	Anping Chang			V	V	V	V	V	V	V	V	V	V	V	-	-

* 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 (except where the person is concurrently an independent director of the company and its parent company, a subsidiary, or another subsidiary of the same parent company appointed pursuant to the 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 1% or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.

(4) Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship or closer to anyone listed in (2) or (3).

(5) Not a director, supervisor, or employee of an institutional shareholder who holds directly 5% or more of the company’s shares, is one of the top five shareholders, or is a representative appointed as director or supervisor of the company pursuant to Paragraph 1 or 2, Article 27 of the Company Act (except where the person is concurrently an independent director of the company and its parent company, a subsidiary, or another subsidiary of the same parent company appointed pursuant to the Act or local regulations).

(6) Not a director, supervisor, or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company (except where the person is concurrently an independent director of the company or its parent company, a subsidiary, or another subsidiary of the same parent company appointed pursuant to the Act or local regulations).

(7) Not a director, supervisor, or employee of another company or institution that has the same chairman, president, or person with the equivalent rank as the company, or a spouse in one of these roles (except where the person is concurrently an independent director of the company and its parent company, a subsidiary, or another subsidiary of the same parent company appointed pursuant to the Act or local regulations).

(8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution that has a financial or business relationship with the company (except where that specific company or institution holds 20% or more but no more than 50% of the company’s shares and is concurrently an independent director of the company and its parent company, a subsidiary, or another subsidiary of the same parent company appointed pursuant to the Act or local regulations).

(9) Not a professional who provides audit or received no more than NT$500,000 in cumulative compensation in the last two years for commercial, legal, financial, or accounting services to the company or its affiliates, nor an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or organization that provides such services to the company or its affiliates; or the spouse of any of the above. However, exception applies to members of a remuneration committee, a take-over bid review committee, or a special committee for merger and acquisition exercising their authority pursuant to provisions of the Securities and Exchange Act or the Business Mergers and Acquisitions Act.

(10) 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; in the most recent year (2019), the Remuneration Committee (A) has convened 2 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	2	0	100.00%	Re-elected after appointment by the Board of Directors meeting on June 12, 2018
Committee member	Yungdu Wei	2	0	100.00%	Re-elected after appointment by the Board of Directors meeting on June 12, 2018

Committee member	Anping Chang	1	1	50.00%	Re-elected after appointment by the Board of Directors meeting on June 12, 2018

Other matters that require reporting:

I. 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: None.

II. 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.

III. The discussion of the Remuneration Committee and the resolutions, and the company's processing of the member's opinions:

Remuneration Committee Date/Term	Agenda item and resolutions
2019.3.13 1st meeting in 2019	1. The implementation of the company's 2018 remuneration plan for managers. Committee member opinions: No objections or qualified opinions. 2. Proposal of discussion on the company's 2018 payment of the remuneration to the employees and directors. Resolution: The chair put the matter before all and the proposal was approved as proposed by all members in attendance. The company's response to Remuneration Committee opinions: The proposal to the Board of Directors was approved by all the present directors.
2019.11.8 2nd meeting in 2019	1. Proposal of discussion on the company's 2020 remuneration plan for managers. Committee member opinions: No objections or qualified opinions. Resolution: The chair put the matter before all and the proposal was approved as proposed by all members in attendance. The company's response to Remuneration Committee opinions: The proposal to the Board of Directors was approved by all the present directors.

- **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	
I. 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 the principles for practicing corporate governance according to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and disclosed the principles on the company's website.	In compliance with the concept and implementation of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."
II. The company's shareholding structure and shareholders' rights and interests				In compliance with the concept and implementation of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."
(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.	
(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 established a "Code of Conduct", "Procedures for Handling Major Inside Information", and "Ethical Corporate Management Best Practice Principles" to regulate internal personnel's obligation to keep important information confidential, and shall not use it to obtain undue benefits for itself or anyone, and promote the implementation of these systems to directors, managers, and others who have learned about the company's major inside information because of their identity, position, or control.	

III. 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		(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: I. Basic requirements and values: Gender, age, nationality, and culture. II. Professional knowledge and expertise: 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: I. Operational judgment. II. Accounting and financial analysis. III. Operational management. IV. Crisis management. V. Industrial knowledge. VI. International perspective. VII. Leadership. VIII. Decision making. The company's current Board of Directors is composed of seven 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. The implementation of diversity of board members is shown in Note 1.	(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 Remuneration Committee and an Audit Committee, which are required by law, is the company willing to also voluntarily establish other types of functional committees?	V		(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 was established in 2015; more functional committees will be set up as needed.	(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.
(3) Has the company established and implemented methods for evaluating the performance of the Board of Directors, conducted performance evaluation annually, and reported the results to the Board, and used the results as a reference for the remuneration, nomination, and reelection of individual directors?	V		(3) The Board of Directors passed the "Board of Directors Performance Evaluation Regulations" on November 8, 2019." The scope of the evaluation includes the performance of the overall Board of Directors, individual members of the Board, and functional committees. The evaluation methods include internal self-evaluation of the Board of Directors, self-evaluation of members of the Board, peer evaluation, and appointment of external professional institutions, experts, or other appropriate methods for performance evaluation. The Board of Directors (functional committee) performance evaluation measures include the following five aspects: I. Degree of participation in company operations. II. Improvement of the quality of Board decisions. III. Composition and structure of the Board of Directors IV. Selection and continuous training of directors. V. Internal control. The measures for the performance evaluation (self or peer) of Board members include the following six aspects: I. Control of the company's goals and tasks. II. Understanding of director's responsibilities. III. Degree of participation in company operations. IV. Internal relationship management and communication. V. Professional and continuous education of directors. VI. Internal control. The functional committee performance evaluation measures include the following five aspects: I. Degree of participation in company operations. II. Understanding of the roles and responsibilities of the functional committee. III. Improvement of the quality of committee decisions. IV. Composition of the functional committee and the selection of its members. V. Internal control. The company's Business Planning & Management Div. is responsible for the implementation. After the end of the year, the division will evaluate the overall performance of the Board of Directors and will use the results as a basis for the remuneration, nomination, and reelection of individual directors. The company will conduct an overall Board evaluation for 2020 in early 2021 and report the results to the first Board meeting in 2021.	
(4) Does the company periodically evaluate the level of independence of the CPA?	V		(4) The company regularly assesses the independence of the CPAs every year and submits the assessment results to the Audit Committee and the Board of Directors for review. For details, refer to the explanation found in Company Overview / II. Corporate Governance Report / (4) Information on CPAs.	

Note 1: The implementation of diversity of board members

Title	Core parameter Name	Gender	Age	Nationality	Professional background	Operational judgment	Ability to perform accounting and financial analysis	Ability to manage a business	Industrial knowledge			An international market perspective	Leadership ability	Decision-making ability
									Technology	Telecommunications	Venture capital			

Chairman	Matthew Feng-Chiang Miau	Male	>50	USA	Industry	V		V	V	V	V	V	V	V
Director	Evans S.W. Tu	Male	>50	ROC	Industry	V		V	V	V	V	V	V	V
Director	Yang, Hsiang-Yun	Female	>50	ROC	Industry	V	V	V	V		V	V		
Director	Chou, T.C.	Male	>50	ROC	Industry	V		V	V	V	V	V		
Independent Director	Yungdu Wei	Male	>50	ROC	Finance and accounting	V	V		V	V	V	V		
Independent Director	Yojun Jiao	Male	>50	ROC	Industry	V		V	V	V	V	V	V	V
Independent Director	Anping Chang	Male	>50	USA	Industry	V		V	V	V	V	V	V	V

IV. For TWSE/TPEx listed companies, are there suitable persons in an appropriate number and designated supervisors for corporate governance to take charge of related matters (including but not limited to providing directors and supervisors with materials required for them to carry out their tasks, helping directors and supervisors comply with the law, taking care of Board of Directors' meetings and shareholders' meetings as required by law, preparing minutes of Board of Directors' meetings and shareholders' meetings)?	V		To implement corporate governance and promote the Board of Directors to perform its due functions to protect the rights and interests of investors, the company's Board has approved the appointment of TC Su, the Vice-President of the Risk & Management & Planning Div., as the supervisor of corporate governance on May 10, 2019. He is the chief executive responsible for corporate governance related matters, and the Risk & Management & Planning Div. is responsible for reporting directly to him. TC Su, the Vice-President of the Risk & Management & Planning Div. of the Group headquarters, is a manager of the company and has more than five years of experience in legal affairs, stock affairs, or procedures management in public companies. The main responsibilities of the corporate governance supervisor are to handle matters related to the Board of Directors and shareholders 'meetings in accordance with the law, to produce the minutes of the Board of Directors and shareholders' meetings, to assist the directors to take office, to continue to study and comply with laws and regulations, and to provide information required by directors and insiders to perform business. 2020 business implementation focus: (1) The procedural matters unit of the Board of Directors and committees, including consolidating the agenda of the meeting, stating the reason for convening, sending the convening notice to the directors or members seven days before the meeting, and providing sufficient meeting materials so that the participants can truly understand the relevant information of the proposal. When the meeting agenda is of interest to the directors or their legal representatives, the unit also reminds them to avoid conflicts of interests. Finally, the unit sends the minutes of the meeting to the directors or members for retention within 20 days after the meeting. (2) The unit is responsible for issuing important information or announcements of important resolutions after the Board of Directors and the shareholders' meetings on the day of to ensure the legality and accuracy of the disclosed information, so as to protect the investors by giving them equal information related to the transaction. (3) The unit shall handle the advance registration of the date of the shareholders' meeting according to law, and prepare and file the meeting notice, the procedures manual, and the meeting minutes by the deadline. (4) Change registration of various operations of the company. (5) Evaluate and purchase of liability insurance for directors and key persons of the appropriate amount, and report the content of the insurance coverage at the Board of Directors meeting. (6) Periodically provide relevant continuing education information for directors and remind them to complete and file the required number of hours of continuing education in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies. (7) Periodically provide Board members with information on new ordinances or amendments related to directors 'business implementations, corporate	In compliance with the concept and implementation of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."

			governance, or business operations. (8) Each year, review the compliance status of the corporate governance evaluation indicators one by one, and propose improvement plans and corresponding measures for the un-scored items. (9) According to the needs of directors, provide company business or financial and other operational information to maintain smooth communication and communication between directors and business supervisors.	
V. 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."
VI. 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."
VII. 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)? (3) Does the company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and operating status of each month within the prescribed deadline?	V V V		(1) The company has set up a website (http://www.synnex-grp.com/) and discloses relevant information on financial status, business, and corporate governance in the investors and corporate governance sections. (2) As required by law, relevant information of the company is disclosed in a timely manner in the "Market Observation Post System" for the understanding and inquiry of the investors. The company has a spokesman and a deputy spokesman appointed. The company has the Chinese and English corporate governance information disclosed in the investors section on the company's website with the information updated in a timely manner. (3) The company announces and declares our annual financial report and the first, second, and third quarter financial reports and operating status of each month within the prescribed period.	(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

<table>
<tr><td></td><td></td><td></td><td></td><td>accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the related law and regulations.</td></tr>
<tr><td>VIII. 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:
(a) Labor and health insurance, pension appropriation, employee education and training, employee health seminars from time to time.
(b) 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:
(a) Statutory rights and interests of employees are handled according to law.
(b) Various employee benefits are handled by the designated personnel.
(c) 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 and managers 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>614,600</td><td>Since September 1, 2018
to September 1, 2019</td></tr>
<tr><td>All directors</td><td>Fubon Insurance Co., Ltd.</td><td>622,000</td><td>Since Sunday, September 1, 2019
to Tuesday, September 1, 2020</td></tr>
</table></td><td>In compliance with the concept and implementation of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"</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.	

IX. 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.

Indicator		Improvements already made
1.11	Has the company uploaded the English version of the annual report 7 days before the annual shareholders' meeting?	The English version of the annual report of the 2019 annual shareholders' meeting was uploaded 7 days before the meeting.
2.19	Is the attendance rate of all directors for the Board of Directors meetings above 80% on average for the evaluated year?	The attendance rate of all directors for the Board of Directors meetings is above 80% on average for 2019.
2.20	Are there at least two independent directors present at each Board of Directors' meeting?	At least two independent directors were present at each Board of Directors' meeting in 2019.

Indicator		Matters to be given priority where improvement will be needed, and measures
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.
2.11	Has the company disclosed the discussion of the Remuneration Committee and the resolutions, and the company's processing of the member's opinions?	The company will disclose the date of the Remuneration Committee meeting, term, agenda item, resolutions, and actions taken by the company in response to the opinion of the Remuneration Committee in the past year.
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 has set up corporate governance supervisors in 2019 who are responsible for corporate governance related matters, and will disclose relevant information on the company's website.

Continuing education of directors and supervisors:

Directors and supervisors		Educational institutions	Course title	Training period	Hours
Director	Matthew Feng-Chiang Miau	Taiwan Institute of Directors	Enterprise Growth and Innovation	2019.10.23	3.0
Director	Matthew Feng-Chiang Miau	Taiwan Corporate Governance Association	Industry 4.0 and How Companies Lead Innovative Transformation	2019.11.25	3.0
Director	Matthew Feng-Chiang Miau	Taiwan Insurance Institute	Special Lecture - The Impact of IFRS 17 on the Insurance Industry's Business Strategies	2019.11.26	3.0
Representative of Institutional Director	Chou, T.C.	Securities and Futures Institute	2019 Annual Promotional Conference on Prevention of Insider Trading	2019.04.26	3.0
Representative of Institutional Director	Chou, T.C.	Taiwan Corporate Governance Association	Industry 4.0 and How Companies Lead Innovative Transformation	2019.11.25	3.0
Representative of Institutional Director	Yang, Hsiang-Yun	Securities and Futures Institute	Advanced Seminar on Practices for Directors and Supervisors (Including Independent Supervisors) and Corporate Governance Supervisors Exploration of Fraudulent Financial Reporting	2019.10.23	3.0
Representative of Institutional Director	Yang, Hsiang-Yun	Taiwan Institute of Directors	Enterprise Growth and Innovation	2019.10.23	3.0

Representative of Institutional Director	Yang, Hsiang-Yun	Taiwan Corporate Governance Association	Industry 4.0 and How Companies Lead Innovative Transformation	2019.11.25	3.0
Independent Director	Yungdu Wei	Taiwan Corporate Governance Association	Seminar on Moving Towards Corporate Sustainability Governance and Increasing Company Long-Term Value	2019.02.22	3.0
Independent Director	Yungdu Wei	Securities and Futures Institute	Advanced Seminar on Practices for Directors and Supervisors (Including Independent Supervisors) and Corporate Governance Supervisors	2019.05.02	3.0
Independent Director	Yungdu Wei	Taiwan Corporate Governance Association	Analysis of the Top Ten Risks in the World in 2019	2019.08.23	3.0
Independent Director	Yungdu Wei	Taiwan Corporate Governance Association	Artificial Intelligence in Taiwan: Opportunities and Challenges for Industrial Transformation	2019.08.27	1.0
Independent Director	Yungdu Wei	Taiwan Corporate Governance Association	Directors Leading Company Response in the Rapidly Changing Environment of Science and Technology	2019.09.17	3.0
Independent Director	Anping Chang	Taiwan Corporate Governance Association	Impact of the Development of Blockchain Technology and Applications on Enterprises	2019.10.04	3.0
Independent Director	Anping Chang	Taiwan Corporate Governance Association	Corporate Governance and Director Responsibilities Under the New Company Act	2019.10.04	3.0
Independent Director	Anping Chang	Taiwan Corporate Governance Association	Matters the Board Should Think About (Part 1)	2019.10.04	3.0
Independent Director	Anping Chang	Taiwan Corporate Governance Association	Matters the Board Should Think About (Part 2)	2019.10.04	3.0
Independent Director	Yojun Jiao	Taiwan Corporate Governance Association	Digital Decision-Making for the Business Model of Board Products for Example	2019.04.09	3.0
Independent Director	Yojun Jiao	Taiwan Corporate Governance Association	World Economic Trends and Taiwan's Development Opportunities	2019.06.27	3.0
Independent Director	Yojun Jiao	Taiwan Corporate Governance Association	Patent Landscape Analysis of the Product Development Stage	2019.06.27	3.0

Continuing education of corporate governance supervisor: Corporate Governance Supervisor		Educational institutions	Course title	Training period	Hours
Corporate Governance Supervisor	TC Su	Taiwan Corporate Governance Association	Functions and Tasks of Corporate Governance Personnel Under the Corporate Governance Blueprint	2019.05.31	3.0
Corporate Governance Supervisor	TC Su	Taiwan Corporate Governance Association	Corporate M&A Legal Due Diligence and Business Contract Introduction	2019.09.27	3.0
Corporate Governance Supervisor	TC Su	Securities and Futures Institute	2019 Annual Promotional Conference on Prevention of Insider Trading	2019.10.25	3.0
Corporate Governance Supervisor	TC Su	Taiwan Corporate Governance Association	Summit - The 15th Corporate Governance Forum - Implementation of the Independent Director System and Performance of Independent Director 's Responsibilities	2019.11.27	3.0

- **Implementation of corporate social responsibility and departure from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies and reasons**

Assessed areas	Implementation status			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies and reasons
	Yes	No	Summary	
I. Does the company perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities and devise risk management policies and strategies accordingly?	V		Synnex refers to the guidelines of GRI Standards and AA 1000 Stakeholder Engagement Standard (SES) to identify the material issues of Synnex, and proposes responses and explanations to Synnex's stakeholders who are concerned about the material sustainability issues, and use the issues as an important direction and indicators for future development. (1) Corporate governance and economics team: Responsible for corporate governance, integrity management, risk management, and regulatory compliance related matters related to the company's operational governance and financial aspects. (2) Employee and social team: Responsible for Synnex employees' rights and interests, community care, and public welfare matters. (3) Environment team: Review and plan Synnex's environmental management policy guidelines and events team. (4) Product team: Responsible for product quality links, product liability control, and consumer rights. For details, please refer to pages 4 to 9 of the 2018 Corporate Social Responsibility Report and the content of the latest report	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies"
II. 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		To implement the concept of sustainable management, we set up a CSR Committee for managing sustainability issues in 2015, with the President as the convener. We also set up four CSR-oriented work teams according to the issues under the jurisdiction of each department, which selected the appropriate functional supervisor and employees to form the teams. The CSR Work Team is responsible for coordinating, managing, and implementing the CSR policies and activities of Synnex. For details, please refer to pages 4 to 5 of the 2018 Corporate Social Responsibility Report and the content of the latest report	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies"
III. Environmental topics				
(1) Has the company established a proper environmental management system based on the characteristics of the industry?	V		(1) 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: The company endeavors to utilize all energy 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"
(2) 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		(2) 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"
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		(3) For details, please refer to the latest Corporate Social Responsibility Report	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies"
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon reduction, greenhouse gas reduction, water	V			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	
reduction, or waste management?			(4) 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 1,453 metric tons of carbon dioxide emission was generated by vehicles in 2018, and a total of 1,356 metric tons was generated in 2019. For the replacement of old vehicles, we replaced all Phase 4 vehicles in the first quarter of 2020 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. The air conditioner on and off times are adjusted to avoid operating in empty rooms to save electricity. 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. During peak hours, the floors the elevators will stop at are adjusted to reduce stop and start times and energy consumption. For details, please refer to pages 52 to 58 of the 2018 Corporate Social Responsibility Report and the latest report	
IV. Social topics (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 the management policies stipulated in accordance with the “Universal Declaration of Human Rights”, “International Bill of Human Rights”, “Global Compact”, and “Labor Standards Act”. In terms of human rights-related management mechanisms, we require ourselves to meet the objectives and safeguards of protecting work rights, banning employment discrimination, providing a safe and secure working environment, ensuring the minimum notice period for major operational changes complies with the labor laws, and unforced labor.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies"
(2) Does the company establish and implement reasonable employee benefits (including remuneration, leave, and other benefits) and ensure business performance or results are reflected adequately in employee remuneration?	V		(2) For details, please refer to pages 42 and 44 to 48 of the 2018 Corporate Social Responsibility Report and the content of the latest report	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) 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 (a) 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. (b) 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. (c) The company has appointed safety and health personnel and arranged safety and health education and training. 2. Employee health enhancement (a) 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. (b) 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. (c) 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 established an effective career development and capability training program for employees?	V		(4) 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 integrates reading in each stage of the career development in order to help employees enhance career skills through the systematic practice. For details, please refer to pages 35 and 42 to 45 of the 2018 Corporate Social Responsibility Report and the content of the latest report	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies"
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		(5) The company is a distributor and mainly serves consumers in accordance with the service specifications of the manufacturers and government laws and regulations. Synnex attaches great importance to consumer rights and satisfaction of various after-sales services. The company provides six major service networks to satisfy all types of customers, namely the Synnex service centers around the nation, telephone customer service centers, Synnex e-City, APP/SMS information system, maintenance pick-up and delivery, and home delivery service. We will complete the real-time customer evaluation system for home delivery services in the first quarter of 2020, so that customers can directly evaluate services online, thereby improving customer service quality and the ability to immediately understand customer feedback and concerns. Synnex takes customer privacy very seriously and performs every step of our operations carefully to guarantee customer privacy. There were no incidents of customer	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	
			privacy violations in 2019. 1. Customer service: (a) The employee work code includes the signing of agreements pertaining to customer privacy rights. (b) If there is a need for customers to provide their personal data (such as to third parties or product suppliers), it will surely stem from customer requirements and consent will be obtained from customers. 2. Maintenance stations (a) Article 9 of the Special Instructions of both the mobile phone repair order and the IT product repair order indicate, "Synnex has clearly informed you of Article 8 Paragraph 1 of the Personal Data Protection Act when collecting personal data. You consent that the information will be processed and used within the collection purpose”. (b) Synnex also set up "Privacy Notice" reminder boards at the counters of major maintenance stations. (c) Consumers are reminded to have their personal information deleted from their electronic products before recycling. 3. ISO 27001 information security management system Synnex uses computer information systems heavily to provide high-efficiency and high-quality services. To ensure the safety of customer data, the company has obtained the latest international certification, ISO/IEC 27001 for information security systems (ISMS), to ensure that the access and use of information are protected and comply with the regulations. 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. For details, please refer to pages 28 to 29 and 32 of the 2018 Corporate Social Responsibility Report and the content of the latest report.	

Assessed areas	Implementation status			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies and reasons
	Yes	No	Summary	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		(6) 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. If a supplier violates occupational safety and health or labor and human rights, the company will reevaluate its partnership with the supplier. For details, please refer to page 32 of the 2018 Corporate Social Responsibility Report and the content of the latest report	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies"
V. Does the company prepare corporate social responsibility reports and other reports that disclose non-financial information by following international reporting standards or guidelines?	V		The company prepares its annual corporate social responsibility report in accordance with the GRI Standards issued by GRI.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies"
Does the company obtain third-party assurance or qualified opinion for the reports above?		V		The content of the company's corporate social responsibility report is composed of recommendations provided by external independent consultants that are consistent with the company's sustainability context, and information recognized by the CPA, so there is no need to obtain third-party verification or qualified opinions.
VI. 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: Please refer to the CSR report published in the CSR section on Synnex's website (http://www.synnex-grp.com/tw/csr-report) for the implementation of the company's CSR.				
VII. Other key information useful for explaining status of corporate social responsibility practices: Please refer to the CSR report published in the CSR section on Synnex's website (http://www.synnex-grp.com/tw/csr-report) for the implementation of the company's CSR.				

Other status of corporate social responsibility practices

Environmental management

Though Synnex is a channel services provider of high-tech 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 company's appoints contractors to regularly handle the recycling according to law

(2) Reduce the impact of logistics and transportation on the environment

<table>
<tr><th rowspan="2">Assessed areas</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from Corporate Social Responsibility 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 colspan="5">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 made daily by the designated personnel and vehicles, and conducts a rolling review of the routes 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.</td></tr>
</table>

Other status of corporate social responsibility practices (continued)

<u>Care for employees</u>

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 (anti-employment discrimination)

We hire employees and arrange promotions based on work ability, not based on race, class, language, thought, religion, political party, birthplace, gender, appearance, and facial features.

(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 and Legionella pneumophila regularly, 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.

(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) Gender-friendly workplace environment

1. The appointment and promotion of employees is not affected by gender; women hold approximately 36% of positions above the manager level and 45% of positions above the assistant manager level, higher than the proportion of female employees.
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!

(5) Retirement care

Retirement matters in Taiwan are handled in accordance with the requirements of the Labor Standards Act and Labor Pension Act. The company has formed the Employee Pension Reserve Committee. The new pension system has been implemented in accordance with the Labor Pension Act since July 2005. For the new employees and the existing employees who choose to apply the new pension system, the company pays 6% of their monthly salaries to their personal pension accounts with the Bureau of Labor Insurance. At the same time, the company continues to retain the seniority of existing employees who choose to apply the old pension method and those who choose to apply the new pension method, and allocates the appropriate pension

Assessed areas	Implementation status			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies and reasons
	Yes	No	Summary	

amount according to the payment standard of the old pension method to the account with Bank of Taiwan 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.

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.

- **Implementation of ethical corporate management and measures and departure from "Ethical Corporate Management 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	
I. Establishment of ethical corporate management policy and approaches (1) Has the company implemented a board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the board of directors and management towards enforcement of such policy?	V		(1) The company's Board of Directors has passed and established the"Ethical Corporate Management Best Practice Principles" on March 17, 2011, passed the revisions in response to the regulations on March 16, 2015 and March 13, 2020, which have already been disclosed on the company's website: In addition, since 2013, the company's corporate social responsibility report has been issued annually, conveying the company's efforts and contributions to fulfilling social responsibilities to stakeholders. The Group's senior management and the members of the Board of Directors are responsible for supervising business conduct while the upholding of the concept of integrity in order to create an operational environment that is conducive to sustainable development.	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 mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		(2) In the "Ethical Corporate Management Best Practice Principles", the company clearly establishes the prevention of unethical conduct such as bribery and accepting bribes, offering or accepting improper benefits, offering or promising facilitation fees, offering illegal political donations, engaging in unfair competition, providing improper charitable donations or sponsorships, disclosing confidential information, and damaging the rights and interests of stakeholders. The company has taken preventive measures and conducted education and promotion to implement the ethical corporate management policy.	
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	V		(3) The company set up the "whistleblowing system" on December 12, 2018. The disciplinary actions and complaint systems are established to prevent bribery and taking bribes 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.	

Assessed areas	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
II. Full Implementation of Ethical Management Principles				In compliance with the concept and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies".
(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.	
(2) Does the company have a dedicated unit responsible for business integrity under the board of directors which reports the ethical management policy and programs against unethical conduct regularly (at least once a year) to the board of directors while overseeing such operations?	V		(2) The company’s Risk & Management & Planning Div. shall be responsible for establishing the ethical corporate management policies and prevention programs. internal audit unit of the company shall be responsible for supervision and implementation, and shall inspect compliance status and produce audit reports to report to the board of directors on an regular basis: The company's Board of Directors shall exercise the due care of good administrators to urge and prevent unethical conduct, always review the results of the preventive measures, and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.	
(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 established the ethical corporate management best practice principles and whistleblowing system, which have clearly defined the policy to prevent conflicts of interest and all units are required to implement it. The company and the company's website provide unobstructed channels for employees to express their opinions. Moreover, situations where a proposal at a given the company’s Board of Directors meeting concerns the personal interest of any of the directors have been processed in accordance with the relevant director conflicts of interest regulations of the Rules of Procedure for Board of Directors Meeting.	
(4) Does the company have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit follow the results of unethical conduct risk assessments and devise, to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	V		(4) The company has established and follows effective accounting systems and internal control systems, and conducts reviews regularly so as to ensure that the design and enforcement of the systems continue to be effective. The company's internal audit unit shall regularly and irregularly review the status of the company's internal control systems compliance and prepare audit reports for submission to the Board of Directors.	
(5) Did the company periodically provide internal and external training programs on integrity management?	V		(5) The company pays attention to the implementation of the principles of integrity by all employees during daily operations and includes the code of conduct in our internal training courses for employees.	
III. Operation of whistleblowing system				In compliance with the concept and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies".
(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 established the whistleblowing system, formulated the reporting and reward mechanism, and established and announced an internal independent reporting mailbox for internal and external personnel to use. The Risk & Management & Planning Div. processes and investigates the reported cases.	
(2) Does the company have in place standard operating procedures for investigating and processing reports, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		(2) The company has established a whistleblowing system and created an independent reporting mailbox for processing the whistleblowing procedures. The company has also established standard operating procedures for investigating reported cases and related confidentiality mechanism to ensure the confidentiality of investigation operations and audit documents of the reported cases.	
(3) Did the company adopt measures for protecting the whistleblower from 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.	

<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>IV. Enhancing information disclosure
Has the company disclosed its integrity principles and progress onto its website and MOPS?</td><td>V</td><td></td><td>The company has established the Ethical Corporate Management Best Practice Principles and disclosed the principles on the company’s website and in the “Corporate Governance” section of the Market Observation Post System. The company also discloses the operations of the Ethical Corporate Management Best Practice Principles in the annual reports.</td><td>In compliance with the concept and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies".</td></tr>
<tr><td colspan="5">V. The company shall establish its own Ethical Corporate Management Best Practice Principles 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 our Ethical Corporate Management Best Practice Principles and is in compliance with the concept and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies".</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate a better understanding of the company's implementation of ethical corporate management: (such as review and amendment of ethical management rules)
In response to the amendments to the laws and regulations, the company's "Ethical Corporate Management Best Practice Principles" has been submitted to the Board of Directors on March 13, 2020 for discussion and revision to enhance the effectiveness of the company's integrity management.</td></tr>
</table>

- **Relevant regulations established by the company regarding corporate governance:**

  Please refer to Synnex's website: http://www.synnex-grp.com/tw/major-internal-policies

  The information can also be found in the “Corporate Governance” section of the Market Observation Post System at mops.twse.com.tw.

- **Other significant information which may improve the understanding of the implementation of corporate governance. None.**

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

Synnex Technology International Corp.
Internal Control System Statement

Date: March 13, 2020

This Statement of Internal Control System is issued based on the self-assessment results of the company for year 2019.

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 Tuesday, December 31, 2019, 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 Friday, March 13, 2020, where all attending directors affirmed the content of this Statement.

Synnex Technology International Corp.

Chairman: Matthew Feng-Chiang Miau

President: Evans S.W. Tu

- **The penalties and major deficiencies improvement status for penalties that may have a significant impact on shareholders' equity or stock prices that are imposed on the company or internal personnel by law or imposed on internal personnel by the company for violating the provisions of the internal control system: None.**

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

Shareholders' Meetings

Date of meeting	Summary of important resolutions	Result	Implementation status
2019.06.06	1. Approved 2018 financial statements.	Adopted.	
	2. Approved 2018 earnings distribution. Shareholder's dividend: NT$2.0 cash dividend per share.	Adopted.	August 31, 2019 was set as the distribution base date; all the dividends were paid on September 20, 2019 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 27, 2019 and was disclosed on the company's website.
	4. Discussion on partial revision of the company's “Procedures for Acquisition or Disposal of Assets”.	Adopted.	Announced on the company's website on June 21, 2019 and processed in accordance with the amended procedures.
	5. Discussion on the partial revision of the company's “Procedures for Derivatives Transactions”.	Adopted.	Announced on the company's website on June 21, 2019 and processed in accordance with the amended procedures.

Board of Directors

Date of meeting	Summary of important resolutions	Result
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 “Procedures for Acquisition or Disposal of Assets”.	Adopted by all the present directors without objection.
	5. Discussion on the partial revision of the “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.
2019.05.10	1. Discussion on the appointment of the Corporate Governance Supervisor: The present directors agreed to appoint Vice President TC Su as the Corporate Governance Supervisor.	Adopted by all the present directors without objection.

	2. Discussion on the establishment of the company policy "Standard Procedures for Handling Directors' Requests".	Adopted by all the present directors without objection.
2019.08.07	1. To set the cash dividend distribution base date.	Adopted by all the present directors without objection.
2019.08.15	1. Discussion on the company's plan to purchase real estate in Nangang District.	Adopted by all the present directors without objection.
2019.09.16	1. Discussion on purchasing real estate in Nangang District, Taipei City as the office building for the company's headquarters.	Adopted by all the present directors without objection.
2020.03.13	1. Discussion of the 2020 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 “Procedures for Endorsements/Guarantees”.	Adopted by all the present directors without objection.
	5. Discussion on partial revision of the company's “Procedures for Extending Loans to Others”.	Adopted by all the present directors without objection.
	6. Discussion on partial revision of the company's “Rules of Procedure for Shareholders' Meetings“.	Adopted by all the present directors without objection.
	7. Discussion on the company's 2019 payment of the remuneration to the employees and Directors.	Adopted by all the present directors without objection.
	8. Discussion of the company's 2019 financial statement.	Adopted by all the present directors without objection.
	9. Determination of the 2019 earnings distribution Shareholder's dividend: NT$2.6 cash dividend per share	Adopted by all the present directors without objection.
	10. Discussion on the convention of the 2020 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 believes may have significant impact on investors.

- **Director objections**

  In 2019 and in 2020 up to the date of this year's annual report, no Directors had different opinions.

- **Resignation or dismissal of the chairman, president, accounting manager, financial manager, internal audit manager, corporate governance supervisor, 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	2019.01.01~2019.12.31	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$2,099 thousand 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 10% 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

The company’s Audit Committee regularly assesses the independence of the CPAs and submits the assessment results to the Board of Directors:

(1) CPA independence statement.
(2) The audit or non-audit services provided by the CPAs are subject to prior review by the Audit Committee to ensure that non-audit services will not affect the results of the audit.
(3) The same accountant has not performed certification services for more than seven consecutive years.
(4) The assessment results of the evaluation of the independence of the CPAs are compiled annually through the suitability questionnaire.

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

Title	Name	2019		2020.01.01 ~ 2020.04.14		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	-	-	-	-	
Director and President	Evans S.W. Tu	-	-	-	-	
Director	Yang, Hsiang-Yun, Chou, T.C	-	-	7,894,000	-	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	(27,000)	-	(126,000)	-
Corporate Governance Manager	TC Su (Date of appointment: 2019.05.10)	-	-	-	-
AVP Financial	Oliver Chang	(176,192)	-	-	-
Treasury Manager	Grace Huang	-	-	-	-
Major shareholder	MiTAC Inc.	-	-	7,894,000	-

* 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	248,721,054	14.91	-	-	-	-	Matthew Feng-Chiang Miau Lien Hwa Industrial Holdings Corp.	Chairman The Chairman himself	
Fubon Life Insurance Co., Ltd. Representative: Richard M. Tsai	55,714,550	3.34	-	-	-	-	-	-	
Morgan Stanley Capital International managed account with HSBC (Taiwan) acting as custodian bank	53,843,697	3.23	-	-	-	-	-	-	
Yuanta Taiwan Dividend Plus ETF account	51,966,856	3.12	-	-	-	-	-	-	
Lien Hwa Industrial Holdings Corp. Representative: Matthew Feng-Chiang Miau	49,893,125	2.99	-	-	-	-	Matthew Feng-Chiang Miau MiTAC Inc.	Chairman The Chairman himself	
Evans S.W. Tu	36,156,381	2.17	1,587,245	0.10	-	-	Rong Syuan Investments Co., Ltd. Representative Ying-Hsuan Tu	First-degree relative	
Public Service Pension Fund Management Board	33,298,940	2.00	-	-	-	-	-	-	

Rong Syuan Investments Co., Ltd. Representative: Ying-Hsuan Tu	30,778,086	1.85	-	-	-	-	Evans S.W. Tu	First-degree relative
Matthew Feng-Chiang Miau	28,452,004	1.71	-	-	-	-	MiTAC Inc. Lien Hwa Industrial Holdings Corp.	Chairman Chairman
China Life Insurance Co., Ltd. (Investment Department) Representative: Ming-Yang Wang	28,162,350	1.69	-	-	-	-	-	-

(7) Comprehensive shareholding ratio of investment entities

2019.12.31

Investment 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	7.56	188,222	0.37	4,048,110	7.93
Redington (India)Ltd.	-	-	94,295,940	24.24	-	-	94,295,940	24.24
Synnex (Thailand)Public Company Ltd.	-	-	338,939,513	40.00	-	-	338,939,513	40.00
Synnex FPT Joint Stock Company	-	-	55,854,748	47.29	-	-	55,854,748	47.29

III. Capital and shareholding

(1) Share capital source

2020.04.14
Unit: Share/NT$1,000

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

2020.04.14
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

2020.04.14

Item	Government institutions	Financial institutions	Other institutional shareholders	Personal shareholders	Foreign institutions and personal shareholders	Total
Number of shareholders	1	49	190	44,867	765	45,872
Shares held	616	234,426,130	563,824,126	301,297,316	568,398,780	1,667,946,968
Shareholding percentage (%)	0.00	14.05	33.80	18.06	34.09	100.00

(4) Distribution of shareholding

NT$10 par
2020.04.14

Shareholding range	Number of shareholders	Shares held	Shareholding percentage (%)
1 - 999	12,769	3,090,508	0.19
1,000 - 5,000	23,323	48,713,481	2.92
5,001 - 10,000	4,488	32,499,520	1.95
10,001 - 15,000	1,746	20,979,030	1.26
15,001 - 20,000	801	14,121,643	0.85
20,001 - 30,000	818	20,022,803	1.20
30,001 - 40,000	394	13,648,835	0.82
40,001 - 50,000	254	11,506,933	0.69
50,001 - 100,000	517	36,556,940	2.19
100,001 - 200,000	264	37,725,278	2.26
200,001 - 400,000	174	48,945,387	2.93
400,001 - 600,000	84	41,104,433	2.46
600,001 - 800,000	43	29,567,469	1.77
800,001 - 1,000,000	33	29,619,719	1.78

1,000,001 and above	164	1,279,844,989	76.73
Total	45,872	1,667,946,968	100.00

(5) List of major shareholders

2020.04.14

Name of major shareholder	Shares held	Shareholding percentage (%)
MiTAC Inc.	248,721,054	14.91
Fubon Life Insurance Co., Ltd.	55,714,550	3.34
Morgan Stanley Capital International managed account with HSBC (Taiwan) acting as custodian bank	53,843,697	3.23
Yuanta Taiwan Dividend Plus ETF account	51,966,856	3.12
Lien Hwa Industrial Corp.	49,893,125	2.99
Evans S.W. Tu	36,156,381	2.17
Public Service Pension Fund Management Board	33,298,940	2.00
Rong Syuan Investments Co., Ltd.	30,778,086	1.85
Matthew Feng-Chiang Miau	28,452,004	1.71
China Life Insurance Co., Ltd. (Investment Department)	28,162,350	1.69

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

Unit: NT$

Item/Year		2018	2019	2020.03.31
Stock price	Highest	48.25	39.55	39.00
	Lowest	32.50	35.00	32.75
	Average	40.66	37.44	36.89
Net worth per share	Before distribution	28.52	29.87	*****
	After distribution**	26.52	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	3.96	4.09	*****
	Earnings per share - after adjustment *	3.96	4.09	N/A
Dividends per share***	Cash dividend	2.00	2.60	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	10.27	9.15	N/A
	Price-dividend ratio	20.33	14.4	N/A
	Cash dividend yield	4.92%	6.94%	N/A

* As of December 31, 2019, 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 2019 is based on Board of Directors meeting on March 13, 2020.

