



2020

Annual Report

**Synnex Technology  
International Corporation**

[www.synnex-grp.com](http://www.synnex-grp.com)  
[mops.twse.com.tw](http://mops.twse.com.tw)

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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

**Australia logistics centers**

Melbourne, Sydney

**Indonesia logistics center**

Jakarta

**Common Stock Transfer Agency**

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www.chinatrust.com.tw

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27F., No. 333, Sec. 1, Keelung Rd., Taipei City  
(02) 2729-6666  
www.pwc.tw

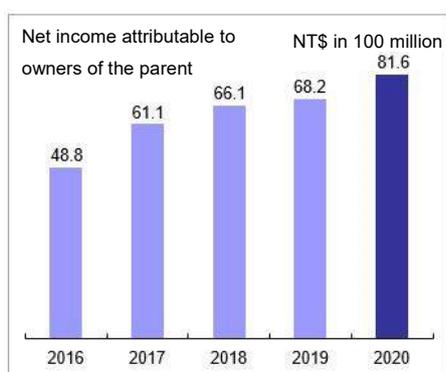
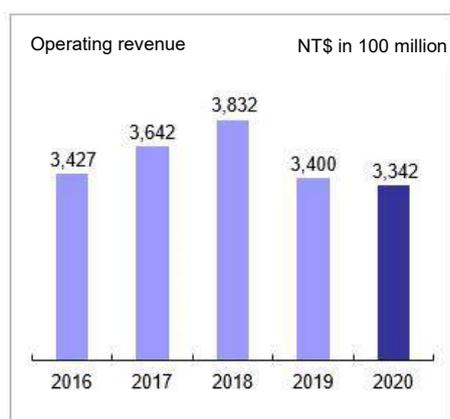
**Global Depository Receipts (GDR) Stock Exchange**

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.

# 2020 Consolidated Financial Performance

Unit: NTD

| Item/Year  | 2019  | 2020  | Net change (%) |
|--|-------|-------|----------------|
| Operating revenue (in 100 million)                               | 3,400 | 3,342 | (1.7)          |
| Pre-tax profit (in 100 million)                                  | 88.9  | 105.0 | 18.1           |
| Net income attributable to owners of the parent (in 100 million) | 68.2  | 81.6  | 19.6           |
| EPS (after retrospective adjustment) (NT\$)                      | 4.09  | 4.89  | 19.6           |
| Gross profit margin (%)  | 4.3   | 4.5   | 4.7            |
| Operating expense ratio (%)                                      | 2.6   | 2.4   | (7.7)          |
| Operating profit margin (%)                                      | 1.8   | 2.2   | 22.2           |
| Return on equity (ROE) (%)                                       | 14.0  | 15.6  | 11.4           |
| Average collection days  | 59    | 64    | 8.5            |
| Inventory turnover (days)  | 41    | 36    | (12.2)         |
| Average payment turnover days                                    | 42    | 40    | (4.8)          |



# Table of Contents

**Letter to Shareholders ..... 2**

**Company Overview..... 6**

**Business overview..... 59**

**Financial Overview ..... 84**

**Financial status, financial performance analysis, and Risk Management ..... 90**

**Special disclosures ..... 98**

**Attachment ..... 105**

# Letter to Shareholders

**Dear Shareholders,**

In 2020, the entire world became besieged by the COVID-19 pandemic which materially hindered economic activities and completely altered the human lifestyle. According to a survey conducted by the International Monetary Fund (IMF), the global economy declined by 3.5% in 2020, which is the largest peace-time shrinkage since the Great Depression!

Although Taiwan is affected by the pandemic to a lesser degree than other countries and regions due to proper epidemic prevention, Synnex faces challenges that are more complex and changeable as its business scope is extended to many countries and regions across the globe. As such, the group headquarters must closely monitor the rapid changes in the pandemic as well as epidemic prevention measures of various countries, and keep abreast of the changes in supply and demand throughout the entire supply chain, so as to be able to analyze and adopt various countermeasures when necessary. For example, in mainland China, where the pandemic was the worst at the beginning of the outbreak, Synnex's operating bases which are located in many different provinces incurred management difficulties due to the closure and resumption of work policies that vary from place to place. Local governments at all levels, moreover, frequently enforce temporary emergency epidemic prevention regulations. In addition to keeping abreast of the latest changes in various locations, the Synnex headquarters furthermore established an "Emergency Order Processing Center" in the shortest time possible. Through remote operation and flexible scheduling of the logistics network, the impact on business operations was minimized, and after the epidemic in mainland China subsided in the second half of the year, business performance quickly revived, making up for losses incurred in the first half of the year. As the epidemic spread to other regions across the world, Australia and New Zealand successively implemented strict epidemic prevention measures beginning from the second quarter. In response, the Synnex Australia and New Zealand teams quickly adapted to the work style of working remotely from home, while the Logistics Center adopted a two-shift system with no contact between the shifts to ensure smooth shipments. This approach not only enabled Synnex Australia to continue operating as usual, its annual performance even bucked the trend by growing an astounding 27%!

The impact of the epidemic is like a high-tensile strength test performed on Synnex's operation management system. Based on the actual outcome, it is apparent that the digital infrastructure Synnex has invested in over the years as well as the systems and group management capabilities that Synnex has developed can withstand the most stringent of tests. For this, I would like to thank all shareholders for their support over the years.

While responding to the epidemic, Synnex has also actively implemented internally phases I and II of the Agility Project, and achieved results that are quite satisfactory. Through digital optimization, we increased the degree of automation of business operation processes and comprehensively improved operational efficiency; We accelerated expanding the breadth and depth of information cascading between upstream and downstream, and promoted cross-enterprise process reformation and digital transformation; We fully utilized AI big data analysis to enhance the intelligence and precision of the operation control mechanism; We also comprehensively applied APP mobile office and mobile service tools to speed up our response to market information and customer needs.

In 2021, Synnex will carry out its fourth strategic transformation in more than 30 years. Through strategic positioning with the "Management Service Platform (MSP)", the leveraging of information stream integration capabilities and various operation management service platforms, we will provide brands, manufacturers, sellers, users, and even

information service providers, financial service providers, and logistics service providers with various business opportunity development services, business operation services as well as analysis and management information services, etc. This new strategic positioning will enable Synnex to utilize its operational management knowledge that has been accumulated for more than 30 years and its operational system mechanism that has matured over the years to, with a new vision, achieve exponentially greater benefits, thereby creating broader possibilities for enterprise development.

Through phases I and II of the Agility Project in 2019 and 2020 respectively, efforts Synnex has made over the past couple years have enabled the Company to become more streamlined and robust, and have provided us with the confidence to be optimistic about this year's business development, for 2021 will be for sure a year in which Synnex takes a great leap forward in terms of business performance! As such, I sincerely ask all shareholders, to continue to encourage and support Synnex's management team, thank you!

Below are the key operational highlights of 2020:

### **1. Revenue and profit**

Synnex's 2020 consolidated revenue was NT\$334.2 billion, representing a 1.7% decrease from the NT\$340 billion in 2019. Operating profit was NT\$7.23 billion, representing a 20.9% growth from the NT\$5.98 billion in 2019. Net profit after tax was NT\$8.16 billion, which is an increase of 19.6% from the NT\$6.82 billion in 2019, and EPS after tax was NT\$4.89, which is up 19.6% from NT\$4.09 in 2019.

### **2. Concrete business results**

- (1) With newly developed businesses exhibiting significant outcomes, out of the group's total revenue (the same below), e-sports products exceeded NT\$20 billion at an annual growth rate of 54%; Cloud service business revenue reached NT\$1.38 billion at an annual growth rate of 26%, while the total number of users exceeded 700,000; Technical service revenue was nearly NT\$1.8 billion at an annual growth rate of 44%; Meanwhile, Internet of Things (IoT) business revenue reached NT\$1 billion, a five-fold increase from 2019.
- (2) We launched the cloud warehouse service business, and through information cascading and logistics network services, we provided one-stop warehousing and delivery services for high-end information products that are large in size and costly to distribute. This enabled us to achieve high operation efficiency and timely and transparent shipping and delivery information to great customer acclaim.
- (3) As our home electronics installation and maintenance service continued to grow and the number of customers served exceeded 800,000, we led the industry by providing electronic payment upon delivery, again upgrading the level of services we provide.
- (4) On the other hand, we continued to expand external information cascading, extend the breadth and depth of information interfacing, and established connections with more than 100 vendors covering major brands, manufacturers, sellers, logistics service providers, financial service providers and government agencies, etc., laying a solid foundation for strategic transformation of the Company through the Management Service Platform.
- (5) We accelerated the introduction of intelligent digital tools, and at the same time utilized the "Data Extraction

techniques" we developed in-house to establish a real-time dashboard for business operations, which greatly improves the efficiency of business operations, and can also accurately control operational losses and risks in real time.

Synnex's important production and marketing policies for 2021 are respectively described as follows:

1. We will continue to increase our presence 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. We will increase our investment in the Australian market, including investing NT\$600 million to build the second phase of the Sydney Logistic Center, which is expected to become operational in 2021 Q4; We are also investing NT\$400 million to purchase 42,975 square meters of land in Melbourne to build Australia's operational headquarters and logistics center.
3. We are actively developing various APP mobile services, improving the efficiency of information transmission, transparentizing various operation process information, thereby providing original equipment manufacturers and customers with real-time operation management and service information of higher precision.
4. We are accelerating digital transformation, and through continuous digital optimization, driving the transformation of employees' personal work patterns, transition of the company's management model and business models, and actively exploring new businesses arising from digital transformation.
5. We will continue investing in R&D and innovation of the operations mechanism and management technology, thus profoundly building the company's core abilities and pioneering new opportunities for enterprise development.

### **Future development strategies**

To create more space for growth, Synnex will strategically position itself as a Management Service Platform (MSP) in the future. The platform will cover brands, manufacturers, sellers, and users, and include financial service providers, logistics service providers, and information service providers to co-create value. With integrating information as the core, we will provide platform partners with information medium services for products and services for both the demand and supply side, as well as business operation management services, inventory management services, logistics management services, technical support services, supplier and customer management services, and decision management information services. Through strategic transformation, and with brand-new strategic thinking and from a strategic perspective, Synnex was able to develop management knowledge and operating system mechanisms over the years, creating greater value and a greater space for development.

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

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

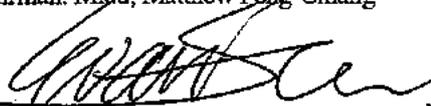
In terms of the regulatory environment, the company has always paid close attention to and grasped important domestic and foreign policies and regulations that may affect the company's finances and business, and adopted appropriate contingency measures to safeguard the company's interests. Among them, for the issuance of important regulations by the IFRS, the company has dedicated staff and consults with professional accountants to ensure the effective compliance with accounting standards. Moreover, although the Based Erosion and Profit Shifting (BEPS) issue caused the government of each nation to formulate strict, relevant laws and regulations according to the OECD, it has had little impact on the company since the company has always operated its channel business in compliance with the local laws and regulations.

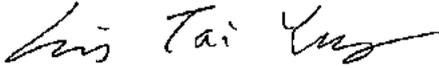
In terms of the overall economic environment, all industries in the global market were impacted by the pandemic in 2020. As the overall economy is gradually recovering from the turmoil, various new normals and business practices adapted to the market have gradually become mainstream. The pandemic accelerated the power of corporate transformation, forcing companies to use digital technologies to increase flexibility to face future challenges and uncertainties. These rigid demands maintained the market enthusiasm, keeping the growth rate of 3C products 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,

  
Chairman: Miao, Matthew Feng-Chiang

  
General Manager: Evans S.W. Tu

  
Senior Director of Finance: Kim Lin

# Company Overview

|             |  |           |
|-------------|--|-----------|
| <b>I.</b>   | <b>Company profile</b> .....   | <b>7</b>  |
| (I)         | Company history.....   | 7         |
| (II)        | Awards and recognitions.....   | 9         |
| <b>II.</b>  | <b>Corporate Governance Report</b> .....   | <b>11</b> |
| (I)         | Organization.....  | 11        |
| (II)        | Information on Directors, General Managers, Vice-General Managers, Assistant Vice-General Manager, and Department and Branch Directors.....  | 14        |
| (III)       | Implementation of corporate governance.....  | 25        |
| (IV)        | Information on CPAs.....   | 51        |
| (V)         | Changes in shareholdings of Directors, Supervisors, managers, and principal shareholders.....  | 52        |
| (VI)        | The relationships between the top ten shareholders:.....   | 53        |
| (VI)        | Comprehensive shareholding ratio of investment entities.....   | 53        |
| <b>III.</b> | <b>Capital and shareholding</b> .....  | <b>54</b> |
| (I)         | Share capital source.....  | 54        |
| (II)        | Category of shares.....  | 54        |
| (III)       | Shareholder structure.....   | 54        |
| (IV)        | Distribution of shareholding.....  | 54        |
| (V)         | List of major shareholders.....  | 55        |
| (VI)        | Market price per share, net assets per share, earnings per share, and dividends.....   | 55        |
| (VII)       | Dividend policy and implementation status.....   | 55        |
| (VIII)      | Uncompensated distribution of shares and its impact on company operation and EPS: Not applicable since the current shareholder's meeting did not propose uncompensated distribution of shares..... | 56        |
| (IX)        | Information on employee bonus and compensation for directors and supervisors.....  | 56        |
| (X)         | Company buyback of shares: None.....   | 57        |
| <b>IV.</b>  | <b>Issuance of global depositary receipts, bonds, preferred shares, and employee stock option</b> .....  | <b>58</b> |
| (I)         | Global depositary receipts.....  | 58        |
| (II)        | Employee stock option certificate: None.....   | 58        |
| (III)       | Restricted stock awards: None.....   | 58        |
| (IV)        | Preferred stocks: None.....  | 58        |
| (V)         | Corporate bonds: None.....   | 58        |
| <b>V.</b>   | <b>Mergers, acquisitions, or issuance of new shares for acquisition of shares of other companies: None.</b>  | <b>58</b> |
| <b>VI.</b>  | <b>Implementation of capital allocation plan</b> .....   | <b>58</b> |
| (I)         | Previously issued or privately held securities that have not been completed: None.....   | 58        |
| (II)        | Completed in the latest three years and the planned benefits have not yet appeared: None.....  | 58        |

# Company Overview

## I. Company profile

### (I) Company history

Date of establishment: September 12, 1988

| Year | Milestones  |
|------|---|
| 1988 | <ul style="list-style-type: none"> <li>Synnex was established with authorized capital of NT\$200 million, and Miao, Matthew Feng-Chiang served as Chairman and Evans S.W. Tu served as General Manager.</li> <li>MIS operations reached real-time requirement</li> </ul>  |
| 1989 | <ul style="list-style-type: none"> <li>Established LEMEL brand</li> <li>NT\$20 million was spent to purchase large mainframe computers and accessories to meet the needs of further computerization</li> <li>Established Kaohsiung and Taichung branches to expand south and central Taiwan business</li> </ul>   |
| 1990 | <ul style="list-style-type: none"> <li>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</li> </ul>   |
| 1991 | <ul style="list-style-type: none"> <li>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</li> </ul>   |
| 1992 | <ul style="list-style-type: none"> <li>Established logistics delivery truck fleet to provide rapid delivery services of "half-day delivery" to customers in the Taipei region</li> </ul>  |
| 1993 | <ul style="list-style-type: none"> <li>Linkou logistics center officially opened</li> <li>Established logistics delivery fleet in central and south regions to provide rapid delivery services to customers in south and central regions</li> <li>Introduced "small quantity, various type and one stop shopping" to the resellers to lower inventory risk for the resellers and enhanced purchasing convenience</li> <li>Introduced LEMEL PC</li> </ul>  |
| 1994 | <ul style="list-style-type: none"> <li>Provided resellers with industry-leading "four half-day" (two days) rapid maintenance services</li> <li>Launched monthly journal of "Synnex's shopping mall" which had become the resellers' must-buy tools</li> </ul>   |
| 1995 | <ul style="list-style-type: none"> <li>Shares officially listed on Taiwan Stock Exchange and became the first listed distributor in Taiwan</li> </ul>   |
| 1996 | <ul style="list-style-type: none"> <li>Excellent operational performance caused the largest increase in stock price in 362 listed companies in the first half year</li> </ul>   |
| 1997 | <ul style="list-style-type: none"> <li>Provide rapid maintenance services of "repair tonight, retrieve the day after tomorrow" to customers</li> <li>Telecom resellers reached 3000</li> <li>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</li> </ul>  |
| 1998 | <ul style="list-style-type: none"> <li>The 2nd warehouse with highly automated warehousing operations in Linkou logistics center completed and started operation</li> <li>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</li> <li>Established Australian subsidiary to expand reach to Australian market</li> </ul>  |
| 1999 | <ul style="list-style-type: none"> <li>Established "cellular phone rapid repair center" throughout Taiwan to provide customers with "30-minute cellular phone repair services"</li> <li>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</li> <li>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</li> </ul>   |
| 2000 | <ul style="list-style-type: none"> <li>Provide customers with "cellular phone 2-year warranty" services</li> <li>The 3rd warehouse in Linkou logistics center completed and started operation; it is an automated warehouse</li> <li>Launched "Synnex e-City" website and "Dedicated website for Synnex resellers" to develop electronic marketing and electronic services</li> <li>Considering Synnex's valuable management experience, Shang-Xun Culture Co., Ltd. decided to publish "The stagecoach that never stops"</li> </ul>  |
| 2001 | <ul style="list-style-type: none"> <li>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</li> <li>The 5,200 ping (approx. 17,189.64 square meters) logistics center in Australia officially began operations</li> <li>With "cellular phone rapid repair center" upgraded to "Synnex maintenance center," Synnex has expanded its maintenance services to all 3C products sold</li> <li>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</li> <li>Develop logistic service provider (LSP) business</li> </ul> |

(Continued on next page)

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| Year | Milestones  |
|------|---|
| 2002 | <ul style="list-style-type: none"> <li>▪ The 2,700 ping (approx. 8,925.39 square meters) logistics center in Thailand began operations</li> <li>▪ 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</li> <li>▪ Conduct stock swap strategy with BestCom Infotech Corporation to cultivate IT commercial market in Taiwan</li> </ul>   |
| 2003 | <ul style="list-style-type: none"> <li>▪ Logistics center in Australia and Thailand has introduced CTO production mechanism to provide customers with customized PC services</li> <li>▪ Conducted large-scale brand marketing with the outstanding services of Synnex products</li> <li>▪ The consolidated turnover has exceeded NT\$100 billion, reaching NT\$108.2 billion</li> </ul>   |
| 2004 | <ul style="list-style-type: none"> <li>▪ Acquired and merged Yongkang Enterprises and Teampo Tech Co., Ltd. to expand components and parts business scale</li> <li>▪ 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</li> </ul>  |
| 2005 | <ul style="list-style-type: none"> <li>▪ Shanghai logistics center began operations</li> <li>▪ Established New Zealand subsidiary</li> </ul>  |
| 2006 | <ul style="list-style-type: none"> <li>▪ The operation of Linkou logistics center, warehouse E, was officially launched; it has doubled the operation capacity</li> <li>▪ Established consumer electronics business department, which is another core business after components, IT, and Telecom.</li> </ul>  |
| 2007 | <ul style="list-style-type: none"> <li>▪ Obtained Nokia cellular phone's exclusive distribution rights in the China region, officially opening the overseas market for Telecom business</li> <li>▪ Thailand logistics center introduced automated warehousing operations</li> </ul>   |
| 2008 | <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ Components and parts business has completed the comprehensive update of computer systems; the operation efficiency of components has been enhanced</li> </ul>   |
| 2009 | <ul style="list-style-type: none"> <li>▪ Synnex logistics centers in Nanjing, Chengdu, and Beijing officially began operations</li> <li>▪ Consolidated turnover has exceeded NT\$200 billion, reaching NT\$220.7 billion</li> </ul>   |
| 2010 | <ul style="list-style-type: none"> <li>▪ Shenyang, Tianjin, and Hangzhou logistics centers officially began operations</li> <li>▪ 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</li> <li>▪ 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</li> </ul> |
| 2011 | <ul style="list-style-type: none"> <li>▪ Xian and Qingdao City logistics centers officially began operations</li> <li>▪ Consolidated turnover has exceeded NT\$300 billion, reaching NT\$312.6 billion</li> </ul>   |
| 2012 | <ul style="list-style-type: none"> <li>▪ Suzhou, Guangzhou, Wuhan, and Zhengzhou logistics centers officially began operations</li> <li>▪ A comprehensive computer system update was completed in Australia to enhance effectiveness of operational management</li> </ul>   |
| 2013 | <ul style="list-style-type: none"> <li>▪ The consolidated revenue reached record high at NT\$330.3 billion</li> </ul>   |
| 2014 | <ul style="list-style-type: none"> <li>▪ Sydney (Australia) logistics center officially began operations</li> <li>▪ Hefei (China) logistics center officially began operations</li> <li>▪ Xiamen (China) logistics center began operations</li> </ul>   |
| 2015 | <ul style="list-style-type: none"> <li>▪ Nanchang (China) logistics center officially began operations</li> <li>▪ Jinan (China) logistics center officially began operations</li> <li>▪ Harbin (China) logistics center began operations</li> </ul>   |
| 2016 | <ul style="list-style-type: none"> <li>▪ Changsha (China) logistics center officially began operations</li> <li>▪ Ningbo (China) logistics center officially began operations</li> <li>▪ Acquisition of BestCom Infotech Corporation was completed to enhance its future revenues, technical services, and business opportunities for the commercial network brand distribution</li> <li>▪ Synlogics Service Corp. was established to expand the logistics business</li> </ul>  |
| 2017 | <ul style="list-style-type: none"> <li>▪ Established Synnex FPT and officially entered the Vietnam market through a strategic partnership with the biggest ICT integrator FPT Corporation</li> <li>▪ Invested in the construction of Indonesia logistics center</li> </ul>  |
| 2018 | <ul style="list-style-type: none"> <li>▪ 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</li> </ul>   |
| 2019 | <ul style="list-style-type: none"> <li>▪ Synnex Metrodata Indonesia Jakarta logistics center officially began operations</li> </ul>   |
| 2020 | <ul style="list-style-type: none"> <li>▪ Synnex Corp. US, one of Synnex's joint venture, was divided into Synnex Corporation and Concentrix, two publicly listed companies.</li> </ul>  |

**(II) Awards and recognitions**

| Year | Awards   |
|------|--|
| 1991 | <ul style="list-style-type: none"><li>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</li></ul>  |
| 1998 | <ul style="list-style-type: none"><li>Both Miao, Matthew Feng-Chiang 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"</li><li>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"</li></ul>  |
| 1999 | <ul style="list-style-type: none"><li>Synnex has been listed by Asiamoney as one of top 50 "Best Managed Companies" in Asia-Pacific region</li></ul>   |
| 2000 | <ul style="list-style-type: none"><li>The Thailand subsidiary has been named by Computer Association of Thailand as "Thailand's best distributor" and "Best marketing performance award"</li></ul>   |
| 2001 | <ul style="list-style-type: none"><li>One of 15 companies to be selected for Microsoft's Windows Embedded Partner Gold Program</li></ul>   |
| 2002 | <ul style="list-style-type: none"><li>Ranked #8 among 2001 Taiwan's top 500 service companies in Commonwealth Magazine and Business Weekly</li><li>Ranked #4 among the top 100 IT Company listing in Businessweek magazine</li><li>Computer Weekly reported that Synnex is considered by 3C retailers to be the best channel distributor</li></ul>   |
| 2003 | <ul style="list-style-type: none"><li>Ranked by Interbrand as "Taiwan Top 10 Global Brands"; of the 10 brands, Synnex is the only brand in the service sector</li><li>Selected by industry, official, and university professionals who were invited by Commonwealth Magazine and Accenture for the "Outstanding Service Award"</li><li>Named by Commonwealth Magazine as "Benchmark Enterprise"</li><li>Voted by analysts and fund managers of major global financial institutions as the third "Taiwan's best managed company" in Asiamoney Magazine</li><li>Ranked #56 among the top 100 IT Company listing in Businessweek magazine</li><li>Ranked by Business Weekly as the 2002 largest IT/Telecom/IC channel services provider in Taiwan</li></ul> |
| 2004 | <ul style="list-style-type: none"><li>Ranked by new Micro Electronics magazine as "Top 10 outstanding electronics component distributor" in 2004 in Taiwan</li><li>Ranked #36 among Top 1000 Cross-Strait Listing Firms by Business Weekly in 2003</li><li>Ranked #7 among 500 service companies listing in Business Weekly in Taiwan in 2003</li><li>The subsidiary in Australia was ranked #20 as "50 Companies with Good Asset Use" by BRW magazine</li></ul>   |
| 2005 | <ul style="list-style-type: none"><li>Ranked #8 in "Taiwan Top 10 Global Brands" by Interbrand</li><li>Ranked #11 among 500 service companies listing in Commonwealth Magazine in Taiwan in 2004</li><li>Named by Commonwealth Magazine as "Benchmark Enterprise"</li><li>Ranked #11 among 500 service companies listing in Business Weekly in Taiwan in 2004</li></ul>  |
| 2006 | <ul style="list-style-type: none"><li>Ranked #15 among 500 service companies listing in Business Weekly in Taiwan in 2005</li><li>Ranked #7 among 500 service companies listing in Commonwealth Magazine in Taiwan in 2005</li><li>Named by Commonwealth Magazine as "Benchmark Enterprise"</li><li>Awarded "Gold sales award" by China's China Marketing magazine</li><li>Awarded by China's "Computer products and distribution" as gold list award of 10 outstanding distributors</li><li>Ranked #2 in distributors among the top 100 IT company listing in China by Computer Business Information</li></ul>  |
| 2007 | <ul style="list-style-type: none"><li>Named by Commonwealth Magazine as "Most Admired Company" in 2007</li><li>Ranked #7 among 500 service companies listing in Commonwealth Magazine in Taiwan in 2006</li><li>Ranked #1 among electronics distributors and #73 among Top 1000 Cross-Strait Listing Firms by Business Weekly in 2006</li><li>Ranked #11 in "Taiwan Top Global Brands" by Interbrand</li></ul>   |
| 2008 | <ul style="list-style-type: none"><li>Named by Commonwealth Magazine as "Most Admired Company" in 2008</li><li>Ranked #6 among 500 service companies listing in Commonwealth Magazine in Taiwan in 2007</li><li>Ranked #24 among "Top 50 Chinese consumer brands" by Business Today in 2008</li><li>Ranked #9 in "Taiwan Top Global Brands" by Interbrand</li><li>Evans S.W. Tu was awarded by National Chiao Tung University as Top 50 Most influential Alumni</li></ul>  |
| 2009 | <ul style="list-style-type: none"><li>Ranked #9 in "Taiwan Top Global Brands" by Interbrand</li><li>Ranked #7 among Taiwan's top 500 service companies in Commonwealth Magazine in 2008</li><li>Named by Commonwealth Magazine as "Most Admired Company" in 2008 for the seventh consecutive year</li><li>Ranked #8 in "Investor Satisfaction" among "Taiwan Technology Best 100 Companies" by Business Next in 2008</li></ul>   |

(Continued on next page)

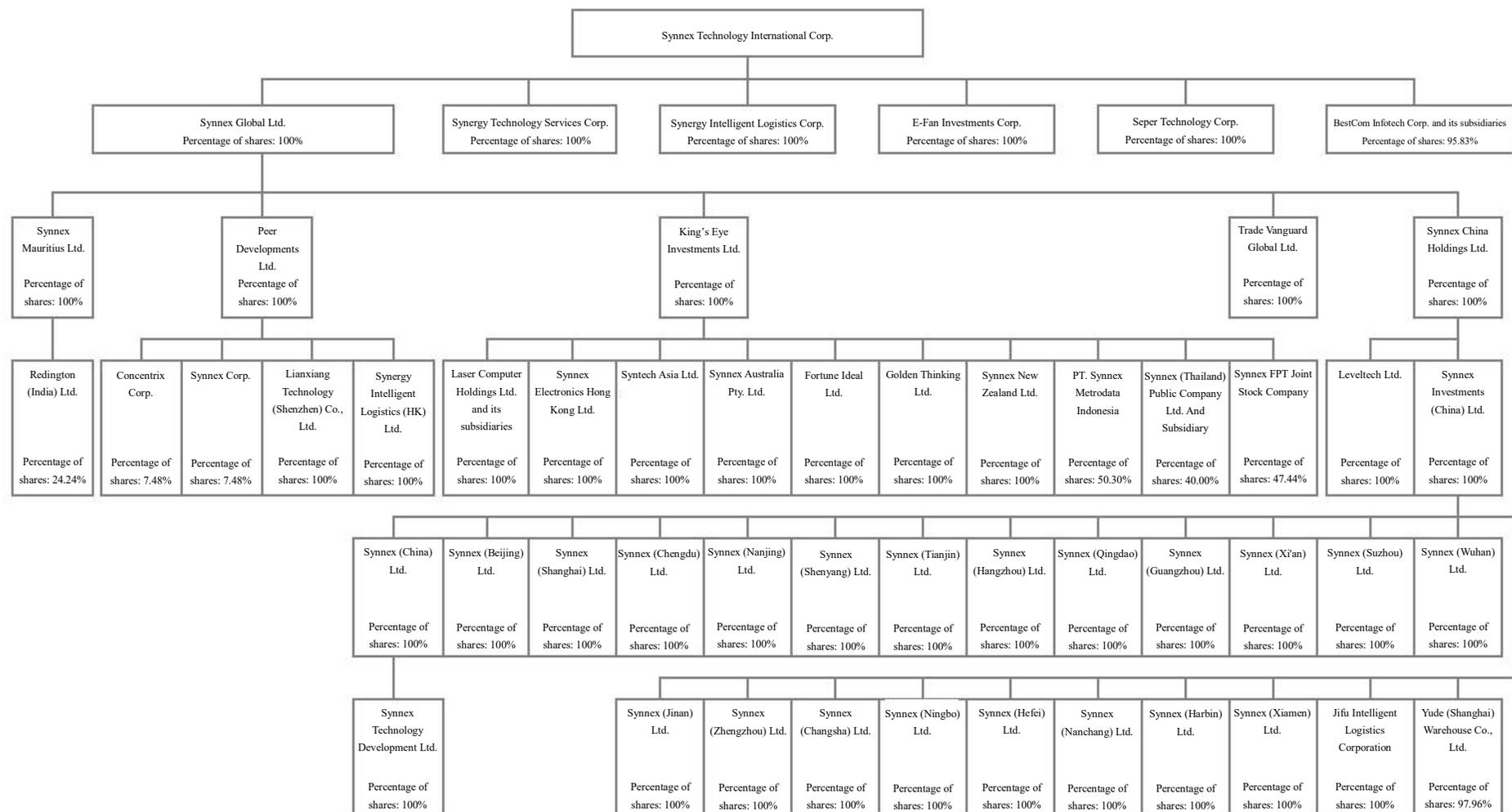
(Continued from previous page)

| Year        | Awards  |
|-------------|---|
| <b>2010</b> | <ul style="list-style-type: none"> <li>▪ Ranked #9 in "Taiwan Top Global Brands" by Interbrand</li> <li>▪ Named by Commonwealth Magazine as "Most Admired Company" in 2010 for the eighth consecutive year</li> <li>▪ 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</li> <li>▪ Turnover ranked #3 among "Top 50 Cross-Strait Listed Distributors" by Business Today in 2010</li> <li>▪ 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</li> <li>▪ Ranked #37 among "The Tech 100" by Bloomberg Businessweek in 2010</li> </ul> |
| <b>2011</b> | <ul style="list-style-type: none"> <li>▪ Ranked #9 in "Taiwan Top Global Brands" by Interbrand with a brand value of US\$317 million</li> <li>▪ Awarded with the "Taiwan's 100 major brands" by the Ministry of Economic Affairs</li> <li>▪ Named by Commonwealth Magazine as "Most Admired Company" in 2011 for the ninth consecutive year</li> <li>▪ Ranked #6 in a 2011 survey of Taiwan's top 500 service companies carried out by Commonwealth Magazine</li> </ul>   |
| <b>2012</b> | <ul style="list-style-type: none"> <li>▪ Ranked #8 in "Taiwan Top Global Brands" by Interbrand with a brand value of US\$339 million</li> <li>▪ Named by Commonwealth Magazine as "Most Admired Company" in 2012 for the tenth consecutive year</li> <li>▪ Ranked #6 among Taiwan's top 500 service companies in Commonwealth Magazine; also, ranked in the 7th place of the "Most Profitable Service Companies"</li> </ul>   |
| <b>2013</b> | <ul style="list-style-type: none"> <li>▪ Ranked #9 in "Taiwan Top Global Brands" by Interbrand with a brand value increased by 2% YoY to US\$345 million</li> <li>▪ Named by Commonwealth Magazine as "Most Admired Company" in 2013 for the 11th consecutive year</li> <li>▪ Ranked by Commonwealth Magazine as 6th within service industry in the top 2000 companies in 2013</li> </ul>   |
| <b>2014</b> | <ul style="list-style-type: none"> <li>▪ Ranked #9 in "Taiwan Top Global Brands" by Interbrand with a brand value of US\$345 million</li> <li>▪ Named by Commonwealth Magazine as "Most Admired Company" in 2014 for the 12th consecutive year</li> <li>▪ Ranked by Commonwealth Magazine as 6th within service industry in the top 2000 companies in 2014</li> </ul>   |
| <b>2015</b> | <ul style="list-style-type: none"> <li>▪ Ranked #11 in "Taiwan Top Global Brands" by Interbrand with a Brand of US\$337 million</li> <li>▪ Ranked by Commonwealth Magazine as 5th within service industry in the top 2000 companies in 2015</li> </ul>  |
| <b>2016</b> | <ul style="list-style-type: none"> <li>▪ Evans S.W. Tu was chosen as a "Taiwan Top 50 Best-Performing CEOs" by the Harvard Business Review</li> <li>▪ 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</li> <li>▪ Ranked by Commonwealth Magazine as 4th within service industry in the top 2000 companies in 2016</li> </ul>  |
| <b>2017</b> | <ul style="list-style-type: none"> <li>▪ 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</li> <li>▪ Ranked by Commonwealth Magazine as 4th within service industry in the top 2000 companies in 2017</li> </ul>   |
| <b>2018</b> | <ul style="list-style-type: none"> <li>▪ 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</li> <li>▪ Evans S.W. Tu ranked 7th among the "Taiwan Top 50 Best-Performing CEOs" by the Harvard Business Review</li> </ul>  |
| <b>2019</b> | <ul style="list-style-type: none"> <li>▪ 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</li> </ul>  |
| <b>2020</b> | <ul style="list-style-type: none"> <li>▪ The only channel service brand to win the "Taiwan Best 20 Global Brands" for 18 consecutive years with a brand value of US\$314 million</li> <li>▪ Evans S.W. Tu ranked 4th among the "Taiwan Top 100 Best-Performing CEOs" by the Harvard Business Review</li> <li>▪ Evans S.W. Tu was named an ITRI Laureate</li> <li>▪ Evans S.W. Tu Receives "Technology Management Award" from Chinese Society for Management of Technology</li> </ul>  |
| <b>2021</b> | <ul style="list-style-type: none"> <li>▪ National Chiao Tung University Confers Honorary Doctorate to Evans S.W. Tu</li> </ul>  |

## II. Corporate Governance Report

### (I) Organization

#### ● Group structure 2020.12.31



## Basic information of group

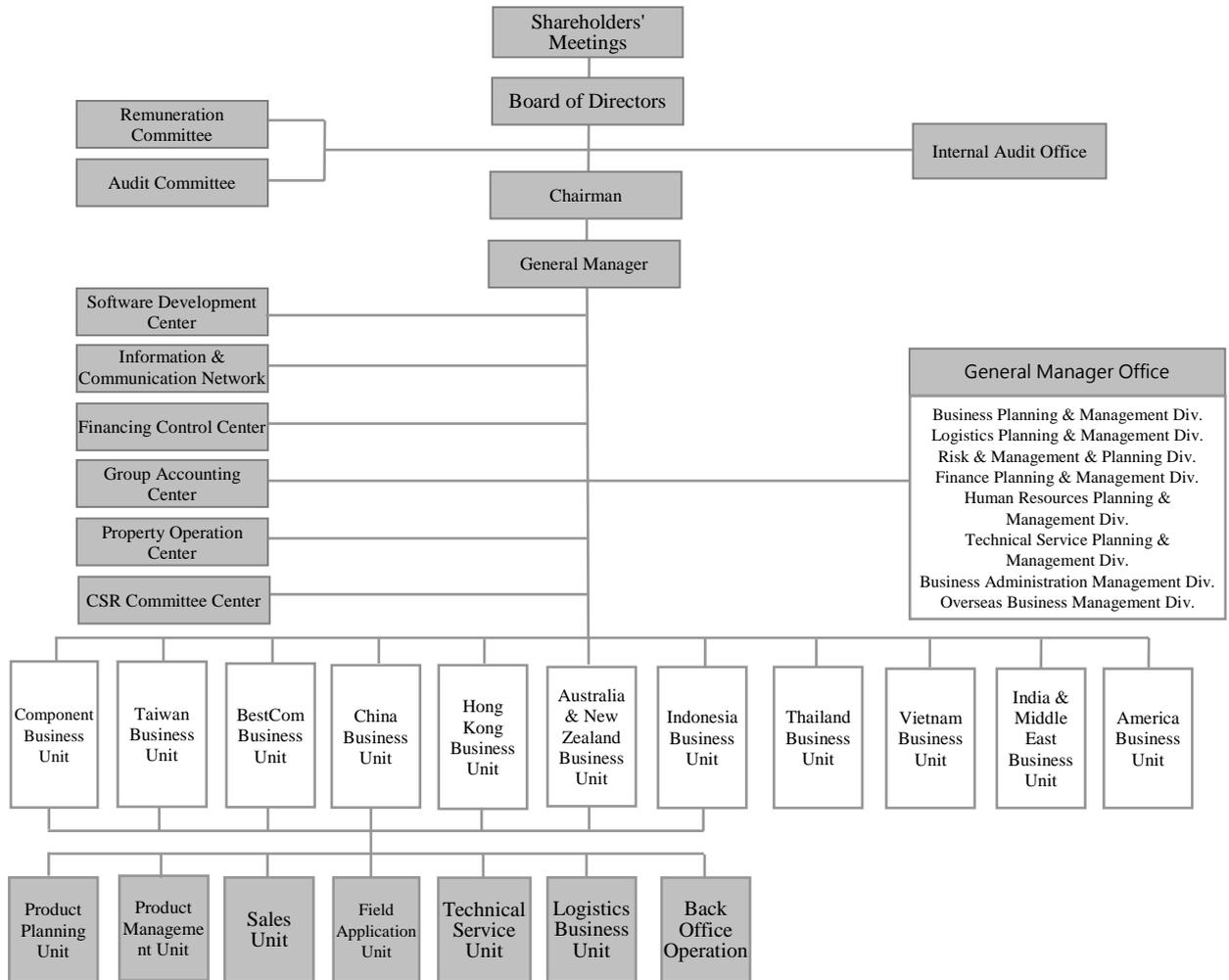
### companies

2020.12.31 Unit: thousand

| Company name  | Date of establishment | Location               | Capital | Main businesses or production items |  |
|---|-----------------------|------------------------|---------|-------------------------------------|--|
| Seper Technology 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                         |
| Synergy Technology Services Corporation                     | 2020.04.24            | Taipei City            | NTD     | 1,000                               | Repair and technical services                              |
| BestCom Infotech Corp. and its subsidiaries                 | 1987.01.13            | Taipei City            | NTD     | 1,032,033                           | 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   |
| Leveltech Ltd.  | 2020.11.19            | Hong Kong              | USD     | 300                                 | Sale of IC component products                              |
| 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            | Shenyang, 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                         |
| Jifu Intelligent Logistics Corporation                      | 2018.06.08            | Shanghai, China        | RMB     | 50,000                              | Warehousing and logistics services                         |
| 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  |
| 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 (Note) | 1988                  | Thailand               | THB     | 847,361                             | Sale of 3C products  |
| Synnex FPT Joint Stock Company (Note)                       | 2009                  | Vietnam                | VND     | 1,188,400,000                       | Sale of 3C products  |
| Redington (India) Ltd. (Note)                               | 1961                  | India                  | INR     | 778,175                             | Sale of 3C products  |
| Synnex Corporation (Note)                                   | 1980                  | USA                    | USD     | 54                                  | Sale of 3C products  |
| Concentrix Corporation (Note)                               | 1983                  | USA                    | USD     | 5                                   | Business process professional outsourcing services         |
| 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                         |

Note: 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.

**General Manager 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.

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

## (II) Information on Directors, General Managers, Vice-General Managers, Assistant Vice-General Manager, and Department and Branch Directors

### ● Information on Directors

2021.04.05

| Title Name                                   | Gender | Nationality or place of registration | Date elected | Term (Year) | First elected date | Shares held during election |       | Current shareholding  |       | Current shares held by spouse and underage children |      | Shareholding by nominee arrangement |   | Remarks                           |
|--|--------|--------------------------------------|--------------|-------------|--------------------|-----------------------------|-------|-----------------------|-------|---|------|-------------------------------------|---|-----------------------------------|
|  |        |                                      |              |             |                    | Shares                      | %     | Shares                | %     | Shares  | %    | Shares                              | % |                                   |
| Chairman/<br>Miao,<br>Matthew<br>Feng-Chiang | Male   | USA                                  | 2018.6.12    | 3           | 1988.9.1           | 31,772,004                  | 1.90  | 28,452,004            | 1.71  | -   | -    | -                                   | - |                                   |
| Director/<br>Evans S.W.<br>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/<br>Yang,<br>Hsiang-Yun             | Female | ROC                                  | 2018.6.12    | 3           | 2015.6.12          | 232,246,054<br>(Note)       | 13.92 | 255,321,054<br>(Note) | 15.31 | -   | -    | -                                   | - | - Representative of<br>MITAC Inc. |
| Director/<br>Chou The-<br>Chien              | Male   | ROC                                  | 2018.6.12    | 3           | 2015.6.12          | 232,246,054<br>(Note)       | 13.92 | 255,321,054<br>(Note) | 15.31 | -   | -    | -                                   | - | - Representative of<br>MITAC Inc. |
| Independent<br>Director/<br>Yungdu Wei       | Male   | ROC                                  | 2018.6.12    | 3           | 2012.6.13          | -                           | -     | -                     | -     | -   | -    | -                                   | - |                                   |
| Independent<br>Director/<br>Yojun Jiao       | Male   | ROC                                  | 2018.6.12    | 3           | 2012.6.13          | -                           | -     | -                     | -     | -   | -    | -                                   | - |                                   |
| Independent<br>Director/<br>Anping<br>Chang  | Male   | ROC                                  | 2018.6.12    | 3           | 2012.6.13          | -                           | -     | -                     | -     | -   | -    | -                                   | - |                                   |

Note: It is the shareholding of the corporate shareholder.

| Title Name                               | Main experience (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<br>Miau, Matthew<br>Feng Chiang | President, UPC Technology Corp.<br>President, Linde Lienhwa Industrial Gases Co., Ltd.<br>Chairman, SYNEX Corporation<br>Independent Director, Galileo International, Inc.<br>Independent Director, The BOC Group Plc<br>Independent Director, Linde AG<br>Delegate, APEC Business Advisory Council (ABAC)<br>Convener, Civil Advisory Committee of National Information & Communications Initiatives (NICI) | Honorary Ph.D., National Chiao Tung University<br>MBA, Santa Clara University<br>BSEE, University of California, Berkeley<br>Laureate of Industrial Technology Research Institute (ITRI) | Chairman and CSO, Lien Hwa Industrial Holdings Corp..<br>Chairman and CSO, UPC Technology Corp.<br>Chairman and Overseas Operation CEO, Synnex Technology International Corp.<br>Chairman and CSO, MiTAC Holdings Corp.<br>Chairman and CEO, MiTAC Inc.<br>Director, Getac Technology Corp.<br>Director, MiTAC Information Technology Corp.<br>Director, Linde Lienhwa Industrial Gases Co., Ltd.<br>Independent Director, Cathay Financial Holding Co. Ltd. | Independent Director, Cathay Century Insurance Co., Ltd.<br>Independent Director, Cathay United Bank Company Limited<br>Director, SYNEX Corporation<br>Director, CTCI Foundation | None         | None | None |
| Director<br>Evans S.W. Tu                | President, Micro Electronics Corp.<br>Vice President, MiTAC Inc.<br>Adjunct Professor, National Chiao Tung University  | B.S., Department of Electrical and Control Engineering, National Chiao Tung University<br>ITRI Laureate<br>Honorary Doctoral Degree, National Chiao Tung University                      | President, Synnex Technology International Corp.<br>Chairman, Seper Technology Corp.<br>Director, Bestcom Infotech Corp.<br>Chairman, E-Fan Investments Corp.  | Director, Synergy Intelligent Logistics Corp.<br>Supervisor, MiTAC Information Technology Corp.<br>Supervisor, MiTAC Inc.<br>Director, Tunghai University                        | None         | None | None |
| Director<br>Yang, Hsiang-Yun             | Financial Assistant to the Chairman, MITAC INTERNATIONAL CORPORATION<br>CFO, MITAC INTERNATIONAL CORPORATION<br>Chief Corporate Governance Officer, MiTAC Holdings Corporation<br>Vice President of Investment Dept, MITAC INTERNATIONAL CORPORATION   | M.B.A., National Taiwan University   | CFO, MiTAC-SYNEX Group<br>Director, Synnex Technology International Corporation<br>Director, ARES International Corporation  | Chairman, JIAN FOODS INCORPORATION<br>Chairman, Lian Yuan Investment Co., Ltd.<br>Director, Y.S. Educational Foundation<br>Supervisor, Waffer Technology Corporation             | None         | None | None |
| Director<br>Chou The-Chien               | Investment Special Assistant to Chairman, MiTAC International Corp.  | PhD of engineering, Rutgers, The State University of New Jersey  | Director, National Aerospace Fasteners Corporation<br>Director, MiTAC Information Technology Corp.<br>Director, Concentrix Corporation   | Director, Getac Technology Corp.<br>Supervisor, MiTAC Inc.<br>Supervisor, Waffer Technology Corp.  | None         | None | None |

|                      |  |   |   |  |      |      |      |
|----------------------|--|---|---|--|------|------|------|
| Independent Director | Acting Director, System Board Internal Audit of Georgia University   | President and Honorary President, Deloitte Taiwan                         | Chairman, Yongqin Industrial Company  | Director, Vanguard International Semiconductor Corp.   | None | None | None |
| Yungdu Wei           | Dean of Finance & Accounting, Georgia Southern University–Armstrong Campus<br>Director, Deloitte Touche Tohmatsu | CPA of ROC<br>CPA of Georgia, U.S.<br>U.S. Internal Auditor               | Director, MiTAC Holdings Corp.<br>Director, Iron Force Industrial Co., Ltd.<br>Independent Director, Far Eastern Department Stores Ltd. | Independent Director, Cathay Financial Holdings<br>Independent Director, Cathay United Bank<br>Independent Director, Cathay Securities Corporation |      |      |      |
| Independent Director | Chairman, Walsin Lihwa Corp.   | Master of Electrical Engineering, University of Washington                | Chairman and CEO, Winbond Electronics Co., Ltd.   | Director, Walsin Technology Corp.  | None | None | None |
| Yojun Jiao           | Chairman and Remuneration Committee Member, Capella Microsystems Inc.  | Bachelor of Telecommunication Engineering, National Chiao Tung University | Director, Nuvoton Technology Corp.<br>Director, Walsin Lihwa Corp.  | Independent Director, Taiwan Cement Corp.<br>Director, MiTAC Holdings Corp.  |      |      |      |
| Independent Director | Chairman, Chia Hsin Cement Corp.   | Master of Institute of Business Administration, New York University       | Chairman, Taiwan Cement Corp.<br>Chairman, Ho-Ping Power Company<br>Chairman, E-one Moli Energy Corp.<br>Director, Ta-Ho Maritime Corp. | Director, Taiwan Transport & Storage Co., Ltd<br>Director, Chia Hsin R.M.C. Corporation<br>Director, CTCI<br>Managing Director, O-Bank Co., Ltd.   | None | None | None |
| Anping Chang         | Vice Chairman, Taiwan Cement Corp.   |   |   |  |      |      |      |

Note: 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 institutional directors**

2021.04.05

| Name of institutional director | Major shareholders of the institutional directors (Note 1)  |
|--------------------------------|---|
| MiTAC Inc. (Note 2)            | Lien Hwa Industrial Holdings Corp. 35.24%<br>Synnex Technology International Corp. 18.36%<br>Mei-An Investment Corp. 10.54%<br>MiTAC International Corp. 8.69%<br>Tsu Fung Investment Co., Ltd. 5.36%<br>Ai-Chen Hsu 1.97%<br>Hua Cheng Investment Corp. 1.92%<br>Pao Shin International Investment Co., Ltd. 1.18%<br>Miau, Matthew Feng-Chiang 1.08%<br>Yih Fong Investment Corp. 0.75% |

Note 1: If the major shareholder is a legal person, then fill in the top ten shareholders, as detailed in the table below.

Note 2: The information on the ex-dividend date of the 2020 shareholders' meeting.

● **Major shareholders who are institutional directors and their major shareholders**

2021.04.05

| Name of major shareholders of the institutional directors | Their major shareholders  |
|---|---|
| Lien Hwa Industrial Holdings Corp. (Note)                 | UPC Technology Corp. 9.68%<br>Yih Yuan Investment Corp. 9.14%<br>Yih Fong Investment Corp. 4.86%<br>Jason Chow 3.32%<br>Miau, Matthew Feng Chiang 3.19%<br>John Miao 3.18%<br>Feng-Chuan Miao 3.02%<br>Y.S. Education Foundation 3.00%<br>Lien Hwa Industrial Holdings Corp. Employee Welfare Committee 2.82%<br>MiTAC International Corp. 2.79%  |
| Synnex Technology International Corp.                     | MiTAC Inc. 15.31%<br>Yuanta Taiwan Dividend Plus ETF account 3.44%<br>Morgan Stanley Capital International managed account with HSBC (Taiwan) acting as custodian bank 3.15%<br>Fubon Life Insurance Co., Ltd. 3.07%<br>Lien Hwa Industrial Holdings Corp. 2.99%<br>Evans S.W. Tu 2.17%<br>China Life Insurance Co., Ltd. (Investment Department) 1.97%<br>Rong Syuan Investments Co., Ltd. 1.85%<br>Miau, Matthew Feng Chiang 1.71%<br>Farglory Life Insurance Co., Ltd. 1.24% |
| Mei-An Investment Corp.                                   | VISION QUEST OVERSEAS LTD. 82.25%<br>JUMPSTART INVESTMENTS LTD. 16.67%<br>Other 1.08%   |
| MiTAC International Corp.                                 | MiTAC Holdings Corp. 100%   |
| Tsu Fung Investment Co., Ltd.                             | MiTAC International 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%  |

Note: The information on the ex-dividend date of the 2020 shareholders' meeting.

● **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 |
|--|---|---|---|-------------------------------------|---|---|---|---|---|---|---|---|----|----|----|--|
|  | 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<br>Miau, Matthew<br>Feng Chiang |   |   | V   |                                     |   |   |   | V | V |   | V | V | V  | V  | V  | 2 (Note 2)   |
| Director<br>Evans S.W. Tu                |   |   | V   |                                     |   |   |   | V | V |   | V | V | V  | V  | V  | -  |
| Director<br>Yang, Hsiang-Yun             |   |   | V   | V                                   | V | V |   |   | V | V | V | V | V  | V  |    | -  |
| Director<br>Chou The-Chien               |   |   | V   | V                                   | V | V |   |   | V | V | V | V | V  | V  |    | -  |
| Independent Director<br>Yungdu Wei       | V   |   | V   | V                                   | V | V | V | V | V | V | V | V | V  | V  | V  | 3 (Note 2)   |
| Independent Director<br>Yojun Jiao       |   |   | V   | V                                   | V | V | V | V | V | V | V | V | V  | V  | V  | 1  |
| Independent Director<br>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, general manager, 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 the General Managers, Vice-General Managers, Assistant General Managers, and Department and Branch Directors**

2021.04.05

Unit: Shares/%

| Title Name                        | Gender | Nationality | Date of appointment (Note 1) | Shareholding (Note 2) |      | Shares held by spouse and underage children (Note 2) |      | Main experience (education)  | Current positions in other companies   | Managerial officer who is a spouse or a relative within second degree |      |              |
|-----------------------------------|--------|-------------|------------------------------|-----------------------|------|--|------|--|--|---|------|--------------|
|                                   |        |             |                              | Shares                | %    | Shares   | %    |  |  | Title   | Name | Relationship |
| General Manager<br>Evans S.W. Tu  | Male   | ROC         | 1988.9.12                    | 36,156,381            | 2.17 | 1,587,245  | 0.10 | Honorary Doctoral Degree, National Chiao Tung University<br>ITRI Laureate<br>B.S., Department of Electrical and Control Engineering, National Chiao Tung University<br>General Manager, Micro Electronics Corp.<br>Vice-General Manager, MiTAC Inc.<br>Adjunct Professor, National Chiao Tung University | President, Synnex Technology International Corp.<br>Chairman, Seper Technology Corp.<br>Chairman, E-Fan Investments Corp.<br>Director, Bestcom Infotech Corp.<br>Director, Synergy Intelligent Logistics Corp.<br>Director, Tunghai University<br>Supervisor, MiTAC Inc.<br>Supervisor, MiTAC Information Technology Corp. | None  | None | None         |
| Vice-General Manager<br>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-General Manager<br>Rex Shiue | Male   | ROC         | 2011.12.26                   | 383,787               | 0.02 | -  | -    | Manager, Micro Electronics Corp.<br>National Taiwan University of Science and Technology, Industrial Management Department<br>Bachelor's degree  | -  | None  | None | None         |

|   |      |     |              |            |      |   |   |   |   |      |      |      |
|---|------|-----|--------------|------------|------|---|---|---|---|------|------|------|
| Overseas<br>Operation<br>CEO<br>Miau,<br>Matthew<br>Feng-Chiang | Male | USA | 2005.<br>4.1 | 28,452,004 | 1.71 | - | - | Honorary Ph.D.,<br>National Chiao Tung<br>University<br>MBA, Santa Clara<br>University<br>BSEE, University of<br>California, Berkeley<br>Laureate of Industrial<br>Technology Research<br>Institute (ITRI)<br>President, UPC<br>Technology Corp.<br>President, Linde<br>Lienhwa Industrial<br>Gases Co., Ltd.<br>Chairman, SYNEX<br>Corporation<br>Independent Director,<br>Galileo International,<br>Inc.<br>Independent Director,<br>The BOC Group Plc.<br>Independent Director,<br>Linde AG<br>Delegate, APEC<br>Business Advisory<br>Council (ABAC)<br>Convener, Civil<br>Advisory Committee of<br>National Information &<br>Communications<br>Initiatives (NICI)<br>Chairman and CSO,<br>Lien Hwa Industrial<br>Holdings Corp. | Chairman and CSO,<br>UPC Technology<br>Corp.<br>Chairman and<br>Overseas Operation<br>CEO, Synnex<br>Technology<br>International Corp.<br>Chairman and CSO,<br>MiTAC Holdings<br>Corp.<br>Chairman and CEO,<br>MiTAC Inc.<br>Director, Getac<br>Technology Corp.<br>Director, MiTAC<br>Information<br>Technology Corp.<br>Director, Linde<br>Lienhwa Industrial<br>Gases Co., Ltd.<br>Independent Director,<br>Cathay Financial<br>Holding Co. Ltd.<br>Independent Director,<br>Cathay Century<br>Insurance Co., Ltd.<br>Independent Director,<br>Cathay United Bank<br>Company Limited<br>Director, SYNEX<br>Corporation<br>Director, CTCI<br>Foundation | None | None | None |
| Assistant<br>General<br>Manger<br>Chih Ching<br>Su              | Male | ROC | 2019.5.10    | 3,150      | 0.00 | - | - | Bachelor of Law,<br>National Chengchi<br>University   | Director, Seper<br>Technology Corp.<br>Director, E-Fan<br>Investments Corp.<br>Director, Synergy<br>Intelligent Logistics<br>Corp.<br>Supervisor, BestCom<br>Infotech Corp.   | None | None | None |
| Senior<br>Director of<br>Finance<br>Kim Lin                     | Male | ROC | 2020.7.1     | -          | -    | - | - | B.S., Department of<br>Accounting and<br>Statistics, National<br>Chengchi University<br>Manager of PwC<br>Taiwan  | Director, E-Fan<br>Investments Corp.<br>Supervisor, Seper<br>Technology Corp.<br>Supervisor, Synergy<br>Intelligent Logistics<br>Corp.  | None | None | None |

Note 1: Start date indicates the date on board; no indication will be made if the title changed during the period.