**** 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 2020 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, 2020, approved cash dividend distribution of NT$2.6 per share.

Divided policy

According to Article 38-1 of the company’s Articles of Incorporation, the company's annual earnings at the end of the accounting year shall be first subject to taxation, reimbursement of previous losses, followed by a 10% provision for legal reserve and special reserve or reversal by law. The Board of Directors shall draft distribution proposals for any remainder plus any accumulated undistributed surplus. Where dividends are distributed in the form of stocks, the distribution shall be subject to the approval of the shareholders' meeting. Where dividends are distributed in the form of cash, the board of directors is authorized make such distribution by approval of more than half of the directors present at the meeting, where more than two-thirds of the directors are present, and shall also be reported at the shareholders' meeting. For shareholders' cash dividend ratio, the Board of Directors shall have it determined with the consideration of the financial structure of the company, future earnings situation, and business development; however, the cash dividend ratio may not be less than 15% of the total current dividend distributed to shareholders.

The company will adopt policies of "active and stable dividend distribution” to ensure long-term and stable dividend income for the company’s shareholders, and will separating “capital raising” and “dividends” in the future. If there is an increase in the need for funds due to business growth and mergers and acquisitions, the company will independently seek capital raising methods without affecting dividend distribution.

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

Unit: NTD

Item/Year			2020 (Estimate) (Distribution of 2019 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)		2.6*
	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		N/A*
	% Change in operating income (YoY)		
	After-tax net income		
	% Change in net income (YoY)		
	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) Pro-forma average annual return on investment	N/A*

* As the company did not announce a financial forecast for 2020, this information is not available; the distribution of 2019 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 2019 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, 2020, the Board of Directors approved that the proposed distribution of employee cash dividend for 2019 is NT$750 thousand and remuneration for directors and supervisors is NT$7,000 thousand. This is the same as the 2019 estimate.
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 distribution of employee cash dividend for 2018 is NT$700 thousand and remuneration for directors and supervisors is NT$7,000 thousand. The employee cash dividend is the same as the 2018 estimate. The remuneration for directors and supervisors had a gap of NT$500 thousand compared with the 2018 estimate. This has been adjusted as profit or loss in 2019.

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

Item/Year of income			2015 (Distributed in 2016)	2016 (Distributed in 2017)	2017 (Distributed in 2018)	2018 (Distributed in 2019)	2019 (Distributed in 2020)
Shareholder's dividend (share/NTD)	Cash		1.50	1.00	2.20	2.00	2.60
	Stocks		0.50	-	-	-	-
Remuneration for directors and supervisors (NTD thousand)			6,000	6,000	7,500	7,000	7,000
Employee bonus			600	600	700	700	750
	Stocks	Amount (NTD thousand)	-	-	-	-	-
		Shares (in thousands of shares)	-	-	-	-	-
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 2018 (distributed in 2019) 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

<table>
<tr><th colspan="3">Issue date</th><th>1997.07.03</th><th>1999.09.22</th></tr>
<tr><td colspan="3">Countries issued</td><td>Asia, Europe, and the US</td><td>Asia, Europe, and the US</td></tr>
<tr><td colspan="3">Issuance and listing</td><td>Luxembourg Stock Exchange</td><td>Luxembourg Stock Exchange</td></tr>
<tr><td colspan="3">Total amount issued (US$)</td><td>139,382,100</td><td>245,380,125</td></tr>
<tr><td colspan="3">Issue price per unit (US$)</td><td>22.23</td><td>18.93</td></tr>
<tr><td colspan="3">Total units issued (unit)</td><td>6,270,000</td><td>12,962,500</td></tr>
<tr><td colspan="3">Underlying securities</td><td>1. Capital increase by cash and issuance of new shares
2. Release shareholder: MiTAC Inc., Lex Service (Guernsey) Ltd.</td><td>1. Capital increase by cash and issuance of new shares
2. Release shareholder: Lex Service (Guernsey) Ltd.</td></tr>
<tr><td colspan="3">Common shares represented (shares)</td><td>25,080,000</td><td>51,850,000</td></tr>
<tr><td colspan="3">Rights and obligations of GDR holders</td><td>Rights and obligations consistent with common shares</td><td>Rights and obligations consistent with common shares</td></tr>
<tr><td colspan="3">Trustee</td><td>None</td><td>None</td></tr>
<tr><td colspan="3">Depositary bank</td><td>Citibank, N.A.</td><td>Citibank, N.A.</td></tr>
<tr><td colspan="3">Custodian bank</td><td>Citibank, N.A., Taipei branch</td><td>Citibank, N.A., Taipei branch</td></tr>
<tr><td colspan="3">2020.04. 30 outstanding (unit)</td><td colspan="2">935,524</td></tr>
<tr><td colspan="3">Apportionment of expenses for issuance and maintenance</td><td>Issuing expense is paid by release shareholder and issuing company on the pro rata basis, duration expense is paid by depository institution</td><td>Issuing expense is paid by release shareholder and issuing company on the pro rata basis, duration expense is paid by depository institution</td></tr>
<tr><td colspan="3">Important notes on depository agreement and custodian agreement</td><td>See depository agreement and custodian agreement for details</td><td>See depository agreement and custodian agreement for details</td></tr>
<tr><td rowspan="6">Market price per unit (US$)</td><td rowspan="3">2019</td><td>Highest</td><td colspan="2">5.06</td></tr>
<tr><td>Lowest</td><td colspan="2">4.59</td></tr>
<tr><td>Average</td><td colspan="2">4.84</td></tr>
<tr><td rowspan="3">2020.01.01~ 2020.04.30</td><td>Highest</td><td colspan="2">5.37</td></tr>
<tr><td>Lowest</td><td colspan="2">4.32</td></tr>
<tr><td>Average</td><td colspan="2">4.96</td></tr>
</table>

(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

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

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

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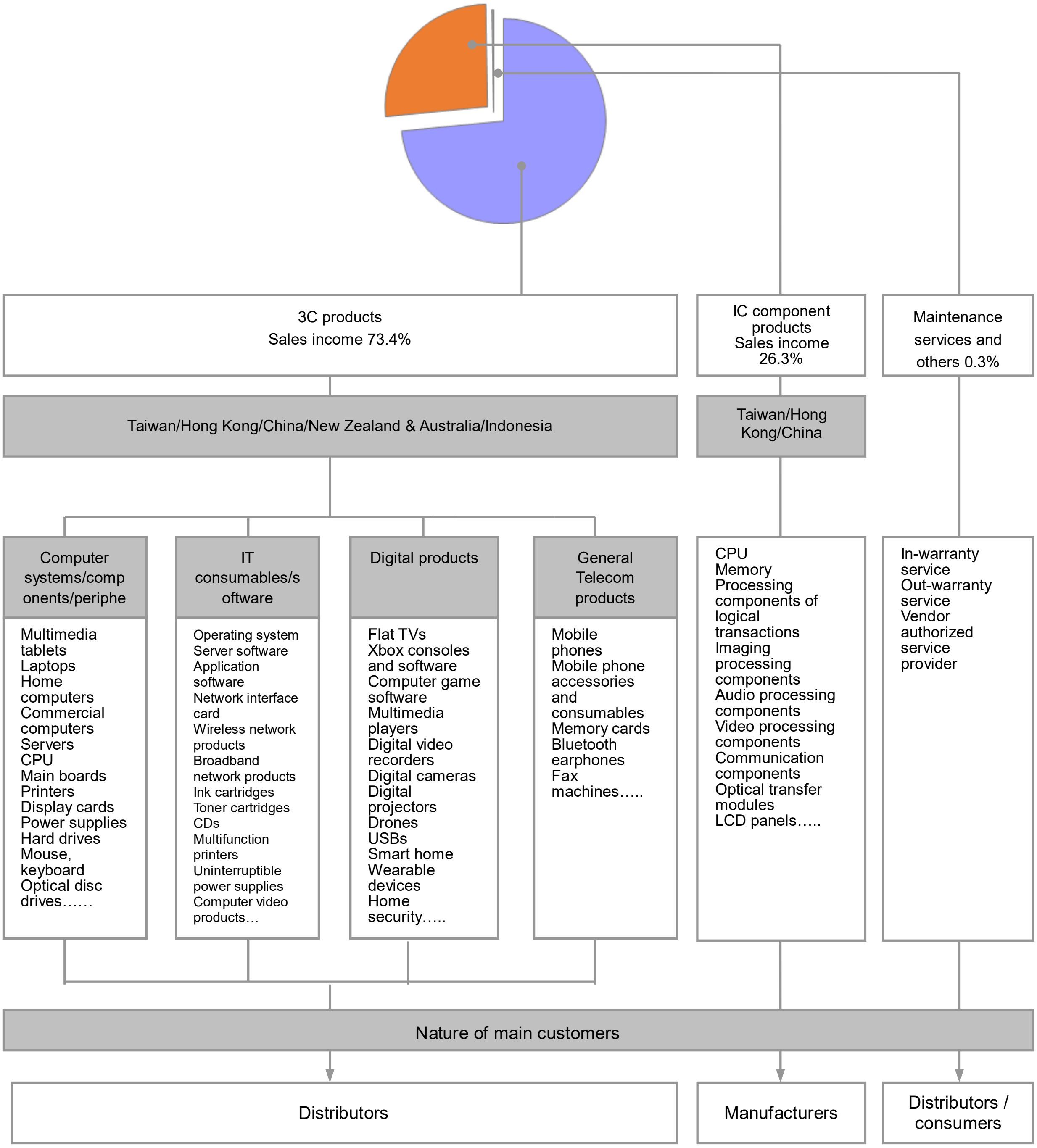
Business overview

I. Scope of business

(1) Main areas of business operation and revenue distribution for 2019



(2) Developing new products (services)

New product	New service
▪ Cloud service business ▪ Smart life related products ▪ IoT related products ▪ AI related products ▪ Total solution products	▪ App operational information real-time service

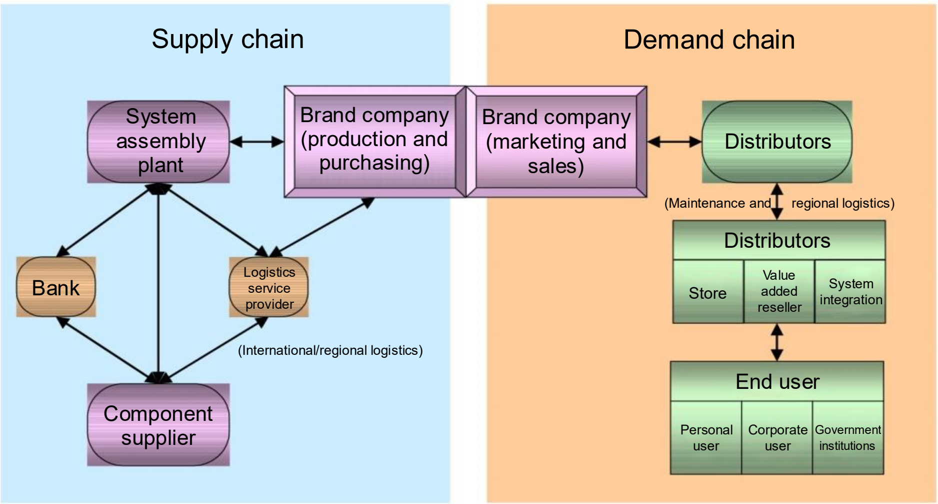
(3) Industry overview

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. The role of distributors has gradually shifted from a single-function role of distribution and sales in the past, to that of a "full-service industrial chain provider”. The value of a distributor is now determined by whether it can improve the overall efficiency of the industry chain to reduce overall operating costs. The competitiveness of the distributors depends on whether they have comprehensive and powerful operating mechanisms and management capabilities.

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

- Retail channel: Over the past decade or so, the rapid rise of e-commerce has had a strong impact on traditional physical channels, but physical channels have also strived to reduce operating costs and move toward integrating virtual with reality, while stabilizing their market share. 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 large terminal channels and the midstream distributors, in addition to product supply, has taken a step further in forming deep links in logistics management, inventory management, maintenance operations, and e-flow to form a comprehensive and close partnership.
- Commercial 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). For large-scale tenders, the manufacturer has a high degree of dominance, but it must rely on channel providers to provide order fulfillment services. For small to medium tenders, the agents and the midstream 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.

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. In this case, it is relatively important for component channel providers to play an inventory adjustment role.
- 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 of IC 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.

Industry development trend and competition

According to the forecast released by IDC, Taiwan's ICT market will be affected by the following ten trends in 2020:

1. The Fusion AI generation is coming: Simple and transparent development focus

In 2020, artificial intelligence will begin to develop towards Fusion AI. IDC predicts that fusion will occur in three important directions: data, algorithms, and processes. Data analysis will change from static historical data to the combination of dynamic real-time situations, greatly improving the prediction ability of AI. Algorithms will change from function-oriented to situation-oriented, which will reduce the possibility of human error and improve the usability of the application. In the future, AI will be more transparent and automated based on analysis and application processes, so that AI applications can keep pace with the times. Users will also be able to automate modeling based on their requirements, which maximizes the effectiveness of AI applications.

IDC predicts that the adoption rate of AI in Taiwan will reach 43% by 2021, becoming a key force in promoting the development of Taiwan's ICT industry.

2. Edge/Cloud AI mutualism

In the past, AI operations were mostly performed in the cloud. Endpoints and devices can only perform extremely lightweight AI operations. Main operations still run in the cloud. With the advancement of technologies such as neural network algorithms, heterogeneous integration, and in-memory computing, the computing power (TOPS/W) of endpoints and devices is expected to increase accordingly, which will significantly enhance the AI capabilities of terminal devices. It is expected that AI inference will be significantly promoted on terminal devices, while the cloud will focus on AI training. IDC expects that AI computing will move towards “edge/cloud AI mutualism” in the future. Computing, consumer devices, retail, manufacturing, healthcare, energy, automotive, and smart cities will be the eight key application industries that edge/cloud AI mutualism should pay attention to.

With the development of edge/cloud AI mutualism, IDC expects that by 2024, more than 50% of human-machine interfaces in the world will be based on AI computer vision, voice, natural language, and AR/VR technologies, which will produce more diverse and intuitive emerging user experiences. In 2025, 50% of the world's terminal devices will have computer vision and speech recognition related AI neural network computing capabilities.

3. Hybrid/Multi-Cloud architecture is the key to enterprise innovation

To achieve more diverse innovations and transformations, companies have begun to think about how to create more flexibility, speed, and innovation through a hybrid/multi-cloud environment. In 2019, 80% of the world's enterprises have introduced hybrid/multi-cloud environments, and 46% of enterprises in Taiwan have implemented hybrid/multi-cloud environments for trial. However, observing today's hybrid/multi-cloud deployment, enterprises still face many challenges such as compatibility, security, load scheduling, management distribution, and talent. Container and Kubernetes (K8S) platforms have the advantages of platform scalability, high availability management interface, and automated load balancing, which help enterprises respond to the challenges of deploying of hybrid/multi-cloud architecture. IDC expects Kubernetes (K8S) to become the main platform interoperability standard for multi-cloud deployment and container management. Relevant ecosystem vendors including hybrid cloud enterprises, public cloud enterprises, hardware enterprises, and commercial software industries will also make related investments, which will jointly promote the introduction and application of hybrid/multi-cloud architecture.

IDC predicts that by 2022, 45% of the world's enterprises will deploy applications in containerized multi-cloud environments to achieve seamless system deployment and management, while 74% of companies in Taiwan will deploy hybrid/multi-cloud environments, leading the development of the IT market of Taiwanese enterprises.

4. Automation and IPA accelerating enterprise transformation

IDC expects that RPA (Robotic Process Automation), which will become the focus of enterprise environmental development in the future, will begin to develop towards IPA (Intelligent Process Automation), which is combined with artificial intelligence. Its applications will gradually spread from backend to smart frontend applications, becoming a weapon for enterprise management and innovation transformation. IDC estimates that by 2024, the knowledge-intensive personnel of 20% of enterprises around the world will interact with IPA technology to achieve the goal of human-machine cooperation. Meanwhile, 50% of the structured repetitive work of enterprises will be replaced by automation. Banking, medical, and government and public sectors are the first industries that deserve attention.

5. 5G changes market competition rules

5G will be officially launched in the Taiwan market in 2020. Its high frequency bandwidth, low latency, and large connection characteristics are expected to drive more technology applications and differentiated services. Taiwan ’s initial development of 5G will focus on consumer entertainment-related services, such as 3D, AR, and VR immersive experiences. Once standalone 5G is deployed, vertical industry applications that meet the true characteristics of 5G will appear. IDC also expects telecom operators to position 5G as a premium device, a service designed for customers with higher quality requirements for telecommunications. It is expected that unlimited plans will only appear in the early bird discount program, and the subsidies for high-end 5G smartphones such as the iPhone will affect users' willingness to upgrade. It is expected that after 2020, the telecommunications market will have new market competition rules due to 5G. Since 5G adopts technologies such as network function virtualization and software-defined networking to achieve network slicing, this open architecture is more vulnerable to attacks and threats than previous generations of communication technologies. IDC believes that future 5G security protection will be an important issue that telecom operators must face.

6. The next wave of digital transformation: SMEs accelerate transformation

IDC found that in 2019, nearly 60% of Taiwan's enterprises underwent digital transformation, but the proportion of SMEs launching digital transformation plans is only 13%, and resources and costs are still the main development obstacles. IDC believes that 2020 will be an important turning point. In addition to the fact that domestic and foreign IT service providers have begun to provide simple, easy-to-use, and flexible digital services to meet the needs of SMEs, SMEs have also begun to target AI-related technologies that can enhance interaction with customers to satisfy the demand for short-term return on investments. IDC expects that as the digital transformation experience of SMEs grows, the scope of applications will spread from optimizing customer experience to enhancing employee productivity and satisfaction. It is estimated that by the end of 2021, 47.8% of SMEs in Taiwan will undergo digital transformation.

7. Increased geopolitical risks continue to drive localization of information security

Global political uncertainty has continued to rise, and the focus of international competition has shifted from military confrontation to the battle between technology and digital sovereignty. In facing the two major technological powers, China and the United States, the world ’s main IT countries have taken the lead in starting with cybersecurity to reduce the risks posed by geopolitics, and put forward countermeasures from the possible impact of social media or online remarks on national sovereignty. Meanwhile, they are actively training and cultivating security personnel and establishing the ecosystem.

However, other non-IT countries still rely heavily on US security products and technology. IDC has observed that these countries have begun to strengthen cooperation with other countries in IT infrastructure construction, with multiple technologies to cope with global uncertainty. In the long run, the independent deployment of key technologies is still the development focus of major non-IT countries. IDC expects that by 2022, 40% of countries with fast digital infrastructure development will move towards security localization to ensure economic development stability and national security. In response to the changes in the global situation and in addition to continuously strengthening the independent deployment of key technologies and the cultivation of security personnel, Taiwan has developed a unique security industry advantage with a special political and economic background, which will also become a new opportunity for Taiwan's security industry under international turbulence.

8. A new era of wearables

Wearable devices have been developed in Taiwan for more than ten years, but the overall penetration rate is only 14.5%. With edge computing, cross-device platform collaboration, more user-friendly interfaces, and tighter data protection, wearable devices will have more interaction with consumers in the future. IDC predicts that the combination of optimizing consumer experience and vertical market applications will be an important driving force for developing Taiwan's wearables market. In 2020, the Taiwan market is expected to see more wearable devices used in insurance, healthcare, restaurant, and other service-oriented business organizations and related business model calculations. IDC predicts that with this wave of technology development, the penetration rate of wearable devices in Taiwan will reach

26% by 2022, attracting more potential consumers to enter the market.

9. Omni-platform overturns the gaming industry

With the rise of 5G and cloud gaming services and the increasingly diverse needs of end users, IDC expects that the future game industry will enter the omni-platform era. The game industry will have three major characteristics: no hardware restrictions, cross-device experience, and innovation and integration of game platform content. As such, new gaming experiences will be produced and many changes will occur in the game industry ecosystem. In the future, game development will shift from decentralized development to centralized development, and the subscription-based integrated services of emerging game streaming service providers will significantly change the operational mode of game industry development in the past to sales. This is expected to impact hardware suppliers and game publishers. In response to the market's increasing demand for network connection quality, telecom operators are expected to play a new important role in the future. IDC predicts that as the gaming experience becomes more diversified, related markets and industries will flourish.

10. Anything as a Service

In the past, due to technical limitations, data could not be fully analyzed and utilized. With the development of 5G, AI, and IPV6 technologies, the number of tools available to enterprises has increased significantly, which has prompted new and diversified business models and services. IDC observes that today's business models and services have four major characteristics, including mobile use, non-outright purchases, service-oriented charging mechanisms, and rolling customized services. Under this framework, anything as a service will be an important trend. In response to the above changes, enterprises must support hyper scale, hyper speed, and hyper connected in IT infrastructure, data, and applications, and give corresponding feedback. IDC predicts that by 2022, more than 40% of IT spending in Taiwan will be invested in digital transformation and innovation.

(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. The main operating technologies of Synnex’s planning, research and development, or promotion at this stage include:

1. Cloud Service Platform.
2. Intelligent Inventory Management System.
3. Intelligent Risk Warning System.
4. Product Accounting Management System.
5. Commercial Business Management System.
6. Mobile Technical Service Management System.
7. Workflow Management Dashboard.

8. Sales Order Management and Approval Mechanism.

(5) Long- and short-term business plans

Short-term business development plan

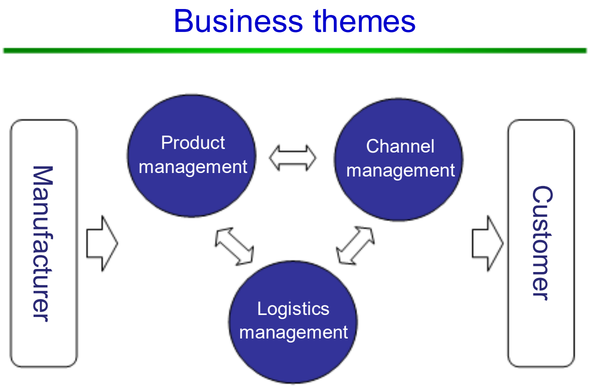
- Channel management: Continue the channel cultivation plan to establish diverse sales channels.
- Product management: Continue the distribution strategy in the Asia Pacific region to expand cooperation area with global brands to create a synergistic effect. At the same time, aggressively increase products related to business IT, smart living, software and cloud services, and IoT.
- Logistics management: To provide customers with diversified logistics services based on the logistics network advantage and expand the development of home service businesses.

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.

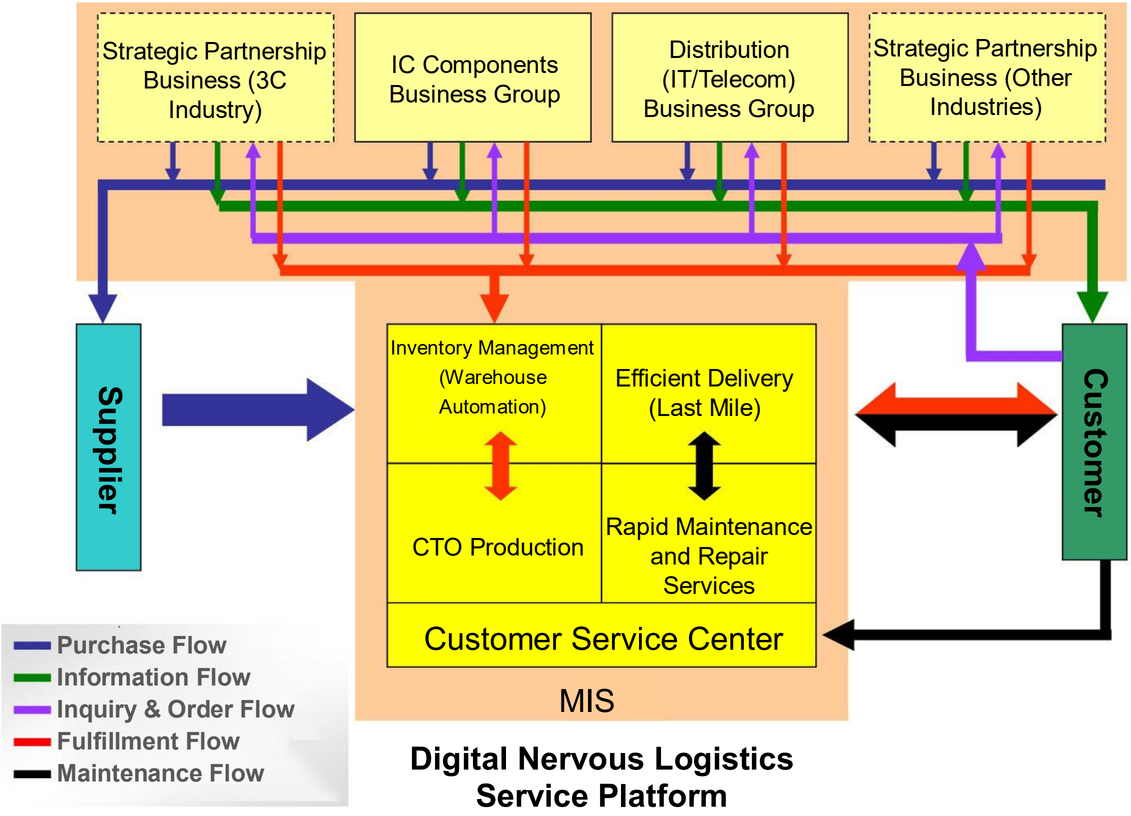
II. Business model

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, rapid maintenance mechanism, and real-time CTO production 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 (see the figure below).

Synnex's Business Model



III. Core competencies

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 IC 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, maintenance, and assembly. 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

Synnex Headquarters' seven major quality control functions 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.

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.

A distributor with brand name

By establishing distributorship for brands and building their reputation by delivering valuable services, resellers become more willing to purchase Synnex's products and sell them to consumers. Consumers will also consider after-sales service and proactively request resellers to provide the products that Synnex carries.

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's global channel positioning defines the Asia-Pacific region as the main axis, North America, India, and the Middle East as the two wings, and establishes seven quality control offices and four centers at the Group's headquarters. Through solid functional supervisory units and comprehensive system tools, the operational performance and quality of the various business units of the Group are effectively managed, so it is possible to gradually expand the business in a steady and pragmatic way.

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

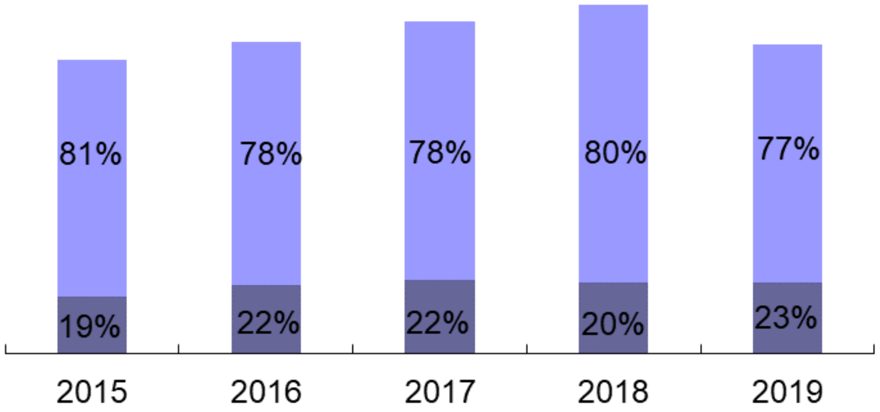
In the trend of e-commerce development, Synnex's business model will be positioned as an all-around logistics management service provider, providing complete e-commerce back-office services such as inventory management, home delivery, and maintenance for B2C operators. Synnex's current back-office operation 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

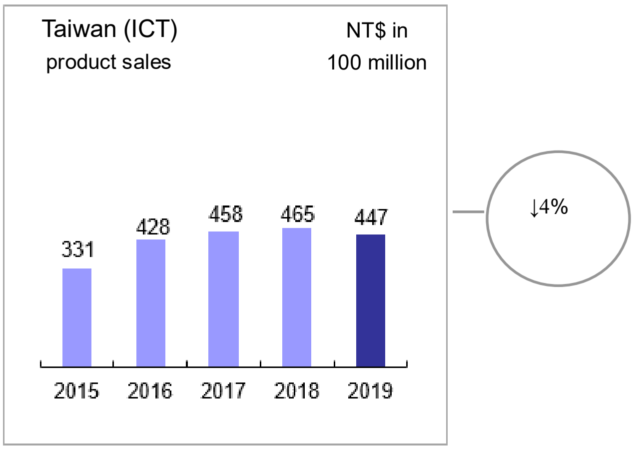
NT$ in 100 million

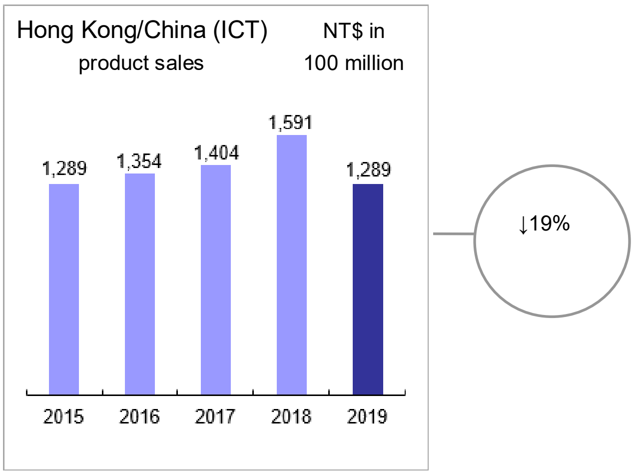


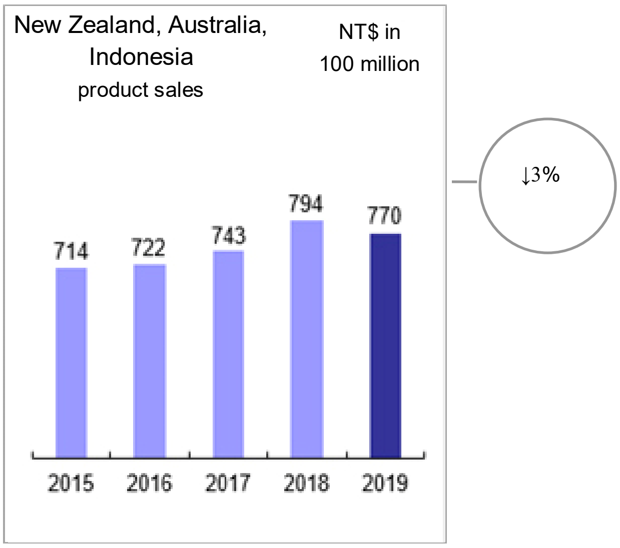
🟪 Overseas subsidiaries	2,600	2,677	2,840	3,055	2,623
■ Taiwan	621	750	802	777	777
Consolidated	3,221	3,427	3,642	3,832	3,400

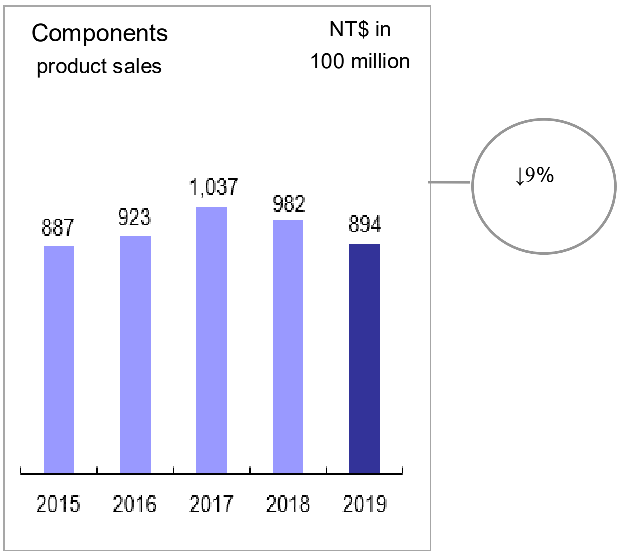
* Intercompany transaction is deducted from the selling party's operating revenue.

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









(2) Supply and growth of market in the future

According to research by market research firm Gartner, global shipments of PCs, tablets, and mobile phones will reach 2.16 billion units in 2020, which is an annual growth of 0.9%. PC shipments will continue to decline, but the smartphone market is expected to resume growth, increasing slightly by 1.7%.

The high-speed growth period of 5G mobile phones will begin in 2020. Gartner predicts that mobile phone sales in 2020 will be 1.768 billion units, of which 5G models will account for 12%, reaching 212 million units. The market is expected to grow further in 2023. At that time, it will account for more than 50% of total mobile phone shipments. And because smart phones and 5G create more sales of wearable products, such as smart watches and ear-worn devices, the future market potential of wearable devices with 5G is unlimited.

Traditional PC shipments are expected to decline by 1.9% in 2020 to 178 million units, and only the ultramobile market will grow. In the 2020 and 2021, global shipments of ultramobile devices are expected to reach 209 million units and 212 million units respectively, which accounts for an increase of 0.5% and 1.9% 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. Moreover, the growth of the e-sports market in recent years has changed the positioning of the PC market. IDC data shows that the global average annual growth rate of e-sports notebooks in 2023 will reach 8.4%.

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, detachable Chrome tablets created for the education market will attract more attention as more and more enter the market. 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 the PC experience will affect the needs of various PCDs. Among them, the leading position of notebook computers will be further strengthened. 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 will be 53%.

Type	2019	2020	(Estimate)	2021	(Estimate)
	Million units	Million units	Growth rate (%)	Million units	Growth rate (%)
Traditional PCs (desktops and laptops)	188	178	-5.3	169	-10.1
Ultramobile*	208	209	0.5	212	1.4
Mobile phones	1,743	1,769	1.5	1,776	1.9
Total	2,139	2,156	0.8	2,157	0.8

* Ultramobile means all Ultramobile Basic and Utility devices

The scale of Synnex in Taiwan: 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 2019 is as follows:

Region	Ranks of distributors
Hong Kong (subsidiary)	1
China (subsidiary)	3
Australia (subsidiary)	2
Indonesia (subsidiary)	1
Vietnam (reinvestment company)	1
Thailand (reinvestment company)	1
India (reinvestment company)	2

Basic information of each region:

Region	Population (in millions)	Per capita GDP (US$)	2019 economic growth rate (%)	Source
Taiwan	23.6	25,917	2.7	IMF/National Statistics, R.O.C. (Taiwan)
China	1,400.2	10,099	6.1	IMF
Hong Kong	7.6	49,334	0.3	IMF
Australia	25.6	53,825	1.7	IMF
Indonesia	267.0	4,164	5.0	IMF
Vietnam	95.5	2,740	6.5	IMF
Thailand	67.9	7,792	2.9	IMF
India	1,351.8	2,172	6.1	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, to concentrate on developing next-generation products and create more sophisticated competencies 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. In the future, 5G technology will be widely used, extending from the ICT industry to vertical applications such as transportation, health, and education. The first wave will include the upgrade of base stations, mobile phones, and CPE products. In 2035, it could reach US$12.3 trillion.

(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-nation, 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 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	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

of sales performance and increased inventory risk.	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 profit.

(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	2018			2019		
	Name of supplier	Amount	Total annual net purchase ratio (%)	Name of supplier*	Amount	Total annual net purchase ratio (%)
1	A company*	85,999	23	A company*	85,476	27
2	B company*	36,347	10	B company*	39,311	12
	Other	250,892	67	Other	191,379	61
	Net purchase	373,238	100	Net purchase	316,166	100

* Not a stakeholder.

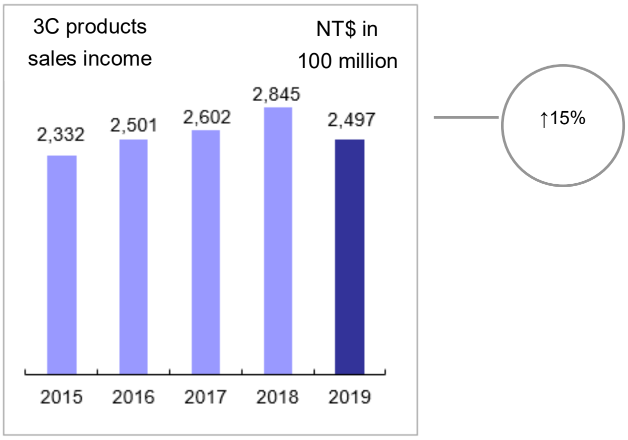
The Group has maintained good relations with major suppliers for a long period of time. Due to considerations of market changes and investment and marketing strategies, the situation of purchasing from major suppliers has changed slightly.

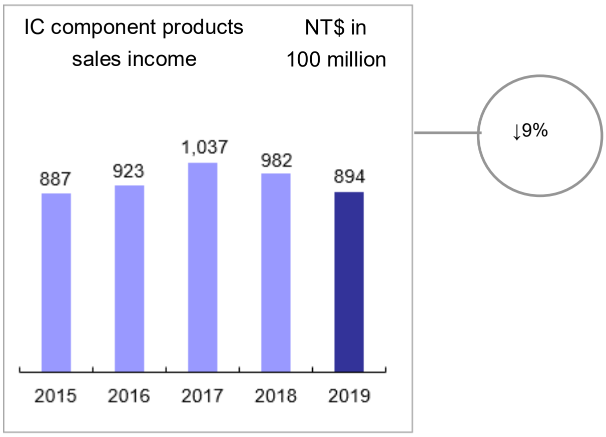
Sales list

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

Year / Item	2018.12.31			2019.12.31			2020.04.30		
	Taiwan	Overseas subsidiaries	Total	Taiwan	Overseas subsidiaries	Total	Taiwan	Overseas subsidiaries	Total
Number of full-time employees	1,828	3,644	5,472	1,758	3,257	5,015	1,740	3,195	4,935
Number of part-time employees	92	232	324	39	237	276	31	300	331
Total number of employees	1,920	3,876	5,796	1,797	3,494	5,291	1,771	3,495	5,266

(2) Information on employees

Year / Item		2018.12.31	2019.12.31	2020.04.30
Number of employees	Sales	2,601	2,229	2,223
	Technology	1,044	1,135	1,082
	Computer	222	208	203
	Administrative	614	560	536
	Logistics	991	883	891
	Total	5,472	5,015	4,935
Average age		35.7	35.7	36.1
Average years of service		6.7	6.7	7.1
Academic qualification (%)	PhD	0.0	0.0	0.0
	Master's degree	6.1	6.3	6.6
	University/College	83.0	81.4	81.1
	High school	10.0	10.7	10.7
	Below high school	0.9	1.6	1.6

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

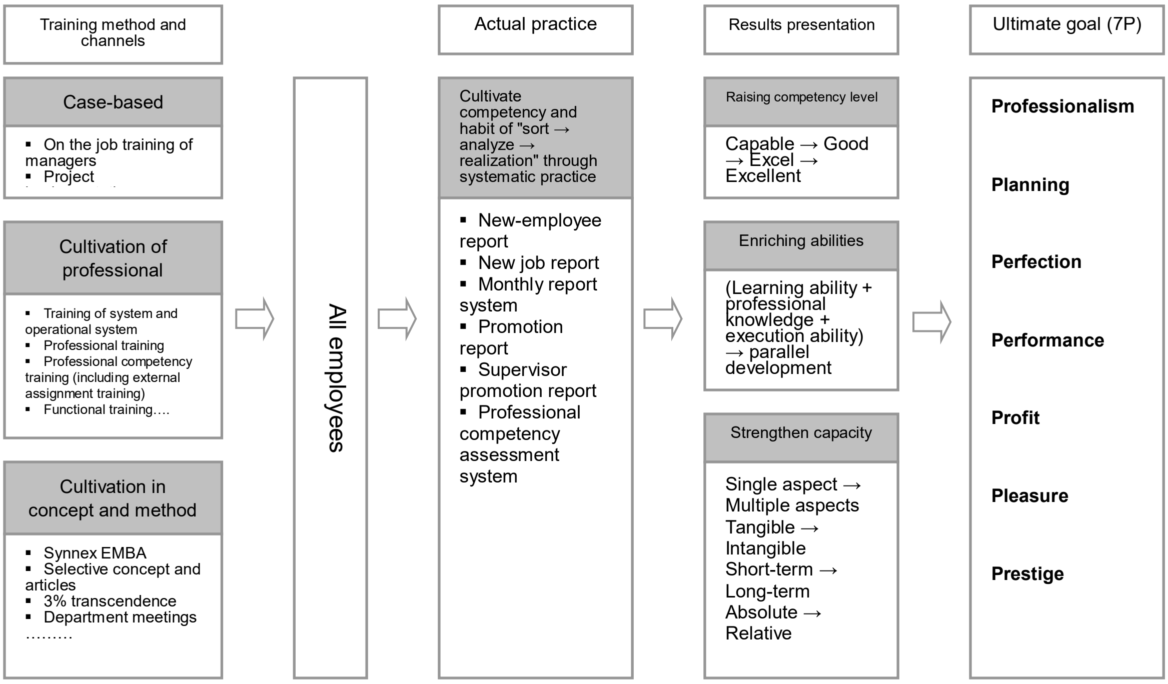
Retirement matters in Taiwan are handled in accordance with the requirements of the Labor Standards Act and Labor Pension Act. The company has formed the Employee Pension Reserve Committee. The new pension system has been implemented in accordance with the Labor Pension Act since July 2005. For the new employees and the existing employees who choose to apply the new pension system, the company pays 6% of their monthly salaries to their personal pension accounts with the Bureau of Labor Insurance. At the same time, the company continues to retain the seniority of existing employees who choose to apply the old pension method and those who choose to apply the new pension method, and allocates the appropriate pension amount according to the payment standard of the old pension method to the account with Bank of Taiwan. In terms of overseas subsidiaries, pension reserves are appropriated and withheld regularly in accordance with the regulations and environment of the foreign country so that employees can work for the company long term without any worries.

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 2019 and 2020 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.

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V. Financial turnover difficulties of the company and its related companies: None. 95

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Financial Overview

I. Consolidated condensed balance sheet for the past five years

Unit: in NTD millions

Item/Year	2015*	2016*	2017*	2018*	2019*
Current assets	108,630	102,183	110,661	117,683	112,457
Fixed assets/property, plant, and equipment	7,061	6,835	6,857	6,919	6,349
Intangible assets	450	703	641	632	646
Funds and investments/other assets	18,646	18,110	20,642	22,284	28,237
Total assets	134,787	127,831	138,801	147,518	147,689
Current liabilities					
Before distribution	90,345	83,323	91,346	97,360	94,466
After distribution	92,728	84,991	95,015	100,696	98,803
Long term and other liabilities/noncurrent liabilities	567	626	693	798	1,278
Total liabilities					
Before distribution	90,912	83,949	92,039	98,158	95,744
After distribution	93,295	85,617	95,708	101,494	100,081
Equity attributable to owners of parent	42,818	42,572	45,171	47,570	49,814
Capital stock	15,885	16,679	16,679	16,679	16,679
Capital reserve	14,140	14,196	14,365	14,847	14,743
Retained earnings					
Before distribution	12,920	14,534	18,947	22,221	25,687
After distribution	10,537	12,866	15,278	18,885	21,350
Other adjustments on Stockholder's equities/other equity	(127)	(2,837)	(4,821)	(6,177)	(7,295)
Treasury stock	-	-	-	-	-
Non-controlling interests	1,057	1,310	1,590	1,790	2,131
Total shareholder's equity					
Before distribution	43,875	43,882	46,762	49,360	51,945
After distribution	41,492	42,214	43,093	46,024	47,608

* 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 2019 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	2015*	2016*	2017*	2018*	2019*
Operating revenue	322,133	342,696	364,208	383,195	339,995
Gross profit	11,592	12,131	12,861	14,498	14,721
Operating income	3,949	4,269	4,931	5,412	5,979
Non-operating income and expenses	(211)	1,456	2,948	2,566	2,911
Net income before tax	3,738	5,725	7,879	7,978	8,890
Net income from continuing operations	3,419	5,124	6,414	6,913	7,219
Loss from discontinued operations	-	-	-	-	-
Net income of the current term	3,419	5,124	6,414	6,913	7,219
Other comprehensive profit/losses for the current period (net, after-tax)	(318)	(2,724)	(2,119)	(1,018)	(1,178)
Total comprehensive income of the term	3,101	2,400	4,295	5,895	6,041
Net income attributable to owners of the parent	3,186	4,876	6,115	6,608	6,815
Net Income attributable to non-controlling interests	233	248	299	305	404
Total comprehensive income attributable owners of the parent	2,926	2,147	4,115	5,689	5,692
Total comprehensive income attributable to non-controlling interests	175	253	180	206	349
Earnings per share - before retroactive adjustment	2.01	2.92	3.67	3.96	4.09
-after retroactive adjustment**	1.91	2.92	3.67	3.96	4.09

* 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, 2019.

III. Consolidated financial analysis for the last five years

Analysis item***		2015*	2016*	2017*	2018*	2019*
Capital structure analysis	Debt-to-asset ratio (%)	67	66	66	67	65
	Long-term fund to fixed assets/property, plant, and equipment ratio (%)	606	623	659	699	805
Liquidity analysis	Current ratio (%)	120	123	121	121	119
	Quick ratio (%)	78	79	78	74	81
	Interest Protection Multiples:	5	10	15	12	13
Operating ability	Average collection turnover (times)	7.0	7.2	6.9	6.7	6.2
	Average days sales outstanding	52	51	53	54	59
	Average inventory turnover (times)	9.2	9.4	9.9	9.4	8.8
	Average days of sales (days)	40	39	37	39	41
	Average payment turnover (times)	10.2	10.8	10.2	9.6	8.7
	Fixed assets/property, plant, and equipment turnover (times)	46.7	49.3	53.2	55.6	51.3
	Total assets turnover (times)	2.4	2.6	2.7	2.7	2.3
Profitability	Return on assets ratio (%)	2.9	4.1	5.0	5.0	5.0
	Rate of return on shareholder equity/equity (%)	7.2	11.4	13.9	14.3	14.0
	Paid-in capital ratio (%) - operating income	24.9	25.6	29.6	32.5	35.9
	Paid-in capital ratio (%) - income before tax	23.5	34.3	47.2	47.8	53.3
	Net profit margin (%)	1.0	1.4	1.7	1.7	2.0
	Earnings per share - before retroactive adjustment (NTD)	2.01	2.92	3.67	3.93	4.09
	Earnings per share - after retroactive adjustment (NTD)	1.91	2.92	3.67	3.93	4.09
Cash flow	Cash flow ratio (%)	**	9.9	3.0	**	19.9
	Cash flow adequacy ratio (%)	**	27.7	52.3	44.1	69.6
	Cash reinvestment ratio (%)	**	14.0	2.3	**	33.6
Leverage	Operating leverage	1.8	1.8	1.5	1.6	1.4
	Financial leverage	1.3	1.2	1.1	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. Cash flow ratio: an increase of 3,163% over last year, mainly due to the increase in cash inflows from accounts receivable and inventory, which resulted in an increase in net cash flow from operating activities in this year compared to the previous year.
2. Cash flow adequacy ratio: an increase of 58% over last year, mainly due to the increase in net cash flow from operating activities in the past 5 years compared to the previous year.
3. Cash reinvestment ratio: an increase of 472% over last year, mainly due to the increase in cash inflows from accounts receivable and inventory, which resulted in an increase in net cash flow from operating activities in this year compared to the previous year.

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
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
2019	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 2019 business report, financial reports (including consolidated and individual financial reports), and earnings distribution proposal. The board of directors have appointed CPA Jenny Yeh and CPA Eric Wu of PricewaterhouseCoopers 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 review and perusal.

To

Synnex Technology International Corp. 2020 General Shareholders' Meeting

Synnex Technology International Corp.

Chairman of the Audit Committee: Yungdu Wei

March 13, 2020

Financial status, financial performance analysis, and Risk Management

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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	2018	2019	Net change	
			Amount	%
Current assets	117,683	112,457	(5,226)	(4)
Equity-accounted investments	14,490	15,561	1,071	7
Property, plant and equipment	6,919	6,349	(570)	(8)
Intangible and other assets	8,426	13,322	4,896	58
Total assets	147,518	147,689	171	0
Current liabilities	97,360	94,466	(2,894)	(3)
Non-current liabilities	798	1,278	480	60
Total liabilities	98,158	95,744	(2,414)	(2)
Capital stock	16,679	16,679	-	-
Capital reserve	14,847	14,743	(104)	(1)
Retained earnings	22,221	25,687	3,466	16
Other interests	(6,177)	(7,295)	(1,118)	(18)
Non-controlling interests	1,790	2,131	341	19
Total equity	49,360	51,945	2,585	5

Analysis

Current assets and current liabilities (↓ NT$5,226 million, 4%; ↓ NT$2,894 million, 3%)

The increase in current assets is mainly due to the decrease of notes and accounts receivable by NT$5,895 million (↓ 10%), the inventory decrease by NT$9,108 million (↓ 22%), and the financial assets at fair value through profit and loss increase by NT$8,419 (↑ 1,141%). The decrease in current liabilities is mainly due to the decrease notes of accounts payable by NT$3,552 million (↓ 9%), the reasons are:

1. For the decrease 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 2019 were 58 days and 42 days respectively; inventory turnover days were 41 days, and net business cycle days were 57 days (days sales in accounts receivable + inventory turnover days - average payment days), which is a 4-day difference with the 53 days of 2018. 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 2019 amounted to NT$41,778 million that represented an increase of NT$1,013 million from the NT$42,791 million in 2018 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.

Intangible and other assets (↑ NT$4,896 million, 58%)

This was mainly due to an increase of NT$2,507 million in the advance payment for the construction of the real estate in Nangang District, Taipei City this year.

Retained earnings (↑ NT$3,466 million, 16%)

Mainly due to the special reserve of NT$1,356 million set aside this year and that the net profit this year increased compared to that of the last year.

Other interests (↓ NT$1,118 million, 18%)

Mainly due to the fluctuating foreign currencies in 2019, causing the negative figure in the conversion of the accumulated long-term investments under the shareholder's equity.

Analysis of financial performance

Unit: in NTD millions

Item/Year	2018	2019	Net change	
			Amount	%
Operating revenue	383,195	339,995	(43,200)	(11)
Operating costs	(368,697)	(325,274)	(43,423)	(12)
Net gross profit	14,498	14,721	223	2
Operating expenses	(9,086)	(8,742)	(344)	(4)
Operating income	5,412	5,979	567	10
Non-operating income and expenses	2,566	2,911	345	13
Net income before tax	7,978	8,890	912	11
Income tax expense	(1,065)	(1,671)	606	57
Net income of the current term	6,913	7,219	306	4

Analysis:

Total revenue, operating cost, and gross profit (↓ NT$43,200 million, 11%; ↓ NT$43,423 million, 12%; ↑ NT$223 million, 2%)

Through cutting high risk, resource-demanding but low profit business items this year, we can allow the enterprise to focus on expansion and exploration of excellent business items. Consolidated revenue fell 11%, while profit margins rose significantly.

Operating expenses (↓NT$344 million, 4%)

The company's active management and control of expenses, economic expenditures, and economic scale have shown benefits, so operating expenses have decreased.

Operating income (↑ NT$567 million, 10%)

Due to the gross profit increase and the appropriate management of the operating expenses, the 2019 operating income increased by NT$567 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.

(2) Cash flow analysis

Analysis of cash flow changes

Unit: in NTD millions

Item/Year	2018	2019
Net cash inflow (outflow) from operating activities	(484)	18,811
Net cash inflow (outflow) from investing activities	1,055	(12,385)
Net cash inflow (outflow) from financing activities	(63)	(3,844)

Analysis:

Operating activities

Cash flow from operating activities changed from outflow to inflow due to the increase in cash inflow from accounts receivable and inventories.

Investing activities

Cash outflow from investing activities changed from inflow to outflow mainly because this year’s financial assets at fair value through profit and loss increased by NT$8,648 million and the advance payment for construction increased by NT$2,507 million.

Financing activities

Cash flow from financing activities increased compared with the previous year mainly due to the decrease of short-term borrowing this year over last year.

Remedial action for cash deficit and liquidity analysis for 2019

Unit: in NTD millions

Beginning cash balance (1)	Full year’s net cash inflow (outflow) from operating activities (2)	Full year’s net cash inflow (outflow) from other activities (3)	Ending cash balance (1)+(2)+(3)	Cash surplus (deficit) amount	Remedial measures for cash deficit	
					Investment plans	Financing plans
5,675	18,811	(18,144)	6,342	(234)	-	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 2020

Unit: in NTD millions

Beginning cash balance (1)	Full year’s net cash inflow (outflow) from operating activities (2)	Full year’s net cash inflow (outflow) from other activities (3)	Ending cash balance (1)+(2)+(3)	Cash surplus (deficit) amount	Remedial measures for cash deficit	
					Investment plans	Financing plans
6,342	(10,980)	7,440	2,802	(11,530)	-	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.

(3) 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	Total	Actual or estimated capital expenditures

	estimated source of funds	end date of projects	funding needed	2017	2018	2019	2020
Establish/expand logistics centers in each locations	Own capital	Compile budget annually	Compile budget annually	282	359	197	163

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.

(4) Review and analysis of investment

Overall investment policy

Unit: in NTD millions

Item	2019.12.31 Balance of investment	Investment policy of the coming year
Equity-accounted investments	15,561	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	9,157	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	4,181	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	2019.12.31 Percentage of shares	2019 investment gain	Policy	Major reason of operating profit or loss	Improvement plan	Investment plan of the coming year
Synnex Corporation (US)	7.56%	1,128	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$14,936 million in 2019. The company recognized investment income under the equity method.	N/A	Currently no major investment or disposition plan.
Redington (India)Ltd. (India)	24.24%	606	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$2,498 million in 2019. 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%	209	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$523 million in 2019. The company recognized investment income under the equity method.	N/A	Currently no investment or disposition plan.
Synnex FPT Joint Stock Company (Vietnam)	47.29%	238	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$504 million in 2019. The company recognized investment income under the equity method.	N/A	Currently no investment or disposition plan.
MiTAC Inc. (Taiwan)	18.36%	54	Long term holding	This company is categorized as a systems integration value-added service provider. The 2018 cash dividend of NT$0.9 per share was distributed in 2019. OTC trading for this company was terminated in March 2019. The company measures this company as a financial asset at fair value through other comprehensive income according to level 3 classification.	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>2018</th><th>2019</th><th>Variatio %</th></tr>
<tr><td>Average loan balance</td><td>46,564</td><td>48,293</td><td>4</td></tr>
<tr><td>Average net outstanding loans*</td><td>40,869</td><td>42,285</td><td>3</td></tr>
<tr><td>Interest expense</td><td>701</td><td>716</td><td>2</td></tr>
<tr><td>Net interest expense**</td><td>312</td><td>246</td><td>(21)</td></tr>
</table></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</td></tr>
</table>

<table>
<tr><td></td><td></td><td>* Average net outstanding loans = average loans - average cash and cash equivalent.
** Net interest expense = interest expense - interest income.</td><td>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$), sale of goods is mostly denominated in local currency, and there is certain exchange risk.
Communication products: Purchase and sales of goods is local and is denominated in local currency; thus, there is no exchange risk.
IC components: This product line is mainly imported (mostly denominated in US$), sale of goods is mostly denominated in US$, but there still is certain exchange risk.</td><td>Unit: in NTD millions<table><tr><th></th><th>2018</th><th>2019</th><th>Variation %</th></tr><tr><td>Net exchange gains (losses)</td><td>(180)</td><td>57</td><td>132</td></tr></table>Description: The net exchange gain (loss) in 2019 was approximately NT$57 mainly due to the appreciation of RMB.</td><td>1. For NT$ 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.
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.</td></tr>
<tr><td>Inflation</td><td>As the end-user of our IT and communication 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.</td><td>The inflation (deflation) rate in 2019 of where the company and its overseas subsidiaries are located are as follows:
Taiwan: 0.8% Hong Kong: 3.0%
China: 2.3% Australia: 1.6%
Description: As inflation is not significant in each country, there is no major impact on the company's operations in 2019.</td><td>"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.</td></tr>
</table>

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

Risk item	2019 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 2019.	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 2019. 2. No endorsement loss in 2019.	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 2019, 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 2019	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.
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$197 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 2019	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.	In response to security threats that are increasingly difficult to predict and prevent, and in addition to continuously obtaining security certifications, we have also strengthened the implementation of the security and antivirus updates, vulnerability scanning, and penetration testing of the company's IT environment to detect and eliminate potential security loopholes. We also actively strengthen the IT environment backup mechanism to ensure continuous business operations without interruption.	1. Monthly security and antivirus updates for the IT environment's software and hardware, and strengthen colleagues' security awareness and promote implementation through push notifications. 2. Continue to track the latest security information and threats in the market, and immediately assess the scope of impact and formulate countermeasures to ensure that the company's information environment is synchronized with changes in security. 3. Evaluate the company's risk events each year, establish a risk event database, control the risk events and levels that may exist in the enterprise, and continue to track improvement. 4. Strengthen the company's IT environment backup mechanism and implement BCP drills to ensure that the company's operations can continue uninterrupted when natural disasters and man-made disasters occur.
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 second trial decision returned the case to the district court for retrial 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

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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. 115

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

2019.12.31

Company name	Title	Name or representative	Shareholding	
			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	98,003,296	94.96
	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, Ms. Kristee Bhurtun-Jokho, Mr. Soraj Bissoonauth	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	Shareholding	
			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	400,000,000	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, Kim Lin, Dickson Lui	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
PT. Synnex Metrodata Indonesia	President Director Director	Agus Honggo Widodo Sur Hang Aiwan、Lie Heng, Ronaldy Suhendra, Yulius Aryakusumah, Tu Shu Chyuan, Lin Tai – Yang	150,000	50.3
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 thousand	100
Synnex (Beijing) Ltd.	Executive Director Supervisor President	JB Liu Erica Ku JB Liu	Capital contribution of US$ 9,000 thousand	100
Synnex (Shanghai) Ltd.	Executive Director Supervisor President	JB Liu Kim Lin Erica Ku	Capital contribution of US$ 22,000 thousand	100
Synnex Distributions (China) Ltd.	Director Supervisor President	Dickson Lui, Kim Lin, TC Su Erica Ku Dickson Lui	Capital contribution of RM B50,000 thousand	100
Synnex (Chengdu) Ltd.	Executive Director Supervisor President	Ming-Feng Huang Kim Lin Ming-Feng Huang	Capital contribution of US$5,000 thousand	100
Synnex (Nanjing) Ltd.	Executive Director Supervisor President	Ming-Feng Huang Kim Lin Ming-Feng Huang	Capital contribution of US$5,000 thousand	100
Synnex (Shenyang) Ltd.	Executive Director Supervisor President	Ming-Feng Huang Erica Ku Ming-Feng Huang	Capital contribution of US$3,000 thousand	100

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Company name	Title	Name or representative	Shareholding	
			Shares	Shareholding percentage (%)
Synnex (Tianjin) Ltd.	Executive Director Supervisor President	Ming-Feng Huang Erica Ku Ming-Feng Huang	Capital contribution of US$4,500 thousand	100
Synnex (Hangzhou) Ltd.	Executive Director Supervisor President	Ming-Feng Huang Kim Lin Ming-Feng Huang	Capital contribution of US$5,000 thousand	100
Synnex (Qingdao) Ltd.	Executive Director Supervisor President	Ming-Feng Huang Erica Ku Ming-Feng Huang	Capital contribution of US$5,000 thousand	100
Synnex (Guangzhou) Ltd.	Executive Director Supervisor President	Ming-Feng Huang Kim Lin Ming-Feng Huang	Capital contribution of US$12,000 thousand	100
Synnex (Xi'an) Ltd.	Executive Director Supervisor President	Ming-Feng Huang Kim Lin Ming-Feng Huang	Capital contribution of US$4,000 thousand	100
Synnex (Suzhou) Ltd.	Executive Director Supervisor President	Ming-Feng Huang Kim Lin Ming-Feng Huang	Capital contribution of US$6,000 thousand	100
Synnex (Wuhan) Ltd.	Executive Director Supervisor President	Ming-Feng Huang Kim Lin Ming-Feng Huang	Capital contribution of US$5,000 thousand	100
Synnex (Jinan) Ltd.	Executive Director Supervisor President	Ming-Feng Huang Erica Ku Ming-Feng Huang	Capital contribution of US$5,000 thousand	100
Synnex (Zhengzhou) Ltd.	Executive Director Supervisor President	Ming-Feng Huang Erica Ku Ming-Feng Huang	Capital contribution of US$5,000 thousand	100
Synnex (Changsha) Ltd.	Executive Director Supervisor President	Ming-Feng Huang Kim Lin Ming-Feng Huang	Capital contribution of US$4,000 thousand	100
Synnex (Ningbo) Ltd.	Executive Director Supervisor President	Ming-Feng Huang Kim Lin Ming-Feng Huang	Capital contribution of US$4,000 thousand	100
Synnex (Hefei) Ltd.	Executive Director Supervisor President	Ming-Feng Huang Kim Lin Ming-Feng Huang	Capital contribution of US$6,100 thousand	100
Synnex (Nanchang) Ltd.	Executive Director Supervisor President	Ming-Feng Huang Kim Lin Ming-Feng Huang	Capital contribution of US$4,000 thousand	100

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Company name	Title	Name or representative	Shareholding	
			Shares	Shareholding percentage (%)
Synnex (Harbin) Ltd.	Executive Director Supervisor President	JB Liu Erica Ku JB Liu	Capital contribution of US$5,000 thousand	100
Synnex (Xiamen) Ltd.	Executive Director Supervisor President	Ming-Feng Huang Kim Lin Ming-Feng Huang	Capital contribution of US$6,000 thousand	100
Yude (Shanghai) Warehouse Co., Ltd.	Director Supervisor President	Ming-Feng Huang, Da Shi, Yun-Sia Wang Erica Ku Ming-Feng Huang	Capital contribution of RMB2,400 thousand	80
Synnex Technology Development Ltd.	Executive Director Supervisor President	Wang Ke Erica Ku Wang Ke	Capital contribution of RMB50,000 thousand	100
Synergy Intelligent Logistics (HK) Ltd.	Director	LEE SHUK WAH	Capital contribution of HK$100 thousand	100
Synergy Intelligent Logistics Corporation	Director Supervisor President	Ming-Feng Huang Erica Ku Ming-Feng Huang	Capital contribution of RMB50,000 thousand	100
LianZhongHongYu Information Technology (Beijing) Co., Ltd.	Executive Director Supervisor President	Kuo-Chun Tsai Wang Ke Kuo-Chun Tsai	Capital contribution of RMB1,000 thousand	100

(5) Business overview of affiliates

Financial status and financial performance of affiliates as of December 31, 2019

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	867,295	809,870	57,425	6,069,270	69,729	53,993	539.93	
E-Fan Investments Corp.	225,000	701,390	161,895	539,495	92,623	92,431	90,343	4.02	
Synergy Intelligent Logistics Corp.	50,000	143,039	80,280	62,759	304,998	13,294	10,570	2.11	
BestCom Infotech Corp.	1,032,033	4,427,098	2,619,537	1,807,561	12,962,204	320,029	281,795	2.73	
Synnex Global Ltd.	17,607,381	77,646,079	5,200,024	72,446,054	6,374,431	6,327,349	6,134,896	11.19	
Synnex Mauritius Ltd.	720,720	4,257,866	171	4,257,695	605,633	604,656	604,656	25.19	
Peer Developments Ltd.	906,906	8,720,168	14,292	8,705,876	1,146,180	1,146,111	1,091,445	36.14	
Synnex China Holdings Ltd.	3,009,006	7,756,112	3,018,079	4,738,033	618,455	618,392	727,922	7.26	
King’s Eye Investments Ltd.	1,876,184	18,663,413	963,954	17,699,459	3,843,448	3,843,255	3,584,793	57.38	
Trade Vanguard Global Ltd.	12,012,000	12,137,605	-	12,137,605	142,921	142,776	121,367	0.39	
Lianxiang Technology (Shenzhen) Co., Ltd.	6,006	280,366	172,600	107,766	3,334,822	24,209	18,371	91.85	
Laser Computer Holdings Ltd.**	1,106,520	4,397,485	-	4,397,485	1,393,744	1,393,744	1,393,744	37.82	
Laser Computer (China)Ltd.	30	433,872	-	433,872	-	(11,802)	315,510	40,449.96	
Synnex Technology International (HK)Ltd.	231,385	14,218,030	10,255,230	3,962,800	61,817,568	1,223,066	1,078,234	17.97	
Synnex Electronics Hong Kong Ltd.	9,009	545,031	473,386	71,645	-	(257)	(144)	(0.48)	
Syntech Asia Ltd.	9,009	18,166,057	12,871,125	5,294,932	78,533,929	1,132,641	1,036,458	3,454.86	
Synnex Australia Pty. Ltd.	891,440	17,330,651	13,905,682	3,424,969	46,949,544	654,734	487,622	14.67	
Fortune Ideal Ltd.	56,246	332,407	176,266	156,141	38,684	32,048	22,434	1.55	
Golden Thinking Ltd.	108,564	1,137,542	1,071,083	66,459	73,192	43,053	30,137	1.08	
Synnex New Zealand Ltd.	30,676	1,358,519	1,281,379	77,140	3,264,961	5,007	8,035	5.36	
PT. Synnex Metrodata Indonesia	1,007,155	8,181,234	4,120,545	4,060,689	26,541,519	1,036,262	780,949	2,603.16	
Synergy Intelligent Logistics (HK) Ltd.	383	552	42	510	3,207	3,163	136	1.36	
Synnex Investments (China) Ltd.	6,006,000	23,590,250	15,512,580	8,077,670	770,804	768,664	618,455	-	
Synnex (Beijing) Ltd.	270,270	730,434	465,964	264,470	44,494	(6,751)	(6,076)	-	
Synnex (Shanghai) Ltd.	660,660	2,390,265	1,302,299	1,087,966	2,566,676	(56,104)	214,745	-	
Synnex Distributions (China) Ltd.	9,909,900	33,881,034	22,347,463	11,533,571	87,680,144	638,520	540,663	-	
Synnex (Chengdu) Ltd.	150,150	373,292	222,156	151,136	22,759	324	4,511	-	
Synnex (Nanjing) Ltd.	150,150	309,947	145,876	164,071	13,723	(8,923)	285	-	
Synnex (Shenyang) Ltd.	90,090	189,109	92,293	96,816	16,980	1,693	5,827	-	
Synnex (Tianjin) Ltd.	135,135	119,212	22,569	96,643	2,223	(8,099)	(9,221)	-	
Synnex (Hangzhou) Ltd.	150,150	206,095	18,945	187,150	19,345	6,621	7,956	-	
Synnex (Qingdao) Ltd.	150,150	162,206	37,570	124,636	2,573	(7,059)	(4,641)	-	
Synnex (Guangzhou) Ltd.	360,360	364,452	4,245	360,207	25,442	565	8,287	-	

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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 (Xi'an) Ltd.	120,120	232,529	98,620	133,909	12,266	(194)	4,943	-	
Synnex (Suzhou) Ltd.	180,180	159,968	3,254	156,714	5,339	(4,615)	821	-	
Synnex (Wuhan) Ltd.	150,150	178,955	25,535	153,420	11,473	(1,124)	3,467	-	
Synnex (Jinan) Ltd.	150,150	412,361	279,944	132,417	17,101	(5,958)	(5,988)	-	
Synnex (Zhengzhou) Ltd.	150,150	208,826	95,974	112,852	15,234	1,980	3,265	-	
Synnex (Changsha) Ltd.	120,120	295,502	239,440	56,062	10,285	(5,067)	(7,423)	-	
Synnex (Ningbo) Ltd.	120,120	222,877	168,042	54,835	1,286	(7,011)	(6,084)	-	
Synnex (Hefei) Ltd.	183,183	244,525	153,542	90,983	8,851	(5,096)	(9,000)	-	
Synnex (Nanchang) Ltd.	120,120	261,068	224,710	36,358	8,671	(12,421)	(19,539)	-	
Synnex (Harbin) Ltd.	150,150	311,818	307,362	4,456	-	(16,790)	(29,898)	-	
Synnex (Xiamen) Ltd.	180,180	177,110	58,543	118,567	9,744	(2,427)	(6,425)	-	
Yude (Shanghai) Warehouse Co., Ltd.	10,296	6,205	27,273	(21,068)	1,849	76	(8,481)	-	
Synnex Technology Development Ltd.	214,503	359,494	91,677	267,817	538,472	3,607	2,976	-	
Bizwave Tech Co., Ltd.	20,000	151,104	125,148	25,956	125,483	3,691	4,249	2.12	
Bestcom Infotech Holding Ltd.	81,081	81,865	-	81,865	-	-	4,437		
BestCom Infotech Shanghai Ltd.	81,081	81,793	26	81,767	20,669	5,294	4,437	-	
Bestcom International Ltd.	81,081	81,783	-	81,783	-	-	4,437	0.52	
Synergy Intelligent Logistics Corporation	214,503	222,626	2,859	219,767	7,442	7,143	5,487	-	
LianZhongHongYu Information Technology (Beijing) Co., Ltd.	4,290	13,282	11,475	1,807	49,005	473	1,068	-	

* 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, 2019 reporting date exchange rates:	US$1=NT$30.03	HK$1=NT$3.86	A$1=NT$21.05	IDR$1=NT$0.002162	RMB$1=NT$4.29
2019 average exchange rates:	US$1=NT$30.96	HK$1=NT$3.95	A$1=NT$21.53	IDR$1=NT$0.002198	RMB$1=NT$4.47

** Information from the consolidated statement.

(6) Consolidated financial statement of affiliates

For the 2019 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** **117**

Attachment 2 **Individual condensed income statement/condensed income statement for the past five years** **118**

Attachment 3 **Individual financial analysis for the past five years** **119**

Attachment 4 **Consolidated financial report and independent auditor's report** **120**

Attachment 5 **Individual financial report and independent auditor's report** **240**

Attachment 1 Individual condensed balance sheet for the past five years

Unit: in NTD millions

Item/Year	2015.12.31*	2016.12.31*	2017.12.31*	2018.12.31*	2019.12.31*
Current assets	12,335	16,668	15,669	15,489	14,336
Fixed assets/property, plant, and equipment	1,234	1,163	1,140	1,133	1,070
Intangible assets	123	96	64	34	69
Funds and investments/other assets	63,628	65,190	68,651	74,024	81,638
Total assets	77,320	83,117	85,524	90,680	97,113
Current liabilities					
Before distribution	34,245	40,267	40,063	42,768	46,841
After distribution	36,628	41,935	43,732	46,104	51,178
Long term and other liabilities/noncurrent liabilities	257	278	290	341	458
Total liabilities					
Before distribution	34,502	40,545	40,353	43,109	47,299
After distribution	36,885	42,213	44,022	46,445	51,636
Capital stock	15,885	16,679	16,679	16,679	16,679
Capital reserve	14,140	14,196	14,365	14,847	14,743
Retained earnings					
Before distribution	12,920	14,534	18,947	22,221	25,687
After distribution	10,537	12,866	15,278	18,885	21,350
Other adjustments on Stockholder's equities/other equity	(127)	(2,837)	(4,820)	(6,177)	(7,295)
Treasury stock	-	-	-	-	-
Total shareholder's equity					
Before distribution	42,818	42,572	45,171	47,570	49,814
After distribution	40,435	40,904	41,502	44,234	45,477

* 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 2019 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	2015*	2016*	2017*	2018*	2019*
Operating revenue	45,668	45,454	45,686	43,219	42,588
Gross profit	1,995	1,986	2,103	2,156	2,042
Operating income	311	109	159	65	155
Non-operating income and expenses	3,041	4,811	5,996	6,638	6,809
Net income before tax	3,353	4,920	6,155	6,703	6,964
Net income from continuing operations	3,186	4,877	6,115	6,607	6,815
Loss from discontinued operations	-	-	-	-	-
Net income of the current term	3,186	4,877	6,115	6,607	6,815
Other comprehensive profit/losses for the current period (net, after-tax)	(260)	(2,730)	(2,000)	(918)	(1,122)
Total comprehensive income of the term	2,926	2,147	4,115	5,689	5,693
Earnings per share					
before retroactive adjustment	2.01	2.92	3.67	3.96	4.09
after retroactive adjustment **	1.91	2.92	3.67	3.96	4.09

* 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, 2019.