Note 2: 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 38 of the company policy and may not exceed 1% of the current year's profit. The company has established the Remuneration Committee to determine and review the performance evaluation and remuneration policy, system, standard, and structure for directors and the management. Performance appraisal and remuneration of directors and managers shall be based on the levels of industry peers, as well as their individual achievements, the company's overall performance, and the level of risks involved.

## Remuneration of directors

2020

Unit: %/in NTS1,000

| Title                | Name                 | Director's remuneration<br>(Note 1) |                                   |   |                                  | Ratio of total remuneration (A+B+C+D) to net income (%) | Pay received as an employee<br>(Note 1) |   |  |                 | Percentage of total remuneration (A+B+C+D+E+F+G) to net income (%) | Remuneration from investments other than subsidiaries or the parent company<br>(Note 1) |      |
|----------------------|----------------------|-------------------------------------|-----------------------------------|---|----------------------------------|---|---|---|--|-----------------|--|---|------|
|                      |                      | Remuneration (A)                    | Severance payment and pension (B) | Director's remuneration (C)<br>(Note 3) | Fees for conducting business (D) |   | Salary, bonuses and allowances (E)      | Severance payment and pension (F)<br>(Note 4) | Remuneration for employees (G)<br>(Note 3) |                 |  |   |      |
|                      |                      |                                     |                                   |   |                                  |   |   |   | Cash amount                                | Share dividends |  |   |      |
| Director             | Chairman             | Miau, Matthew Feng-Chiang           |                                   |   |                                  |   |   |   |  |                 |  |   |      |
|                      | Director             | Evans S.W. Tu                       |                                   |   |                                  |   |   |   |  |                 |  |   |      |
|                      | Director             | Chou The-Chien<br>(Note 2)          | -                                 | -                                       | 3,600                            | 400   | 0.05                                    | 88,100  | 3,853                                      | -               | -  | 1.18  | None |
|                      | Director             | Yang, Hsiang-Yun<br>(Note 2)        |                                   |   |                                  |   |   |   |  |                 |  |   |      |
| Independent Director | Independent Director | Yungdu Wei                          |                                   |   |                                  |   |   |   |  |                 |  |   |      |
|                      | Independent Director | Yojun Jiao                          | -                                 | -                                       | 3,900                            | 1,464   | 0.07                                    | -   | -  | -               | -  | 0.07  | None |
|                      | Independent Director | Anping Chang                        |                                   |   |                                  |   |   |   |  |                 |  |   |      |

Note 1: 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.

Note 2: Is the representative of MiTAC Inc.

Note 3: On March 12, 2021, the Board of Directors approved the director remuneration of NT\$7,500 thousand and employee remuneration of NT\$900 thousand for 2020. The amount to be distributed this year is estimated based on the actual distributed amount last year.

Note 4: 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 NTS1,000,000                                       | Miau, Matthew Feng-Chiang,<br>Evans S.W. Tu,<br>T.C Chou (note),<br>Hsiang-Yun Yang (note) | Miau, Matthew Feng-Chiang,<br>Evans S.W. Tu,<br>T.C Chou (note),<br>Hsiang-Yun Yang (note) | T.C Chou (note),<br>Hsiang-Yun Yang (note)                     | T.C Chou (note),<br>Hsiang-Yun Yang (note)     |
| NT\$1,000,000 (inclusive) to NT\$2,000,000               | Yungdu Wei,<br>Yojun Jiao,<br>Anping Chang   | Yungdu Wei,<br>Yojun Jiao,<br>Anping Chang   | Yungdu Wei,<br>Yojun Jiao,<br>Anping Chang                     | Yungdu Wei,<br>Yojun Jiao,<br>Anping Chang     |
| 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             | -  | -  | Miau, Matthew Feng-Chiang,<br>Evans S.W. Tu                    | Miau, Matthew Feng-Chiang,<br>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  |

Note: Is the representative of MiTAC Inc.

## Remunerations to general manager and vice-general manager

2020

Unit: %/in NT\$1,000

| Title                         | Name                                     | Salary<br>(A)<br>(Note 2) | Severance<br>payment and<br>pension<br>(B)<br>(Note 2, 4) | Bonuses and<br>allowances<br>(C)<br>(Note 2) | Employee remuneration<br>(D)<br>(Note 2, 3) |                 | Ratio of total<br>remuneration<br>(A+B+C+D) to net<br>income (%) | Remuneration from<br>investments other<br>than subsidiaries or<br>the parent company<br>(Note 2) |
|-------------------------------|--|---------------------------|---|--|---|-----------------|--|--|
|                               |  |                           |   |  | Cash amount                                 | Share dividends |  |  |
| General Manager               | Evans S.W. Tu<br>(Note 1)                | 127,121                   | 22,085  | -  | -   | -               | 1.87   | -  |
| Overseas<br>Operation CEO     | Miau, Matthew<br>Feng-Chiang<br>(Note 1) |                           |   |  |   |                 |  |  |
| Vice-General<br>Manager       | Beny Weii<br>(Note 5)                    |                           |   |  |   |                 |  |  |
| Vice-General<br>Manager       | James Lee                                |                           |   |  |   |                 |  |  |
| Vice-General<br>Manager       | Dicky Chang<br>(Note 6)                  |                           |   |  |   |                 |  |  |
| Vice-General<br>Manager       | Rex Shiue                                |                           |   |  |   |                 |  |  |
| Assistant General<br>Manger   | Chih Ching Su                            |                           |   |  |   |                 |  |  |
| AVP Financial                 | Oliver Chang<br>(Note 5)                 |                           |   |  |   |                 |  |  |
| Senior Director of<br>Finance | Kim Lin                                  |                           |   |  |   |                 |  |  |

Note 1: The cost of transportation vehicles is NT\$9,160,000 with a book value of NT\$2,040,000.

Note 2: The company's remuneration paid to general managers and vice-general managers and relevant remuneration received by general manager and vice-general managers is consistent with the companies in the financial report.

Note 3: On March 12, 2021, the Board of Directors approved the employee remuneration of NT\$900,000 for 2020. The proposed amount to be distributed this year is estimated based on the actual distributed amount last year.

Note 4: Including the proposed appropriation of NT\$5,560,000, and NT\$19,525,000 actually paid.

Note 5: Vice-General Manager Benny Weii and AVP Financial Oliver Chang retired on July 1, 2020.

Note 6: Vice-General Manager Dicky Chang retired on April 1, 2021.

| Range of remuneration paid to the General Managers and Vice-General Managers | Name of General Managers and Vice-General Managers |   |
|--|--|---|
|  | The company  | All companies included in the financial report  |
| Below NT\$1,000,000  | -  | -   |
| NT\$1,000,000 (inclusive) to NT\$2,000,000                                   | Oliver Chang                                       | Oliver Chang                                    |
| NT\$2,000,000 (inclusive) to NT\$3,500,000                                   | -  | -   |
| NT\$3,500,000 (inclusive) to NT\$5,000,000                                   | Chih Ching Su, Kim Lin                             | Chih Ching Su, Kim Lin                          |
| NT\$5,000,000 (inclusive) to NT\$10,000,000                                  | Beny Weii, James Lee,<br>Dicky Chang, Rex Shiue    | Beny Weii, James Lee,<br>Dicky Chang, Rex Shiue |
| 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                                 | Miau, Matthew Feng-Chiang,<br>Evans S.W. Tu        | Miau, Matthew Feng-Chiang,<br>Evans S.W. Tu     |
| NT\$50,000,000 (inclusive) to NT\$100,000,000                                | -  | -   |
| Greater than NT\$100,000,000   | -  | -   |
| Total  | 9  | 9   |

## Manager's name and the distribution of employee bonus

2020

Unit: %/in NT\$1,000

|         | Title                         | Name                         | Share dividends | Cash dividends<br>(Note 1) | Total | Ratio (%) accounted compared to<br>the total net income |
|---------|-------------------------------|------------------------------|-----------------|----------------------------|-------|---|
| Manager | General Manager               | Evans S.W. Tu                | -               | -                          | -     | -   |
|         | Overseas Operation<br>CEO     | Miau, Matthew<br>Feng-Chiang |                 |                            |       |   |
|         | Vice-General<br>Manager       | Beny Weii<br>(Note 2)        |                 |                            |       |   |
|         | Vice-General<br>Manager       | James Lee                    |                 |                            |       |   |
|         | Vice-General<br>Manager       | Dicky Chang<br>(Note 3)      |                 |                            |       |   |
|         | Vice-General<br>Manager       | Rex Shiue                    |                 |                            |       |   |
|         | Assistant General<br>Manger   | Chih Ching Su                |                 |                            |       |   |
|         | AVP Financial                 | Oliver Chang<br>(Note 2)     |                 |                            |       |   |
|         | Senior Director of<br>Finance | Kim Lin                      |                 |                            |       |   |

Note 1: On March 12, 2021, the Board of Directors approved the employee remuneration of NT\$900,000 for 2020. The proposed amount to be distributed this year is estimated based on the actual distributed amount last year.

Note 2: Vice-General Manager Benny Weii and AVP Financial Oliver Chang retired on July 1, 2020.

Note 3: Vice-General Manager Dicky Chang retired on April 1, 2021.

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

Unit: NT\$1,000

| Item  | Year | Total remuneration amount |  |             |  | Ratio to net income |  |             |  |
|---|------|---------------------------|--|-------------|--|---------------------|--|-------------|--|
|   |      | 2019                      |  | 2020        |  | 2019                |  | 2020        |  |
|   |      | The company               | All companies<br>included in the<br>financial report | The company | All companies<br>included in the<br>financial report | The company         | All companies<br>included in the<br>financial report | The company | All companies<br>included in the<br>financial report |
| Director's remuneration   |      | 8,896                     | 8,896  | 9,364       | 9,364  | 0.13%               | 0.13%  | 0.12%       | 0.12%  |
| Remunerations to general<br>managers and vice-general<br>managers |      | 124,834                   | 124,834  | 152,206     | 152,206  | 1.83%               | 1.83%  | 1.87%       | 1.87%  |

### (III) Implementation of corporate governance

#### ● Board of Directors operating status

In the most recent year (2020), the Board of Directors (A) has convened 4 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             | Miau, Matthew Feng-Chiang                      | 4  | 0                   | 100.00%  |         |
| Director             | Evans S.W. Tu                                  | 4  | 0                   | 100.00%  |         |
| Director             | Representative of MiTAC Inc.: Yang, Hsiang-Yun | 4  | 0                   | 100.00%  |         |
| Director             | Representative of MiTAC Inc.: Chou The-Chien   | 4  | 0                   | 100.00%  |         |
| Independent Director | Yungdu Wei                                     | 4  | 0                   | 100.00%  |         |
| Independent Director | Yojun Jiao                                     | 4  | 0                   | 100.00%  |         |
| Independent Director | Anping Chang                                   | 4  | 0                   | 100.00%  |         |

Attendance of the independent directors for the 4 meetings in 2020:

| Name         | 1st                  | 2nd                  | 3rd                  | 4th                  |
|--------------|----------------------|----------------------|----------------------|----------------------|
| Yungdu Wei   | 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 |
| Anping Chang | Attendance in person | Attendance in person | 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:

(I) Items specified in Article 14-3 of the Securities and Exchange Act

| Board Meeting Date/Term           | Details of the meeting and subsequent developments   |  |
|-----------------------------------|--|--|
| 2020.03.13<br>1st meeting in 2020 | <ol style="list-style-type: none"> <li>2020 business plan</li> <li>Approval of the Statement on Internal Control</li> <li>Partial revision of the company's Articles of Incorporation</li> <li>Partial revision of the company's Procedures for Endorsements/Guarantees</li> <li>Partial revision of the company's Procedures for Extending Loans to Others</li> <li>Partial revision of the company's "Rules of Procedure for Shareholders' Meetings"</li> <li>Payment of the 2019 remuneration to the employees and directors</li> <li>2019 financial statement</li> <li>2019 earnings distribution</li> <li>Shareholder's dividend: NT\$2.6 cash dividend per share</li> <li>Convention of the 2020 annual shareholders' meeting</li> <li>Change of the CPA and evaluation of the independence and competence of newly appointed CPA</li> <li>The loan to the 100% owned subsidiary Synnex Global Ltd.</li> </ol> | <p>Independent directors' opinion: None</p> <p>Actions taken by the company in response to independent directors' opinion: None</p> <p>Resolution: Approved by all the present directors</p> |
| 2020.05.12<br>2nd meeting in 2020 | <ol style="list-style-type: none"> <li>Change of the managers of the company's Taichung and Kaohsiung branches</li> <li>Change of the accounting supervisor</li> </ol>   | <p>Independent directors' opinion: None</p> <p>Actions taken by the company in response to independent directors' opinion: None</p> <p>Resolution: Approved by all the present directors</p> |
| 2020.08.07<br>3rd meeting in 2020 | <ol style="list-style-type: none"> <li>For accounts receivable/other accounts receivable/advance payments/refundable deposits that exceed the normal credit/transaction periods that are longer than three months and the amount is substantial, evaluate whether to transfer to loans</li> </ol>  | <p>Independent directors' opinion: None</p> <p>Actions taken by the company in response to independent directors' opinion: None</p> <p>Resolution: Approved by all the present directors</p> |
| 2020.11.10<br>4th meeting in 2020 | <ol style="list-style-type: none"> <li>Using undistributed earnings of 2019 on real investments</li> <li>2021 audit plan</li> <li>Loans and Seper Technology Corp.</li> <li>2021 remuneration plan for managers</li> </ol>   | <p>Independent directors' opinion: None</p> <p>Actions taken by the company in response to independent directors' opinion: None</p>  |

Resolution: Approved by all the present directors

(II) 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 Meeting Date/Term           | Name of director avoiding a conflict of interest | Content of agenda item  | Reasons of avoidance of interest | Voting situation  |
|-----------------------------------|--|---|----------------------------------|---|
| 2020.03.13<br>1st meeting in 2020 | Miau, Matthew Feng-Chiang Evans S.W. Tu          | Payment of the 2019 remuneration to the employees and directors | Serve concurrently as managers   | Approved as proposed by all directors in attendance with voting rights. |
| 2020.11.10<br>4th meeting in 2020 | Miau, Matthew Feng-Chiang Evans S.W. Tu          | 2021 remuneration plan for managers                             | Serve concurrently as managers   | Approved as proposed by all directors in attendance with voting rights. |

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

| cycle                   | Evaluation period                    | Scope of evaluation  | Evaluation method  | Evaluation content  |
|-------------------------|--------------------------------------|--|--|---|
| Implemented once a year | January 1, 2020 to December 31, 2020 | <ol style="list-style-type: none"> <li>The Board of Directors</li> <li>Individual members of the Board</li> <li>Remuneration Committee</li> <li>Audit Committee</li> </ol> | <ol style="list-style-type: none"> <li>Self-evaluation of the Board of Directors</li> <li>Self-evaluation of the Board members</li> <li>Self-evaluation of functional committee members</li> </ol> | <ol style="list-style-type: none"> <li>Performance evaluation of the Board of Directors:               <ol style="list-style-type: none"> <li>Degree of participation in company operations</li> <li>Improvement of the quality of Board decisions</li> <li>Composition and structure of the Board of Directors</li> <li>Selection and continuous training of directors</li> <li>Internal control</li> </ol> </li> <li>Performance evaluation of individual Board members:               <ol style="list-style-type: none"> <li>Control of the company's goals and tasks</li> <li>Understanding of director's responsibilities</li> <li>Degree of participation in company operations</li> <li>Internal relationship management and communication</li> <li>Professional and continuous education of directors</li> <li>Internal control</li> </ol> </li> <li>Functional committees (Remuneration Committee, Audit Committee):               <ol style="list-style-type: none"> <li>Degree of participation in company operations</li> <li>Understanding of the roles and responsibilities of the functional committee</li> <li>Improvement of the quality of committee decisions</li> <li>Composition of the functional committee and the selection of its members</li> <li>Internal control</li> </ol> </li> </ol> |

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. The Company attaches great importance to corporate governance. Since 2015, the election of supervisors has been changed to candidate nomination. In June of the same year, the Audit Committee was set up to replace the supervisors. Relevant important proposals are first reported to the Audit Committee for review.
5. Liability insurance for 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. Internal performance evaluations will be implemented once a year and reported to the Board of Directors before the end of the first quarter of the following year.
7. In the coming years, we will actively cooperate with the requirements of various laws and regulations and corporate governance, and strengthen the required functions of the Board of Directors as necessary.

## ● State of Operations of the Audit Committee

The Audit Committee convened a total of 4 meetings (A) in the most recent year (2020), 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   | 4  | 0                   | 100.00%  | Convener |
| Independent Director | Yojun Jiao   | 4  | 0                   | 100.00%  | None     |
| Independent Director | Anping Chang | 4  | 0                   | 100.00%  | 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:

- (I) Items specified in Article 14-5 of the Securities and Exchange Act:

| Audit Committee meeting date/term    | Details of the meeting and subsequent developments  |  |
|--------------------------------------|---|--|
| 2020.03.13<br>10th meeting of term 2 | 1. Partial revision of the "Procedures for Endorsements/Guarantees"<br>2. Partial revision of the "Procedures for Extending Loans to Others"<br>3. 2019 earnings distribution<br>4. Change of the CPA and evaluation of the independence and competence of newly appointed CPA<br>5. The loan to the 100% owned subsidiary Synnex Global Ltd. | Audit Committee's opinions: None<br>Actions taken by the company in response to Audit Committee's opinions: None<br>Resolution: Approved by all committee members in attendance, and reported to the Board of Directors for discussion |
| 2020.05.12<br>11th meeting of term 2 | 1. Consolidated financial report for Q1 2020<br>2. Change of the accounting supervisor  | Audit Committee's opinions: None<br>Actions taken by the company in response to Audit Committee's opinions: None<br>Resolution: Approved by all committee members in attendance, and reported to the Board of Directors for discussion |
| 2020.08.07<br>12th meeting of term 2 | 1. Consolidated financial report for Q2 2020  | Audit Committee's opinions: None<br>Actions taken by the company in response to Audit Committee's opinions: None<br>Resolution: Approved by all committee members in attendance, and reported to the Board of Directors for discussion |
| 2020.11.10<br>13th meeting of term 2 | 1. Consolidated financial report for Q3 2020<br>2. Loans and Seper Technology Corp.   | Audit Committee's opinions: None<br>Actions taken by the company in response to Audit Committee's opinions: None<br>Resolution: Approved by all committee members  |

in attendance, and reported to the Board of Directors for discussion

(II) 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  |
|--------------------------------------|--|---|
| 2020.03.13<br>10th meeting of term 2 | The internal auditor's report and communication for 2019 Q4. | The internal audit manager reported at the meeting, and discussed and communicated the questions raised by the Audit Committee. Independent Directors' recommendations: None. Handling result: N/A. |
| 2020.05.12<br>11th meeting of term 2 | The internal auditor's report and communication for 2020 Q1. | The internal audit manager reported at the meeting, and discussed and communicated the questions raised by the Audit Committee. Independent Directors' recommendations: None. Handling result: N/A. |
| 2020.08.07<br>12th meeting of term 2 | The internal auditor's report and communication for 2020 Q2. | The internal audit manager reported at the meeting, and discussed and communicated the questions raised by the Audit Committee. Independent Directors' recommendations: None. Handling result: N/A. |
| 2020.11.10<br>13th meeting of term 2 | The internal auditor's report and communication for 2020 Q3. | The internal audit manager reported at the meeting, and discussed and communicated the questions raised by the Audit Committee. Independent Directors' recommendations: None. Handling result: N/A. |

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 meeting date/term    | Main points of communication  | Handling and implementation result  |
|--------------------------------------|---|---|
| 2020.03.13<br>10th meeting of term 2 | The CPA described the auditing implementation status of the 2019 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. Independent Directors' recommendations: None. Handling result: N/A. |
| 2020.08.07<br>12th meeting of term 2 | The CPA described on the auditing status of the 2020 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. Independent Directors' recommendations: None. Handling result: N/A. |

## ● 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 remuneration of directors and managers.

## ● Information on Remuneration Committee members

| Identity             | Qualifications | More than 5 years of experience and the following professional qualifications   |   |   | Compliance of independence (Note) |   |   |   |   |   |   |   |   |    | 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 |  |         |   |
|                      |                | Name  |   |   |                                   |   |   |   |   |   |   |   |   |    |  |         |   |
| Independent Director | Yungdu Wei     |   | V   | 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  | V  | 1       | - |
| Independent Director | Anping Chang   |   |   | V   | V                                 | V | V | V | V | V | V | V | V | V  | V  | 0       | - |

Note: 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, general manager, 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 (2020), 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 | 2  | 0                   | 100.00%  | 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 meeting date/term | Agenda item and resolutions  |   |
|--|--|---|
| 2020.3.13<br>1st meeting in<br>2020      | <ol style="list-style-type: none"> <li>1. The implementation of the company's 2019 remuneration plan for managers.</li> <li>2. Proposal of discussion on the company's 2019 payment of the remuneration to the employees and directors.</li> </ol> | <p>Committee member opinions: No objections or qualified opinions.</p> <p>Resolution: The chair put the matter before all and the proposal was approved as proposed by all members in attendance.</p> <p>The company's response to Remuneration Committee opinions: The proposal to the Board of Directors was approved by all the present directors.</p> |
| 2020.11.10<br>2nd meeting in<br>2020     | <ol style="list-style-type: none"> <li>1. Proposal of discussion on the company's 2021 remuneration plan for managers.</li> </ol>  | <p>Committee member opinions: No objections or qualified opinions.</p> <p>Resolution: The chair put the matter before all and the proposal was approved as proposed by all members in attendance.</p> <p>The company's response to Remuneration Committee opinions: The proposal to the Board of Directors was approved by all the present directors.</p> |

● **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  |                       |    |  |  |
| (I) 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                     |    | (I) The company has set and implemented the procedures for handling major inside information in 2015. In addition, the company has a spokesperson system established to properly handle the shareholders' proposals, doubts, disputes, and litigation matters.   | In compliance with the concept and implementation of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies." |
| (II) 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                     |    | (II) 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.   |  |
| (III) Has the company established and implemented risk control/management and firewall mechanisms between it and affiliated corporations?  | V                     |    | (III) 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. |  |
| (IV) 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                     |    | (IV) 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.  |  |

| Assessed areas   | Implementation status |    |  | Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons  |
|--|-----------------------|----|--|---|
|  | Yes                   | No | Summary  |   |
| <p>III. Composition and responsibilities of the Board of Directors</p> <p>(1) Has the Board of Directors devised and implemented a plan for a more diverse composition of the Board?</p> | V                     |    | <p>(I) The diversity policy for members of the Board of Directors is established in Article 20 of the company's Corporate Governance Best Practice Principles:</p> <p>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.</p> <p>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.</p> <p>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:</p> <p>I. Basic requirements and values: Gender, age, nationality, and culture.</p> <p>II. Professional knowledge and expertise: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.</p> <p>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:</p> <p>I. Operational judgment.</p> <p>II. Accounting and financial analysis.</p> <p>III. Management ability.</p> <p>IV. Crisis management.</p> <p>V. Industry knowledge.</p> <p>VI. International perspective.</p> <p>VII. Leadership.</p> <p>VIII. Decision making.</p> <p>A diverse Board of Directors with various opinions and insights will improve the quality of decisions and benefit the company's shareholders and other stakeholders. The Board of Directors and management attach importance to inclusiveness and diversity to support the company's values.</p> <p>Diversity management goals:</p> <p>I. The company pays attention to gender equality in the composition of the Board of Directors and set a target of having more than 25% female directors.</p> <p>II. The Board of Directors supports and supervises the actions taken by management to increase the proportion of female senior managers.</p> <p>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.</p> | <p>(I) In compliance with the concept and implementation of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."</p> <p>(II) For the consideration of the law and regulations or the actual operations, if any, it is to be handled in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and the related law and regulations.</p> |

| Assessed areas  | Implementation status |    |  | Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons   |
|---|-----------------------|----|--|--|
|   | Yes                   | No | Summary  |  |
| (II) 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                     |    | (II) The company is committed to pursue corporate governance and to strengthen the mechanism of organization and operation continuously. The Remuneration Committee was formed in 2012, and the Audit Committee was established in 2015; more functional committees will be set up as needed.  | (I) In compliance with the concept and implementation of the "Corporate Governance Best Practice Principles" for TWSE/TPEX Listed Companies."  |
| (III) 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                     |    | <p>(III) 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.</p> <p>The Board of Directors performance evaluation measures include the following five aspects:</p> <ol style="list-style-type: none"> <li>I. Degree of participation in company operations.</li> <li>II. Improvement of the quality of Board decisions.</li> <li>III. Composition and structure of the Board of Directors.</li> <li>IV. Selection and continuous training of directors.</li> <li>V. Internal control.</li> </ol> <p>The measures for the performance evaluation of Board members include the following six aspects:</p> <ol style="list-style-type: none"> <li>I. Control of the company's goals and tasks.</li> <li>II. Understanding of director's responsibilities.</li> <li>III. Degree of participation in company operations.</li> <li>IV. Internal relationship management and communication.</li> <li>V. Professional and continuous education of directors.</li> <li>VI. Internal control.</li> </ol> <p>The functional committee performance evaluation measures include the following five aspects:</p> <ol style="list-style-type: none"> <li>I. Degree of participation in company operations.</li> <li>II. Understanding of the roles and responsibilities of the functional committee.</li> <li>III. Improvement of the quality of committee decisions.</li> <li>IV. Composition of the functional committee and the selection of its members.</li> <li>V. Internal control.</li> </ol> <p>The company's Business Planning &amp; 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 performance evaluation results of the company's 2020 Board of Directors and functional committees have been submitted to the Board on March 12, 2021, and the evaluation results have been placed on the corporate governance section of the company website for review.</p> | (II) For the consideration of the law and regulations or the actual operations, if any, it is to be handled in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and the related law and regulations. |
| (IV) Does the company periodically evaluate the level of independence of the CPA?   | V                     |    | (IV) On March 13, 2020, the company's Audit Committee and the Board of Directors made an assessed the independence of the CPAs and required the CPAs to issue a statement of independence. The company confirmed that the CPAs and the company have no other financial interests or business interactions with the company except for auditing and taxation, and will appoint the CPAs. Refer to Note 2 for details regarding the evaluation standards of the independence of the CPAs.  |  |
|   |                       |    | The assessment results were submitted 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.   |  |

| Assessed areas  | Implementation status |    |   | Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons                                 |
|---|-----------------------|----|---|--|
|   | Yes                   | No | Summary   |  |
| 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                     |    | <p>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 Chih Ching Su, the Assistant General Manger of the Risk &amp; Management &amp; 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 &amp; Management &amp; Planning Div. is responsible for reporting directly to him. Chih Ching Su, the Assistant General Manger of the Risk &amp; Management &amp; 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.</p> <p>2021 business implementation focus:</p> <p>(I) 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.</p> <p>(II) 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.</p> <p>(III) 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.</p> <p>(IV) Change registration of various operations of the company.</p> <p>(V) 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.</p> <p>(VI) 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.</p> <p>(VII) Periodically provide Board members with information on new ordinances or amendments related to directors' business implementations, corporate governance, or business operations.</p> <p>(VIII) 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.</p> <p>(IX) 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.</p> | In compliance with the concept and implementation of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies." |
| 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." |

| Assessed areas  | Implementation status |    |   | Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons   |
|---|-----------------------|----|---|--|
|   | Yes                   | No | Summary   |  |
| 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   |                       |    |   |  |
| (I) Has the company established a corporate website to disclose information regarding the company's financial, business, and corporate governance status?   | V                     |    | (I) The company has set up a website ( <a href="http://www.synnex-grp.com/">http://www.synnex-grp.com/</a> ) and discloses relevant information on financial status, business, and corporate governance in the investors and corporate governance sections.   | (I) In compliance with the concept and implementation of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."   |
| (II) Has the company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the company's website)? | V                     |    | (II) As required by law, relevant information of the company are disclosed in a timely manner in the "Market Observation Post System" for the understanding and inquiry of the investors. 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. | (II) For the consideration of the law and regulations or the actual operations, if any, it is to be handled in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and the related law and regulations. |
| (III) 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                     |    | (III) 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.  |  |

| Assessed areas  | Implementation status     |                                 |  | Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons |                   |                                 |                  |               |                           |         |   |               |                           |         |   |   |
|---|---------------------------|---------------------------------|--|--|-------------------|---------------------------------|------------------|---------------|---------------------------|---------|---|---------------|---------------------------|---------|---|---|
|   | Yes                       | No                              | Summary  |  |                   |                                 |                  |               |                           |         |   |               |                           |         |   |   |
| 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)? | V                         |                                 | <p>(I) Employee benefits:<br/>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 statutory rights and interests of employees according to law.</p> <p>1. System:</p> <p>(1) Labor and health insurance, pension appropriation, employee education and training, employee health seminars from time to time.</p> <p>(2) Continuing to provide employees with a variety of benefits, such as: life insurance with a coverage of at least NT\$3 million (far better than general companies), free health checkup, weddings, funeral, and maternity subsidies, interest-free loans, and external training subsidies.</p> <p>2. Implementation status:</p> <p>(1) Statutory rights and interests of employees are handled according to law.</p> <p>(2) Various employee benefits are handled by the designated personnel.</p> <p>(3) The company's group insurance has provided sufficient coverage to the employees who had suffered severe injuries or sickness in the recent years, providing 3-5 years of economic security to the employees' families. Considering the needs of the employee's families for insurance coverage, the company provides the employees and their spouses with preferential life insurance and accident insurance policy.</p> <p>(II) 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.</p> <p>(III) Supplier relationships and stakeholder interests: The company and its suppliers have maintained long-term and close cooperation relations.</p> <p>(IV) 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. Refer to Note 3 for details related to advanced studies.</p> <p>(V) Implementation of risk management policies and risk assessment: Internal regulations are stipulated according to law for risk management and assessment.</p> <p>(VI) 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.</p> <p>(VII) The implementation of customer relations policies: The company and its customers maintain a stable and good relationship to create profits for the company.</p> <p>(VIII) 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".</p> <table border="1"> <thead> <tr> <th>Insured subject</th> <th>Insurance company</th> <th>Insured amount (NT\$: thousand)</th> <th>Insurance period</th> </tr> </thead> <tbody> <tr> <td>All directors</td> <td>Fubon Insurance Co., Ltd.</td> <td>622,000</td> <td>From September 1, 2019 to September 1, 2020</td> </tr> <tr> <td>All directors</td> <td>Fubon Insurance Co., Ltd.</td> <td>590,700</td> <td>From September 1, 2020 to September 1, 2021</td> </tr> </tbody> </table> <p>(IX) The directors of the company have fulfilled responsibilities truthfully and exercised the due care of a good administrator.</p> <p>(X) The company has the "Rules of Procedure for Board of Directors Meeting" stipulated and implemented.</p> <p>(XI) The company's board meeting has been convened at least once a quarter to strengthen corporate governance.</p> | Insured subject  | Insurance company | Insured amount (NT\$: thousand) | Insurance period | All directors | Fubon Insurance Co., Ltd. | 622,000 | From September 1, 2019 to September 1, 2020 | All directors | Fubon Insurance Co., Ltd. | 590,700 | From September 1, 2020 to September 1, 2021 | In compliance with the concept and implementation of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" |
| Insured subject   | Insurance company         | Insured amount (NT\$: thousand) | Insurance period   |  |                   |                                 |                  |               |                           |         |   |               |                           |         |   |   |
| All directors   | Fubon Insurance Co., Ltd. | 622,000                         | From September 1, 2019 to September 1, 2020  |  |                   |                                 |                  |               |                           |         |   |               |                           |         |   |   |
| All directors   | Fubon Insurance Co., Ltd. | 590,700                         | From September 1, 2020 to September 1, 2021  |  |                   |                                 |                  |               |                           |         |   |               |                           |         |   |   |

| Assessed areas  | Implementation status  |                           |         | Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons   |
|---|--|---------------------------|---------|--|
|   | Yes  | No                        | Summary |  |
| 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.   |  |                           |         |  |
| (I) Improvements that have been made according to the results of the Corporate Governance Evaluation System in the most recent year:  |  |                           |         |  |
| 7th term evaluation indicators  |  | Improvements already made |         |  |
| 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 disclosed the discussions and resolutions of the Remuneration Committee in the 2020 annual report.   |
| 2.19  | Is the attendance rate of all directors for the Board of Directors meetings above 85% on average for the evaluated year?   |                           |         | The attendance rate of all directors for the Company's Board of Directors meetings is above 85% on average in 2020.  |
| 3.5   | Has the company uploaded the English version of the annual report 7 days before the annual shareholders' meeting?  |                           |         | The company compiled the English version of the financial report and uploaded it within the prescribed period.   |
| 3.18  | Has the company established a corporate website in English that includes information related to finance, business, and corporate governance?   |                           |         | The company established a corporate website in Chinese and English, and discloses information regarding the company's financial position, business, and corporate governance status. |
| 4.1   | Does the company have a unit that specializes (or is involved) in CSR practices to perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities and devise risk management policies and strategies accordingly, and disclose the information on the company's website and annual report? |                           |         | The company has established a Corporate Sustainability Committee and discloses relevant information on the company's website and annual report.                                      |
| 4.6   | Does the company refer to the International Bill of Human Rights to formulate policies to protect human rights and specific management plans, and disclose the information on the company's website or annual report?  |                           |         | The company has established related policies and disclosed the relevant information on the company's website and annual report.  |
| 4.8   | Has the company formulated policies to reflect business performance or results adequately in employee remuneration, and disclose the information on the company's website or annual report?  |                           |         | The company has established related policies and disclosed the relevant information on the company's website and annual report.  |
| 4.9   | Does the company's website and annual report disclose employee benefit measures, retirement system, and actual state of implementation?  |                           |         | The company disclosed the relevant information on the company's website and annual report.   |
| 4.10  | Does the company's website and annual report disclose employee safety and work environment protection measures? If so, describe the results.   |                           |         | The company disclosed the relevant information on the company's website and annual report.   |
| 4.12  | Does the company formulate policies on energy efficiency and carbon reduction, greenhouse gas reduction, water reduction, or waste management?   |                           |         | The company has established related policies and disclosed the relevant information on the company's website and annual report.  |
| 4.16  | Has the company established a reporting system for illegal (including corruptive) and unethical behaviors inside and outside the company and disclose the detailed information on the company's website?   |                           |         | The company established the reporting system and disclosed the information on the company's website.   |
| (II) Priority matters that require improvement and measures according to the results of the Corporate Governance Evaluation System of the most recent year:   |  |                           |         |  |
| The company conducts self-evaluation of corporate governance in accordance with the regulations established by the competent authority, and has proposed priority improvement measures based on the company's current situation for various indicators that were not achieved, and gradually improves corporate governance to enhance the corporate governance image. |  |                           |         |  |

Note 1: The implementation of diversity of board members

| title                | Core parameter<br>Name    | Gender | Age | Nationality | Professional background | Operational judgment | Ability to perform accounting and financial analysis | Management ability | Industry knowledge |                    |                 | An international market perspective | Leadership ability | Decision-making ability |   |
|----------------------|---------------------------|--------|-----|-------------|-------------------------|----------------------|--|--------------------|--------------------|--------------------|-----------------|-------------------------------------|--------------------|-------------------------|---|
|                      |                           |        |     |             |                         |                      |  |                    | Technology         | Telecommunications | Venture capital |                                     |                    |                         |   |
| Chairman             | Miao, Matthew Feng-Chiang | Male   | >50 | USA         | Industry                | V                    |  | 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                       | V |
| Director             | Yang, Hsiang-Yun          | Female | >50 | ROC         | Industry                | V                    | V  | V                  | V                  |                    | V               | V                                   |                    |                         |   |
| Director             | Chou The-Chie             | 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                       | V |
| Independent Director | Anping Chang              | Male   | >50 | USA         | Industry                | V                    |  | V                  | V                  | V                  | V               | V                                   | V                  | V                       | V |

Note 2: Most recent evaluation standard of the independence of the CPAs

| Assessed areas                      | Evaluation result | Whether it is compliant with independence |
|-------------------------------------|-------------------|---|
| Review of independence requirements | No                | Yes                                       |
| Review of independent operations    | Yes               | Yes                                       |
| Competency review                   | Good              | Yes                                       |

Note 3: Status of Directors' continuing education

| Director                                 | Educational institutions  | Course title                              | Training period  | Hours      |     |
|--|---------------------------|---|--|------------|-----|
| Director                                 | Miau, Matthew Feng-Chiang | Securities and Futures Institute          | Advanced Seminar on Practices for Directors and Supervisors (Including Independent Supervisors) and Corporate Governance Supervisors - New KPIs and Performance Management in the Digital Economy Era                              | 2020.09.08 | 3.0 |
| Director                                 | Miau, Matthew Feng-Chiang | Taiwan Institute of Directors             | 2020 Institute of Directors Annual Meeting: In Search of New Growth Momentum in the Year of Strategy Turning Points  | 2020.09.18 | 3.0 |
| Director                                 | Evans S.W. Tu             | Taiwan Corporate Governance Association   | Competing for Management Rights and Case Studies   | 2020.09.29 | 3.0 |
| Director                                 | Evans S.W. Tu             | Taiwan Corporate Governance Association   | HP v. Quanta Antitrust Law Case Study  | 2020.10.22 | 3.0 |
| Representative of Institutional Director | Chou The-Chie             | Taiwan Corporate Governance Association   | Latest tax law updates   | 2020.09.01 | 3.0 |
| Representative of Institutional Director | Chou The-Chie             | Taiwan Corporate Governance Association   | Competing for Management Rights and Case Studies   | 2020.09.29 | 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 - the New Corporate Governance and Compliance Matters for the Board of Directors              | 2020.07.09 | 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 - Relevant Regulations and Operational Practices of the Audit Committee                       | 2020.07.15 | 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 - Integrity Management and Corporate Governance   | 2020.08.06 | 3.0 |
| Representative of Institutional Director | Yang, Hsiang-Yun          | Taiwan Corporate Governance Association   | Competing for Management Rights and Case Studies   | 2020.09.29 | 3.0 |
| Representative of Institutional Director | Yang, Hsiang-Yun          | Taiwan Corporate Governance Association   | HP v. Quanta Antitrust Law Case Study  | 2020.10.22 | 3.0 |
| Independent Director                     | Yungdu Wei                | Taiwan Insurance Institute                | Corporate Governance Special Lecture (2020 Phase 1) for Directors and Supervisors (Including Independent Supervisors) and Corporate Governance Supervisors - The Impact of IFRS 17 on the Insurance Industry's Business Strategies | 2020.01.14 | 3.0 |
| Independent Director                     | Yungdu Wei                | Taiwan Corporate Governance Association   | A Complete Guide to Cybersecurity for Directors and Supervisors  | 2020.05.29 | 3.0 |
| Independent Director                     | Yungdu Wei                | Taiwan Corporate Governance Association   | Post-Pandemic Risk Management for Directors and Supervisors; Corporate Sustainability and ESG Issues for Consideration   | 2020.06.23 | 1.0 |
| Independent Director                     | Yungdu Wei                | Taiwan Academy of Banking and Finance     | Board of Directors Operational Practices and Corporate Governance Workshop   | 2020.07.22 | 3.0 |
| Independent Director                     | Yungdu Wei                | Taiwan Corporate Governance Association   | Discussions on the Collapse of Corporate Governance and Its Impact Starting From the Tatung Case   | 2020.08.25 | 1.0 |
| Independent Director                     | Yungdu Wei                | Taiwan Corporate Governance Association   | Master the AI Risk Management Framework and Increasing Trust in AI Applications  | 2020.08.28 | 3.0 |
| Independent Director                     | Yungdu Wei                | Taiwan Insurance Institute                | Corporate Governance Special Lecture (2020 Phase 14) for Directors and Supervisors (Including Independent Supervisors) and Corporate Governance Supervisors - New Green Finance Trends   | 2020.09.14 | 3.0 |
| Independent Director                     | Yungdu Wei                | Taiwan Stock Exchange and Taipei Exchange | Corporate Governance 3.0 - Sustainable Development Roadmap Forum Agenda for Listed Companies   | 2020.09.22 | 3.0 |
| Independent Director                     | Yungdu Wei                | Taiwan Insurance Institute                | Corporate Governance Special Lecture (2020 Phase 15) for Directors and Supervisors (Including Independent Supervisors) and Corporate Governance Supervisors - Analysis of the Principle of Treating Customers Fairly               | 2020.09.24 | 3.0 |
| Independent Director                     | Yungdu Wei                | Taiwan Corporate Governance Association   | The Current State of Liability Insurance for Directors and Supervisors and Case Sharing  | 2020.09.29 | 1.5 |
| Independent Director                     | Yungdu Wei                | Taiwan Corporate Governance Association   | Competing for Management Rights and Case Studies   | 2020.09.29 | 1.5 |
| Independent Director                     | Yungdu Wei                | Taiwan Academy of Banking and Finance     | Board of Directors Operational Practices and Corporate Governance Workshop   | 2020.12.09 | 3.0 |

|  |               |   |   |                 |       |
|--|---------------|---|---|-----------------|-------|
| Independent Director                                     | Yungdu Wei    | Taiwan Corporate Governance Association | Corporate Strategies for Utilizing Capital Markets in Today's Environment                               | 2020.12.31      | 1.0   |
| Independent Director                                     | Anping Chang  | Taiwan Corporate Governance Association | Climate Change and TCFD   | 2020.08.11      | 3.0   |
| Independent Director                                     | Anping Chang  | Taiwan Corporate Governance Association | Trends and Risk Management of Digital Technology and AI   | 2020.08.11      | 3.0   |
| Independent Director                                     | Yojun Jiao    | Taiwan Corporate Governance Association | Audit Transformation and Value Enhancement - From Big Data in Auditing to Smart Risk Dashboards         | 2020.04.10      | 3.0   |
| Independent Director                                     | Yojun Jiao    | Taiwan Corporate Governance Association | AR Technology and Smart Manufacturing; SAS' (Global Wafer) Growth Through Mergers and Acquisitions      | 2020.04.23      | 3.0   |
| Continuing education of corporate governance supervisor: |               |   |   |                 |       |
| Corporate Supervisor                                     | Governance    | Educational institutions                | Course title  | Training period | Hours |
| Corporate Governance Supervisor                          | Chih Ching Su | Taiwan Corporate Governance Association | Trends and Risk Management of Digital Technology and AI   | 2020.02.21      | 3.0   |
| Corporate Governance Supervisor                          | Chih Ching Su | Taiwan Corporate Governance Association | Corporate Tax Governance Strategies and Responses Under the Trend of International Information Exchange | 2020.03.20      | 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                     |    | <p>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.</p> <p>(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.</p> <p>(2) Employee and social team: Responsible for Synnex employees' rights and interests, community care, and public welfare matters.</p> <p>(3) Environment team: Review and plan Synnex's environmental management policy guidelines and events team.</p> <p>(4) Product team: Responsible for product quality links, product liability control, and consumer rights.</p> <p>For details, please refer to pages 4 to 12 of the 2019 Corporate Social Responsibility Report and the content of the latest report.</p>  | 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                     |    | <p>To implement the concept of sustainable management, we set up a CSR Committee for managing sustainability issues in 2015, with the General Manager 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 company's CSR policies and activities.</p> <p>For details, please refer to page 8 of the 2019 Corporate Social Responsibility Report and the content of the latest report.</p>   | In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX listed companies"    |
| III. Environmental topics   |                       |    |  |   |
| (I) Has the company established a proper environmental management system based on the characteristics of the industry?  | V                     |    | <p>(I) The company is a high-tech industry channel integration service provider. Although we are not in a high pollution industry, as a citizen of the earth, it is our duty to mitigate and adapt to the threat of climate change. The main environmental management guidelines are as follows:</p> <ol style="list-style-type: none"> <li>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.</li> <li>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 reduce the power capacity contract. If usage exceeds the capacity contract, the company will activate improvement plans.</li> </ol> | In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX listed companies"    |
| (II) 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                     |    | <p>(II) The company endeavors to utilize all resources more efficiently to lower the impact on the environment.</p> <ol style="list-style-type: none"> <li>Reuse of recycled packaging materials.</li> <li>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.</li> <li>The company has recycling bins set up for obsolete or used cellphones, electronic products, and batteries at the maintenance centers in Taiwan. The recycling and disposition process is handled by contracted vendors on a quarterly basis to reduce the impact of services on the environment.</li> </ol>  | 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  |   |
| (III) 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                     |    | (III) To respond to the potential impacts of climate change effectively, the company has planned specific management practices. The CSR environment team regularly researches and collects feedback from various business departments to identify and evaluate major climate-related risks and opportunities. The team discusses corresponding countermeasures or practical strategies through work group meetings to help mitigate potential climate risks and understand sustainable opportunities.<br>For details, please refer to pages 65 to -74 of the 2019 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"    |
| (IV) 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 reduction, or waste management? | V                     |    | (IV) The company is a channel services provider of high-tech products, 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 1,356 metric tons of carbon dioxide emission was generated by vehicles in 2019, and a total of 1,413 metric tons was generated in 2020. 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 company established for energy conservation and carbon and greenhouse gas reduction are as follows:<br><ol style="list-style-type: none"> <li>1. The main engine of the air conditioner cannot be turned on when the office temperature is below 26°C.</li> <li>2. The air conditioner on and off times are adjusted to avoid operating in empty rooms to save electricity.</li> <li>3. Adopt T5 and LED energy-saving lamps in all lighting fixtures.</li> <li>4. All distribution vehicles must turn off engine when parked in the factory site, and the use of air conditioning is prohibited when idling.</li> <li>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.</li> <li>6. Combined with the logistics management information system developed in-house, the distribution routes and trips were adjusted to reduce inefficient routes, so as to reduce fuel consumption.</li> </ol> For details, please refer to pages 65 to 74 of the 2019 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"    |
| IV. Social topics   |                       |    |  |   |
| (I) Has the company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?   | V                     |    | (I) The company treats employees with good faith, and protects employees legitimate rights based on 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"    |
| (II) 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                     |    | (II) The company attaches great importance to providing employees with sufficient security and a work environment where they can feel at ease, and encourages employees to commit to creating an intelligent and balanced work lifestyle. As a result, employees will not need to worry about their health, economic situation, and family care outside of work.<br><ol style="list-style-type: none"> <li>1. Peace of mind and security <ol style="list-style-type: none"> <li>(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 a year seniority are entitled leave that is better than the standards stipulated in the Labor Standards Act.</li> <li>(2) All full-time employees enjoy term life insurance of at least NTS\$3 million, providing basic security for their families.</li> <li>(3) Employees that have served at the company for at least one full year are eligible for interest free loans for house purchase, house</li> </ol> </li> </ol>   | 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   |   |
| (III) Does the company provide a safe and healthy working environment and provide employees with regular safety and health training? | V                     |    | <p>repair, marriage, childbirth, car purchase, and emergency relief.</p> <p>(4) The company cares for employees by providing cash gifts or gift certificates for marriage, funeral, hospitalization, childbirth, and birthday.</p> <p>(5) Enrollment in labor insurance for full salary, labor retirement pension contribution, and enrollment in National Health Insurance as required by the law.</p> <p>2. Gender-friendly workplace environment</p> <p>(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.</p> <p>(2) A comfortable and private breastfeeding room is provided so that female employees will not be disturbed or have pressure while breastfeeding.</p> <p>(3) We provide employees with a friendly flexible unpaid parental leave environment. According to the statistics, over 40% of female employees (also a number of male colleagues) had applied for parental leave right after maternity leave; also, nearly 60% of the employees on parental had applied for reinstatement. This has helped reduce the conflict between work and family care for employees, so that employees do not have to cut their careers short due to the need for short-term family care!</p> <p>For details, please refer to page 58 -63 of the 2019 Corporate Social Responsibility Report and the content of the latest report.</p> <p>(III) 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:</p> <p>1. Work environment and employee safety protection</p> <p>(1) The company constructs a safe and healthy workplace and regularly inspects, maintains, and improves equipment to strengthen the safety of workplace facilities; all office computers adopt screens with low blue light to provide employees with comfortable, healthy, and friendly office equipment.</p> <p>(2) The company's workplaces are covered with public liability insurance, the public safety equipment inspection of the building and firefighting plan is reported to the competent authorities according to law, and the equipment management personnel have obtained fire management personnel qualification licenses and certificates; the workplace firefighting plan is stipulated, and the safety of firefighting equipment placed in workplaces is maintained.</p> <p>(3) The company has appointed safety and health personnel, arranged safety and health education and training, and improved environmental facilities and work processes to prevent hazards and strengthen the prevention of occupational injuries.</p> <p>2. Employee health enhancement</p> <p>(1) The company has full-time nurses appointed to provide employees with health counseling and arranges health seminars with physicians invited to share health information with the employees to provide proper health management knowledge and to reinforce the employees' awareness of health.</p> <p>(2) Arrange regular free health exams with nurses to provide necessary assistance to follow up on abnormal results, providing comprehensive healthcare to safeguard the health of employees.</p> <p>(3) 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.</p> <p>(IV) The company firmly believes: "Good employees make good</p> | 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  |   |
| (IV) Has the company established an effective career development and capability training program for employees?   | V                     |    | <p>departments, and good departments make a good company." The company has education and training courses arranged for the new recruits on the day they report to work, and has planned professional job training. The company advocates the business operation and philosophy, including the concept of corporate social responsibility, in the courses. In addition to face-to-face courses, we have also established a knowledge management system that allows employees to learn online, independently and free from environmental limitations. Courses can be arranged flexibly so that employees can continuously improve and enhance their professional abilities. Through long-term internal education and training, monthly reports, project sharing, Synnex EMBA articles, Synnex Concepts, and system talks, we promote positive values to achieve a subtle effect. Moreover, the company arranges oral reports and integrates reading in each stage of the career development in order to help employees enhance career skills through systematic practice. For details, please refer to page 54 -56 of the 2019 Corporate Social Responsibility Report and the content of the latest report.</p>  | In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX listed companies"    |
| (V) 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                     |    | <p>(V) 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 completed the real-time customer evaluation system for home delivery services in 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 privacy violations in 2020.</p> <p>1. Customer service:</p> <p>(1) The employee work code includes the signing of agreements pertaining to customer privacy rights.</p> <p>(2) 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.</p> <p>(3) Consumers are reminded to have their personal information deleted from their electronic products before recycling.</p> <p>2. Maintenance stations</p> <p>(1) 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".</p> <p>(2) Synnex also set up "Privacy Notice" reminder boards at the counters of major maintenance stations.</p> <p>3. ISO 27001 information security management system</p> <p>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.</p> <p>The company has the marketing and labeling of products and services handled in accordance with the Commodity Labeling Act and the IT</p> | 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  |   |
| (VI) 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                     |    | <p>and Telecom (3C) labeling standard and other requirements published by the Department of Commerce, MOEA.</p> <p>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.</p> <p>For details, please refer to pages 37 to 40 of the 2019 Corporate Social Responsibility Report and the content of the latest report.</p> <p>(VI) 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:</p> <p>1. "Honesty and integrity, clean transaction":<br/>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.</p> <p>2. "Green and environmental, recycle energy":<br/>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 43 of the 2019 Corporate Social Responsibility Report and the content of the latest report.</p> | 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? Does the company obtain third-party assurance or qualified opinion for the reports above?  | V                     |    | <p>The company prepares its annual corporate social responsibility report in accordance with the GRI Standards issued by GRI.</p> <p>In 2019, the company commissioned PwC Taiwan to establish limited assurance on our Corporate Social Responsibility Report in accordance with the Statement of Assurance Principles No. 1, "Audit and Review of Non-financial Information" issued by the Accounting Research and Development Foundation. For the assurance report, please refer to the Appendix of the 2019 Corporate Social Responsibility Report.</p>  | In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies"    |
| <p>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:<br/>The company has established our Corporate Social Responsibility Code of Practice and is in compliance with the concept and implementation of the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.</p> |                       |    |  |   |
| <p>VII. Other key information useful for explaining status of corporate social responsibility practices:<br/>Please refer to the CSR report published in the CSR section on Synnex's website (<a href="http://www.synnex-grp.com/tw/csr-report">http://www.synnex-grp.com/tw/csr-report</a>) for the implementation of the company's CSR.</p>  |                       |    |  |   |

● **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   |                       |    |  |  |
| (I) 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                     |    | (I) 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". |
| (II) 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                     |    | (II) 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.  |  |
| (III) 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                     |    | (III) 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  |  |
| <p><b>II. Full Implementation of Ethical Management Principles</b></p> <p>(I) 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?</p> <p>(II) 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?</p> <p>(III) Has the company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?</p> <p>(IV) 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?</p> <p>(V) Did the company regularly provide internal and external training programs on integrity management?</p> | V                     |    | <p>(I) 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.</p> <p>(II) The company's Risk &amp; Management &amp; 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.</p> <p>(III) 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.</p> <p>(IV) 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.</p> <p>(V) 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.</p> | In compliance with the concept and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies". |
| <p><b>III. Operation of whistleblowing system</b></p> <p>(I) 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?</p> <p>(II) 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?</p> <p>(III) Did the company adopt measures for protecting the whistleblower from improper treatment or retaliation?</p>   | V                     |    | <p>(I) 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 &amp; Management &amp; Planning Div. processes and investigates the reported cases.</p> <p>(II) 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.</p> <p>(III) 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.</p>   | In compliance with the concept and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies". |

| Assessed areas  | Implementation status |    |  | Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons   |
|---|-----------------------|----|--|--|
|   | Yes                   | No | Summary  |  |
| IV. Enhancing information disclosure<br>Has the company disclosed its integrity principles and progress onto its website and MOPS?  | V                     |    | 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. | In compliance with the concept and implementation of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies". |
| 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:<br>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".   |                       |    |  |  |
| 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)  |                       |    |  |  |
| 1. 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.  |                       |    |  |  |
| 2. The company has defined the system for recusal of directors for conflict of interests in the Rules and Procedures for Board of Directors Meetings. If a director, or a corporate entity that the director represents, is considered an interested party in the discussed agenda, a full disclosure is required during the current meeting session. The director shall recuse himself/herself from all discussions and voting if it is in conflict against the company's interests. In which case, the director shall not exercise voting rights on behalf of other directors.  |                       |    |  |  |
| 3. To strengthen honest management and ethical concepts in 2020, the company organized courses that promoted the Fair Trade Act for employees working in the sales department, and employees of the finance department organized courses on recent Taiwan and international tax development trends, multinational companies' response to the pandemic, the concept of major unrecognized contracts, IFRS 16 calculation practices, compiling financial reports, equity method investment control judgment, anti-tax evasion trends and responses, introduction to ESG principles, and the definition of financial commodities and forward exchanging accounting. A total of 143 employees took the courses, totaling 356 hours of learning, to implement honesty and integrity values, strengthen corporate governance and risk management, and build a corporate culture of integrity for comprehensive business management. |                       |    |  |  |

- **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](http://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 12, 2021

This Statement of Internal Control System is issued based on the self-assessment results of the company for year 2020.