Attachment 3 Individual financial analysis for the past five years

Analysis item ***		2015*	2016*	2017*	2018*	2019*
Capital structure analysis	Debt-to-asset ratio (%)	45	49	47	48	49
	Long-term fund to fixed assets/property, plant, and equipment ratio (%)	3,490	3,680	3,986	4,228	4,699
Liquidity analysis	Current ratio (%)	36	41	39	36	31
	Quick ratio (%)	26	32	30	28	24
	Interest Protection Multiples:	12	15	18	20	19
Operating ability	Average collection turnover (times)	7.6	7.4	7.7	7.7	8.2
	Average days sales outstanding	48	49	47	47	45
	Average inventory turnover (times)	13.2	12.4	12.5	11.6	12.3
	Average days of sales (days)	28	29	29	31	30
	Average payment turnover (times)	10.2	10.5	10.3	9.9	10.6
	Fixed assets/property, plant, and equipment turnover (times)	36.2	37.9	39.7	38.0	38.7
	Total assets turnover (times)	0.6	0.6	0.5	0.5	0.5
Profitability	Return on assets ratio (%)	4.6	6.5	7.6	7.8	7.6
	Rate of return on shareholder equity/equity (%)	7.2	11.4	14.0	14.3	14.0
	Paid-in capital ratio (%) - operating income	N/A	N/A	N/A	N/A	N/A
	Paid-in capital ratio (%) - income before tax	21.1	29.5	36.9	40.2	41.8
	Net profit margin (%)	7.0	10.7	13.38	15.29	16.0
	Earnings per share - before retroactive adjustment (NTD)	2.01	2.92	3.67	3.96	4.09
	Earnings per share - after retroactive adjustment (NTD)	1.91	2.92	3.67	3.96	4.09
Cash flow	Cash flow ratio (%)	**	**	4.3	2.6	4.5
	Cash flow adequacy ratio (%)	22.8	16.3	20.3	17.8	20.3
	Cash reinvestment ratio (%)	**	**	0.2	**	**
Leverage	Operating leverage	3.5	10.1	7.3	17.3	6.8
	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 asset ratio = total liabilities / total assets
(2) Long-term fund to fixed assets/property, plant, and equipment ratio = (shareholder's equity + long term liabilities) / net fixed assets (property, plant, and equipment)

2. Liquidity analysis
(1) Current ratio = current assets / current liabilities
(2) Quick ratio = (current assets – inventories – prepaid expenses) / current liabilities
(3) Interest protection multiple = net income before income tax and interest expenses / current interest expenses

3. Operating ability
(1) Receivables (including accounts receivable and business-related notes receivable) turnover ratio = net sales / average balance of receivable of the period (including accounts receivable and business-related notes receivable
(2) Average collection days = 365 / average collection turnover
(3) Inventory turnover = cost of goods sold / average amount of inventory
(4) Average inventory turnover (days) = 365 / average inventory turnover
(5) Payable (including accounts payable and business-related notes payable) turnover = purchases / average balance of payable of the period (including accounts payable and business-related notes payable
(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

4. Profitability
(1) Return on assets ratio = [net income + interest expense * (1- tax rate)] / total average assets

(2) Rate of return on shareholder's 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

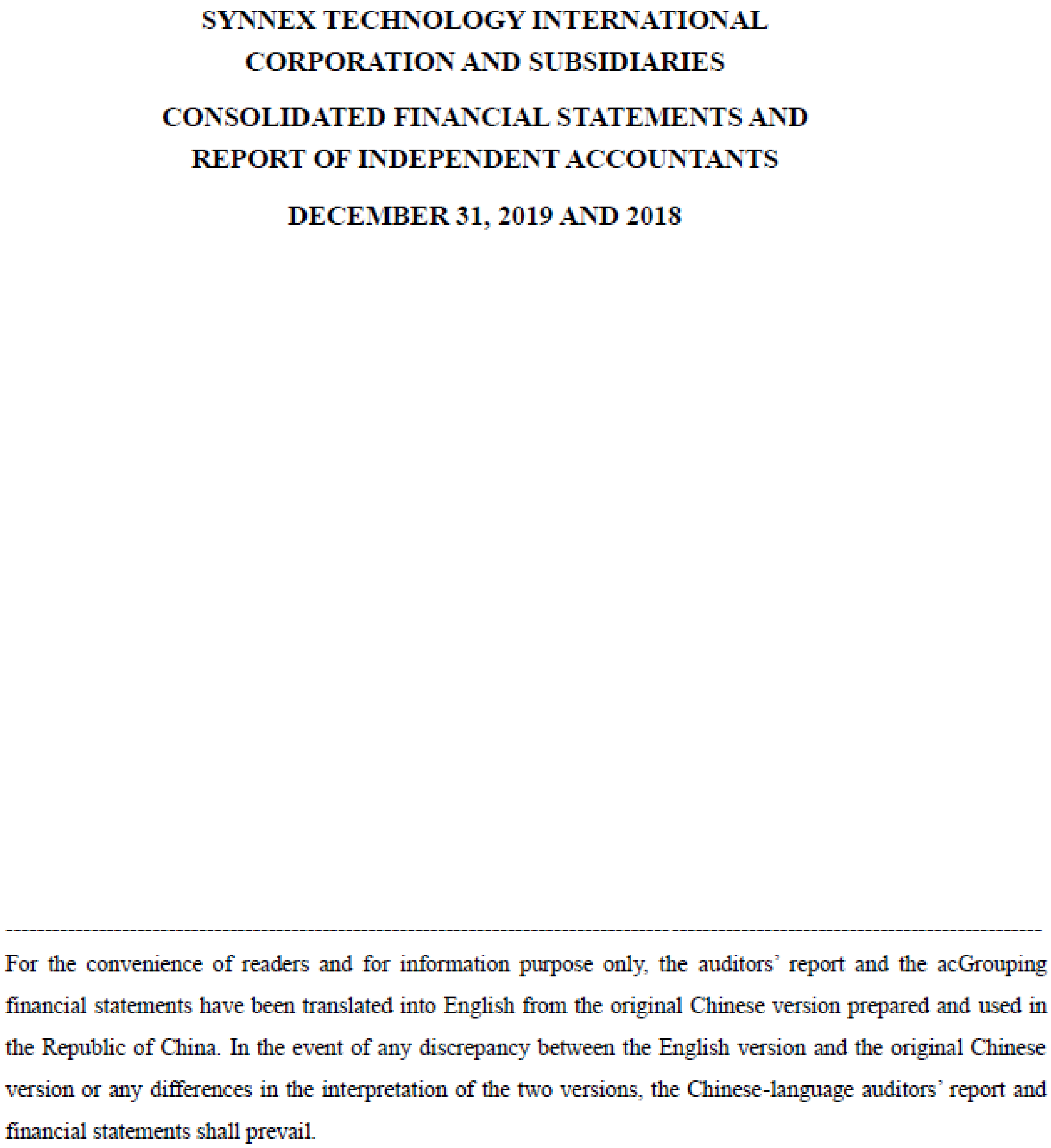
5. Cash flow
(1) Cash flow ratio = new cash flow from operating activities / current liabilities
(2) Net cash flow adequacy ratio = net cash flow from operating activities in the most recent five years / (capital expenditure + increase in inventory + cash dividend) for the most recent five years.

(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)

6. Leverage
(1) Operating leverage = (net operating revenues - current operating cost and expense) / operating profit

(2) Financial leverage = operating profit / (operating profit- interest expense)

Attachment 4 Consolidated financial report and independent auditor's report



SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2019 AND 2018

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, 2019, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. Also, 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, 2020

Report of Independent Accountant Translated From Chinese

PWCR19000409

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, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit and the reports of other auditors (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, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants”, "Rule No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020” and generally accepted auditing standards in the Republic of China (ROC GAAS); and in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and ROC GAAS for our audit of the consolidated financial statements as of and for the year ended December 31, 2018. 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 are 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(5) 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(8) 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 auditors 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 auditors. The subsidiaries held assets of $1,162,242 thousand and $1,113,086 thousand, constituting 1% and 1% of the total consolidated assets as of December 31, 2019 and 2018, 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(9) relative to investments accounted for under equity method and information on certain investees disclosed in Note 13 for the years ended December 31, 2019 and 2018 is based solely on the reports of the other auditors. 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 $1,942,377 thousand and $1,843,352 thousand for the years ended December 31, 2019 and 2018, 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 $1,610,154 thousand and $2,034,333 thousand, constituting 27% and 35% of consolidated total comprehensive income for the years ended December 31, 2019 and 2018, respectively. The balance of related long-term equity investments amounted to $14,071,336 thousand and $14,422,245 thousand, constituting 10% and 10% of the total consolidated assets as of December 31, 2019 and 2018, 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, 2019 and 2018.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

Yeh, Tsui Miao Wu, Yu-Lung

For and on behalf of PricewaterhouseCoopers, Taiwan
March 13, 2020

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 6,342,158	4	$ 5,674,663	4
1110	Financial assets at fair value through profit or loss - current	6(2) and 12(3)	9,157,264	6	738,004	-
1120	Current financial assets at fair value through other comprehensive income	6(3) and 12(3)	1,154,209	1	1,023,708	1
1136	Current financial assets at amortised cost	6(4) and 8	924,999	1	60,601	-
1150	Notes receivable, net	6(5)	6,169,904	4	8,764,666	6
1170	Accounts receivable, net	6(5), 8 and 12(2)	45,418,413	31	48,600,958	33
1180	Accounts receivable - related parties	6(5) and 7(2)	223,007	-	340,215	-
1200	Other receivables	6(7) and 7(2)	6,958,032	5	7,055,043	5
1220	Current income tax assets		164,899	-	5,159	-
130X	Inventories,net	6(8) and 8	31,691,921	21	40,799,936	28
1410	Prepayments		4,251,819	3	4,619,648	3
11XX	**Current Assets**		112,456,625	76	117,682,601	80
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 12(3)	3,026,306	2	1,561,538	1
1535	Non-current financial assets at amortised cost	6(4) and 8	1,323,943	1	1,275,640	1
1550	Investments accounted for under equity method	6(9)	15,560,836	11	14,489,928	10
1600	Property, plant and equipment	6(10)	6,349,364	4	6,919,339	4
1755	Right-of-use assets	6(11)	1,524,940	1	-	-
1760	Investment property - net	6(13)	1,370,864	1	1,172,414	1
1780	Intangible assets	6(14)	645,881	-	632,183	-
1840	Deferred income tax assets	6(31)	1,087,108	1	1,227,640	1
1900	Other non-current assets	6(5)(12)(15)	4,343,493	3	2,557,086	2
15XX	**Non-current assets**		35,232,735	24	29,835,768	20
1XXX	**Total assets**		$ 147,689,360	100	$ 147,518,369	100

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SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			December 31, 2019		December 31, 2018	
	Liabilities and Equity	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	6(16)	$ 41,839,694	28	$ 40,776,119	28
2110	Short-term notes and bills payable	6(17)	6,280,000	4	7,690,000	5
2120	Financial liabilities at fair value through profit or loss - current	6(2) and 12(3)	3,031	-	2,417	-
2150	Notes payable	7(2)	2,254,481	2	1,758,453	1
2170	Accounts payable	7(2)	33,491,823	23	37,539,735	26
2200	Other payables	6(18) and 7(2)	4,680,868	3	5,814,898	4
2230	Current income tax liabilities		2,194,483	2	1,658,242	1
2280	Current lease liabilities		241,874	-	-	-
2300	Other current liabilities	6(19)	3,479,467	2	2,120,420	1
21XX	**Current Liabilities**		94,465,721	64	97,360,284	66
	Non-current liabilities					
2570	Deferred income tax liabilities	6(31)	173,784	-	245,456	-
2580	Non-current lease liabilities		548,440	-	-	-
2600	Other non-current liabilities	6(20)	555,743	1	552,729	1
25XX	**Non-current liabilities**		1,277,967	1	798,185	1
2XXX	**Total Liabilities**		95,743,688	65	98,158,469	67
	Equity attributable to owners of parent					
	Share capital	6(21)				
3110	Share capital - common stock		16,679,470	11	16,679,470	11
	Capital surplus	6(22)				
3200	Capital surplus		14,743,296	10	14,846,786	10
	Retained earnings	6(23)				
3310	Legal reserve		8,175,300	6	7,514,560	5
3320	Special reserve		6,177,007	4	4,820,549	3
3350	Unappropriated retained earnings		11,334,225	8	9,886,188	7
	Other equity interest	6(24)				
3400	Other equity interest		(7,295,011)	(5)	(6,177,007)	(4)
31XX	**Equity attributable to owners of the parent**		49,814,287	34	47,570,546	32
36XX	**Non-controlling interest**		2,131,385	1	1,789,354	1
3XXX	**Total equity**		51,945,672	35	49,359,900	33
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 147,689,360	100	$ 147,518,369	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, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

			Years ended December 31			
			2019		2018	
	Items	Notes	Amount	%	Amount	%
4000	**Sales revenue**	6(25) and 7(2)	$ 339,994,666	100	$ 383,194,939	100
5000	**Operating costs**	6(8) and 7(2)	(325,273,754)	(96)	(368,696,835)	(96)
5950	**Net operating margin**		14,720,912	4	14,498,104	4
	Operating expenses	6(20)(29)(30)				
6100	Selling expenses		(6,149,259)	(2)	(6,006,997)	(2)
6200	General and administrative expenses		(2,059,434)	-	(2,236,980)	(1)
6450	Expected credit loss	12(2)	(533,102)	-	(841,879)	-
6000	**Total operating expenses**		(8,741,795)	(2)	(9,085,856)	(3)
6900	**Operating profit**		5,979,117	2	5,412,248	1
	Non-operating income and expenses					
7010	Other income	6(26) and 7(2)	1,362,030	-	1,274,586	-
7020	Other gains and losses	6(27)	78,551	-	147,296	-
7050	Finance costs	6(28)	(715,656)	-	(701,198)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(9)	2,185,917	1	1,845,203	1
7000	**Total non-operating income and expenses**		2,910,842	1	2,565,887	1
7900	**Profit before income tax**		8,889,959	3	7,978,135	2
7950	Income tax expense	6(31)	(1,670,909)	(1)	(1,065,475)	-
8200	**Profit for the year**		$ 7,219,050	2	$ 6,912,660	2

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SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

			Years ended December 31			
			2019		2018	
	Items	Notes	Amount	%	Amount	%
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial losses on defined benefit plans		($ 13,071)	-	($ 9,075)	-
8316	Unrealized gains (losses) on financial assets at fair value through comprehensive income	6(3)	1,611,296	1	(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(9)(24)	(2,853)	-	(3,472)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	3,301	-	7,668	-
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**		1,598,673	1	(258,043)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(24)	(2,446,898)	(1)	(953,956)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for uner equity method	6(9)(24)	(329,370)	-	194,453	-
8360	**Components of other comprehensive loss that will be reclassified to profit or loss**		(2,776,268)	(1)	(759,503)	-
8300	**Total other comprehensive loss for the year**		($ 1,177,595)	-	($ 1,017,546)	-
8500	**Total comprehensive income for the year**		$ 6,041,455	2	$ 5,895,114	2
	Profit, attributable to:					
8610	Owners of the parent		$ 6,815,243	2	$ 6,607,404	2
8620	Non-controlling interest		403,807	-	305,256	-
	Profit		$ 7,219,050	2	$ 6,912,660	2
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 5,692,657	2	$ 5,689,430	2
8720	Non-controlling interest		348,798	-	205,684	-
	Total comprehensive income for the year		$ 6,041,455	2	$ 5,895,114	2
	Earnings per share					
9750	**Basic earnings per share**	6(32)	$ 4.09		$ 3.96	
9850	**Diluted earnings per share**	6(32)	$ 4.09		$ 3.96	

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, 2019 AND 2018
(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
Year 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 for 2018	6(24)	-	-	-	-	(6,418)	(653,194)	(258,362)	-	(917,974)	(99,572)	(1,017,546)
Total comprehensive (loss) income		-	-	-	-	6,600,986	(653,194)	(258,362)	-	5,689,430	205,684	5,895,114
Appropriations of 2017 earnings	6(23)											
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	6(22)	-	480,615	-	-	17,295	-	-	-	497,910	-	497,910
Difference between consideration and carrying amount of subsidiaries disposed	6(23)	-	6	-	-	-	-	-	-	6	(8,216)	(8,210)
Capital surplus transferred from unclaimed dividends	6(22)	-	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
Year 2019												
Balance at January 1, 2019		$ 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
Net income for 2019		-	-	-	-	6,815,243	-	-	-	6,815,243	403,807	7,219,050
Other comprehensive (loss) income for 2019	6(24)	-	-	-	-	(4,582)	(2,723,375)	1,605,371	-	(1,122,586)	(55,009)	(1,177,595)
Total comprehensive (loss) income		-	-	-	-	6,810,661	(2,723,375)	1,605,371	-	5,692,657	348,798	6,041,455
Appropriations of 2018 earnings	6(23)											
Provision for legal reserve		-	-	660,740	-	(660,740)	-	-	-	-	-	-
Provision for special reserve		-	-	-	1,356,458	(1,356,458)	-	-	-	-	-	-
Distribution of cash dividend		-	-	-	-	(3,335,894)	-	-	-	(3,335,894)	-	(3,335,894)
Change in net assets of the associate and joint ventures accounted for under the equity method	6(22)	-	(104,382)	-	-	(9,532)	-	-	-	(113,914)	-	(113,914)
Difference between consideration and carrying amount of subsidiaries disposed	6(23)	-	377	-	-	-	-	-	-	377	(6,767)	(6,390)
Capital surplus transferred from unclaimed dividends	6(22)	-	515	-	-	-	-	-	-	515	-	515
Balance at December 31, 2019		$ 16,679,470	$ 14,743,296	$ 8,175,300	$ 6,177,007	$ 11,334,225	($ 8,626,394)	$ 1,331,383	$ -	$ 49,814,287	$ 2,131,385	$ 51,945,672

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, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		$ 8,889,959	$ 7,978,135
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation charges on property, plant and equipment	6(10)(29)	324,039	338,388
Depreciation charges on right-of-use asset	6(11)(29)	298,424	-
Depreciation charges on investment property	6(13)(29)	56,927	57,837
Amortization charges on intangible assets	6(14)(29)	49,281	63,310
Amortization of land use rights	6(15)	-	20,190
Expected credit loss	12(2)	533,102	841,879
Net gain (loss) on financial assets at fair value through profit or loss	6(2)(27)	(121,307)	100,290
Loss on decline in (gain from reversal of) market value and obsolete and slow-moving inventories	6(8)	(5,758)	187,698
Loss on scrapping inventory	6(8)	1,133	1,586
Interest expense	6(28)	715,656	701,198
Interest income	6(26)	(470,136)	(388,760)
Dividend income	6(26)	(136,142)	(200,275)
Share of profit of associates accounted for under the equity method	6(9)	(2,185,917)	(1,845,203)
Cash dividends on investments accounted for under the equity method		609,417	379,617
Loss (gain) on disposal of property, plant and equipment and investment property	6(27)	1,901	(3,147)
Gain on disposal of investments accounted for under the equity method	6(27)	-	(741,035)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes and accounts receivable		5,935,040	(1,403,463)
Other receivables		55,449	132,614
Inventories		9,112,640	(4,730,000)
Prepayments		367,829	(1,470,813)
Overdue receivables		(617,766)	(1,276,330)
Long-term lease and installment receivables		46,498	(29,384)
Net changes in liabilities relating to operating activities			
Notes and accounts payable		(3,551,884)	1,443,460
Other payables		(1,108,028)	432,107
Other current liabilities		1,359,047	(171,966)
Other non-current liabilities		9,342	20,718
Cash inflow (outflow) generated from operations		20,168,746	438,651
Interest paid		(741,143)	(619,844)
Interest received		470,136	388,760
Dividend received		136,142	244,635
Income tax paid		(1,222,202)	(936,150)
Net cash provided by (used in) operating activities		18,811,679	(483,948)

(Continued)

SYNNEX TECHNOLOGY INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from capital reduction of financial assets at fair value through profit or loss		$ -	$ 2,932
Acquisition of financial assets at fair value through profit or loss		(8,648,345)	(158,013)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		15,343	72,537
Financial assets at amortized cost		19,856	10,777
Proceeds from disposal of investments accounted for using equity method	6(9)	-	1,372,999
Net cash flow from acquisition of subsidiaries		-	(8,232)
Net cash flow from acquisition of subsidiaries' share	6(33)	(6,390)	(8,210)
Acquisition of property, plant and equipment	6(36)	(273,813)	(577,268)
Increase in investment property	6(13)	(1,019)	(2,435)
Proceeds from disposal of property, plant and equipment		15,510	17,384
Acquisition of intangible assets	6(14)	(69,500)	(57,639)
Decrease in refundable deposits		48,312	379,868
Increase in refundable deposits		(89,361)	(127,116)
Increase in restricted time deposits		(50,198)	(577,175)
Decrease in restricted time deposits		23,452	696,878
Decrease in other non-current asset		43,889	17,823
Decrease in time deposits maturing over three months		900,900	-
Increase in time deposits maturing over three months		(1,806,711)	-
Increase in prepayment for construction in progress		(2,506,982)	-
Net cash provided by (used in) investing activities		(12,385,057)	1,055,110
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(37)	1,175,824	4,500,306
Decrease in short-term notes and bills payable	6(37)	(1,410,000)	(890,000)
Increase in guarantee deposits received	6(37)	271,400	52,750
Decrease in guarantee deposits received	6(37)	(277,728)	(56,196)
Repayments of principal portion of lease liabilities	6(37)	(267,889)	-
Payment of cash dividends	6(23)(37)	(3,335,894)	(3,669,483)
Net cash used in financing activities		(3,844,287)	(62,623)
Effects of changes in foreign exchange rates		(1,914,840)	(548,836)
Increase (decrease) in cash and cash equivalents		667,495	(40,297)
Cash and cash equivalents at beginning of the year		5,674,663	5,714,960
Cash and cash equivalents at end of the year		$ 6,342,158	$ 5,674,663

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, 2019 AND 2018
(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;
E. Warehouse and logistics services; and
F. Maintenance and technical 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, 2020.

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 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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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.

IFRS 16, 'Leases'

A. 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.

B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Group increased 'right-of-use asset' by $1,867,729, increased 'lease liability' by $1,066,691 and decreased other non-current assets by $801,038 with respect to the lease contracts of lessees on January 1, 2019 (which was recognized as long-term prepaid rent are reclassified to 'right-of-use asset').

C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

  (a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.

  (b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

  (c) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of $96,591 was recognised in the 2019.

  (d) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.

  (e) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

D. The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate of 0.84%~7.68%.

E. The Group recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	$ 1,176,159
Less: Short-term leases	(53,493)
Less: Low-value assets	(3,164)
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	$ 1,119,502
Incremental borrowing interest rate at the date of initial application	0.84%~7.68%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$ 1,066,691

(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 2020 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 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 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
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

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.

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

(b) Inter-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, 2019 and 2018:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business Activities	December 31, 2019	December 31, 2018	Description
Synnex Technology International Corporation	Synnex Global Ltd.	Investment holding	100	100	PwC
Synnex Technology International Corporation	Seper Technology Corporation	Sales of 3C products	100	100	PwC
Synnex Technology International Corporation	E-Fan Investments CO., LTD.	Investment holding	100	100	PwC
Synnex Technology International Corporation	Synergy Intellingent Logistics corporation	Warehouse and logistics services	100	100	PwC
Synnex Technology International Corporation	Bestcom Infotech Corp.	Sales of 3C products	94.96	94.57	PwC
Bestcom Infotech Corp.	Bizwave Tech Co., Ltd.	Sales of 3C products	100	100	PwC
Bestcom Infotech Corp.	Bestcom Infotech Holdings Ltd.	Investment holding	100	100	PwC
Bestcom Infotech Holding Ltd.	Bestcom International Ltd.	Investment holding	100	100	PwC
Bestcom International Ltd.	Bestcom Infotech Shanghai Ltd.	Sales of 3C products	100	100	PwC
Synnex Global Ltd.	King's Eye Investments Ltd.	Investment holding	100	100	PwC
Synnex Global Ltd.	Peer Developments Ltd.	Investment holding	100	100	PwC
Synnex Global Ltd.	Synnex Mauritius Ltd.	Investment holding	100	100	PwC
Synnex Global Ltd.	Synnex China Holdings Ltd.	Investment holding	100	100	PwC
Synnex Global Ltd.	Trade Vanguard Global Ltd.	Investment holding	100	100	PwC
King’s Eye Investments Ltd.	Laser Computer Holdings Ltd.	Investment holding	100	100	PwC
King’s Eye Investments Ltd.	Synnex Australia Pty. Ltd.	Sales of 3C products	100	100	PwC

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Description
King’s Eye Investments Ltd.	Synnex New Zealand Ltd.	Sales of 3C products	100	100	PwC
King’s Eye Investments Ltd.	Synnex Electronics Hong Kong Ltd.	Sales of electronic components	100	100	PwC
King’s Eye Investments Ltd.	Syntech Asia Ltd.	Sales of electronic components	100	100	PwC
King’s Eye Investments Ltd.	Fortune Ideal Ltd.	Real estate investments	100	100	Other
King’s Eye Investments Ltd.	Golden Thinking Ltd.	Real estate investments	100	100	Other
King’s Eye Investments Ltd.	PT. Synnex Metrodata Indonesia and subsidiaries	Sales of 3C products	50.3	50.3	PwC (Note 1)
Laser Computer Holdings Ltd.	Laser Computer (China) Ltd.	Sales of 3C products	100	100	PwC
Laser Computer Holdings Ltd.	Synnex Technology International (HK) Ltd. and subsidiaries	Sales of 3C products	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	Warehouse and logistics services	100	100	PwC
Synnex China Holdings Ltd.	Synnex Investments (China) Ltd.	Investment holding	100	100	PwC
Synnex Investments (China) Ltd.	Synnex Distributions (China) Ltd.	Sales of 3C products	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Beijing) Ltd.	Warehouse and logistics services	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Shanghai) Ltd.	Sales of 3C products and warehouse and logistics services	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Tianjin) Ltd.	Warehouse and logistics services	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Chengdu) Ltd.	Warehouse and logistics services	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Nanjing) Ltd.	Warehouse and logistics services	100	100	PwC

			Ownership (%)		
Name of investor	Name of subsidiary	Main business Activities	December 31, 2019	December 31, 2018	Description
Synnex Investments (China) Ltd.	Synnex (Shenyang) Ltd.	Warehouse and logistics services	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Hangzhou) Ltd.	Warehouse and logistics services	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Qingdao) Ltd.	Warehouse and logistics services	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Guangzhou) Ltd.	Warehouse and logistics services	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Xi’an) Ltd.	Warehouse and logistics services	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Suzhou) Ltd.	Warehouse and logistics services	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Wuhan) Ltd.	Warehouse and logistics services	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Jinan) Ltd.	Warehouse and logistics services	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Changsha) Ltd.	Warehouse and logistics services	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Zhengzhou) Ltd.	Warehouse and logistics services	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Ningbo) Ltd.	Warehouse and logistics services	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Hefei) Ltd.	Warehouse and logistics services	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Nanchang) Ltd.	Warehouse and logistics services	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Harbing) Ltd.	Warehouse and logistics services	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Chongqing) Ltd.	Warehouse and logistics services	-	100	PwC (Note 2)
Synnex Investments (China) Ltd.	Synnex (Xiamen) Ltd.	Warehouse and logistics services	100	100	PwC
Synnex Investments (China) Ltd.	Yude (Shanghai) Warehouse Co., Ltd.	Warehouse and logistics services	80	80	PwC
Synnex Investments (China) Ltd.	Synnex Technology Development Ltd.	Sales of 3C products	100	100	PwC
Synnex Investments (China) Ltd.	LianZhongHongYu information Technology	Sales of 3C products	100	100	PwC

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Description
	(Beijing) Co.,Ltd.				
Synnex Investments (China) Ltd.	Synergy Intelligent Logistics Corporation (Note 3)	Warehouse and logistics services	100	-	PwC

Note 1: 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 2: The Company's subsidiary - Synnex (Chongqing) Ltd. cancelled its registration on June 5, 2019.

Note 3: It was a new subsidiary established during year ended December 31, 2019.

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) 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.

(6) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets 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

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

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

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

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) Leasing arrangements (lessor)-lease receivables/operating leases

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	3 - 7 years
Transportation equipment	10 years
Furniture and fixtures	5 years
Machinery and equipment	5 - 20 years
Leasehold improvements	3 years

(17) Leasing arrangements (lessee)-right-of-use assets/lease liabilities

Effective 2019

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following: Fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset’s useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(18) Leased assets/operating leases (lessee)

Prior to 2019

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.

(19) 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

(20) 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.

(21) 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.

(22) Borrowings

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.

(23) 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.

(24) 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.

(25) Derecognition of financial liabilities

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

(26) 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.

(27) 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.

(28) 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.

(29) 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 earnings.

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. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(30) 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 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.

(31) 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.

(32) 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.

(33) Revenue recognition

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.

(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 inventory management, installation 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.

(34) 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.

(35) 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

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.

(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, 2019	December 31, 2018
Cash on hand and revolving funds	$ 1,063	$ 1,086
Checking accounts and demand deposits	4,446,833	3,168,089
Time deposits	1,894,262	2,505,488
	$ 6,342,158	$ 5,674,663

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 Financial assets at amortised cost, please refer to Notes 6(4) and 8.

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

Items	December 31, 2019	December 31, 2018
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed (TSE and OTC) stocks	$ 616,729	$ 617,060
Financial products	8,297,670	-
	8,914,399	617,060
Valuation adjustment	242,865	120,944
	$ 9,157,264	$ 738,004
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives-Forward Exchange	$ 3,031	$ 2,417

A. The Group recognised net (loss) gain of $284,581 and ($98,905), respectirely, on financial assets held for trading for the years ended December 31, 2019 and 2018.

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

Foreign exchange forward

		December 31, 2019	
The subsidiaries	Items	Book Value	Nominal Principal (in thousands)
Synnex New Zealand	Buy USD sell NZD	($ 1,190)	USD 1,760
Synnex New Zealand	Buy AUD sell NZD	(217)	AUD 1,750
PT. Synnex Metrodata Indonesia	Buy USD sell IDR	(1,624)	USD 5,334
		($ 3,031)	

		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 2019 and 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 ($2,293) and ($1,385), respectively, for the years ended December 31, 2019 and 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).

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

Items	December 31, 2019	December 31, 2018
Current items:		
Equity instruments		
Listed stocks	$ 820,687	$ 820,687
Non-listed (TSE and OTC) stocks	272,050	272,050
	1,092,737	1,092,737
Valuation adjustment	61,472	(69,029)
Total	$ 1,154,209	$ 1,023,708
Non-current items:		
Equity instruments		
Emerging stocks	$ -	$ 1,571,898
Non-listed (TSE and OTC) stocks	1,756,562	188,695
	1,756,562	1,760,593
Valuation adjustment	1,269,744	(199,055)
Total	$ 3,026,306	$ 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 $4,180,515 and $2,585,246, respectively, as at December 31, 2019 and 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:

	2019	2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 1,611,296	($ 253,164)

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

(4) Financial assets at amortised cost

Items	December 31, 2019	December 31, 2018
Current items:		
Pledged time deposits	$ -	$ 21,557
Deposits for bankers' acceptance	19,188	39,044
Time deposits maturing over three months	905,811	-
	$ 924,999	$ 60,601
Non-current items:		
Pledged time deposits	$ 1,323,943	$ 1,275,640

Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(5) Notes, accounts and overdue receivable

	December 31, 2019	December 31, 2018
Notes receivable	$ 6,189,695	$ 8,790,584
Less: Allowance for bad debts	(19,791)	(25,918)
	$ 6,169,904	$ 8,764,666
Accounts receivable	$ 45,362,385	$ 48,648,319
Accounts receivable due from related party	223,007	340,215
Lease payments receivable (expiring within one year)	115,545	46,554
	45,700,937	49,035,088
Less: Allowance for bad debts	(59,517)	(93,915)
	45,641,420	48,941,173
Overdue receivables (recorded as other non-current assets)	3,130,224	3,155,205
Less: Allowance for bad debts	(2,035,766)	(2,192,860)
	1,094,458	962,345
	$ 46,735,878	$ 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, 2019 and 2018, 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, 2019			
	Notes receivable	Accounts receivable	Overdue receivables	Total
Not past due	$ 6,189,695	$ 40,404,721	$ 6,572	$ 46,600,988
Up to 60 days past due	-	4,936,787	20,012	4,956,799
61-120 days past due	-	229,037	17,862	246,899
121-180 days past due	-	47,855	16,408	64,263
More than 181 days past due	-	82,537	3,069,370	3,151,907
	$ 6,189,695	$ 45,700,937	$ 3,130,224	$ 55,020,856

	December 31, 2018			
	Notes receivable	Accounts receivable	Overdue receivables	Total
Not past due	$ 8,790,584	$ 41,521,026	$ 11,824	$ 50,323,434
Up to 60 days past due	-	6,761,964	266,202	7,028,166
61-120 days past due	-	328,149	438,969	767,118
121-180 days past due	-	93,398	772,084	865,482
More than 181 days past due	-	330,551	1,666,126	1,996,677
	$ 8,790,584	$ 49,035,088	$ 3,155,205	$ 60,980,877

The above ageing analysis was based on past due date.

B. As of December, 2019 and 2018, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2018, the balance of receivables from contracts with customers amounted to $58,431,245.

C. Details of the Group’s accounts receivable pledged to others as collateral are provided in Note 8.

D. Lease payments receivable

Prior to 2019

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).

(6) 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, 2019			
Accounts receivable transferred	Amount derecognized	Facilities	Amount advanced
The Group			
$424,430	$424,430	US$103,500	$424,430
(US$14,018)	(US$14,018)		(US$14,018)
Subsidiaries			
$1,167,205	$1,167,205	US$122,000	$1,167,205
(US$38,868)	(US$38,868)		(US$38,868)

(Unit: USD thousand)

December 31, 2018			
Accounts receivable transferred	Amount derecognized	Facilities	Amount advanced
The Group			
$777,052	$777,052	US$103,500	$777,052
(US$25,149)	(US$25,149)		(US$25,149)
Subsidiaries			
$1,361,482	$1,361,482	US$122,000	$1,361,482
(US$44,254)	(US$44,254)		(US$44,254)

(7) Other receivables

	December 31, 2019	December 31, 2018
Receivables from suppliers	$ 6,049,920	$ 6,096,816
Tax refund receivable-business tax	567,353	836,269
Other non-operating receivables, others (including related parties)	340,759	121,646
	$ 6,958,032	$ 7,054,731

(8) Inventories

	December 31, 2019		
	Cost	Allowance for Valuation loss	Book value
Merchandise inventories	$ 32,185,558	($ 677,737)	$ 31,507,821
Inventory in transit	184,100	-	184,100
Total	$ 32,369,658	($ 677,737)	$ 31,691,921

	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

A. Information about the inventories that were pledged to others as collaterals is provided in Note 8.

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

	Years ended December 31,	
	2019	2018
Cost of inventories sold	$ 325,278,379	$ 368,507,551
(Gain on reversal of) loss on decline in market value	(5,758)	187,698
Loss on scrapping inventory	1,133	1,586
	$ 325,273,754	$ 368,696,835

In 2019, gain on reversal of valuation loss and obsolescence arose after the inventories were scrapped or sold.

(9) Investments accounted for under equity method

A. The details are as follows:

	December 31, 2019		December 31, 2018	
	Balance	Percentage ownership	Balance	Percentage ownership
Associates:				
Synnex Corporation (Note 1)	$ 8,611,816	7.56%	$ 8,041,821	7.53%
Redington (India) Ltd.	4,183,812	24.24%	3,932,522	24.24%
Synnex FPT Joint Stock Company (Note 2)	1,418,779	47.29%	1,292,981	47.09%
Synnex (Thailand) Public Company Ltd.	1,275,708	40.00%	1,154,921	40.00%
Other	70,721	20%~40%	67,683	20%~40%
	$ 15,560,836		$ 14,489,928	

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' auditors. Details are as follows:

	Profit/(loss) of associates	
	Years ended December 31,	
	2019	2018
Synnex Corporation	$ 1,127,674	$ 850,995
Redington (India) Ltd.	605,633	508,275
Synnex FPT Joint Stock Company (Note 2)	237,884	214,158
Synnex (Thailand) Public Company Ltd.	209,070	269,924
Other	5,656	1,851
	$ 2,185,917	$ 1,845,203

	Share of other comprehensive income of associates	
	Years ended December 31,	
	2019	2018
Synnex Corporation	($ 193,495)	($ 151,898)
Redington (India) Ltd.	(135,875)	340,799
Synnex (Thailand) Public Company Ltd.	(2,853)	2,080
	($ 332,223)	$ 190,981

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 was made in March 2019 due to the fulfilment 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, 2019	December 31, 2018
Current assets	$ 223,813,350	$ 218,423,901
Non-current assets	146,113,668	134,962,951
Current liabilities	(138,351,874)	(150,577,477)
Non-current liabilities	(117,987,420)	(97,030,503)
Total net assets	$ 113,587,724	$ 105,778,872
Share in associate's net assets	$ 8,543,765	$ 7,972,105
Goodwill	68,051	69,716
Carrying amount of the associate	$ 8,611,816	$ 8,041,821

Statement of comprehensive income

	Synnex Corporation	
	Years ended December 31,	
	2019	2018
Revenue	$ 735,439,030	$ 605,489,493
Profit for the period from continuing operations	14,936,066	8,969,460
Other comprehensive loss, net of tax	(2,562,845)	(1,884,697)
Total comprehensive income	$ 12,373,221	$ 7,084,763
Dividends received from associates	$ 221,053	$ 164,182

(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, 2019 and 2018, the carrying amount of the Group’s individually immaterial associates amounted to $6,949,020 and $6,448,107, respectively.

	Years ended December 31,	
	2019	2018
Profit for the period from continuing operations	$ 1,058,243	$ 994,208
Other comprehensive income (loss), net of tax	(138,728)	342,879
Total comprehensive income	$ 919,515	$ 1,337,087

(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, 2019	December 31, 2018
Significant associates:		
Synnex Corporation	$ 14,929,506	$ 9,599,696
Individual insignificant associates:		
Redington (India) Ltd.	$ 4,678,022	$ 3,669,055
Synnex (Thailand) Public Company Ltd.	$ 2,553,130	$ 3,331,252

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(10) Property, plant and equipment

2019

		Buildings and structures			Utilities equipment			Computer equipment	Transportation equipment	Furniture and fixtures	Tools			Leasehold improvements	Construction in progress and equipment to be inspected	
	Land	Owner -occupied	Lease	Subtotal	Owner -occupied	Lease	Subtotal	Owner -occupied	Owner -occupied	Owner -occupied	Owner -occupied	Lease	Subtotal	Owner -occupied	Owner -occupied	Total
At January 1																
Cost	$ 1,064,364	$ 4,528,378	$ 895,471	$ 5,423,849	$ 473,082	$ 69,420	$ 542,502	$ 388,278	$ 189,613	$ 79,188	$ 695,303	$ 2,014	$ 697,317	$ 140,283	$ 389,301	$ 8,914,695
Accumulated depreciation	-	(876,944)	(124,808)	(1,001,752)	(249,121)	(27,262)	(276,383)	(207,735)	(86,829)	(49,263)	(329,664)	(198)	(329,862)	(43,532)	-	(1,995,356)
	$ 1,064,364	$ 3,651,434	$ 770,663	$ 4,422,097	$ 223,961	$ 42,158	$ 266,119	$ 180,543	$ 102,784	$ 29,925	$ 365,639	$ 1,816	$ 367,455	$ 96,751	$ 389,301	$ 6,919,339
Opening net book amount	$ 1,064,364	$ 3,651,434	$ 770,663	$ 4,422,097	$ 223,961	$ 42,158	$ 266,119	$ 180,543	$ 102,784	$ 29,925	$ 365,639	$ 1,816	$ 367,455	$ 96,751	$ 389,301	$ 6,919,339
Additions	-	48,743	369	49,112	6,427	136	6,563	18,957	4,629	9,610	23,325	154	23,479	13,438	148,025	273,813
Disposals	-	(3,652)	-	(3,652)	(1,416)	-	(1,416)	(4,432)	(4,892)	(334)	(1,223)	-	(1,223)	(1,462)	-	(17,411)
Reclassifications	-	36,993	(298,051)	(261,058)	11,807	(14,758)	(2,951)	(36)	-	(2,528)	(1,840)	-	(1,840)	(25,998)	(23,936)	(318,347)
Depreciation charge	-	(113,899)	(14,546)	(128,445)	(35,461)	(3,505)	(38,966)	(55,028)	(20,827)	(15,512)	(34,760)	(423)	(35,183)	(30,078)	-	(324,039)
Net exchange differences	(8,577)	(113,024)	(20,434)	(133,458)	(8,063)	(1,075)	(9,138)	(860)	(361)	23	(9,235)	-	(9,235)	(975)	(21,410)	(183,991)
Closing net book amount	$ 1,055,787	$ 3,506,595	$ 438,001	$ 3,944,596	$ 197,255	$ 22,956	$ 220,211	$ 139,144	$ 81,333	$ 21,184	$ 341,906	$ 1,547	$ 343,453	$ 51,676	$ 491,980	$ 6,349,364
At December 31																
Cost	$ 1,055,787	$ 4,479,285	$ 528,348	$ 5,007,633	$ 429,127	$ 42,841	$ 471,968	$ 290,291	$ 205,486	$ 73,366	$ 499,528	$ 2,168	$ 501,696	$ 90,622	$ 491,980	$ 8,188,829
Accumulated depreciation	-	(972,690)	(90,347)	(1,063,037)	(231,872)	(19,885)	(251,757)	(151,147)	(124,153)	(52,182)	(157,622)	(621)	(158,243)	(38,946)	-	(1,839,465)
	$ 1,055,787	$ 3,506,595	$ 438,001	$ 3,944,596	$ 197,255	$ 22,956	$ 220,211	$ 139,144	$ 81,333	$ 21,184	$ 341,906	$ 1,547	$ 343,453	$ 51,676	$ 491,980	$ 6,349,364

	2018									
	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										
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
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										
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

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: The Group has no capitalisation of interest on property, plant and equipment for the years ended December 31, 2019 and 2018.