- I. The company is fully aware that the establishment, implementation and maintenance of its internal control system is the responsibility of the Board of Directors and managerial officers. In this regard the company has already established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability of reporting, and compliance with applicable laws and regulations.
- II. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the operating environment and situation may change and impact the effectiveness of the internal control system. However, self-supervision measures were implemented within the company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Monitoring. Each element further contains several items. For more information on the abovementioned items, please refer to the Regulations.
- IV. The company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
- V. Based on the findings of the evaluation mentioned in the preceding paragraph, the company believes that as of December 31, 2020, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of reporting, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
- VI. This Statement will become a major part of the content of the company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement has been passed by the Board of Directors Meeting of the company held on March 12, 2021, where all attending directors affirmed the content of this Statement.

Synnex Technology International Corp.

Chairman: Miao, Matthew Feng-Chiang

Signature and Seal

General Manager: Evans S.W. Tu

Signature and Seal

- **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  |
|-----------------|--|----------------------------------|--|
| 2020.06.12      | 1. Approved 2020 financial statements.<br>2. Approved 2020 earnings distribution.<br>Shareholder's dividend: NT\$2.6 cash dividend per share.<br>3. Discussion on partial revision of the company's "Articles of Incorporation". | Adopted.<br>Adopted.<br>Adopted. | June 22, 2020 was set as the distribution base date; all the dividends were paid on July 15, 2020 in accordance with the resolutions of the shareholder's meeting.<br>Registration was approved by the Ministry of Economic Affairs on July 7, 2020. The Articles of Incorporation was disclosed on the company's website after the amendment and processed in accordance with the amended procedures. |
|                 | 4. Discussion on partial revision of the company's "Procedures for Endorsements/Guarantees".   | Adopted.                         | Uploaded on the company's website on June 24, 2020 and processed in accordance with the amended procedures.<br>Announced on the Market Observation Post System and   |
|                 | 5. Discussion on partial revision of the company's "Procedures for Extending Loans to Others".   | Adopted.                         | uploaded on the company's website on June 24, 2020, and processed in accordance with the amended procedures.   |
|                 | 6. Discussion on partial revision of the company's "Rules of Procedure for Shareholders' Meetings".  | Adopted.                         | Uploaded on the company's website on June 24, 2020 and processed in accordance with the amended Rules of Procedure for Shareholders' Meetings.   |

### Board of Directors

| Date of meeting | Summary of important resolutions  | Result   |
|-----------------|---|--|
| 2020.03.13      | 1. Discussion of the 2020 operating plan of the company<br>2. Discussion and approval of the internal control statement.<br>3. Discussion on partial revision of the company's "Articles of Incorporation".<br>4. Discussion on partial revision of the company's "Procedures for Endorsements/Guarantees".<br>5. Discussion on partial revision of the company's "Procedures for Extending Loans to Others".<br>6. Discussion on partial revision of the company's "Rules of Procedure for Shareholders' Meetings".<br>7. Discussion on the company's 2019 payment of the remuneration to the employees and Directors.<br>8. Discussion of the company's 2019 financial statement.<br>9. Determination of the 2019 earnings distribution.<br>Shareholder's dividend: NT\$2.6 cash dividend per share.<br>10. Discussion on the convention of the 2020 regular shareholders' meeting. | Adopted by all the present directors without objection.<br>Adopted by all the present directors without objection. |
| 2020.05.12      | 1. Change of the managers of the company's Taichung and Kaohsiung branches.<br>2. Change of the accounting supervisor.  | Adopted by all the present directors without objection.<br>Adopted by all the present directors without objection.   |
| 2020.11.12      | 1. Using undistributed earnings of 2019 on real investments.<br>2. 2021 audit plan.<br>3. Loans and Seper Technology Corp.<br>4. 2021 remuneration plan for managers.   | Adopted by all the present directors without objection<br>Adopted by all the present directors without objection<br>Adopted by all the present directors without objection<br>Adopted by all the present directors without objection   |

|            |     |  |  |
|------------|-----|--|--|
| 2021.03.12 | 1.  | Discussion of the 2021 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 "Corporate Governance Code of Conduct".                      | Adopted by all the present directors without objection |
|            | 4.  | Discussion on partial revision of the company's "Corporate Social Responsibility Code of Practice".          | Adopted by all the present directors without objection |
|            | 5.  | Discussion on partial revision of the company's "Code of Conduct".   | 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 2020 payment of the remuneration to the employees and Directors.                 | Adopted by all the present directors without objection |
|            | 8.  | Discussion of the company's 2020 financial statement.  | Adopted by all the present directors without objection |
|            | 9.  | Determination of the 2020 earnings distribution.<br>Shareholder's dividend: NT\$3.3 cash dividend per share. | Adopted by all the present directors without objection |
|            | 10. | To authorize the Chairman to determine the company's 2020 cash dividend distribution base date.              | Adopted by all the present directors without objection |
|            | 11. | To re-elect the directors.   | Adopted by all the present directors without objection |
|            | 12. | Discussion on the convention of the 2021 regular shareholders' meeting.                                      | Adopted by all the present directors without objection |

Note: 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 2020 and in 2021 up to the date of this year's annual report, no Directors had different opinions.

#### ● Resignation or dismissal of the chairman, general manager, accounting manager, financial manager, internal audit manager, corporate governance supervisor, and R&D manager:

| Title                | Name         | Date of appointment | Date of dismissal | Reason for resignation or dismissal |
|----------------------|--------------|---------------------|-------------------|-------------------------------------|
| Vice-General Manager | Beny Weii    | 1988.09.12          | 2020.07.01        | Retirement                          |
| AVP Financial        | Oliver Chang | 1988.11.01          | 2020.07.01        | Retirement                          |
| Vice-General Manager | Dicky Chang  | 2011.12.26          | 2021.04.01        | Retirement                          |

#### (IV) Information on CPAs

##### 1. Information on fees:

| Name of accounting firm | Name of Accountants |                | Duration of audit     | Remarks |
|-------------------------|---------------------|----------------|-----------------------|---------|
| PwC Taiwan              | Jenny Yeh           | Yi-Chang Liang | 2020.01.01~2020.12.31 | None    |

| 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<br>(Note 2) |               |
| 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<br>(Note 1) |               | V<br>(Note 1) |

Note 1: It includes service fees for domestic and overseas subsidiaries.

Note 2: A total of NT\$2,665 thousand in fees, which includes the TP transfer pricing, corporate main file, and country report project services, as well as economic substance and CFC tax consulting fees.

Note 3: 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.

Note 4: 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.

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

| Title and name   | 2020                                  |  | 2020.01.01~2020.04.05                 |  | Remarks                                  |
|--|---------------------------------------|--|---------------------------------------|--|--|
|  | Increase (decrease)<br>in shares held | Increase (decrease)<br>in pledged shares | Increase (decrease)<br>in shares held | Increase (decrease)<br>in pledged shares |  |
| Chairman and Overseas Operation CEO<br>Miau, Matthew Feng-Chiang | -                                     | -  | -                                     | -  |  |
| Director and General Manager<br>Evans S.W. Tu                    | -                                     | -  | -                                     | -  |  |
| Director<br>Yang, Hsiang-Yun, Chou, T.C                          | 14,494,000                            | -  | -                                     | -  | Representative of MiTAC Inc.<br>(Note 1) |
| Independent Director<br>Yungdu Wei                               | -                                     | -  | -                                     | -  |  |
| Independent Director<br>Yojun Jiao                               | -                                     | -  | -                                     | -  |  |
| Independent Director<br>Anping Chang                             | -                                     | -  | -                                     | -  |  |
| Vice-General Manager<br>James Lee                                | -                                     | -  | -                                     | -  |  |
| Vice-General Manager<br>Rex Shiue                                | -                                     | -  | -                                     | -  |  |
| Assistant General Manger<br>Chih Ching Su                        | -                                     | -  | -                                     | -  |  |
| Senior Director of Finance<br>Kim Lin                            | -                                     | -  | -                                     | -  | Appointed on July 1, 2020                |
| Vice-General Manager<br>Beny Weii                                | -                                     | -  | -                                     | -  | Retired on July 1, 2020                  |
| AVP Financial<br>Oliver Chang                                    | (139,997)                             | -  | -                                     | -  | Retired on July 1, 2020                  |
| Vice-General Manager<br>Dicky Chang                              | (217,000)                             | -  | -                                     | -  | Retired on April 1, 2021                 |
| Major shareholder MiTAC Inc.                                     | 14,494,000                            | -  | -                                     | -  |  |

Note 1: Information includes only changes in shareholding and pledges of corporate shareholders.

Note 2: The counterparty of the equity transfer and pledge a related party: None.

**(VI) The relationships between the top ten shareholders:**

2021.04.05

| 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.<br>Representative:<br>Miau, Matthew Feng-Chiang                                       | 255,321,054                       | 15.31                | -   | -                    | -   | -                    | Miau, Matthew Feng-Chiang<br>Lien Hwa Industrial Holdings Corp.   | Chairman<br>The Chairman himself |         |
| Yuanta Taiwan Dividend Plus ETF account  | 57,353,191                        | 3.44                 | -   | -                    | -   | -                    | -   | -                                |         |
| Morgan Stanley Capital International managed account with HSBC (Taiwan) acting as custodian bank | 52,578,504                        | 3.15                 | -   | -                    | -   | -                    | -   | -                                |         |
| Fubon Life Insurance Co., Ltd.<br>Representative: Richard M. Tsai                                | 51,229,550                        | 3.07                 | -   | -                    | -   | -                    | -   | -                                |         |
| Lien Hwa Industrial Holdings Corp.<br>Representative: Miau, Matthew Feng-Chiang                  | 49,893,125                        | 2.99                 | -   | -                    | -   | -                    | Miau, Matthew Feng-Chiang<br>MiTAC Inc.   | Chairman<br>The Chairman himself |         |
| Evans S.W. Tu  | 36,156,381                        | 2.17                 | 1,587,245                                   | 0.10                 | -   | -                    | Rong Syuan Investments Co., Ltd.<br>Representative<br>Ying-Hsuan Tu   | First-degree relative            |         |
| China Life Insurance Co., Ltd. (Investment Department)<br>Representative: Shufen Huang           | 32,935,350                        | 1.97                 | -   | -                    | -   | -                    | -   | -                                |         |
| Rong Syuan Investments Co., Ltd.<br>Representative: Ying-Hsuan Tu                                | 30,778,086                        | 1.85                 | -   | -                    | -   | -                    | Evans S.W. Tu   | First-degree relative            |         |
| Miau, Matthew Feng-Chiang  | 28,452,004                        | 1.71                 | -   | -                    | -   | -                    | MiTAC Inc.<br>Lien Hwa Industrial Holdings Corp.  | Chairman<br>Chairman             |         |
| Farglory Life Insurance Co., Ltd.<br>Representative: Chia-Jen Meng                               | 20,647,000                        | 1.24                 | -   | -                    | -   | -                    | -   | -                                |         |

**(VI) Comprehensive shareholding ratio of investment entities**

2020.12.31

| Investment entities                  | Investments in enterprises |   |  |       | Investments by directors, supervisors, and managerial officers of the company |      | Comprehensive investment |       |
|--------------------------------------|----------------------------|---|--|-------|---|------|--------------------------|-------|
|                                      | Investment by the company  |   | directly or indirectly controlled by the company |       | Shares  | %    | Shares                   | %     |
|                                      | Shares                     | % | Shares   | %     |   |      |                          |       |
| Synnex Corporation                   | -                          | - | 3,859,888  | 7.48  | 596,969   | 1.16 | 4,456,857                | 8.64  |
| Concentrix Corporation               | -                          | - | 3,859,888  | 7.48  | 596,969   | 1.16 | 4,456,857                | 8.64  |
| 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                                       | 47.44 | -   | -    | 55,854,748               | 47.44 |

### III. Capital and shareholding

#### (I) Share capital source

2021.04.05

Unit: Share/thousand NT\$

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

#### (II) Category of shares

2021.04.05

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 | -       |

#### (III) Shareholder structure

2021.04.05

| Item                        | Government institutions | Financial institutions | Other institutional shareholders | Personal shareholders | Foreign institutions and personal shareholders | Total         |
|-----------------------------|-------------------------|------------------------|----------------------------------|-----------------------|--|---------------|
| Number of shareholders      | 1                       | 43                     | 196                              | 38,445                | 762  | 39,447        |
| Shares held                 | 616                     | 237,833,356            | 570,991,457                      | 267,326,730           | 591,794,809                                    | 1,667,946,968 |
| Shareholding percentage (%) | 0.00                    | 14.26                  | 34.23                            | 16.03                 | 35.48  | 100.00        |

#### (IV) Distribution of shareholding

NT\$10 par

2021.04.05

| Shareholding range  | Number of shareholders | Shares held   | Shareholding percentage (%) |
|---------------------|------------------------|---------------|-----------------------------|
| 1 - 999             | 12,383                 | 2,919,514     | 0.18                        |
| 1,000 - 5,000       | 19,160                 | 39,469,443    | 2.37                        |
| 5,001 - 10,000      | 3,509                  | 25,441,663    | 1.53                        |
| 10,001 - 15,000     | 1,353                  | 16,429,996    | 0.99                        |
| 15,001 - 20,000     | 651                    | 11,547,031    | 0.69                        |
| 20,001 - 30,000     | 639                    | 15,674,380    | 0.94                        |
| 30,001 - 40,000     | 297                    | 10,331,616    | 0.62                        |
| 40,001 - 50,000     | 212                    | 9,694,064     | 0.58                        |
| 50,001 - 100,000    | 466                    | 32,817,820    | 1.97                        |
| 100,001 - 200,000   | 276                    | 39,292,821    | 2.36                        |
| 200,001 - 400,000   | 162                    | 46,227,227    | 2.76                        |
| 400,001 - 600,000   | 77                     | 37,819,057    | 2.27                        |
| 600,001 - 800,000   | 52                     | 35,521,378    | 2.13                        |
| 800,001 - 1,000,000 | 30                     | 26,930,394    | 1.61                        |
| 1,000,001 and above | 180                    | 1,317,830,564 | 79.00                       |
| Total               | 39,447                 | 1,667,946,968 | 100.00                      |

## (V) List of major shareholders

2021.04.05

| Name of major shareholder  | Shares held | Shareholding percentage (%) |
|--|-------------|-----------------------------|
| MiTAC Inc.   | 255,321,054 | 15.31                       |
| Yuanta Taiwan Dividend Plus ETF account  | 57,353,191  | 3.44                        |
| Morgan Stanley Capital International managed account with HSBC (Taiwan) acting as custodian bank | 52,578,504  | 3.15                        |
| Fubon Life Insurance Co., Ltd.   | 51,229,550  | 3.07                        |
| Lien Hwa Industrial Corp.  | 49,893,125  | 2.99                        |
| Evans S.W. Tu  | 36,156,381  | 2.17                        |
| China Life Insurance Co., Ltd. (Investment Department)   | 32,935,350  | 1.97                        |
| Rong Syuan Investments Co., Ltd.   | 30,778,086  | 1.85                        |
| Miau, Matthew Feng-Chiang  | 28,452,004  | 1.71                        |
| Farglory Life Insurance Co., Ltd.  | 20,647,000  | 1.24                        |

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

Unit: NTS

| Item/Year                                  | 2019   | 2020      | 2021.03.31 |           |
|--|--|-----------|------------|-----------|
| Stock price                                | Highest  | 39.55     | 47.70      | 55.80     |
|  | Lowest   | 35.00     | 32.75      | 45.10     |
|  | Average  | 37.44     | 41.40      | 49.93     |
| Net worth per share                        | Before distribution                              | 29.87     | 32.72      | (Note 5)  |
|  | After distribution (Note 2)                      | N/A       | 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           | 4.09      | 4.89       | (Note 5)  |
|  | Earnings per share - after adjustment (Note 1)   | 4.09      | 4.89       | N/A       |
| Dividends per share (Note 3)               | Cash dividend                                    | 2.60      | 3.30       | N/A       |
|  | Dividend from earnings                           | -         | -          | N/A       |
|  | Dividend from capital reserve                    | -         | -          | N/A       |
|  | Accumulated unpaid dividends                     | -         | -          | N/A       |
| Analysis for return on investment (Note 4) | Price-earnings ratio                             | 9.15      | 8.47       | N/A       |
|  | Price-dividend ratio                             | 14.4      | 12.55      | N/A       |
|  | Cash dividend yield                              | 6.94%     | 7.97%      | N/A       |

Note 1: As of December 31, 2020, the retroactive adjustment of shares after capital increase out of earnings and employee bonus.

Note 2: Based on resolution of shareholders' meeting of the next year.

Note 3: The earnings distribution for 2020 is based on Board of Directors meeting on March 12, 2021.

Note 4: 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.

Note 5: The Q1 consolidated statement in 2021 has not been announced and is thus not disclosed here.

## (VII) Dividend policy and implementation status

### Dividend policy

According to 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. The cash dividend ratio may not be less than 15% of the total current dividend distributed to shareholders.

Since the company adopts the "active and stable dividend distribution" policy, distribution has exceeded 60% of the year's surplus for two consecutive years. This will continue to be our goal in the future, so that Synnex's shareholders

will have long-term and stable income from dividends. If there is an increase in the need for funds due to business growth and mergers and acquisitions, the company will independently seek funding methods without affecting dividend distribution.

#### **The dividend distribution proposed by shareholder meeting**

The Board of Directors meeting held on March 12, 2021, approved cash dividend distribution of NT\$3.3 per share.

**(VIII) Uncompensated distribution of shares and its impact on company operation and EPS: Not applicable since the current shareholder's meeting did not propose uncompensated distribution of shares.**

#### **(IX) Information on employee bonus and compensation for directors and supervisors**

##### **Provisions of the Articles of Incorporation**

According to 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 for 2020 is estimated with reference to the profitability of the current period on a basis of 1 ten-thousandths and 9 ten-thousandths, respectively.
2. 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 12, 2021, the Board of Directors approved the 2020 proposed distribution of employee cash dividend of NT\$900 thousand and the remuneration for directors and supervisors of NT\$7,500 thousand. This is the same as the 2020 estimate. There is no difference between the employee cash bonuses and the estimated amount in 2020. There is a NT\$500 thousand difference between director remunerations and the estimated amount in 2020. The difference has been adjusted to 2021 profits and losses.
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 2020 employee cash dividend is NT\$750 thousand and remuneration for directors and supervisors is NT\$7,000 thousand. This is the same as the 2019 estimate.

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

| Item/Year of income  |        | 2016<br>(Distributed in<br>2017) | 2017<br>(Distributed in<br>2018) | 2018<br>(Distributed in<br>2019) | 2019<br>(Distributed in<br>2020) | 2020<br>(Distributed in<br>2021) |
|--|--------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Shareholder's dividend<br>(share/NTD)  | Cash   | 1.00                             | 2.20                             | 2.00                             | 2.60                             | 3.30                             |
|  | Stocks | -                                | -                                | -                                | -                                | -                                |
| Remuneration for Directors and Supervisors (in NTD<br>thousand)                |        | 6,000                            | 7,500                            | 7,000                            | 7,000                            | 7,500                            |
| Employee bonus   | Cash   | 600                              | 700                              | 700                              | 750                              | 900                              |
|  | Stocks | -                                | -                                | -                                | -                                | -                                |
| Employee stock bonus / (employee stock bonus +<br>shareholder stock dividends) |        | None                             | None                             | None                             | None                             | None                             |
| Employee stock bonus / outstanding shares at year end                          |        | None                             | None                             | None                             | None                             | None                             |

**Summary of 2019 (distributed in 2020) employee stock bonus information: None.**

**(X) Company buyback of shares: None.**

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

### (I) Global depositary receipts

|   |  |  |      |
|---|--|--|------|
| Issue date  | 1997.07.03   | 1999.09.22   |      |
| Areas issued  | Asia, Europe, and the US   | Asia, Europe, and the US   |      |
| Issuance and listing  | Luxembourg Stock Exchange  | Luxembourg Stock Exchange  |      |
| Total amount issued (US\$)                                      | 139,382,100  | 245,380,125  |      |
| Issue price per unit (US\$)                                     | 22.23  | 18.93  |      |
| Total units issued (unit)                                       | 6,270,000  | 12,962,500   |      |
| Underlying securities   | 1. Capital increase by cash and issuance of new shares<br>2. Release shareholder: MiTAC Inc., Lex Service (Guernsey) Ltd.                    | 1. Capital increase by cash and issuance of new shares<br>2. Release shareholder: Lex Service (Guernsey) Ltd.                                |      |
| Common shares represented (shares)                              | 25,080,000   | 51,850,000   |      |
| Rights and obligations of GDR holders                           | Rights and obligations consistent with common shares   | Rights and obligations consistent with common shares   |      |
| Trustee   | None   | None   |      |
| Depositary bank   | Citibank, N.A.   | Citibank, N.A.   |      |
| Custodian bank  | Citibank, N.A., Taipei branch  | Citibank, N.A., Taipei branch  |      |
| March 31, 2021 outstanding (unit)                               | 935,524  |  |      |
| Apportionment of expenses for issuance and maintenance          | Issuing expense is paid by release shareholder and issuing company on the pro rata basis, duration expense is paid by depositary institution | Issuing expense is paid by release shareholder and issuing company on the pro rata basis, duration expense is paid by depositary institution |      |
| Important notes on depositary agreement and custodian agreement | See depositary agreement and custodian agreement for details   | See depositary agreement and custodian agreement for details   |      |
| Market price per unit (US\$)                                    | 2020   | Highest  | 6.69 |
|   |  | Lowest   | 4.32 |
|   |  | Average  | 5.60 |
|   | 2021.01.01~2021.03.31  | Highest  | 7.76 |
|   |  | Lowest   | 6.45 |
|   |  | Average  | 6.98 |

(II) Employee stock option certificate: None

(III) Restricted stock awards: None

(IV) Preferred stocks: None

(V) 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**

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

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

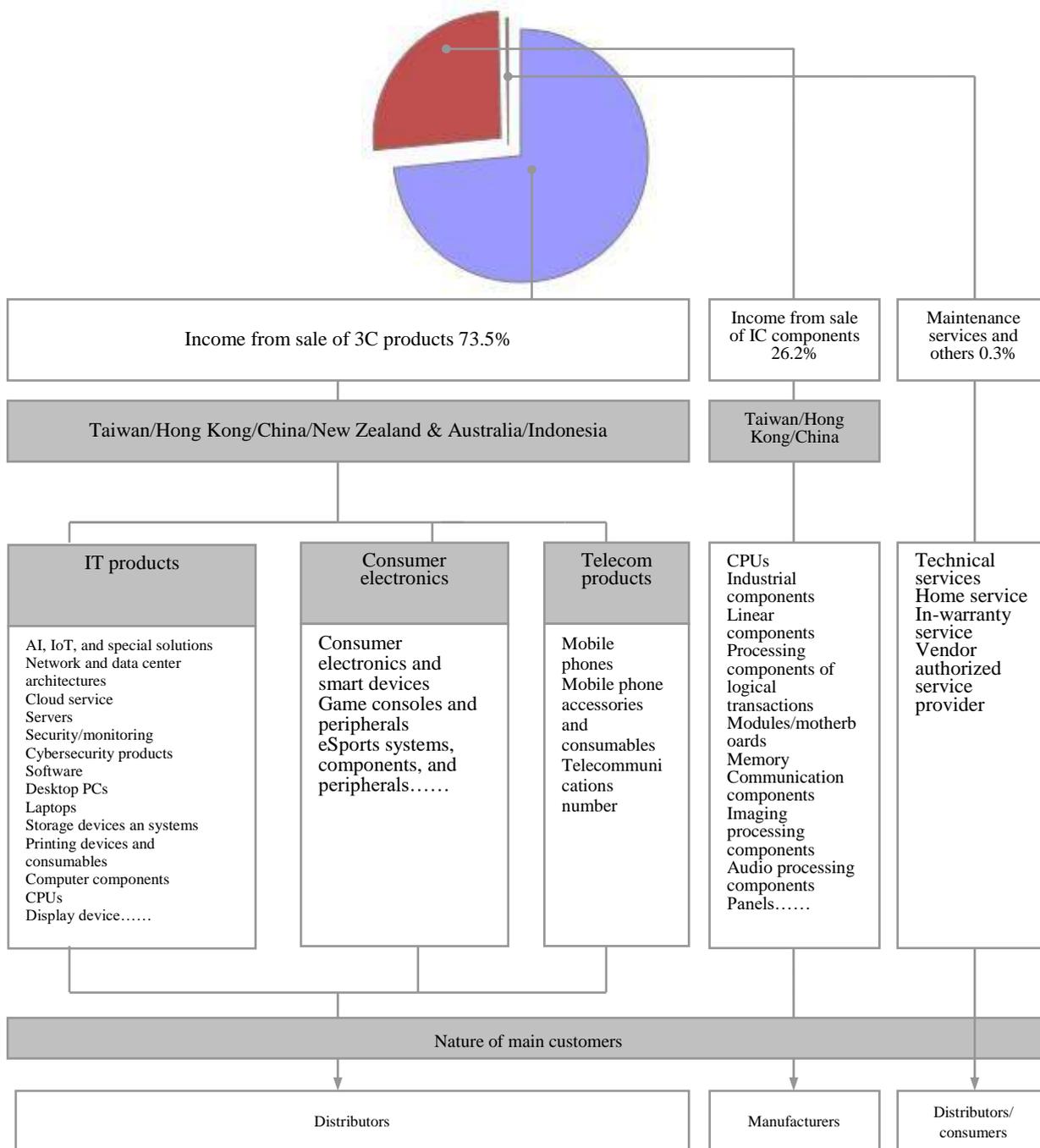
# Business overview

- I. Scope of business..... 60**
- (I) Main areas of business operation and revenue distribution for 2020 ..... 60
- (II) Developing new products (services)..... 61
- (III) Industry overview ..... 61
- (IV) Overview of Technology and R&D ..... 66
- (V) Long- and short-term business plans ..... 67
- II. Business model ..... 68**
- III. Core competencies ..... 70**
- IV. Business strategy ..... 70**
- V. Market and sales conditions..... 73**
- (I) Main sales regions..... 73
- (II) Supply and growth of market in the future..... 75
- (III) Favorable conditions for future development ..... 76
- (IV) Unfavorable factors to future development and response measures..... 77
- (V) Essential purposes of main products ..... 78
- (VI) The Group's list of key clients and amounts in the past two years ..... 79
- (VII) Sales volume chart ..... 80
- VI. Employees..... 81**
- (I) Number of employees ..... 81
- (II) Information on employees ..... 81
- VII. Environmental protection expenditure information..... 81**
- VIII. Labor relations..... 82**
- IX. Important contracts..... 83**

# Business overview

## I. Scope of business

### (I) Main areas of business operation and revenue distribution for 2020



**(II) Developing new products (services)**

| New product   | New service   |
|---|---|
| <ul style="list-style-type: none"> <li>▪ Cloud service business</li> <li>▪ Smart life related products</li> <li>▪ AIoT related products</li> <li>▪ Total solution products</li> </ul> | <ul style="list-style-type: none"> <li>▪ IT service matchmaking for the supply and demand side</li> <li>▪ Business operation management service</li> <li>▪ Decision management information service</li> <li>▪ Warehouse service deployed in cloud platform</li> </ul> |

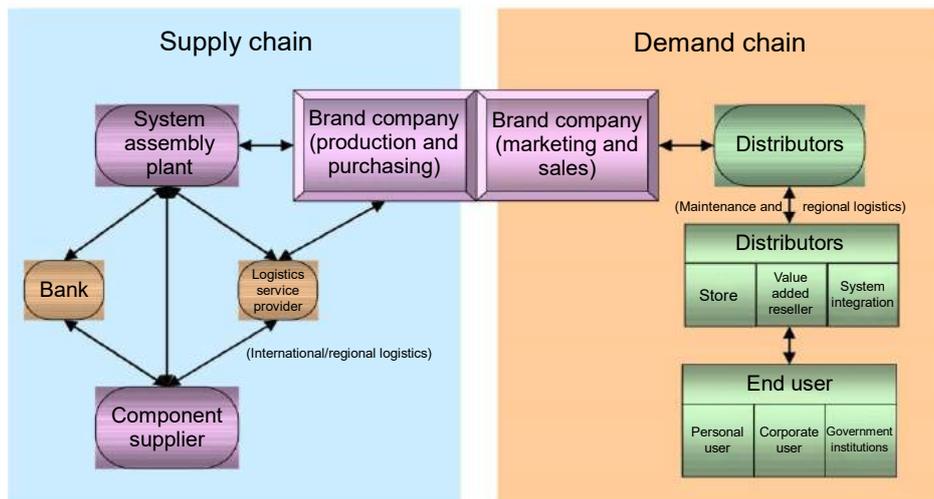
**(III) Industry overview**

**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**

TrendForce, a global market research organization, presented ten major technology trends of the technology industry in 2021, which have become the focus of the market's attention.

The following are the top ten trends presented by TrendForce:

### **1. As the DRAM industry officially enters the EUV era, NAND Flash stacking technology advances past 150L**

In 2021, the three major DRAM manufacturers Samsung, SK Hynix, and Micron will not only continue their transition towards the 12nm and 1alpha nm process technologies, but also formally introduce the EUV era, with Samsung leading the charge. They will gradually replace their existing double patterning technologies in order to optimize their cost structure and manufacturing efficiency.

After the NAND Flash memory stacking technology was pushed past 100 layers in 2020, they aim will be for 150 layers and above in 2021 and improving single-die capacity from 256/512Gb to 512Gb/1Tb, attracting customers to upgrade capacity through cost improvements. While PCIe Gen 3 is currently the dominant interface, PCIe Gen 4 will start gaining increased market share in 2021 owing to its integration in gaming consoles and adoption by Intel's new microarchitecture. The new interface will fulfill the massive data transfer demand from high-end PCs, servers, and data centers.

### **2. Global operators will step up their 5G base station build-out in 2021 while Japan/Korea look ahead to 6G**

The 5G SA implementation guidelines released by the GSMA in June 2020, discusses technical topics regarding 5G deployment and the current implementation status around the world. Operators are expected to implement 5G standalone architectures on a large scale in 2021. In addition to delivering connections with high speed and high bandwidth, 5G standalone architectures will allow operators to customize their networks according to applications and adapt to ultra-low latency requirements.

Even as 5G rollout is underway, Japan-based NTT DoCoMo and Korea-based SK Telecom are already focusing on 6G, due to the expected promotion of emerging XR device integrations (including VR, AR, MR, and 8K and above resolutions), lifelike holographic communications, WFH, remote access, telemedicine, and distance education.

### **3. Internet of Things evolves into Intelligence of Things as AI-enabled devices move towards autonomy**

In 2021, deep AI integration will be the primary value added to IoT, whose definition will evolve from Internet of Things to Intelligence of Things. Innovations in tools such as deep learning and computer vision will bring about

a total upgrade for IoT software and hardware applications. Taking into account industry dynamics, economic stimulus, and remote access demand, IoT is expected to see large-scale adoption across major verticals like smart manufacturing and smart healthcare.

From a smart manufacturing perspective, contactless technology is expected to speed up the arrival of industry 4.0. As smart factories pursue resilience, flexibility, and efficiency, AI integration will equip edge devices, such as cobots and drones, with even more precision and inspection capabilities, thereby transforming automation into autonomy. For smart healthcare, AI can transform data into enablers of process optimization and service area extension to deliver faster image recognition that can support the clinical decision-making process, telemedicine, and surgical assistance applications. These applications are important directions for the future integration of AI-enabled medical IoT in smart hospitals and telemedicine.

#### **4. Integration between AR glasses and smartphones will kick-start a wave of cross-platform applications**

AR glasses will move towards a smartphone-connected design in 2021 in which the smartphone will serve as the computing platform for the glasses through cross-platform integration. This design will reduce the weight and cost of the AR glasses.

In particular, as the 5G network environment becomes more mature in 2021, the integration of 5G smartphones and AR glasses will allow AR apps to run more smoothly and fulfill advanced personal audio-visual entertainment functionalities through leveraging the added computing power of smartphones. As a result, the willingness of smartphone brands and telecom operators to drive the development of the AR glasses market has increased substantially.

#### **5. A crucial part of autonomous driving, driver monitoring systems (DMS) will skyrocket in popularity**

Automotive safety technology has evolved from an application for car exteriors to one for car interiors, while sensing technology is moving towards the integration of driver status monitoring with external environmental readings. Similarly, the application of AI is not merely limited to entertainment and convenience, but safety has also become the new focus.

In light of the traffic accidents in which the drivers ignored road conditions due to their overreliance on ADAS, which have recently skyrocketed in adoption rate, the market is once again paying close attention to driver monitoring functions. In the future, monitoring functions will be focused on the development of more active, reliable, and accurate camera systems. Through iris tracking and behavioral monitoring, these systems are able to identify whether the driver is tired, distracted, or driving improperly. As such, DMS have become an absolute necessity in the development of autonomous driving systems. DMS must serve multiple functions simultaneously, including real-time detection/notification, driver capability assessment, and takeover of driving controls whenever necessary. Vehicles with DMS integration are expected to enter mass production in the near future.

#### **6. The foldable device concept evolves again as a means of upping screen real estate and expanding application areas**

As foldable phones progressed from concept to product in 2019, certain smartphone brands successively released their own foldable phones to test the waters. Although sales performance has been mediocre owing to their relatively high costs, they are still able to generate much buzz in the mature and saturated smartphone market.

In the next few years, as AMOLED production capacities are gradually expanded, brands will continue to focus on the concept and development of foldable phones. Furthermore, foldable functionality has been extended to laptops. With Intel and Microsoft leading the charge, dual-display notebook offerings have been successively released. Integrated foldable products are set to become the next hot topic for brands.

Notebooks with foldable displays will likely enter the market in 2021. As an innovative flexible display application and as a product category that features flexible displays much larger than previous applications, this integration is expected to expand manufacturers' flexible AMOLED production capacity.

#### **7. Mini LED and QD-OLED will become viable alternatives to white OLED in 2021**

The high-end TV market will usher in two waves of technology competitions in 2021. In particular, Mini LED backlighting enables LCD TVs to have finer control over their backlight zones and therefore deeper display contrast. Spearheaded by market leader Samsung, LCD TVs with Mini LED backlighting are competitive with their white OLED counterparts while offering similar specs and performances. And with their superior cost-effectiveness, Mini LED is expected to emerge as a strong alternative to white OLED technology.

On the other hand, Samsung Display (SDC) is betting on its new QD OLED technology as a point of technological differentiation, as SDC is ending its LCD manufacturing operations. SDC will look to set the new gold standard in TV specs with its QD OLED technology, which is superior to white OLED in terms of color saturation. TrendForce expects the high-end TV market to exhibit a cutthroat new competitive landscape in 2021.

#### **8. Advanced packaging will go full steam ahead in HPC and AiP in 2020**

In 2020, the development of advanced packaging technology has not slowed down this year despite the impact of the COVID-19 pandemic. As various manufacturers release HPC chips and AiP modules, TSMC, Intel, ASE, and Amkor are eager to participate.

With regards to HPC chip packaging, due to these chips' increased demand on I/O lead density, the demand on interposers has increased correspondingly as well. TSMC and Intel have each released their new chip packaging architectures and technologies (3D fabric and Hybrid Bonding) respectively, while gradually evolving their third-generation CoWoS and EMIB, to fourth-generation CoWoS and Co-EMIB technologies, targeting high-end 2.5D and 3D chip packaging demand in 2021.

With regards to AiP module packaging, after Qualcomm released its first QTM products in 2018, its current efforts are to reduce packaging costs. MediaTek and Apple subsequently collaborated with related OSAT companies, to invest in the R&D of mainstream flip chip packaging. AiP is expected to see gradual integration in 5G mmWave devices starting in 2021. Driven by 5G communications and network connectivity demand, AiP modules are

expected to first reach the smartphone market and subsequently the automotive and tablet markets.

## **9. Chipmakers will pursue shares in the AIoT market through an accelerated expansionary strategy**

With the rapid development of IoT, 5G, AI, and cloud/edge computing, chipmakers' strategies have evolved from singular products, to product lineups, and finally to product solutions, thereby creating a comprehensive and granular chip ecosystem. Looking at the development of major chipmakers in recent years, the continuous integration of these companies have resulted in an oligopolistic industry, in which localized competition is more intense than ever.

Furthermore, as 5G generates diverse application demands for various use cases, chipmakers are now offering full service vertical solutions, ranging from chip design to software/hardware platform integration, in response to the vast commercial opportunities brought about by the rapid development of the AIoT industry. Chipmakers who were unable to position themselves in time will likely find themselves exposed to the risk of overreliance on a single market.

## **10. Active matrix Micro LED TVs will make their debut in 2021**

The release of large-sized Micro LED displays by Samsung, LG, Sony, and Lumens in recent years marked the start of Micro LED integration in large-sized display development. As Micro LED application in large-sized displays gradually matures, Samsung is expected to be the first to release its active matrix Micro LED TVs. Year 2021 might become the first year of Micro LED integration in TVs.

Active matrix addresses pixels by making use of the display's TFT glass backplane, and since the IC design of active matrix is relatively simple, this addressing scheme therefore requires a relative low amount of routing. In particular, active matrix driver ICs require PWM functionality and MOSFET switches in order to stabilize the electrical current driving Micro LED displays. Such ICs must be redesigned and manufactured, and the R&D costs will be extremely expensive. Therefore, for Micro LED manufacturers, their greatest challenges at the moment in pushing Micro LED to the end devices market lie in technology and cost.

## **(IV) Overview of Technology and R&D**

### **Research and development operations**

The continuous research and development of operating and management technologies is the key to business model innovation and the strengthening of core capabilities and competitiveness of Synnex. Through the seven quality control offices of marketing, operations research, finance, risk, human resources, business, and technical services of the group's headquarters, that are responsible for the main operational functions, we continue to refine our functional expertise, and at the same time, create greater synergy through close horizontal integrations. Main operation and management technologies R&D at present are as follows:

1. Data extraction techniques and related applications
2. AI technology and related applications
3. Business process automation mechanisms

4. Supply and demand information integrated management platform
5. Decision management information platform
6. App and related mobile digital application system
7. 3C product insurance business operations system
8. Information cascading and related applications

**(V) Long- and short-term business plans**

**Short-term business development plan**

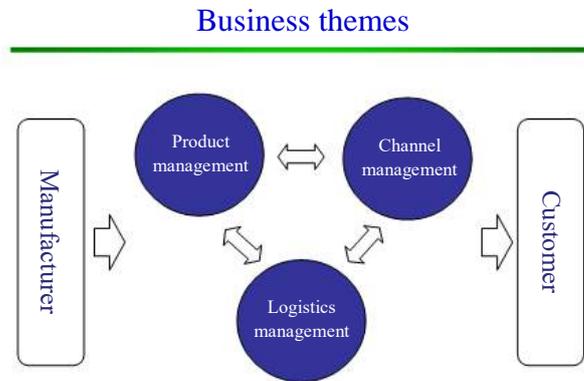
1. Component Business Unit: Through the supply and demand information integrated management platform, the business unit helps upstream and downstream manufacturers to cope with the drastic fluctuations in the supply and demand requirements of the industry, while actively developing AIoT and 5G-related application products.
2. IT/Telecom Business Unit: Actively expand eSports products, cloud services, smart home appliances, and other high-growth products, deepen the connection of various types of information between major manufacturers and channel customers, and strengthen the close cooperation.
3. Logistics Business Unit: Continue to diversify logistics services, expand service items such as the home electronics installation and maintenance service and the warehouse service deployed in cloud platform service, and develop and build additional logistics centers according to the scale of operations to improve the investment effectiveness of the logistics network.
4. Technical Services Business Unit: Continue to expand the technical services business in China and Taiwan, deepen the application of the operation management system, and accelerate the integration of the group's management resources.

**Long-term business development plan**

For the long-term development of the group and for seeking broader possibilities, Synnex will actively carry out strategic transformation. With the “Management Service Platform” as our strategic positioning, we will expand our vision of services to brands, manufacturers, sellers, and users of various products and services, and include logistics and financial services companies to build a highly integrated and transparent supply and demand information, solid and efficient operations, smart decision management, and smart information platform that creates value.

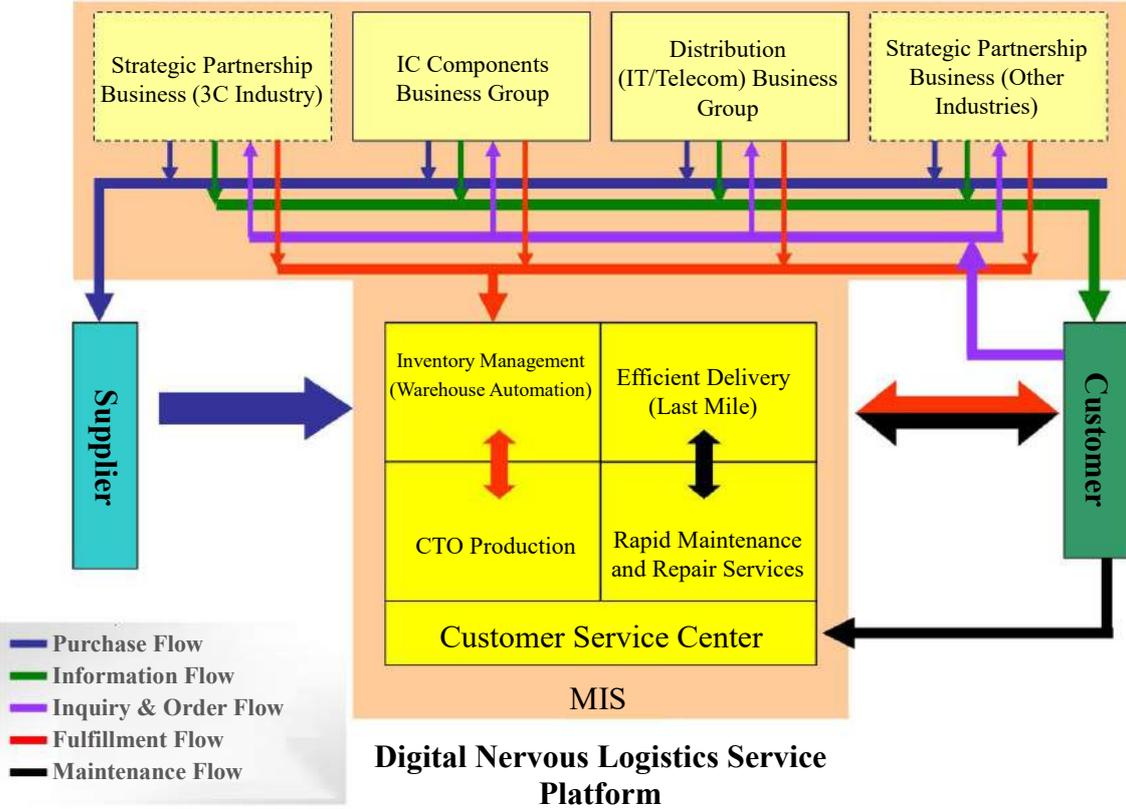
## II. Business model

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 technical support services. 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.

### **Brand name distributors**

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

### **Maximizing the advantage of economies of scale**

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

#### **Pursuing steady growth in overseas markets**

Synnex'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.

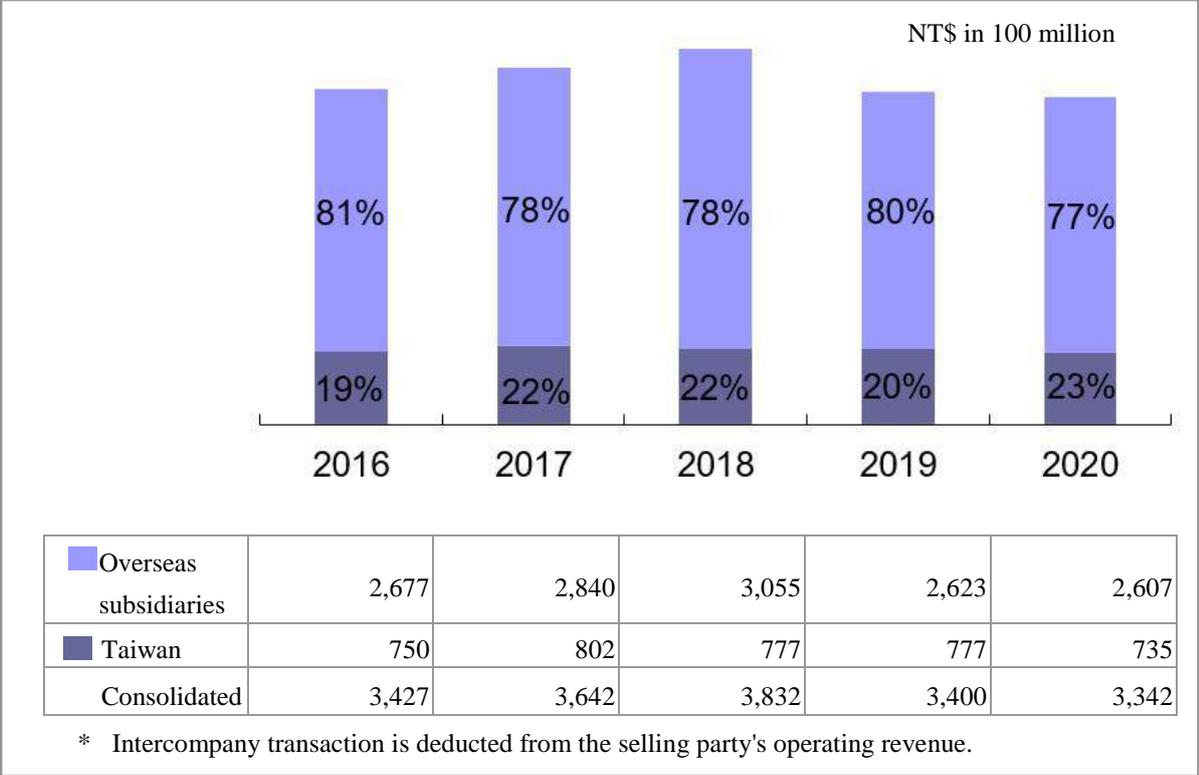
#### **An all-round logistics management service provider in the e-business era**

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.

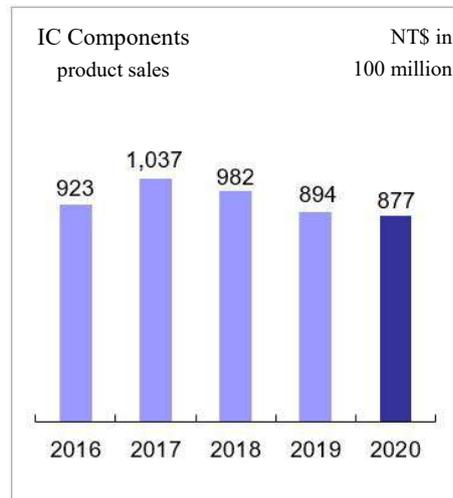
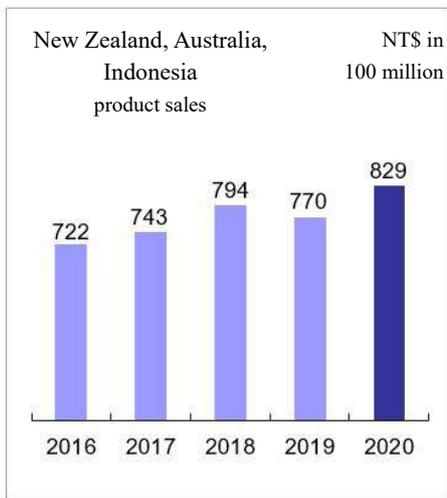
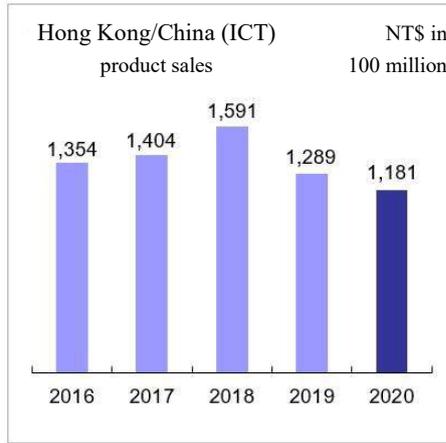
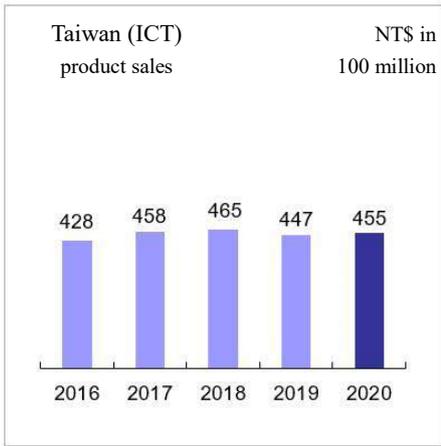
## V. Market and sales conditions

### (I) Main sales regions

Growth trends in group revenue for the past five years



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



## (II) Supply and growth of market in the future

In 2020, the human lifestyle was forced to change under the impact of COVID-19, and the ICT market also looks different. According to research by market research firm Citi Research, global shipments of PCs and tablets both grew by 13% in 2020, reaching 297 million units and 164 million units respectively. This is due to the zero-contact and stay-at-home economy opportunities driven by the pandemic, resulting in a stronger growth in PC sales than in previous years. The sales volume of tablets grew substantially, in contrast to the declining trend over the years. Citi Research projects that global shipments of PCs and tablets will remain at 460 million units in 2021, similar to that of 2020. This shows that consumer spending habits and work patterns during the pandemic have become the new normal. Digital flexibility has become necessary for survival and the demand for digital tools continues. 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 eSports notebooks in 2023 will reach 8.4%.

Global sales of smartphones in 2020 will be approximately 1.38 billion units, a decrease of 11% over the previous year. However, 5G smartphones have shown rapid growth as expected. 210 million smartphones were sold in 2020, a growth of more than 11 times over 2019, accounting for 15% of the smartphone shipments. Market research firm Gartner projects that 5G smartphone shipments will continue to grow in 2021, and the penetration rate will rise rapidly to 35%. 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.

In the post-pandemic era, various new normals and business practices adapted to the market have gradually become mainstream. Market research firm IDC predicts that companies will therefore reshape their IT investment priorities in the next five years; they will focus on investing in technologies and operations/business models that will help them "return to growth" and adapt to the "new normal". In the future, companies will use digital technologies to strengthen organizational development, accelerate growth, and rebuild leadership capabilities. For example, investing in cloud-centric digital infrastructures to increase digital flexibility and importing new technologies to build hybrid working environments will continue to provide strong demand for the ICT market.

| Type                       | 2019          |               | 2020            |               | 2021(Estimate)  |  |
|----------------------------|---------------|---------------|-----------------|---------------|-----------------|--|
|                            | Million units | Million units | Growth rate (%) | Million units | Growth rate (%) |  |
| PCs (desktops and laptops) | 262           | 297           | +13             | 310           | +5              |  |
| Tablets (including 2-in-1) | 144           | 164           | +13             | 152           | -7              |  |
| Smartphones                | 1,541         | 1,378         | -11             | 1,535         | +11             |  |
| 5G smartphones             | 17            | 213           | +1,170          | 539           | +153            |  |

Source: Citi Research, Gartner

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 2020 is as follows:

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

Basic information of each region:

| Region    | Population<br>(in millions) | Per capita GDP (US\$) | 2020 economic growth<br>rate (%) | Source                                      |
|-----------|-----------------------------|-----------------------|----------------------------------|---|
| Taiwan    | 23.5                        | 28,758                | 3.0                              | IMF/National Statistics, R.O.C.<br>(Taiwan) |
| China     | 1,400.1                     | 10,839                | 1.9                              | IMF   |
| Hong Kong | 7.5                         | 45,176                | -7.5                             | IMF   |
| Australia | 25.6                        | 55,885                | -4.2                             | IMF   |
| Indonesia | 270.2                       | 4,038                 | -1.5                             | IMF   |
| Vietnam   | 97.6                        | 3,498                 | 1.6                              | IMF   |
| Thailand  | 66.5                        | 7,795                 | -7.1                             | IMF   |
| India     | 1,379.6                     | 1,877                 | -10.3                            | 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 resources to serve direct customers and 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 EMS providers, system integrators, independent design providers, PCB 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, ICs, memory modules, various driver ICs, wireless telecommunications, broadband internet, digital processing ICs, sensors, 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, and driving the upgrade of base stations, small base stations, mobile phones, CPE products, and wireless routers. In 2035, it could reach US\$12.3 trillion.

### (III) 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, AI, and smart homes 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.

**(IV) Unfavorable factors to future development and response measures**

| Unfavorable factors  | Response measures  |
|--|--|
| <p><b>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.</b></p>   | <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> </ol> |
| <p><b>Short life cycle of products</b><br/>The rapid advancement of technology has facilitated the speed of the introduction of new products; thus, product cycle is shortened to approximately half a year, resulting in uncertainty of sales performance and</p> | <ol style="list-style-type: none"> <li>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.</li> <li>2. Adjust inventory weeks according to the development status of each product's life cycle to avoid slow moving inventory and interest burden caused by over-stocking.</li> </ol>  |

increased inventory risk.

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.

**(V) Essential purposes of main products**

The products sold by the company span across four major fields, namely IT, telecommunications, consumer electronics, and IC components.

3C products such as IT, telecommunications, and consumer electronics can be divided into enterprise solutions and device and consumer, in terms of application. The company's main products and brands are as follows:

|                     | Main applications and products | Main brands  |
|---------------------|--------------------------------|--|
| Enterprise Solution | Server&Storage                 | Cisco, DellEMC, Fujitsu, HPE, Huawei, IBM, Lenovo, NetApp, Nutanix, Oracle, PureStorage, SAP HANA                            |
|                     | Networking                     | Aruba, Avaya, Brocade, Cisco, DellEMC, Fortinet, HPE, Huawei, Juniper, NetScout  |
|                     | Data Center Infra              | APC, DellEMC, Delta, HPE, Huawei, Vertiv   |
|                     | Cloud Service                  | Alibaba, AWS, Azure, Barracuda, BitTitan, Citrix, Google Cloud, Microsoft 365, IBM Cloud, VMware, Parallels, Skykick, RedHat |
|                     | Security&Surveillance          | Axis, Bosch, Cisco, Dahua, F5, Fortinet, Hanwha, HikVision, McAfee, Sophos, Symantec, Trend Micro                            |
|                     | Productivity/Tools/BI          | Autodesk, Dynamic, Genetec, Paques, Office 365, Oracle, Windows 10, Windows Server, Teams, TeamViewer, Visual Studio         |
|                     | Database&Management            | Double-Take, FalconStor, Micro Focus, Microsoft SQL, Oracle, Rubrik, Veritas   |
|                     | Large-Format Display&Printing  | EPSON, HP, Roland, Samsung, XYZ, ZCorporation  |

(Continued on next page)

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| Main applications and products |                             | Main brands   |
|--------------------------------|-----------------------------|---|
| Device&Consumer                | Client Device               | Acer, Apple, ASUS, Dell, Fujitsu, Google, HP, Lenovo, Microsoft, Samsung, Toshiba                       |
|                                | Mobile Phone                | Apple, Google, HTC, Huawei, Infinix, Mi, Motorola, Nokia, Oppo, Realme, Samsung, SONY, Vivo             |
|                                | PC Component                | ASUS, AsRock, Gigabyte, Intel, Kingston, MSI, SanDisk, Seagate, Toshiba, Transcend, WD                  |
|                                | eSports&Gaming              | Acer, Activision, ASUS, Corsair, Gigabyte, HyperX, Logitech, MSI, Razer, SteelSeries, Thermaltak, XBOXe |
|                                | Smart Device&Home Appliance | Amazon, Apple, DJI, Ecovacs, Fibit, Google, GoPro, Honeywell, Samsung, Sharp, UBTech                    |
| Peripheral&Accessory           |                             | AOC,, BenQ Canon, D-Link, HP, EPSON, LG, NetGear, Samsung, TP-Link, ViewSonic                           |

Once sold, IC components are used for production; the products span across the following fields:

| Main industries |                 | Main brands   |
|-----------------|-----------------|---|
| IC Component    | PC              | Intel, ITE  |
|                 | Storage&Memory  | BiWIN, CXMT, Intel, Kingston, Micron/Crucial, Phison, SanDisk, Seagate, SKHynix, WD |
|                 | Panel/Touch/LED | AUO, Eink, HKC, Innolux, JADARD, Macroblock, Raydium, Silicon Works                 |
|                 | Networking      | Airgain, Econet, Fibocom, Intel, MaxLinear, Mediatek                                |
|                 | AIoT            | Galaxycore, Knowles, Movidius, nVidia, Realtek, Rockchip                            |
|                 | Automotive      | Knowles, nVidia, Sandisk, SKHynix   |
|                 | Power           | Anpec, Champion, Sinopower  |

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

### Procurements list

Unit: in NTD millions

| Ranking | 2019             |         |                                     | 2020             |         |                                     |
|---------|------------------|---------|-------------------------------------|------------------|---------|-------------------------------------|
|         | Name of supplier | Amount  | Total annual net purchase ratio (%) | Name of supplier | Amount  | Total annual net purchase ratio (%) |
| 1       | A company (Note) | 85,476  | 27                                  | A company (Note) | 82,130  | 21                                  |
| 2       | B company (Note) | 39,311  | 12                                  | B company (Note) | 34,679  | 9                                   |
|         | Other            | 191,379 | 61                                  | Other            | 317,334 | 70                                  |
|         | Net purchase     | 316,166 | 100                                 | Net purchase     | 399,464 | 100                                 |

Note: Not a stakeholder.

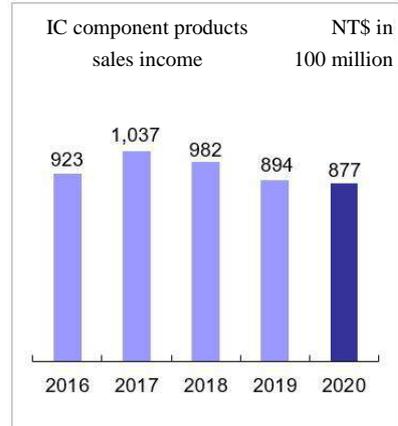
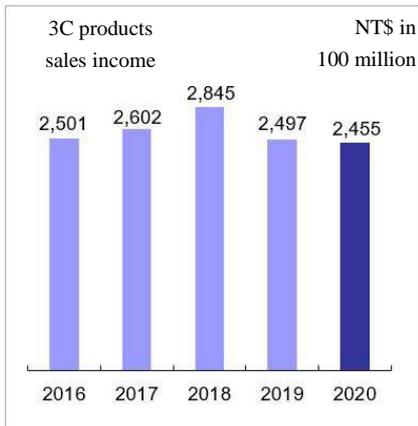
The Group has maintained good relations with major suppliers for a long period of time. Due to considerations of market changes and investment and marketing strategies, the situation of purchasing from major suppliers has changed slightly.

### 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.

## (VII) Sales volume chart

### Chart of product line revenue trends for the past five years



Note: 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

### (I) Number of employees

| Item                          | Year | 2019.12.31 |                       |       | 2020.12.31 |                       |       | 2021.03.31 |                       |       |
|-------------------------------|------|------------|-----------------------|-------|------------|-----------------------|-------|------------|-----------------------|-------|
|                               |      | Taiwan     | Overseas subsidiaries | Total | Taiwan     | Overseas subsidiaries | Total | Taiwan     | Overseas subsidiaries | Total |
| Number of full-time employees |      | 1,758      | 3,257                 | 5,015 | 1,762      | 3,158                 | 4,920 | 1,719      | 3,092                 | 4,811 |
| Number of part-time employees |      | 39         | 237                   | 276   | 36         | 247                   | 283   | 38         | 252                   | 290   |
| Total number of employees     |      | 1,797      | 3,494                 | 5,291 | 1,798      | 3,405                 | 5,203 | 1,757      | 3,344                 | 5,101 |

### (II) Information on employees

| Item                       | Year               | 2019.12.31 |  |       | 2020.12.31 |  |       | 2021.03.31 |  |       |
|----------------------------|--------------------|------------|--|-------|------------|--|-------|------------|--|-------|
|                            |                    |            |  |       |            |  |       |            |  |       |
| Number of employees        | Sales              |            |  | 2,229 |            |  | 2,091 |            |  | 2,069 |
|                            | Technology         |            |  | 1,135 |            |  | 1,278 |            |  | 1,218 |
|                            | Computer           |            |  | 208   |            |  | 204   |            |  | 195   |
|                            | Administrative     |            |  | 560   |            |  | 560   |            |  | 552   |
|                            | Logistics          |            |  | 883   |            |  | 787   |            |  | 777   |
|                            | Total              |            |  | 5,015 |            |  | 4,920 |            |  | 4,811 |
| Average age                |                    |            |  | 35.7  |            |  | 36.1  |            |  | 36.0  |
| Average years of service   |                    |            |  | 6.7   |            |  | 7.1   |            |  | 7.5   |
| Academic qualification (%) | PhD                |            |  | 0.0   |            |  | 0.0   |            |  | 0.0   |
|                            | Master's degree    |            |  | 6.3   |            |  | 6.7   |            |  | 6.7   |
|                            | University/College |            |  | 81.4  |            |  | 81.2  |            |  | 81.2  |
|                            | High school        |            |  | 10.7  |            |  | 10.3  |            |  | 10.3  |
|                            | Below high school  |            |  | 1.6   |            |  | 1.7   |            |  | 1.7   |

Note: Part-time employees are not included.

## VII. Environmental protection expenditure information

Though the company is a channel services provider of high-tech products, which 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**

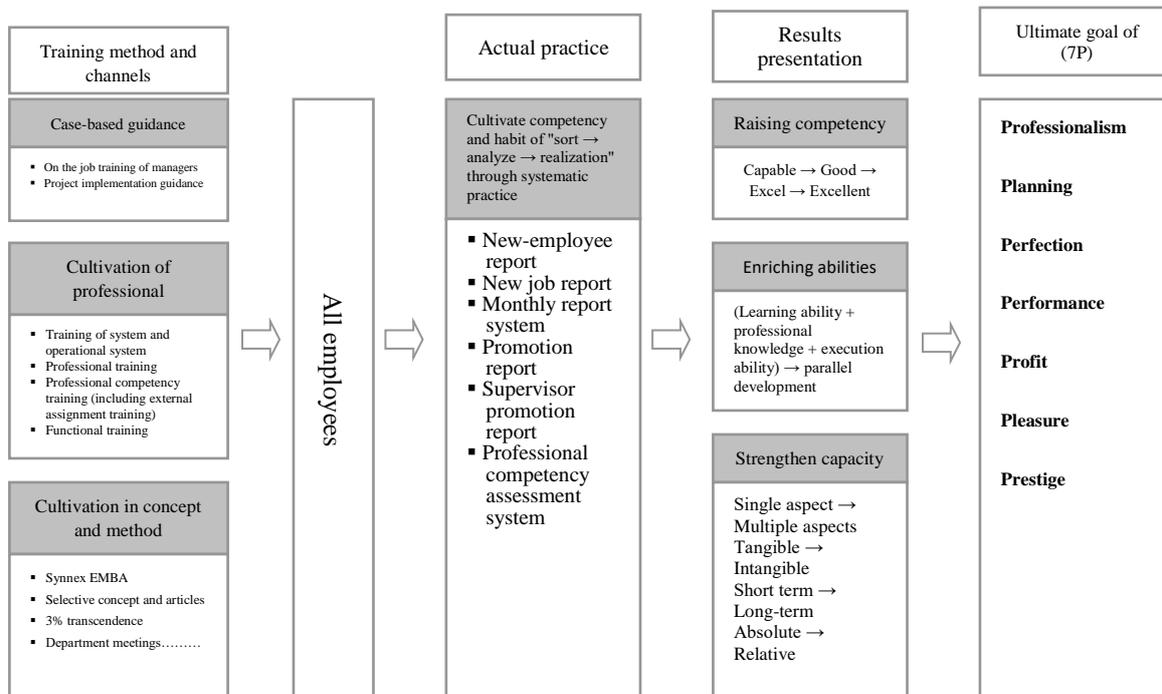
Retirement matters in Taiwan are handled in accordance with the requirements of the Labor Standards Act and Labor Pension Act. The company has formed the Employee Pension Reserve Committee. The new pension system has been implemented in accordance with the Labor Pension Act since July 2005. For the new 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 2020 and 2021 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                |
| Commercial real estate purchase agreement | Nanzong Construction Developments, Co., Ltd. | From September 2019 to inspection and acceptance | The total price is NT\$5.087 billion; the total area is 4,846.63 pings and there are 80 parking spots | None                |

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

# Financial Overview

|             |  |           |
|-------------|--|-----------|
| <b>I.</b>   | <b>Consolidated condensed balance sheet for the past five years.....</b>                     | <b>85</b> |
| <b>II.</b>  | <b>Consolidated income statement/condensed income statement for the past five years.....</b> | <b>86</b> |
| <b>III.</b> | <b>Consolidated financial analysis for the last five years.....</b>                          | <b>87</b> |
| <b>IV.</b>  | <b>Names of auditing CPAs of the most recent five years and their audit opinions .....</b>   | <b>88</b> |
| <b>V.</b>   | <b>Financial turnover difficulties of the company and its related companies: None.....</b>   | <b>88</b> |
| <b>VI.</b>  | <b>Audit Committee's report.....</b>   | <b>89</b> |

# Financial Overview

## I. Consolidated condensed balance sheet for the past five years

Unit: in NTD millions

| Item/Year                               | 2016    | 2017    | 2018    | 2019    | 2020    |
|---|---------|---------|---------|---------|---------|
| Current assets                          | 102,183 | 110,661 | 117,683 | 111,302 | 121,603 |
| Property, plant and equipment (Note 2)  | 6,835   | 6,857   | 6,919   | 6,349   | 9,600   |
| Intangible assets                       | 703     | 641     | 632     | 646     | 638     |
| Other assets (Note 2)                   | 18,110  | 20,642  | 22,284  | 29,392  | 27,835  |
| Total assets                            | 127,831 | 138,801 | 147,518 | 147,689 | 159,676 |
| Current liabilities                     |         |         |         |         |         |
| Before distribution                     | 83,323  | 91,346  | 97,360  | 94,466  | 101,744 |
| After distribution                      | 84,991  | 95,015  | 100,696 | 98,803  | 107,248 |
| Non-current liabilities                 | 626     | 693     | 798     | 1,278   | 1,082   |
| Total liabilities                       |         |         |         |         |         |
| Before distribution                     | 83,949  | 92,039  | 98,158  | 95,744  | 102,826 |
| After distribution                      | 85,617  | 95,708  | 101,494 | 100,081 | 108,330 |
| Equity attributable to owners of parent | 42,572  | 45,171  | 47,570  | 49,814  | 54,583  |
| Capital stock                           | 16,679  | 16,679  | 16,679  | 16,679  | 16,679  |
| Capital reserve                         | 14,196  | 14,365  | 14,847  | 14,743  | 14,709  |
| Retained earnings                       |         |         |         |         |         |
| Before distribution                     | 14,534  | 18,947  | 22,221  | 25,687  | 29,531  |
| After distribution                      | 12,866  | 15,278  | 18,885  | 21,350  | 24,027  |
| Other interests                         | (2,837) | (4,821) | (6,177) | (7,295) | (6,336) |
| Treasury stock                          | -       | -       | -       | -       | -       |
| Non-controlling interests               | 1,310   | 1,590   | 1,790   | 2,131   | 2,267   |
| Total equity                            |         |         |         |         |         |
| Before distribution                     | 43,882  | 46,762  | 49,360  | 51,945  | 56,850  |
| After distribution                      | 42,214  | 43,093  | 46,024  | 47,608  | 51,346  |

Note : Financial statements in each year have been audited.

Note : Asset revaluation has not been processed in each year.

Note : The figures in each year were allocated based on the resolution of the annual Shareholders' meeting in the following year, except for the year 2020 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 NTS)

| Item/Year   | 2016    | 2017    | 2018    | 2019    | 2020    |
|---|---------|---------|---------|---------|---------|
| Operating revenue   | 342,696 | 364,208 | 383,195 | 339,995 | 334,201 |
| Gross profit  | 12,131  | 12,861  | 14,498  | 14,721  | 15,095  |
| Operating profit  | 4,269   | 4,931   | 5,412   | 5,979   | 7,234   |
| Non-operating income and expenses   | 1,456   | 2,948   | 2,566   | 2,911   | 3,267   |
| Net income before tax   | 5,725   | 7,879   | 7,978   | 8,890   | 10,501  |
| Net income from continuing operations                                     | 5,124   | 6,414   | 6,913   | 7,219   | 8,538   |
| Loss from discontinued operations   | -       | -       | -       | -       | -       |
| Net income of the current term  | 5,124   | 6,414   | 6,913   | 7,219   | 8,538   |
| Other comprehensive profit/losses for the current period (net, after-tax) | (2,724) | (2,119) | (1,018) | (1,178) | 723     |
| Total comprehensive income of the term                                    | 2,400   | 4,295   | 5,895   | 6,041   | 9,261   |
| Net income attributable to owners of the parent                           | 4,876   | 6,115   | 6,608   | 6,815   | 8,158   |
| Net Income attributable to non-controlling interests                      | 248     | 299     | 305     | 404     | 380     |
| Total comprehensive income attributable owners of the parent              | 2,147   | 4,115   | 5,689   | 5,692   | 9,109   |
| Total comprehensive income attributable to non-controlling interests      | 253     | 180     | 206     | 349     | 152     |
| Earnings per share - before retroactive adjustment                        | 2.92    | 3.67    | 3.96    | 4.09    | 4.89    |
| - after retroactive adjustment (Note 2)                                   | 2.92    | 3.67    | 3.96    | 4.09    | 4.89    |

Note 1: Financial statements in each year have been audited.

Note 2: 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 (Note 3)                                     | 2016 | 2017 | 2018     | 2019 | 2020     |
|----------------------------|--|------|------|----------|------|----------|
| Capital structure analysis | Debt-to-asset ratio (%)                                    | 66   | 66   | 67       | 65   | 64       |
|                            | Long-term fund to Property, plant, and equipment ratio (%) | 623  | 659  | 699      | 805  | 580      |
| Liquidity analysis         | Current ratio (%)  | 123  | 121  | 121      | 119  | 120      |
|                            | Quick ratio (%)  | 79   | 78   | 74       | 81   | 85       |
|                            | Interest protection multiples                              | 10   | 15   | 12       | 13   | 22       |
| Operating ability          | Average collection turnover (times)                        | 7.2  | 6.9  | 6.7      | 6.2  | 5.7      |
|                            | Average days sales outstanding                             | 51   | 53   | 54       | 59   | 64       |
|                            | Average inventory turnover (times)                         | 9.4  | 9.9  | 9.4      | 8.8  | 10.0     |
|                            | Average days of sales (days)                               | 39   | 37   | 39       | 41   | 36       |
|                            | Average payment turnover (times)                           | 10.8 | 10.2 | 9.6      | 8.7  | 9.2      |
|                            | Property, plant, and equipment turnover (times)            | 49.3 | 53.2 | 55.6     | 51.3 | 41.9     |
|                            | Total assets turnover (times)                              | 2.6  | 2.7  | 2.7      | 2.3  | 2.2      |
| Profitability              | Return on assets ratio (%)                                 | 4.1  | 5.0  | 5.0      | 5.0  | 5.6      |
|                            | Rate of return on shareholder equity/equity (%)            | 11.4 | 13.9 | 14.3     | 14.0 | 15.6     |
|                            | Paid-in capital ratio (%) - operating profit               | 25.6 | 29.6 | 32.5     | 35.9 | 43.4     |
|                            | Paid-in capital ratio (%) - income before tax              | 34.3 | 47.2 | 47.8     | 53.3 | 63.0     |
|                            | Net profit margin (%)                                      | 1.4  | 1.7  | 1.7      | 2.0  | 2.4      |
|                            | Earnings per share - before retroactive adjustment (NTD)   | 2.92 | 3.67 | 3.93     | 4.09 | 4.89     |
|                            | Earnings per share - after retroactive adjustment (NTD)    | 2.92 | 3.67 | 3.93     | 4.09 | 4.89     |
| Cash flow                  | Cash flow ratio (%)  | 9.9  | 3.0  | (Note 2) | 19.9 | (Note 2) |
|                            | Cash flow adequacy ratio (%)                               | 27.7 | 52.3 | 44.1     | 69.6 | 81.0     |
|                            | Cash reinvestment ratio (%)                                | 14.0 | 2.3  | (Note 2) | 33.6 | (Note 2) |
| Leverage                   | Operating leverage   | 1.8  | 1.5  | 1.6      | 1.4  | 1.2      |
|                            | Financial leverage   | 1.2  | 1.1  | 1.1      | 1.1  | 1.1      |

Note 1: Financial statements in each year have been audited.

Note 2: Is negative and therefore not listed.

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

#### Discrepancy:

1. Long-term fund to properties, plant, and equipment ratio: This year's decrease of 28% over the previous year was mainly due to the start of construction of the office building in Nangang District, Taipei City in February 2020, which resulted in an increase in properties, plant, and equipment compared to the previous year.
2. Interest Protection Multiples: This year's increase of 69% over the previous year was mainly due to the increase in the group's pre-tax profit over the previous year, the decrease in the lending interest rate from financial institutions, and the decrease in interest expenses.

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

| Auditing year | Name of firm | Name of Accountants       | Audit opinion       |
|---------------|--------------|---------------------------|---------------------|
| 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 |
| 2020          | PwC Taiwan   | Jenny Yeh, Yi-Chang Liang | 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 2020 business report, financial reports (including consolidated and individual financial reports), and earnings distribution proposal. The Board of Directors have appointed accountant Jenny Yeh and accountant Yi-Chang Liang of PwC Taiwan to audit the financial statements and they have submitted an audit report. The audit committee has reviewed the business report, the financial reports, and the earnings distribution proposal and did not find any instances of noncompliance. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, it is hereby submitted for review and perusal.**

**To the Synnex Technology International Corp. 2021 General Shareholders' Meeting**

**Synnex Technology International Corp.**

**Chairman of the Audit Committee:  
Yungdu Wei**

**March 12, 2021**

# Financial status, financial performance analysis, and Risk Management

|             |   |           |
|-------------|---|-----------|
| <b>I.</b>   | <b>Review and analysis of financial status and financial performance</b> .....                                | <b>91</b> |
| (I)         | Analysis of financial status .....  | 91        |
| (II)        | Analysis of financial performance.....  | 92        |
| (III)       | Cash flow analysis .....  | 92        |
| (IV)        | The effects that significant capital expenditures have on financial operations in the recent year .....       | 93        |
| (V)         | Review and analysis of investment .....   | 93        |
| <b>II.</b>  | <b>Risk management</b> .....  | <b>94</b> |
| (I)         | Impact of interest rate, exchange rate changes, and inflation on company's profit and response measures ..... | 94        |
| (II)        | High-risk, high-leveraged investments, lending, endorsement guarantees, and derivatives transactions .....    | 95        |
| (III)       | Other .....   | 95        |
| (IV)        | Other significant risks and response measures: None.....  | 97        |
| <b>III.</b> | <b>Other important matters: None.</b> .....   | <b>97</b> |

# Financial status, financial performance analysis, and Risk Management

## I. Review and analysis of financial status and financial performance

### (I) Analysis of financial status

Unit: in NTD millions

| Item/Year                     | 2019           | 2020           | Net change    |          |
|-------------------------------|----------------|----------------|---------------|----------|
|                               |                |                | Amount        | %        |
| Current assets                | 111,302        | 121,603        | 10,301        | 9        |
| Equity-accounted investments  | 15,561         | 16,409         | 848           | 5        |
| Property, plant and equipment | 6,349          | 9,600          | 3,251         | 51       |
| Intangible and other assets   | 14,477         | 12,064         | (2,413)       | (17)     |
| <b>Total assets</b>           | <b>147,689</b> | <b>159,676</b> | <b>11,987</b> | <b>8</b> |
| Current liabilities           | 94,466         | 101,744        | 7,278         | 8        |
| Non-current liabilities       | 1,278          | 1,082          | (196)         | (15)     |
| <b>Total liabilities</b>      | <b>95,744</b>  | <b>102,826</b> | <b>7,082</b>  | <b>7</b> |
| Capital stock                 | 16,679         | 16,679         | -             | -        |
| Capital reserve               | 14,743         | 14,709         | (34)          | -        |
| Retained earnings             | 25,687         | 29,530         | 3,843         | 15       |
| Other interests               | (7,295)        | (6,336)        | 959           | (13)     |
| Non-controlling interests     | 2,131          | 2,268          | 137           | 6        |
| <b>Total equity</b>           | <b>51,945</b>  | <b>56,850</b>  | <b>4,905</b>  | <b>9</b> |

Analysis:

#### **Total assets** (↑NT\$11,987 million, 8%)

The increase in total assets was mainly due to the increase in notes and accounts receivable by NT\$12,594 million (↑24%), which was due to the strong sales momentum at the end of the year and the decrease in the amount of accounts receivable factoring. An analysis of the average collection days shows that the average collection days in 2020 and 2019 are 64 and 59 respectively. The group will continue to implement credit risk management and regularly monitor the use of credit facilities.

#### **Total liabilities** (↑NT\$7,082 million, 7%)

The increase in total liabilities was mainly due to the increase in the outstanding loans (short-term borrowings + short-term bills payable) by NT\$8,578 million (↑18%) and deducting cash and cash equivalents, wealth management products, and time deposits that will mature in more than 3 months. The net outstanding loans in 2020 and 2019 were NT\$41,458 and 32,574, respectively. This was due to the strong sales momentum at the end of the year and the increase in the need for funds. 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.

#### **Total equity** (↑NT\$4,905 million, 9%)

The increase in total equity was mainly due to the increase in retained earnings by NT\$3,843 million (↑15%), which was mainly due to the increase in net profit compared to the previous year.

## (II) Analysis of financial performance

Unit: in NTD millions

| Item/Year                         | 2019      | 2020      | Net change |      |
|-----------------------------------|-----------|-----------|------------|------|
|                                   |           |           | Amount     | %    |
| Operating revenue                 | 339,995   | 334,201   | (5,794)    | (2)  |
| Operating costs                   | (325,274) | (319,106) | (6,168)    | (2)  |
| Net gross profit                  | 14,721    | 15,095    | 374        | 3    |
| Operating expenses                | (8,742)   | (7,861)   | (881)      | (10) |
| Operating profit                  | 5,979     | 7,234     | 1,255      | 21   |
| Non-operating income and expenses | 2,911     | 3,267     | 356        | 12   |
| Net income before tax             | 8,890     | 10,501    | 1,611      | 18   |
| Income tax expense                | (1,671)   | (1,963)   | 292        | 17   |
| Net income of the current term    | 7,219     | 8,538     | 1,319      | 18   |

Analysis:

**Total revenue, operating cost, and gross profit** (↓ NT\$5,794 million, 2%; ↓ NT\$6,168 million, 2%; ↑ NT\$374 million, 3%)

Although the group's consolidated revenue for the year declined by 2%, gross profit margin increased over the previous year due to the continuous optimization of the product portfolio and the flexible provision of value-added services to customers.

**Operating expenses** (↓ NT\$881 million, 10%)

In recent years, we have vigorously promoted Agility Project. Through digital optimization, cascading information, and AI big data analysis, we have comprehensively improved operational efficiency to achieve economies of scale. As a result, operating expenses were reduced compared with the previous year.

**Operating profit** (↑ NT\$1,255 million, 21%)

Due to the gross profit increase and the appropriate management of the operating expenses, this year's operating profit increased by NT\$1,255 million compared with that of the previous year. In the future, the group will continue to optimize its digital capabilities, provide more value-added services, and actively explore new businesses to drive profitable growth by increasing business performance.

**Non-operating income and expenses** (↑ NT\$356 million, 12%)

The group's annual financial costs decreased by NT\$204 million over the previous year, mainly due to the decrease in lending interest rates from financial institutions.

## (III) Cash flow analysis

### Analysis on the cash flow changes of the most recent year:

Unit: in NTD millions

| Item/Year  | 2019     | 2020    | Net change |       |
|--|----------|---------|------------|-------|
|  |          |         | Amount     | %     |
| Cash and cash equivalents at the beginning of the year   | 5,675    | 6,342   | 667        | 12    |
| Net cash inflow (outflow) from operating activities      | 18,811   | (4,922) | (23,733)   | (126) |
| Net cash inflow (outflow) from investing activities      | (12,385) | 9,276   | 21,661     | 175   |
| Net cash inflow (outflow) from financing activities      | (3,844)  | 4,374   | 8,218      | 214   |
| Effect of exchange rate changes                          | (1,915)  | 160     | 2,075      | 108   |
| Closing cash and cash equivalents at the end of the year | 6,342    | 15,230  | 8,888      | 140   |

Analysis:

**Operating activities** (↓ NT\$23,733 million, 126%)

Cash flow from operating activities changed from inflow to outflow due to the increase in cash outflow from accounts receivable and inventories from strong sales momentum in the fourth quarter.

**Investing activities** (↑ NT\$21,661 million, 175%)

Cash flow from investing activities changed from outflow to inflow mainly because 2020 and 2019 financial assets at fair value through profit and loss generated NT\$9,179 million in cash inflow and NT\$8,648 million in cash outflow respectively.

**Financing activities** (↑ NT\$8,218 million, 214%)

Cash inflow from financing activities increased compared with the previous year mainly due to the strong sales momentum at the end of the year, the increase in the need for funds, and the increase in cash inflow from short-term borrowings and short-term notes and bills payable compared to last year.

## Improvement plan for insufficient liquidity: N/A.

### Cash flow analysis for the coming year

Unit: in NTD millions

| Cash balance at the beginning of year<br>(1) | Projected full year's net cash inflow (outflow) from operating activities<br>(2) | Projected full year's net cash inflow (outflow) from other activities<br>(3) | Projected cash surplus (deficit) amount<br>(1)+(2)+(3) | Remedial measures for cash deficit |                 |
|--|--|--|--|------------------------------------|-----------------|
|  |  |  |  | Investment plans                   | Financing plans |
| 15,230                                       | 5,171  | (5,120)  | 15,281   | -                                  | -               |

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.

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

#### Major capital expenditures and their source of funds

Unit: in NTD millions

| Planned item   | Actual or estimated source of funds   | Estimated end date of projects | Total funding needed    | Actual or estimated capital expenditures |      |      |      |      |
|--|---------------------------------------|--------------------------------|-------------------------|--|------|------|------|------|
|  |                                       |                                |                         | 2017                                     | 2018 | 2019 | 2020 | 2021 |
| Establish/expand logistics centers in each locations | Own capital                           | Compile budget annually        | Compile budget annually | 282                                      | 359  | 197  | 714  | 117  |
| Nangang office building                              | Own capital and short-term borrowings | 2024                           | 4,949                   |  |      |      | 2506 |      |

#### Anticipated benefits

1. With effective and quality logistics operations as Synnex's core competitive advantage, the group prioritizes funds for its self-built logistics centers to ensure the growth and efficiency required by its businesses, and to established a solid foundation for subsequent business growth. Synnex will continue to invest in overseas capital expenditure to meet the needs of rapid growth of business in the future.
2. Urban renewal will be activated for the existing Taipei headquarters. Thus, Synnex signed a contract in 2019 to buy the commercial office space of the Nangang Global One construction project as the location of the company's headquarters in the future. The location features the complete functions of both a transportation hub and a commercial area, and is based on joint development to effectively improve office space efficiency and intelligence.

### (V) Review and analysis of investment

#### Overall investment policy

Unit: in NTD millions

| Item  | 2020.12.31            | Investment policy of the coming year   |
|---|-----------------------|--|
|   | Balance of investment |  |
| Equity-accounted investments                                      | 16,409                | The group does not have any significant investment or disposition plan on Synnex Corporation (US), Concentrix Corporation, Redington Group (India), Synnex Thailand, and Synnex FPT (Vietnam). |
| Financial assets at fair value through profit and loss            | 121                   | In addition to the disposition of non-performing minor investments, the group does not have any significant investment or disposition plans.   |
| Financial assets at fair value through other comprehensive income | 5,186                 | In addition to the disposition of non-performing minor investments, the group does not have any significant investment or disposition plans.   |

## Review and analysis of important investments

Unit: in NTD millions

| Item                                     | 2020.12.31<br>Percentage of<br>shares | 2020<br>investment<br>gain | Policy                  | Major reason of operating profit or loss  | Improve<br>ment plan | Investment plan of<br>the coming year                   |
|--|---------------------------------------|----------------------------|-------------------------|---|----------------------|---|
| Synnex Corporation (US)                  | 7.48%                                 | 1,155                      | Long<br>term<br>holding | This company is categorized as IT product and telecom channel service provider, mainly engaged in Europe, the United States, and Japan. The company's net income after taxes reached NT\$15,406 million in 2020. The company recognized investment income under the equity method.                    | N/A                  | Currently no major investment or disposition plan.      |
| Concentrix Corporation (US)              | 7.48%                                 | -                          | Long<br>term<br>holding | Spun off from Synnex Corporation in December 2020. The company is a BPO. Mainly operating in the United States, the Philippines, the United Kingdom, and India.   | N/A                  | Currently no significant investment or disposition plan |
| Redington (India) Ltd.                   | 24.24%                                | 554                        | Long<br>term<br>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 after taxes reached NT\$2,286 million in 2020. The company recognized investment income under the equity method.                      | N/A                  | Currently no investment or disposition plan.            |
| Synnex (Thailand) Public Company Ltd.    | 40.00%                                | 243                        | Long<br>term<br>holding | This company is categorized as IT and telecom product channel service provider, mainly engaged in Thailand. This company's net income after taxes reached NT\$608 million in 2020. The company recognized investment income under the equity method.  | N/A                  | Currently no investment or disposition plan.            |
| Synnex FPT Joint Stock Company (Vietnam) | 47.44%                                | 235                        | Long<br>term<br>holding | This company is categorized as IT and telecom product channel service provider, mainly engaged in Vietnam. This company's net income after taxes reached NT\$496 million in 2020. The company recognized investment income under the equity method.   | N/A                  | Currently no investment or disposition plan.            |
| MiTAC Inc. (Taiwan)                      | 18.36%                                | 78                         | Long<br>term<br>holding | This company is categorized as a systems integration value-added service provider. The 2019 cash dividend of NT\$1.19 per share was distributed in 2020. 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

### (I) Impact of interest rate, exchange rate changes, and inflation on company's profit and response measures

| Risk item     | Risk factor  | Impact on company's income       |        |        | Response measures  |               |
|---------------|--|----------------------------------|--------|--------|--|---------------|
| Interest rate | 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. | Unit: in NTD millions            |        |        | <ol style="list-style-type: none"> <li>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.</li> <li>Regular evaluation and supervision of overseas subsidiaries' financial leverage, when certain risk target is reached, the parent company must inject capital to reduce financing proportion.</li> <li>Utilize the advantage of the Group's scale and good performance to negotiate prime rate from financial institutions.</li> </ol> |               |
|               |  |                                  | 2019   | 2020   |  | Variation (%) |
|               |  | Average loan balance             | 48,293 | 52,408 |  | 9             |
|               |  | Average net outstanding loans    | 37,683 | 37,016 |  | (2)           |
|               |  | (Note 1)<br>Interest expense     | 716    | 512    |  | (28)          |
|               |  | (Note 2)<br>Net interest expense | 246    | 216    |  | (12)          |

Note 1: Average net outstanding loans = average loans - average cash and cash equivalent - average of wealth management products - average of time deposits that will mature in more than 3 months.

Note 2: Net interest expense = interest expense - interest income.

| Exchange | The characteristics of each product | Unit: in NTD millions | Response measures                       |
|----------|-------------------------------------|-----------------------|---|
|          |                                     |                       | 1. A certain proportion of the purchase |

|           |  |  |      |                                    |   |
|-----------|--|--|------|------------------------------------|---|
| rate      | line are described below:<br><b>IT products:</b> 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.<br><b>Communication products:</b> Purchase and sales of goods is local and is denominated in local currency; thus, there is no exchange risk.<br><b>IC components:</b> 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. |  |      |                                    |   |
|           |  |  | 2019 | 2020                               | Variation (%)   |
|           |  | Net exchange gains (losses)  | 57   | (24)                               | (142)   |
|           |  |  |      |                                    | of goods by both Taiwan and overseas subsidiaries are in US\$, which creates foreign exchange risks between NT\$ and local currencies against 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.<br>2. For RMB to US\$, the company mainly reduces the fluctuation of exchange gain (loss) through lowering US\$ position. |
| Inflation | As the end-user of our IT and 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.   | According to the IMF's inflation rate and average consumer prices data, the inflation (deflation) rate in 2020 of where the company and its overseas subsidiaries are located are as follows:<br>Taiwan: -0.1%<br>China: 2.9%<br>Description: As inflation is not significant in each country, there is no major impact on the company's operations in 2020. |      | Hong Kong: 0.3%<br>Australia: 1.2% | "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.   |

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

| Risk item                               | 2020 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 2020.   | <ol style="list-style-type: none"> <li>Lending to others will require Board of Directors' resolution.</li> <li>Lending to: (1) Companies that have business relations with the Group.<br/>(2) Subsidiaries with short-term capital requirement.</li> <li>The Group has stipulated "procedures for lending to others" to strictly control lending operation.</li> </ol>   |
| Endorsements and guarantees             | <ol style="list-style-type: none"> <li>Endorsements exist only between parent-subsidiary relations in 2020.</li> <li>No endorsement loss in 2020.</li> </ol>   | <ol style="list-style-type: none"> <li>Endorsements and guarantees will require Board of Directors' resolution.</li> <li>Endorsements and guarantees for: (1) Companies that have business relations with the Group.<br/>(2) Companies that directly and indirectly hold more than 50% voting interest.<br/>(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.<br/>(4) Companies that directly and indirectly hold 100% voting interest.</li> <li>The Group has stipulated "procedures for endorsements and guarantees" for strict control.</li> </ol> |
| Derivatives transactions                | The Group has purchased forward exchange contracts to avoid foreign exchange risk in 2020, 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.   |

## (III) Other

| Risk item   | Risk factor  | Impact on the company in 2020 | 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 | 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 |

|   |  |  |   |
|---|--|--|---|
|   | 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.  |  | 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.<br>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, undervaluing 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\$463 million.   | <b>Before expansion:</b> Careful evaluation of investment effectiveness and cost.<br><b>After expansion:</b> 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.<br>The risk of centralized sales is the significant impact to the company's performance when losing 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 2020   | 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. | <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ol> |
| Litigation or non-litigation events   | Major litigation and non-litigation events of the Company and the Company's Directors, Supervisors, General Manager, 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. violated the distribution contract by not clearly stating the limit of the warranty responsibility when selling products, 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. 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 and dismissed the third-party litigation on the eve of trial 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. On July 31, 2020, Synnex and Synnex Electronic Hong Kong Ltd. signed a settlement agreement with Semiconductor Components Industries, LLC (representing Fairchild) and Acbel Polytech, Inc. Synnex paid a settlement of USD 6,000,000 on August 5, 2020.
3. On November 13, 2017, the Suzhou Xiangcheng District People's Court in Jiangsu Province accepted the suit brought by Ziguang Digital (Suzhou) Group Co., Ltd. against Synnex Distributions (China) Ltd. for a dispute over a sale and purchase contract. Ziguang believed that the goods they received were not the target of the contract and requested a refund. The court dismissed the case on January 22, 2018 since it believed that the Public Security Bureau was investigating the case. In August 2020, on the grounds that the Public Security Bureau canceled the criminal investigation, Ziguang brought up another suit, claiming a compensation of RMB 28,926,000 and liquidated damages of RMB 20,000,000. The case is currently in judiciary proceedings at the Suzhou Xiangcheng District People's Court in Jiangsu Province. The result of the litigation is unknown, but the group has already accounted for the possible losses.

#### **(IV) Other significant risks and response measures: None.**

### **III. Other important matters: None.**

## Special disclosures

|             |  |            |
|-------------|--|------------|
| <b>I.</b>   | <b>Profiles of affiliated enterprises.....</b>   | <b>99</b>  |
| (I)         | Organization chart and basic information of affiliated enterprises.....  | 99         |
| (II)        | Information of common shareholders who are presumed to have a relationship of control and subordination....  | 99         |
| (III)       | Businesses covered by the affiliated enterprises' overall operations .....   | 99         |
| (IV)        | Information of directors, supervisors, and general manager of affiliates .....   | 99         |
| (V)         | Business overview of affiliates .....  | 102        |
| (VI)        | Consolidated financial statement of affiliates .....   | 103        |
| <b>II.</b>  | <b>Progress of private placement of securities. ....</b>   | <b>103</b> |
| <b>III.</b> | <b>Holding or disposal of stocks of the company by subsidiaries. ....</b>  | <b>103</b> |
| <b>IV.</b>  | <b>Other supplemental information.....</b>   | <b>103</b> |
| <b>V.</b>   | <b>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. ....</b> | <b>104</b> |

# Special disclosures

## I. Profiles of affiliated enterprises

### (I) Organization chart and basic information of affiliated enterprises

Please refer to pages 10 to 11 for the organization chart and basic information of affiliated enterprises (Note). 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, Concentrix Corporation, Redington India Ltd., Synnex (Thailand) Public Company Ltd., and Synnex FPT Joint Stock Company are non-affiliated companies within the organization chart.

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

None.

### (III) Businesses covered by the affiliated enterprises' overall operations

The businesses of the company and the company's affiliated enterprises include IT, telecommunication, consumer electronics, IC component products channel businesses, warehousing and logistics services, maintenance and technical services, and professional investments.

### (IV) Information of directors, supervisors, and general manager of affiliates

|   |                 |  |              | 2020.12.31                  |  |
|---|-----------------|--|--------------|-----------------------------|--|
| Company name                            | Title           | Name or representative   | Shareholding |                             |  |
|   |                 |  | Shares       | Shareholding percentage (%) |  |
| Seper Technology Corp.                  | Director        | Synnex Technology International Corp.<br>Representative: Evans S.W. Tu, David Tu, Chih Ching Su            | 100,000      | 100                         |  |
|   | Supervisor      | Synnex Technology International Corp.<br>Representative: Kim Lin   |              |                             |  |
|   | General Manager | Not established  |              |                             |  |
| E-Fan Investments Corp.                 | Director        | Synnex Technology International Corp.<br>Representative: Evans S.W. Tu, Chih Ching Su, Kim Lin             | 22,500,000   | 100                         |  |
|   | Supervisor      | Synnex Technology International Corp.<br>Representative: Evelyn Chen                                       |              |                             |  |
|   | General Manager | Not established  |              |                             |  |
| BestCom Infotech Corp.                  | Director        | Synnex Technology International Corp.<br>Representative: Jassy Liu, Evans S.W. Tu, David Tu                | 98,903,296   | 95.83                       |  |
|   | Supervisor      | Synnex Technology International Corp.<br>Representative: Chih Ching Su                                     |              |                             |  |
|   | General Manager | Jassy Liu  |              |                             |  |
| Synergy Intelligent Logistics Corp.     | Director        | Synnex Technology International Corp.<br>Representative: Alex Lin, Evans S.W. Tu, Beny Weii, Chih Ching Su | 5,000,000    | 100                         |  |
|   | Supervisor      | Synnex Technology International Corp.<br>Representative: Kim Lin   |              |                             |  |
|   | General Manager | Alex Lin   |              |                             |  |
| Synergy Technology Services Corporation | Director        | Synnex Technology International Corp.<br>Representative: Olivia Li   | 100,000      | 100                         |  |
| Synnex Global Ltd.                      | Director        | Miau, Matthew Feng-Chiang, Evans S.W. Tu   | 548,250,000  | 100                         |  |
| Synnex Mauritius Ltd.                   | Director        | Miau, Matthew Feng-Chiang, Evans S.W. Tu, Kim Lin, Ms. Kristee Bhurtun-Jokho, Mr. Soraj Bissoonauth        | 24,000,000   | 100                         |  |
| Peer Developments Ltd.                  | Director        | Miau, Matthew Feng-Chiang, Evans S.W. Tu   | 30,200,001   | 100                         |  |
| Synnex China Holdings Ltd.              | Director        | Miau, Matthew Feng-Chiang, 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  | Miau, Matthew Feng-Chiang, Evans S.W. Tu   | 62,477,000                                    | 100                         |
| Trade Vanguard Global Ltd.                | Director  | Miau, Matthew Feng-Chiang, Evans S.W. Tu   | 400,000,000                                   | 100                         |
| Lianxiang Technology (Shenzhen) Co., Ltd. | Executive Director                                  | Rex Shiue  | Capital contribution of US \$200 thousand     | 100                         |
| Laser Computer Holdings Ltd.              | Director  | Miau, Matthew Feng-Chiang, Evans S.W. Tu, Kim Lin, Dickson Lui   | 36,850,001                                    | 100                         |
| Synnex Electronics Hong Kong Ltd.         | Director  | Miau, Matthew Feng-Chiang, Evans S.W. Tu   | 299,999                                       | 100                         |
| Syntech Asia Ltd.                         | Director  | Kim Lin, Chih Ching Su   | 300,000                                       | 100                         |
| Synnex Australia Pty. Ltd.                | Director  | Miau, Matthew Feng-Chiang, Evans S.W. Tu, Kee Ong  | 33,250,000                                    | 100                         |
| Fortune Ideal Ltd.                        | Director  | Miau, Matthew Feng-Chiang, Evans S.W. Tu   | 14,500,000                                    | 100                         |
| Golden Thinking Ltd.                      | Director  | Miau, Matthew Feng-Chiang, Evans S.W. Tu   | 28,000,000                                    | 100                         |
| Synnex New Zealand Ltd.                   | Director  | Miau, Matthew Feng-Chiang, Evans S.W. Tu, Kee Ong  | 1,500,000                                     | 100                         |
| PT. Synnex Metrodata Indonesia            | General Manager<br>Director<br>Director             | Agus Honggo Widodo<br>Sur Hang Aiwan · Lie Heng ·<br>Ronaldy Suhendra · Yulius Aryakusumah · Tu<br>Shu Chyuan · Lin Tai-Yang | 150,000                                       | 50.3                        |
| Leveltech Ltd.                            | Director  | Evelyn Chen, Olivia Li   | 300,000                                       | 100                         |
| Synnex Investments (China) Ltd.           | Director<br>Supervisor<br>General Manager           | Evans S.W. Tu, Chih Ching Su, Kim Lin<br>Olivia Li<br>Kim Lin  | Capital contribution of US \$200,000 thousand | 100                         |
| Synnex (Beijing) Ltd.                     | Executive Director<br>Supervisor<br>General Manager | Ming-Feng Huang<br>Kim Lin<br>Ming-Feng Huang  | Capital contribution of US \$9,000 thousand   | 100                         |
| Synnex (Shanghai) Ltd.                    | Executive Director<br>Supervisor<br>General Manager | JB Liu<br>Kim Lin<br>Ming-Feng Huang   | Capital contribution of US \$22,000 thousand  | 100                         |
| Synnex Distributions (China) Ltd.         | Director<br>Supervisor<br>General Manager           | Dickson Lui, Kim Lin, Chih Ching Su<br>Olivia Li<br>Dickson Lui  | Capital contribution of US D330,000 thousand  | 100                         |
| Synnex (Chengdu) Ltd.                     | Executive Director<br>Supervisor<br>General Manager | Ming-Feng Huang<br>Kim Lin<br>Ming-Feng Huang  | Capital contribution of US\$5,000 thousand    | 100                         |
| Synnex (Nanjing) Ltd.                     | Executive Director<br>Supervisor<br>General Manager | Ming-Feng Huang<br>Kim Lin<br>Ming-Feng Huang  | Capital contribution of US\$5,000 thousand    | 100                         |
| Synnex (Shenyang) Ltd.                    | Executive Director<br>Supervisor<br>General Manager | Ming-Feng Huang<br>Kim Lin<br>Ming-Feng Huang  | Capital contribution of US\$3,000 thousand    | 100                         |
| Synnex (Tianjin) Ltd.                     | Executive Director<br>Supervisor<br>General Manager | Ming-Feng Huang<br>Kim Lin<br>Ming-Feng Huang  | Capital contribution of US\$4,500 thousand    | 100                         |
| Synnex (Hangzhou) Ltd.                    | Executive Director<br>Supervisor<br>General Manager | Ming-Feng Huang<br>Kim Lin<br>Ming-Feng Huang  | Capital contribution of US\$5,000 thousand    | 100                         |
| Synnex (Qingdao) Ltd.                     | Executive Director<br>Supervisor<br>General Manager | Ming-Feng Huang<br>Kim Lin<br>Ming-Feng Huang  | Capital contribution of US\$5,000 thousand    | 100                         |

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(Continued from previous page)

| Company name                            | Title              | Name or representative                | Shareholding                                |                             |
|---|--------------------|---------------------------------------|---|-----------------------------|
|   |                    |                                       | Shares                                      | Shareholding percentage (%) |
| Synnex (Guangzhou) Ltd.                 | Executive Director | Ming-Feng Huang                       | Capital contribution of US\$12,000 thousand | 100                         |
|   | Supervisor         | Kim Lin                               |   |                             |
|   | General Manager    | Ming-Feng Huang                       |   |                             |
| Synnex (Xi'an) Ltd.                     | Executive Director | Ming-Feng Huang                       | Capital contribution of US\$4,000 thousand  | 100                         |
|   | Supervisor         | Kim Lin                               |   |                             |
|   | General Manager    | Ming-Feng Huang                       |   |                             |
| Synnex (Suzhou) Ltd.                    | Executive Director | Ming-Feng Huang                       | Capital contribution of US\$6,000 thousand  | 100                         |
|   | Supervisor         | Kim Lin                               |   |                             |
|   | General Manager    | Ming-Feng Huang                       |   |                             |
| Synnex (Wuhan) Ltd.                     | Executive Director | Ming-Feng Huang                       | Capital contribution of US\$5,000 thousand  | 100                         |
|   | Supervisor         | Kim Lin                               |   |                             |
|   | General Manager    | Ming-Feng Huang                       |   |                             |
| Synnex (Jinan) Ltd.                     | Executive Director | Ming-Feng Huang                       | Capital contribution of US\$5,000 thousand  | 100                         |
|   | Supervisor         | Kim Lin                               |   |                             |
|   | General Manager    | Ming-Feng Huang                       |   |                             |
| Synnex (Zhengzhou) Ltd.                 | Executive Director | Ming-Feng Huang                       | Capital contribution of US\$5,000 thousand  | 100                         |
|   | Supervisor         | Kim Lin                               |   |                             |
|   | General Manager    | Ming-Feng Huang                       |   |                             |
| Synnex (Changsha) Ltd.                  | Executive Director | Ming-Feng Huang                       | Capital contribution of US\$4,000 thousand  | 100                         |
|   | Supervisor         | Kim Lin                               |   |                             |
|   | General Manager    | Ming-Feng Huang                       |   |                             |
| Synnex (Ningbo) Ltd.                    | Executive Director | Ming-Feng Huang                       | Capital contribution of US\$4,000 thousand  | 100                         |
|   | Supervisor         | Kim Lin                               |   |                             |
|   | General Manager    | Ming-Feng Huang                       |   |                             |
| Synnex (Hefei) Ltd.                     | Executive Director | Ming-Feng Huang                       | Capital contribution of US\$6,100 thousand  | 100                         |
|   | Supervisor         | Kim Lin                               |   |                             |
|   | General Manager    | Ming-Feng Huang                       |   |                             |
| Synnex (Nanchang) Ltd.                  | Executive Director | Ming-Feng Huang                       | Capital contribution of US\$4,000 thousand  | 100                         |
|   | Supervisor         | Kim Lin                               |   |                             |
|   | General Manager    | Ming-Feng Huang                       |   |                             |
| Synnex (Harbin) Ltd.                    | Executive Director | Ming-Feng Huang                       | Capital contribution of US\$5,000 thousand  | 100                         |
|   | Supervisor         | Kim Lin                               |   |                             |
|   | General Manager    | Ming-Feng Huang                       |   |                             |
| Synnex (Xiamen) Ltd.                    | Executive Director | Ming-Feng Huang                       | Capital contribution of US\$6,000 thousand  | 100                         |
|   | Supervisor         | Kim Lin                               |   |                             |
|   | General Manager    | Ming-Feng Huang                       |   |                             |
| Yude (Shanghai) Warehouse Co., Ltd.     | Director           | Ming-Feng Huang, Da Shi, Yun-Sia Wang | Capital contribution of RMB2,400 thousand   | 97.96                       |
|   | Supervisor         | Kim Lin                               |   |                             |
|   | General Manager    | Ming-Feng Huang                       |   |                             |
| Synnex Technology Development Ltd.      | Executive Director | Wang Ke                               | Capital contribution of RMB50,000 thousand  | 100                         |
|   | Supervisor         | Kim Lin                               |   |                             |
|   | General Manager    | Wang Ke                               |   |                             |
| Synergy Intelligent Logistics (HK) Ltd. | Director           | LEE SHUK WAH                          | Capital contribution of HK\$100 thousand    | 100                         |
| Jifu Intelligent Logistics Corporation  | Director           | Ming-Feng Huang                       | Capital contribution of RMB50,000 thousand  | 100                         |
|   | Supervisor         | Kim Lin                               |   |                             |
|   | General Manager    | Ming-Feng Huang                       |   |                             |