Note 3: The Group has no property, plant and equipment that were pledged to others as collateral as of December 31, 2019 and 2018.

(11) Lease transactions-lessee

Effective 2019

A. The Group leases various assets including land use rights and buildings. Rental contracts are typically made for periods of 1 to 5 years for buildings and 44 to 50 years for land use rights. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Land use right	Buildings	Total
January 1, 2019	$ 801,038	$ 1,066,691	$ 1,867,729
Additions	-	6,119	6,119
Termination of lease	-	(621)	(621)
Depreciation charge	(19,827)	(278,597)	(298,424)
Effect of exchange rate changes	(33,602)	(16,261)	(49,863)
December 31, 2019	$ 747,609	$ 777,331	$ 1,524,940

C. Information on profit or loss in relation to lease contracts is as follows:

	Year ended December 31, 2019
Items affecting profit or loss	
Interest expense on lease liabilities	$ 20,145
Expense on short-term lease contracts	96,951
Expense on leases of low-value assets	3,320

D. Apart from the cash outflow relating to the lease expense mentioned above in (11)C, the Group's cash outflow arising from the payment of lease liabilities amounted to $267,889 for the year ended December 31, 2019.

(12) Leasing arrangements-lessor

Effective 2019

A. The Group leases various assets including office buildings. Rental contracts are typically made for periods of 1 and 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. The Group leases computers and computer peripherals assets to others under a finance lease. Based on the terms of the lease contract, the ownership of the assets will be transferred to lessees provided that the lessees exercise the right of refusal when the leases expire. Information on profit or loss in relation to lease contracts is as follows:

	Year ended December 31, 2019
Sales profit (loss)	$ 60,761
Finance income from the net investment in the finance lease	10,172
	$ 70,933

C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	December 31, 2019
Within 1 year	$ 136,402
1-5 year(s)	134,225
Over 5 years	-
	$ 270,627

D. Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	December 31, 2019		
	Current	Non-current	Total
Undiscounted lease payments	$ 136,402	$ 134,225	$ 270,627
Unearned finance income	(20,857)	(16,998)	(37,855)
Net investment in the lease	$ 115,545	$ 117,227	$ 232,772

E. Gain arising from operating lease agreements for the year ended December 31, 2019 are as follows:

	Year ended December 31, 2019
Rental income (including rental income from investment property)	$ 555,330

F. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2019
Within 1 year	$ 392,882
1-5 year(s)	477,995
Over 5 years	51,918
	$ 922,795

(13) Investment property

	2019		
	Buildings and structures	Utilities equipment	Total
At January 1			
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
Opening net book amount	$ 1,124,422	$ 47,992	$ 1,172,414
Additions	468	551	1,019
Reclassifications	300,127	15,045	315,172
Depreciation charge	(38,034)	(18,893)	(56,927)
Net exchange differences	(58,886)	(1,928)	(60,814)
Closing net book amount	$ 1,328,097	$ 42,767	$ 1,370,864
At December 31			
Cost	$ 1,647,723	$ 158,129	$ 1,805,852
Accumulated depreciation	(319,626)	(115,362)	(434,988)
	$ 1,328,097	$ 42,767	$ 1,370,864

	2018		
	Buildings and structures	Utilities equipment	Total
At January 1			
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
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			
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

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,	
	2019	2018
Rental income from the lease of the investment property	$ 483,873	$ 516,038
Direct operating expenses arising from the investment property that generated rental income during the year	$ 156,085	$ 163,404

B. The fair value of the investment property held by the Group as of December 31, 2019 and 2018 was $3,155,517 and $3,172,067, 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.

(14) Intangible assets

	2019		
	Computer software cost	Goodwill	Total
At January 1			
Cost	$ 325,832	$ 555,211	$ 881,043
Accumulated amortisation	(248,860)	-	(248,860)
	$ 76,972	$ 555,211	$ 632,183
Opening net book amount	$ 76,972	$ 555,211	$ 632,183
Additions-acquired separately	69,500	-	69,500
Disposals	(295)	-	(295)
Reclassifications	2,312	-	2,312
Amortisation charge	(49,281)	-	(49,281)
Net exchange differences	(1,428)	(7,110)	(8,538)
Closing net book amount	$ 97,780	$ 548,101	$ 645,881
At December 31			
Cost	$ 367,893	$ 548,101	$ 915,994
Accumulated amortisation	(270,113)	-	(270,113)
	$ 97,780	$ 548,101	$ 645,881

	2018		
	Computer software cost	Goodwill	Total
At January 1			
Cost	$ 293,909	$ 535,518	$ 829,427
Accumulated amortisation	(187,987)	-	(187,987)
	$ 105,922	$ 535,518	$ 641,440
Opening net book amount	$ 105,922	$ 535,518	$ 641,440
Acquired through business	-	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			
Cost	$ 325,832	$ 555,211	$ 881,043
Accumulated amortisation	(248,860)	-	(248,860)
	$ 76,972	$ 555,211	$ 632,183

A. Amortization charges on intangible assets were recognised as administrative expenses amounting to $49,281 and $63,310 for the years ended December 31, 2019 and 2018, respectively.

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

	December 31, 2019	December 31, 2018
Taiwan	$ 239,479	$ 239,479
Hong Kong	298,224	305,523
Indonesia	10,398	10,209
	$ 548,101	$ 555,211

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.

(15) Other non-current assets

	December 31, 2019	December 31, 2018
Prepayment for construction in progress	$ 2,506,982	$ -
Refundable deposits	582,987	541,938
Long-term notes and overdue receivables	1,094,458	962,345
Long-term prepaid rent	-	801,038
Long-term lease receivables	117,227	163,725
Others	41,839	88,040
	$ 4,343,493	$ 2,557,086

A. The above prepayment for construction in progress was the prepayment for acquiring the property located in Nangang Dist., Taipei City.

B. 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 expense of $20,190 for the year ended December 31, 2018.

C. As of December 31, 2019, long-term prepaid rent was transferred to right-of-use assets in accordance with IFRS 16.

D. For details of long-term lease receivables, please refer to Notes 6(5) and (12).

(16) Short-term borrowings

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 41,504,559	0.90%~3.30%	None
Secured borrowings	335,135	6.90%~7.20%	Account receivable and inventories
	$ 41,839,694		

Type of borrowings	December 31, 2018	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 40,776,119	0.90%~7.80%	None

(17) Short-term notes and bills payable

	December 31, 2019	December 31, 2018
Commercial paper payable	$ 6,280,000	$ 7,690,000
Interest rate range	0.98%~1.14%	0.10%~1.15%

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

(18) Other payables

	December 31, 2019	December 31, 2018
Temporary receipt of suppliers' payment	$ 1,826,731	$ 3,484,215
Salary payable and bonus	798,499	818,687
Accrued expenses-others	852,595	575,828
Other payables-others (Including related parties)	1,203,043	936,168
	$ 4,680,868	$ 5,814,898

(19) Other current liabilities

	December 31, 2019	December 31, 2018
Refund liability-dealer's bonus payable	$ 3,398,527	$ 1,847,659
Other current liabilities-others	80,940	272,761
	$ 3,479,467	$ 2,120,420

(20) Pensions

A.(a) The Group has a defined benefit pension plan in accordance with the Labor Standards Act, 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 Labor Standards Act. 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, 2019	December 31, 2018
Present value of defined benefit obligations	($ 536,799)	($ 639,430)
Fair value of plan assets	137,432	250,170
Net defined benefit liability (recorded as other non-current liabilities)	($ 399,367)	($ 389,260)

(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, 2019			
Balance at January 1	($ 639,430)	$ 250,170	($ 389,260)
Current service cost	(9,747)	-	(9,747)
Interest (expense) income	(9,895)	2,373	(7,522)
	(659,072)	252,543	(406,529)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	9,512	9,512
Change in demographic assumptions	(542)	-	(542)
Exchange differences from translation	(797)	-	(797)
Change in financial assumptions	(12,809)	-	(12,809)
Experience adjustments	4,245	-	4,245
	(9,903)	9,512	(391)
Pension fund contribution	-	5,416	5,416
Paid pension	132,176	(130,039)	2,137
Balance at December 31	($ 536,799)	$ 137,432	($ 399,367)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2018			
Balance at January 1	($ 621,682)	$ 252,609	($ 369,073)
Current service cost	(11,686)	-	(11,686)
Interest (expense) income	(9,947)	2,857	(7,090)
	(643,315)	255,466	(387,849)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	7,470	7,470
Change in demographic assumptions	1,459	-	1,459
Exchange differences from translation	2,046	-	2,046
Change in financial assumptions	(227)	-	(227)
Experience adjustments	(19,544)	-	(19,544)
	(16,266)	7,470	(8,796)
Pension fund contribution	-	6,885	6,885
Paid pension	20,151	(19,651)	500
Balance at December 31	($ 639,430)	$ 250,170	($ 389,260)

(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, 2019 and 2018 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:

	2019	2018
Discount rate	0.70%~0.80%	0.90%~1.125%
Future salary increases	3.00%~4.00%	3.00%~4.00%

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2019 Effect on present value of defined benefit obligation	$ 9,958	($ 10,302)	($ 9,075)	$ 8,834

	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	$ 14,185	($ 14,720)	($ 13,082)	$ 12,698

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 2019 and during 2018 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:

	2019	2018
Discount rate	8.00%	8.50%
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 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2019				
Effect on present value of defined benefit obligation	$ 8,513	($ 7,185)	($ 7,398)	$ 8,618

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2018				
Effect on present value of defined benefit obligation	$ 6,987	($ 5,890)	($ 6,093)	$ 7,111

(f) As of December 31, 2019, the weighted average duration of that retirement plan is 9~17.85 years.

(g)Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 amounts to $10,275.

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, 2019 and 2018 were $67,125 and $71,142, respectively.

(c) No pension plan is established for certain overseas investment holding companies 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, 2019 and 2018 were $253,112 and $263,200, respectively.

(21) Share capital

A. As of December 31, 2019, 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:

	2019	2018
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, 2019, the total number of GDSs outstanding was 935,524 units, representing 3,742,108 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.

(22) 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.

2019

	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	$ 648,117	$ 228,445	$ 2,606	$ 14,846,786
Changes in equity of associates and joint ventures	-	-	(104,382)	-	-	(104,382)
Difference between consideration and carrying amount of subsidiaries acquired	-	-	377	-	-	377
Unclaimed dividends	-	-	515	-	-	515
At December 31	$ 13,626,940	$ 340,678	$ 544,627	$ 228,445	$ 2,606	$ 14,743,296

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

(23) Retained earnings

A. The Company's annual earnings at the end of the accounting year shall be first subject to taxation, reimbursement of previous losses, followed by a 10% provision for statutory earnings reserve and provision or reversal for special reserve by law. If there is profit remaining, the Board of Directors shall propose to distribute the balance amount, together with any accumulated non-distributed profit. Where dividends are distributed in the form of stocks, the distribution shall be subject to the approval of the shareholders at the shareholders' meeting. Where dividends are distributed in the form of cash, the Board of Directors is authorized to make such distribution by approval of more than half of directors present at a meeting where more than two-thirds of the directors are in attendance, and shall also be reported at the shareholders' meeting.

The Board of Directors shall determine the shareholders' cash dividend ratio with the consideration of the financial structure of the Company, future earnings situation, and business development; however, the cash dividend ratio may not be less than 15% of the total current dividend distributed to shareholders.

B. Where the Company incurs no loss, the board of directors may draft distribution proposals to distribute part or all of the legal reserve and capital surplus specified in Article 241 of the Company Act to shareholders. Where dividends are distributed in the form of stocks, the distribution shall be subject to the approval of the shareholders at the shareholders' meeting. Where dividends are distributed in the form of cash, the Board of Directors is authorized make such distribution by approval of more than half of the directors present at the meeting, where more than two-thirds of the directors are present, and shall also be reported at the shareholders' meeting.

C. (a) The appropriation of 2018 and 2017 earnings had been resolved at the stockholders’ meeting on June 6, 2019 and June 12, 2018, respectively. Details are summarized below:

	Years ended December 31,			
	2018		2017	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 660,740	$ -	$ 611,490	$ -
Special reserve	1,356,458	-	1,983,231	-
Cash dividends	3,335,894	2.00	3,669,483	2.20

(b) The appropriation of 2019 earnings had been proposed at the Board of Directors’ meeting on March 13, 2020. Details are summarized below:

	Year ended December 31, 2019	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 680,113	$ -
Special reserve	1,118,003	-
Cash dividends	4,336,662	2.60

D. For information relating to employees’ remuneration (bonus) and directors’ and supervisors’ remuneration, please refer to Note 6(30).

(24) Other equity items

	Currency translation	Unrealised gains (losses) on Valuation	Total
At January 1, 2019	($ 5,903,019)	($ 273,988)	($ 6,177,007)
Revaluation:			
–Group	-	1,608,224	1,608,224
–Associates	-	(2,853)	(2,853)
Currency translation differences:			
–Group	(2,394,005)	-	(2,394,005)
–Associates	(329,370)	-	(329,370)
At December 31, 2019	($ 8,626,394)	$ 1,331,383	($ 7,295,011)

	Currency translation	Unrealised gains (losses) on Valuation	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	(847,646)	-	(847,646)
–Associates	194,452	-	194,452
At December 31, 2018	($ 5,903,019)	($ 273,988)	($ 6,177,007)

(25) Operating revenue

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:

		Years ended December 31,	
	Timing of revenue	2019	2018
Revenue from computers and computer peripherals components	At a point in time	$ 338,664,446	$ 382,161,053
Others	Over time	1,330,220	1,033,886
		$ 339,994,666	$ 383,194,939

(26) Other income

	Years ended December 31,	
	2019	2018
Rental revenue	$ 555,330	$ 588,824
Interest income:		
Interest income from bank deposits	193,494	189,556
Other interest income	276,642	199,204
Dividend income	136,142	200,275
Others	200,422	96,727
Total	$ 1,362,030	$ 1,274,586

(27) Other gains and losses

	Years ended December 31,	
	2019	2018
Net gains on financial assets at fair value through profit or loss		
Financial products	$ 192,892	$ -
Other financial assets	89,396	(100,290)
Net currency exchange gains (losses)	56,544	(179,646)
Gain on disposal of investments accounted for using equity	-	741,035
(Loss) gain on disposal of property, plant and equipment and investment property	(1,901)	3,147
Related expense charges on investment property	(156,085)	(163,404)
Others	(102,295)	(153,546)
	$ 78,551	$ 147,296

(28) Finance costs

	Years ended December 31,	
	2019	2018
Interest expense on bank borrowings	$ 620,825	$ 635,613
Interest expense on short-term notes and bills payable	74,686	65,585
Interest expense on lease liabilities	20,145	-
	$ 715,656	$ 701,198

(29) Expenses by nature

	Years ended December 31,	
	2019	2018
Employee benefit expense	$ 5,220,324	$ 5,145,632
Depreciation charges on property, plant and equipment	$ 324,039	$ 338,388
Depreciation charges on right-of-use assets	$ 298,424	$ -
Depreciation charges on investment property	$ 56,927	$ 57,837
Amortisation charges on intangible assets	$ 49,281	$ 63,310

(30) Employee benefit expense

	Years ended December 31,	
	2019	2018
Wages and salaries	$ 4,502,498	$ 4,373,962
Employee social security expense	264,455	248,048
Pension costs	337,506	353,118
Directors’ remuneration	7,000	7,500
Other personnel expenses	108,865	163,004
	$ 5,220,324	$ 5,145,632

A. The Company's net income before tax before deducting remuneration to employees and Directors and after covering for losses in the current fiscal year, should be applied to pay remuneration to employees in 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. Employee remuneration may be distributed in stock or cash and director remuneration may be distributed in cash subject to a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors.

Employee remuneration may be distributed in stock; remuneration may also be distributed for employees of controlled or affiliated companies that meet the criteria. The Chairman of the Board is authorized to set such criteria.

B. For the years ended December 31, 2019 and 2018, employees' compensation (bonus) was accrued at $750 and $700; directors' and supervisors' remuneration was accrued at $7,000 and $7,500, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 0.10% and 0.10% of distributable profit of current year for the year ended December 31, 2019. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $750 and $7,000, and will be distributed in the form of cash.

For 2018, the difference between the amounts of employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors and the amounts recognised in the 2018 financial statements have been adjusted in the profit or loss of 2019.

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.

(31) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2019	Years ended December 31, 2018
Current tax:		
Current tax on profits for the year	$ 821,880	$ 686,514
Prior year income tax (over) underestimation	(330)	40,402
Prepaid income tax	800,693	670,757
Tax on undistributed earnings	79,507	-
Total current tax	1,701,750	1,397,673
Deferred tax:		
Origination and reversal of temporary differences	(30,841)	(316,621)
Impact of change in tax rate	-	(15,577)
Total deferred tax	(30,841)	(332,198)
Income tax expense	$ 1,670,909	$ 1,065,475

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

	Years ended December 31, 2019	Years ended December 31, 2018
Remeasurement of defined benefit obligations	($ 3,301)	($ 1,092)
Impact of change in tax rate	-	(6,576)
	($ 3,301)	($ 7,668)

(c) For the years ended December 31, 2019 and 2018, there was no income tax charged or credited directly to equity.

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2019	Years ended December 31, 2018
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 2,928,470	$ 2,310,411
Effects from items disallowed by tax regulation	(57,051)	(100,915)
Tax exempt income by tax regulation	(84,335)	(58,518)
Temporary differences not recognised as deferred tax liabitities	(1,226,979)	(1,141,143)
Taxable loss not recognised as deferred tax assets	31,627	15,238
Tax on undistributed earnings	79,507	-
Prior year income tax (over) underestimation	(330)	40,402
Income tax expense	$ 1,670,909	$ 1,065,475

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:

	2019				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effects on exchange rate and others	December 31
Temporary differences:					
-Deferred tax assets:					
Unrealized bad debts	$ 562,396	49,668	$ -	($ 103,705)	508,359
Unrealized loss on inventory value decline	90,258	(42,486)	-	(58)	47,714
Depreciation	12,729	33,077	-	(55)	45,751
Unrealised exchange loss	-	8,408	-	(10)	8,398
Unused compensated absences	43,114	(37,789)	-	(7)	5,318
Accrued pensions	80,484	(371)	3,301	(310)	83,104
Unrealized accrued expenses	49,549	(1,015)	-	(59)	48,475
Loss carryforward	368,567	(40,360)	-	813	329,020
Others	20,543	(9,536)	-	(38)	10,969
Subtotal	$ 1,227,640	($ 40,404)	$ 3,301	($ 103,429)	$ 1,087,108
-Deferred tax liabilities:					
Unrealised purchase discount	($ 163,230)	$ 20,895	$ -	$ 349	($ 141,986)
Unrealised exchange gain	(55,771)	52,280	-	9	(3,482)
Others	(26,455)	(1,930)	-	69	(28,316)
Subtotal	($ 245,456)	$ 71,245	$ -	$ 427	($ 173,784)
Total	$ 982,184	$ 30,841	$ 3,301	($ 103,002)	$ 913,324

	2018				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effects on exchange rate and others	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	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

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

December 31, 2019				
Year incurred	Amount filed /assessed	Unused amount	Deferred tax assets	Expiry year
2012~2019	$ 3,157,019	$ 3,157,019	$ 1,550,907	2019~2029

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

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows: None.

F. The subsidiaries' losses are allowed to be carried forward from 2019 to 2029.

G. The Group has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2019 and 2018, the amounts of temporary difference unrecognised as deferred tax liabilities were $10,967,735 and $10,309,219, respectively.

H. The Group's income tax returns through 2017 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.

(32) Earnings per share

	Year ended December 31, 2019		
	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	$ 6,815,243	1,667,947	$ 4.09
Diluted earnings per share			
Profit attributable to ordinary shareholders	6,815,243	1,667,947	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	39	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 6,815,243	1,667,986	$ 4.09

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

(33) Transactions with non-controlling interests

Acquisition of additional equity interest in a subsidiary

The Group acquired an additional 0.39% and 0.48% shares of its subsidiary-Bestcom Infotech Corp. for a cash consideration of $6,390 and $8,210 on September 30, 2019 and April 30, 2018, respectively. The carrying amount of non-controlling interest in Bestcom Infotech Corp. was $6,767 and $8,216 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by $6,767 and $8,216 and an increase in the equity attributable to owners of the parent by $6,767 and $8,216, respectively. The effect of changes in interests in Bestcom Infotech Corp. on the equity attributable to owners of the parent for the years ended December 31, 2019 and 2018 is shown below:

	Years ended December 31,	
	2019	2018
Consideration paid to non-controlling interest	($ 6,390)	($ 8,210)
Decrease in the carrying amount of non-controlling interest	6,767	8,216
Capital surplus-difference between proceeds on actual acquisition of equity interest in a subsidiary and its carrying amount	$ 377	$ 6

(34) 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	$	16,149
Fair value of the identifiable assets acquired and liabilities assumed		
Cash		7,917
Accounts receivable		12,657
Inventories		204
Prepayments		5,014
Property, plant and equipment		599
Other current assets		541
Accounts payable	(	11,916)
Other payables	(	2,484)
Guarantee deposits received	(	6,596)
Total identifiable net 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 $15,139 and ($2,585) for the year ended December 31, 2018.

(35) Operating leases

Prior to 2019

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

(36) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2019	2018
Purchase of property, plant and equipment	$ 273,813	$ 558,979
Add: Opening balance of payable on equipment	-	18,178
Less: Ending balance of payable on equipment	-	-
Effects on exchange rate	-	111
Cash paid during the year	$ 273,813	$ 577,268

(37) Changes in liabilities from financing activities

	Short-term borrowings	Cash dividends payable	Short-term notes and bills payable	Current/ Non-current lease liability	Guarantee deposits received
At January 1, 2019	$ 40,776,119	$ -	$ 7,690,000	$ 1,066,691	$ 143,307
Cash dividends declared	-	3,335,894	-	-	-
Cash dividends paid	-	(3,335,894)	-	-	-
Increase in short-term loans	1,175,824	-	-	-	-
Decrease in short-term notes and bills payable	-	-	(1,410,000)	-	-
Payments of lease liabilities	-	-	-	(267,889)	-
Changes in other non-cash items	-	-	-	5,498	-
Increase in guarantee deposits received	-	-	-	-	271,400
Decrease in guarantee deposits received	-	-	-	-	(277,728)
Impact of changes in foreign exchange rate	(112,249)	-	-	(13,986)	-
At December 31, 2019	$ 41,839,694	$ -	$ 6,280,000	$ 790,314	$ 136,979

	Short-term borrowings	Cash dividends payable	Short-term notes and bills payable	Guarantee deposits received
At January 1, 2018	$ 36,080,920	$ -	$ 8,580,000	$ 146,753
Cash dividends declared	-	3,669,483	-	-
Cash dividends paid	-	(3,669,483)	-	-
Increase in short-term loans	4,500,306	-	-	-
Decrease in short-term notes and bills payable	-	-	(890,000)	-
Acquired from business combinations	-	-	-	-
Increase in guarantee deposits received	-	-	-	52,750
Decrease in guarantee deposits received	-	-	-	(56,196)
Impact of changes in foreign exchange rate	194,893	-	-	-
At December 31, 2018	$ 40,776,119	$ -	$ 7,690,000	$ 143,307

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.
Xvizion Taiwan Limited	Indirect investee of Bestcom Infotech Corp.
Din Yen Technology Inc.	Associate of Bestcom Infotech Corp.
Udar Digital Inc.	Associate 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 Holdings Corp.	The Group's chairperson is the related party's chairperson
Harbinger Venture Capital Corporation	The Group's chairperson is the related party's chairperson
Lien Yuan Investment Corp.	The Group's director 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

Names of related parties	Relationship with the Group
Shunda Computer Factory Co., Ltd.	Indirect wholly-owned subsidiary of Mitac International Corporation
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
Jetwell Computer Co., Ltd.	The Company's subsidiary, Bestcom Infotech Corp., is the related party's director
Other related parties:	
PT. Mitra Integrasi Informatika (MII)	SMI's other related party
PT. Metrodata Electronics, Tbk (MTDL)	SMI's director
PT. Logicalis Metrodata Indonesia (LMI)	SMI's other related party
PT. Soltius Indonesia (SI)	SMI's other related party
PT. Metro Mobile Indonesia (MMI)	SMI's other related party
Packet System Indonesia (PSI)	Entity controlled by SMI's shareholders
PT. My Icon Technology (MIT)	Year 2019: It became the Group's subsidiary after the Group obtained the control over the related party in the second quarter of 2018 Year 2018: Entity controlled by SMI's shareholders, shown as other related party

(2) Significant related party transactions and balances

A. Operating revenue

	Years ended December 31, 2019	Years ended December 31, 2018
Sales of goods:		
－Associates	$ 611,789	$ 257,099
－Other related parties	2,125,773	1,074,716
	$ 2,737,562	$ 1,331,815

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 3~60 days after receipt of goods or 20~150 days of the date of statement.

B. Receivables from related parties

	December 31, 2019	December 31, 2018
Receivables from related parties:		
－Associates	$ 29,858	$ 68,035
－Other related parties	193,149	272,180
	$ 223,007	$ 340,215

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,	
	2019	2018
Purchases of goods:		
－Other related parties	$ 212,895	$ 250,326

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

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 of the date of statement.

D. Payables to related parties

	December 31, 2019	December 31, 2018
Accounts and notes payable:		
－Other related parties	$ 17,606	$ 12,455

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

E. Other transactions

The details of other receivables, other payables, dividend receivables and dividend revenue that the Group provides to related parties are as follows

	Years ended December 31,	
	2019	2018
Other receivables		
Associates	$ 177	$ 312
Other related parties	2,160	-
	$ 2,337	$ 312

	Years ended December 31,	
	2019	2018
Other payables		
Associates	$ -	$ 106
Other related parties	115	75
	$ 115	$ 181

	Years ended December 31,	
	2019	2018
Other income		
－Associates	$ -	$ 934
－Other related parties	89,128	153,706
	$ 89,128	$ 154,640

Other income mainly arose from dividend revenue.

(3) Key management compensation

	Years ended December 31,	
	2019	2018
Short-term employee benefits	$ 119,540	$ 119,260
Post-employment benefits (Note)	5,672	4,860
Total	$ 125,212	$ 124,120

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, 2019	December 31, 2018	Purpose
Financial assets at amortised cost -current:			
Pledged time deposits	$ -	$ 21,557	Secured loans and warranty guarantees
Bank acceptance deposits	19,188	39,044	Bank acceptance deposits
Financial assets at amortised cost -non-current:			
Pledged time deposits	1,323,943	1,275,640	Guarantees for purchases; short-term secured loans and promissory notes.
Accounts receivable	1,542,321	-	Pledged for short-term borrowings
Inventories	1,747,409	-	"
	$ 4,632,861	$ 1,336,241	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

A. As of December 31, 2019 and 2018, the Group issued promissory notes to guarantee the suppliers' credit limit amounting to $952,593 and $1,639,147, 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 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 another lawsuit against the Company 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, which remanded the case to the district court for a new trial. The result of the litigation is uncertain; however, the Company has estimated and provided for the potential losses in the financial statements.

(2) Commitments

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

	December 31, 2019	December 31, 2018
Property, plant and equipment	$ 2,531,117	$ 174,230

The above refers to the contract commitment of the Company to acquire the property located in Nangang Dist., Taipei City.

B. Operating lease agreements

Prior to 2019

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
Not later than one year	$ 322,229
Later than one year but not later than five years	853,795
Later than five years	135
Total	$ 1,176,159

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 13, 2020, the Board of Directors resolved the distribution of earnings for the year of 2019. Refer to Note 6(23) for the details.

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 2019, the Group’s strategy was unchanged from 2018. The gearing ratios at December 31, 2019 and 2018 were 65% and 67%, respectively.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets measured at fair value through profit or loss-current		
Financial assets mandatorily measured at fair value through profit or loss	$ 9,157,264	$ 738,004
Financial assets at fair value through other comprehensive income-non-current		
Designation of equity instruments	1,154,209	1,023,708
Non-current financial assets at fair value through other comprehensive income		
Designation of equity instruments	3,026,306	1,561,538
Financial assets at amortised Cost		
Cash and cash equivalents	6,342,158	5,674,663
Pledged time deposits-current	-	21,557
Time deposits maturing over three months	905,811	-
Notes receivable, net	6,169,904	8,764,666
Accounts receivables, net	45,418,413	48,600,958
Accounts receivables due from related parties, net	223,007	340,215
Other receivables	6,958,032	7,055,043
Pledged time deposits-non-current	1,323,943	1,275,640
Other non-current assets		
-Guarantee deposits paid	582,987	541,938
-Long-term overdue accounts and notes receivable	1,094,458	962,345
-Long-term lease payments receivable	117,227	163,725
	$ 82,473,719	$ 76,724,000

	December 31, 2019	December 31, 2018
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$ 3,031	$ 2,417
Financial liabilities at amortised cost		
Short-term borrowings	41,839,694	40,776,119
Short-term notes and bills payable	6,280,000	7,690,000
Note payable	2,254,481	1,758,453
Account payable	33,491,823	37,539,735
Other payables	4,680,868	5,814,898
Other non-current liabilities-guarantee deposits received	136,979	143,307
	$ 88,686,876	$ 93,724,929
Lease liability	$ 790,314	$ -

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).

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, 2019		
	Foreign currency amount (In thousands) (Note 2)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 194,533	30.03	$ 5,841,826
USD:HKD (Note 1)	213,497	7.79	6,411,315
USD:AUD (Note 1)	6,231	1.43	187,117
AUD:NTD (Note 1)	8,217	21.05	172,976
NZD:USD (Note 1)	9,800	0.67	197,177
RMB:HKD (Note 1)	367,564	1.11	1,576,807
USD:IDR (Note 1)	9,272	13,888.89	278,438
Non-monetary items			
INR:USD (Note 1)	$ 9,935,184	0.014023	$ 4,183,812
THB:USD (Note 1)	1,270,179	0.033445	1,275,708
VND:USD (Note 1)	1,098,729,768	0.000043	1,418,779
Financial liabilities			
Monetary items			
USD:NTD	$ 65,200	30.03	$ 1,957,956
USD:HKD (Note 1)	247,618	7.79	7,435,969
USD:AUD (Note 1)	23,326	1.43	700,480
USD:RMB (Note 1)	667,576	7.00	20,047,305
AUD:USD (Note 1)	2,456	0.70	51,628
USD:IDR (Note 1)	14,506	13,888.89	435,615
RMB:HKD (Note 1)	219,450	1.11	941,415
NTD:RMB (Note 1)	88,092	0.23	88,092
AUD:NID (Note 1)	394,046	1.04	8,295,083

	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	$	187,342	30.77	$ 5,764,513
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				
IDR: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

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, 2019 and 2018, amounted to $56,544 and ($179,646), respectively.

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

	Year ended December 31, 2019		
	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%	$ 58,418	$ -
USD:HKD (Note)	1%	64,113	-
USD:AUD (Note)	1%	1,871	-
AUD:NTD (Note)	1%	1,730	-
NID:USD (Note)	1%	1,972	-
RMB:HKD (Note)	1%	15,768	-
USD:IDR (Note)	1%	2,784	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 19,580)	$ -
USD:HKD (Note)	1%	(74,360)	-
USD:AUD (Note)	1%	(7,005)	-
USD:RMB (Note)	1%	(200,473)	-
AUD:USD (Note)	1%	(516)	-
USD:IDR (Note)	1%	(4,356)	-
RMB:HKD (Note)	1%	(9,414)	-
NTD:RMB (Note)	1%	(881)	-
AUD:NID (Note)	1%	(82,951)	-

	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%	$ 57,645	$ -
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)	-

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's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. 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, 2019 and 2018 would have increased/decreased by $91,573 and $7,380, 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 $11,542 and $10,237, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

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, 2019 and 2018, 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, 2019 and 2018, if interest rates on borrowings had been 1% higher with all other variables held constant, post-tax profit for the years ended December 31, 2019 and 2018 would have been $5,340 and $7,748 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. 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, and the contract cash flows of debt instruments stated at fair value through profit or loss.

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. 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 following indicators are used to determine whether the credit impairment of debt instruments has occurred:

  (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

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

  (iii) Default or delinquency in interest or principal repayments;

  (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vii. 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.

viii. 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. As of December 31, 2019 and 2018, the assessment is as follows:

	Group provision	Individual provision				Total
		Group A	Group B	Group C	Group D	
December 31, 2019						
Rate	0.001%-0.35%	15%	50%	75%	100%	
Total book value	$ 51,890,632	$ 760,141	$ 382,522	$ 1,440,154	$ 553,856	$ 55,027,305
Loss allowance	$ 79,308	$ 114,021	$ 191,261	$ 1,183,077	$ 553,856	$ 2,121,523

	Group provision	Individual provision			Total
		Group A	Group B	Group C	
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	$ 1,194,345	$ 2,319,432

ix. 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, 2019				
	Notes receivable	Accounts receivable	Overdue receivables	Other receivables	Total
At January 1	$ 25,918	$ 93,915	$ 2,192,860	$ 6,739	$ 2,319,432
Provision for (reversal of) impairment loss	(5,227)	(6,205)	544,534	-	533,102
Write-offs	-	(26,800)	(615,947)	-	(642,747)
Impact of changes in foreign exchange rate	(900)	(1,393)	(85,681)	(290)	(88,264)
At December 31	$ 19,791	$ 59,517	$ 2,035,766	$ 6,449	$ 2,121,523

	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

(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 derivative and non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Except for those maturing within a year whose contractual undiscounted cash flows approximate the amount presented in the balance sheet, the remaining contractual undiscounted cash flows of non-derivative financial liabilities are disclosed in the table below:

Non-derivative financial liabilities:

December 31, 2019	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Lease liability	$ 263,229	$ 236,676	$ 318,705	$ 818,610
Deposits received	-	136,979	-	136,979

Non-derivative financial liabilities:

December 31, 2018	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Deposits received	$ -	$ 143,307	$ -	$ 143,307

Derivative financial liabilities:

December 31, 2019	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Forward exchange contracts	$ 3,031	$ -	$ -	$ 3,301

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

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(13).

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, 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, accounts payable (including related parties), other payables (including related parties), lease liability 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 as at December 31, 2019 and 2018 is as follows:

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

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 827,869	$ -	$ -	$ 827,869
Financial products	-	8,329,395	-	8,329,395
Financial assets at fair value through other comprehensive income-current				
Equity securities	885,115	92,793	176,301	1,154,209
Financial assets at fair value through other comprehensive income-non-current				
Equity securities	-	-	3,026,306	3,026,306
Total	$ 1,712,984	$ 8,422,188	$ 3,202,607	$ 13,337,779
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 3,031	$ -	$ 3,031

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
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 2,417	$ -	$ 2,417

(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, 2019 and 2018, 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, 2019 and 2018:

	2019	2018
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	$ 248,861	$ 108,891
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	361,513	(56,294)
Transfer out from level 3	2,608,257	(30,937)
Translation adjustments under IFRS9	-	267,911
Effect of exchange rate changes	(681)	900
Capital deducted by returning cash	(15,343)	(41,610)
At December 31	$ 3,202,607	$ 248,861

G. Because Mitac International Corporation ceased to be traded over the counter as resolved by the Board of Directors in March 2019, and there is insufficient observable market information available, the Group has transferred the fair value from Level 2 into Level 3 at the end of the month when the event occurred. Additionally, because Jetwell Computer Co., Ltd. has been listed since 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.