## (V) Business overview of affiliates

### Financial status and financial performance of affiliates as of December 31, 2020

Unit: NT\$1,000

(Except for earnings per share in NTS)

| Company name                              | Capital    | Total assets | Total liabilities | Net worth  | Operating revenue | Operating profit | Net profit after tax | Earnings per share (after tax) | Remarks (Note 1) |
|---|------------|--------------|-------------------|------------|-------------------|------------------|----------------------|--------------------------------|------------------|
| Seper Technology Corp.                    | 1,000      | 1,028,940    | 942,112           | 86,828     | 5,574,579         | 106,330          | 83,397               | 833.97                         |                  |
| E-Fan Investments Corp.                   | 225,000    | 524,230      | 7,237             | 516,993    | 10,415            | 10,284           | 3,157                | 0.14                           |                  |
| Synergy Intelligent Logistics Corp.       | 50,000     | 402,950      | 144,554           | 258,396    | 820,236           | 256,541          | 205,150              | 41.03                          |                  |
| Synergy Technology Services Corporation   | 1,000      | 989          | -                 | 989        | -                 | (13)             | (11)                 | (0.11)                         |                  |
| BestCom Infotech Corp.                    | 1,032,033  | 4,691,814    | 2,881,439         | 1,810,375  | 13,190,307        | 335,108          | 302,431              | 2.93                           |                  |
| Synnex Global Ltd.                        | 17,607,381 | 85,304,047   | 5,714,434         | 79,589,612 | 7,252,326         | 7,207,500        | 7,201,544            | 13.14                          |                  |
| Synnex Mauritius Ltd.                     | 684,720    | 4,382,384    | 9,794             | 4,372,590  | 554,183           | 533,077          | 533,077              | 22.21                          |                  |
| Peer Developments Ltd.                    | 861,606    | 9,425,495    | 6,971             | 9,418,524  | 1,173,653         | 1,173,551        | 1,166,727            | 38.63                          |                  |
| Synnex China Holdings Ltd.                | 2,858,706  | 10,623,133   | 2,867,409         | 7,755,721  | 2,632,735         | 2,632,649        | 1,413,242            | 14.10                          |                  |
| King's Eye Investments Ltd.               | 1,782,469  | 21,129,552   | 695,920           | 20,433,632 | 3,871,222         | 3,870,994        | 4,066,051            | 65.12                          |                  |
| Trade Vanguard Global Ltd.                | 11,412,000 | 12,411,494   | -                 | 12,411,494 | 40,375            | 40,272           | 53,606               | 0.17                           |                  |
| Leveltech Limited (Note 2)                | 8,559      | -            | -                 | -          | -                 | -                | -                    | -                              |                  |
| Lianxiang Technology (Shenzhen) Co., Ltd. | 5,706      | 310,665      | 182,616           | 128,049    | 1,590,280         | 19,924           | 17,964               | 89.82                          |                  |
| Laser Computer Holdings Ltd. (Note 3)     | 1,051,249  | 4,842,085    | -                 | 4,842,085  | 1,070,639         | 1,070,639        | 1,070,639            | 29.05                          |                  |
| Laser Computer (China)Ltd.                | 29         | 29           | -                 | 29         | -                 | -                | -                    | -                              |                  |
| Synnex Technology International (HK)Ltd.  | 220,812    | 15,494,970   | 10,653,689        | 4,841,280  | 54,730,736        | 1,116,656        | 1,070,639            | 17.84                          |                  |
| Synnex Electronics Hong Kong Ltd.         | 8,559      | 460,283      | 449,765           | 10,517     | -                 | (475)            | (477)                | (1.59)                         |                  |
| Syntech Asia Ltd.                         | 8,559      | 22,676,023   | 16,676,462        | 5,999,561  | 79,510,199        | 1,163,575        | 1,005,533            | 3,351.78                       |                  |
| Synnex Australia Pty. Ltd.                | 846,912    | 21,974,186   | 17,473,324        | 4,500,863  | 56,739,410        | 1,205,323        | 862,439              | 25.94                          |                  |
| Fortune Ideal Ltd.                        | 53,458     | 191,221      | 4,165             | 187,056    | 36,559            | 31,980           | 22,431               | 1.55                           |                  |
| Golden Thinking Ltd.                      | 103,149    | 1,224,928    | 1,124,884         | 100,045    | 69,480            | 40,785           | 28,549               | 1.02                           |                  |
| Synnex New Zealand Ltd.                   | 29,143     | 1,561,482    | 1,445,712         | 115,770    | 3,822,421         | 46,047           | 34,789               | 23.19                          |                  |
| PT. Synnex Metrodata Indonesia            | 956,847    | 6,733,271    | 2,377,320         | 4,355,951  | 21,967,277        | 982,800          | 733,352              | 2,444.51                       |                  |
| Synergy Intelligent Logistics (HK) Ltd.   | 363        | 1,288        | 585               | 703        | 9,626             | 9,018            | 224                  | 2.24                           |                  |
| Synnex Investments (China) Ltd.           | 5,706,000  | 25,840,255   | 14,935,513        | 10,904,742 | 1,954,831         | 1,953,464        | 2,632,734            | -                              |                  |
| Synnex (Beijing) Ltd.                     | 256,770    | 781,556      | 521,130           | 260,425    | 45,411            | (10,760)         | (8,641)              | -                              |                  |
| Synnex (Shanghai) Ltd.                    | 627,660    | 2,417,440    | 1,213,400         | 1,204,039  | 1,509,384         | 284,652          | 279,402              | -                              |                  |
| Synnex Distributions (China) Ltd.         | 9,414,900  | 33,726,907   | 20,699,474        | 13,027,433 | 78,851,994        | 1,253,534        | 1,259,441            | -                              |                  |
| Synnex (Chengdu) Ltd.                     | 142,650    | 395,927      | 214,329           | 181,598    | 32,357            | 13,251           | 27,169               | -                              |                  |
| Synnex (Nanjing) Ltd.                     | 142,650    | 330,557      | 142,217           | 188,342    | 31,849            | 11,432           | 20,874               | -                              |                  |
| Synnex (Shenyang) Ltd.                    | 85,590     | 198,076      | 88,456            | 109,621    | 16,840            | 3,324            | 10,832               | -                              |                  |
| Synnex (Tianjin) Ltd.                     | 128,385    | 115,435      | 21,265            | 94,169     | -                 | (5,555)          | (4,133)              | -                              |                  |
| Synnex (Hangzhou) Ltd.                    | 142,650    | 174,453      | 16,079            | 158,373    | 11,651            | 1,767            | 5,255                | -                              |                  |
| Synnex (Qingdao) Ltd.                     | 142,650    | 167,392      | 36,683            | 130,709    | 4,745             | (1,287)          | 3,744                | -                              |                  |
| Synnex (Guangzhou) Ltd.                   | 342,360    | 353,385      | 3,936             | 349,449    | 23,985            | 4,073            | 7,784                | -                              |                  |
| Synnex (Xi'an) Ltd.                       | 114,120    | 241,748      | 93,574            | 148,174    | 15,267            | 5,040            | 11,606               | -                              |                  |

(Continued on next page)

(Continued from previous page)

| Company name                               | Capital | Total assets | Total liabilities | Net worth | Operating revenue | Operating profit | Net profit after tax | Earnings per share (after tax) | Remarks (Note 1) |
|--|---------|--------------|-------------------|-----------|-------------------|------------------|----------------------|--------------------------------|------------------|
| Synnex (Suzhou) Ltd.                       | 171,180 | 163,911      | 4,501             | 159,409   | 9,207             | 753              | (132)                | -                              |                  |
| Synnex (Wuhan) Ltd.                        | 142,650 | 172,280      | 25,809            | 146,472   | 11,619            | 1,447            | 5,348                | -                              |                  |
| Synnex (Jinan) Ltd.                        | 142,650 | 426,742      | 260,196           | 166,547   | 43,116            | 20,448           | 31,092               | -                              |                  |
| Synnex (Zhengzhou) Ltd.                    | 142,650 | 223,525      | 91,973            | 131,551   | 19,940            | 9,093            | 16,322               | -                              |                  |
| Synnex (Changsha) Ltd.                     | 114,120 | 301,126      | 235,611           | 65,515    | 18,623            | 4,438            | 8,268                | -                              |                  |
| Synnex (Ningbo) Ltd.                       | 114,120 | 216,688      | 152,823           | 63,864    | 6,594             | 5,584            | 7,876                | -                              |                  |
| Synnex (Hefei) Ltd.                        | 174,033 | 263,424      | 163,792           | 99,632    | 13,812            | 549              | 6,863                | -                              |                  |
| Synnex (Nanchang) Ltd.                     | 114,120 | 254,118      | 220,463           | 33,655    | 8,271             | (9,555)          | (3,291)              | -                              |                  |
| Synnex (Harbin) Ltd.                       | 142,650 | 311,488      | 303,436           | 8,052     | 7,130             | (8,558)          | 3,444                | -                              |                  |
| Synnex (Xiamen) Ltd.                       | 171,180 | 177,152      | 53,912            | 123,240   | 9,694             | (456)            | 2,481                | -                              |                  |
| Yude (Shanghai) Warehouse Co., Ltd.        | 10,482  | 4,919        | 18,598            | (13,679)  | 1,982             | 9,935            | 9,965                | -                              |                  |
| Synnex Technology Development Ltd.         | 218,376 | 354,532      | 122,101           | 232,431   | 461,902           | 7,886            | 8,451                | -                              |                  |
| Bizwave Tech Co., Ltd.                     | 20,000  | 102,564      | 73,765            | 28,799    | 196,641           | 8,104            | 6,643                | 3.32                           |                  |
| Bestcom Infotech Holding Ltd.              | 77,031  | 79,714       | 4                 | 79,711    | -                 | (5)              | 5,228                | -                              |                  |
| BestCom Infotech Shanghai Ltd.<br>(Note 4) | -       | -            | -                 | -         | -                 | (11)             | -                    | -                              |                  |
| Bestcom International Ltd.                 | -       | -            | -                 | -         | -                 | -                | 5,228                | 0.62                           |                  |
| Jifu Intelligent Logistics Corporation     | 218,376 | 230,775      | 1,916             | 228,860   | 38,562            | 3,912            | 5,020                | -                              |                  |

Note 1: 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, 2020 reporting date exchange rates: US\$1=NT\$28.53 HK\$1=NT\$3.68 AUD\$1=NT\$21.97 IDR\$1=NT\$0.002026 RMB\$1=NT\$4.37

2020 average exchange rates: US\$1=NT\$29.60 HK\$1=NT\$3.83 AUD\$1=NT\$20.44 IDR\$1=NT\$0.002043 RMB\$1=NT\$4.28

Note 2: Established in December 2020.

Note 3: Information from the consolidated statement.

Note 4: Cancelled in December 2020.

## (VI) Consolidated financial statement of affiliates

For the 2020 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 of Affiliated Enterprises, 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..... 106**

**Attachment 2 Individual condensed income statement/condensed income statement for the past five years ..... 107**

**Attachment 3 Individual financial analysis for the past five years..... 108**

**Attachment 4 Consolidated financial report and independent auditor's report ..... 110**

**Attachment 5 Individual financial report and independent auditor's report ..... 227**

## Attachment 1 Individual condensed balance sheet for the past five years

Unit: in NTD millions

| Item/Year                              | 2016.12.31 | 2017.12.31 | 2018.12.31 | 2019.12.31 | 2020.12.31 |
|--|------------|------------|------------|------------|------------|
| Current assets                         | 16,668     | 15,669     | 15,489     | 13,301     | 11,655     |
| Property, plant and equipment (Note 2) | 1,163      | 1,140      | 1,133      | 1,070      | 3,547      |
| Intangible assets                      | 96         | 64         | 34         | 70         | 76         |
| Other assets (Note 2)                  | 65,190     | 68,651     | 74,024     | 82,672     | 88,484     |
| Total assets                           | 83,117     | 85,524     | 90,680     | 97,113     | 103,762    |
| Current liabilities                    |            |            |            |            |            |
| Before distribution                    | 40,267     | 40,063     | 42,768     | 46,841     | 46,772     |
| After distribution                     | 41,935     | 43,732     | 46,104     | 51,178     | 52,276     |
| Non-current liabilities                | 278        | 290        | 341        | 458        | 407        |
| Total liabilities                      |            |            |            |            |            |
| Before distribution                    | 40,545     | 40,353     | 43,109     | 47,299     | 47,179     |
| After distribution                     | 42,213     | 44,022     | 46,445     | 51,636     | 52,683     |
| Capital stock                          | 16,679     | 16,679     | 16,679     | 16,679     | 16,679     |
| Capital reserve                        | 14,196     | 14,365     | 14,847     | 14,743     | 14,709     |
| Retained earnings                      |            |            |            |            |            |
| Before distribution                    | 14,534     | 18,947     | 22,221     | 25,687     | 29,531     |
| After distribution                     | 12,866     | 15,278     | 18,885     | 21,350     | 24,027     |
| Other interests                        | (2,837)    | (4,820)    | (6,177)    | (7,295)    | (6,336)    |
| Treasury stock                         | -          | -          | -          | -          | -          |
| Total equity                           |            |            |            |            |            |
| Before distribution                    | 42,572     | 45,171     | 47,570     | 49,814     | 54,583     |
| After distribution                     | 40,904     | 41,502     | 44,234     | 45,477     | 49,079     |

Note 1: Financial statements in each year have been audited.

Note 2: Asset revaluation has not been processed in each year.

Note 3: The figures in each year were allocated based on the resolution of the annual Shareholders' meeting in the following year, except for the year 2020 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   | 2016    | 2017    | 2018   | 2019    | 2020   |
|---|---------|---------|--------|---------|--------|
| Operating revenue   | 45,454  | 45,686  | 43,219 | 42,588  | 42,990 |
| Gross profit  | 1,986   | 2,103   | 2,156  | 2,042   | 2,159  |
| Operating profit  | 109     | 159     | 65     | 155     | 158    |
| Non-operating income and expenses   | 4,811   | 5,996   | 6,638  | 6,809   | 8,099  |
| Net income before tax   | 4,920   | 6,155   | 6,703  | 6,964   | 8,257  |
| Net income from continuing operations                                     | 4,877   | 6,115   | 6,607  | 6,815   | 8,159  |
| Loss from discontinued operations   | -       | -       | -      | -       | -      |
| Net income of the current term  | 4,877   | 6,115   | 6,607  | 6,815   | 8,159  |
| Other comprehensive profit/losses for the current period (net, after-tax) | (2,730) | (2,000) | (918)  | (1,122) | 950    |
| Total comprehensive income of the term                                    | 2,147   | 4,115   | 5,689  | 5,693   | 9,109  |
| Earnings per share  |         |         |        |         |        |
| before retroactive adjustment   | 2.92    | 3.67    | 3.96   | 4.09    | 4.89   |
| after retroactive adjustment (Note 2)                                     | 2.92    | 3.67    | 3.96   | 4.09    | 4.89   |

Note 1: Financial statements in each year have been audited.

Note 2: Retroactive adjustment is made based on the shares after capital increase out of earnings, capital reserve, and employee bonus as of December 31, 2020.

## Attachment 3 Individual financial analysis for the past five years

| Analysis item (Note 3)     |   | 2016     | 2017     | 2018     | 2019     | 2020     |
|----------------------------|---|----------|----------|----------|----------|----------|
| Capital structure analysis | Debt-to-asset ratio (%)   | 49       | 47       | 48       | 49       | 47       |
|                            | Long-term fund to fixed assets/property, plant, and equipment ratio (%) | 3,680    | 3,986    | 4,228    | 4,699    | 1,550    |
| Liquidity analysis         | Current ratio (%)   | 41       | 39       | 36       | 31       | 24       |
|                            | Quick ratio (%)   | 32       | 30       | 28       | 24       | 18       |
|                            | Interest protection multiples   | 15       | 18       | 20       | 19       | 24       |
| Operating ability          | Average collection turnover (times)                                     | 7.4      | 7.7      | 7.7      | 8.2      | 8.2      |
|                            | Average days sales outstanding  | 49       | 47       | 47       | 45       | 45       |
|                            | Average inventory turnover (times)                                      | 12.4     | 12.5     | 11.6     | 12.3     | 13.7     |
|                            | Average days of sales (days)  | 29       | 29       | 31       | 30       | 27       |
|                            | Average payment turnover (times)  | 10.5     | 10.3     | 9.9      | 10.6     | 10.6     |
|                            | Fixed assets/property, plant, and equipment turnover (times)            | 37.9     | 39.7     | 38.0     | 38.7     | 18.6     |
|                            | Total assets turnover (times)   | 0.6      | 0.5      | 0.5      | 0.5      | 0.4      |
| Profitability              | Return on assets ratio (%)  | 6.5      | 7.6      | 7.8      | 7.6      | 8.4      |
|                            | Rate of return on shareholder equity/equity (%)                         | 11.4     | 14.0     | 14.3     | 14.0     | 15.6     |
|                            | Paid-in capital ratio (%) - operating profit                            | N/A      | N/A      | N/A      | N/A      | N/A      |
|                            | Paid-in capital ratio (%) - income before tax                           | 29.5     | 36.9     | 40.2     | 41.8     | 49.5     |
|                            | Net profit margin (%)   | 10.7     | 13.38    | 15.29    | 16.0     | 19.0     |
|                            | Earnings per share - before retroactive adjustment (NTD)                | 2.92     | 3.67     | 3.96     | 4.09     | 4.89     |
|                            | Earnings per share - after retroactive adjustment (NTD)                 | 2.92     | 3.67     | 3.96     | 4.09     | 4.89     |
| Cash flow                  | Cash flow ratio (%)   | (Note 2) | 4.3      | 2.6      | 4.5      | (Note 2) |
|                            | Cash flow adequacy ratio (%)  | 16.3     | 20.3     | 17.8     | 20.3     | 22.3     |
|                            | Cash reinvestment ratio (%)   | (Note 2) | 0.2      | (Note 2) | (Note 2) | (Note 2) |
| Leverage                   | Operating leverage  | 10.1     | 7.3      | 17.3     | 6.8      | 7.6      |
|                            | Financial leverage  | (Note 2) |

Note 1: Financial statements in each year have been audited.

Note 2: Is negative and therefore not listed.

Note 3: The calculation formula for the financial ratio is as follows:

1. Capital structure analysis
  - (1) Debt-to-asset ratio = total liabilities/total assets
  - (2) Long-term fund to fixed assets/property, plant, and equipment ratio = (shareholder's equity + long term liabilities) / net fixed assets (property, plant, and equipment ratio)
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
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)

|  |  |                        |  |
|--|--|------------------------|--|
| (4) Average inventory turnover (days) = 365 / average inventory turnover             | = cost of goods sold / average amount of inventory   | 6. Leverage            |  |
| (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) | (1) Operating leverage | = (net operating revenues - current operating cost and expense) / operating profit |
| (6) Fixed assets/property, plant, and equipment                                      | = net sales / net average fixed assets (real estate and plant turnover and equipment)                                  | (2) Financial leverage | = operating profit / (operating profit- interest expense)                          |
| (7) Total assets turnover  | = net sales / average gross assets   |                        |  |

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

**SYNNEX TECHNOLOGY INTERNATIONAL  
CORPORATION AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2020 AND 2019**

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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, 2020, 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 Miao Feng Chiang

SYNNEX TECHNOLOGY INTERNATIONAL  
CORPORATION AND ITS SUBSIDIARIES

March 12, 2021

## **Independent Auditors' Report Translated From Chinese**

PWCR20000475

To the Board of Directors and Shareholders of Synnex Technology International Corp.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Synnex Technology International Corp. and its subsidiaries (the "Group") as of December 31, 2020 and 2019, 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparations of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

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

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China; and 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 for our audit of the consolidated financial statements as of and for the year ended December 31, 2019. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group

in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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 of the current period are stated as follows:

### ***Provision for impairment of trade receivables***

#### Description

For accounting policies adopted for provision for impairment loss of trade receivables, please refer to Notes 4(10) and 4(11). For the significant judgements applied in the accounting policies adopted for the impairment loss for trade receivables, please refer to Note 5(2). For details of trade receivables, please refer to Note 6(5).

The Group is primarily engaged in the sale of communication products, consumer electronic products, electronic products and components. Under IFRS 9, the trade receivables are assessed for individual provision and group provision by the management. For the individual provision, the Group established credit risk management procedures related to operations and continually evaluates. The risk evaluation of individual customers takes into consideration the customers' financial position, internal and external credit ratings and historical transaction records and current economic situation amongst other factors that may affect the customers' payment ability. The recoverable amount from the allowance for impairment loss is determined by management's evaluation of the credit risk

of overdue receivables, and it is affected by management's assumption of a client's credit quality.

As the allowance for impairment loss for trade receivables involve judgements, and the valuation amounts are material, we identified the allowance for impairment loss for trade receivables as one of the key audit matters.

#### How our audit addressed the matter

1. Evaluated the customers' credit quality and the reasonableness of the policies applied to trade receivables classification and the provision for impairment losses.
2. Reviewed and discussed with the management the reasonableness of individual provision by sampling procedure to examine management assessments of individual provision.
3. Assessed the reasonableness of group provision by taking into account historical impairment rate. Also, confirmed the collection of the material items under group provision after the balance sheet date.

### ***Valuation of inventories***

#### Description

For accounting policies adopted for the valuation of inventories, please refer to Note 4(14). For the significant judgements applied in the accounting policies adopted for the valuation of inventories, please refer to Note 5(2). For details of inventories, please refer to Note 6(8).

The Group is primarily engaged in the sale of communication products, consumer electronic products, electronic products and components. In order to meet the diverse needs of customers, the group applied multi-brands and multi-product strategy. However, due to rapid changes in technology, product life cycle is short and the price is affected by market fluctuations, there is higher risk of loss of inventories. The Group estimates net present value of each inventory on the balance sheet date, and then writes down inventory cost to net present value.

As the valuation of inventories involve judgements, and the valuation amounts are material, we identified the valuation of inventories as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in relation to the key audit matter:

1. Obtained the policies of inventory valuation and compared whether the policies applied in provision of allowance for inventory valuation losses adopted in the different periods are in agreement.
2. Obtained the net realizable value statement of each kind of inventory and checked whether the applied calculation logic was in agreement to all inventory. Tested relevant parameters, including: sales or purchases data, and relevant estimate document. Checked and compared allowance for valuation losses that the Group should provision at the lower of cost and net realizable value.
3. Assessed the reasonableness of group provision by taking into account historical allowance for inventory rate and historical inventory turnover ratio.

***Estimation of incentives from vendors***

Description

For accounting policies adopted for estimation of incentives from vendors, please refer to Note 4(14). For the significant judgements applied in the accounting policies adopted for estimation of incentives from vendors, please refer to Note 5(2).

The Group is primarily engaged in the sale of communication products, consumer electronic products, electronic products and components. The Group receives a variety of business incentives from specific vendors or products. There are incentive programs based on rewards for certain purchase volume from vendors, subsidy for valuation loss of inventories, and incentives from specific projects and marketing. The Group estimates the incentives based on the completeness of agreements with vendors.

As the valuation of estimation of incentives from vendors involve judgements, and the valuation amounts are material, we identified the valuation of estimation of incentives from vendors as one of the key audit matters.

#### How our audit addressed the matter

1. Understood and tested the effectiveness of the controls over estimation of incentives from vendors.
2. Sampled the incentives from vendors, recalculated and inspected related documentation to assess the reasonableness of estimation of incentives from vendors.
3. Sampled the estimated incentives without notice from vendors as of the balance sheet date, and examined the notice from vendors and allowance of incentives after balance sheet date to assess the reasonableness of the estimation.
4. Confirmed the collection of outstanding incentives from vendors after the balance sheet date.

#### ***Other matter – Reference to report of other independent auditors***

The financial statements of certain consolidated subsidiaries included in the consolidated financial statements referred to above were audited by other independent auditors. Those financial statements and the information disclosed in Note 13 were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent auditors.

Those subsidiaries' statements reflect total assets of \$1,373,157 thousand and \$1,162,242 thousand, both constituting 1% of the consolidated total assets as of December 31, 2020 and 2019, respectively, and total operating revenues of both \$0 thousand, both constituting 0% of the consolidated total operating revenues for the years then ended. In addition, we did not audit the financial statements of certain investees accounted for under the equity method, as stated in Note 6(9). Those financial statements and the information disclosed in Note 13 were audited by other independent auditors whose reports thereon have been furnished to us. Some investees' financial statements were prepared in accordance with a different financial statement framework. Accordingly, we have performed necessary audit procedures to convert those financial statements into financial information 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 our opinion expressed herein is based solely on the audit

reports of the other independent auditors. The profit recognised for the investments accounted for using equity method amounted to \$1,952,790 thousand and \$1,942,377 thousand, constituting 23% and 27% of the consolidated total profit for the years ended December 31, 2020 and 2019, respectively, and the comprehensive income recognised for the investments accounted for using equity method amounted to \$1,977,232 thousand and \$1,610,154 thousand, constituting 21% and 27% of the consolidated total comprehensive income for the years ended December 31, 2020 and 2019, respectively. The balance of related investment was \$14,928,931 thousand and \$14,071,336 thousand, constituting 9% and 10% of the total consolidated assets as of December 31, 2020 and 2019, respectively.

#### ***Other matter - Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of Synnex Technology International Corp. as of and for the years ended December 31, 2020 and 2019.

#### ***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.

### ***Auditors' 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 auditors' 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 the generally accepted auditing standards in the Republic of China 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 the generally accepted auditing standards in the Republic of China, we exercise professional judgment 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

Liang, Yi Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2021

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report 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.

| Assets                    | Notes   | December 31, 2020 |                       | December 31, 2019 |                       |            |
|---------------------------|---|-------------------|-----------------------|-------------------|-----------------------|------------|
|                           |   | Amount            | %                     | Amount            | %                     |            |
| <b>Current assets</b>     |   |                   |                       |                   |                       |            |
| 1100                      | Cash and cash equivalents   | 6(1)              | \$ 15,229,773         | 10                | \$ 6,342,158          | 4          |
| 1110                      | Financial assets at fair value through profit or loss - current               | 6(2) and 12(3)    | 120,604               | -                 | 9,157,264             | 6          |
| 1136                      | Current financial assets at amortised cost                                    | 6(4) and 8        | 9,390                 | -                 | 924,999               | 1          |
| 1150                      | Notes receivable, net   | 6(5)              | 7,622,345             | 5                 | 6,169,904             | 4          |
| 1170                      | Accounts receivable, net  | 6(5), 8 and 12(2) | 56,451,172            | 35                | 45,418,413            | 31         |
| 1180                      | Accounts receivable - related parties   | 6(5) and 7(2)     | 331,988               | -                 | 223,007               | -          |
| 1200                      | Other receivables   | 6(7) and 7(2)     | 6,363,831             | 4                 | 6,958,032             | 5          |
| 1220                      | Current income tax assets   |                   | 89,408                | -                 | 164,899               | -          |
| 130X                      | Inventories, net  | 6(8) and 8        | 30,886,665            | 19                | 31,691,921            | 21         |
| 1410                      | Prepayments   |                   | 4,497,978             | 3                 | 4,251,819             | 3          |
| 11XX                      | <b>Current Assets</b>   |                   | <u>121,603,154</u>    | <u>76</u>         | <u>111,302,416</u>    | <u>75</u>  |
| <b>Non-current assets</b> |   |                   |                       |                   |                       |            |
| 1517                      | Non-current financial assets at fair value through other comprehensive income | 6(3) and 12(3)    | 5,185,936             | 3                 | 4,180,515             | 3          |
| 1535                      | Non-current financial assets at amortised cost                                | 6(4) and 8        | 1,255,138             | 1                 | 1,323,943             | 1          |
| 1550                      | Investments accounted for under equity method                                 | 6(9)              | 16,409,181            | 10                | 15,560,836            | 11         |
| 1600                      | Property, plant and equipment   | 6(10)             | 9,599,877             | 6                 | 6,349,364             | 4          |
| 1755                      | Right-of-use assets   | 6(11)             | 1,264,896             | 1                 | 1,524,940             | 1          |
| 1760                      | Investment property - net   | 6(13)             | 1,222,623             | 1                 | 1,370,864             | 1          |
| 1780                      | Intangible assets   | 6(14)             | 637,705               | -                 | 645,881               | -          |
| 1840                      | Deferred income tax assets  | 6(32)             | 825,525               | 1                 | 1,087,108             | 1          |
| 1900                      | Other non-current assets  | 6(5)(12)(15)      | 1,671,678             | 1                 | 4,343,493             | 3          |
| 15XX                      | <b>Non-current assets</b>   |                   | <u>38,072,559</u>     | <u>24</u>         | <u>36,386,944</u>     | <u>25</u>  |
| 1XXX                      | <b>Total assets</b>   |                   | <u>\$ 159,675,713</u> | <u>100</u>        | <u>\$ 147,689,360</u> | <u>100</u> |

(Continued)

| Liabilities and Equity  | Notes  | December 31, 2020 |                       | December 31, 2019 |                       |            |
|---|--|-------------------|-----------------------|-------------------|-----------------------|------------|
|   |  | Amount            | %                     | Amount            | %                     |            |
| <b>Current liabilities</b>  |  |                   |                       |                   |                       |            |
| 2100  | Short-term borrowings  | 6(16)             | \$ 42,967,204         | 27                | \$ 41,839,694         | 28         |
| 2110  | Short-term notes and bills payable                                   | 6(17)             | 13,730,000            | 9                 | 6,280,000             | 4          |
| 2120  | Financial liabilities at fair value through profit or loss - current | 6(2) and 12(3)    | 751                   | -                 | 3,031                 | -          |
| 2150  | Notes payable  | 7(2)              | 1,027,413             | 1                 | 2,254,481             | 2          |
| 2170  | Accounts payable   | 7(2)              | 32,561,833            | 20                | 33,491,823            | 23         |
| 2200  | Other payables   | 6(18) and 7(2)    | 5,294,800             | 3                 | 4,680,868             | 3          |
| 2230  | Current income tax liabilities                                       |                   | 2,365,438             | 2                 | 2,194,483             | 2          |
| 2280  | Current lease liabilities  |                   | 233,715               | -                 | 241,874               | -          |
| 2300  | Other current liabilities  | 6(19)             | 3,563,035             | 2                 | 3,479,467             | 2          |
| 21XX  | <b>Current Liabilities</b>   |                   | <u>101,744,189</u>    | <u>64</u>         | <u>94,465,721</u>     | <u>64</u>  |
| <b>Non-current liabilities</b>  |  |                   |                       |                   |                       |            |
| 2570  | Deferred income tax liabilities                                      | 6(32)             | 194,196               | -                 | 173,784               | -          |
| 2580  | Non-current lease liabilities  |                   | 310,826               | -                 | 548,440               | -          |
| 2600  | Other non-current liabilities  | 6(20)             | 576,334               | -                 | 555,743               | 1          |
| 25XX  | <b>Non-current liabilities</b>                                       |                   | <u>1,081,356</u>      | <u>-</u>          | <u>1,277,967</u>      | <u>1</u>   |
| 2XXX  | <b>Total Liabilities</b>   |                   | <u>102,825,545</u>    | <u>64</u>         | <u>95,743,688</u>     | <u>65</u>  |
| <b>Equity attributable to owners of parent</b>                                  |  |                   |                       |                   |                       |            |
| <b>Share capital</b>  |  |                   |                       |                   |                       |            |
| 3110  | Share capital - common stock   | 6(21)             | 16,679,470            | 10                | 16,679,470            | 11         |
| <b>Capital surplus</b>  |  |                   |                       |                   |                       |            |
| 3200  | Capital surplus  | 6(22)             | 14,709,395            | 9                 | 14,743,296            | 10         |
| <b>Retained earnings</b>  |  |                   |                       |                   |                       |            |
| 3310  | Legal reserve  | 6(23)             | 8,855,413             | 6                 | 8,175,300             | 6          |
| 3320  | Special reserve  |                   | 7,295,010             | 5                 | 6,177,007             | 4          |
| 3350  | Unappropriated retained earnings                                     |                   | 13,380,084            | 8                 | 11,334,225            | 8          |
| <b>Other equity interest</b>  |  |                   |                       |                   |                       |            |
| 3400  | Other equity interest  | 6(24)             | ( 6,336,546)          | ( 4)              | ( 7,295,011)          | ( 5)       |
| 31XX  | <b>Equity attributable to owners of the parent</b>                   |                   | <u>54,582,826</u>     | <u>34</u>         | <u>49,814,287</u>     | <u>34</u>  |
| 36XX  | <b>Non-controlling interest</b>                                      |                   | <u>2,267,342</u>      | <u>2</u>          | <u>2,131,385</u>      | <u>1</u>   |
| 3XXX  | <b>Total equity</b>  |                   | <u>56,850,168</u>     | <u>36</u>         | <u>51,945,672</u>     | <u>35</u>  |
| <b>Significant contingent liabilities and unrecognized contract commitments</b> |  |                   |                       |                   |                       |            |
| <b>Significant events after the balance sheet date</b>                          |  |                   |                       |                   |                       |            |
| 3X2X  | <b>Total liabilities and equity</b>                                  |                   | <u>\$ 159,675,713</u> | <u>100</u>        | <u>\$ 147,689,360</u> | <u>100</u> |

Years ended December 31

| Items | Notes  | 2020           |                | 2019   |                |       |
|-------|--|----------------|----------------|--------|----------------|-------|
|       |  | Amount         | %              | Amount | %              |       |
| 4000  | <b>Sales revenue</b>   | 6(25) and 7(2) | \$ 334,200,976 | 100    | \$ 339,994,666 | 100   |
| 5000  | <b>Operating costs</b>   | 6(8) and 7(2)  | ( 319,106,359) | ( 96)  | ( 325,273,754) | ( 96) |
| 5950  | <b>Net operating margin</b>  |                | 15,094,617     | 4      | 14,720,912     | 4     |
|       | <b>Operating expenses</b>  | 6(20)(30)(31)  |                |        |                |       |
| 6100  | Selling expenses   |                | ( 6,145,691)   | ( 2)   | ( 6,527,055)   | ( 2)  |
| 6200  | General and administrative expenses  |                | ( 1,480,326)   | -      | ( 1,681,638)   | -     |
| 6450  | Expected credit loss   | 12(2)          | ( 234,843)     | -      | ( 533,102)     | -     |
| 6000  | <b>Total operating expenses</b>  |                | ( 7,860,860)   | ( 2)   | ( 8,741,795)   | ( 2)  |
| 6900  | <b>Operating profit</b>  |                | 7,233,757      | 2      | 5,979,117      | 2     |
|       | <b>Non-operating income and expenses</b>   |                |                |        |                |       |
| 7100  | Interest income  | 6(26)          | 295,245        | -      | 470,136        | -     |
| 7010  | Other income   | 6(27) and 7(2) | 1,142,813      | -      | 891,894        | -     |
| 7020  | Other gains and losses   | 6(28)          | 143,982        | -      | 78,551         | -     |
| 7050  | Finance costs  | 6(29)          | ( 511,711)     | -      | ( 715,656)     | -     |
| 7060  | Share of profit of associates and joint ventures accounted for under equity method | 6(9)           | 2,196,806      | 1      | 2,185,917      | 1     |
| 7000  | <b>Total non-operating income and expenses</b>                                     |                | 3,267,135      | 1      | 2,910,842      | 1     |
| 7900  | <b>Profit before income tax</b>  |                | 10,500,892     | 3      | 8,889,959      | 3     |
| 7950  | Income tax expense   | 6(32)          | ( 1,962,506)   | -      | ( 1,670,909)   | ( 1)  |
| 8200  | <b>Profit for the year</b>   |                | \$ 8,538,386   | 3      | \$ 7,219,050   | 2     |

(Continued)

|   |  | Years ended December 31 |                |                        |             |
|---|--|-------------------------|----------------|------------------------|-------------|
|   |  | 2020                    |                | 2019                   |             |
| Items   | Notes  | Amount                  | %              | Amount                 | %           |
| <b>Other comprehensive income</b>   |  |                         |                |                        |             |
| <b>Components of other comprehensive income that will not be reclassified to profit or loss</b> |  |                         |                |                        |             |
| 8311  | Other comprehensive income, before tax, actuarial losses on defined benefit plans  | (\$ 19,707)             | -              | (\$ 13,071)            | -           |
| 8316  | Unrealized gains on financial assets at fair value through comprehensive income  | 1,014,464               | -              | 1,611,296              | 1           |
| 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 | 7,039                   | -              | ( 2,853)               | -           |
| 8349  | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss   | 4,769                   | -              | 3,301                  | -           |
| 8310  | <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>  | <u>1,006,565</u>        | <u>-</u>       | <u>1,598,673</u>       | <u>1</u>    |
| <b>Components of other comprehensive income that will be reclassified to profit or loss</b>     |  |                         |                |                        |             |
| 8361  | Financial statements translation differences of foreign operations   | ( 301,457)              | -              | ( 2,446,898)           | ( 1)        |
| 8370  | Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method  | 17,403                  | -              | ( 329,370)             | -           |
| 8360  | <b>Components of other comprehensive loss that will be reclassified to profit or loss</b>  | <u>( 284,054)</u>       | <u>-</u>       | <u>( 2,776,268)</u>    | <u>( 1)</u> |
| 8300  | <b>Total other comprehensive income (loss) for the year</b>  | <u>\$ 722,511</u>       | <u>-</u>       | <u>( \$ 1,177,595)</u> | <u>-</u>    |
| 8500  | <b>Total comprehensive income for the year</b>   | <u>\$ 9,260,897</u>     | <u>3</u>       | <u>\$ 6,041,455</u>    | <u>2</u>    |
| <b>Profit, attributable to:</b>   |  |                         |                |                        |             |
| 8610  | Owners of the parent   | \$ 8,158,539            | 3              | \$ 6,815,243           | 2           |
| 8620  | Non-controlling interest   | 379,847                 | -              | 403,807                | -           |
|   | <b>Profit</b>  | <u>\$ 8,538,386</u>     | <u>3</u>       | <u>\$ 7,219,050</u>    | <u>2</u>    |
| <b>Comprehensive income attributable to:</b>  |  |                         |                |                        |             |
| 8710  | Owners of the parent   | \$ 9,109,055            | 3              | \$ 5,692,657           | 2           |
| 8720  | Non-controlling interest   | 151,842                 | -              | 348,798                | -           |
|   | <b>Total comprehensive income for the year</b>   | <u>\$ 9,260,897</u>     | <u>3</u>       | <u>\$ 6,041,455</u>    | <u>2</u>    |
| <b>Earnings per share</b>   |  |                         |                |                        |             |
| 9750  | <b>Basic earnings per share</b>  | <u>\$ 4.89</u>          | <u>\$ 4.09</u> |                        |             |
| 9850  | <b>Diluted earnings per share</b>  | <u>\$ 4.89</u>          | <u>\$ 4.09</u> |                        |             |

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 income (loss)  | -             | -             | -            | -            | 6,810,661     | ( 2,723,375 )   | 1,605,371     | 5,692,657     | 348,798      | 6,041,455     |
| Appropriations of 2018 earnings 6(23)  | -             | -             | 660,740      | -            | ( 660,740 )   | -               | -             | -             | -            | -             |
| Provision for legal reserve  | -             | -             | -            | 1,356,458    | ( 1,356,458 ) | -               | -             | -             | -            | -             |
| Provision for special reserve  | -             | -             | -            | -            | ( 3,335,894 ) | -               | -             | ( 3,335,894 ) | -            | ( 3,335,894 ) |
| Distribution of cash dividend  | -             | -             | -            | -            | -             | -               | -             | -             | -            | -             |
| 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 acquired 6(34)                  | -             | 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 |

Year 2020

|  |               |               |              |              |               |                 |              |               |              |               |
|--|---------------|---------------|--------------|--------------|---------------|-----------------|--------------|---------------|--------------|---------------|
| Balance at January 1, 2020   | \$ 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 |
| Net income for 2020  | -             | -             | -            | -            | 8,158,539     | -               | -            | 8,158,539     | 379,847      | 8,538,386     |
| Other comprehensive (loss) income for 2020 6(24)   | -             | -             | -            | -            | ( 8,578 )     | ( 63,919 )      | 1,023,013    | 950,516       | ( 228,005 )  | 722,511       |
| Total comprehensive income (loss)  | -             | -             | -            | -            | 8,149,961     | ( 63,919 )      | 1,023,013    | 9,109,055     | 151,842      | 9,260,897     |
| Appropriations of 2019 earnings 6(23)  | -             | -             | 680,113      | -            | ( 680,113 )   | -               | -            | -             | -            | -             |
| Provision for legal reserve  | -             | -             | -            | 1,118,003    | ( 1,118,003 ) | -               | -            | -             | -            | -             |
| Provision for special reserve  | -             | -             | -            | -            | ( 4,336,662 ) | -               | -            | ( 4,336,662 ) | -            | ( 4,336,662 ) |
| Distribution of cash dividend  | -             | -             | -            | -            | -             | -               | -            | -             | -            | -             |
| Change in net assets of the associate and joint ventures accounted for under the equity method 6(22) | -             | ( 34,323 )    | -            | -            | 30,047        | -               | -            | ( 4,276 )     | -            | ( 4,276 )     |
| Difference between consideration and carrying amount of subsidiaries acquired 6(34)                  | -             | 126           | -            | -            | -             | -               | -            | 126           | ( 15,885 )   | ( 15,759 )    |
| Capital surplus transferred from unclaimed dividends 6(22)   | -             | 296           | -            | -            | -             | -               | -            | 296           | -            | 296           |
| Disposal of financial assets at fair value through other comprehensive income 6(24)                  | -             | -             | -            | -            | 629           | -               | ( 629 )      | -             | -            | -             |
| Balance at December 31, 2020   | \$ 16,679,470 | \$ 14,709,395 | \$ 8,855,413 | \$ 7,295,010 | \$ 13,380,084 | (\$ 8,690,313 ) | \$ 2,353,767 | \$ 54,582,826 | \$ 2,267,342 | \$ 56,850,168 |

CASH FLOWS FROM OPERATING ACTIVITIES

|  |       |    |             |    |            |
|--|-------|----|-------------|----|------------|
| Profit before tax for the year   |       | \$ | 10,500,892  | \$ | 8,889,959  |
| 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(30) |    | 289,216     |    | 324,039    |
| Depreciation charges on right-of-use asset   | 6(30) |    | 283,187     |    | 298,424    |
| Depreciation charges on investment property  | 6(30) |    | 62,152      |    | 56,927     |
| Amortization charges on intangible assets  | 6(30) |    | 39,436      |    | 49,281     |
| Expected credit loss   | 12(2) |    | 234,843     |    | 533,102    |
| Net gain on financial assets at fair value through profit or loss                              | 6(28) | (  | 383,270)    | (  | 121,307)   |
| Gain from reversal of market value and obsolete and slow-moving inventories                    | 6(8)  | (  | 170,642)    | (  | 5,758)     |
| Interest expense   | 6(29) |    | 511,711     |    | 715,656    |
| Interest income  | 6(26) | (  | 295,245)    | (  | 470,136)   |
| Dividend income  | 6(27) | (  | 113,011)    | (  | 136,142)   |
| Share of profit of associates accounted for under the equity method                            | 6(9)  | (  | 2,196,806)  | (  | 2,185,917) |
| (Gain) loss on disposal of property, plant and equipment and investment property               | 6(28) | (  | 12,110)     |    | 1,901      |
| Changes in assets/liabilities relating to operating activities                                 |       |    |             |    |            |
| Net changes in assets relating to operating activities   |       |    |             |    |            |
| Notes and accounts receivable  |       | (  | 12,670,960) |    | 5,935,040  |
| Other receivables  |       |    | 594,201     |    | 55,449     |
| Inventories  |       |    | 975,898     |    | 9,112,773  |
| Prepayments  |       | (  | 246,159)    |    | 367,829    |
| Overdue receivables  |       |    | 297,151     | (  | 617,766)   |
| Long-term lease and installment receivables  |       | (  | 56,818)     |    | 46,498     |
| Net changes in liabilities relating to operating activities                                    |       |    |             |    |            |
| Notes and accounts payable   |       | (  | 2,157,058)  | (  | 3,551,884) |
| Other payables   |       |    | 618,744     | (  | 1,108,028) |
| Other current liabilities  |       |    | 83,568      |    | 1,359,047  |
| Other non-current liabilities  |       | (  | 62,249)     |    | 9,342      |
| Cash (outflow) inflow generated from operations  |       | (  | 3,873,329)  |    | 19,559,329 |
| Cash dividends on investments accounted for under equity method                                |       |    | 508,955     |    | 609,417    |
| Interest paid  |       | (  | 516,227)    | (  | 741,143)   |
| Interest received  |       |    | 295,245     |    | 470,136    |
| Dividend received  |       |    | 113,011     |    | 136,142    |
| Income tax paid  |       | (  | 1,449,693)  | (  | 1,222,202) |
| Net cash (used in) provided by operating activities  |       | (  | 4,922,038)  |    | 18,811,679 |

(Continued)

### CASH FLOWS FROM INVESTING ACTIVITIES

|  |       |    |                  |   |                   |   |
|--|-------|----|------------------|---|-------------------|---|
| Decrease (increase) in financial assets at fair value through profit or loss                         |       | \$ | 9,179,350        | ( | 8,648,345         | ) |
| Proceed from disposal of financial assets at fair value through comprehensive income-non-current     |       |    | 7,589            |   | -                 |   |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income |       |    | -                |   | 15,343            |   |
| Decrease in financial assets at amortized cost   |       |    | 19,188           |   | 19,856            |   |
| Net cash flow from acquisition of subsidiaries' share  | 6(34) | (  | 15,759           | ( | 6,390             | ) |
| Acquisition of property, plant and equipment   |       | (  | 780,215          | ( | 273,813           | ) |
| Proceeds from disposal of property, plant and equipment  |       |    | 17,143           |   | 15,510            |   |
| Increase in investment property  | 6(13) | (  | 2,195            | ( | 1,019             | ) |
| Acquisition of intangible assets   | 6(14) | (  | 35,986           | ( | 69,500            | ) |
| Decrease in refundable deposits  |       |    | 48,181           |   | 48,312            |   |
| Increase in refundable deposits  |       | (  | 131,340          | ( | 89,361            | ) |
| Increase in restricted time deposits   |       | (  | 5,777            | ( | 50,198            | ) |
| Decrease in restricted time deposits   |       |    | 74,582           |   | 23,452            |   |
| Decrease in other non-current asset  |       |    | 4,427            |   | 43,889            |   |
| Decrease in time deposits maturing over three months   |       |    | 1,764,289        |   | 900,900           |   |
| Increase in time deposits maturing over three months   |       | (  | 867,868          | ( | 1,806,711         | ) |
| Increase in prepayment for construction in progress  |       |    | -                | ( | 2,506,982         | ) |
| Net cash provided by (used in) investing activities  |       |    | <u>9,275,609</u> | ( | <u>12,385,057</u> | ) |

### CASH FLOWS FROM FINANCING ACTIVITIES

|   |           |    |                   |    |                  |   |
|---|-----------|----|-------------------|----|------------------|---|
| Increase in short-term loans                              | 6(35)     |    | 1,432,837         |    | 1,175,824        |   |
| Increase (decrease) in short-term notes and bills payable | 6(35)     |    | 7,450,000         | (  | 1,410,000        | ) |
| Increase in guarantee deposits received                   | 6(35)     |    | 169,426           |    | 271,400          |   |
| Decrease in guarantee deposits received                   | 6(35)     | (  | 86,586            | (  | 277,728          | ) |
| Repayments of principal portion of lease liabilities      | 6(35)     | (  | 255,165           | (  | 267,889          | ) |
| Payment of cash dividends                                 | 6(23)(35) | (  | <u>4,336,662</u>  | (  | <u>3,335,894</u> | ) |
| Net cash provided by (used in) financing activities       |           |    | <u>4,373,850</u>  | (  | <u>3,844,287</u> | ) |
| Effects of changes in foreign exchange rates              |           |    | <u>160,194</u>    | (  | <u>1,914,840</u> | ) |
| Increase in cash and cash equivalents                     |           |    | 8,887,615         |    | 667,495          |   |
| Cash and cash equivalents at beginning of the year        |           |    | <u>6,342,158</u>  |    | <u>5,674,663</u> |   |
| Cash and cash equivalents at end of the year              |           | \$ | <u>15,229,773</u> | \$ | <u>6,342,158</u> |   |

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(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 12, 2021.

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 2020 are as follows:

| <u>New Standards, Interpretations and Amendments</u>                          | <u>Effective date by<br/>International Accounting<br/>Standards Board</u> |
|---|---|
| Amendments 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   |

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective date by<br/>International Accounting<br/>Standards Board</u> |
|--|---|
|--|---|

|   |                 |
|---|-----------------|
| Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’ | January 1, 2020 |
|---|-----------------|

|   |                     |
|---|---------------------|
| Amendment to IFRS 16, ‘Covid-19-related rent concessions’ | June 1, 2020 (Note) |
|---|---------------------|

Note: Earlier application from January 1, 2020 is allowed by FSC.

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective date by<br/>International Accounting<br/>Standards Board</u> |
|--|---|
|--|---|

|   |                 |
|---|-----------------|
| Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’ | January 1, 2021 |
|---|-----------------|

|  |                 |
|--|-----------------|
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform - Phase 2’ | January 1, 2021 |
|--|-----------------|

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

(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:

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective date by<br/>International Accounting<br/>Standards Board</u> |
|--|---|
|--|---|

|   |                 |
|---|-----------------|
| Amendments to IFRS 3, ‘Reference to the conceptual framework’ | January 1, 2022 |
|---|-----------------|

|   |   |
|---|---|
| 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<br>International<br>Accounting Standards<br>Board |
|---|---|

| <u>New Standards, Interpretations and Amendments</u>                                | <u>Effective date by<br/>International Accounting<br/>Standards Board</u> |
|---|---|
| IFRS 17, 'Insurance contracts'  | January 1, 2023   |
| Amendments to IFRS 17, 'Insurance contracts'  | January 1, 2023   |
| Amendments to IAS 1, 'Classification of liabilities as current or non-current'      | January 1, 2023   |
| Amendments to IAS 1, 'Disclosure of accounting policies'                            | January 1, 2023   |
| Amendments to IAS 8, 'Definition of accounting estimates'                           | January 1, 2023   |
| Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use' | January 1, 2022   |
| Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'           | January 1, 2022   |
| Annual improvements to IFRSs 2018-2020 cycle  | 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, 2020 and 2019:

| Name of investor                            | Name of subsidiary                               | Main business<br>Activities        | Ownership (%)        |                      | Description |
|---|--|------------------------------------|----------------------|----------------------|-------------|
|   |  |                                    | December<br>31, 2020 | December<br>31, 2019 |             |
| Synnex Technology International Corporation | Synnex Global Ltd.                               | Investment holding                 | 100                  | 100                  | -           |
| Synnex Technology International Corporation | Seper Technology Corporation                     | Sales of 3C products               | 100                  | 100                  | -           |
| Synnex Technology International Corporation | E-Fan Investments CO., LTD.                      | Investment holding                 | 100                  | 100                  | -           |
| Synnex Technology International Corporation | Synergy Intellingent Logistics corporation       | Warehouse and logistics services   | 100                  | 100                  | -           |
| Synnex Technology International Corporation | Bestcom Infotech Corp.                           | Sales of 3C products               | 95.83                | 94.96                | -           |
| Synnex Technology International Corporation | Synergy Technology Services Corporation (Note 2) | Maintenance and technical services | 100                  | -                    | -           |
| Bestcom Infotech Corp.                      | Bizwave Tech Co., Ltd.                           | Sales of 3C products               | 100                  | 100                  | -           |
| Bestcom Infotech Corp.                      | Bestcom Infotech Holdings Ltd.                   | Investment holding                 | 100                  | 100                  | -           |
| Bestcom Infotech Holding Ltd.               | Bestcom International Ltd.                       | Investment holding                 | 100                  | 100                  | -           |
| Bestcom International Ltd.                  | Bestcom Infotech Shanghai Ltd. (Note 3)          | Sales of 3C products               | -                    | 100                  | -           |
| Synnex Global Ltd.                          | King's Eye Investments Ltd.                      | Investment holding                 | 100                  | 100                  | -           |
| Synnex Global Ltd.                          | Peer Developments Ltd.                           | Investment holding                 | 100                  | 100                  | -           |
| Synnex Global Ltd.                          | Synnex Mauritius Ltd.                            | Investment holding                 | 100                  | 100                  | -           |
| Synnex Global Ltd.                          | Synnex China Holdings Ltd.                       | Investment holding                 | 100                  | 100                  | -           |
| Synnex Global Ltd.                          | Trade Vanguard Global Ltd.                       | Investment holding                 | 100                  | 100                  | -           |
| King's Eye Investments Ltd.                 | Laser Computer Holdings Ltd.                     | Investment holding                 | 100                  | 100                  | -           |
| King's Eye Investments Ltd.                 | Synnex Australia Pty. Ltd.                       | Sales of 3C products               | 100                  | 100                  | -           |

| Name of investor                | Name of subsidiary   | Main business<br>Activities   | Ownership (%)        |                      | Description |
|---------------------------------|--|---|----------------------|----------------------|-------------|
|                                 |  |   | December<br>31, 2020 | December<br>31, 2019 |             |
| King's Eye Investments Ltd.     | Synnex New Zealand Ltd.                                    | Sales of 3C products  | 100                  | 100                  | -           |
| King's Eye Investments Ltd.     | Synnex Electronics Hong Kong Ltd.                          | Sales of electronic components                                      | 100                  | 100                  | -           |
| King's Eye Investments Ltd.     | Syntech Asia Ltd.  | Sales of electronic components                                      | 100                  | 100                  | -           |
| King's Eye Investments Ltd.     | Fortune Ideal Ltd.   | Real estate investments   | 100                  | 100                  | -           |
| King's Eye Investments Ltd.     | Golden Thinking Ltd.                                       | Real estate investments   | 100                  | 100                  | -           |
| King's Eye Investments Ltd.     | PT. Synnex Metrodata Indonesia and subsidiaries            | Sales of 3C products  | 50.3                 | 50.3                 | -           |
| Laser Computer Holdings Ltd.    | Laser Computer (China) Ltd.                                | Sales of 3C products  | 100                  | 100                  | -           |
| Laser Computer Holdings Ltd.    | Synnex Technology International (HK) Ltd. and subsidiaries | Sales of 3C products  | 100                  | 100                  | -           |
| Peer Developments Ltd.          | LianXiang Technology (Shenzhen) Ltd.                       | Sales of electronic components                                      | 100                  | 100                  | -           |
| Peer Developments Ltd.          | Synergy Intelligents Logistics (HK) Corporation            | Warehouse and logistics services                                    | 100                  | 100                  | -           |
| Synnex China Holdings Ltd.      | Synnex Investments (China) Ltd.                            | Investment holding  | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synnex Distributions (China) Ltd.                          | Sales of 3C products  | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synnex (Beijing) Ltd.                                      | Warehouse and logistics services                                    | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synnex (Shanghai) Ltd.                                     | Sales of electronic components and warehouse and logistics services | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synnex (Tianjin) Ltd.                                      | Warehouse and logistics services                                    | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synnex (Chengdu) Ltd.                                      | Warehouse and logistics services                                    | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synnex (Nanjing) Ltd.                                      | Warehouse and logistics services                                    | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synnex (Shenyang) Ltd.                                     | Warehouse and logistics services                                    | 100                  | 100                  | -           |

| Name of investor                | Name of subsidiary                                 | Main business<br>Activities      | Ownership (%)        |                      | Description |
|---------------------------------|--|----------------------------------|----------------------|----------------------|-------------|
|                                 |  |                                  | December<br>31, 2020 | December<br>31, 2019 |             |
| Synnex Investments (China) Ltd. | Synnex (Hangzhou) Ltd.                             | Warehouse and logistics services | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synnex (Qingdao) Ltd.                              | Warehouse and logistics services | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synnex (Guangzhou) Ltd.                            | Warehouse and logistics services | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synnex (Xi'an) Ltd.                                | Warehouse and logistics services | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synnex (Suzhou) Ltd.                               | Warehouse and logistics services | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synnex (Wuhan) Ltd.                                | Warehouse and logistics services | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synnex (Jinan) Ltd.                                | Warehouse and logistics services | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synnex (Changsha) Ltd.                             | Warehouse and logistics services | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synnex (Zhengzhou) Ltd.                            | Warehouse and logistics services | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synnex (Ningbo) Ltd.                               | Warehouse and logistics services | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synnex (Hefei) Ltd.                                | Warehouse and logistics services | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synnex (Nanchang) Ltd.                             | Warehouse and logistics services | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synnex (Harbing) Ltd.                              | Warehouse and logistics services | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synnex (Xiamen) Ltd.                               | Warehouse and logistics services | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Yude (Shanghai) Warehouse Co., Ltd.                | Warehouse and logistics services | 97.96                | 80                   | -           |
| Synnex Investments (China) Ltd. | Synnex Technology Development Ltd.                 | Sales of 3C products             | 100                  | 100                  | -           |
| Synnex Investments (China) Ltd. | Synergy Intelligent Logistics Corporation (Note 1) | Warehouse and logistics services | 100                  | 100                  | -           |

The above subsidiaries were audited by the Company's auditors, apart from Fortune Ideal Ltd. and Golden Thinking Ltd., which were audited by other auditors.

Note 1: It was a new subsidiary established during year ended December 31, 2019.

Note 2: It was a new subsidiary established during year ended December 31, 2020.

Note 3: The Company's subsidiary - Bestcom Infotech Shanghai Ltd. cancelled its registration

on December 23, 2020.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

- ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) 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 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

- 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 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:
- The amount of the initial measurement of lease liability; and
  - 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.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(18) Investment property

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

|                     |               |
|---------------------|---------------|
| Buildings           | 20 - 50 years |
| Utilities equipment | 7 - 15 years  |

(19) Intangible assets

A. Computer software

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

B. Goodwill

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

(20) Impairment of non-financial assets

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

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

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

(21) Borrowings

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.

(22) Notes and accounts payable

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

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

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

A. Financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

(a) Hybrid (combined) contracts; or

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

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

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(24) Derecognition of financial liabilities

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

(25) Offsetting financial instruments

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

(26) Non-hedging and embedded derivatives

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

(27) Provisions

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

(28) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and recorded as retained 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 subsequently actual distributed amounts is accounted for as changes in estimates. 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.

(29) Income tax

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

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(30) Share capital

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

(31) Dividends

Cash dividends for the year ended December 31, 2018 were recorded as liabilities in the Company's financial statements when they were resolved by the Company's shareholders. Cash dividends for the year ended December 31, 2019 were recorded as liabilities in the Company's financial statements after the special resolution of the Board of Directors in accordance with Article 240 of Company Act and Articles of Incorporation. Stock dividends are recorded as stock dividends to be distributed when they are resolved by the Company's shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(32) 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.

### (33) 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 consumption, 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

|                                       | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---------------------------------------|--------------------------|--------------------------|
| Cash on hand and revolving funds      | \$ 1,080                 | \$ 1,063                 |
| Checking accounts and demand deposits | 12,699,468               | 4,446,833                |
| Time deposits                         | 2,529,225                | 1,894,262                |
|                                       | <u>\$ 15,229,773</u>     | <u>\$ 6,342,158</u>      |

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 and liabilities at fair value through profit or loss

| Items  | December 31, 2020 | December 31, 2019 |
|--|-------------------|-------------------|
| Current items:   |                   |                   |
| Financial assets mandatorily measured at fair value through profit or loss |                   |                   |
| Listed (TSE and OTC) stocks  | \$ 23,444         | \$ 616,729        |
| Financial products   | -                 | 8,297,670         |
|  | 23,444            | 8,914,399         |
| Valuation adjustment   | 97,160            | 242,865           |
|  | \$ 120,604        | \$ 9,157,264      |
| Financial liabilities held for trading                                     |                   |                   |
| Non-hedging derivatives-Forward Exchange                                   | \$ 751            | \$ 3,031          |

A. The Group recognised net (loss) gain of \$414,469 and \$284,581 on financial assets held for trading for the years ended December 31, 2020 and 2019, respectively.

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

|                                |                  | December 31, 2020 |                                  |
|--------------------------------|------------------|-------------------|----------------------------------|
|                                |                  | Book Value        | Nominal Principal (in thousands) |
| The subsidiaries               | Items            |                   |                                  |
| Synnex New Zealand             | Buy USD sell NZD | (\$ 781)          | USD 1,330                        |
| Synnex New Zealand             | Buy AUD sell NZD | 30                | AUD 1,230                        |
|                                |                  | (\$ 751)          |                                  |
|                                |                  | December 31, 2019 |                                  |
|                                |                  | Book Value        | Nominal Principal (in thousands) |
| The subsidiaries               | Items            |                   |                                  |
| 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)        |                                  |

In 2020 and 2019, 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 (\$31,199) and (\$2,293), respectively, for the years ended December 31, 2020 and 2019.

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, 2020 | December 31, 2019 |
|---------------------------------|-------------------|-------------------|
| Non-current items:              |                   |                   |
| Equity instruments              |                   |                   |
| Listed stocks                   | \$ 820,687        | \$ 820,687        |
| Non-listed (TSE and OTC) stocks | 2,017,802         | 2,028,612         |
| Valuation adjustment            | 2,347,447         | 1,331,216         |
| Total                           | \$ 5,185,936      | \$ 4,180,515      |

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 as at December 31, 2020 and 2019 is listed in the table above.

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:

|  | Years ended December 31, |              |
|--|--------------------------|--------------|
|  | 2020                     | 2019         |
| <u>Equity instruments at fair value through other comprehensive income</u> |                          |              |
| Fair value change recognised in other comprehensive income                 | \$ 1,014,464             | \$ 1,611,296 |

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, 2020 | December 31, 2019 |
|--|-------------------|-------------------|
| Current items:                           |                   |                   |
| Deposits for bankers' acceptance         | \$ -              | \$ 19,188         |
| Time deposits maturing over three months | 9,390             | 905,811           |
|  | \$ 9,390          | \$ 924,999        |
| Non-current items:                       |                   |                   |
| Pledged time deposits                    | \$ 1,255,138      | \$ 1,323,943      |

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

|  | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|--------------------------|--------------------------|
| Notes receivable   | \$ 7,642,861             | \$ 6,189,695             |
| Less: Allowance for bad debts                              | ( 20,516)                | ( 19,791)                |
|  | <u>\$ 7,622,345</u>      | <u>\$ 6,169,904</u>      |
| <br>   |                          |                          |
| Accounts receivable  | \$ 56,442,917            | \$ 45,362,385            |
| Accounts receivable due from related party                 | 331,988                  | 223,007                  |
| Lease payments receivable (expiring within one year)       | 143,826                  | 115,545                  |
|  | <u>56,918,731</u>        | <u>45,700,937</u>        |
| Less: Allowance for bad debts                              | ( 135,571)               | ( 59,517)                |
|  | <u>56,783,160</u>        | <u>45,641,420</u>        |
| <br>   |                          |                          |
| Overdue receivables (recorded as other non-current assets) | 2,930,420                | 3,130,224                |
| Less: Allowance for bad debts                              | ( 2,126,571)             | ( 2,035,766)             |
|  | <u>803,849</u>           | <u>1,094,458</u>         |
|  | <u>\$ 57,587,009</u>     | <u>\$ 46,735,878</u>     |

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, 2020 and 2019, 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:

|                             | <u>December 31, 2020</u> |                            |                            |                      |
|-----------------------------|--------------------------|----------------------------|----------------------------|----------------------|
|                             | <u>Notes receivable</u>  | <u>Accounts receivable</u> | <u>Overdue receivables</u> | <u>Total</u>         |
| Not past due                | \$ 7,642,861             | \$ 51,373,735              | \$ -                       | \$ 59,016,596        |
| Up to 60 days past due      | -                        | 4,991,929                  | 17,241                     | 5,009,170            |
| 61-120 days past due        | -                        | 358,905                    | 36,537                     | 395,442              |
| 121-180 days past due       | -                        | 83,807                     | 7,412                      | 91,219               |
| More than 181 days past due | -                        | 110,355                    | 2,869,230                  | 2,979,585            |
|                             | <u>\$ 7,642,861</u>      | <u>\$ 56,918,731</u>       | <u>\$ 2,930,420</u>        | <u>\$ 67,492,012</u> |
|                             |                          |                            |                            |                      |
|                             | <u>December 31, 2019</u> |                            |                            |                      |
|                             | <u>Notes receivable</u>  | <u>Accounts receivable</u> | <u>Overdue receivables</u> | <u>Total</u>         |
| 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            |
|                             | <u>\$ 6,189,695</u>      | <u>\$ 45,700,937</u>       | <u>\$ 3,130,224</u>        | <u>\$ 55,020,856</u> |

The above ageing analysis was based on past due date.

B. As of December, 2020 and 2019, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2019, the balance of receivables from contracts with customers amounted to \$60,980,877.

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

D. Certain notes receivable that were discounted to banks (pertaining to bankers' acceptance) met the derecognition criteria for financial assets. The Group has payment obligation when the acceptors (acceptance banks) of the notes refuse to pay the notes at maturity. However, the credit rating of the aforesaid acceptors (acceptance banks) of the notes is high. In general, the Group does not expect that the acceptors (acceptance banks) of the notes would refuse to pay for the notes at maturity. As of December 31, 2020, the Group did not have derecognised notes receivable (pertaining to bankers' acceptance) that were discounted to banks but not yet matured.

E. Lease payments receivable

Information relating to lease payments receivable is provided in Note 6(12).

F. 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, 2020   |                            |                   |                        |
|---------------------|----------------------------|-------------------|------------------------|
| Accounts receivable |                            |                   |                        |
| <u>transferred</u>  | <u>Amount derecognized</u> | <u>Facilities</u> | <u>Amount advanced</u> |
| <u>Subsidiaries</u> |                            |                   |                        |
| \$436,487           | \$436,487                  | US\$107,000       | \$436,487              |
| US\$15,299          | US\$15,299                 |                   | US\$15,299             |

As of December 31, 2020, no factored accounts receivable was derecognised.

(Unit: USD thousand)

December 31, 2019

| Accounts receivable |                            |                   |                        |
|---------------------|----------------------------|-------------------|------------------------|
| <u>transferred</u>  | <u>Amount derecognized</u> | <u>Facilities</u> | <u>Amount advanced</u> |
| <u>The Group</u>    |                            |                   |                        |
| \$424,430           | \$424,430                  | US\$103,500       | \$424,430              |
| (US\$14,018)        | (US\$14,018)               |                   | (US\$14,018)           |
| <u>Subsidiaries</u> |                            |                   |                        |
| \$1,167,205         | \$1,167,205                | US\$122,000       | \$1,167,205            |
| (US\$38,868)        | (US\$38,868)               |                   | (US\$38,868)           |

A. The counterparties of the Company's accounts receivable factoring mainly were Taishin International Bank, CTBC Bank and other financial institutions. As of December 31, 2020 and 2019, the interest rate of amount advanced was 0.75% and 2.30%~2.76%, respectively.

B. As of December 31, 2020 and 2019, the commercial papers issued for accounts receivable factoring amounted to US\$42,200 thousand and US\$52,200 thousand, respectively.

(7) Other receivables

|   | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| Receivables from suppliers  | \$ 5,813,586             | \$ 6,049,920             |
| Tax refund receivable-business tax                                  | 334,858                  | 567,353                  |
| Other non-operating receivables, others (including related parties) | 215,387                  | 340,759                  |
|   | <u>\$ 6,363,831</u>      | <u>\$ 6,958,032</u>      |

(8) Inventories

|                         | <u>December 31, 2020</u> |   |                      |
|-------------------------|--------------------------|---|----------------------|
|                         | <u>Cost</u>              | <u>Allowance for<br/>Valuation loss</u> | <u>Book value</u>    |
| Merchandise inventories | \$ 30,878,690            | (\$ 507,095)                            | \$ 30,371,595        |
| Inventory in transit    | 515,070                  | -                                       | 515,070              |
|                         | <u>\$ 31,393,760</u>     | <u>(\$ 507,095)</u>                     | <u>\$ 30,886,665</u> |

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

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, |                       |
|--|--------------------------|-----------------------|
|  | 2020                     | 2019                  |
| Cost of inventories sold                               | \$ 319,277,001           | \$ 325,279,512        |
| Loss on (gain on reversal of ) decline in market value | ( 170,642)               | ( 5,758)              |
|  | <u>\$ 319,106,359</u>    | <u>\$ 325,273,754</u> |

In 2020 and 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, 2020    | December 31, 2019    |
|---|----------------------|----------------------|
|   | Balance              | Balance              |
| Associates:                             |                      |                      |
| Synnex Corporation (Notes 1 and 2)      | \$ 4,425,255         | \$ 8,611,816         |
| Concentrix Corporation (Notes 1 and 2)  | 4,871,435            | -                    |
| Redington (India) Ltd.                  | 4,322,194            | 4,183,812            |
| Synnex FPT Joint Stock Company (Note 3) | 1,405,489            | 1,418,779            |
| Synnex (Thailand) Public Company Ltd.   | 1,310,047            | 1,275,708            |
| Other                                   | 74,761               | 70,721               |
|   | <u>\$ 16,409,181</u> | <u>\$ 15,560,836</u> |

The information on shareholding ratio is provided in Note 8.

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,                          |                     |
|   | 2020  | 2019                |
| Synnex Corporation                      | \$ 1,155,465                                      | \$ 1,127,674        |
| Redington (India) Ltd.                  | 554,183   | 605,633             |
| Synnex FPT Joint Stock Company (Note 3) | 235,300   | 237,884             |
| Synnex (Thailand) Public Company Ltd.   | 243,142   | 209,070             |
| Other                                   | 8,716   | 5,656               |
|   | <u>\$ 2,196,806</u>                               | <u>\$ 2,185,917</u> |
|   | Share of other comprehensive income of associates |                     |
|   | Years ended December 31,                          |                     |
|   | 2020  | 2019                |
| Synnex Corporation                      | \$ 32,120   | (\$ 193,495)        |
| Redington (India) Ltd.                  | ( 14,717)   | ( 135,875)          |
| Synnex (Thailand) Public Company Ltd.   | 7,039   | ( 2,853)            |
|   | <u>\$ 24,442</u>                                  | <u>(\$ 332,223)</u> |

Note 1: On December 1, 2020, Synnex Corporation completed the spin-off of Concentrix Corporation, and shareholders of Synnex Corporation received the same number of shares in Concentrix Corporation as they held in Synnex Corporation.

Note 2: The Group is one of the major shareholders of Synnex Corporation, and the Group's Chairman Mr. Matthew Miao serves as Synnex's honorary chairman. Thus, the Group has significant influence over Synnex. The Group is one of the major shareholders of Concentrix Corporation and holds one seat on the Board of Director. Thus, the Group has significant influence over Concentrix.

Note 3: 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

The Group has no material associates as of December 31, 2020.

The information of the associates that are material to the Group as of December 31, 2019 is as follows:

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

| <u>Group name</u>  | <u>Principal place of business</u> | <u>Nature of relationship</u> | <u>Methods of measurement</u> |
|--------------------|------------------------------------|-------------------------------|-------------------------------|
| Synnex Corporation | USA                                | Financial investment          | Equity method                 |

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

Balance sheet

|                                  | <u>Synnex Corporation</u><br><u>December 31, 2019</u> |
|----------------------------------|---|
| Current assets                   | \$ 223,813,350  |
| Non-current assets               | 146,113,668   |
| Current liabilities              | ( 138,351,874)  |
| Non-current liabilities          | ( 117,987,420)  |
| Total net assets                 | <u>\$ 113,587,724</u>                                 |
| Share in associate's net assets  | \$ 8,543,765  |
| Goodwill                         | 68,051  |
| Carrying amount of the associate | <u>\$ 8,611,816</u>                                   |

Statement of comprehensive income

|  | <u>Synnex Corporation</u><br><u>Year ended</u><br><u>December 31, 2019</u> |
|--|--|
| Revenue  | \$ 735,439,030   |
| Profit for the period from continuing operations | 14,936,066   |
| Other comprehensive loss, net of tax             | ( 2,562,845)   |
| Total comprehensive income                       | <u>\$ 12,373,221</u>   |
| Dividends received from associates               | <u>\$ 221,053</u>  |

(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, 2020 and 2019, the carrying amount of the Group's individually immaterial associates amounted to \$16,409,181 and \$6,949,020, respectively.

|  | <u>Years ended December 31,</u> |                   |
|--|---------------------------------|-------------------|
|  | <u>2020</u>                     | <u>2019</u>       |
| Profit for the period from continuing operations | \$ 2,196,806                    | \$ 1,058,243      |
| Other comprehensive income (loss), net of tax    | 24,442                          | ( 138,728)        |
| Total comprehensive income                       | <u>\$ 2,221,248</u>             | <u>\$ 919,515</u> |

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

|                                       | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---------------------------------------|--------------------------|--------------------------|
| Synnex Corporation                    | \$ <u>8,968,373</u>      | \$ <u>14,929,506</u>     |
| Concentrix Corporation                | \$ <u>10,869,097</u>     | \$ <u>-</u>              |
| Redington (India) Ltd.                | \$ <u>4,859,070</u>      | \$ <u>4,678,022</u>      |
| Synnex (Thailand) Public Company Ltd. | \$ <u>4,849,580</u>      | \$ <u>2,553,130</u>      |

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(10) Property, plant and equipment

2020

|   |                          |                     |                   |                     |                     |                  |                   |                    |                          |                        |                   |                 |                   |                        |                           | Construction        | Total |
|---|--------------------------|---------------------|-------------------|---------------------|---------------------|------------------|-------------------|--------------------|--------------------------|------------------------|-------------------|-----------------|-------------------|------------------------|---------------------------|---------------------|-------|
|   | Buildings and structures |                     |                   |                     | Utilities equipment |                  |                   | Computer equipment | Transportation equipment | Furniture and fixtures | Tools             |                 |                   | Leasehold improvements | and equipment in progress |                     |       |
|   | Land                     | Owner -occupied     | Lease             | Subtotal            | Owner -occupied     | Lease            | Subtotal          | Owner -occupied    | Owner -occupied          | Owner -occupied        | Owner -occupied   | Lease           | Subtotal          | Owner -occupied        | Owner -occupied           |                     |       |
| <u>At January 1</u>                     |                          |                     |                   |                     |                     |                  |                   |                    |                          |                        |                   |                 |                   |                        |                           |                     |       |
| 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 and impairment | -                        | ( 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)        |       |
|   | <u>\$ 1,055,787</u>      | <u>\$ 3,506,595</u> | <u>\$ 438,001</u> | <u>\$ 3,944,596</u> | <u>\$ 197,255</u>   | <u>\$ 22,956</u> | <u>\$ 220,211</u> | <u>\$ 139,144</u>  | <u>\$ 81,333</u>         | <u>\$ 21,184</u>       | <u>\$ 341,906</u> | <u>\$ 1,547</u> | <u>\$ 343,453</u> | <u>\$ 51,676</u>       | <u>\$ 491,980</u>         | <u>\$ 6,349,364</u> |       |
| Opening 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        |       |
| Additions                               | 420,443                  | 24,738              | 70                | 24,808              | 2,837               | 24               | 2,861             | 19,685             | 16,893                   | 9,841                  | 16,139            | 173             | 16,312            | 880                    | 268,492                   | 780,215             |       |
| Disposals                               | -                        | ( 27)               | -                 | ( 27)               | ( 752)              | -                | ( 752)            | ( 362)             | ( 2,873)                 | ( 28)                  | ( 212)            | -               | ( 212)            | ( 779)                 | -                         | ( 5,033)            |       |
| Reclassifications                       | 2,521                    | 238,351             | 253,719           | 492,070             | 48,528              | 18,339           | 66,867            | 275                | 12,837                   | 5,229                  | 73,774            | -               | 73,774            | -                      | 1,990,565                 | 2,644,138           |       |
| Depreciation charge                     | -                        | ( 106,610)          | ( 10,361)         | ( 116,971)          | ( 35,535)           | ( 2,593)         | ( 38,128)         | ( 46,289)          | ( 18,525)                | ( 11,871)              | ( 34,217)         | ( 494)          | ( 34,711)         | ( 22,721)              | -                         | ( 289,216)          |       |
| Effect of exchange rate changes         | 37,981                   | 42,556              | 12,965            | 55,521              | 3,392               | 743              | 4,135             | 263                | 152                      | ( 901)                 | 10,045            | -               | 10,045            | ( 169)                 | 13,382                    | 120,409             |       |
| Closing net book amount                 | <u>\$ 1,516,732</u>      | <u>\$ 3,705,603</u> | <u>\$ 694,394</u> | <u>\$ 4,399,997</u> | <u>\$ 215,725</u>   | <u>\$ 39,469</u> | <u>\$ 255,194</u> | <u>\$ 112,716</u>  | <u>\$ 89,817</u>         | <u>\$ 23,454</u>       | <u>\$ 407,435</u> | <u>\$ 1,226</u> | <u>\$ 408,661</u> | <u>\$ 28,887</u>       | <u>\$ 2,764,419</u>       | <u>\$ 9,599,877</u> |       |
| <u>At December 31</u>                   |                          |                     |                   |                     |                     |                  |                   |                    |                          |                        |                   |                 |                   |                        |                           |                     |       |
| Cost                                    | \$ 1,516,732             | \$ 4,783,716        | \$ 842,822        | \$ 5,626,538        | \$ 483,048          | \$ 71,372        | \$ 554,420        | \$ 265,589         | \$ 169,397               | \$ 87,875              | \$ 595,050        | \$ 2,341        | \$ 597,391        | \$ 83,498              | \$ 2,764,464              | \$ 11,665,904       |       |
| Accumulated depreciation and impairment | -                        | ( 1,078,113)        | ( 148,428)        | ( 1,226,541)        | ( 267,323)          | ( 31,903)        | ( 299,226)        | ( 152,873)         | ( 79,580)                | ( 64,421)              | ( 187,615)        | ( 1,115)        | ( 188,730)        | ( 54,611)              | ( 45)                     | ( 2,066,027)        |       |
|   | <u>\$ 1,516,732</u>      | <u>\$ 3,705,603</u> | <u>\$ 694,394</u> | <u>\$ 4,399,997</u> | <u>\$ 215,725</u>   | <u>\$ 39,469</u> | <u>\$ 255,194</u> | <u>\$ 112,716</u>  | <u>\$ 89,817</u>         | <u>\$ 23,454</u>       | <u>\$ 407,435</u> | <u>\$ 1,226</u> | <u>\$ 408,661</u> | <u>\$ 28,887</u>       | <u>\$ 2,764,419</u>       | <u>\$ 9,599,877</u> |       |

|  |                          |                     |                   |                     |                     |                  |                   |                       |                             |                           |                   |                 |                   |                           |                                  | Construction<br>in progress | Total |
|--|--------------------------|---------------------|-------------------|---------------------|---------------------|------------------|-------------------|-----------------------|-----------------------------|---------------------------|-------------------|-----------------|-------------------|---------------------------|----------------------------------|-----------------------------|-------|
|  | Buildings and structures |                     |                   |                     | Utilities equipment |                  |                   | Computer<br>equipment | Transportation<br>equipment | Furniture and<br>fixtures | Tools             |                 |                   | Leasehold<br>improvements | and equipment<br>to be inspected |                             |       |
|  | Owner                    |                     | Lease             | Subtotal            | Owner               |                  | Subtotal          | Owner                 | Owner                       | Owner                     | Owner             |                 | Owner             | Owner                     |                                  |                             |       |
|  | Land                     | -occupied           |                   |                     | -occupied           | Lease            |                   | -occupied             | -occupied                   | -occupied                 | -occupied         | -occupied       | Lease             | -occupied                 |                                  |                             |       |
| <u>At January 1</u>                        |                          |                     |                   |                     |                     |                  |                   |                       |                             |                           |                   |                 |                   |                           |                                  |                             |       |
| 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<br>and impairment | -                        | ( 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)                |       |
|  | <u>\$ 1,064,364</u>      | <u>\$ 3,651,434</u> | <u>\$ 770,663</u> | <u>\$ 4,422,097</u> | <u>\$ 223,961</u>   | <u>\$ 42,158</u> | <u>\$ 266,119</u> | <u>\$ 180,543</u>     | <u>\$ 102,784</u>           | <u>\$ 29,925</u>          | <u>\$ 365,639</u> | <u>\$ 1,816</u> | <u>\$ 367,455</u> | <u>\$ 96,751</u>          | <u>\$ 389,301</u>                | <u>\$ 6,919,339</u>         |       |
| 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)                  |       |
| Effect of exchange rate<br>changes         | ( 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                    | <u>\$ 1,055,787</u>      | <u>\$ 3,506,595</u> | <u>\$ 438,001</u> | <u>\$ 3,944,596</u> | <u>\$ 197,255</u>   | <u>\$ 22,956</u> | <u>\$ 220,211</u> | <u>\$ 139,144</u>     | <u>\$ 81,333</u>            | <u>\$ 21,184</u>          | <u>\$ 341,906</u> | <u>\$ 1,547</u> | <u>\$ 343,453</u> | <u>\$ 51,676</u>          | <u>\$ 491,980</u>                | <u>\$ 6,349,364</u>         |       |
| <u>At December 31</u>                      |                          |                     |                   |                     |                     |                  |                   |                       |                             |                           |                   |                 |                   |                           |                                  |                             |       |
| 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<br>and impairment | -                        | ( 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)                |       |
|  | <u>\$ 1,055,787</u>      | <u>\$ 3,506,595</u> | <u>\$ 438,001</u> | <u>\$ 3,944,596</u> | <u>\$ 197,255</u>   | <u>\$ 22,956</u> | <u>\$ 220,211</u> | <u>\$ 139,144</u>     | <u>\$ 81,333</u>            | <u>\$ 21,184</u>          | <u>\$ 341,906</u> | <u>\$ 1,547</u> | <u>\$ 343,453</u> | <u>\$ 51,676</u>          | <u>\$ 491,980</u>                | <u>\$ 6,349,364</u>         |       |

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's property in Nangang District, Taipei City has been under construction in February 2020 and was shown under construction in progress. Thus, for the year ended December 31, 2020, the interest of property, plant and equipment has been capitalized. For the year ended December 31, 2019, no property, plant and equipment had capitalized interest. Amount of borrowing costs for property, plant and equipment capitalised and interest rate range is as follows:

|  | <u>Years ended December 31,</u> |             |
|--|---------------------------------|-------------|
|  | <u>2020</u>                     | <u>2019</u> |
| Amount capitalised                             | \$ 19,845                       | \$ -        |
| Range of the interest rates for capitalisation | 0.84%~0.99%                     | -           |

Note 3: The Group has no property, plant and equipment that were pledged to others as collateral as of December 31, 2020 and 2019.

(11) Lease transactions-lessee

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:

|                                 | <u>Land use right</u> | <u>Buildings</u>  | <u>Total</u>        |
|---------------------------------|-----------------------|-------------------|---------------------|
| January 1, 2020                 | \$ 747,609            | \$ 777,331        | \$ 1,524,940        |
| Additions                       | -                     | 18,186            | 18,186              |
| Depreciation charge             | ( 18,972)             | ( 264,215)        | ( 283,187)          |
| Effect of exchange rate changes | 13,105                | ( 8,148)          | 4,957               |
| December 31, 2020               | <u>\$ 741,742</u>     | <u>\$ 523,154</u> | <u>\$ 1,264,896</u> |
|                                 | <u>Land use right</u> | <u>Buildings</u>  | <u>Total</u>        |
| 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               | <u>\$ 747,609</u>     | <u>\$ 777,331</u> | <u>\$ 1,524,940</u> |

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

|                                       | <u>Years ended December 31,</u> |             |
|---------------------------------------|---------------------------------|-------------|
|                                       | <u>2020</u>                     | <u>2019</u> |
| <u>Items affecting profit or loss</u> |                                 |             |
| Interest expense on lease liabilities | \$ 14,481                       | \$ 20,145   |
| Expense on short-term lease contracts | 62,917                          | 96,951      |
| Expense on leases of low-value assets | 2,825                           | 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 \$255,165 and \$267,889 for the years ended December 31, 2020 and 2019, respectively.

(12) Leasing arrangements-lessor

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:

|   | Years ended December 31, |                  |
|---|--------------------------|------------------|
|   | 2020                     | 2019             |
| Sales profit  | \$ 70,354                | \$ 60,761        |
| Finance income from the net investment in the finance lease | 13,086                   | 10,172           |
|   | <u>\$ 83,440</u>         | <u>\$ 70,933</u> |

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

|               | December 31, 2020 | December 31, 2019 |
|---------------|-------------------|-------------------|
| Within 1 year | \$ 170,998        | \$ 136,402        |
| 1-5 year(s)   | 199,864           | 134,225           |
|               | <u>\$ 370,862</u> | <u>\$ 270,627</u> |

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

|                             | December 31, 2020 |                   |                   |
|-----------------------------|-------------------|-------------------|-------------------|
|                             | Current           | Non-current       | Total             |
| Undiscounted lease payments | \$ 170,998        | \$ 199,864        | \$ 370,862        |
| Unearned finance income     | ( 27,172)         | ( 25,819)         | ( 52,991)         |
| Net investment in the lease | <u>\$ 143,826</u> | <u>\$ 174,045</u> | <u>\$ 317,871</u> |
|                             | 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 | <u>\$ 115,545</u> | <u>\$ 117,227</u> | <u>\$ 232,772</u> |

E. Gain arising from operating lease agreements for the years ended December 31, 2020 and 2019 are as follows:

|  | Years ended December 31, |            |
|--|--------------------------|------------|
|  | 2020                     | 2019       |
| Rental income (including rental income from investment property) | \$ 564,342               | \$ 555,330 |

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

|               | December 31, 2020   | December 31, 2019 |
|---------------|---------------------|-------------------|
| Within 1 year | \$ 479,620          | \$ 392,882        |
| 1-5 year(s)   | 634,437             | 477,995           |
| Over 5 years  | 295,380             | 51,918            |
|               | <u>\$ 1,409,437</u> | <u>\$ 922,795</u> |

(13) Investment property

|                          | 2020                     |                     |                     |
|--------------------------|--------------------------|---------------------|---------------------|
|                          | Buildings and structures | Utilities equipment | Total               |
| <u>At January 1</u>      |                          |                     |                     |
| Cost                     | \$ 1,647,723             | \$ 158,129          | \$ 1,805,852        |
| Accumulated depreciation | ( 319,626)               | ( 115,362)          | ( 434,988)          |
|                          | <u>\$ 1,328,097</u>      | <u>\$ 42,767</u>    | <u>\$ 1,370,864</u> |
| Opening net book amount  | \$ 1,328,097             | \$ 42,767           | \$ 1,370,864        |
| Additions                | 1,408                    | 787                 | 2,195               |
| Reclassifications        | ( 108,268)               | ( 1,249)            | ( 109,517)          |
| Depreciation charge      | ( 47,675)                | ( 14,477)           | ( 62,152)           |
| Net exchange differences | 20,771                   | 462                 | 21,233              |
| Closing net book amount  | <u>\$ 1,194,333</u>      | <u>\$ 28,290</u>    | <u>\$ 1,222,623</u> |
| <u>At December 31</u>    |                          |                     |                     |
| Cost                     | \$ 1,524,561             | \$ 148,160          | \$ 1,672,721        |
| Accumulated depreciation | ( 330,228)               | ( 119,870)          | ( 450,098)          |
|                          | <u>\$ 1,194,333</u>      | <u>\$ 28,290</u>    | <u>\$ 1,222,623</u> |

|                          | 2019                        |                        |                     |
|--------------------------|-----------------------------|------------------------|---------------------|
|                          | Buildings<br>and structures | Utilities<br>equipment | Total               |
| <u>At January 1</u>      |                             |                        |                     |
| Cost                     | \$ 1,375,294                | \$ 237,509             | \$ 1,612,803        |
| Accumulated depreciation | ( 250,872)                  | ( 189,517)             | ( 440,389)          |
|                          | <u>\$ 1,124,422</u>         | <u>\$ 47,992</u>       | <u>\$ 1,172,414</u> |
| 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  | <u>\$ 1,328,097</u>         | <u>\$ 42,767</u>       | <u>\$ 1,370,864</u> |
| <u>At December 31</u>    |                             |                        |                     |
| Cost                     | \$ 1,647,723                | \$ 158,129             | \$ 1,805,852        |
| Accumulated depreciation | ( 319,626)                  | ( 115,362)             | ( 434,988)          |
|                          | <u>\$ 1,328,097</u>         | <u>\$ 42,767</u>       | <u>\$ 1,370,864</u> |

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, |                   |
|---|--------------------------|-------------------|
|   | 2020                     | 2019              |
| Rental income from the lease of the investment property   | <u>\$ 433,169</u>        | <u>\$ 483,873</u> |
| Direct operating expenses arising from the investment property that generated rental income during the year | <u>\$ 92,043</u>         | <u>\$ 156,085</u> |

B. The fair value of the investment property held by the Group as of December 31, 2020 and 2019 was \$2,953,606 and \$3,155,517, 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

|                               | 2020                      |                   |                   |
|-------------------------------|---------------------------|-------------------|-------------------|
|                               | Computer<br>software cost | Goodwill          | Total             |
| <u>At January 1</u>           |                           |                   |                   |
| Cost                          | \$ 367,893                | \$ 548,101        | \$ 915,994        |
| Accumulated amortisation      | ( 270,113)                | -                 | ( 270,113)        |
|                               | <u>\$ 97,780</u>          | <u>\$ 548,101</u> | <u>\$ 645,881</u> |
| Opening net book amount       | \$ 97,780                 | \$ 548,101        | \$ 645,881        |
| Additions-acquired separately | 35,986                    | -                 | 35,986            |
| Reclassifications             | 9,774                     | -                 | 9,774             |
| Amortisation charge           | ( 39,436)                 | -                 | ( 39,436)         |
| Net exchange differences      | 1,053                     | ( 15,553)         | ( 14,500)         |
| Closing net book amount       | <u>\$ 105,157</u>         | <u>\$ 532,548</u> | <u>\$ 637,705</u> |
| <u>At December 31</u>         |                           |                   |                   |
| Cost                          | \$ 416,663                | \$ 532,548        | \$ 949,211        |
| Accumulated amortisation      | ( 311,506)                | -                 | ( 311,506)        |
|                               | <u>\$ 105,157</u>         | <u>\$ 532,548</u> | <u>\$ 637,705</u> |
|                               | 2019                      |                   |                   |
|                               | Computer<br>software cost | Goodwill          | Total             |
| <u>At January 1</u>           |                           |                   |                   |
| Cost                          | \$ 325,832                | \$ 555,211        | \$ 881,043        |
| Accumulated amortisation      | ( 248,860)                | -                 | ( 248,860)        |
|                               | <u>\$ 76,972</u>          | <u>\$ 555,211</u> | <u>\$ 632,183</u> |
| 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       | <u>\$ 97,780</u>          | <u>\$ 548,101</u> | <u>\$ 645,881</u> |
| <u>At December 31</u>         |                           |                   |                   |
| Cost                          | \$ 367,893                | \$ 548,101        | \$ 915,994        |
| Accumulated amortisation      | ( 270,113)                | -                 | ( 270,113)        |
|                               | <u>\$ 97,780</u>          | <u>\$ 548,101</u> | <u>\$ 645,881</u> |

A. Amortization charges on intangible assets were recognised as administrative expenses amounting to \$39,436 and \$49,281 for the years ended December 31, 2020 and 2019, respectively.

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

|           | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|-----------|--------------------------|--------------------------|
| Taiwan    | \$ 239,479               | \$ 239,479               |
| Hong Kong | 283,328                  | 298,224                  |
| Indonesia | 9,741                    | 10,398                   |
|           | <u>\$ 532,548</u>        | <u>\$ 548,101</u>        |

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

|   | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| Prepayment for construction in progress | \$ -                     | \$ 2,506,982             |
| Refundable deposits                     | 666,146                  | 582,987                  |
| Long-term notes and overdue receivables | 803,849                  | 1,094,458                |
| Long-term lease receivables             | 174,045                  | 117,227                  |
| Others                                  | 27,638                   | 41,839                   |
|   | <u>\$ 1,671,678</u>      | <u>\$ 4,343,493</u>      |

A. The above prepayment for construction in progress was the prepayment for acquiring the property located in Nangang Dist., Taipei City. Because the construction has been started in February 2020, the prepayment was transferred to property, plant and equipment- construction in progress. Please refer to Note 6(10) for details.

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

(16) Short-term borrowings

| <u>Type of borrowings</u> | <u>December 31, 2020</u> | <u>Interest rate range</u> | <u>Collateral</u> |
|---------------------------|--------------------------|----------------------------|-------------------|
| Bank borrowings           |                          |                            |                   |
| Unsecured borrowings      | <u>\$ 42,967,204</u>     | 0.65%~2.38%                | None              |

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

(17) Short-term notes and bills payable

|                          | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--------------------------|--------------------------|--------------------------|
| Commercial paper payable | \$ 13,730,000            | \$ 6,280,000             |
| Interest rate range      | <u>0.75%~1.06%</u>       | <u>0.98%~1.14%</u>       |

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

(18) Other payables

|   | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| Temporary receipt of suppliers' payment           | \$ 3,040,591             | \$ 1,826,731             |
| Salary payable and bonus                          | 846,928                  | 798,499                  |
| Accrued expenses-others                           | 587,893                  | 852,595                  |
| Other payables-others (Including related parties) | <u>819,388</u>           | <u>1,203,043</u>         |
|   | <u>\$ 5,294,800</u>      | <u>\$ 4,680,868</u>      |

(19) Other current liabilities

|   | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| Refund liability-dealer's bonus payable | \$ 3,501,628             | \$ 3,398,527             |
| Other current liabilities-others        | <u>61,407</u>            | <u>80,940</u>            |
|   | <u>\$ 3,563,035</u>      | <u>\$ 3,479,467</u>      |

(20) Pensions

A. Defined benefit plans

- (a) The Group has a defined benefit pension plan in accordance with the Labor Standards Law. The benefits accrued are paid based on the service years and the average monthly salaries 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, also adopted a defined benefit plan.

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

|   | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| Present value of defined benefit obligations                              | (\$ 518,460)             | (\$ 536,799)             |
| Fair value of plan assets   | <u>107,037</u>           | <u>137,432</u>           |
| Net defined benefit liability (recorded as other non-current liabilities) | <u>(\$ 411,423)</u>      | <u>(\$ 399,367)</u>      |

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

|  | <u>Present value of<br/>defined benefit<br/>obligations</u> | <u>Fair value of<br/>plan assets</u> | <u>Net defined<br/>benefit liability</u> |
|--|---|--------------------------------------|--|
| Year ended December 31, 2020   |   |                                      |  |
| Balance at January 1   | (\$ 536,799)  | \$ 137,432                           | (\$ 399,367)                             |
| Current service cost   | ( 11,278)   | -                                    | ( 11,278)                                |
| Interest (expense) income  | ( 7,934)  | <u>1,020</u>                         | ( 6,914)                                 |
|  | <u>( 556,011)</u>   | <u>138,452</u>                       | <u>( 417,559)</u>                        |
| Remeasurements:  |   |                                      |  |
| Return on plan assets (excluding amounts included in interest income or expense) | -   | 7,265                                | 7,265                                    |
| Change in demographic assumptions  | 4,069   | -                                    | 4,069                                    |
| Exchange differences from translation  | ( 434)  | -                                    | ( 434)                                   |
| Change in financial assumptions  | ( 23,905)   | -                                    | ( 23,905)                                |
| Experience adjustments   | <u>10,627</u>   | <u>-</u>                             | <u>10,627</u>                            |
|  | <u>( 9,643)</u>   | <u>7,265</u>                         | <u>( 2,378)</u>                          |
| Pension fund contribution  | -   | 4,475                                | 4,475                                    |
| Paid pension   | <u>47,194</u>   | <u>( 43,155)</u>                     | <u>4,039</u>                             |
| Balance at December 31   | <u>(\$ 518,460)</u>   | <u>\$ 107,037</u>                    | <u>(\$ 411,423)</u>                      |
| 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)  | <u>2,373</u>                         | ( 7,522)                                 |
|  | <u>( 659,072)</u>   | <u>252,543</u>                       | <u>( 406,529)</u>                        |
| 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   | <u>4,245</u>  | <u>-</u>                             | <u>4,245</u>                             |
|  | <u>( 9,903)</u>   | <u>9,512</u>                         | <u>( 391)</u>                            |
| Pension fund contribution  | -   | 5,416                                | 5,416                                    |
| Paid pension   | <u>132,176</u>  | <u>( 130,039)</u>                    | <u>2,137</u>                             |
| Balance at December 31   | <u>(\$ 536,799)</u>   | <u>\$ 137,432</u>                    | <u>(\$ 399,367)</u>                      |

(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, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

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

|                         | <u>2020</u>        | <u>2019</u>        |
|-------------------------|--------------------|--------------------|
| Discount rate           | <u>0.30%~0.35%</u> | <u>0.70%~0.80%</u> |
| Future salary increases | <u>3.00%~4.00%</u> | <u>3.00%~4.00%</u> |

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:

|   | <u>Discount rate</u>  |                       | <u>Future salary increases</u> |                       |
|---|-----------------------|-----------------------|--------------------------------|-----------------------|
|   | <u>Increase 0.25%</u> | <u>Decrease 0.25%</u> | <u>Increase 0.25%</u>          | <u>Decrease 0.25%</u> |
| December 31, 2020                                     |                       |                       |                                |                       |
| Effect on present value of defined benefit obligation | <u>\$ 9,207</u>       | <u>(\$ 9,515)</u>     | <u>(\$ 8,278)</u>              | <u>\$ 8,067</u>       |
|   |                       |                       |                                |                       |
|   | <u>Discount rate</u>  |                       | <u>Future salary increases</u> |                       |
|   | <u>Increase 0.25%</u> | <u>Decrease 0.25%</u> | <u>Increase 0.25%</u>          | <u>Decrease 0.25%</u> |
| December 31, 2019                                     |                       |                       |                                |                       |
| Effect on present value of defined benefit obligation | <u>\$ 9,958</u>       | <u>(\$ 10,302)</u>    | <u>(\$ 9,075)</u>              | <u>\$ 8,834</u>       |

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 2020 and during 2019 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:

|                         | Years ended December 31, |       |
|-------------------------|--------------------------|-------|
|                         | 2020                     | 2019  |
| Discount rate           | 7.00%                    | 8.00% |
| 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, 2020<br>Effect on present value of defined<br>benefit obligation | \$ 10,503     | (\$ 8,845)  | (\$ 9,015)              | \$ 10,511   |
| December 31, 2019<br>Effect on present value of defined<br>benefit obligation | \$ 8,513      | (\$ 7,185)  | (\$ 7,398)              | \$ 8,618    |

(f) As of December 31, 2020, the weighted average duration of that retirement plan is 8~17.91 years.

(g) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to \$5,609.

#### B. Defined contribution plans

(a) 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 companies 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.

(b) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2020 and 2019 were \$181,885 and \$320,237, respectively.

(21) Share capital

A. As of December 31, 2020, the Group's authorised capital was \$24,000,000 (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. Shares yet to be issued can be issued several times by the Board of Directors depending on the demand, and some of them can be distributed in the form of preferred shares. All proceeds from shares issued have been collected.

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

|                               | <u>2020</u>          | <u>2019</u>          |
|-------------------------------|----------------------|----------------------|
| At January 1 (At December 31) | <u>1,667,946,968</u> | <u>1,667,946,968</u> |

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, 2020, 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

Holder 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 Depository 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 Depository 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.

| 2020  |                      |                             |                                  |                   |                 |                      |
|---|----------------------|-----------------------------|----------------------------------|-------------------|-----------------|----------------------|
|   | Share premium        | Treasury share transactions | Changes in equity                |                   |                 | Total                |
|   |                      |                             | of associates and joint ventures | Stock options     | Others          |                      |
| At January 1  | \$ 13,626,940        | \$ 340,678                  | \$ 544,112                       | \$ 228,445        | \$ 3,121        | \$ 14,743,296        |
| Changes in equity of associates and joint ventures                            | -                    | -                           | ( 34,323)                        | -                 | -               | ( 34,323)            |
| Difference between consideration and carrying amount of subsidiaries acquired | -                    | -                           | 126                              | -                 | -               | 126                  |
| Unclaimed dividends   | -                    | -                           | -                                | -                 | 296             | 296                  |
| At December 31  | <u>\$ 13,626,940</u> | <u>\$ 340,678</u>           | <u>\$ 509,915</u>                | <u>\$ 228,445</u> | <u>\$ 3,417</u> | <u>\$ 14,709,395</u> |
| 2019  |                      |                             |                                  |                   |                 |                      |
|   | Share premium        | Treasury share transactions | Changes in equity                |                   |                 | Total                |
|   |                      |                             | of associates and joint ventures | Stock options     | Others          |                      |
| 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  | <u>\$ 13,626,940</u> | <u>\$ 340,678</u>           | <u>\$ 544,112</u>                | <u>\$ 228,445</u> | <u>\$ 3,121</u> | <u>\$ 14,743,296</u> |

### (23) Retained earnings

A. The earnings distribution in accordance with the Articles of Incorporation of the Company is as follows:

- (a) The Amended Articles of Incorporation of the Company as approved at the shareholders' meeting on June 6, 2019
  - i. 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.

- ii. 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 to 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.

(b) The Articles of Incorporation of the Company before the amendment approved at the shareholders' meeting on June 6, 2019

- i. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to offset prior years' operating losses and pay all taxes. Then, 10% of the remaining amount shall be set aside as legal reserve and amount deducted from shareholders' equity shall be set aside as special reserve. The remaining earnings along with accumulated unappropriated earnings at the beginning of year shall be distributed as dividends as proposed by the Board of Directors and approved at the stockholders' meeting.
- ii. The ratios of aforementioned earnings and cash dividends distributed to shareholders are determined by the Board of Directors after taking a comprehensive consideration of the situation of capital surplus, retained earnings and future profitability. Depending on the Company's future development, earnings or capital surplus are used to increase capital if there are any necessary investment plans that will increase the profits or any capital needs. Where the share capital is increased to a level that affects the dividend distribution, it will be adjusted by distributing the cash dividends. However, at least 15% of total dividends to stockholders shall be distributed in cash at each earnings distribution.

B. (a) The appropriation of 2019 and 2018 earnings had been resolved at the stockholders' meeting on June 12, 2020 and June 6, 2019, respectively. Details are summarized below:

|                 | Years ended December 31, |                                  |            |                                  |
|-----------------|--------------------------|----------------------------------|------------|----------------------------------|
|                 | 2019                     |                                  | 2018       |                                  |
|                 | Amount                   | Dividends per share (in dollars) | Amount     | Dividends per share (in dollars) |
| Legal reserve   | \$ 680,113               |                                  | \$ 660,740 |                                  |
| Special reserve | 1,118,003                |                                  | 1,356,458  |                                  |
| Cash dividends  | 4,336,662                | 2.60                             | 3,335,894  | 2.00                             |

Note: For the year ended December 31, 2019, the amount of cash dividends in the retained earnings appropriation has been approved by the Board of Directors on March 13, 2020 and was reported to the shareholders.

(b) The appropriation of 2020 earnings had been proposed at the Board of Directors' meeting on March 12, 2021. Details are summarized below:

|                             | <u>Year ended December 31, 2020</u> |   |
|-----------------------------|-------------------------------------|---|
|                             | <u>Amount</u>                       | <u>Dividends per share (in dollars)</u> |
| Legal reserve               | \$ 818,064                          |   |
| Reversal of special reserve | ( 958,465)                          |   |
| Cash dividends              | 5,504,225                           | 3.30                                    |

C. For information relating to employees' remuneration (bonus) and directors' and supervisors' remuneration, please refer to Note 6(31).

(24) Other equity items

|   | <u>Currency translation</u> | <u>Unrealised gains (losses) on valuation</u> | <u>Total</u>          |
|---|-----------------------------|---|-----------------------|
| At January 1, 2020                                  | (\$ 8,626,394)              | 1,331,383                                     | (\$ 7,295,011)        |
| Revaluation:  |                             |   |                       |
| –Group  | -                           | 1,015,974                                     | 1,015,974             |
| –Associates   | -                           | 7,039   | 7,039                 |
| Revaluation transferred to retained earnings-gross: |                             |   |                       |
| – Group   | -                           | ( 629)  | ( 629)                |
| Currency translation differences:                   |                             |   |                       |
| –Group  | ( 81,322)                   | -   | ( 81,322)             |
| –Associates   | 17,403                      | -   | 17,403                |
| At December 31, 2020                                | <u>(\$ 8,690,313)</u>       | <u>\$ 2,353,767</u>                           | <u>(\$ 6,336,546)</u> |
|   |                             |   |                       |
|   | <u>Currency translation</u> | <u>Unrealised gains (losses) on valuation</u> | <u>Total</u>          |
| 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                                | <u>(\$ 8,626,394)</u>       | <u>\$ 1,331,383</u>                           | <u>(\$ 7,295,011)</u> |

(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 major product lines:

|   | Timing of revenue  | Years ended December 31, |                       |
|---|--------------------|--------------------------|-----------------------|
|   |                    | 2020                     | 2019                  |
| Revenue from 3C and electronic component products | At a point in time | \$ 332,695,342           | \$ 338,664,446        |
| Others  | Over time          | 1,505,634                | 1,330,220             |
|   |                    | <u>\$ 334,200,976</u>    | <u>\$ 339,994,666</u> |

(26) Interest income

|                                    | Years ended December 31, |                   |
|------------------------------------|--------------------------|-------------------|
|                                    | 2020                     | 2019              |
| Interest income from bank deposits | \$ 112,261               | \$ 193,494        |
| Other interest income              | 182,984                  | 276,642           |
|                                    | <u>\$ 295,245</u>        | <u>\$ 470,136</u> |

(27) Other income

|                 | Years ended December 31, |                   |
|-----------------|--------------------------|-------------------|
|                 | 2020                     | 2019              |
| Rental revenue  | \$ 564,342               | \$ 555,330        |
| Dividend income | 113,011                  | 136,142           |
| Others          | 465,460                  | 200,422           |
|                 | <u>\$ 1,142,813</u>      | <u>\$ 891,894</u> |

(28) Other gains and losses

|  | Years ended December 31, |                  |
|--|--------------------------|------------------|
|  | 2020                     | 2019             |
| Net gains on financial assets at fair value through profit or loss               |                          |                  |
| Financial products   | \$ 389,460               | \$ 192,892       |
| Other financial assets   | ( 1,646)                 | 89,396           |
| Net currency exchange (losses) gains   | ( 23,534)                | 56,544           |
| Gain (loss) on disposal of property, plant and equipment and investment property | 12,110                   | ( 1,901)         |
| Related expense charges on investment property                                   | ( 92,043)                | ( 156,085)       |
| Others   | ( 140,365)               | ( 102,295)       |
|  | <u>\$ 143,982</u>        | <u>\$ 78,551</u> |

(29) Finance costs

|  | Years ended December 31, |                   |
|--|--------------------------|-------------------|
|  | 2020                     | 2019              |
| Interest expense on bank borrowings                    | \$ 442,285               | \$ 620,825        |
| Interest expense on short-term notes and bills payable | 74,790                   | 74,686            |
| Interest expense on lease liabilities                  | 14,481                   | 20,145            |
| Less: Capitalisation of qualifying assets              | ( 19,845)                | -                 |
|  | <u>\$ 511,711</u>        | <u>\$ 715,656</u> |

(30) Expenses by nature

|   | Years ended December 31, |              |
|---|--------------------------|--------------|
|   | 2020                     | 2019         |
| Employee benefit expense                              | \$ 4,861,759             | \$ 5,220,324 |
| Depreciation charges on property, plant and equipment | \$ 289,216               | \$ 324,039   |
| Depreciation charges on right-of-use assets           | \$ 283,187               | \$ 298,424   |
| Depreciation charges on investment property           | \$ 62,152                | \$ 56,927    |
| Amortisation charges on intangible assets             | \$ 39,436                | \$ 49,281    |

(31) Employee benefit expense

|                                  | Years ended December 31, |                     |
|----------------------------------|--------------------------|---------------------|
|                                  | 2020                     | 2019                |
| Wages and salaries               | \$ 4,346,413             | \$ 4,502,498        |
| Employee social security expense | 210,184                  | 264,455             |
| Pension costs                    | 200,077                  | 337,506             |
| Directors' remuneration          | 7,000                    | 7,000               |
| Other personnel expenses         | 98,085                   | 108,865             |
|                                  | <u>\$ 4,861,759</u>      | <u>\$ 5,220,324</u> |

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, 2020 and 2019, employees' compensation (bonus) was accrued at \$900 and \$750, respectively; directors' remuneration was both accrued at \$7,000. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 0.01% and 0.09% of distributable profit of current year for the year ended December 31, 2020. The employees' compensation and directors' remuneration resolved by the Board of Directors were \$900 and \$7,500, and will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration of 2019 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 Group as resolved by the Board of Directors and resolved by shareholders in the meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

### (32) Income tax

#### A. Income tax expense

##### (a) Components of income tax expense:

|   | <u>Years ended December 31,</u> |                     |
|---|---------------------------------|---------------------|
|   | <u>2020</u>                     | <u>2019</u>         |
| Current tax:  |                                 |                     |
| Current tax on profits for the year                       | \$ 738,549                      | \$ 901,387          |
| Prior year income tax underestimation<br>(overestimation) | 58,049 (                        | 330)                |
| Prepaid income tax  | 899,541                         | 800,693             |
| Tax on undistributed earnings                             | ( 33,318)                       | ( 79,507)           |
| Total current tax   | <u>1,662,821</u>                | <u>1,622,243</u>    |
| Deferred tax:   |                                 |                     |
| Origination and reversal of temporary differences         | <u>266,367</u>                  | ( 30,841)           |
| Total deferred tax  | <u>266,367</u>                  | ( 30,841)           |
| Other:  |                                 |                     |
| Tax on undistributed earnings                             | <u>33,318</u>                   | <u>79,507</u>       |
| Income tax expense  | <u>\$ 1,962,506</u>             | <u>\$ 1,670,909</u> |

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

|  | <u>Years ended December 31,</u> |             |
|--|---------------------------------|-------------|
|  | <u>2020</u>                     | <u>2019</u> |
| Remeasurement of defined benefit obligations | (\$ 4,769)                      | (\$ 3,301)  |

##### (c) For the years ended December 31, 2020 and 2019, there was no income tax charged or

credited directly to equity.