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, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 176,301	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	3,026,306	Net assets value	Not applicable	-	Not applicable
	$ 3,202,607				

	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				

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, 2019			
			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%	$ -	$ -	$ 17,630	($ 17,630)
Equity instrument	Net assets value	± 1%	$ -	$ -	$ 30,263	($ 30,263)

			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)

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, 2019 and 2018 was as follows:

Year ended December 31, 2019

	Taiwan	Hong Kong/China	Australia and New Zealand/Indonesia	Reconciliation	Total
Revenue from external customers	$ 57,492,507	$ 205,813,461	$ 76,688,698	$ -	$ 339,994,666
Inter-segment revenue	4,557,022	36,506,571	67,327	(41,130,920)	-
Segment revenue	$ 62,049,529	$ 242,320,032	$ 76,756,025	($ 41,130,920)	$ 339,994,666
Segment profit	$ 604,248	$ 3,417,576	$ 1,957,293	$ -	$ 5,979,117
Segment profit, including depreciation	$ 177,871	$ 379,006	$ 122,513	$ -	$ 679,390
Segment assets	$ 24,011,388	$ 95,754,719	$ 27,923,253	$ -	$ 147,689,360

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	$ 211,865	$ 86,925	$ -	$ 396,225
Segment assets	$ 20,892,122	$ 99,624,664	$ 27,001,583	$ -	$ 147,518,369

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, 2019 and 2018 is provided as follows:

	Year ended December 31, 2019	Year ended December 31, 2018
Reportable segment profit	$ 5,979,117	$ 5,412,248
Total non-operating revenue and expenses	2,910,842	2,565,887
Income before income tax	$ 8,889,959	$ 7,978,135

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, 2019	Year ended December 31, 2018
Product revenue	$ 338,664,446	$ 382,161,053
Others	1,330,220	1,033,886
Total	$ 339,994,666	$ 383,194,939

(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,			
	2019		2018	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 57,492,507	$ 4,190,158	$ 59,138,208	$ 1,478,916
China and Hong Kong	205,813,461	6,162,273	244,673,541	5,971,130
Australia, New Zealand and Indonesia	76,688,698	2,087,439	79,383,190	2,074,928
Total	$ 339,994,666	$ 12,439,870	$ 383,194,939	$ 9,524,974

(7) Major customer information

In 2019 and 2018, no single customer accounted for more than 10% of net operating revenue. Accordingly, no major customer information is presented.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

Loans to others

Year ended December 31, 2019

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower (Note 6)	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019 (Note 8)	Balance at December 31, 2019 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	Synnex Technology International Corporation	E-Fan Investments CO., LTD.	Other receivables	Y	$ 500,000	$ 500,000	$ 161,587	1.08%	(Note 1)	$ -	Operating turnover	$ -	-	$ -	$ 19,925,715	$ 19,925,715	(Note 2)
0	Synnex Technology International Corporation	Seper Marketing Corporation	Other receivables	Y	1,000,000	1,000,000	559,759	1.08%	(Note 1)	-	Operating turnover	-	-	-	19,925,715	19,925,715	(Note 2)
0	Synnex Technology International Corporation	Synnex Global Ltd.	Other receivables	Y	4,747,500	4,504,500	3,003,000	2.2%~2.99%	(Note 1)	-	Operating turnover	-	-	-	19,925,715	19,925,715	(Note 2)
1	Synnex Global Ltd.	Synnex Technology International Corporation	Other receivables	Y	1,582,500	1,501,500	150,150	-	(Note 1)	-	Operating turnover	-	-	-	7,244,605	7,244,605	(Note 3)
1	Synnex Global Ltd.	Synnex Investments (China) Ltd.	Other receivables	Y	474,750	450,450	-	-	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex Technology International (H.K.) Ltd.	Other receivables	Y	9,495,000	3,003,000	-	-	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex Distributions (China) Ltd.	Other receivables	Y	8,023,275	-	-	0%~6.8%	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex (Shanghai) Ltd.	Other receivables	Y	1,044,450	-	-	0%~6.8%	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex (Chengdu) Ltd.	Other receivables	Y	237,375	225,225	215,684	0%~3.8%	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex (Nanjing) Ltd.	Other receivables	Y	237,375	225,225	142,447	0%~6.8%	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex (Shenyang) Ltd.	Other receivables	Y	94,950	90,090	90,090	-	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex (Beijing) Ltd.	Other receivables	Y	94,950	90,090	90,090	-	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex (Xi'an) Ltd.	Other receivables	Y	126,600	120,120	93,243	0%~3.8%	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex (Hangzhou) Ltd.	Other receivables	Y	15,825	15,015	15,015	0%~6.8%	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex (Tianjin) Ltd.	Other receivables	Y	25,320	24,024	22,117	-	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex (Qingdao) Ltd.	Other receivables	Y	158,250	150,150	36,036	-	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex (Jinan) Ltd.	Other receivables	Y	237,375	225,225	225,225	-	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex (ZhenZhou) Ltd.	Other receivables	Y	237,375	225,225	93,093	-	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex (Wuhan) Ltd.	Other receivables	Y	158,250	150,150	24,024	0%~8.8%	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)

No.	Creditor	Borrower (Note 6)	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019 （Note 8）	Balance at December 31, 2019 （Note 8）	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Synnex Global Ltd.	Synnex(Hefei) Ltd.	Other receivables	Y	$ 193,065	$ 183,183	$ 151,838	-	(Note 1)	$ -	Operating turnover	$ -	-	$ -	$ 50,712,238	$ 72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex (Harbing) Ltd.	Other receivables	Y	237,375	225,225	225,225	0%~3.8%	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex (Nanchang) Ltd.	Other receivables	Y	126,600	120,120	120,120	0%~3.8%	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex(Ningbo) Ltd.	Other receivables	Y	126,600	120,120	120,120	-	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex(Xiamen) Ltd.	Other receivables	Y	284,850	270,270	55,886	-	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex(Changsha) Ltd.	Other receivables	Y	126,600	120,120	120,120	-	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex Australia Pty. Ltd.	Other receivables	Y	1,119,050	1,052,550	-	-	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex New Zealand Ltd.	Other receivables	Y	425,440	404,200	198,058	-	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	King's Eye Investments Ltd.	Other receivables	Y	791,250	750,750	-	-	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Synnex China Holdings Ltd.	Other receivables	Y	3,165,000	3,003,000	2,997,058	-	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Global Ltd.	Syntech Asia Ltd.	Other receivables	Y	9,495,000	6,006,000	1,409,878	-	(Note 1)	-	Operating turnover	-	-	-	50,712,238	72,446,054	(Note 3)
1	Synnex Investments (China) Ltd.	Synnex (Beijing) Ltd.	Other receivables	Y	505,758	471,911	386,109	1.65%	(Note 1)	-	Operating turnover	-	-	-	8,077,742	8,077,742	(Note 4)
2	Synnex Investments (China) Ltd.	Synnex (Jinan) Ltd.	Other receivables	Y	68,967	64,352	34,321	1.65%	(Note 1)	-	Operating turnover	-	-	-	8,077,742	8,077,742	(Note 4)
2	Synnex Investments (China) Ltd.	Synnex (Harbing) Ltd.	Other receivables	Y	174,716	85,802	80,868	1.65%	(Note 1)	-	Operating turnover	-	-	-	8,077,742	8,077,742	(Note 4)
2	Synnex Investments (China) Ltd.	Synnex (Nanchang) Ltd.	Other receivables	Y	130,848	130,848	100,817	3.26%	(Note 1)	-	Operating turnover	-	-	-	8,077,742	8,077,742	(Note 4)
2	Synnex Investments (China) Ltd.	Synnex(Ningbo) Ltd.	Other receivables	Y	62,070	57,916	45,046	3.26%	(Note 1)	-	Operating turnover	-	-	-	8,077,742	8,077,742	(Note 4)
2	Synnex Investments (China) Ltd.	Synnex(Changsha) Ltd.	Other receivables	Y	266,672	128,703	115,833	1.65%	(Note 1)	-	Operating turnover	-	-	-	8,077,742	8,077,742	(Note 4)
2	Synnex Investments (China) Ltd.	Synnex Distributions (China) Ltd.	Other receivables	Y	5,517,360	5,148,120	3,861,090	1.65%	(Note 1)	-	Operating turnover	-	-	-	8,077,742	8,077,742	(Note 4)
2	Synnex Investments (China) Ltd.	Yude (Shanghai) Warehouse Co., Ltd.	Other receivables	Y	6,897	6,435	5,148	4.35%	(Note 1)	-	Operating turnover	-	-	-	3,231,097	3,231,097	(Note 4)
3	Trade Vanguard Global Ltd	Synnex Distributions (China) Ltd.	Other receivables	Y	5,839,206	5,448,427	5,448,427	0%~4.35%	(Note 1)	-	Operating turnover	-	-	-	26,702,969	26,702,969	(Note 5)
3	Trade Vanguard Global Ltd	Synnex Investments (China) Ltd.	Other receivables	Y	3,678,240	3,432,080	2,917,268	-	(Note 1)	-	Operating turnover	-	-	-	26,702,969	26,702,969	(Note 5)
3	Trade Vanguard Global Ltd	Synnex Technology International (HK) Ltd.	Other receivables	Y	4,597,800	4,290,100	926,193	-	(Note 1)	-	Operating turnover	-	-	-	26,702,969	26,702,969	(Note 5)

Note 1: Short-term financing.

Note 2: Limit on loans granted to a single party by Synnex Technology International Corporation and ceiling on total loans granted:

a) Limit on loans granted to a single party is 40% of the net assets value per the latest audited or reviewed financial statements of Synnex Technology International Corporation .

b) Ceiling on total loans granted to all parties is 40% of the net assets value per the latest audited or reviewed financial statements of Synnex Technology International Corporation .

Note 3: Limit on loans granted to a single party by Synnex Global Ltd. and ceiling on total loans granted:

a) Ceiling on loans granted to parties whose shares held by the Company over 80%, is 40% of the net assets value per the latest audited or reviewed financial statements of the Company. Limit on loans granted to a single party is 40% of the aforementioned net assets value, the audited net assets value of Synnex Global Ltd. amounted to $72,446,054 for the year ended December 31, 2019.

b) Ceiling on loans granted to parties whose shares held by the Company under 80%, is 20% of the net assets value per the latest audited or reviewed financial statements of the Company. Limit on loans granted to a single party is 5% of the aforementioned net assets value, the audited net assets value of Synnex Global Ltd. amounted to $72,446,054 for the year ended December 31, 2019.

c) Ceiling on loans granted to parties whose voting rights are directly and indirectly held by the Company and which are located outside Taiwan is 100% of the net assets value per the latest audited or reviewed financial statements of the Company. Limit on loans granted to a single party is 70% of the aforementioned net assets value, the audited net assets value of Synnex Global Ltd. amounted to $72,446,054 for the year ended December 31, 2019.

d) Ceiling on loans granted to the Company' parent company and its wholly-owned subsidiaries is 10% of the net assets value per the latest audited or reviewed financial statements of the Company. Limit on loans granted to a single party is 10% of the aforementioned net assets value, the audited net assets value of Synnex Global Ltd. amounted to $72,446,054 for the year ended December 31, 2019.

Note 4: Limit on loans granted to a single party by Synnex Investments (China) Ltd. and limit on total loans granted:

a) Ceiling on loans granted to parties whose shares held by the Company over 80%, is 40% of the net assets value per the latest audited or reviewed financial statements of the Company. Limit on loans granted to a single party is 40% of the aforementioned net assets value, the audited net assets value of Synnex Investments (China) Ltd. amounted to $8,077,742 for the year ended December 31, 2019.

b) Ceiling on loans granted to parties whose shares held by the Company under 80%, is 20% of the net assets value per the latest audited or reviewed financial statements of the Company. Limit on loans granted to a single party is 5% of the aforementioned net assets value, the audited net assets value of Synnex Investments (China) Ltd. amounted to $8,077,742 for the year ended December 31, 2019.

c) Ceiling on loans granted to parties whose voting rights are directly and indirectly held by the Company and which are located outside Taiwan is 100% of the net assets value per the latest audited or reviewed financial statements of the Company. Limit on loans granted to a single party is 100% of the aforementioned net assets value, the audited net assets value of Synnex Investments (China) Ltd. amounted to $8,077,742 for the year ended December 31, 2019.

Note 5: Limit on loans granted to a single party by Trade Vanguard Global Ltd. and limit on total loans granted:

a) Ceiling on loans granted to parties whose shares held by the Company over 80%, is 40% of the net assets value per the latest audited or reviewed financial statements of the Company. Limit on loans granted to a single party is 40% of the aforementioned net assets value, the audited net assets value of Trade Vanguard Global Ltd. amounted to $12,137,713 for the year ended December 31, 2019.

b) Ceiling on loans granted to parties whose shares held by the Company under 80%, is 20% of the net assets value per the latest audited or reviewed financial statements of the Company. Limit on loans granted to a single party is 5% of the aforementioned net assets value, the audited net assets value of Trade Vanguard Global Ltd. amounted to $12,137,713 for the year ended December 31, 2019.

c) Ceiling on loans granted to parties whose voting rights are directly and indirectly held by the Company and which are located outside Taiwan is 220% of the net assets value per the latest audited or reviewed financial statements of the Company. Limit on loans granted to a single party is 220% of the aforementioned net assets value, the audited net assets value of Trade Vanguard Global Ltd. amounted to $12,137,713 for the year ended December 31, 2019.

Note 6: All the borrowers and lenders are the Company’s direct or indirect wholly-owned subsidiaries, except for the subsidiary - Yude (Shanghai) Warehouse Co., Ltd., whose 80% share was indirectly held by the Company.

Note 7: Translated into New Taiwan Dollars using the year-end exchange rates of US: NT=1:30.03.

Note 8: The limit on loans balance are resolved by the Board of Directors.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2019

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2019	Outstanding endorsement/ guarantee amount at December 31, 2019	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 1)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	Synnex Technology International Corporation	Synnex Global Ltd.	B. The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.	$ 49,814,287	$ 26,902,500	$ 24,324,300	$ 1,571,872	$ -	49	$ 99,628,574	Y	N	N	(Note 2)
0	Synnex Technology International Corporation	Synnex Australia Pty. Ltd.	B. The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.	49,814,287	4,837,453	4,211,043	2,546,779	-	8	99,628,574	Y	N	N	(Note 2)
0	Synnex Technology International Corporation	Synnex Technology International (H.K.) Ltd.	B. The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.	49,814,287	9,286,905	8,483,571	5,219,391	-	17	99,628,574	Y	N	N	(Note 2)
0	Synnex Technology International Corporation	Synnex New Zealand Ltd.	B. The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.	49,814,287	393,486	380,658	162,897	-	1	99,628,574	Y	N	N	(Note 2)
0	Synnex Technology International Corporation	Seper Marketing Corporation	B. The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.	49,814,287	1,800,000	1,500,000	192,653	-	3	99,628,574	Y	N	N	(Note 2)
0	Synnex Technology International Corporation	Syntech Asia Ltd.	B. The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.	49,814,287	10,482,480	9,945,936	1,854,145	-	20	99,628,574	Y	N	N	(Note 2)
0	Synnex Technology International Corporation	Synnex Distributions (China) Ltd.	B. The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.	49,814,287	2,605,645	2,312,310	1,807,724	-	5	99,628,574	Y	N	Y	(Note 2)
1	Bestcom Infotech Corp	Bestcom Infotech Shanghai Ltd.	B. The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.	903,781	200,000	-	-	-	-	903,781	Y	N	Y	(Note 3)
1	Bestcom Infotech Corp	Bizwave Tech Co., Ltd.	B. The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.	903,781	100,000	100,000	-	-	6	903,781	Y	N	N	(Note 3)

Note 1: Ceiling on total endorsements and guarantees provided for all parties is 200% of the net assets value per the latest audited or reviewed financial statements of the Company.

Note 2: Limit on endorsements and guarantees provided for a single party is 100% of the net assets value per the latest audited or reviewed financial statements of the Company.

Note 3: Limit on endorsements and guarantees provided for Bestcom Infotech Corp. is 50% of the assets value per the latest audited or reviewed financial statements of the Company. Limit on endorsements and guarantees provided for a single entity (directly or indirectly controlled over 50% ownership by the Group is not limited to the 50% limit) is 30% of assets value or lower of 5% of assets value per the latest audited or reviewed financial statements of the Company. In addition to the aforementioned rules, limit on endorsements and guarantees provided for Bestcom Infotech Corp. is lower of most recent transaction amount recent year (transaction amount represents the net amount of purchase and sales). For the year ended December 31, 2019, Bestcom Infotech Corp.'s assets value per audited amounted to $1,807,561.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2019

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 31, 2019				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Synnex Technology International Corporation	Lien-Hwa Industrial Corporation	Board chairman is the same as the company	Current financial assets at fair value through profit or loss	1,619,877	$ 59,855	0.15%	$ 59,855	
〃	Union Petrochemical Corporation	〃	Current financial assets at fair value through other comprehensive income	68,992,033	$ 765,812	5.18%	$ 765,812	
〃	Mitac Information Technology Corporation	〃	〃	8,262,486	176,301	5.51%	176,301	
〃	Tong Da Investment Corporation	-	〃	4,848,125	92,793	19.99%	92,793	
Total Current financial assets at fair value through other comprehensive income					$ 1,034,906		$ 1,034,906	
Synnex Technology International Corporation	Mitac International Corporation	Board chairman is the same as the company	Non-current financial assets at fair value through other comprehensive income	65,504,180	$ 2,883,116	18.36%	$ 2,883,116	
〃	Harbinger Venture Capital Corporation	〃	〃	25,848	-	13.05%	-	
〃	Harbinger III Venture Capital Corporation	Board member is the same as the company	〃	19,000	806	19.00%	806	
〃	Lien Yuan Investment Corp.	-	〃	9,217,196	96,596	19.99%	96,596	
〃	Taiwan Paging Network Inc.	-	〃	1,450,000	-	3.58%	-	
〃	Digitimes Corp.	The Company is the related party's director	〃	504,000	6,477	2.68%	6,477	
〃	Harbinger Capital Management Co., Ltd.	Board chairman is the same as the company	〃	862,922	11,899	19.99%	11,899	
Total Non-current financial assets at fair value through other comprehensive income					$ 2,998,894		$ 2,998,894	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Bestcom Infotech Corp	Jetwell Computer Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	2,931,280	$ 119,303	8.62%	$ 119, 303	
Synnex Global Ltd.	Budworth Investment Ltd.	-	Non-current financial assets at fair value through other comprehensive income	125,807	$ -	13.83%	$ -	
〃	Global Strategic Investment Inc.	-	〃	245,000	8,007	1.26%	8,007	
〃	Pilot View Ltd.	-	〃	84,457	-	1.21%	-	
Total Non-current financial assets at fair value through other comprehensive income					$ 8,007		$ 8,007	
E-Fan Investments CO., LTD.	Listed common stock	-	Current financial assets at fair value through profit or loss	13,496,297	$ 568,194	2.29%	$ 568,194	
〃	Listed common stock	-	〃	3,371,800	131,837	0.18%	131,837	
Total financial assets at fair value through profit or loss-current					$ 700,031		$ 700,031	
King's Eye Investements Ltd.	Hi Food Co., Ltd	-	Non-current financial assets at fair value through other comprehensive income	2,150,000	$ 19,405	10.00%	$ 19,405	
〃	Listed common stock	-	Current financial assets at fair value through profit or loss	12,552,403	$ 50,784	0.51%	$ 50,784	
〃	Listed common stock	-	〃	2,268,100	17,199	0.65%	17,199	
Total financial assets at fair value through profit or loss-current					$ 67,983		$ 67,983	
Synnex Investments (China) Ltd	Financial products including: Win-win Stable Cycle 91 days, Bank of China Stable Financial Management Plan - Zhihui Series Product, and Tianli Express Net Worth, etc.	-	Current financial assets at fair value through profit or loss	-	$ 3,411,622	-	$ 3,411,622	
Synnex Distributions (China) Ltd.	Financial products including: Yue De Ying (Monthly Profit), Tianli Express Net Worth and Win-win Stable Day-day Profit, etc.	-	Current financial assets at fair value through profit or loss	-	$ 3,130,138	-	$ 3,130,138	
Synergy Intelligent Logistics Corporation	Win-win Stable Day-day Profit	-	Current financial assets at fair value through profit or loss	-	$ 6,868	-	$ 6,868	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Laser International Trading (Shanghai) Company Ltd.	Tianli Express Net Worth	-	Current financial assets at fair value through profit or loss	-	$ 859,991	-	$ 859,991	
Synnex (Chengdu) Ltd.	Cui Jin Chi (Day-day Profit) 7002	-	Current financial assets at fair value through profit or loss	-	$ 172,203	-	$ 172,203	
Synnex (Guangzhou) Ltd.	Cui Jin Chi (Day-day Profit) 7002 and Chao Zhao Jin No.7007	-	Current financial assets at fair value through profit or loss	-	$ 175,678	-	$ 175,678	
Synnex (Hangzhou) Ltd.	Cui Jin Chi (Day-day Profit) 7002 and Chao Zhao Jin No.7007	-	Current financial assets at fair value through profit or loss	-	$ 109,611	-	$ 109,611	
Synnex (Jinan) Ltd.	Chao Zhao Jin No.7007	-	Current financial assets at fair value through profit or loss	-	$ 13,728	-	$ 13,728	
Synnex (Nanjing) Ltd.	Cui Jin Chi (Day-day Profit) 7002 and Chao Zhao Jin No.7007	-	Current financial assets at fair value through profit or loss	-	$ 140,671	-	$ 140,671	
Synnex (Suzhou) Ltd.	Cui Jin Chi (Day-day Profit) 7002 and Chao Zhao Jin No.7007	-	Current financial assets at fair value through profit or loss	-	$ 19,520	-	$ 19,520	
Synnex (Qingdao) Ltd.	Cui Jin Chi (Day-day Profit) 7002	-	Current financial assets at fair value through profit or loss	-	$ 53,454	-	$ 53,454	
Synnex (Shenyang) Ltd.	Cui Jin Chi (Day-day Profit) 7002 and Chao Zhao Jin No.7007	-	Current financial assets at fair value through profit or loss	-	$ 55,771	-	$ 55,771	
Synnex (Wuhan) Ltd.	Cui Jin Chi (Day-day Profit) 7002 and Chao Zhao Jin No.7007	-	Current financial assets at fair value through profit or loss	-	$ 55,857	-	$ 55,857	
Synnex (Xi' An) Ltd.	Cui Jin Chi (Day-day Profit) 7002 and Chao Zhao Jin No.7007	-	Current financial assets at fair value through profit or loss	-	$ 95,282	-	$ 95,282	
Synnex (Xiamen) Ltd.	Cui Jin Chi (Day-day Profit) 7002	-	Current financial assets at fair value through profit or loss	-	$ 644	-	$ 644	
Synnex (Zhengzhou) Ltd.	Cui Jin Chi (Day-day Profit) 7002 and Chao Zhao Jin No.7007	-	Current financial assets at fair value through profit or loss	-	$ 28,357	-	$ 28,357	

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2019

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

					Balance as at January 1, 2019（Note 2）		Addition		Disposal					Balance as at December 31, 2019	
Investor	Marketable securities	General ledger account	Counterparty（Note 1）	Relationship with the investor（Note 1）	Number of shares	Amount	Number of shares	Amount (Note 2)	Number of shares	Selling price (Note 2)	Book value	Gain (loss) on disposal (Note 2)	Others Amount (Note 3)	Number of shares	Amount
Synnex Investments (China) Ltd	Financial products including: Win-win Stable Cycle 91 Days, Win-win Stable Day-day Profit and Tianli Express Net Worth, etc.	Current financial assets at fair value through profit or loss	-	-	-	$ -	-	$ 39,983,530	-	$ 36,496,225	$ 36,441,890	$ 54,335	($ 130,018)	-	$ 3,411,622
Synnex Distributions (China) Ltd	Financial products including: Yue De Ying (Monthly Profit), Ju Yi Sheng Jin and Bank of China Stable Financial Management Plan-Zhihui Series Product, etc.	〃	-	-	-	-	-	192,684,621	-	189,530,579	189,439,083	91,496	(115,400)	-	3,130,138
Laser International Trading (Shanghai) Company Ltd.	Anxin Express Day-day Profit Period 2 and Win-win Stable Day-day Profit	〃	-	-	-	-	-	5,556,983	-	4,673,705	4,662,686	11,019	(34,306)	-	859,991
Synnex (Shanghai) Ltd.	Chao Zhao Jin No.7007	〃	-	-	-	-	-	401,987	-	402,100	401,987	113	-	-	-

Note 1: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 2: Translated into New Taiwan Dollars using the year-end exchange rates of RMB: NT=1:4.47.

Note 3: It refers to the effect of exchange rate and gains or losses on valuation.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2019

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Synnex Technology International Corporation	Syntech Asia Ltd.	Indirect wholly-owned subsidiary	(Sales)	($ 3,114,877)	(7%)	60 days	Standard selling price and collection terms	Insignificant difference	$ 2,533	-	
Synnex Technology International Corporation	Bestcom Infotech corporation	Subsidiary whose 94.96% ownership owned by the Company	(Sales)	(166,794)	-	60 days	Standard selling price and collection terms	Insignificant difference	19,493	-	
Synnex Technology International Corporation	Syntech Asia Ltd.	Indirect wholly-owned subsidiary	Purchases	6,115,655	15%	60 days	Standard purchasing price and payment terms	Insignificant difference	(250,034)	(7%)	
Synnex Technology International Corporation	MiTAC Computing Technology Corporation	Other related parties	(Sales)	(331,836)	(1%)	90 days	Standard selling price and collection terms	Insignificant difference	11,656	-	
Synnex Technology International Corporation	Getac Technology Corporation	Other related parties	(Sales)	(138,361)	-	50 days	Standard selling price and collection terms	Insignificant difference	38,529	1%	
Synnex Technology International Corporation	Jetwell Computer Co., Ltd.	Other related parties	(Sales)	(133,576)	-	60 days	Standard selling price and collection terms	Insignificant difference	17,339	-	
Synnex Technology International Corporation	Seper Technology Corporation	Direct wholly-owned subsidiary	Purchases	$ 1,086,463	3%	30 days	Standard purchasing price and payment terms	Insignificant difference	(6,241)	-	
Synnex Technology International Corporation	Synergy Intelligent Logistics Corporation	Direct wholly-owned subsidiary	Purchases	129,786	-	30 days	Standard purchasing price and payment terms	Insignificant difference	-	-	
Bestcom Infotech corporation	Synnex Technology International Corporation	Ultimate parent company	Purchases	166,794	1%	60 days	Standard purchasing price and payment terms	Insignificant difference	(19,493)	(2%)	
Bestcom Infotech corporation	Mitac Information Technology Corporation	Other related parties	(Sales)	(137,354)	(1%)	60 days	Standard selling price and collection terms	Insignificant difference	27,519	1%	
Bestcom Infotech corporation	Bizwave Tech Co., Ltd.	Direct wholly-owned subsidiary	(Sales)	(135,549)	(1%)	70 days	Standard selling price and collection terms	Insignificant difference	109,196	4%	
Bestcom Infotech corporation	Din Yen Technology Inc.	Associates	(Sales)	(293,116)	(2%)	60 days	Standard selling price and collection terms	Insignificant difference	1,167	-	
Bestcom Infotech corporation	Jetwell Computer Co., Ltd.	Other related parties	(Sales)	(276,839)	(2%)	60 days	Standard selling price and collection terms	Insignificant difference	33,265	1%	
Bizwave Tech Co., Ltd.	Bestcom Infotech corporation	Parent company	Purchases	$ 135,549	98%	70 days	Standard purchasing price and payment terms	Insignificant difference	(109,196)	(94%)	
Synnex Technology International (HK) Ltd. and its subsidiaries	Synnex Distributions (China) Ltd.	An affiliate	(Sales)	(20,210,051)	(29%)	90 days after receipt of goods	Standard selling price and collection terms	Insignificant difference	577,542	10%	
Seper Technology Corporation	Synnex Technology International Corporation	Ultimate parent company	(Sales)	(1,086,463)	(18%)	30 days	Standard selling price and collection terms	Insignificant difference	6,241	1%	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Syntech Asia Ltd.	Synnex Technology International Corporation	Ultimate parent company	(Sales)	(6,115,655)	(8%)	60 days	Standard selling price and collection terms	Insignificant difference	$ 250,034	4%	
Syntech Asia Ltd.	Synnex Technology International Corporation	Ultimate parent company	Purchases	3,114,877	4%	60 days	Standard purchasing price and payment terms	Insignificant difference	(2,533)	-	
Syntech Asia Ltd.	MiTAC Computing Technology Corporation	Other related parties	(Sales)	(171,130)	-	90 days	Standard selling price and collection terms	Insignificant difference	27,489	-	
Syntech Asia Ltd.	Synnex FPT Distribution Company	Associates	(Sales)	(148,652)	-	30 days after receipt of goods	Standard selling price and collection terms	Insignificant difference	3,812	-	
Synnex Distributions (China) Ltd.	Synnex Technology International (HK) Ltd. and its subsidiaries	An affiliate	Purchases	20,210,051	26%	90 days after receipt of goods	Standard purchasing price and payment terms	Insignificant difference	(577,542)	(9%)	
PT. Synnex Metrodata Indonesia	PT Mitra Intergrasi Informatika	Other related parties	(Sales)	(765,082)	(3%)	30 days	Standard selling price and collection terms	Insignificant difference	12,451	-	
Synnex (Shanghai) Ltd.	Lanxiang Technology (Shenzhen) Limited	An affiliate	(Sales)	($ 2,412,164)	(94%)	Prepayment	Standard selling price and collection terms	Insignificant difference	-	-	
LianXiang Technology (Shenzhen) Ltd.	Synnex (Shanghai) Ltd.	An affiliate	Purchases	2,412,164	78%	60 days	Standard purchasing price and payment terms	Insignificant difference	-	-	
Synnex Australia Pty. Ltd	Getac Technology Corporation	Other related parties	Purchases	129,394	-	30 days	Standard purchasing price and payment terms	Insignificant difference	4,358	-	
Synergy Intelligent Logistics Corporation	Synnex Technology International Corporation	Ultimate parent company	(Sales)	(129,786)	(43%)	30 days	Standard selling price and collection terms	Insignificant difference	-	-	

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2019

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for creditor counterparty doubtful accounts
					Amount	Action taken		
Synnex Technology International Corporation	Sytech Asia Ltd.	Indirect wholly-owned subsidiary	$ 108,297 (Note 1)	-	$ -	-	$ 108,297	$ -
Synnex Technology International Corporation	Synnex Australia Pty. Ltd.	Indirect wholly-owned subsidiary	179,687 (Note 1)	-	-	-	-	-
Syntech Asia Ltd.	Synnex Technology International Corporation	Wholly-owning parent company	250,034 (Note 2)	12.00			250,034	
Laser Computer (China) Ltd.	Synnex Technology International (HK) Ltd. and its subsidiaries	An affiliate	433,872 (Note 2)					
Synnex Technology International (HK) Ltd. and its subsidiaries	Synnex Distributions (China) Ltd.	An affiliate	829,363 (Note 2)	8.65			829,363	
Synnex Technology International (HK) Ltd. and its subsidiaries	Synnex Global Ltd.	An affiliate	2,690,853 (Note 2)				2,690,853	
Synnex Distributions (China) Ltd.	Synnex Technology International (HK) Ltd. and its subsidiaries	An affiliate	947,592 (Note 2)				268,607	
Synnex Technology Development (Beijing) Ltd.	Synnex Distributions (China) Ltd.	An affiliate	211,626 (Note 2)				82,228	
Bestcom Infotech Corp	Bizwave Tech Co., Ltd.	Indirect wholly-owned subsidiary	109,196 (Note 2)	4.32			109,196	
Golden Thinking Limited	Synnex Australia Pty. Ltd	An affiliate	173,424 (Note 2)				3,227	
Synnex (Shanghai) Ltd.	Lanxiang Technology (Shenzhen) Limited	An affiliate	679,126 (Note 2)				430,214	
Synnex Electronics Hong Kong Ltd.	Syntech Asia Ltd.	An affiliate	124,019 (Note 2)				-	
Synergy Intelligent Logistics Corporation	Synnex Investments (China) Ltd.	An affiliate	214,760 (Note 2)				214,760	

Note 1: Represents technical service receivables and interest receivables.

Note 2: Transactions with subsidiaries.

Note 3: Refer to table 1 for the details of the accounts receivable arising from loans to others.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

Year ended December 31, 2019

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Synnex Technology International Corporation	Syntech Asia Ltd.	Parent company to indirectly wholly-owned subsidiary	Sales	$ 3,114,877	The same with third parties	1%
0	Synnex Technology International Corporation	Bestcom Infotech Corp	Parent company to directly wholly-owned subsidiary	Sales	166,794	The same with third parties	-
0	Synnex Technology International Corporation	Sytech Asia Ltd.	Parent company to indirectly wholly-owned subsidiary	Other receivables	108,297	Note 5	-
0	Synnex Technology International Corporation	Synnex Australia Pty. Ltd.	Parent company to indirectly wholly-owned subsidiary	Other receivables	179,687	Note 5	-
0	Synnex Technology International Corporation	Synnex Global Ltd.	Parent company to directly wholly-owned subsidiary	Other income	124,658	Note 9 and 10	-
0	Synnex Technology International Corporation	Synnex Australia Pty. Ltd.	Parent company to indirectly wholly-owned subsidiary	Other income	176,500	Note 10	-
0	Synnex Technology International Corporation	Syntech Asia Ltd.	Parent company to indirectly wholly-owned subsidiary	Other income	133,977	Note 10	-
1	Synnex Technology International (H.K.) Ltd. and its subsidiaries	Synnex Distributions (China) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Sales	20,210,051	The same with third parties	6%
1	Synnex Technology International (H.K.) Ltd. and its subsidiaries	Synnex Distributions (China) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Accounts receivable	577,542	The same with third parties	-
1	Synnex Technology International (H.K.) Ltd. and its subsidiaries	Synnex Distributions (China) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	251,821	Note 6	-
1	Synnex Technology International (H.K.) Ltd. and its subsidiaries	Synnex Global Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	2,690,853	Note 6	2%
2	Syntech Asia Ltd.	Synnex Technology International Corporation	Indirectly wholly-owned subsidiary to parent company	Sales	6,115,655	The same with third parties	2%
2	Syntech Asia Ltd.	Synnex Technology International Corporation	Indirectly wholly-owned subsidiary to parent company	Accounts receivable	250,034	The same with third parties	-
3	Synnex Global Ltd.	Synnex Distributions (China) Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other income	157,221	Note 9	-
4	Trade Vanguard Global Ltd.	Synnex Distributions (China) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other income	109,042	Note 9	-
5	Laser Computer (China) Ltd.	Synnex Technology International (H.K.) Ltd. and its subsidiaries	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	433,872	Note 6	-
6	Synnex Distributions (China) Ltd.	Synnex Technology International (H.K.) Ltd. and its subsidiaries	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	947,592	Note 6	-

Number	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
7	Synnex (Shanghai) Ltd.	LianXiang Technology (Shenzhen) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Sales	$ 2,412,164	The same with third parties	1%
7	Synnex (Shanghai) Ltd.	LianXiang Technology (Shenzhen) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	679,126	Note 6	-
8	Synnex Technology Development (Beijing) Ltd.	Synnex Distributions (China) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	211,626	Note 6	-
9	Bestcom Infotech Corp	Bizwave Tech Co., Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Sales	135,549	The same with third parties	-
9	Bestcom Infotech Corp	Bizwave Tech Co., Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Accounts receivable	109,196	The same with third parties	-
10	Golden Thinking Limited	Synnex Australia Pty. Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	173,424	Note 6	-
11	Synnex Electronics Hong Kong Ltd.	Syntech Asia Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	124,019	Note 6	-
12	Seper Technology Corporation	Synnex Technology International Corporation	Subsidiary to parent company	Sales	1,086,463	The same with third parties	-
13	Synergy Intelligent Logistics Corporation	Synnex Investments (China) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	214,760	Note 6	-
14	Synergy Intelligent Logistics Corporation	Synnex Technology International Corporation	Subsidiary to parent company	Sales	129,786	The same with third parties	-

Note 1:The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Percentage of total consolidated revenues or total assets is calculated using the total consolidated assets at the end of the year when the subject of transaction is an asset/liability, and is calculated by total consolidated revenues during the year when the subject of transaction is a revenue/expense.

Note 4: It is not disclosed for individual transaction below 100 million.

Note 5: Represents technical service receivable and interest receivable.

Note 6: Inter-company transactions between subsidiaries.

Note 7: Receivables from related parties arising on financing, please refer to table 1 A. Lending to others.

Note 8: Endorsement and guarantees between the Company and subsidiaries, please refer to table 2 B. Endorsements and guarantees for others.

Note 9: Represents interest revenue from the Company’s provision of loans to related parties.

Note 10: Represents technical service revenue from the Company’s provision of technical service to related parties.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

Information on investees

Year ended December 31, 2019

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income(loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Synnex Technology International Corporation	Synnex Global Ltd.	British Virgin Islands	Investment holding	$ 17,607,381	$ 17,607,381	548,250,000	100.00%	$ 72,446,054	$ 6,134,896	$ 6,134,896	
Synnex Technology International Corporation	Bestcom Infotech Corp	Taiwan	Sales of 3C products	1,587,267	1,580,491	98,003,296	94.96%	1,941,785	281,795	266,767	
Synnex Technology International Corporation	E-Fan Investments CO., LTD.	Taiwan	Investment holding	1,145,384	1,145,384	22,500,000	100.00%	539,495	90,343	90,343	
Synnex Technology International Corporation	Synergy Intelligent Logistics Corporation	Taiwan	Warehouse and logistics services	50,000	50,000	5,000,000	100.00%	62,759	10,570	10,570	
Synnex Technology International Corporation	Seper Marketing Corporation	Taiwan	Sales of 3C products	1,426	1,426	100,000	100.00%	57,425	53,993	53,993	
Synnex Global Ltd.	Peer Developments Ltd.	British Virgin Islands	Investment holding	939,939	939,939	30,200,001	100.00%	8,705,876	1,091,445	-	Note 1
Synnex Global Ltd.	King's Eye Investments Ltd.	British Virgin Islands	Investment holding	1,876,184	1,876,184	62,477,000	100.00%	17,699,459	3,584,793	-	Note 1
Synnex Global Ltd.	Synnex China Holdings Ltd.	British Virgin Islands	Investment holding	3,009,006	3,009,006	100,200,000	100.00%	4,738,033	727,922	-	Note 1
Synnex Global Ltd.	Synnex Mauritius Ltd.	Mauritius	Investment holding	720,720	720,720	24,000,000	100.00%	4,257,695	604,656	-	Note 1
Synnex Global Ltd.	Trade Vanguard Global Ltd.	British Virgin Islands	Investment holding	12,012,000	9,414,405	400,000,000	100.00%	12,137,605	121,367	-	Note 1
King's Eye Investments Ltd.	Laser Computer Holdings Ltd.	British Virgin Islands	Investment holding	1,106,515	1,106,515	36,850,001	100.00%	4,695,709	1,393,744	-	Note 1
King's Eye Investments Ltd.	Synnex Australia Pty. Ltd.	Australia	Sales of 3C products	891,441	891,441	33,250,000	100.00%	3,424,969	487,622	-	Note 1
Synnex Global Ltd.	Synnex Australia Pty. Ltd.	Australia	Sales of 3C products	5,262,758	5,296,541	-	-	5,262,758	-	-	Note 2
King's Eye Investments Ltd.	Synnex New Zealand Ltd.	New Zealand	Sales of 3C products	30,691	30,691	1,500,000	100.00%	77,140	8,035	-	Note 1
Synnex Global Ltd.	Synnex New Zealand Ltd.	New Zealand	Sales of 3C products	202,102	201,201	-	-	202,102	-	-	Note 2
King's Eye Investments Ltd.	Synnex Electronics Hong Kong Ltd.	Hong Kong	Sales of electronic components	9,009	9,009	299,999	100.00%	71,645	(144)	-	Note 1
King's Eye Investments Ltd.	Syntech Asia Ltd.	Hong Kong	Sales of electronic components	9,009	9,009	300,000	100.00%	5,294,932	1,036,458	-	Note 1

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income(loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
King's Eye Investments Ltd.	Synnex (Thailand) Public Company Ltd.	Thailand	Sales of 3C products	$ 307,791	$ 307,791	338,939,513	40.00%	$ 1,275,708	$ 522,675	$ -	Note 1
King's Eye Investments Ltd.	Synnex FPT Joint Stock Company	Vietnam	Sales of 3C products	906,671	906,671	55,854,748	47.29%	1,418,779	503,672	-	Note 1
King's Eye Investments Ltd.	Fortune Ideal Ltd.	Hong Kong	Real estate	55,918	55,918	14,500,000	100.00%	156,141	22,434	-	Note 1
Synnex Global Ltd.	Fortune Ideal Ltd.	Hong Kong	Real estate	171,566	172,667	-	-	171,566	-	-	Note 2
King's Eye Investments Ltd.	Golden Thinking Ltd.	Hong Kong	Real estate	107,980	107,980	28,000,000	100.00%	66,459	30,137	-	Note 1
Synnex Global Ltd.	Golden Thinking Ltd.	Hong Kong	Real estate	1,069,392	1,076,257	-	-	1,069,392	-	-	Note 2
Synnex Global Ltd.	Synnex Investments (China) Ltd.	China	Investment holding	12,594,582	12,594,582	-	-	12,594,582	-	-	Note 2
Synnex Global Ltd.	Synnex Distributions (China) Ltd.	China	Sales of 3C products	4,609,605	-	-	-	4,609,605	-		Note 2
Synnex Global Ltd.	Synnex (Shanghai) Ltd.	China	Sales of 3C products and warehouse and logistics services	990,990	-	-	-	990,990	-		Note 2
King's Eye Investments Ltd.	PT. Synnex Metrodata Indonesia	Indonesia	Sales of 3C products	324,324	324,324	150,000	50.30%	2,030,344	780,949	-	Note 1
Peer Developments Ltd.	Synnex Corporation	USA	Sales of 3C products	623,963	623,963	3,859,888	7.56%	8,611,816	14,936,066	-	Note 1
Peer Developments Ltd.	Synergy Intellingent Logistics (HK) Corporation	Hong Kong	Warehouse and logistics services	390	390	100,000	100.00%	510	136	-	Note 1
Synnex Mauritius Ltd.	Redington (India) Ltd.	India	Sales of 3C products	616,756	616,756	94,295,940	24.24%	4,183,812	2,498,486	-	Note 1
Laser Computer Holdings Ltd.	Laser Computer (China) Ltd.	Malaysia	Sales of 3C products	30	30	1,000	100.00%	433,872	315,510	-	Note 1
Laser Computer Holdings Ltd.	Synnex Technology International (HK) Ltd. and its subsidiaries	Hong Kong	Sales of 3C products	231,385	231,385	60,000,000	100.00%	3,962,800	1,078,234	-	Note 1
Bestcom Infotech Corp	Bestcom Infotech Holdings Ltd.	British Virgin Islands	Investment holding	81,081	81,081	2,700,000	100.00%	81,865	4,437	-	Note 1
Bestcom Infotech Corp	Inforcom Technology Inc.	Taiwan	Wholesale of computer software and hardware. Computer information system planning, analysis and design.	19,977	19,977	3,343,574	22.94%	45,035	3,344	-	Note 1

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income(loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Bestcom Infotech Corp	Bizwave Tech Co., Ltd.	Taiwan	Wholesale and retailing of computer software and hardware. Accreditaion and consulting services.	$ 19,940	$ 19,940	2,000,000	100.00%	$ 25,956	$ 4,249	$ -	Note 1
Bestcom Infotech Corp	Asgard System, Inc.	Taiwan	Wholesale of computer software and hardware. Computer information system planning, analysis and design.	19,956	19,956	2,000,000	20.00%	25,687	2,546	-	Note 1
Bestcom Infotech Corp	XVIZION TAIWAN LIMITED	Taiwan	Wholesale, retailing and consulting services of computer software and hardware.	8,245	8,245	490,000	33.45%	-	(232)	-	Note 1
Bestcom Infotech Corp	I-direction Co., Ltd.	Taiwan	Wholesale and retailing of computers. Information system provider.	8,000	8,000	800,000	40.00%	-	-	-	Note 1
Bestcom Infotech Holdings Ltd.	Bestcom International Ltd.	Mauritius	Investment holding	81,081	81,081	2,700,000	100.00%	81,783	4,437	-	Note 1

Note 1: Investment income (loss) for this year had been recognized by the Company’s subsidiary.