B. Reconciliation between income tax expense and accounting profit

|  | Years ended December 31, |                     |
|--|--------------------------|---------------------|
|  | 2020                     | 2019                |
| Tax calculated based on profit before tax and statutory tax rate (Note)      | \$ 3,705,903             | \$ 2,928,470        |
| Effects from items disallowed by tax regulation                              | ( 220,171)               | ( 57,051)           |
| Tax exempt income by tax regulation  | ( 116,231)               | ( 84,335)           |
| Temporary differences not recognised as deferred tax liabilities             | ( 1,440,309)             | ( 1,226,979)        |
| Change in assessment of realisation of deferred tax assets from taxable loss | ( 58,053)                | 31,627              |
| Tax on undistributed earnings  | 33,318                   | 79,507              |
| Prior year income tax underestimation (overestimation)                       | 58,049                   | ( 330)              |
| Income tax expense   | <u>\$ 1,962,506</u>      | <u>\$ 1,670,909</u> |

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:

|  | 2020                |                              |  |                                     |                     |
|--|---------------------|------------------------------|--|-------------------------------------|---------------------|
|  | 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                       | \$ 508,359          | (\$ 17,353)                  | \$ -                                     | (\$ 9,724)                          | 481,282             |
| Unrealized loss on inventory value decline | 47,714              | 13,534                       | -  | ( 1,213)                            | 60,035              |
| Depreciation                               | 45,751              | 50,304                       | -  | ( 1,902)                            | 94,153              |
| Unrealised exchange loss                   | 8,398               | 5,247                        | -  | ( 270)                              | 13,375              |
| Unused compensated absences                | 5,318               | 3,105                        | -  | ( 166)                              | 8,257               |
| Accrued pensions                           | 83,104              | ( 3,841)                     | 4,769                                    | ( 1,665)                            | 82,367              |
| Unrealized accrued expenses                | 48,475              | ( 36,387)                    | -  | ( 239)                              | 11,849              |
| Loss carryforward                          | 329,020             | ( 263,518)                   | -  | ( 7,337)                            | 58,165              |
| Others                                     | 10,969              | 5,238                        | -  | ( 165)                              | 16,042              |
| Subtotal                                   | <u>\$ 1,087,108</u> | <u>(\$ 243,671)</u>          | <u>\$ 4,769</u>                          | <u>(\$ 22,681)</u>                  | <u>\$ 825,525</u>   |
| -Deferred tax liabilities:                 |                     |                              |  |                                     |                     |
| Unrealised purchase discount               | (\$ 141,986)        | (\$ 7,098)                   | \$ -                                     | \$ 1,733                            | (\$ 147,351)        |
| Unrealised exchange gain                   | ( 3,482)            | 3,482                        | -  | -                                   | -                   |
| Unrealized expenses                        | -                   | ( 30,874)                    | -  | 359                                 | ( 30,515)           |
| Others                                     | ( 28,316)           | 11,794                       | -  | 192                                 | ( 16,330)           |
| Subtotal                                   | <u>(\$ 173,784)</u> | <u>(\$ 22,696)</u>           | <u>\$ -</u>                              | <u>\$ 2,284</u>                     | <u>(\$ 194,196)</u> |
| Total                                      | <u>\$ 913,324</u>   | <u>(\$ 266,367)</u>          | <u>\$ 4,769</u>                          | <u>(\$ 20,397)</u>                  | <u>\$ 631,329</u>   |

| 2019                                       |                     |                                 |   |   |                     |
|--|---------------------|---------------------------------|---|---|---------------------|
|  | January 1           | Recognized in<br>profit or loss | Recognized<br>in other<br>comprehensive<br>income | Effects on<br>exchange rate<br>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                                   | <u>\$ 1,227,640</u> | <u>(\$ 40,404)</u>              | <u>\$ 3,301</u>                                   | <u>(\$ 103,429)</u>                       | <u>\$ 1,087,108</u> |
| -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                                   | <u>(\$ 245,456)</u> | <u>\$ 71,245</u>                | <u>\$ -</u>                                       | <u>\$ 427</u>                             | <u>(\$ 173,784)</u> |
| Total                                      | <u>\$ 982,184</u>   | <u>\$ 30,841</u>                | <u>\$ 3,301</u>                                   | <u>(\$ 103,002)</u>                       | <u>\$ 913,324</u>   |

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

| December 31, 2020 |                           |                     |                        |             |
|-------------------|---------------------------|---------------------|------------------------|-------------|
| Year incurred     | Amount filed<br>/assessed | Unused amount       | Deferred tax<br>assets | Expiry year |
| 2012~2020         | <u>\$ 1,848,703</u>       | <u>\$ 1,848,703</u> | <u>\$ 1,318,865</u>    | 2020~2030   |
| December 31, 2019 |                           |                     |                        |             |
| Year incurred     | Amount filed<br>/assessed | Unused amount       | Deferred tax<br>assets | Expiry year |
| 2012~2019         | <u>\$ 3,157,019</u>       | <u>\$ 3,157,019</u> | <u>\$ 1,550,907</u>    | 2019~2029   |

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 2020 to 2030.

G. The Group has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2020 and 2019, the amounts of temporary difference unrecognised as deferred tax liabilities were \$12,395,920 and \$10,967,735, respectively.

H. The Group's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(33) Earnings per share

|  | <u>Year ended December 31, 2020</u> |  |  |
|--|-------------------------------------|--|--|
|  | <u>Amount after tax</u>             | <u>Weighted average<br/>number of ordinary<br/>shares outstanding<br/>(share in thousands)</u> | <u>Earnings per<br/>share (in dollars)</u> |
| <u>Basic earnings per share</u>  |                                     |  |  |
| Profit attributable to ordinary shareholders   | <u>\$ 8,158,539</u>                 | <u>1,667,947</u>   | <u>\$ 4.89</u>                             |
| <u>Diluted earnings per share</u>  |                                     |  |  |
| Profit attributable to ordinary shareholders   | 8,158,539                           | 1,667,947  |  |
| Assumed conversion of all dilutive potential<br>ordinary shares  |                                     |  |  |
| Employees' bonus   | <u>-</u>                            | <u>43</u>  |  |
| Profit attributable to ordinary shareholders<br>plus assumed conversion of all dilutive<br>potential ordinary shares | <u>\$ 8,158,539</u>                 | <u>1,667,990</u>   | <u>\$ 4.89</u>                             |
|  | <u>Year ended December 31, 2019</u> |  |  |
|  | <u>Amount after tax</u>             | <u>Weighted average<br/>number of ordinary<br/>shares outstanding<br/>(share in thousands)</u> | <u>Earnings per<br/>share (in dollars)</u> |
| <u>Basic earnings per share</u>  |                                     |  |  |
| Profit attributable to ordinary shareholders   | <u>\$ 6,815,243</u>                 | <u>1,667,947</u>   | <u>\$ 4.09</u>                             |
| <u>Diluted earnings per share</u>  |                                     |  |  |
| Profit attributable to ordinary shareholders   | 6,815,243                           | 1,667,947  |  |
| Assumed conversion of all dilutive potential<br>ordinary shares  |                                     |  |  |
| Employees' bonus   | <u>-</u>                            | <u>39</u>  |  |
| Profit attributable to ordinary shareholders<br>plus assumed conversion of all dilutive<br>potential ordinary shares | <u>\$ 6,815,243</u>                 | <u>1,667,986</u>   | <u>\$ 4.09</u>                             |

(34) Transactions with non-controlling interests

Acquisition of additional equity interest in a subsidiary

The Group acquired an additional 0.87% and 0.39% shares of its subsidiary-Bestcom Infotech Corp. for a cash consideration of \$15,759 and \$6,390 on March 30, 2020 and September 30, 2019, 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, 2020 and 2019 is shown below:

|  | Years ended December 31, |               |
|--|--------------------------|---------------|
|  | 2020                     | 2019          |
| Consideration paid to non-controlling interest   | (\$ 15,759)              | (\$ 6,390)    |
| Decrease in the carrying amount of non-controlling interest  | <u>15,885</u>            | <u>6,767</u>  |
| Capital surplus-difference between proceeds on actual acquisition of equity interest in a subsidiary and its carrying amount | <u>\$ 126</u>            | <u>\$ 377</u> |

(35) Changes in liabilities from financing activities

|  | Short-term           | Short-term              | Cash dividends | Current/                    | Guarantee deposits |
|--|----------------------|-------------------------|----------------|-----------------------------|--------------------|
|  | borrowings           | notes and bills payable | payable        | Non-current lease liability | received           |
| At January 1, 2020                             | \$ 41,839,694        | \$ 6,280,000            | \$ -           | \$ 790,314                  | \$ 136,979         |
| Cash dividends declared                        | -                    | -                       | 4,336,662      | -                           | -                  |
| Cash dividends paid                            | -                    | -                       | ( 4,336,662)   | -                           | -                  |
| Increase in short-term loans                   | 1,432,837            | -                       | -              | -                           | -                  |
| Increase in short-term notes and bills payable | -                    | 7,450,000               | -              | -                           | -                  |
| Payments of lease liabilities                  | -                    | -                       | -              | ( 255,165)                  | -                  |
| Changes in other non-cash items                | -                    | -                       | -              | 18,186                      | -                  |
| Increase in guarantee deposits received        | -                    | -                       | -              | -                           | 155,757            |
| Decrease in guarantee deposits received        | -                    | -                       | -              | -                           | ( 140,110)         |
| Impact of changes in foreign exchange rate     | ( 305,327)           | -                       | -              | ( 8,794)                    | -                  |
| At December 31, 2020                           | <u>\$ 42,967,204</u> | <u>\$ 13,730,000</u>    | <u>\$ -</u>    | <u>\$ 544,541</u>           | <u>\$ 152,626</u>  |
|  | Short-term           | Short-term              | Cash dividends | Current/                    | Guarantee deposits |
|  | borrowings           | notes and bills payable | payable        | Non-current lease liability | 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                           | <u>\$ 41,839,694</u> | <u>\$ 6,280,000</u>     | <u>\$ -</u>    | <u>\$ 790,314</u>           | <u>\$ 136,979</u>  |

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

| <u>Names of related parties</u>  | <u>Relationship with the Company</u>  |
|--|---|
| <u>Associates:</u>   |   |
| Synnex (Thailand) Public Group Ltd. and its Subsidiaries (Synnex Thailand) | King's Eye's investee accounted for using equity method                                 |
| Synnex FPT Joint Stock Company (Synnex FPT)                                | King's Eye's investee accounted for using equity method                                 |
| Asgard System, Inc.  | Indirect investee of Bestcom Infotech Corp.   |
| Inforcom Technology Inc.   | Indirect investee of Bestcom Infotech Corp.   |
| Din Yen Technology Inc.  | Associate of Bestcom Infotech Corp.   |
| Udar Digital Inc.  | Associate of Bestcom Infotech Corp.   |
| <u>Other related parties:</u>  |   |
| Mitac Incorporated   | The Company's chairperson is the related party's chairperson                            |
| Mitac Information Technology Corporation                                   | The Company's chairperson is the related party's director                               |
| Mitac International Corporation  | The Company's chairperson is the related party's chairperson                            |
| Mitac Digital Technology Corporation                                       | The Company's chairperson is the related party's director                               |
| Mitac Computing Technology Corporation                                     | The Company's chairperson is the related party's director                               |
| Getac Technology Corporation   | The Company's chairperson is the related party's director                               |
| Lien-Hwa Industrial Holdings Corp.   | The Company's chairperson is the related party's chairperson                            |
| UPC Technology Corporation   | The Company's chairperson is the related party's chairperson                            |
| Mitac Communication Co., Ltd.  | The related party's director is the second-degree relative of the Company's chairperson |
| Shunda Computer Factory Co., Ltd.  | Indirect wholly-owned subsidiary of Mitac International Corporation                     |

| <u>Names of related parties</u>           | <u>Relationship with the Company</u>  |
|---|---|
| Tong Da Investment Corporation            | The Company's director is the related party's chairperson                         |
| Lien Yuan Investment Corp.                | The Company's director is the related party's chairperson                         |
| Harbinger III Venture Capital Corporation | The Company's chairperson is the related party's director                         |
| <u>Other related parties:</u>             |   |
| Jetwell Computer Co., Ltd.                | The Company's subsidiary, Bestcom Infotech Corp., is the related party's director |
| Digitimes INC.                            | The Company is the related party's director                                       |
| Lien Hwa Milling Corporation              | Wholly-owned subsidiary of Lien-Hwa Industrial Holdings Corp.                     |
| Lien Hwa Property Development Corporation | Wholly-owned subsidiary of Lien-Hwa Industrial Holdings Corp.                     |
| PT. Mitra Integrasi Informatika (MII)     | Subsidiary's other related party  |
| PT. Metrodata Electronics, Tbk (MTDL)     | SMI's director  |
| PT. Soltius Indonesia (SI)                | Subsidiary's other related party  |
| Packet System Indonesia (PSI)             | Subsidiary's other related party  |

(2) Significant related party transactions and balances

A. Operating revenue

|                         | <u>Years ended December 31,</u> |                     |
|-------------------------|---------------------------------|---------------------|
|                         | <u>2020</u>                     | <u>2019</u>         |
| Sales of goods:         |                                 |                     |
| — Associates            | \$ 181,985                      | \$ 611,789          |
| — Other related parties | <u>1,873,543</u>                | <u>2,125,773</u>    |
|                         | <u>\$ 2,055,528</u>             | <u>\$ 2,737,562</u> |

Goods are sold based on the price lists in force and terms that would be available to third parties. The collection term for related parties is within 30~120 days of the date of statement. The collection term for third parties is within 7~60 days after receipt of goods or 15~150 days of the date of statement.

B. Receivables from related parties

|                                   | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|-----------------------------------|--------------------------|--------------------------|
| Receivables from related parties: |                          |                          |
| – Associates                      | \$ 29,381                | \$ 29,858                |
| – Other related parties           | 302,607                  | 193,149                  |
|                                   | <u>\$ 331,988</u>        | <u>\$ 223,007</u>        |

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

|                         | <u>Years ended December 31,</u> |             |
|-------------------------|---------------------------------|-------------|
|                         | <u>2020</u>                     | <u>2019</u> |
| Purchases of goods:     |                                 |             |
| – Other related parties | \$ 325,920                      | \$ 212,895  |

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

The collection term for related parties is within 30~60 days of the date of statement. The collection term for third parties is within 1~120 days after receipt of goods or 7 ~ 90 days of the date of statement.

D. Payables to related parties

|                             | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|-----------------------------|--------------------------|--------------------------|
| Accounts and notes payable: |                          |                          |
| – Other related parties     | \$ 10,629                | \$ 17,606                |

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 :

|                       | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|-----------------------|--------------------------|--------------------------|
| Other receivables     |                          |                          |
| Associates            | \$ 108,301               | \$ 177                   |
| Other related parties | -                        | 2,160                    |
|                       | <u>\$ 108,301</u>        | <u>\$ 2,337</u>          |
|                       | <u>December 31, 2020</u> | <u>December 31, 2020</u> |
| Other payables        |                          |                          |
| Associates            | \$ 851                   | -                        |
| Other related parties | 3,921                    | 115                      |
|                       | <u>\$ 4,772</u>          | <u>\$ 115</u>            |

|                       | <u>Years ended December 31,</u> |                  |
|-----------------------|---------------------------------|------------------|
|                       | <u>2020</u>                     | <u>2019</u>      |
| Other income          |                                 |                  |
| Other related parties | <u>\$ 105,523</u>               | <u>\$ 89,128</u> |

(3) Key management compensation

|                                 | <u>Years ended December 31,</u> |                   |
|---------------------------------|---------------------------------|-------------------|
|                                 | <u>2020</u>                     | <u>2019</u>       |
| Short-term employee benefits    | \$ 127,121                      | \$ 119,540        |
| Post-employment benefits (Note) | <u>5,292</u>                    | <u>5,672</u>      |
| Total                           | <u>\$ 132,413</u>               | <u>\$ 125,212</u> |

Note: Benefits are provisions that are not actually distributed.

8. PLEDGED ASSETS

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

| <u>Pledged asset</u>               | <u>Book value</u>        |                          | <u>Purpose</u>   |
|------------------------------------|--------------------------|--------------------------|--|
|                                    | <u>December 31, 2020</u> | <u>December 31, 2019</u> |  |
| Financial assets at amortised cost |                          |                          |  |
| -current:                          |                          |                          |  |
| Bank acceptance deposits           | \$ -                     | \$ 19,188                | Bank acceptance deposits   |
| Financial assets at amortised cost |                          |                          |  |
| -non-current:                      |                          |                          |  |
| Pledged time deposits              | 1,255,138                | 1,323,943                | Guarantees for purchases; short-term secured loans and promissory notes. |
| Accounts receivable                | 1,707,769                | 1,542,321                | Pledged for short-term borrowings  |
| Inventories                        | <u>893,854</u>           | <u>1,747,409</u>         | "  |
|                                    | <u>\$ 3,856,761</u>      | <u>\$ 4,632,861</u>      |  |

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

A. As of December 31, 2020 and 2019, the Group issued promissory notes to guarantee the suppliers' credit limit amounting to \$2,016,070 and \$952,593, 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 and requested SAL to compensate Kunhao for its losses amounting to USD 2,964 thousand. SAL disagreed with the request and raised an objection in the Hong Kong High Court on February 1, 2016 and requested the Hong Kong High Court to deny the claim of Kunhao. The Hong Kong High Court is currently hearing the case, 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. (SEL), in United States District Court for Massachusetts for breach of agency contract since the Company and SEL 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 SEL to compensate for its losses amounting to USD 30,000 thousand. For this lawsuit, the Company and SEL advocated that Fairchild breached the personal jurisdiction and had insufficient reason to prosecute. The United States District Court agreed with the Company and SEL and dismissed the lawsuit on June 18, 2015, a day before the trial. 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. The Company signed a settlement agreement with Semiconductor Components Industries, LLC (representing Fairchild) and Acbel Polytech, Inc. on July 31, 2020 and paid a settlement of USD 6 million on August 5, 2020 to close the case.
- D. On November 13, 2017, Unisplendour Digital (Suzhou) Group Co. Ltd. (Unisplendour Digital) filed a sales dispute against Synnex Distributions (China) Ltd. in Suzhou Xiangcheng People's Court in China. In the complaint, Unisplendour Digital claimed the goods it received were not the subject matter of the contract and requested for a refund of the payment. On January 22, 2018, the Court dismissed the complaint on the ground that the law enforcement has initiated an investigation. In August 2020, Unisplendour Digital refiled the complaint to claim for compensation of RMB 28,926 thousand and penalty for breach of contract of RMB 20 million on the ground that the law enforcement has cancelled the investigation. The case is currently pending with the Suzhou Xiangcheng People's Court in China, so the result of the litigation is uncertain. Therefore, the Group has estimated and recognised 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:

|                               | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|-------------------------------|--------------------------|--------------------------|
| Property, plant and equipment | \$ <u>2,939,734</u>      | \$ <u>2,531,117</u>      |

December 31, 2020: It refers to the contract commitment of the Group to acquire the property located in Nangang Dist., Taipei City. and to build the second stage of the logistics center in Sydney.

December 31, 2019: It refers to the contract commitment of the Group to acquire the property located in Nangang Dist., Taipei City.

#### 10. SIGNIFICANT DISASTER LOSS

None.

#### 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 12, 2021, the Board of Directors resolved the distribution of earnings for the year of 2020. 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 net borrowing ratio. This ratio is calculated as net borrowings divided by stockholders' equity. Net borrowings are calculated as all amounts of short-term borrowings and short-term notes and bills payable less all amounts of cash and cash equivalents, financial products at fair value through profit or loss and time deposits maturing over three months as shown in the consolidated balance sheet. Stockholders' equity is calculated as total equity as shown in the consolidated balance sheet. The net borrowing ratios at December 31, 2020 and 2019 were 73% and 63%, respectively.

## (2) Financial instruments

### A. Financial instruments by category

|   | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| <u>Financial assets</u>   |                          |                          |
| Financial assets measured at fair value through profit or loss-current        |                          |                          |
| Financial assets mandatorily measured at fair value through profit or loss    | \$ 120,604               | \$ 9,157,264             |
| Non-current financial assets at fair value through other comprehensive income |                          |                          |
| Designation of equity instruments   | 5,185,936                | 4,180,515                |
| Financial assets at amortised cost  |                          |                          |
| Cash and cash equivalents   | 15,229,773               | 6,342,158                |
| Bank acceptance deposits  | -                        | 19,188                   |
| Time deposits maturing over three months                                      | 9,390                    | 905,811                  |
| Notes receivable, net   | 7,622,345                | 6,169,904                |
| Accounts receivables, net   | 56,451,172               | 45,418,413               |
| Accounts receivables due from related parties, net                            | 331,988                  | 223,007                  |
| Other receivables   | 6,363,831                | 6,958,032                |
| Pledged time deposits-non-current   | 1,255,138                | 1,323,943                |
| Other non-current assets  |                          |                          |
| -Guarantee deposits paid  | 666,146                  | 582,987                  |
| -Long-term overdue accounts and notes receivable                              | 803,849                  | 1,094,458                |
| -Long-term lease payments receivable  | 174,045                  | 117,227                  |
|   | <u>\$ 94,214,217</u>     | <u>\$ 82,492,907</u>     |
|   | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
| <u>Financial liabilities</u>  |                          |                          |
| Financial liabilities at fair value through profit or loss                    |                          |                          |
| Financial liabilities held for trading  | \$ 751                   | \$ 3,031                 |
| Financial liabilities at amortised cost                                       |                          |                          |
| Short-term borrowings   | 42,967,204               | 41,839,694               |
| Short-term notes and bills payable  | 13,730,000               | 6,280,000                |
| Note payable  | 1,027,413                | 2,254,481                |
| Account payable   | 32,561,833               | 33,491,823               |
| Other payables  | 5,294,800                | 4,680,868                |
| Other non-current liabilities-guarantee deposits received                     | 152,626                  | 136,979                  |
|   | <u>\$ 95,734,627</u>     | <u>\$ 88,686,876</u>     |
| Lease liability   | <u>\$ 544,541</u>        | <u>\$ 790,314</u>        |

### 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, 2020

| Foreign currency amount<br>(in thousands)<br>(Note 2) | Exchange rate | Book value<br>(NTD) |
|---|---------------|---------------------|
| (Foreign currency: functional currency)               |               |                     |
| <u>Financial assets</u>                               |               |                     |
| <u>Monetary items</u>                                 |               |                     |
| USD:NTD   | 28.53         | \$ 3,619,772        |
| USD:HKD (Note 1)                                      | 7.75          | 5,019,625           |
| USD:AUD (Note 1)                                      | 1.30          | 430,175             |
| AUD:NTD (Note 1)                                      | 21.97         | 214,123             |
| NZD:USD (Note 1)                                      | 0.72          | 492,998             |
| RMB:HKD (Note 1)                                      | 1.19          | 2,114,244           |
| USD:IDR (Note 1)                                      | 14,084.51     | 844,545             |
| HKD:RMB (Note 1)                                      | 0.84          | 1,121,103           |
| RMB:IDR (Note 1)                                      | 2,156.13      | 118,207             |
| <u>Non-monetary items</u>                             |               |                     |
| INR:USD (Note 1)                                      | 0.013663      | \$ 4,322,194        |
| THB:USD (Note 1)                                      | 0.033434      | 1,310,047           |
| VND:USD (Note 1)                                      | 0.000043      | 1,405,489           |
| <u>Financial liabilities</u>                          |               |                     |
| <u>Monetary items</u>                                 |               |                     |
| USD:NTD   | 28.53         | \$ 1,707,777        |
| USD:HKD (Note 1)                                      | 7.75          | 6,352,547           |
| USD:AUD (Note 1)                                      | 1.30          | 451,715             |
| USD:RMB (Note 1)                                      | 6.53          | 1,643,357           |
| AUD:USD (Note 1)                                      | 0.77          | 52,548              |
| USD:IDR (Note 1)                                      | 14,084.51     | 450,232             |
| RMB:HKD (Note 1)                                      | 1.19          | 1,921,731           |
| NTD:RMB (Note 1)                                      | 0.23          | 81,290              |

|   | December 31, 2019                         |               |              |
|---|---|---------------|--------------|
|   | Foreign currency amount<br>(in thousands) |               | Book value   |
|   | (Note 2)                                  | Exchange rate | (NTD)        |
| (Foreign currency: functional currency) |   |               |              |
| <u>Financial assets</u>                 |   |               |              |
| <u>Monetary items</u>                   |   |               |              |
| 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      |
| <u>Non-monetary items</u>               |   |               |              |
| 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    |
| <u>Financial liabilities</u>            |   |               |              |
| <u>Monetary items</u>                   |   |               |              |
| 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)                        | 61,676                                    | 7.00          | 1,852,130    |
| 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    |

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, 2020 and 2019, amounted to (\$23,534) and \$56,544, respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2020

Sensitivity analysis

|   | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
|---|---------------------|--------------------------|--------------------------------------|
| (Foreign currency: functional currency) |                     |                          |                                      |
| <u>Financial assets</u>                 |                     |                          |                                      |
| <u>Monetary items</u>                   |                     |                          |                                      |
| USD:NTD                                 | 1%                  | \$ 36,198                | \$ -                                 |
| USD:HKD (Note)                          | 1%                  | 50,196                   | -                                    |
| USD:AUD (Note)                          | 1%                  | 4,302                    | -                                    |
| AUD:NTD (Note)                          | 1%                  | 2,141                    | -                                    |
| NZD:USD (Note)                          | 1%                  | 4,930                    | -                                    |
| RMB:HKD (Note)                          | 1%                  | 21,142                   | -                                    |
| USD:IDR (Note)                          | 1%                  | 8,445                    | -                                    |
| HKD:RMB (Note)                          | 1%                  | 11,211                   | -                                    |
| RMB:IDR (Note)                          | 1%                  | 1,182                    | -                                    |
| <u>Financial liabilities</u>            |                     |                          |                                      |
| <u>Monetary items</u>                   |                     |                          |                                      |
| USD:NTD                                 | 1%                  | (\$ 17,078)              | \$ -                                 |
| USD:HKD (Note)                          | 1%                  | ( 63,525)                | -                                    |
| USD:AUD (Note)                          | 1%                  | ( 4,517)                 | -                                    |
| USD:RMB (Note)                          | 1%                  | ( 16,434)                | -                                    |
| AUD:USD (Note)                          | 1%                  | ( 525)                   | -                                    |
| USD:IDR (Note)                          | 1%                  | ( 4,502)                 | -                                    |
| RMB:HKD (Note)                          | 1%                  | ( 19,217)                | -                                    |
| NTD:RMB (Note)                          | 1%                  | ( 813)                   | -                                    |

|   | Year ended December 31, 2019 |                          |                                      |
|---|------------------------------|--------------------------|--------------------------------------|
|   | Sensitivity analysis         |                          |                                      |
|   | Degree of variation          | Effect on profit or loss | Effect on other comprehensive income |
| (Foreign currency: functional currency) |                              |                          |                                      |
| <u>Financial assets</u>                 |                              |                          |                                      |
| <u>Monetary items</u>                   |                              |                          |                                      |
| 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                    | -                                    |
| <u>Financial liabilities</u>            |                              |                          |                                      |
| <u>Monetary items</u>                   |                              |                          |                                      |
| 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)                | -                                    |

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, 2020 and 2019 would have increased/decreased by \$1,206 and \$91,573, 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 \$51,859 and \$41,805, 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, 2020 and 2019, 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, 2020 and 2019, if interest rates on borrowings had been 1% higher with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have been \$1,508 and \$5,340 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, 2020 and 2019, the assessment is as follows:

|                          | Group provision | Individual provision |            |              |              | Total         |
|--------------------------|-----------------|----------------------|------------|--------------|--------------|---------------|
|                          |                 | Group A              | Group B    | Group C      | Group D      |               |
| <u>December 31, 2020</u> |                 |                      |            |              |              |               |
| Rate                     | 0.001%-0.4%     | 15%                  | 50%        | 75%          | 100%         |               |
| Total book value         | \$ 64,561,592   | \$ 700,438           | \$ 359,180 | \$ 115,468   | \$ 1,761,899 | \$ 67,498,577 |
| Loss allowance           | \$ 156,087      | \$ 105,066           | \$ 179,590 | \$ 86,581    | \$ 1,761,899 | \$ 2,289,223  |
|                          | Group provision | Individual provision |            |              |              | Total         |
|                          |                 | Group A              | Group B    | Group C      | Group D      |               |
| <u>December 31, 2019</u> |                 |                      |            |              |              |               |
| 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  |

ix. Movements in relation to the Group 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, 2020 |                     |                     |                   |                     |
|---|------------------------------|---------------------|---------------------|-------------------|---------------------|
|   | Notes receivable             | Accounts receivable | Overdue receivables | Other receivables | Total               |
| At January 1                                | \$ 19,791                    | \$ 59,517           | \$ 2,035,766        | \$ 6,449          | \$ 2,121,523        |
| Provision for (reversal of) impairment loss | 360                          | 76,300              | 158,183             | -                 | 234,843             |
| Write-offs                                  | -                            | -                   | ( 97,347)           | -                 | ( 97,347)           |
| Impact of changes in foreign exchange rate  | 365                          | ( 246)              | 29,969              | 116               | 30,204              |
| At December 31                              | <u>\$ 20,516</u>             | <u>\$ 135,571</u>   | <u>\$ 2,126,571</u> | <u>\$ 6,565</u>   | <u>\$ 2,289,223</u> |
|   | 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                              | <u>\$ 19,791</u>             | <u>\$ 59,517</u>    | <u>\$ 2,035,766</u> | <u>\$ 6,449</u>   | <u>\$ 2,121,523</u> |

(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:

|                   | Less than<br>1 year | Over 1 year | Book value |
|-------------------|---------------------|-------------|------------|
| December 31, 2020 |                     |             |            |
| Lease liability   | \$ 242,758          | \$ 316,073  | \$ 558,831 |
| Deposits received | -                   | 152,626     | 152,626    |

Non-derivative financial liabilities:

|                   | Less than<br>1 year | Over 1 year | Book value |
|-------------------|---------------------|-------------|------------|
| December 31, 2019 |                     |             |            |
| Lease liability   | \$ 263,229          | \$ 555,381  | \$ 818,610 |
| Deposits received | -                   | 136,979     | 136,979    |

Derivative financial liabilities:

|                            | Less than<br>1 year | Over 1 year | Book value |
|----------------------------|---------------------|-------------|------------|
| December 31, 2020          |                     |             |            |
| Forward exchange contracts | \$ 751              | \$ -        | \$ 751     |

Derivative financial liabilities:

|                            | Less than<br>1 year | Over 1 year | Book value |
|----------------------------|---------------------|-------------|------------|
| December 31, 2019          |                     |             |            |
| Forward exchange contracts | \$ 3,031            | \$ -        | \$ 3,031   |

- 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 assets-guarantee deposits paid, other non-current assets-long-term overdue accounts and notes receivables, Financial assets at amortised cost-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, 2020 and 2019 is as follows:

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

| December 31, 2020   | <u>Level 1</u>      | <u>Level 2</u>    | <u>Level 3</u>      | <u>Total</u>        |
|---|---------------------|-------------------|---------------------|---------------------|
| <b>Assets:</b>  |                     |                   |                     |                     |
| <b>Assets:</b>  |                     |                   |                     |                     |
| <u>Recurring fair value measurements</u>                                      |                     |                   |                     |                     |
| Financial assets at fair value through profit or loss                         |                     |                   |                     |                     |
| Equity securities   | \$ 120,604          | \$ -              | \$ -                | \$ 120,604          |
| Financial assets at fair value through other comprehensive income-non-current |                     |                   |                     |                     |
| Equity securities   | <u>1,412,585</u>    | <u>111,022</u>    | <u>3,662,329</u>    | <u>5,185,936</u>    |
| Total   | <u>\$ 1,533,189</u> | <u>\$ 111,022</u> | <u>\$ 3,662,329</u> | <u>\$ 5,306,540</u> |
| <b>Liabilities:</b>   |                     |                   |                     |                     |
| <u>Recurring fair value measurements</u>                                      |                     |                   |                     |                     |
| Financial liabilities at fair value through profit or loss                    |                     |                   |                     |                     |
| Forward exchange contracts  | <u>\$ -</u>         | <u>\$ 751</u>     | <u>\$ -</u>         | <u>\$ 751</u>       |

| December 31, 2019   | Level 1             | Level 2             | Level 3             | Total                |
|---|---------------------|---------------------|---------------------|----------------------|
| <b>Assets:</b>  |                     |                     |                     |                      |
| <u>Recurring fair value measurements</u>                                      |                     |                     |                     |                      |
| 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-non-current |                     |                     |                     |                      |
| Equity securities   | 885,115             | 92,793              | 3,202,607           | 4,180,515            |
| <b>Total</b>  | <u>\$ 1,712,984</u> | <u>\$ 8,422,188</u> | <u>\$ 3,202,607</u> | <u>\$ 13,337,779</u> |
| <b>Liabilities:</b>   |                     |                     |                     |                      |
| <u>Recurring fair value measurements</u>                                      |                     |                     |                     |                      |
| Financial liabilities at fair value through profit or loss                    |                     |                     |                     |                      |
| Forward exchange contracts  | \$ -                | \$ 3,031            | \$ -                | \$ 3,031             |

(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, 2020 and 2019, 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, 2020 and 2019:

|  | <u>2020</u>                                 | <u>2019</u>                                 |
|--|---|---|
|  | <u>Non-derivative<br/>equity instrument</u> | <u>Non-derivative<br/>equity instrument</u> |
| At January 1   | \$ 3,202,607                                | \$ 248,861                                  |
| Gains and losses recognised in other comprehensive income<br>Recorded as unrealised gains (losses) on valuation of<br>investments in equity instruments measured at fair value<br>through other comprehensive income | 468,680                                     | 361,513                                     |
| Liquidated in the year   | ( 7,773)                                    | -   |
| Transfer into level 3  | -   | 2,608,257                                   |
| Effect of exchange rate changes  | ( 1,185)                                    | ( 681)                                      |
| Capital deducted by returning cash   | -   | ( 15,343)                                   |
| At December 31   | <u>\$ 3,662,329</u>                         | <u>\$ 3,202,607</u>                         |

- 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. For the year ended December 31, 2020, there was no transfer into or out from Level 3.
- 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 quantitative 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<br>December 31, 2020 | Valuation technique         | Significant<br>unobservable input  | Range<br>(weighted average) | Relationship of<br>inputs to fair value                                     |
|-----------------------------------|------------------------------------|-----------------------------|------------------------------------|-----------------------------|---|
| Non-derivative equity instrument: |                                    |                             |                                    |                             |   |
| Unlisted shares                   | \$ 199,838                         | 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                   | <u>3,462,491</u>                   | Net assets value            | Not applicable                     | -                           | Not applicable  |
|                                   | <u>\$ 3,662,329</u>                |                             |                                    |                             |   |

|                                   | Fair value at<br>December 31, 2019 | Valuation technique         | Significant<br>unobservable input  | Range<br>(weighted average) | Relationship of<br>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                   | <u>3,026,306</u>                   | Net assets value            | Not applicable                     | -                           | Not applicable  |
|                                   | <u>\$ 3,202,607</u>                |                             |                                    |                             |   |

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, 2020            |        |  |           |             |
|-------------------|------------------------------------|------------------------------|--------|--|-----------|-------------|
|                   |                                    | Recognised in profit or loss |        | Recognised in other comprehensive income |           |             |
|                   |                                    | Unfavourable change          |        | Unfavourable change                      |           |             |
| Input             | Change                             | Favourable change            | change | Favourable change                        | change    | change      |
| Financial assets  |                                    |                              |        |  |           |             |
| Equity instrument | Discount for lack of marketability | ± 10%                        | \$ -   | \$ -                                     | \$ 19,984 | (\$ 19,984) |
| Equity instrument | Net assets value                   | ± 1%                         | \$ -   | \$ -                                     | \$ 34,625 | (\$ 34,625) |
|                   |                                    | December 31, 2019            |        |  |           |             |
|                   |                                    | Recognised in profit or loss |        | Recognised in other comprehensive income |           |             |
|                   |                                    | Unfavourable change          |        | Unfavourable change                      |           |             |
| Input             | Change                             | Favourable change            | change | Favourable change                        | change    | 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) |

### 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: Please refer to table 5.
- 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 6.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- 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 8.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 9.

#### (3) Information on investments in Mainland China

- A. Basic information: Please refer to table 10.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

#### (4) Major shareholders information

Major shareholders information: Please refer to table 11.

#### 14. SEGMENT INFORMATION

##### (1) General information

The Group is primarily engaged in the sale of 3C and electronic component 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, 2020 and 2019 was as follows:

Year ended December 31, 2020

|  | <u>Taiwan</u>        | <u>Hong Kong/China</u> | <u>Australia and New<br/>Zealand/Indonesia</u> | <u>Reconciliation</u>  | <u>Total</u>          |
|--|----------------------|------------------------|--|------------------------|-----------------------|
| Revenue from external customers        | \$ 55,819,382        | \$ 195,929,329         | \$ 82,452,265                                  | \$ -                   | \$ 334,200,976        |
| Inter-segment revenue                  | <u>6,952,811</u>     | <u>28,063,016</u>      | <u>76,842</u>                                  | <u>( 35,092,669)</u>   | <u>-</u>              |
| Segment revenue                        | <u>\$ 62,772,193</u> | <u>\$ 223,992,345</u>  | <u>\$ 82,529,107</u>                           | <u>(\$ 35,092,669)</u> | <u>\$ 334,200,976</u> |
| Segment profit                         | <u>\$ 911,969</u>    | <u>\$ 3,801,895</u>    | <u>\$ 2,519,893</u>                            | <u>\$ -</u>            | <u>\$ 7,233,757</u>   |
| Segment profit, including depreciation | <u>\$ 172,169</u>    | <u>\$ 356,840</u>      | <u>\$ 105,546</u>                              | <u>\$ -</u>            | <u>\$ 634,555</u>     |
| Segment assets                         | <u>\$ 26,252,194</u> | <u>\$ 102,169,099</u>  | <u>\$ 31,254,420</u>                           | <u>\$ -</u>            | <u>\$ 159,675,713</u> |

Year ended December 31, 2019

|  | Taiwan               | Hong Kong/China       | Australia and New<br>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                        | <u>\$ 62,049,529</u> | <u>\$ 242,320,032</u> | <u>\$ 76,756,025</u>                   | <u>(\$ 41,130,920)</u> | <u>\$ 339,994,666</u> |
| Segment profit                         | <u>\$ 604,248</u>    | <u>\$ 3,417,576</u>   | <u>\$ 1,957,293</u>                    | <u>\$ -</u>            | <u>\$ 5,979,117</u>   |
| Segment profit, including depreciation | <u>\$ 177,871</u>    | <u>\$ 379,006</u>     | <u>\$ 122,513</u>                      | <u>\$ -</u>            | <u>\$ 679,390</u>     |
| Segment assets                         | <u>\$ 24,011,388</u> | <u>\$ 95,754,719</u>  | <u>\$ 27,923,253</u>                   | <u>\$ -</u>            | <u>\$ 147,689,360</u> |

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, 2020 and 2019 is provided as follows:

|  | Years ended December 31, |                     |
|--|--------------------------|---------------------|
|  | 2020                     | 2019                |
| Reportable segment profit                | \$ 7,233,757             | \$ 5,979,117        |
| Total non-operating revenue and expenses | 3,267,135                | 2,910,842           |
| Income before income tax                 | <u>\$ 10,500,892</u>     | <u>\$ 8,889,959</u> |

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

|                 | Years ended December 31, |                       |
|-----------------|--------------------------|-----------------------|
|                 | 2020                     | 2019                  |
| Product revenue | \$ 332,695,342           | \$ 338,664,446        |
| Others          | 1,505,634                | 1,330,220             |
| Total           | <u>\$ 334,200,976</u>    | <u>\$ 339,994,666</u> |

(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, |                      |                       |                      |
|--------------------------------------|--------------------------|----------------------|-----------------------|----------------------|
|                                      | 2020                     |                      | 2019                  |                      |
|                                      | Revenue                  | Non-current assets   | Revenue               | Non-current assets   |
| Taiwan                               | \$ 55,819,382            | \$ 4,116,151         | \$ 57,492,507         | \$ 4,190,158         |
| China and Hong Kong                  | 195,929,329              | 5,974,612            | 205,813,461           | 6,162,273            |
| Australia, New Zealand and Indonesia | 82,452,265               | 2,661,976            | 76,688,698            | 2,087,439            |
| Total                                | <u>\$ 334,200,976</u>    | <u>\$ 12,752,739</u> | <u>\$ 339,994,666</u> | <u>\$ 12,439,870</u> |

(7) Major customer information

In 2020 and 2019, 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, 2020

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

| No. | Creditor                                    | Borrower<br>(Note 6)                        | General ledger<br>account | Is a<br>related<br>party | Maximum<br>outstanding<br>balance during<br>the year ended<br>December 31,<br>2020<br>(Note 8) | Balance at<br>December 31,<br>2020<br>(Note 8) | Actual amount<br>drawn down | Interest<br>rate | Nature<br>of<br>loan | Amount of<br>transactions<br>with the<br>borrower | Reason<br>for short-term<br>financing | Allowance<br>for<br>doubtful<br>accounts | Collateral |       | Limit on loans<br>granted to<br>a single party | Ceiling on<br>total loans<br>granted | Footnote |
|-----|---|---|---------------------------|--------------------------|--|--|-----------------------------|------------------|----------------------|---|---------------------------------------|--|------------|-------|--|--------------------------------------|----------|
|     |   |   |                           |                          |  |  |                             |                  |                      |   |                                       |  | Item       | Value |  |                                      |          |
| 0   | Synnex Technology International Corporation | E-Fan Investments CO., LTD.                 | Other receivables         | Y                        | \$ 500,000   | \$ -   | \$ -                        | 1.08%            | (Note 1)             | \$ -  | Operating turnover                    | \$ -                                     | -          | \$ -  | \$ 21,833,130                                  | \$ 21,833,130                        | (Note 2) |
| 0   | Synnex Technology International Corporation | Seper Marketing Corporation                 | Other receivables         | Y                        | 1,000,000  | 1,000,000                                      | -                           | 1.08%            | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 21,833,130                                     | 21,833,130                           | (Note 2) |
| 0   | Synnex Technology International Corporation | Synnex Global Ltd.                          | Other receivables         | Y                        | 4,545,000  | 2,853,000                                      | 1,084,140                   | 0.79%~2.13%      | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 21,833,130                                     | 21,833,130                           | (Note 2) |
| 1   | Synnex Global Ltd.                          | Synnex Technology International Corporation | Other receivables         | Y                        | 1,515,000  | 1,426,500                                      | -                           | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 7,958,961                                      | 7,958,961                            | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex Investments (China) Ltd.             | Other receivables         | Y                        | 454,500  | -  | -                           | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex Technology International (H.K.) Ltd. | Other receivables         | Y                        | 3,030,000  | -  | -                           | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Chengdu) Ltd.                       | Other receivables         | Y                        | 227,250  | 213,975  | 204,911                     | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Nanjing) Ltd.                       | Other receivables         | Y                        | 227,250  | 213,975  | 135,332                     | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Shenyang) Ltd.                      | Other receivables         | Y                        | 90,900   | 85,590   | 85,590                      | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Beijing) Ltd.                       | Other receivables         | Y                        | 90,900   | 85,590   | 85,590                      | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Xi'an) Ltd.                         | Other receivables         | Y                        | 121,200  | 114,120  | 88,586                      | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Hangzhou) Ltd.                      | Other receivables         | Y                        | 15,150   | 14,265   | 14,265                      | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Tianjin) Ltd.                       | Other receivables         | Y                        | 24,240   | 22,824   | 21,012                      | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Qingdao) Ltd.                       | Other receivables         | Y                        | 151,500  | 142,650  | 34,236                      | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Jinan) Ltd.                         | Other receivables         | Y                        | 227,250  | 213,975  | 213,975                     | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (ZhenZhou) Ltd.                      | Other receivables         | Y                        | 227,250  | 213,975  | 88,443                      | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Wuhan) Ltd.                         | Other receivables         | Y                        | 151,500  | 142,650  | 22,824                      | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex(Hefei) Ltd.                          | Other receivables         | Y                        | 184,830  | 174,033  | 144,253                     | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Harbing) Ltd.                       | Other receivables         | Y                        | 227,250  | 213,975  | 213,975                     | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Nanchang) Ltd.                      | Other receivables         | Y                        | 121,200  | 114,120  | 114,120                     | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |

| No. | Creditor                        | Borrower<br>(Note 6)                      | General ledger<br>account | Is a<br>related<br>party | Maximum<br>outstanding<br>balance during<br>the year ended<br>December 31,<br>2020<br>(Note 8) | Balance at<br>December 31,<br>2020<br>(Note 8) | Actual amount<br>drawn down | Interest<br>rate | Nature<br>of<br>loan | Amount of<br>transactions<br>with the<br>borrower | Reason<br>for short-term<br>financing | Allowance<br>for<br>doubtful<br>accounts | Collateral |       | Limit on loans<br>granted to<br>a single party | Ceiling on<br>total loans<br>granted | Footnote |
|-----|---------------------------------|---|---------------------------|--------------------------|--|--|-----------------------------|------------------|----------------------|---|---------------------------------------|--|------------|-------|--|--------------------------------------|----------|
|     |                                 |   |                           |                          |  |  |                             |                  |                      |   |                                       |  | Item       | Value |  |                                      |          |
| 1   | Synnex Global Ltd.              | Synnex(Ningbo) Ltd.                       | Other receivables         | Y                        | 121,200  | 114,120  | -                           | -                | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.              | Synnex(Xiamen) Ltd.                       | Other receivables         | Y                        | \$ 272,700   | \$ 256,770                                     | \$ 53,094                   | -                | (Note 1)             | \$ -  | Operating<br>turnover                 | \$ -                                     | -          | \$ -  | \$ 55,712,728                                  | \$ 79,589,612                        | (Note 3) |
| 1   | Synnex Global Ltd.              | Synnex(Changsha) Ltd.                     | Other receivables         | Y                        | 121,200  | 114,120  | 114,120                     | -                | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.              | Synnex Australia Pty. Ltd.                | Other receivables         | Y                        | 1,098,400  | 1,098,400                                      | -                           | -                | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.              | Synnex New Zealand Ltd.                   | Other receivables         | Y                        | 926,280  | 926,280  | 494,016                     | -                | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.              | King's Eye Investments Ltd.               | Other receivables         | Y                        | 757,500  | -  | -                           | -                | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.              | Synnex China Holdings Ltd.                | Other receivables         | Y                        | 3,030,000  | 2,853,000                                      | 2,847,438                   | -                | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.              | Syntech Asia Ltd.                         | Other receivables         | Y                        | 6,060,000  | 5,706,000                                      | 1,770,971                   | -                | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Investments (China) Ltd. | Synnex (Beijing) Ltd.                     | Other receivables         | Y                        | 481,404  | 480,425  | 423,648                     | 1.65%            | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 10,904,672                                     | 10,904,672                           | (Note 4) |
| 2   | Synnex Investments (China) Ltd. | Synnex (Jinan) Ltd.                       | Other receivables         | Y                        | 65,646   | 65,513   | 34,940                      | 1.65%            | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 10,904,672                                     | 10,904,672                           | (Note 4) |
| 2   | Synnex Investments (China) Ltd. | Synnex (Harbing) Ltd.                     | Other receivables         | Y                        | 87,528   | 87,350   | 82,327                      | 1.65%            | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 10,904,672                                     | 10,904,672                           | (Note 4) |
| 2   | Synnex Investments (China) Ltd. | Synnex (Nanchang) Ltd.                    | Other receivables         | Y                        | 133,480  | 133,209  | 102,636                     | 1.65%~3.26%      | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 10,904,672                                     | 10,904,672                           | (Note 4) |
| 2   | Synnex Investments (China) Ltd. | Synnex(Ningbo) Ltd.                       | Other receivables         | Y                        | 176,884  | 176,884  | 150,679                     | 3.26%            | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 10,904,672                                     | 10,904,672                           | (Note 4) |
| 2   | Synnex Investments (China) Ltd. | Synnex(Changsha) Ltd.                     | Other receivables         | Y                        | 131,292  | 131,025  | 117,923                     | 1.65%            | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 10,904,672                                     | 10,904,672                           | (Note 4) |
| 2   | Synnex Investments (China) Ltd. | Synnex Distributions (China) Ltd.         | Other receivables         | Y                        | 7,861,500  | 7,861,500                                      | 3,930,750                   | 1.65%            | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 10,904,672                                     | 10,904,672                           | (Note 4) |
| 2   | Synnex Investments (China) Ltd. | Yude (Shanghai) Warehouse Co., Ltd.       | Other receivables         | Y                        | 8,753  | 8,735  | 3,931                       | 4.35%            | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 4,361,869                                      | 4,361,869                            | (Note 4) |
| 2   | Synnex Investments (China) Ltd. | Synnex (Hefei) Ltd.                       | Other receivables         | Y                        | 19,654   | 19,654   | 13,539                      | 1.65%            | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 10,904,672                                     | 10,904,672                           | (Note 4) |
| 3   | Trade Vanguard Global Ltd       | Synnex Distributions (China) Ltd.         | Other receivables         | Y                        | 5,558,028  | 5,546,725                                      | 5,546,725                   | -                | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 27,305,109                                     | 27,305,109                           | (Note 5) |
| 3   | Trade Vanguard Global Ltd       | Synnex Investments (China) Ltd.           | Other receivables         | Y                        | 3,501,120  | 3,494,000                                      | 2,969,900                   | -                | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 27,305,109                                     | 27,305,109                           | (Note 5) |
| 3   | Trade Vanguard Global Ltd       | Synnex Technology International (HK) Ltd. | Other receivables         | Y                        | 4,376,400  | 4,367,500                                      | 1,920,873                   | -                | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 27,305,109                                     | 27,305,109                           | (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 \$79,589,612 for the year ended December 31, 2020.

- 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 \$79,589,612 for the year ended December 31, 2020.
- 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 \$79,589,612 for the year ended December 31, 2020.
- 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 \$79,589,612 for the year ended December 31, 2020.

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 \$10,904,672 for the year ended December 31, 2020.
- 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 \$10,904,672 for the year ended December 31, 2020.
- 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 \$10,904,672 for the year ended December 31, 2020.

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 \$12,411,413 for the year ended December 31, 2020.
- 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 \$12,411,413 for the year ended December 31, 2020.
- 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 \$12,411,413 for the year ended December 31, 2020.

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=1:28.53.