Note 2: The investment amount is an amount for long-term investment.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2019

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital（Note 11）	Investment method（Note 1）	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019（Note 11）		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee as of December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 3)	Book value of investments in Mainland China as of Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Laser International Trading (Shanghai) Company Ltd.	International trade	$ 30,030	2	$ 30,030	$ -	$ -	$ 30,030	$ 94,337	100	$ 94,337	$ 401,073	$ -	(Note 2) (Note 4)
Hi Food (Shanghai) Company Ltd.	Manufacture and sales of food	600,600	2	54,054	-	-	54,054	-	10	-	54,054	-	(Note 2) (Note 5)
Synnex Investments (China) Ltd.	Investment holding	6,006,000	2	6,006,000	-	-	6,006,000	618,455	100	618,455	8,077,670	-	(Note 2) (Note 6)
Synnex Distributions (China) Ltd.	Sales of 3C products	9,909,900	2	6,906,900	3,003,000	-	9,909,900	540,663	100	540,663	11,533,571	-	(Note 2) (Note 6) (Note 10)
Synnex (Shanghai) Ltd.	Sales of 3C products and warehouse and logistics services	660,660	2	660,660	-	-	660,660	214,745	100	214,745	1,087,966	-	(Note 2) (Note 6)
Synnex (Beijing) Ltd.	Warehouse and logistics services	270,270	2	270,270	-	-	270,270	(6,076)	100	(6,076)	264,470	-	(Note 2) (Note 6)
Synnex (Nanjing) Ltd.	Warehouse and logistics services	150,150	2	150,150	-	-	150,150	285	100	285	164,071	-	(Note 2) (Note 6)
Synnex (Chengdu) Ltd.	Warehouse and logistics services	150,150	2	150,150	-	-	150,150	4,511	100	4,511	151,136	-	(Note 2) (Note 6)
Synnex (Shenyang) Ltd.	Warehouse and logistics services	90,090	2	90,090	-	-	90,090	5,827	100	5,827	96,816	-	(Note 2) (Note 6)
Synnex (Tianjin) Ltd.	Warehouse and logistics services	135,135	2	135,135	-	-	135,135	(9,221)	100	(9,221)	96,643	-	(Note 2) (Note 6)
Synnex (Hangzhou) Ltd.	Warehouse and logistics services	150,150	2	150,150	-	-	150,150	7,956	100	7,956	187,150	-	(Note 2) (Note 6)
Synnex (Qingdao) Ltd.	Warehouse and logistics services	150,150	2	150,150	-	-	150,150	(4,641)	100	(4,641)	124,636	-	(Note 2) (Note 6)
Synnex (Guangzhou) Ltd.	Warehouse and logistics services	360,360	2	360,360	-	-	360,360	8,287	100	8,287	360,207	-	(Note 2) (Note 6)
Synnex (Xi’an) Ltd.	Warehouse and logistics services	120,120	2	120,120	-	-	120,120	4,943	100	4,943	133,909	-	(Note 2) (Note 6)
Synnex (Suzhou) Ltd.	Warehouse and logistics services	180,180	2	180,180	-	-	180,180	821	100	821	156,714	-	(Note 2) (Note 6)
Synnex (Wuhan) Ltd.	Warehouse and logistics services	150,150	2	150,150	-	-	150,150	3,467	100	3,467	153,420	-	(Note 2) (Note 6)
Synnex (Jinan) Ltd.	Warehouse and logistics services	150,150	2	150,150	-	-	150,150	(5,988)	100	(5,988)	132,417	-	(Note 2) (Note 6)

Investee in Mainland China	Main business activities	Paid-in capital（Note 11）	Investment method（Note 1）	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019（Note 11）		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee as of December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 3)	Book value of investments in Mainland China as of Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Synnex (Zhengzhou) Ltd.	Warehouse and logistics services	150,150	2	150,150	-	-	150,150	3,265	100	3,265	112,852	-	(Note 2) (Note 6)
Synnex (Changsha) Ltd.	Warehouse and logistics services	$ 120,120	2	$ 120,120	$ -	$ -	$ 120,120	($ 7,423)	100	($ 7,423)	$ 56,062	$ -	(Note 2) (Note 6)
Synnex (Ningbo) Ltd.	Warehouse and logistics services	120,120	2	120,120	-	-	120,120	(6,084)	100	(6,084)	54,835	-	(Note 2) (Note 6)
Synnex (Hefei) Ltd.	Warehouse and logistics services	183,183	2	183,183	-	-	183,183	(9,000)	100	(9,000)	90,983	-	(Note 2) (Note 6)
Synnex (Nanchang) Ltd.	Warehouse and logistics services	120,120	2	120,120	-	-	120,120	(19,539)	100	(19,539)	36,358	-	(Note 2) (Note 6)
Synnex (Harbing) Ltd.	Warehouse and logistics services	150,150	2	150,150	-	-	150,150	(29,898)	100	(29,898)	4,456	-	(Note 2) (Note 6)
Synnex (Chongqing) Ltd.	Warehouse and logistics services	18,018	2	18,018	-	-	18,018	173	100	173	-	-	(Note 2) (Note 6) (Note 12)
Synnex (Xiamen) Ltd.	Warehouse and logistics services	180,180	2	180,180	-	-	180,180	(6,425)	100	(6,425)	118,567	-	(Note 2) (Note 6)
Synnex Technology Development (Beijing) Ltd.	Warehouse and logistics services	214,503	2	-	-	-	-	2,976	100	2,976	267,817	-	(Note 2) (Note 7)
LianXiang Technology (Shenzhen) Ltd.	Sales of electronic Components	6,006	2	6,006	-	-	6,006	18,371	100	18,371	107,766	-	(Note 2) (Note 8)
Yude (Shanghai) Warehouse Co., Ltd.	Warehouse and logistics services	10,296	2	-	-	-	-	(8,481)	80	(6,785)	(16,854)	-	(Note 2) (Note 6)
Synergy Intelligent Logistics Corporation	Warehouse and logistics services	214,503	2	-	214,503	-	214,503	5,487	100	5,487	219,767	-	(Note 6) (Note 13)
LianZhongHongYu information Technology(Beijing) Co.,Ltd.	Sales of 3C products	4,290	3	-	4,290	-	4,290	1,068	100	1,068	1,807	-	(Note 14)
Bestcom Infotech Shanghai Ltd.	Sales of 3C products	81,081	2	81,081	-	-	81,081	4,437	100	4,437	81,767	-	(Note 2) (Note 9)
	Total			$ 16,843,827	$ 3,221,793	$ -	$ 20,065,620						

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others.

Note 2: Indirect investment in PRC through existing companies located in the third area. Partial capital of Synnex (Nanjing) Ltd. and Synnex (Shenyang) Ltd. were invested by indirectly wholly-owned subsidiary, and total membership contributions are US$1,500 and US$3,000 thousand, respectively. Due to the Company's restructuring in November 2008, the entire capital of Synnex Distributions (China) Ltd., Synnex (Shanghai) Ltd., Synnex (Beijing) Ltd., Synnex (Nanjing) Ltd. and Synnex (Chengdu) Ltd., amounting to US$13,000, US$22,000, US$9,000, US$1,000 and US$2,000 thousand, respectively, was changed to being owned by Synnex Investments (China) Ltd. Total membership contribution is USD$47,000 thousand.

Note 3: According to the subsidiaries' financial statements audited by the independent accountants.

Note 4: The above companies, located in Mainland China, are 100% owned subsidiaries of Groupware Solutions Ltd., which is a wholly-owned subsidiary of Synnex Technology International (HK) Ltd. Synnex Technology International (HK) Ltd. is an indirect wholly-owned subsidiary of the Company. Total membership contribution is US$1,000 thousand.

Note 5: The above company, located in Mainland China, is a 10% owned invested company of Hi Food Co., Ltd. Hi Food Co., Ltd. is an indirect owned by the Company accounted for under the cost method. Total membership contribution is US$1,800 thousand.

Note 6: The above company, located in Mainland China, Synnex Investments (China) Ltd. is 100% owned subsidiaries of Synnex China Holdings Ltd. Synnex China Holdings Ltd. is an indirect wholly-owned subsidiary of the Company. Total membership contribution is US$200,000 thousand. Additionally, Synnex Investments (China) Ltd. reinvested in other subsidiaries in Mainland China. Total membership contribution is translated into New Taiwan Dollars using the year-end exchange rate of US$1:NT$30.03.

Note 7: The above company, located in Mainland China, is a 100% owned subsidiary of Synnex Distributions (China) Ltd.. Synnex Technology Development (Beijing) Ltd. is an indirect wholly-owned subsidiary of the Company. Total membership contribution is RMB$50,000 thousand.

Note 8: The above company, located in Mainland China, is a 100% owned invested company of Peer Developments Ltd. Peer Developments Ltd. is an indirect owned by the Company accounted for under the cost method. Total membership contribution is US$200 thousand.

Note 9: The above company, located in Mainland China, is a 100% owned subsidiary of Bestcom International Ltd..Shanghai Bestcom Infotech Corp. is an indirect wholly-owned subsidiary of the Company. Total membership contribution is USD$2,700 thousand.

Note 10: The above company, located in Mainland China, is a 100% owned subsidiary of Synnex Investments (China) Ltd.. Synnex Distributions (China) Ltd. is an indirect wholly-owned subsidiary of the Company. Total membership contribution is USD$100 million.

Note 11: Translated into New Taiwan Dollars using the year-end exchange rate of US$1:NT$30.03 and RMB$1:NT$4.2901.

Note 12: The Company’s subsidiary - Synnex (Chongqing) Ltd. cancelled its registration on June 5, 2019.

Note 13:The above company, located in Mainland China, is a 100% owned subsidiary of Synnex Investments (China) Ltd. Synergy Intelligent Logistics Corporation is an indirect wholly-owned subsidiary of the Company. Total membership contribution is RMB$50 million.

Note 14: The above company, located in Mainland China, is a 100% owned subsidiary of Synnex Investments (China) Ltd. LianZhongHongYu information Technology(Beijing) Co.,Ltd. is an indirect wholly-owned subsidiary of the Company. Total membership contribution is RMB$1 million.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Synnex Technology International Corporation(Note)	$ 19,984,539	$ 20,011,992	$ 31,167,404
Bestcom Infotech Corp(Note)	98,618	98,618	1,084,537

Note: The ceiling is calculated based on the Tai-Tsai-Tseng (1) Letter No. 006130 issued by the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan (90), effective November 16, 2001.

Attachment 5 Individual financial report and independent auditor's report

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2019 AND 2018

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

PWCR19000371

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, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit and the reports of other auditors (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, 2019 and 2018, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

We conducted our audit of the parent company only financial statements as of and for the year ended December 31, 2019 in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants", "Rule No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020" and generally accepted auditing standards in the Republic of China (ROC GAAS); and in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and ROC GAAS for our audit of the parent company only financial statements as of and for the year ended December 31, 2018. 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, 2019 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(5) 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(13) for description of accounting policies on allowance for inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty. Please refer to Note 6(7) 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(13) for accounting policies adopted for the recognition of purchase rebate. Please refer to Note 5(2) for critical accounting estimates and assumptions applied in the accounting policy for the recognition of purchase rebate.

The 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 auditors 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 auditors. 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 auditors.

As at December 31, 2019 and 2018, the balance of investments accounted for using equity method of certain subsidiaries was NT$14,293,936 thousand and NT$14,598,752 thousand, respectively, constituting 15% and 16% of parent company only total assets respectively; for the years ended December 31, 2019 and 2018, the recognised net profit of investments accounted for using equity method was NT$1,994,947 thousand and NT$1,874,556 thousand, respectively, constituting 29% and 28% of parent company only net profits respectively; In addition, for the years ended December 31, 2019 and 2018, the recognised comprehensive income of investments accounted for using equity method was NT$1,662,724 thousand and NT$2,065,537 thousand, respectively, constituting 29% and 36% 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 the 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, 2020

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, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			December 31, 2019		December 31, 2018	
	Assets	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 610,771	1	$ 565,688	1
1110	Financial assets at fair value through profit or loss - current	6(2)	59,855	-	45,742	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	1,034,906	1	960,978	1
1150	Notes receivable, net	6(5)	220,091	-	393,970	-
1160	Notes receivable - related parties	6(5) and 7(2)	-	-	31,005	-
1170	Accounts receivable, net	6(5)(6)	4,585,798	5	4,939,370	5
1180	Accounts receivable - related parties	6(5) and 7(2)	111,124	-	129,911	-
1200	Other receivables		558,423	1	571,920	1
1210	Other receivables - related parties	7(2)	4,216,368	4	4,155,817	5
130X	Inventories, net	6(7)	2,868,276	3	3,615,394	4
1410	Prepayments		70,527	-	79,625	-
11XX	**Current Assets**		14,336,139	15	15,489,420	17
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	2,998,894	3	1,532,974	2
1535	Non-current financial assets at amortised cost	6(4) and 8	720,007	1	721,870	1
1550	Investments accounted for under equity method	6(8)	75,047,518	77	71,629,409	79
1600	Property, plant and equipment, net	6(9)	1,069,805	1	1,133,306	1
1755	Right-of-use assets	6(10)	202,554	-	-	-
1780	Intangible assets		69,522	-	33,970	-
1840	Deferred income tax assets	6(28)	126,140	-	101,550	-
1900	Other non-current assets	6(5)(12)	2,542,692	3	37,292	-
15XX	**Non-current assets**		82,777,132	85	75,190,371	83
1XXX	**Total assets**		$ 97,113,271	100	$ 90,679,791	100

(Continued)

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			December 31, 2019		December 31, 2018	
	Liabilities and Equity	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	6(13)	$ 35,560,000	37	$ 29,990,000	33
2110	Short-term notes and bills payable	6(14)	5,850,000	6	7,350,000	8
2150	Notes payable		74,746	-	350,324	1
2160	Notes payable - related parties	7(2)	-	-	20,223	-
2170	Accounts payable		3,359,100	4	3,516,492	4
2180	Accounts payable - related parties	7(2)	274,487	-	16,683	-
2200	Other payables	6(15)	809,055	1	836,360	1
2220	Other payables - related parties	7(2)	266,382	-	352,849	-
2230	Current income tax liabilities	6(28)	179,983	-	59,334	-
2280	Current lease liabilities	6(10)	49,939	-	-	-
2300	Other current liabilities	6(16)	416,834	-	275,261	-
21XX	**Current Liabilities**		46,840,526	48	42,767,526	47
	Non-current liabilities					
2570	Deferred income tax liabilities	6(28)	-	-	32,119	-
2580	Non-current lease liabilities	6(10)	150,533	-	-	-
2600	Other non-current liabilities	6(17)	307,925	1	309,600	1
2XXX	**Total Liabilities**		47,298,984	49	43,109,245	48
	Equity attributable to owners of parent					
	Share capital	6(18)				
3110	Share capital - common stock		16,679,470	17	16,679,470	18
	Capital surplus	6(19)				
3200	Capital surplus		14,743,296	15	14,846,786	17
	Retained earnings	6(20)				
3310	Legal reserve		8,175,300	9	7,514,560	8
3320	Special reserve		6,177,007	6	4,820,549	5
3350	Unappropriated retained earnings		11,334,225	12	9,886,188	11
	Other equity interest	6(21)				
3400	Other equity interest		(7,295,011)	(8)	(6,177,007)	(7)
3XXX	**Total equity**		49,814,287	51	47,570,546	52
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 97,113,271	100	$ 90,679,791	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, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

			Years ended December 31,			
			2019		2018	
	Items	Notes	Amount	%	Amount	%
4000	**Sales revenue**	6(22) and 7(2)	$ 42,587,573	100	$ 43,218,857	100
5000	**Operating costs**	6(7) and 7(2)	(40,545,716)	(95)	(41,063,307)	(95)
5950	**Net operating margin**		2,041,857	5	2,155,550	5
	Operating expenses	6(17)(26)(27)				
6100	Selling expenses		(989,805)	(3)	(1,031,494)	(2)
6200	General and administrative expenses		(886,915)	(2)	(1,057,823)	(3)
6450	Expected credit loss	12(2)	(10,098)	-	(1,213)	-
6000	**Total operating expenses**		(1,886,818)	(5)	(2,090,530)	(5)
6900	**Operating profit**		155,039	-	65,020	-
	Non-operating income and expenses					
7010	Other income	6(23)	776,258	2	885,324	2
7020	Other gains and losses	6(24)	(138,717)	-	115,988	-
7050	Finance costs	6(25)	(385,271)	(1)	(361,761)	(1)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(8)	6,556,569	15	5,998,305	14
7000	**Total non-operating income and expenses**		6,808,839	16	6,637,856	15
7900	**Profit before income tax**		6,963,878	16	6,702,876	15
7950	Income tax expense	6(28)	(148,635)	-	(95,472)	-
8200	**Profit for the year**		$ 6,815,243	16	$ 6,607,404	15
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gain (loss) on defined benefit plan	6(17)	$ 1,554	-	($ 20,152)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		1,555,189	4	(284,546)	(1)
8330	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		44,357	-	30,009	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	(311)	-	9,909	-
8310	**Components of other comprehensive (loss) income that will not be reclassified to profit or loss**		1,600,789	4	(264,780)	(1)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(21)	(2,394,005)	(6)	(847,646)	(2)
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(329,370)	(1)	194,452	1
8360	**Components of other comprehensive loss that will be reclassified to profit or loss**		(2,723,375)	(7)	(653,194)	(1)
8300	**Total other comprehensive loss for the year**		($ 1,122,586)	(3)	($ 917,974)	(2)
8500	**Total comprehensive income for the year**		$ 5,692,657	13	$ 5,689,430	13
	Earnings per share	6(29)				
9750	**Basic earnings per share**		$ 4.09		$ 3.96	
9850	**Diluted earnings per share**		$ 4.09		$ 3.96	

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, 2019 AND 2018
(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	Financial statements 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
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 for 2018	6(21)	-	-	-	-	(6,418)	(653,194)	(258,362)	-	(917,974)
Total comprehensive income (loss)		-	-	-	-	6,600,986	(653,194)	(258,362)	-	5,689,430
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)
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(30)	-	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
2019										
Balance at January 1, 2019		$ 16,679,470	$ 14,846,786	$ 7,514,560	$ 4,820,549	$ 9,886,188	($ 5,903,019)	($ 273,988)	$ -	$ 47,570,546
Net income for 2019		-	-	-	-	6,815,243	-	-	-	6,815,243
Other comprehensive (loss) income for 2019	6(21)	-	-	-	-	(4,582)	(2,723,375)	1,605,371	-	(1,122,586)
Total comprehensive income (loss)		-	-	-	-	6,810,661	(2,723,375)	1,605,371	-	5,692,657
Appropriations of 2018 earnings	6(20)									
Provision for legal reserve		-	-	660,740	-	(660,740)	-	-	-	-
Provision for special reserve		-	-	-	1,356,458	(1,356,458)	-	-	-	-
Distribution of cash dividend		-	-	-	-	(3,335,894)	-	-	-	(3,335,894)
Change in net assets of the associate and joint ventures accounted for under the equity method		-	(104,382)	-	-	(9,532)	-	-	-	(113,914)
Difference between consideration and carrying amount of subsidiaries disposed	6(30)	-	377	-	-	-	-	-	-	377
Capital surplus transferred from unclaimed dividends		-	515	-	-	-	-	-	-	515
Balance at December 31, 2019		$ 16,679,470	$ 14,743,296	$ 8,175,300	$ 6,177,007	$ 11,334,225	($ 8,626,394)	$ 1,331,383	$ -	$ 49,814,287

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, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Years ended December 31,	
	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax for the year		$ 6,963,878	$ 6,702,876
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation charges on property, plant and equipment	6(9)(26)	67,904	82,368
Depreciation charges on right-of-use assets	6(10)(26)	51,806	-
Amortisation charges	6(26)	29,707	42,308
Expected credit loss	12(2)	10,098	1,213
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(24)	(14,113)	5,589
Loss on decline in market value and obsolete and slow-moving inventories	6(7)	2,832	10,642
Loss on obsolescence	6(7)	1,133	1,586
Interest expense	6(25)	385,271	361,761
Interest income	6(23)	(94,952)	(81,037)
Dividend income	6(23)	(88,373)	(152,968)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(8)	(6,556,569)	(5,998,305)
Cash dividends on investments accounted for under the equity method		352,294	334,067
(Loss) gain on disposal of property, plant and equipment	6(24)	1,710	(5,010)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts and notes receivable		579,174	207,616
Inventories		743,153	(230,549)
Other receivables		13,517	398,289
Prepayments		9,098	37,419
Overdue receivables		(11,078)	3,668
Net changes in liabilities relating to operating activities			
Accounts and notes payable		(195,389)	(455,537)
Other payables		38,355	41,271
Other current liabilities		141,573	(18,079)
Accrued pension liabilities		(121)	(77)
Cash inflow generated from operations		2,430,908	1,289,111
Interest paid		(400,918)	(353,462)
Interest received		94,952	81,037
Dividend received		88,373	152,968
Income tax paid		(85,007)	(54,196)
Net cash provided by operating activities		2,128,308	1,115,458

(Continued)

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31, 2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		$ 15,343	$ 72,537
Increase in other receivables due from related parties	7(2)	(60,571)	(606,805)
Acquisition of investments accounted for using equity method	6(8)	(6,390)	(8,210)
Acquisition of property, plant and equipment	6(9)	(6,113)	(55,463)
Proceeds from disposal of property, plant and equipment		-	6,913
Acquisition of intangible assets		(65,259)	(33,509)
Decrease in other non-current assets		1,653	28,568
Decrease (increase) in refundable deposits		944	(517)
Increase in prepayment for construction in progress		(2,508,948)	-
Decrease (increase) in restricted time deposits		1,863	(1,134)
Net cash flows used in investing activities		(2,627,478)	(597,620)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(32)	5,570,000	3,789,000
Decrease in short-term notes and bills payable	6(32)	(1,500,000)	(940,000)
(Decrease) increase in other payables to related parties	7(2)	(135,965)	286,115
Repayments of principal portion of lease liabilities	6(32)	(53,888)	-
Increase in guarantee deposits received	6(32)	-	93
Payment of cash dividends	6(20)	(3,335,894)	(3,669,483)
Net cash provided by (used in) financing activities		544,253	(534,275)
Increase (decrease) in cash and cash equivalents		45,083	(16,437)
Cash and cash equivalents at beginning of year		565,688	582,125
Cash and cash equivalents at end of year		$ 610,771	$ 565,688

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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

1. HISTORY AND ORGANISATION

(1) Synnex Technology International Corporation (the "Company") was incorporated as company limited by shares in September 1988 under the provisions of the Company Act of the Republic of China (R.O.C.). The Company 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;

E. Warehouse and logistics services; and

F. Maintenance and technical 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, 2020.

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 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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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.

IFRS 16, 'Leases':

A. 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.

B. The Company has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by FSC. On January 1, 2019, it is expected that 'right-of-use asset' and 'lease liability' will both be increased by $254,360.

C. The Company has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

    (a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.

    (b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

    (c) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of $96,591 was recognised for the year ended December 31, 2019.

    (d) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.

    (e) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

D. The Company calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate of 0.84%.

E. The Company recognised lease liabilities which had previously been classified as' operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	$ 286,426
Less: Short - term leases	(23,613)
Less: Low-value assets	(3,164)
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	259,649
Incremental borrowing interest rate at the date of initial application	0.84%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$ 254,360

(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 the FSC effective from 2020 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 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

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.

(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.

(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.

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

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

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

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

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

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) Leasing arrangements (lessor)－operating leases

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

(13) Inventories

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

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

(14) Investments accounted for using equity method / subsidiaries and associates

A. Subsidiaries are all entities controlled by the Company. The Company controls an 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.

(15) Property, plant and equipment

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

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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

(16) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

Effective 2019

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(17) Leased assets/operating leases(lessee)

Prior to 2019

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) Intangible assets

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

(19) 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.

(20) 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.

(21) Accounts and notes 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 accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) 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.

(23) 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.

(24) 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.

(25) 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.

(26) 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.

(27) 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 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.

(28) 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.

(29) Dividends

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

(30) Revenue recognition

A. Sales of goods

(a) The Comapny 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 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 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.

(c) The Comapny'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 Comapny provides services of inventory management, installation 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.

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; and

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, 2019	December 31, 2018
Cash on hand and revolving funds	$ 257	$ 361
Checking accounts and demand deposits	610,514	565,327
	$ 610,771	$ 565,688

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 to others as collateral and reclassified to financial assets at amortised cost, please refer to Notes 6(4) and 8.

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

Items	December 31, 2019	December 31, 2018
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed (TSE and OTC) stocks	$ 18,806	$ 18,806
Valuation adjustment	41,049	26,936
	$ 59,855	$ 45,742

A. The Company recognised net gain (loss) amounting to $14,113 and ($5,589) on financial assets at fair value through profit or loss for the years ended December 31, 2019 and 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, 2019	December 31, 2018
Current items:		
Equity instruments		
Listed (TSE and OTC) stocks	$ 798,693	$ 798,693
Non-listed (TSE and OTC) stocks	272,050	272,050
	1,070,743	1,070,743
Valuation adjustment	(35,837)	(109,765)
	$ 1,034,906	$ 960,978
Non-current items:		
Equity instruments		
Emerging (TSE and OTC) stocks	$ -	$ 1,571,898
Non-listed (TSE and OTC) stocks	1,680,075	110,337
	1,680,075	1,682,235
Valuation adjustment	1,318,819	(149,261)
	$ 2,998,894	$ 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 $4,033,800 and $2,493,952 as at December 31, 2019 and 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:

	2019	2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 1,555,189	($ 284,546)

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

(4)Financial assets at amortised cost

Items	December 31, 2019	December 31, 2018
Non-current items:		
Pledged time deposit	$ 720,007	$ 721,870

Details of the Company’s financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(5)Notes receivable, accounts receivable and overdue receivables

	December 31, 2019	December 31, 2018
Notes receivable	$ 220,102	$ 394,140
Notes receivable due from related party	-	31,005
Less: Allowance for bad debts	(11)	(170)
	$ 220,091	$ 424,975
Accounts receivable	$ 4,586,040	$ 4,941,384
Accounts receivable due from related party	111,124	129,911
Less: Allowance for bad debts	(242)	(2,014)
	4,696,922	5,069,281
Overdue receivables (recorded as other non-current assets)	$ 23,303	$ 12,225
Less: Allowance for bad debts	(16,224)	(4,195)
	7,079	8,030
	$ 4,704,001	$ 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, 2019 and 2018, 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, 2019			
	Notes receivable	Accounts Receivable	Overdue receivables	Total
Not past due	$ 220,102	$ 4,577,189	$ -	$ 4,797,291
Up to 60 days past due	-	110,862	62	110,924
61-120 days past due	-	1,444	94	1,538
121-180 days past due	-	59	1,956	2,015
More than 180 days past due	-	7,610	21,191	28,801
	$ 220,102	$ 4,697,164	$ 23,303	$ 4,940,569

	December 31, 2018			
	Notes receivable	Accounts Receivable	Overdue receivables	Total
Not past due	$ 425,145	$ 4,554,415	$ -	$ 4,979,560
Up to 60 days past due	-	484,066	-	484,066
61-120 days past due	-	7,682	265	7,947
121-180 days past due	-	2,133	301	2,434
More than 180 days past due	-	22,999	11,659	34,658
	$ 425,145	$ 5,071,295	$ 12,225	$ 5,508,665

The above ageing analysis was based on past due date.

B. As of December, 2019 and 2018, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2018, the balance of receivables from contracts with customers amounted to $5,783,487.

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

(6)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, 2019				
Accounts receivable transferred	Amount derecognized	Facilities	Amount advanced	Amount available for advance
$152,711 (US$5,051)	$152,711 (US$5,051)	US$43,500	$152,711 (US$5,051)	US$43,500
$170,657 (US$5,645)	$170,657 (US$5,645)	US$15,000	$170,657 (US$5,645)	US$15,000
$101,062 (US$3,322)	$101,062 (US$3,322)	US$45,000	$101,062 (US$3,322)	US$45,000

(Unit: USD thousand)

December 31, 2018				
Accounts receivable transferred	Amount derecognized	Facilities	Amount advanced	Amount available for advance
$443,271	$443,271	US$43,500	$443,271	US$43,500
(US$14,345)	(US$14,345)		(US$14,345)	
$251,473	$251,473	US$15,000	$251,473	US$15,000
(US$8,138)	(US$8,138)		(US$8,138)	
$82,308	$82,308	US$45,000	$82,308	US$45,000
(US$2,666)	(US$2,666)		(US$2,666)	

(7)Inventories

	December 31, 2019		
	Cost	Allowance for Valuation loss	Book value
Merchandise inventories	$ 2,912,359	($ 44,083)	$ 2,868,276

	December 31, 2018		
	Cost	Allowance for Valuation loss	Book value
Merchandise inventories	$ 3,656,645	($ 41,251)	$ 3,615,394

A. Inventories were not pledged to others as collateral.

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

	Years ended December 31,	
	2019	2018
Cost of inventories sold	$ 40,549,974	$ 41,059,457
Loss on decline in market value	2,832	10,642
Loss on retirement	1,133	1,586
Others	(8,223)	(8,378)
	$ 40,545,716	$ 41,063,307

(8)Investments accounted for under equity method

A. The details are as follows:

	December 31, 2019		December 31, 2018	
	Balance	Percentage ownership	Balance	Percentage ownership
Subsidiaries:				
Synnex Global Ltd.(Note 1)	$ 72,446,054	100.00%	$ 69,153,475	100.00%
Bestcom Infotech Corp. (Notes 2 and 3)	1,941,785	94.96%	1,853,114	94.57%
E-Fan Investments CO., LTD.	539,495	100.00%	449,152	100.00%
Seper Technology Corporation	57,425	100.00%	101,777	100.00%
Synergy Intellingent Logistics corporation	62,759	100.00%	71,891	100.00%
	$ 75,047,518		$ 71,629,409	

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' auditors for the years ended December 31, 2019 and 2018. Details are as follows:

	Profit/(loss) of subsidiaries and associates	
	Years ended December 31,	
	2019	2018
Synnex Global Ltd.(Note 1)	$ 6,134,896	$ 5,705,715
Bestcom Infotech Corp. (Notes 2 and 3)	266,767	231,305
Seper Technology Corporation	53,993	98,345
E-Fan Investments CO., LTD.	90,343	(61,833)
Synergy Intellingent Logistics corporation	10,570	24,773
	$ 6,556,569	$ 5,998,305

Note 1: The investees of Synnex Global Ltd. were accounted for using equity method. The investees' financial statements were audited by other auditors. 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 $1,994,947 and $1,874,556 as well as other comprehensive income (loss) amounting to ($322,223) and $190,981 for the years ended December 31, 2019 and 2018, respectively, were based on the investee's financial statements audited by other auditors. As of December 31, 2019 and 2018, the related investments were stated at $14,293,936 and $14,598,752, respectively.

Note 2: 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 3: On September 30, 2019, the Company acquired an additional 0.39% shares of its subsidiary - Bestcom Infotech Corp. for a cash consideration of $6,390 and the shareholding ratio was increased to 94.96%.

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, 2019.

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(9)Property, plant and equipment

	Land	Buildings and structures	Utilities equipment	Computer equipment	Transportation equipment	Furniture and fixtures	Tools	Leasehold improvements	Total
At January 1, 2019									
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
2019									
Opening net book amount as at January 1	$ 570,340	$ 344,811	$ 4,933	$ 139,002	$ 27,699	$ 462	$ 45,880	$ 179	$ 1,133,306
Additions	-	-	910	4,990	-	-	213	-	6,113
Disposals	-	(8)	(680)	(138)	-	-	(884)	-	(1,710)
Depreciation charge	-	(17,793)	(1,485)	(35,898)	(8,445)	(155)	(3,949)	(179)	(67,904)
Closing net book amount as at December 31	$ 570,340	$ 327,010	$ 3,678	$ 107,956	$ 19,254	$ 307	$ 41,260	$ -	$ 1,069,805
At December 31, 2019									
Cost	$ 570,340	$ 644,459	$ 38,434	$ 207,048	$ 81,363	$ 777	$ 60,766	$ -	$ 1,603,187
Accumulated depreciation	-	(317,449)	(34,756)	(99,092)	(62,109)	(470)	(19,506)	-	(533,382)
	$ 570,340	$ 327,010	$ 3,678	$ 107,956	$ 19,254	$ 307	$ 41,260	$ -	$ 1,069,805

	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 as at January 1	$ 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 as at December 31	$ 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

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: For the years ended December 31, 2019 and 2018, no property, plant and equipment had capitalised interest.

Note 3: For the years ended December 31, 2019 and 2018, no property, plant and equipment were pledged to others as collateral.

Note 4: Property, plant and equipment were acquired for self-use and leasing to the Group subsidiaries.

(10) Leasing arrangements－lessee

Effective 2019

A. The Comapny leases various assets including buildings. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The book value of the right-of-use asset and the depreciation expense recognized are as follows

	Buildings
January 1, 2019	$ 254,360
Depreciation charge	(51,806)
December 31, 2019	$ 202,554

C. The profit and loss items related to the lease contract are as follows:

	Year ended December 31, 2019
Item affecting profit or loss	
Interest expense on lease liabilities	$ 1,929
Expense on short-term lease contracts	1,453
Expense on leases of low-value assets	1,729

D. Apart from the cash outflow relating to the lease expense mentioned above in (10)C, the Company’s cash outflow arising from the payments of lease liabilities amounted to $53,888 for the year ended December 31, 2019.

(11) Leasing arrangements-lessor

Effective 2019

A. The Comapny leases various assets including office buildings. Rental contracts are typically made for periods of 3 and 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor’s ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. Gain arising from operating lease agreements for the year ended December 31, 2019 are as follows:

	Year ended December 31, 2019
Rental revenue	$ 7,433

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2019
Within 1 year	$ 7,079
1~5 years	3,175
	$ 10,254

(12) Other non-current assets

	December 31, 2019	December 31, 2018
Prepayment for construction in progress	$ 2,506,982	$ -
Refundable deposits	25,860	26,804
Long-term notes and overdue receivables	7,079	8,030
Others	2,771	2,458
	$ 2,542,692	$ 37,292

The above prepayment for construction in progress was the prepayment for acquiring the property located in Nangang Dist., Taipei City.

(13) Short-term borrowings

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 35,560,000	0.90%~1.04%	None

Type of borrowings	December 31, 2018	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 29,990,000	0.90%~1.10%	None

(14) Short-term notes and bills payable

	December 31, 2019	December 31, 2018
Commercial paper payable	$ 5,850,000	$ 7,350,000
Interest rate range	0.98%~1.04%	1.00%~1.07%

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

(15) Other payables

	December 31, 2019	December 31, 2018
Salary payable and bonus	$ 261,307	$ 301,234
Temporary receipt of suppliers	230,825	315,970
Accrued expenses-others	280,193	197,822
Other payables-others	36,730	21,334
	$ 809,055	$ 836,360

(16) Other current liabilities

	December 31, 2019	December 31, 2018
Dealers' rewards payable	$ 416,834	$ 275,261

(17) 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, 2019	December 31, 2018
Present value of defined benefit obligations	($ 388,484)	($ 505,749)
Fair value of plan assets	81,954	197,543
Net defined benefit liability (recorded as other non-current liabilities)	($ 306,530)	($ 308,206)

(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, 2019			
Balance at January 1	($ 505,749)	$ 197,543	($ 308,206)
Current service cost	(2,050)	-	(2,050)
Interest (expense) income	(4,551)	1,777	(2,774)
	(512,350)	199,320	(313,030)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	7,727	7,727
Change in financial assumptions	(6,293)	-	(6,293)
Experience adjustments	120	-	120
	(6,173)	7,727	1,554
Pension fund contribution	-	4,946	4,946
Paid pension	130,039	(130,039)	-
Balance at December 31	($ 388,484)	$ 81,954	($ 306,530)

	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)

(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, 2019 and 2018 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,	
	2019	2018
Discount rate	0.70%	0.90%
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, 2019 Effect on present value of defined benefit obligation	$ 7,840	($ 8,107)	($ 6,981)	$ 6,801
December 31, 2018 Effect on present value of defined benefit obligation	$ 12,067	($ 12,522)	($ 10,978)	$ 10,659

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 2019 and 2018 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, 2020 amounts to $4,824.

(g) As of December 31, 2019, the weighted average duration of that retirement plan is 9 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, 2019 and 2018 were $41,300 and $52,361, respectively.

(18) Share capital

A. As of December 31, 2019, 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:

	2019	2018
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, 2019, the total number of GDSs outstanding was 935,524 units, representing 3,742,108 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.

(19) 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, 2019					
	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	$ 648,117	$ 228,445	$ 2,606	$ 14,846,786
Changes in equity of associates and joint ventures	-	-	(104,382)	-	-	(104,382)
Difference between consideration and carrying amount of subsidiaries disposed	-	-	377	-	-	377
Unclaimed dividends	-	-	-	-	515	515
At December 31	$ 13,626,940	$ 340,678	$ 544,112	$ 228,445	$ 3,121	$ 14,743,296

	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

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

A. The Company's annual earnings at the end of the accounting year shall be first subject to taxation, reimbursement of previous losses, followed by a 10% provision for statutory earnings reserve and provision or reversal for special reserve by law. If there is profit remaining, the Board of Directors shall propose to distribute the balance amount, together with any accumulated non-distributed profit. Where dividends are distributed in the form of stocks, the distribution shall be subject to the approval of the shareholders at the shareholders' meeting. Where dividends are distributed in the form of cash, the Board of Directors is authorized to make such distribution by approval of more than half of directors present at a meeting where more than two-thirds of the directors are in attendance, and shall also be reported at the shareholders' meeting.

The Board of Directors shall determine the shareholders' cash dividend ratio with the consideration of the financial structure of the Company, future earnings situation, and business development; however, the cash dividend ratio may not be less than 15% of the total current dividend distributed to shareholders.

B. Where the Company incurs no loss, the Board of Directors may draft distribution proposals to distribute part or all of the legal reserve and capital surplus specified in Article 241 of the Company Act to shareholders. Where dividends are distributed in the form of stocks, the distribution shall be subject to the approval of the shareholders at the shareholders' meeting. Where dividends are distributed in the form of cash, the Board of Directors is authorized make such distribution by approval of more than half of the directors present at the meeting, where more than two-thirds of the directors are present, and shall also be reported at the shareholders' meeting.

C. (a) The appropriation of 2018 and 2017 earnings had been resolved at the stockholders' meeting on June 6, 2019 and June 12, 2018, respectively. Details are summarized below:

	Years ended December 31,			
	2018		2017	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 660,740	$ -	$ 611,490	$ -
Special reserve	1,356,458	-	1,983,231	-
Cash dividends	3,335,894	2.00	3,669,483	2.20

(b) The appropriation of 2019 earnings had been proposed at the Board of Directors' meeting on March 13, 2020. Details are summarized below:

	Year ended December 31, 2019	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 680,113	$ -
Special reserve	1,118,003	-
Cash dividends	4,336,662	2.60

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

(21) Other equity items

	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1, 2019	($ 5,903,019)	($ 273,988)	($ 6,177,007)
Revaluation:			
-The Company	-	1,555,189	1,555,189
-Subsidiaries and associates	-	50,182	50,182
Currency translation differences:			
-Group	(2,394,005)	-	(2,394,005)
-Associates	(329,370)	-	(329,370)
At December 31, 2019	($ 8,626,394)	$ 1,331,383	($ 7,295,011)

	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)

(22) Operating revenue

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:

		Years ended December 31,	
	Timing of revenue	2019	2018
Revenue from computers and computer peripherals components	At a point in time	$ 42,231,273	$ 42,742,218
Other	Over time	356,300	476,639
		$ 42,587,573	$ 43,218,857

(23) Other income

	Years ended December 31,	
	2019	2018
Rental revenue	$ 7,433	$ 6,372
Interest income		
Interest income from bank deposits	5,453	3,868
Interest income from financing	89,499	77,169
Dividend income	88,373	152,968
Management services revenue	580,293	642,330
Others	5,207	2,617
	$ 776,258	$ 885,324

(24) Other gains and losses

	Years ended December 31,	
	2019	2018
Net currency exchange (losses) gains	($ 29,263)	$ 148,522
(Loss) gain on disposal of property, plant and equipment	(1,710)	5,010
Net gain (loss) on financial assets at fair value through profit or loss	14,113	(5,589)
Others	(121,857)	(31,955)
	($ 138,717)	$ 115,988

(25) Finance costs

	Years ended December 31,	
	2019	2018
Interest expense on bank borrowings	$ 291,966	$ 282,446
Interest expense on short-term notes and bills payable	74,686	65,585
Interest expense on lease liabilities	1,929	-
Other interest expense	16,690	13,730
	$ 385,271	$ 361,761

(26) Expenses by nature

	Years ended December 31,	
	2019	2018
Employee benefit expense	$ 1,198,295	$ 1,424,555
Depreciation charges on property, plant and equipment	67,904	82,368
Depreciation charges on right-of-use assets	51,806	-
Amortisation charges on intangible assets	29,707	42,308
	$ 1,347,712	$ 1,549,231

(27) Employee benefit expense

	Years ended December 31, 2019	Years ended December 31, 2018
Wages and salaries	$ 1,041,525	$ 1,233,047
Labor and health insurance fees	80,644	99,147
Pension costs	46,124	58,643
Directors' remuneration	7,000	7,500
Other personnel expenses	23,002	26,218
	$ 1,198,295	$ 1,424,555

A. The Company's net income before tax, before deducting remuneration to employees and Directors and after covering for losses in the current fiscal year, should be applied to pay remuneration to employees in 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. Employee remuneration may be distributed in stock or cash and director remuneration may be distributed in cash subject to a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors.

Employee remuneration may be distributed in stock; remuneration may also be distributed for employees of controlled or affiliated companies that meet the criteria. The Chairman of the Board is authorized to set such criteria.

B. For the years ended December 31, 2019 and 2018, employees' compensation (bonus) was accrued at $750 and $700, respectively; directors' and supervisors' remuneration was accrued at $7,000 and $7,500, 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, 2019. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $750 and $7,000, and will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration of 2018 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2019 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.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2019	2018
Current tax:		
Current tax liabilities	$ 179,983	$ 59,334
Prior year income tax (over) underestimation	(9,232)	(28,798)
Prepaid income tax	34,904	18,363
Additional tax on undistributed earnings	(79,507)	-
Total current tax	126,148	48,899
Deferred tax:		
Origination and reversal of temporary differences	(57,020)	59,417
Impact of change in tax rate	-	(12,844)
Total deferred tax	(57,020)	46,573
Others:		
Additional tax on undistributed earnings	79,507	-
Income tax expense	$ 148,635	$ 95,472

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

	Years ended December 31,	
	2019	2018
Remeasurement of defined benefit obligations	($ 311)	$ 4,031
Impact of change in tax rate	-	5,878
	($ 311)	$ 9,909

(c) No income tax charged/ (credited) to equity for the years ended December 31, 2019 and 2018.

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2019	2018
Tax calculated based on profit before tax and statutory tax rate	$ 1,392,776	$ 1,340,575
Effects from items disallowed by tax regulation	(87,437)	(75,162)
Temporary differences not recognised as deferred tax liabitities	(1,226,979)	(1,141,143)
Additional tax on undistributed earnings	79,507	-
Prior year income tax (over) underestimation	(9,232)	(28,798)
Income tax expense	$ 148,635	$ 95,472

Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	Year ended December 31, 2019			
	January 1,	Recognized in profit or loss	Recognized in other comprehensive income	December 31,
Deferred tax assets:				
-Temporary differences:				
Unrealized bad debts	$ 2,174	($ 1,342)	$ -	$ 832
Unrealized loss on inventory value decline	8,250	567	-	8,817
Repair and warranty expenses	5,768	(1,645)	-	4,123
Unused compensated absences	3,852	(1,435)	-	2,417
Accrued pensions	61,641	(24)	(311)	61,306
Unrealised exchange loss	-	8,390	-	8,390
Unrealized accrued expenses	-	30,330	-	30,330
Others	19,865	(9,940)	-	9,925
Subtotal	$ 101,550	$ 24,901	($ 311)	$ 126,140
-Deferred tax liabilities:				
Unrealised exchange gain	($ 32,119)	$ 32,119	$ -	$ -
Total	$ 69,431	$ 57,020	($ 311)	$ 126,140

	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

C. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows: None.

D. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2019 and 2018, the amounts of temporary difference unrecognised as deferred tax liabilities were $10,967,735 thousands and $10,309,219 thousands, respectively.

E. The Company’s income tax returns through 2017 have been assessed and approved by the Tax Authority.

F. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2019, the Company’s applicable income tax rate was raised from 17% to 20% effective from January 1, 2019. The Company has assessed the impact of the change in income tax rate.

(29) Earnings per share

	Year ended December 31, 2019		
	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	$ 6,815,243	1,667,947	$ 4.09
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	6,815,243	1,667,947	
Assumed conversion of all dilutive potential ordinary shares			
Employees’ compensation	-	39	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 6,815,243	1,667,986	$ 4.09

	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’ compensation	-	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

(30) Acquisition of ownership interests in subsidiaries

Acquisition of additional equity interest in a subsidiary

The Company acquired an additional 0.39% and 0.48% shares of its subsidiary - Bestcom Infotech Corp. for a cash consideration of $6,390 and $8,210 on September 30, 2019 and April 30, 2018, respectively. The carrying amount of non-controlling interest in Bestcom Infotech Corp. was $6,767 and $8,216 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by $6,767 and $8,216 and an increase in the equity attributable to owners of the parent by $6,767 and $8,216, respectively. The effect of changes in interests in Bestcom Infotech Corp. on the equity attributable to owners of the parent for the years ended December 31, 2019 and 2018 is shown below:

	Years ended December 31,	
	2019	2018
Consideration paid to non-controlling interest	($ 6,390)	($ 8,210)
Decrease in the carrying amount of non-controlling interest	6,767	8,216
Capital surplus - difference between proceeds on actual acquisition of equity interest in a subsidiary and its carrying amount	$ 377	$ 6

(31) Operating leases

Prior to 2019

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
Not later than one year	$ 63,418
Later than one year but not later than five years	223,008
Later than five years	-
	$ 286,426

(32) Changes in liabilities from financing activities

	Current/ Non-current lease liability	Other payables -related parties	Short-term borrowings	Cash dividends payable	Short-term notes and bills payable	Guarantee deposits received
At January 1, 2019	$ 254,360	$ 286,115	$ 29,990,000	$ -	$ 7,350,000	$ 1,394
Decrease in other payables to related parties	-	(135,965)	-	-	-	-
Cash dividends declared	-	-	-	3,335,894	-	-
Payment of cash dividends	-	-	-	(3,335,894)	-	-
Increase in short-term loans	-	-	5,570,000	-	-	-
Decrease in short-term notes and bills payable	-	-	-	-	(1,500,000)	-
Payments of lease liabilities	(53,888)	-	-	-	-	-
At December 31, 2019	$ 200,472	$ 150,150	$ 35,560,000	$ -	$ 5,850,000	$ 1,394

	Other payables -related parties	Short-term borrowings	Cash dividends payable	Short-term notes and bills payable	Guarantee deposits received
At January 1, 2018	$ -	$ 26,201,000	$ -	$ 8,290,000	$ 1,301
Increase in other payables to related parties	286,115	-	-	-	-
Cash dividends declared	-	-	3,669,483	-	-
Payment of cash dividends	-	-	(3,669,483)	-	-
Increase in short-term loans	-	3,789,000	-	-	-
Decrease in short-term notes and bills payable	-	-	-	(940,000)	-
Increase in guarantee deposits received	-	-	-	-	93
At December 31, 2018	$ 286,115	$ 29,990,000	$ -	$ 7,350,000	$ 1,394

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Subsidiaries:	
E-Fan Investments CO., LTD.	Subsidiary wholly owned by the Company
Seper Technology Corporation	Subsidiary wholly owned by the Company
Synergy Intellingent Logistics 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

Names of related parties	Relationship with the Company
Synnex (Shanghai) Ltd.	Indirect subsidiary wholly owned by the Company
Synnex Distributions (China) Ltd.	Indirect subsidiary wholly owned by the 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.
<u>Associates:</u>	
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
<u>Other related parties:</u>	
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 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

Names of related parties	Relationship with the Company
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
Lien Yuan Investment Corp.	The related party - Tong Da's chairperson is the related party's chairperson
Jetwell Computer Co., Ltd.	The Company's subsidiary, Bestcom Infotech Corp., is the related party's director

(2) Significant related party transactions and balances

A. Operating revenue

	Years ended December 31,	
	2019	2018
Sales of goods:		
－Subsidiaries	$ 3,092,059	$ 2,766,675
－Associates	-	54
－Other related parties	668,714	229,049
	$ 3,760,773	$ 2,995,778

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 10~150 days of the date of statement.

B. Purchases of goods

	Years ended December 31,	
	2019	2018
Purchases of goods:		
－Subsidiaries		
SAL	$ 6,115,655	$ 4,156,052
Other	1,173,549	162,017
Subtotal	7,289,204	4,318,069
－Other related parties	204	29
	$ 7,289,408	$ 4,318,098

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, 2019	December 31, 2018
Receivables from related parties:		
－Subsidiaries	$ 33,577	$ 86,994
－Other related parties	77,547	73,922
	$ 111,124	$ 160,916

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, 2019	December 31, 2018
Accounts payable:		
－Subsidiaries	$ 274,381	$ 36,889
－Other related parties	106	17
	$ 274,487	$ 36,906

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 , 2019		December 31 , 2018	
	Other receivables	Other payables	Other receivables	Other payables
－Subsidiaries	$ 491,845	$ 116,173	$ 491,730	$ 63,351
－Associates	177	-	312	-
	$ 492,022	$ 116,173	$ 492,042	$ 63,351

	Years ended December 31,	
	2019	2018
Other income		
－Subsidiaries		
Synnex Australia	$ 176,500	$ 195,671
SAL	133,977	148,037
Synnex Global	124,658	112,383
Synnex Distributions (China) Ltd.	94,277	128,085
Synnex Technology International (HK) Ltd. and its subsidiaries	85,780	77,198
Other	55,857	58,125
Subtotal	671,049	719,499
－Other related parties	89,128	153,705
	$ 760,177	$ 873,204

Other income included dividend income, management services revenue and other income.

	Years ended December 31,	
	2019	2018
Operating expenses		
－Subsidiaries		
Synergy Intellingent Logistics Corporation	$ 129,786	$ -
Others	2,234	10,874
	$ 132,020	$ 10,874

F. Financing activities

(a)Receivables from related parties (recorded in ‘Other receivables due from related parties)

	December 31, 2019	December 31, 2018
Subsidiaries		
Synnex Global	$ 3,003,000	$ 3,076,500
Seper Technology Corporation	559,759	430,357
Others	161,587	156,918
	$ 3,724,346	$ 3,663,775

Other information on loans to others is provided in Note 13, table 1.

(b)Payables to related parties (recorded in ‘Other payables to related parties’)

	December 31, 2019	December 31, 2018
Subsidiaries		
Synnex Global	$ 150,150	$ 286,115

Other information on loans to others is provided in Note 13, table 1.

(c) Interest income

	Years ended December 31,	
	2019	2018
Subsidiaries		
Synnex Global	$ 85,068	$ 73,330
Other	4,431	3,839
	$ 89,499	$ 77,169

For the years ended December 31, 2019 and 2018, interests arising from loans to subsidiaries were received based on annual interest rate ranged between 1.08% and 3.00%.

G. Related parties provide endorsement guarantee

Other information on financing and purchasing guarantees provided for subsidiaries' bank borrowings is provided in Note 13, table 2.

H. Property transactions

Acquisition of property, plant and equipment

	Years ended December 31,	
	2019	2018
Subsidiaries	$ 1,403	$ 33,785

As of December 31, 2019 and 2018, other payables (recorded in 'Other payables to related parties') arising from above transactions amounted to $59 and $3,383, respectively.

(3) Key management compensation

	Years ended December 31,	
	2019	2018
Short-term employee benefits	$ 119,540	$ 119,260
Post-employment benefits (Note)	5,672	4,860
Total	$ 125,212	$ 124,120

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, 2019	December 31, 2018	Purpose
Financial assets at amortised cost-non -current:			
Pledged time deposits	$ 720,007	$ 721,870	Guarantees for purchases; short-term secured loans and promissory notes.
	$ 720,007	$ 721,870	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

A. As of December 31, 2019 and 2018, the Company issued promissory notes to guarantee the suppliers' credit limit amounting to $721,362 and $900,787, 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 another lawsuit against the Company 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, which remanded the case to the district court for a new trial. The result of the litigation is uncertain; however, the Company has estimated and provided for the potential losses in the financial statements.

(2) Commitments

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

	December 31, 2019	December 31, 2018
Property, plant and equipment	$ 2,441,582	$ -

The above refers to the contract commitment of the Company to acquire the property located in Nangang Dist., Taipei City.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The appropriations of 2019 earnings had been proposed at the Board of Directors' meeting on March 13, 2020, please refer to Note 6(20).

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 2019, the Company's strategy was unchanged from 2018. The gearing ratios at December 31, 2019 and 2018 were 49% and 48%, respectively.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2019	December 31, 2018
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	$ 59,855	$ 45,742
Current financial assets at fair value through other comprehensive income		
Designation of equity instrument	1,034,906	960,978
Non-current financial assets at fair value through other comprehensive income		
Designation of equity instrument	2,998,894	1,532,974
Financial assets at amortised cost		
Cash and cash equivalents	610,771	565,688
Notes receivable, net	220,091	393,970
Notes receivable - related parties	-	31,005
Accounts receivable, net	4,585,798	4,939,370
Accounts receivable - related parties	111,124	129,911
Other receivables	558,423	571,920
Other receivables - related parties	4,216,368	4,155,817
Restricted time deposits	720,007	721,870
Other non-current assets		
-Refundable deposits	25,860	26,804
-Overdue receivable	7,079	8,030
	$ 15,149,176	$ 14,084,079

	December 31, 2019	December 31, 2018
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 35,560,000	$ 29,990,000
Short-term notes and bills payable	5,850,000	7,350,000
Notes payable	74,746	350,324
Notes payable - related parties	-	20,223
Accounts payable	3,359,100	3,516,492
Accounts payable - related parties	274,487	16,683
Other payables	809,055	836,360
Other payables - related parties	266,382	352,849
Other non-current liabilities-guarantee deposits received	1,394	1,394
	$ 46,195,164	$ 42,434,325
Lease liability	$ 200,472	$ -

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 (Company 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. 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, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 103,765	30.03	$ 3,116,063
Investments accounted for using equity method			
USD:NTD	$ 2,412,456	30.03	$ 72,446,054
Financial liabilities			
Monetary items			
USD:NTD	$ 13,386	30.03	$ 401,982

	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

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, 2019 and 2018, amounted to ($29,263) and $148,522, respectively.

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

	Year ended December 31, 2019		
	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%	$ 31,161	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 4,020)	$ -

	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)	$ -

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. 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, 2019 and 2018 would have increased/decreased by $599 and $457, 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 $40,338 and $24,940, 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 2019 and 2018, 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, 2019 and 2018 would have increased/decreased by $5,245 and $6,795, 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' 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 Company will continue executing the recourse procedures to secure their rights.

vii. The Company 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. As of December 31, 2019 and 2018, the loss rate methodology is as follows:

	Group provision	Individual provision				
		Group A	Group B	Group C	Group D	Total
December 31, 2019						
Expected loss rate	0.001%~0.3%	15%	50%	75%	100%	
Total book value	$ 4,917,266	$ 6,824	$ 2,557	$ -	$ 13,922	$ 4,940,569
Loss allowance	$ 253	$ 1,024	$ 1,278	$ -	$ 13,922	$ 16,477

	Group provision	Individual provision			
		Group A	Group B	Group C	Total
December 31, 2018					
Expected loss 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, 2019			
	Notes receivable	Accounts receivable	Overdue receivables	Total
At January 1	$ 170	$ 2,014	$ 4,195	$ 6,379
Provision for (reversal of) impairment loss	(159)	(1,772)	12,029	10,098
At December 31	$ 11	$ 242	$ 16,224	$ 16,477

	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

(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 derivative and non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Except for those maturing within a year whose contractual undiscounted cash flows approximate the amount presented in the balance sheet, the remaining contractual undiscounted cash flows of non-derivative financial liabilities are disclosed in the table below:

Non-derivative financial liabilities:				
December 31, 2019	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Lease liability	$ 51,414	$ 51,806	$ 100,611	$ 203,831
Guarantee deposit received	-	-	1,394	1,394

Non-derivative financial liabilities:				
December 31, 2018	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Guarantee deposit received	$ -	$ -	$ 1,394	$ 1,394

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 as at December 31, 2019 and 2018 is as follows:

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

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 59,855	$ -	$ -	$ 59,855
Financial assets at fair value through other comprehensive income-current				
Equity securities	765,812	92,793	176,301	1,034,906
Financial assets at fair value through other comprehensive income-non-current				
Equity securities	-	-	2,998,894	2,998,894
Total	$ 825,667	$ 92,793	$ 3,175,195	$ 4,093,655

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

(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, 2019 and 2018, 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, 2019 and 2018:

	2019	2018
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	$ 220,297	$ 77,954
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	361,984	(24,954)
	2,608,257	-
Translation adjustments under IFRS 9	-	239,834
Capital deducted by returning cash	(15,343)	(72,537)
At December 31	$ 3,175,195	$ 220,297

F. Because Mitac International Corporation ceased to be traded over the counter as resolved by the Board of Directors in March 2019, and there is insufficient observable market information available, the Company has transferred the fair value from Level 2 into Level 3 at the end of the month when the event occurred.

For the year ended December 31, 2018, 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, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 176,301	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	2,998,894	Net assets value	Note applicable	-	Note applicable

	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

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, 2019			
			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%	$ -	$ -	$ 17,630	($ 17,630)
Equity instrument	Net assets value	± 1%	$ -	$ -	$ 29,989	($ 29,989)

			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)

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, 2019.

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.

SYNNEX TECHNOLOGY INTERNATIONAL CORP.

DETAILS OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2019

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 1

Items	Summary	Amount
Petty cash		$ 257
Cash in banks		
Checking accounts deposits		418,286
Demand deposits		
- Foreign currency deposits	USD 2,222 thousand, conversion rate 30.03	67,101
- NTD deposits		125,127
		$ 610,771

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SYNNEX TECHNOLOGY INTERNATIONAL CORP.

DETAILS OF CURRENT FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

DECEMBER 31, 2019

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 2

Name of financial instruments	Summary	Number of shares (share in thousands)	Book value	Total book value	Cost	Fair value		Change in fair value attributed to the change in credit risk	Note
						Unit price	Total		
Listed stocks	Lien-Hwa Industrial Corporation	1,620	10	$ 16,200	$ 18,806	36.95	$ 59,855	$ -	
				$ 16,200	$ 18,806		$ 59,855	$ -	

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SYNNEX TECHNOLOGY INTERNATIONAL CORP.

DETAILS OF CURRENT FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

DECEMBER 31, 2019

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 3

Name of financial instruments	Summary	Number of shares (share in thousands)	Book value	Total book value	Cost	Fair value		Change in fair value attributed to the change in credit risk	Note
						Unit price	Total		
Listed stocks	Union Petrochemical Corporation	$ 68,992	$ 10	$ 689,920	$ 798,693	$ 11.10	$ 765,812	$ -	
Unlisted stocks	Mitac Information Technology Corporation	8,262	10	82,620	199,139	21.34	176,301	-	
	Tong Da Investment Corporation	4,848	10	48,480	72,911	19.14	92,793	-	
				$ 821,020	$ 1,070,743		$ 1,034,906	$ -	

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SYNNEX TECHNOLOGY INTERNATIONAL CORP.
DETAILS OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 4

Customer name	Summary	Amount	Note
General customer -			
Accounts receivable		$ 4,586,040	The balance of each customer has not exceeded 5% of total accounts receivable
Less: Allowance for bad debts		(242)	
Subtotal from non-related parties		4,585,798	
Related party -			
Getac Technology Corporation		38,529	
Bestcom Infotech Corp.		27,913	
Jetwell Computer Co., Ltd.		17,339	
MiTAC Computing Technology Corporation		11,656	
Mitac Information Technology Corporation		9,987	The balance of each customer has not exceeded 5% of total accounts receivable
Others		5,700	
Subtotal from related parties		111,124	
		$ 4,696,922	

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SYNNEX TECHNOLOGY INTERNATIONAL CORP.

DETAILS OF OTHER RECEIVABLES

DECEMBER 31, 2019

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 5

Items	Summary	Amount	Note
Non-related party -			
Rebate receivable from suppliers		$ 495,592	
Others		62,831	The balance of each customer has not exceeded 5% of total other receivables
Subtotal from non-related parties		558,423	
Related party -			
Financing receivables		3,724,346	
Service fee receivables		386,452	
Others		105,570	The balance of each customer has not exceeded 5% of total other receivables
Subtotal from related parties		4,216,368	
		$ 4,774,791	

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SYNNEX TECHNOLOGY INTERNATIONAL CORP.

DETAILS OF INVENTORIES

DECEMBER 31, 2019

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 6

	Amount		
Items	Cost	Market price	Note
Goods inventories	$ 2,912,359	$ 2,962,017	Use the net realisable value to be the market price
Less: Allowance for inventory valuation losses and obsolete and slow-moving inventory losses	(44,083)		
	$ 2,868,276		

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SYNNEX TECHNOLOGY INTERNATIONAL CORP.

DETAILS OF NON-CURRENT FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

DECEMBER 31, 2019

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 7

Name of financial instruments	Summary	Number of shares (share in thousands)	Book value	Total book value	Cost	Fair value		Change in fair value attributed to the change in credit risk	Note
						Unit price	Total		
Unlisted stocks	Mitac International Corporation	65,504	$ 10	$ 655,040	$ 1,571,898	$ 44.01	$ 2,883,116	$ -	
	Harbinger Venture Capital Corporation	26	10	260	-	-	-	-	
	Harbinger III Venture Capital Corporation	19	10	190	190	42.42	806	-	
	Lien Yuan Investment Corp.	9,217	10	92,170	87,968	10.48	96,596	-	
	Taiwan Paging Network Inc.	1,450	10	14,500	14,500	-	-	-	
	Digitimes Corp.	504	10	5,040	5,040	12.85	6,477	-	
	Harbinger Capital Management Co., Ltd.	863	10	8,630	479	13.79	11,899	-	
				$ 775,830	$ 1,680,075		$ 2,998,894	$ -	

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SYNNEX TECHNOLOGY INTERNATIONAL CORP.

DETAILS OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

YEAR ENDED DECEMBER 31, 2019

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 8

	Opening balance		Additions			Cumulative		Reductions		Ending balance		Net equity		Pledged to
Name	Number of shares (share in thousands)	Amount	Number of shares (share in thousands)	Amount	Investment (loss) gain	translation adjustment	Other adjustment	Number of shares (share in thousands)	Amount	Number of shares (share in thousands)	Amount	Unit price (in dollars)	Total price	others as collateral
Seper Technology Cpropration	100	$ 101,777	-	$ -	$ 53,993	$ -	$ -	-	($ 98,345)	100	$ 57,425	$ 574.25	$ 57,425	None
									(Note 1)					
Bestcom Infotech Corp.	97,604	1,853,114	400	6,390	266,767	(3,458)	53,220	-	(234,248)	98,004	1,941,785	19.81	1,941,785	〃
				(Note 4)			(Note 5)		(Note 1)					
E-Fan Investments CO., LTD.	22,500	658,666	-	-	90,343	-	-	-	-	22,500	749,009	23.98	539,495	〃
Less: Impairment - goodwill		(209,514)		-	-	-	-		-		(209,514)			
		449,152		-	90,343	-	-		-		539,495			
Synergy Intellingent Logistics Corporation	5,000	71,891	-	-	10,570	-	-	-	(19,702)	5,000	62,759	12.55	62,759	〃
									(Note 1)					
Synnex Global Ltd.	548,250	74,457,495	-	-	6,134,896	-	-	-	-	548,250	80,592,391	132.14	72,446,054	〃
Add: Cumulative translation adjustment		(5,896,707)		-	-	(2,719,917)	-		-		(8,616,624)			
Add: Unrealized gains (losses) on financial assets		(42,114)		-	-	-	(3,336)		-		(45,450)			
							(Note 2)							
Less: Retained earnings		37,662		-	-	-	(14,682)		-		22,980			
							(Note 3)							
Add: Capital surplus		597,139		-	-	-	(104,382)		-		492,757			
							(Note 3)							
		69,153,475		-	6,134,896	(2,719,917)	(122,400)		-		72,446,054			
		$ 71,629,409		$ 6,390	$ 6,556,569	($ 2,723,375)	($ 69,180)		($ 352,295)		$ 75,047,518			

Note1: The reductions were caused by receiving cash dividends from Seper Technology Corporation, Bestcom Infotech Corp. and Synergy Intellingent Logistics Corporation.

Note 2: The additions were caused by the Company recognising unrealised gains (losses) on financial assets of investees.

Note 3: The reductions were caused by the effects of changes in proportion to its interest to the investees.

Note 4: On September 30, 2019, the Company acquired an additional 0.39% of Bestcom Infotech Corp. issued shares for a cash consideration of $6,930 and the shareholding ratio was increased from 94.57% to 94.96%.

Note 5: The other adjustments were caused by the Company recognising unrealised gains (losses) on financial assets of investees and by effects on adjustments for adopting IFRS 9.

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SYNNEX TECHNOLOGY INTERNATIONAL CORP.
MOVEMENT SUMMARY OF PROPERTY, PLANT AND EQUIPMENT
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 9

Items	Opening balance	Additions	Transfers	Reductions	Ending balance	Pledged to others as collateral
Land	$ 570,340	$ -	$ -	$ -	$ 570,340	None
Buildings and structures	645,411	-	-	(952)	644,459	〃
Utility equipment	81,743	910	-	(44,219)	38,434	〃
Computer communication equipment	295,351	4,990	-	(93,293)	207,048	〃
Transportation equipment	81,420	-	-	(57)	81,363	〃
Office equipment	777	-	-	-	777	〃
Machinery and equipment	256,202	213	-	(195,649)	60,766	〃
Rental improvement	652	-	-	(652)	-	〃
	$ 1,931,896	$ 6,113	$ -	($ 334,822)	$ 1,603,187	

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SYNNEX TECHNOLOGY INTERNATIONAL CORP.

MOVEMENT SUMMARY OF ACCUMULATED DEPRECIATION CHARGES ON PROPERTY, PLANT AND EQUIPMENT

YEAR ENDED DECEMBER 31, 2019

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 10

Items	Opening balance	Additions	Reductions	Ending balance
Buildings and structures	$ 300,600	$ 17,793	($ 944)	$ 317,449
Utility equipment	76,810	1,485	(43,539)	34,756
Computer communication equipment	156,349	35,898	(93,155)	99,092
Transportation equipment	53,721	8,445	(57)	62,109
Office equipment	315	155	-	470
Machinery and equipment	210,322	3,949	(194,765)	19,506
Rental improvement	473	179	(652)	-
	$ 798,590	$ 67,904	($ 333,112)	$ 533,382

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SYNNEX TECHNOLOGY INTERNATIONAL CORP.
DETAILS OF SHORT-TERM BORROWINGS
DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 11

Type of borrowings	Ending balance	Contract term	Interest rate range	Credit line (Note)	Pledged to others as collateral	Note
Unsecured borrowings	$ 35,560,000	2019.09.19~2020.03.19	0.90%~1.04%	$ 46,582,170	None	

Note: The credit line refers to comprehensive credit line including short-term borrowings, bank overdraft and bank guarantee.

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SYNNEX TECHNOLOGY INTERNATIONAL CORP.
DETAILS OF SHORT-TERM NOTES AND BILLS PAYABLE
DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 12

Items	Guarantee or acceptance institution	Contract term	Interest rate range	Issued amount	Note
Commercial paper	Banks	2019.12.09~2020.02.18	0.98%~1.04%	$ 4,050,000	
Commercial paper	Bills Finance Companies	2019.12.05~2020.02.20	1.01%	1,800,000	
				$ 5,850,000	

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SYNNEX TECHNOLOGY INTERNATIONAL CORP.
DETAILS OF ACCOUNTS PAYABLE
DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 13

Vendor name	Summary	Amount	Note
General supplier－			
INTEL SEMICONDUCTOR (US) LLC.		$ 843,722	
ASUS TECHNOLOGY INCORPORATION		558,242	
SAMSUNG ELECTRONICS TAIWAN CO., LTD.		317,558	
MICROSOFT TAIWAN CORPORATION		235,045	
ITE TECH. INC.		221,340	
SEAGATE SINGAPORE HEADQUARTERS LTD.		189,256	
Others		993,937	The balance of each vendor has not exceeded 5% of total accounts payable
		3,359,100	
Related party -			
Syntech Asia Ltd.		250,451	
Bestcom Infotech Corp		17,690	
Others		6,346	The balance of each vendor has not exceeded 5% of total accounts payable
		274,487	
		$ 3,633,587	

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SYNNEX TECHNOLOGY INTERNATIONAL CORP.
DETAILS OF OTHER PAYABLES
DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 14

Items	Summary	Amount	Note
General vendor			
Payable on salaries and bonus		$ 261,307	
Payable on temporary payments from suppliers		230,825	
Others		316,923	The balance of each vendor has not exceeded 5% of total other payables
		809,055	
Related party			
Financing payables		150,150	
Payable on payments on behalf of others		64,898	
Others		51,334	The balance of each vendor has not exceeded 5% of total other payables
		266,382	
		$ 1,075,437	

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SYNNEX TECHNOLOGY INTERNATIONAL CORP.
DETAILS OF OPERATING REVENUE
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 15

Items	Amount	Note
Net sales revenue	$ 42,231,273	
Repairs and maintenance revenue	216,041	
Others	140,259	
Other operating revenue	356,300	
	$ 42,587,573	

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SYNNEX TECHNOLOGY INTERNATIONAL CORP.
DETAILS OF OPERATING COST
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 16

Items	Amount	Note
Inventory at beginning of year	$ 3,656,645	
Add: Purchase during the year	39,938,891	
Less: Inventory at end of year	(2,912,359)	
Reclassification to operating expenses	(78,274)	
Others	(54,929)	
Cost of sales	40,549,974	
Reversal of inventory losses	2,832	
Loss on scrapping inventory	1,133	
Others	(8,223)	
	$ 40,545,716	

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SYNNEX TECHNOLOGY INTERNATIONAL CORP.
DETAILS OF OPERATING EXPENSE
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 17

Items	Selling expense	Administrative expense	Expected credit loss	Total
Wage and salary	$ 546,374	$ 495,151	$ -	$ 1,041,525
Material used	105,798	95,880	-	201,678
Insurance premium	48,701	44,136	-	92,837
Expected credit impairment loss	-	-	10,098	10,098
Other expense	288,932	251,748	-	540,680
	$ 989,805	$ 886,915	$ 10,098	$ 1,886,818

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SYNNEX TECHNOLOGY INTERNATIONAL CORP.
DETAILS OF CURRENT EMPLOYEE BENEFITS, DEPRECIATION AND AMORTISATION EXPENSES SUMMARIZED BY FUNCTION
YEAR ENDED DECEMBER 31, 2019 And 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 18

	Year ended December 31,					
	2019			2018		
	Operating Cost	Operating expenses	Total	Operating Cost	Operating expenses	Total
Employee benefit						
Wage and salary	$ -	$ 1,041,525	$ 1,041,525	$ -	$ 1,233,047	$ 1,233,047
Labour and health insurance	-	80,644	80,644	-	99,147	99,147
Pension	-	46,124	46,124	-	58,643	58,643
Directors’ remuneration	-	7,000	7,000	-	7,500	7,500
Other employee benefit	-	23,002	23,002	-	26,218	26,218
	$ -	$ 1,198,295	$ 1,198,295	$ -	$ 1,424,555	$ 1,424,555
Depreciation	$ -	$ 119,710	$ 119,710	$ -	$ 82,368	$ 82,368
Amortisation	$ -	$ 29,707	$ 29,707	$ -	$ 42,308	$ 42,308

A. As of December 31, 2019 and 2018, the Company had approximately 1,102 and 1,438 employees, respectively, of which 5 directors were both no duality.

B. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:

(a) Average employee benefit expense in current year was $1,086 ((Total employee benefit expense in current year-Total directors’ compensation in current year)/(Number of employees in current year-Number of non-employee directors in current year)).

Average employee benefit expense in previous year was $989 ((Total employee benefit expense in previous year-Total directors’ compensation in previous year)/(Number of employees in previous year-Number of non-employee directors in previous year)).

(b) Average employee salaries in current year was $949 (Total employee salaries in current year / (Number of employees in current year-Number of non-employee directors in current year)).

Average employee salaries in previous year was $860 (Total employee salaries in previous year/(Number of employees in previous year-Number of non-employee directors in previous year)).

(c) Adjustments of average employee salaries was 10.34% ((Average employee salaries in current year-Average employee salaries in previous year)/Average employee salaries in previous year).