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, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

| Number | Endorser/<br>guarantor                      | Company name                                | Party being<br>endorsed/guaranteed  | Limit on<br>endorsements/<br>guarantees<br>provided for a<br>single party | Maximum<br>outstanding<br>endorsement/<br>guarantee<br>amount as of<br>December 31,<br>2020 | Outstanding<br>endorsement/<br>guarantee<br>amount at<br>December 31,<br>2020 | Actual amount<br>drawn down | Amount of<br>endorsements/<br>guarantees<br>secured with<br>collateral | Ratio of<br>accumulated<br>endorsement/<br>guarantee<br>amount to net<br>asset value of<br>the endorser/<br>guarantor<br>company | Ceiling on<br>total amount of<br>endorsements/<br>guarantees<br>provided<br>(Note 1) | Provision of<br>endorsements/<br>guarantees by<br>parent<br>company to<br>subsidiary | Provision of<br>endorsements/<br>guarantees by<br>subsidiary to<br>parent<br>company | Provision of<br>endorsements/<br>guarantees to<br>the party in<br>Mainland<br>China | Footnote |
|--------|---|---|---|---|---|---|-----------------------------|--|--|--|--|--|---|----------|
|        |   |   | 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. | \$ 54,582,826   | \$ 24,543,000   | \$ 23,109,300   | \$ 3,951,182                | \$ -   | 42   | \$ 109,165,652   | 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. | 54,582,826  | 6,272,584   | 6,272,584   | 3,622,249                   | -  | 11   | 109,165,652  | 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. | 54,582,826  | 9,345,618   | 8,432,982   | 4,510,252                   | -  | 15   | 109,165,652  | 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. | 54,582,826  | 542,918   | 542,918   | 360,973                     | -  | 1  | 109,165,652  | 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. | 54,582,826  | 1,500,000   | 1,500,000   | 882,009                     | -  | 3  | 109,165,652  | 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. | 54,582,826  | 10,035,360  | 9,372,105   | 4,835,835                   | -  | 17   | 109,165,652  | 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. | 54,582,826  | 2,333,100   | 2,196,810   | 1,709,440                   | -  | 4  | 109,165,652  | Y  | N  | Y   | (Note 2) |
| 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. | 905,187   | 100,000   | 100,000   | -                           | -  | 6  | 905,187  | 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) . 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, 2020, Bestcom Infotech Corp.'s assets value per audited amounted to \$1,810,375.

## 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, 2020

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

| Securities held by  | Marketable securities                     | Relationship with the securities issuer     | General ledger account  | As of December 31, 2020 |              |               |              | Footnote |
|---|---|---|---|-------------------------|--------------|---------------|--------------|----------|
|   |   |   |   | Number of shares        | Book value   | Ownership (%) | Fair value   |          |
| 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                 | 1,879,057               | \$ 80,048    | 0.15%         | \$ 80,048    |          |
| "   | Union Petrochemical Corporation           | "   | Non-current financial assets at fair value through other comprehensive income | 68,992,033              | \$ 1,324,647 | 5.18%         | \$ 1,324,647 |          |
| "   | Mitac Information Technology Corporation  | "   | "   | 8,262,486               | 199,838      | 5.51%         | 199,838      |          |
| "   | Tong Da Investment Corporation            | "   | "   | 4,848,125               | 111,022      | 19.99%        | 111,022      |          |
| "   | Mitac International Corporation           | "   | "   | 65,504,180              | 3,315,057    | 18.36%        | 3,315,057    |          |
| "   | Harbinger Venture Capital Corporation     | "   | "   | 25,848                  | -            | 13.05%        | -            |          |
| "   | Harbinger III Venture Capital Corporation | Board member is the same as the company     | "   | 19,000                  | 371          | 19.00%        | 371          |          |
| "   | Lien Yuan Investment Corp.                | "   | "   | 9,217,196               | 102,495      | 19.99%        | 102,495      |          |
| "   | Taiwan Paging Network Inc.                | -   | "   | 1,450,000               | -            | 3.58%         | -            |          |
| "   | Digitimes Corp.                           | The Company is the related party's director | "   | 504,000                 | 6,592        | 2.68%         | 6,592        |          |
| "   | Harbinger Capital Management Co., Ltd.    | Board chairman is the same as the company   | "   | 862,922                 | 17,304       | 19.99%        | 17,304       |          |
| Total Non-current financial assets at fair value through other comprehensive income |   |   |   |                         | \$ 5,077,326 |               | \$ 5,077,326 |          |

| Securities held by  | Marketable securities      | Relationship with the securities issuer     | General ledger account  | As of December 31, 2020 |            |               |            | Footnote |
|---|----------------------------|---|---|-------------------------|------------|---------------|------------|----------|
|   |                            |   |   | Number of shares        | Book value | Ownership (%) | Fair value |          |
| Bestcom Infotech Corp   | Jetwell Computer Co., Ltd. | The Company is the related party's director | Non-current financial assets at fair value through other comprehensive income | 2,931,280               | \$ 87,938  | 8.62%         | \$ 87,938  |          |
| Synnex Global Ltd.  | Budworth Investment Ltd.   | -   | "   | 125,807                 | \$ -       | 13.83%        | \$ -       |          |
| "   | Pilot View Ltd.            | -   | "   | 84,457                  | -          | 1.21%         | -          |          |
| Total Non-current financial assets at fair value through other comprehensive income |                            |   |   |                         | \$ -       |               | \$ -       |          |
| King's Eye Investements Ltd.  | Hi Food Co., Ltd           | -   | Non-current financial assets at fair value through other comprehensive income | 2,150,000               | \$ 20,672  | 10.00%        | \$ 20,672  |          |
| "   | Listed common stock        | -   | Current financial assets at fair value through profit or loss                 | 12,552,403              | \$ 40,556  | 0.51%         | \$ 40,556  |          |

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, 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

| Investor  | Marketable securities  | General ledger account  | Counterparty (Note 1) | Relationship with the investor (Note 1) | Transaction currency | Balance as at January 1, 2020 (Note 2) |              | Addition         |               | Disposal         |               |               |                                  | Others Amount (Note 3) | Balance as at December 31, 2020 |        |
|---|--|---|-----------------------|---|----------------------|--|--------------|------------------|---------------|------------------|---------------|---------------|----------------------------------|------------------------|---------------------------------|--------|
|   |  |   |                       |   |                      | Number of shares                       | Amount       | Number of shares | Amount        | Number of shares | Selling price | Book value    | Gain (loss) on disposal (Note 2) |                        | Number of shares                | Amount |
| Synnex Investments (China) Ltd                      | Financial products including: Win-win Stable Day-day Profit, Win-win Stable Cycle 91 Days (Exclusive) and Bank of China Stable Financial Management Plan-Zhihui Series Product Period 198411, etc. | Current financial assets at fair value through profit or loss | -                     | -                                       | RMB                  | -                                      | \$ 3,411,622 | -                | \$ 56,002,229 | -                | \$ 59,710,886 | \$ 59,461,529 | \$ 249,357                       | \$ 47,678              | -                               | \$ -   |
| Synnex Distributions (China) Ltd                    | Financial products including: Win-win Stable Day-day Profit, Anxin Express Day-day Profit period 2 and Tianli Express Net Worth, etc.  | "   | -                     | -                                       | RMB                  | -                                      | 3,130,138    | -                | 146,566,231   | -                | 149,835,804   | 149,736,313   | 99,491                           | 39,944                 | -                               | -      |
| Laser International Trading (Shanghai) Company Ltd. | Tianli Express Net Worth   | "   | -                     | -                                       | RMB                  | -                                      | 859,991      | -                | 2,308,112     | -                | 3,213,016     | 3,181,669     | 31,347                           | 13,566                 | -                               | -      |
| Synnex (Shanghai) Ltd.                              | Chao Zhao Jin No.7007  | "   | -                     | -                                       | RMB                  | -                                      | -            | -                | 4,100,235     | -                | 4,108,481     | 4,100,235     | 8,246                            | -                      | -                               | -      |
| Synnex (Chengdu) Ltd.                               | Cui Jin Chi (Day-day Profit) 7002 and Chao Zhao Jin No.7007  | "   | -                     | -                                       | RMB                  | -                                      | 172,203      | -                | 239,078       | -                | 422,063       | 414,391       | 7,672                            | 3,110                  | -                               | -      |
| Synnex (Guangzhou) Ltd.                             | Cui Jin Chi (Day-day Profit) 7002 and Chao Zhao Jin No.7007  | "   | -                     | -                                       | RMB                  | -                                      | 175,678      | -                | 181,689       | -                | 363,137       | 360,539       | 2,598                            | 3,172                  | -                               | -      |
| Synnex (Nanjing) Ltd.                               | Cui Jin Chi (Day-day Profit) 7002 and Chao Zhao Jin No.7007  | "   | -                     | -                                       | RMB                  | -                                      | 140,671      | -                | 189,944       | -                | 339,167       | 333,155       | 6,012                            | 2,540                  | -                               | -      |
| Synergy Intelligent Logistics Corporation           | Win-win Stable Day-day Profit  | "   | -                     | -                                       | RMB                  | -                                      | 6,868        | -                | 927,401       | -                | 935,329       | 934,389       | 940                              | 120                    | -                               | -      |
| E-Fan Investments CO., LTD.                         | Listed common stock  | "   | -                     | -                                       | RMB                  | 13,496,297                             | 568,194      | -                | -             | 13,496,297       | 580,896       | 580,896       | -                                | 12,702                 | -                               | -      |

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: The general ledger account is 'financial assets at fair value through profit or loss'. Due to adoption of IFRS, valuation gains and losses were recognised, and therefore there was no gain (loss) on disposal.

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

Year ended December 31, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

| Real estate acquired by    | Real estate acquired | Date of the event | Transaction amount | Status of payment                 | Counterparty                | Relationship with the counterparty | If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below: |  |                                  |        | Basis or reference used in setting the price | Reason for acquisition of real estate and status of the real estate | Other commitments |
|----------------------------|----------------------|-------------------|--------------------|-----------------------------------|-----------------------------|------------------------------------|---|--|----------------------------------|--------|--|---|-------------------|
|                            |                      |                   |                    |                                   |                             |                                    | Original owner who sold the real estate to the counterparty   | Relationship between the original owner and the acquirer | Date of the original transaction | Amount |  |   |                   |
| Synnex Australia Pty. Ltd. | Land                 | 2020/7/3          | AUD \$ 19,000      | In accordance with contract terms | Kaufland Australia Pty Ltd. | None                               | -   | -  | -                                | \$ -   | Negotiated price                             | To build a logistics center for operational use                     | None              |

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, 2020

Table 6

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)           | (\$ 4,775,910) | (11%)                                 | 60 days                        | Standard selling price and collection terms                           | Insignificant difference | \$ 49,832                           | 1%  |          |
| Synnex Technology International Corporation                    | Syntech Asia Ltd.                           | Indirect wholly-owned subsidiary   | Purchases         | 4,080,281      | 10%                                   | 60 days                        | Standard purchasing price and payment terms                           | Insignificant difference | ( 590,220)                          | (14%)   |          |
| Synnex Technology International Corporation                    | Seper Technology Corporation                | Direct wholly-owned subsidiary     | Purchases         | 1,342,529      | 3%                                    | 30 days                        | Standard purchasing price and payment terms                           | Insignificant difference | ( 5,814)                            | -   |          |
| Synnex Technology International Corporation                    | Synergy Intelligent Logistics Corporation   | Direct wholly-owned subsidiary     | Purchases         | 518,912        | 1%                                    | 30 days                        | Standard purchasing price and payment terms                           | Insignificant difference | ( 50,770)                           | (1%)  |          |
| Synnex Technology International Corporation                    | MiTAC Computing Technology Corporation      | Other related party                | (Sales)           | ( 133,032)     | -                                     | 90 days                        | Standard selling price and collection terms                           | Insignificant difference | 9,878                               | -   |          |
| Synnex Technology International Corporation                    | Getac Technology Corporation                | Other related party                | (Sales)           | ( 162,489)     | -                                     | 50 days                        | Standard selling price and collection terms                           | Insignificant difference | 46,080                              | 1%  |          |
| Synnex Technology International Corporation                    | Jetwell Computer Co., Ltd.                  | Other related party                | (Sales)           | ( 101,266)     | -                                     | 60 days                        | Standard selling price and collection terms                           | Insignificant difference | 20,089                              | -   |          |
| Seper Technology Corporation                                   | Synnex Technology International Corporation | Ultimate parent company            | (Sales)           | ( 1,342,529)   | (24%)                                 | 30 days                        | Standard selling price and collection terms                           | Insignificant difference | 5,814                               | 1%  |          |
| Synergy Intelligent Logistics Corporation                      | Synnex Technology International Corporation | Ultimate parent company            | (Sales)           | ( 518,912)     | (63%)                                 | 30 days                        | Standard selling price and collection terms                           | Insignificant difference | 50,770                              | 61%   |          |
| Bestcom Infotech corporation                                   | Bizwave Tech Co., Ltd.                      | Direct wholly-owned subsidiary     | (Sales)           | ( 121,495)     | (1%)                                  | 70 days                        | Standard selling price and payment terms                              | Insignificant difference | 56,399                              | 2%  |          |
| Bestcom Infotech corporation                                   | Mitac Information Technology Corporation    | Other related party                | (Sales)           | ( 203,808)     | (2%)                                  | 75 days                        | Standard purchasing price and payment terms                           | Insignificant difference | 71,636                              | 2%  |          |
| Bestcom Infotech corporation                                   | Getac Technology Corporation                | Other related party                | Purchases         | 236,214        | 2%                                    | 30 days                        | Standard purchasing price and payment terms                           | Insignificant difference | ( 3,341)                            | -   |          |
| Bestcom Infotech corporation                                   | Jetwell Computer Co., Ltd.                  | Other related party                | (Sales)           | ( 224,900)     | (2%)                                  | 60 days                        | Standard selling price and collection terms                           | Insignificant difference | 26,869                              | 1%  |          |
| Bizwave Tech Co., Ltd.   | Bestcom Infotech corporation                | Parent company                     | Purchases         | 121,495        | 82%                                   | 70 days                        | Standard purchasing price and collection terms                        | Insignificant difference | ( 56,399)                           | (89%)   |          |
| Synnex Technology International (HK) Ltd. and its subsidiaries | Synnex Distributions (China) Ltd.           | An affiliate                       | (Sales)           | ( 15,228,042)  | (24%)                                 | 90 days after receipt of goods | Standard selling price and collection terms                           | Insignificant difference | 1,059,195                           | 13%   |          |
| Syntech Asia Ltd.  | Synnex Technology International Corporation | Ultimate parent company            | (Sales)           | ( 4,080,281)   | (5%)                                  | 60 days                        | Standard selling price and collection terms                           | Insignificant difference | 590,220                             | 5%  |          |

| 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            | Purchases         | \$ 4,775,910 | 6%                                    | 60 days                        | Standard purchasing price and payment terms                           | Insignificant difference | (\$ 49,832)                         | -   |          |
| Syntech Asia Ltd.                    | MiTAC Computing Technology Corporation                         | Other related party                | (Sales)           | ( 202,740)   | -                                     | 120 days                       | Standard selling price and collection terms                           | Insignificant difference | ( 3,663)                            | -   |          |
| Synnex Distributions (China) Ltd.    | Synnex Technology International (HK) Ltd. and its subsidiaries | An affiliate                       | Purchases         | 15,228,042   | 20%                                   | 90 days after receipt of goods | Standard purchasing price and payment terms                           | Insignificant difference | ( 1,059,195)                        | (13%)   |          |
| PT. Synnex Metrodata Indonesia       | PT Mitra Intergrasi Informatika                                | Other related party                | (Sales)           | ( 620,686)   | (3%)                                  | 30 days                        | Standard selling price and collection terms                           | Insignificant difference | 68,785                              | 3%  |          |
| Synnex (Shanghai) Ltd.               | Lanxiang Technology (Shenzhen) Limited                         | An affiliate                       | (Sales)           | ( 1,135,798) | (98%)                                 | 60 days                        | Standard selling price and collection terms                           | Insignificant difference | 1,726                               | 100%  |          |
| LianXiang Technology (Shenzhen) Ltd. | Synnex (Shanghai) Ltd.   | An affiliate                       | Purchases         | 1,135,798    | 77%                                   | 60 days                        | Standard purchasing price and payment terms                           | Insignificant difference | ( 1,726)                            | (1%)  |          |

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, 2020

Table 7

Expressed in thousands of NTD  
 (Except as otherwise indicated)

| Creditor   | Counterparty   | Relationship with the counterparty | Balance as at December 31, 2020 | 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 Australia Pty Ltd.                                      | Indirect wholly-owned subsidiary   | \$ 201,240                      | -             | \$ -                | -            | \$ -  | \$ -  |
| Synnex Technology International Corporation                    | Synnex Global Ltd.   | Direct wholly-owned subsidiary     | 215,939                         | -             | -                   | -            | 215,939   | -   |
| Synnex Global Ltd.   | Synnex Technology International (HK) Ltd. And its subsidiaries | Indirect wholly-owned subsidiary   | 169,467                         | -             | -                   | -            | 169,467   | -   |
| King's Eye Investments Ltd.                                    | Synnex (Thailand) Public Company                               | An affiliate                       | 108,276                         | -             | -                   | -            | -   | -   |
| Syntech Asia Ltd.  | Synnex Technology International Corporation                    | Ultimate parent company            | 590,220                         | 8.50          | -                   | -            | 590,220   | -   |
| Synnex Technology International (HK) Ltd. and its subsidiaries | Synnex Distributions (China) Ltd.                              | An affiliate                       | 2,005,336                       | 8.74          | -                   | -            | 2,005,336   | -   |
| Synnex Distributions (China) Ltd.                              | Synnex Technology International (HK) Ltd. and its subsidiaries | An affiliate                       | 1,121,074                       | -             | -                   | -            | 89,686  | -   |
| Synnex Technology Development (Beijing) Ltd.                   | Synnex Distributions (China) Ltd.                              | Wholly-owning parent company       | 229,561                         | -             | -                   | -            | 216,762   | -   |

Note 1: 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, 2020

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

| Number<br>(Note 1) | Company name   | Counterparty   | Relationship (Note 2)  | Transaction            |              |                             |  |
|--------------------|--|--|--|------------------------|--------------|-----------------------------|--|
|                    |  |  |  | General ledger account | Amount       | Transaction terms           | Percentage of consolidated total operating revenues or total assets (Note 3) |
| 0                  | Synnex Technology International Corporation                      | Sytech Asia Ltd.   | Parent company to indirectly wholly-owned subsidiary                     | Sales                  | \$ 4,775,910 | The same with third parties | 2%   |
| 0                  | Synnex Technology International Corporation                      | Synnex Australia Pty. Ltd.                                       | Parent company to indirectly wholly-owned subsidiary                     | Other receivables      | 201,240      | Notes 5 and 6               | -  |
| 0                  | Synnex Technology International Corporation                      | Synnex Global Ltd.   | Parent company to directly wholly-owned subsidiary                       | Other receivables      | 215,939      | Note 6                      | -  |
| 0                  | Synnex Technology International Corporation                      | Synnex Australia Pty. Ltd.                                       | Parent company to indirectly wholly-owned subsidiary                     | Other income           | 199,350      | Note 9                      | -  |
| 0                  | Synnex Technology International Corporation                      | Sytech Asia Ltd.   | Parent company to indirectly wholly-owned subsidiary                     | Other income           | 137,251      | Note 9                      | -  |
| 1                  | Seper Technology Corporation                                     | Synnex Technology International Corporation                      | Subsidiary to parent company   | Sales                  | 1,342,529    | The same with third parties | 1%   |
| 2                  | Synergy Intelligent Logistics Corporation                        | Synnex Technology International Corporation                      | Subsidiary to parent company   | Sales                  | 518,912      | The same with third parties | -  |
| 3                  | Bestcom Infotech Corp  | Bizwave Tech Co., Ltd.   | Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary   | Sales                  | 121,495      | The same with third parties | -  |
| 4                  | Synnex Global Ltd.   | Synnex Technology International (H.K.) Ltd. and its subsidiaries | Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary   | Other receivables      | 169,467      | Note 6                      | -  |
| 5                  | Sytech Asia Ltd.   | Synnex Technology International Corporation                      | Indirectly wholly-owned subsidiary to parent company                     | Sales                  | 4,080,281    | The same with third parties | 2%   |
| 5                  | Sytech Asia Ltd.   | Synnex Technology International Corporation                      | Indirectly wholly-owned subsidiary to parent company                     | Accounts receivable    | 590,220      | The same with third parties | -  |
| 6                  | Synnex Technology International (H.K.) Ltd. and its subsidiaries | Synnex Distributions (China) Ltd.                                | Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary | Sales                  | 15,228,042   | The same with third parties | 7%   |
| 6                  | Synnex Technology International (H.K.) Ltd. and its subsidiaries | Synnex Distributions (China) Ltd.                                | Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary | Accounts receivable    | 1,059,195    | The same with third parties | 1%   |
| 6                  | Synnex Technology International (H.K.) Ltd. and its subsidiaries | Synnex Distributions (China) Ltd.                                | Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary | Other receivables      | 946,141      | Note 6                      | 1%   |
| 7                  | Synnex (Shanghai) Ltd.   | LianXiang Technology (Shenzhen) Ltd.                             | Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary | Sales                  | 1,135,798    | The same with third parties | -  |
| 8                  | Synnex Distributions (China) Ltd.                                | Synnex Technology International (H.K.) Ltd. and its subsidiaries | Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary | Other receivables      | 1,121,074    | Note 6                      | 1%   |
| 9                  | Synnex Technology Development (Beijing) Ltd.                     | Synnex Distributions (China) Ltd.                                | Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary | Other receivables      | 229,561      | Note 6                      | -  |

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 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, 2020

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Investor                                    | Investee                                  | Location               | Main business activities           | Initial investment amount       |                                 | Shares held as at December 31, 2020 |               |               | Net profit (loss) of the investee for the year ended December 31, 2020 | Investment income(loss) recognised by the Company for the year ended December 31, 2020 | Footnote |
|---|---|------------------------|------------------------------------|---------------------------------|---------------------------------|-------------------------------------|---------------|---------------|--|--|----------|
|   |   |                        |                                    | Balance as at December 31, 2020 | Balance as at December 31, 2019 | 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        | \$ 79,589,612 | \$ 7,201,544   | \$ 7,201,544   |          |
| Synnex Technology International Corporation | Bestcom Infotech Corp                     | Taiwan                 | Sales of 3C products               | 1,603,026                       | 1,587,267                       | 98,903,296                          | 95.83         | 1,960,208     | 302,431  | 289,462  |          |
| Synnex Technology International Corporation | E-Fan Investments CO., LTD.               | Taiwan                 | Investment holding                 | 1,145,384                       | 1,145,384                       | 22,500,000                          | 100.00        | 516,993       | 3,157  | 3,157  |          |
| Synnex Technology International Corporation | Synergy Intelligent Logistics Corporation | Taiwan                 | Warehouse and logistics services   | 50,000                          | 50,000                          | 5,000,000                           | 100.00        | 258,396       | 205,150  | 205,150  |          |
| Synnex Technology International Corporation | Seper Marketing Corporation               | Taiwan                 | Sales of 3C products               | 1,426                           | 1,426                           | 100,000                             | 100.00        | 86,828        | 83,397   | 83,397   |          |
| Synnex Technology International Corporation | Synergy Technology Services Corporation   | Taiwan                 | Maintenance and technical services | 1,000                           | -                               | 100,000                             | 100.00        | 989           | ( 11)  | ( 11)  |          |
| Synnex Global Ltd.                          | Peer Developments Ltd.                    | British Virgin Islands | Investment holding                 | 892,989                         | 892,989                         | 30,200,001                          | 100.00        | 9,418,524     | 1,166,727  | -  | Note 1   |
| Synnex Global Ltd.                          | King's Eye Investments Ltd.               | British Virgin Islands | Investment holding                 | 1,782,469                       | 1,782,469                       | 62,477,000                          | 100.00        | 20,433,632    | 4,066,051  | -  | Note 1   |
| Synnex Global Ltd.                          | Synnex China Holdings Ltd.                | British Virgin Islands | Investment holding                 | 2,858,706                       | 2,858,706                       | 100,200,000                         | 100.00        | 7,755,721     | 1,413,242  | -  | Note 1   |
| Synnex Global Ltd.                          | Synnex Mauritius Ltd.                     | Mauritius              | Investment holding                 | 684,720                         | 684,720                         | 24,000,000                          | 100.00        | 4,372,590     | 533,077  | -  | Note 1   |
| Synnex Global Ltd.                          | Trade Vanguard Global Ltd.                | British Virgin Islands | Investment holding                 | 11,412,000                      | 11,412,000                      | 400,000,000                         | 100.00        | 12,411,491    | 53,606   | -  | Note 1   |
| King's Eye Investments Ltd.                 | Laser Computer Holdings Ltd.              | British Virgin Islands | Investment holding                 | 1,051,245                       | 1,051,245                       | 36,850,001                          | 100.00        | 5,125,413     | 1,070,639  | -  | Note 1   |
| King's Eye Investments Ltd.                 | Synnex Australia Pty. Ltd.                | Australia              | Sales of 3C products               | 846,913                         | 846,913                         | 33,250,000                          | 100.00        | 4,500,863     | 862,439  | -  | Note 1   |
| Synnex Global Ltd.                          | Synnex Australia Pty. Ltd.                | Australia              | Sales of 3C products               | 5,492,025                       | 4,999,883                       | -                                   | -             | 5,492,025     | -  | -  | Note 2   |
| King's Eye Investments Ltd.                 | Synnex New Zealand Ltd.                   | New Zealand            | Sales of 3C products               | 29,158                          | 29,158                          | 1,500,000                           | 100.00        | 115,770       | 34,789   | -  | Note 1   |
| Synnex Global Ltd.                          | Synnex New Zealand Ltd.                   | New Zealand            | Sales of 3C products               | 205,844                         | 192,007                         | -                                   | -             | 205,844       | -  | -  | Note 2   |
| King's Eye Investments Ltd.                 | Synnex Electronics Hong Kong Ltd.         | Hong Kong              | Sales of electronic components     | 8,559                           | 8,559                           | 299,999                             | 100.00        | 10,517        | ( 477)   | -  | Note 1   |

| Investor                     | Investee   | Location               | Main business activities                                  | Initial investment amount       |                                 | Shares held as at December 31, 2020 |               |              | Net profit (loss) of the investee for the year ended December 31, 2020 | Investment income(loss) recognised by the Company for the year ended December 31, 2020 | Footnote |
|------------------------------|--|------------------------|---|---------------------------------|---------------------------------|-------------------------------------|---------------|--------------|--|--|----------|
|                              |  |                        |   | Balance as at December 31, 2020 | Balance as at December 31, 2019 | Number of shares                    | Ownership (%) | Book value   |  |  |          |
| King's Eye Investments Ltd.  | Syntech Asia Ltd.  | Hong Kong              | Sales of electronic components                            | \$ 8,559                        | \$ 8,559                        | 300,000                             | 100.00        | \$ 5,999,561 | \$ 1,005,533   | \$ -   | Note 1   |
| King's Eye Investments Ltd.  | Synnex (Thailand) Public Company Ltd.                          | Thailand               | Sales of 3C products                                      | 292,321                         | 292,321                         | 338,939,513                         | 40.00         | 1,310,047    | 607,855  | -  | Note 1   |
| King's Eye Investments Ltd.  | Synnex FPT Joint Stock Company                                 | Vietnam                | Sales of 3C products                                      | 861,383                         | 861,383                         | 55,854,748                          | 47.44         | 1,405,489    | 496,310  | -  | Note 1   |
| King's Eye Investments Ltd.  | Fortune Ideal Ltd.   | Hong Kong              | Real estate   | 53,363                          | 53,363                          | 14,500,000                          | 100.00        | 187,056      | 22,431   | -  | Note 1   |
| Synnex Global Ltd.           | Fortune Ideal Ltd.   | Hong Kong              | Real estate   | -                               | 162,996                         | -                                   | -             | -            | -  | -  | Note 2   |
| King's Eye Investments Ltd.  | Golden Thinking Ltd.   | Hong Kong              | Real estate   | 103,046                         | 103,046                         | 28,000,000                          | 100.00        | 100,045      | 28,549   | -  | Note 1   |
| Synnex Global Ltd.           | Golden Thinking Ltd.   | Hong Kong              | Real estate   | 1,115,979                       | 1,015,976                       | -                                   | -             | 1,115,979    | -  | -  | Note 2   |
| Synnex Global Ltd.           | Synnex Investments (China) Ltd.                                | China                  | Investment holding  | 11,965,482                      | 11,965,482                      | -                                   | -             | 11,965,482   | -  | -  | Note 2   |
| Synnex Global Ltd.           | Synnex Distributions (China) Ltd.                              | China                  | Sales of 3C products                                      | 4,379,355                       | 4,379,355                       | -                                   | -             | 4,379,355    | -  | -  | Note 2   |
| Synnex Global Ltd.           | Synnex (Shanghai) Ltd.   | China                  | Sales of 3C products and warehouse and logistics services | 941,490                         | 941,490                         | -                                   | -             | 941,490      | -  | -  | Note 2   |
| King's Eye Investments Ltd.  | PT. Synnex Metrodata Indonesia                                 | Indonesia              | Sales of 3C products                                      | 303,845                         | 303,845                         | 150,000                             | 50.30         | 2,177,976    | 733,352  | -  | Note 1   |
| Peer Developments Ltd.       | Synnex Corporation   | USA                    | Sales of 3C products                                      | 592,796                         | 592,796                         | 3,859,888                           | 7.48          | 4,425,255    | 15,406,211   | -  | Note 1   |
| Peer Developments Ltd.       | Concentrix Corporation   | USA                    | Sales of 3C products                                      | 4,871,435                       | -                               | 3,859,888                           | 7.48          | 4,871,435    | -  | -  | Note 1   |
| Peer Developments Ltd.       | Synergy Intellingent Logistics (HK) Corporation                | Hong Kong              | Warehouse and logistics services                          | 371                             | 371                             | 100,000                             | 100.00        | 703          | 224  | -  | Note 1   |
| Synnex Mauritius Ltd.        | Redington (India) Ltd.   | India                  | Sales of 3C products                                      | 585,949                         | 585,949                         | 94,295,940                          | 24.24         | 4,322,194    | 2,286,234  | -  | Note 1   |
| Laser Computer Holdings Ltd. | Laser Computer (China) Ltd.                                    | Malaysia               | Sales of 3C products                                      | 29                              | 29                              | 1,000                               | 100.00        | 29           | -  | -  | Note 1   |
| Laser Computer Holdings Ltd. | Synnex Technology International (HK) Ltd. and its subsidiaries | Hong Kong              | Sales of 3C products                                      | 220,812                         | 220,812                         | 60,000,000                          | 100.00        | 4,841,280    | 1,070,639  | -  | Note 1   |
| Bestcom Infotech Corp        | Bestcom Infotech Holdings Ltd.                                 | British Virgin Islands | Investment holding  | 77,031                          | 77,031                          | 2,700,000                           | 100.00        | 79,711       | 5,228  | -  | Note 1   |

| Investor                       | Investee                   | Location  | Main business activities  | Initial investment amount       |                                 | Shares held as at December 31, 2020 |               |            | Net profit (loss) of the investee for the year ended December 31, 2020 | Investment income(loss) recognised by the Company for the year ended December 31, 2020 | Footnote |
|--------------------------------|----------------------------|-----------|---|---------------------------------|---------------------------------|-------------------------------------|---------------|------------|--|--|----------|
|                                |                            |           |   | Balance as at December 31, 2020 | Balance as at December 31, 2019 | Number of shares                    | Ownership (%) | Book value |  |  |          |
| 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         | 47,085     | 20,601   | -  | Note 1   |
| 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        | \$ 28,799  | \$ 6,643   | \$ -   | 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         | 27,676     | 19,946   | -  | 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  | 77,031                          | 77,031                          | 2,700,000                           | 100.00        | -          | 5,228  | -  | 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, 2020

Table 10

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, 2020 | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020 (Note 11) |                         | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 | Net income of investee for the year ended December 31, 2020 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 3) | Book value of investments in Mainland China as of Book value of investments in Mainland China as of December 31, 2020 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020 | Footnote             |
|---|---|---------------------------|----------------------------|--|--|-------------------------|--|---|--|--|---|---|----------------------|
|   |   |                           |                            |  | Remitted to Mainland China   | Remitted back to Taiwan |  |   |  |  |   |   |                      |
| Laser International Trading (Shanghai) Company Ltd. | International trade   | \$ 28,530                 | 2                          | \$ 28,530  | \$ -   | \$ -                    | \$ 28,530  | \$ 71,743   | 100.00   | \$ 71,743  | \$ 481,548  | \$ -  | (Note 2)<br>(Note 4) |
| Hi Food (Shanghai) Company Ltd.                     | Manufacture and sales of food                                       | 570,600                   | 2                          | 51,354   | -  | -                       | 51,354   | -   | 10.00  | -  | 51,354  | -   | (Note 2)<br>(Note 5) |
| Synnex Investments (China) Ltd.                     | Investment holding  | 5,706,000                 | 2                          | 5,706,000  | -  | -                       | 5,706,000  | 2,632,734   | 100.00   | 2,632,734  | 10,904,740  | -   | (Note 2)<br>(Note 6) |
| Synnex Distributions (China) Ltd.                   | Sales of 3C products  | 9,414,900                 | 2                          | 9,414,900  | -  | -                       | 9,414,900  | 1,259,441   | 100.00   | 1,259,441  | 13,027,433  | -   | (Note 2)<br>(Note 6) |
| Synnex (Shanghai) Ltd.                              | Sales of electronic components and warehouse and logistics services | 627,660                   | 2                          | 627,660  | -  | -                       | 627,660  | 279,402   | 100.00   | 279,402  | 1,204,039   | -   | (Note 2)<br>(Note 6) |
| Synnex (Beijing) Ltd.                               | Warehouse and logistics services                                    | 256,770                   | 2                          | 256,770  | -  | -                       | 256,770  | (8,641)   | 100.00   | (8,641)  | 260,425   | -   | (Note 2)<br>(Note 6) |
| Synnex (Nanjing) Ltd.                               | Warehouse and logistics services                                    | 142,650                   | 2                          | 142,650  | -  | -                       | 142,650  | 20,874  | 100.00   | 20,874   | 188,342   | -   | (Note 2)<br>(Note 6) |
| Synnex (Chengdu) Ltd.                               | Warehouse and logistics services                                    | 142,650                   | 2                          | 142,650  | -  | -                       | 142,650  | 27,169  | 100.00   | 27,169   | 181,598   | -   | (Note 2)<br>(Note 6) |
| Synnex (Shenyang) Ltd.                              | Warehouse and logistics services                                    | 85,590                    | 2                          | 85,590   | -  | -                       | 85,590   | 10,832  | 100.00   | 10,832   | 109,621   | -   | (Note 2)<br>(Note 6) |
| Synnex (Tianjin) Ltd.                               | Warehouse and logistics services                                    | 128,385                   | 2                          | 128,385  | -  | -                       | 128,385  | (4,133)   | 100.00   | (4,133)  | 94,169  | -   | (Note 2)<br>(Note 6) |
| Synnex (Hangzhou) Ltd.                              | Warehouse and logistics services                                    | 142,650                   | 2                          | 142,650  | -  | -                       | 142,650  | 5,255   | 100.00   | 5,255  | 158,373   | -   | (Note 2)<br>(Note 6) |
| Synnex (Qingdao) Ltd.                               | Warehouse and logistics services                                    | 142,650                   | 2                          | 142,650  | -  | -                       | 142,650  | 3,744   | 100.00   | 3,744  | 130,709   | -   | (Note 2)<br>(Note 6) |
| Synnex (Guangzhou) Ltd.                             | Warehouse and logistics services                                    | 342,360                   | 2                          | 342,360  | -  | -                       | 342,360  | 7,784   | 100.00   | 7,784  | 349,449   | -   | (Note 2)<br>(Note 6) |
| Synnex (Xi'an) Ltd.                                 | Warehouse and logistics services                                    | 114,120                   | 2                          | 114,120  | -  | -                       | 114,120  | 11,606  | 100.00   | 11,606   | 148,174   | -   | (Note 2)<br>(Note 6) |
| Synnex (Suzhou) Ltd.                                | Warehouse and logistics services                                    | 171,180                   | 2                          | 171,180  | -  | -                       | 171,180  | (132)   | 100.00   | (132)  | 159,409   | -   | (Note 2)<br>(Note 6) |
| Synnex (Wuhan) Ltd.                                 | Warehouse and logistics services                                    | 142,650                   | 2                          | 142,650  | -  | -                       | 142,650  | 5,348   | 100.00   | 5,348  | 146,472   | -   | (Note 2)<br>(Note 6) |
| Synnex (Jinan) Ltd.                                 | Warehouse and logistics services                                    | 142,650                   | 2                          | 142,650  | -  | -                       | 142,650  | 31,092  | 100.00   | 31,092   | 166,547   | -   | (Note 2)<br>(Note 6) |
| Synnex (Zhengzhou) Ltd.                             | Warehouse and logistics services                                    | 142,650                   | 2                          | 142,650  | -  | -                       | 142,650  | 16,322  | 100.00   | 16,322   | 131,551   | -   | (Note 2)<br>(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, 2020 | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020 (Note 11) |                         | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 | Net income of investee as of December 31, 2020 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 3) | Book value of investments in Mainland China as of Book value of investments in Mainland China as of December 31, 2020 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020 | Footnote                          |
|--|----------------------------------|---------------------------|----------------------------|--|--|-------------------------|--|--|--|--|---|---|-----------------------------------|
|  |                                  |                           |                            |  | Remitted to Mainland China   | Remitted back to Taiwan |  |  |  |  |   |   |                                   |
| Synnex (Changsha) Ltd.                       | Warehouse and logistics services | \$ 114,120                | 2                          | \$ 114,120   | \$ -   | \$ -                    | \$ 114,120   | \$ 8,268                                       | 100.00   | \$ 8,268   | \$ 65,515   | \$ -  | (Note 2)<br>(Note 6)              |
| Synnex (Ningbo) Ltd.                         | Warehouse and logistics services | 114,120                   | 2                          | 114,120  | -  | -                       | 114,120  | 7,876  | 100.00   | 7,876  | 63,864  | -   | (Note 2)<br>(Note 6)              |
| Synnex (Hefei) Ltd.                          | Warehouse and logistics services | 174,033                   | 2                          | 174,033  | -  | -                       | 174,033  | 6,863  | 100.00   | 6,863  | 99,632  | -   | (Note 2)<br>(Note 6)              |
| Synnex (Nanchang) Ltd.                       | Warehouse and logistics services | 114,120                   | 2                          | 114,120  | -  | -                       | 114,120  | (3,291)  | 100.00   | (3,291)  | 33,655  | -   | (Note 2)<br>(Note 6)              |
| Synnex (Harbing) Ltd.                        | Warehouse and logistics services | 142,650                   | 2                          | 142,650  | -  | -                       | 142,650  | 3,444  | 100.00   | 3,444  | 8,052   | -   | (Note 2)<br>(Note 6)              |
| Synnex (Chongqing) Ltd.                      | Warehouse and logistics services | 17,118                    | 2                          | 17,118   | -  | -                       | 17,118   | -  | 100.00   | -  | -   | -   | (Note 2)<br>(Note 6)<br>(Note 12) |
| Synnex (Xiamen) Ltd.                         | Warehouse and logistics services | 171,180                   | 2                          | 171,180  | -  | -                       | 171,180  | 2,481  | 100.00   | 2,481  | 123,240   | -   | (Note 2)<br>(Note 6)              |
| Synnex Technology Development (Beijing) Ltd. | Sales of 3C products             | 222,746                   | 2                          | -  | -  | -                       | -  | 9,835  | 100.00   | 9,835  | 235,684   | -   | (Note 2)<br>(Note 7)<br>(Note 14) |
| LianXiang Technology (Shenzhen) Ltd.         | Sales of electronic components   | 5,706                     | 2                          | 5,706  | -  | -                       | 5,706  | 17,964   | 100.00   | 17,964   | 128,049   | -   | (Note 2)<br>(Note 8)              |
| Yude (Shanghai) Warehouse Co., Ltd.          | Warehouse and logistics services | 10,482                    | 2                          | -  | -  | -                       | -  | 9,965  | 97.96  | 9,762  | (13,399)  | -   | (Note 2)<br>(Note 6)              |
| Synergy Intelligent Logistics Corporation    | Warehouse and logistics services | 218,376                   | 2                          | 218,376  | -  | -                       | 218,376  | 5,020  | 100.00   | 5,020  | 228,860   | -   | (Note 6)<br>(Note 13)             |
| Bestcom Infotech Shanghai Ltd.               | Sales of 3C products             | 77,031                    | 2                          | 77,031   | -  | -                       | 77,031   | -  | 100.00   | -  | -   | -   | (Note 2)<br>(Note 9)              |
|  | Total                            |                           |                            | \$ 19,073,853  | \$ -   | \$ -                    | \$ 19,073,853  |  |  |  |   |   |                                   |

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 US\$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\$28.53.

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. The investee cancelled its registration on December 23, 2020.

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\$28.53 and RMB\$1:NT\$4.3675.

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, 2020 | 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) | \$ 18,996,822  | \$ 19,012,392  | \$ 34,110,101   |
| Bestcom Infotech Corp(Note)                       | 77,031   | 93,692   | 1,086,225   |

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.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

Information of major shareholders

December 31, 2020

Table 11

| Name of major shareholders      | Shares                |                    |
|---------------------------------|-----------------------|--------------------|
|                                 | Number of shares held | Holding percentage |
| Mitac International Corporation | 255,321,054           | 15.30%             |

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee.

As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets.

The information on the reported share equity of insider is provided in the "Market Observation Post System".

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

### **SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION**

#### **PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT DECEMBER 31, 2020 AND 2019**

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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.

## **Independent Auditors' Report Translated From Chinese**

PWCR20000454

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

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Synnex Technology International Corporation (the “Company”) as of December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the 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 of December 31, 2020 and 2019, 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, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China; and 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 the generally accepted auditing standards in the Republic of China for our audit of the parent company

only financial statements as of and for the year ended December 31, 2019. Our responsibilities under those standards are further described in the *Auditors' 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 Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, 2020 are stated as follows:

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

#### Description

Please refer to Notes 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 provision. For individually assessed accounts

receivable, allowance is recognised on a case by case basis. The assessment process is affected by management's judgement on various factors: customers' financial conditions, internal credit ratings, historical transaction records, and current economic conditions, etc. For 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 realisable 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, we did not audit the financial statements of certain investees which were prepared under a different framework for financial reporting. 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 of December 31, 2020 and 2019, the balance of investments accounted for using equity method of certain subsidiaries was NT\$15,216,033 thousand and NT\$14,293,936 thousand, respectively, constituting 15% and 15% of parent company only total assets respectively; for the years ended December 31, 2020 and 2019, the recognised net profit of investments accounted for using equity method was NT\$2,003,772 thousand and NT\$1,994,947 thousand, respectively, constituting 25% and 29% of parent company only net profits respectively; In addition, for the years ended December 31, 2020 and 2019, the recognised comprehensive income of investments accounted for using equity method was NT\$2,028,214 thousand and NT\$1,662,724 thousand, respectively, constituting 22% and 29% 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.

### ***Auditors' 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 auditors' 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 the generally accepted auditing standards in the Republic of China 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 the generally accepted auditing standards in the Republic of China, 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 auditors' 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 auditors' 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 auditors' 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

Liang, Yi Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2021

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report 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, 2020 AND 2019**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

|                           | Assets  | Notes         | December 31, 2020     |            | December 31, 2019    |            |
|---------------------------|---|---------------|-----------------------|------------|----------------------|------------|
|                           |   |               | Amount                | %          | Amount               | %          |
| <b>Current assets</b>     |   |               |                       |            |                      |            |
| 1100                      | Cash and cash equivalents   | 6(1)          | \$ 516,157            | -          | \$ 610,771           | 1          |
| 1110                      | Financial assets at fair value through profit or loss - current               | 6(2)          | 80,048                | -          | 59,855               | -          |
| 1150                      | Notes receivable, net   | 6(5)          | 106,159               | -          | 220,091              | -          |
| 1170                      | Accounts receivable, net  | 6(5)(6)       | 5,219,286             | 5          | 4,585,798            | 5          |
| 1180                      | Accounts receivable - related parties   | 6(5) and 7(2) | 243,558               | -          | 111,124              | -          |
| 1200                      | Other receivables   |               | 720,875               | 1          | 558,423              | 1          |
| 1210                      | Other receivables - related parties   | 7(2)          | 1,697,061             | 2          | 4,216,368            | 4          |
| 130X                      | Inventories, net  | 6(7)          | 2,992,525             | 3          | 2,868,276            | 3          |
| 1410                      | Prepayments   |               | 79,119                | -          | 70,527               | -          |
| 11XX                      | <b>Current Assets</b>   |               | <u>11,654,788</u>     | <u>11</u>  | <u>13,301,233</u>    | <u>14</u>  |
| <b>Non-current assets</b> |   |               |                       |            |                      |            |
| 1517                      | Non-current financial assets at fair value through other comprehensive income | 6(3)          | 5,077,326             | 5          | 4,033,800            | 4          |
| 1535                      | Non-current financial assets at amortised cost                                | 6(4) and 8    | 720,052               | 1          | 720,007              | 1          |
| 1550                      | Investments accounted for under equity method                                 | 6(8)          | 82,413,026            | 80         | 75,047,518           | 77         |
| 1600                      | Property, plant and equipment, net  | 6(9)          | 3,546,804             | 3          | 1,069,805            | 1          |
| 1755                      | Right-of-use assets   | 6(10)         | 150,749               | -          | 202,554              | -          |
| 1780                      | Intangible assets   |               | 76,570                | -          | 69,522               | -          |
| 1840                      | Deferred income tax assets  | 6(28)         | 90,252                | -          | 126,140              | -          |
| 1900                      | Other non-current assets  | 6(5)(12)      | 32,270                | -          | 2,542,692            | 3          |
| 15XX                      | <b>Non-current assets</b>   |               | <u>92,107,049</u>     | <u>89</u>  | <u>83,812,038</u>    | <u>86</u>  |
| 1XXX                      | <b>Total assets</b>   |               | <u>\$ 103,761,837</u> | <u>100</u> | <u>\$ 97,113,271</u> | <u>100</u> |

(Continued)

**SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2020 AND 2019**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| Liabilities and Equity   |                                     | Notes | December 31, 2020     |            | December 31, 2019    |            |
|--|-------------------------------------|-------|-----------------------|------------|----------------------|------------|
|  |                                     |       | Amount                | %          | Amount               | %          |
| <b>Current liabilities</b>   |                                     |       |                       |            |                      |            |
| 2100   | Short-term borrowings               | 6(13) | \$ 30,440,000         | 29         | \$ 35,560,000        | 37         |
| 2110   | Short-term notes and bills payable  | 6(14) | 13,150,000            | 13         | 5,850,000            | 6          |
| 2150   | Notes payable                       |       | 53,377                | -          | 74,746               | -          |
| 2170   | Accounts payable                    |       | 3,356,435             | 3          | 3,359,100            | 4          |
| 2180   | Accounts payable - related parties  | 7(2)  | 601,607               | 1          | 274,487              | -          |
| 2200   | Other payables                      | 6(15) | 713,586               | 1          | 809,055              | 1          |
| 2220   | Other payables - related parties    | 7(2)  | 65,596                | -          | 266,382              | -          |
| 2230   | Current income tax liabilities      | 6(28) | 5,838                 | -          | 179,983              | -          |
| 2280   | Current lease liabilities           |       | 50,753                | -          | 49,939               | -          |
| 2300   | Other current liabilities           | 6(16) | 334,678               | -          | 416,834              | -          |
| 21XX   | <b>Current Liabilities</b>          |       | <u>48,771,870</u>     | <u>47</u>  | <u>46,840,526</u>    | <u>48</u>  |
| <b>Non-current liabilities</b>   |                                     |       |                       |            |                      |            |
| 2580   | Non-current lease liabilities       |       | 99,780                | -          | 150,533              | -          |
| 2600   | Other non-current liabilities       | 6(17) | 307,361               | -          | 307,925              | 1          |
| 2XXX   | <b>Total Liabilities</b>            |       | <u>49,179,011</u>     | <u>47</u>  | <u>47,298,984</u>    | <u>49</u>  |
| <b>Equity attributable to owners of parent</b>                             |                                     |       |                       |            |                      |            |
| Share capital 6(18)  |                                     |       |                       |            |                      |            |
| 3110   | Share capital - common stock        |       | 16,679,470            | 16         | 16,679,470           | 17         |
| Capital surplus 6(19)  |                                     |       |                       |            |                      |            |
| 3200   | Capital surplus                     |       | 14,709,395            | 14         | 14,743,296           | 15         |
| Retained earnings 6(20)  |                                     |       |                       |            |                      |            |
| 3310   | Legal reserve                       |       | 8,855,413             | 9          | 8,175,300            | 9          |
| 3320   | Special reserve                     |       | 7,295,010             | 7          | 6,177,007            | 6          |
| 3350   | Unappropriated retained earnings    |       | 13,380,084            | 13         | 11,334,225           | 12         |
| Other equity interest 6(21)  |                                     |       |                       |            |                      |            |
| 3400   | Other equity interest               |       | ( 6,336,546)          | ( 6)       | ( 7,295,011)         | ( 8)       |
| 3XXX   | <b>Total equity</b>                 |       | <u>54,582,826</u>     | <u>53</u>  | <u>49,814,287</u>    | <u>51</u>  |
| Significant contingent liabilities and unrecognised contract commitments 9 |                                     |       |                       |            |                      |            |
| Significant events after the balance sheet date 11                         |                                     |       |                       |            |                      |            |
| 3X2X   | <b>Total liabilities and equity</b> |       | <u>\$ 103,761,837</u> | <u>100</u> | <u>\$ 97,113,271</u> | <u>100</u> |

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

**SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

| Items   | Notes                  | Years ended December 31, |           |                        |             |
|---|------------------------|--------------------------|-----------|------------------------|-------------|
|   |                        | 2020                     |           | 2019                   |             |
|   |                        | Amount                   | %         | Amount                 | %           |
| 4000 Sales revenue  | 6(22) and 7(2)         | \$ 42,990,429            | 100       | \$ 42,587,573          | 100         |
| 5000 Operating costs  | 6(7) and 7(2)          | ( 40,831,167)            | ( 95)     | ( 40,545,716)          | ( 95)       |
| 5950 Net operating margin   |                        | <u>2,159,262</u>         | <u>5</u>  | <u>2,041,857</u>       | <u>5</u>    |
| Operating expenses  | 6(17)(26)(27) and 7(2) |                          |           |                        |             |
| 6100 Selling expenses   |                        | ( 969,306)               | ( 2)      | ( 989,805)             | ( 3)        |
| 6200 General and administrative expenses  |                        | ( 1,029,192)             | ( 3)      | ( 886,915)             | ( 2)        |
| 6450 Expected credit loss   | 12(2)                  | ( 3,113)                 | -         | ( 10,098)              | -           |
| 6000 Total operating expenses   |                        | ( 2,001,611)             | ( 5)      | ( 1,886,818)           | ( 5)        |
| 6900 Operating profit   |                        | <u>157,651</u>           | <u>-</u>  | <u>155,039</u>         | <u>-</u>    |
| Non-operating income and expenses   |                        |                          |           |                        |             |
| 7100 Interest income  |                        | 37,022                   | -         | 94,952                 | -           |
| 7010 Other income   | 6(23) and 7(2)         | 814,777                  | 2         | 681,306                | 2           |
| 7020 Other gains and losses   | 6(24)                  | ( 172,877)               | -         | ( 138,717)             | -           |
| 7050 Finance costs  | 6(25)                  | ( 362,597)               | ( 1)      | ( 385,271)             | ( 1)        |
| 7070 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method   | 6(8)                   | <u>7,782,699</u>         | <u>18</u> | <u>6,556,569</u>       | <u>15</u>   |
| 7000 Total non-operating income and expenses  |                        | <u>8,099,024</u>         | <u>19</u> | <u>6,808,839</u>       | <u>16</u>   |
| 7900 <b>Profit before income tax</b>  |                        | <u>8,256,675</u>         | <u>19</u> | <u>6,963,878</u>       | <u>16</u>   |
| 7950 Income tax expense   | 6(28)                  | ( 98,136)                | -         | ( 148,635)             | -           |
| 8200 <b>Profit for the year</b>   |                        | <u>\$ 8,158,539</u>      | <u>19</u> | <u>\$ 6,815,243</u>    | <u>16</u>   |
| <b>Other comprehensive income</b>   |                        |                          |           |                        |             |
| <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>   |                        |                          |           |                        |             |
| 8311 Actuarial gain (loss) on defined benefit plan  | 6(17)                  | \$ 458                   | -         | \$ 1,554               | -           |
| 8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income   | 6(3)                   | <u>1,043,526</u>         | <u>2</u>  | <u>1,555,189</u>       | <u>4</u>    |
| 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 |                        | ( 29,457)                | -         | 44,357                 | -           |
| 8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss   | 6(28)                  | ( 92)                    | -         | ( 311)                 | -           |
| 8310 Components of other comprehensive (loss) income that will not be reclassified to profit or loss  |                        | <u>1,014,435</u>         | <u>2</u>  | <u>1,600,789</u>       | <u>4</u>    |
| <b>Components of other comprehensive income that will be reclassified to profit or loss</b>   |                        |                          |           |                        |             |
| 8361 Financial statements translation differences of foreign operations   | 6(21)                  | ( 81,322)                | -         | ( 2,394,005)           | ( 6)        |
| 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     |                        | <u>17,403</u>            | <u>-</u>  | <u>( 329,370)</u>      | <u>( 1)</u> |
| 8360 Components of other comprehensive loss that will be reclassified to profit or loss   |                        | ( 63,919)                | -         | ( 2,723,375)           | ( 7)        |
| 8300 <b>Total other comprehensive income (loss) for the year</b>  |                        | <u>\$ 950,516</u>        | <u>2</u>  | <u>( \$ 1,122,586)</u> | <u>( 3)</u> |
| 8500 <b>Total comprehensive income for the year</b>   |                        | <u>\$ 9,109,055</u>      | <u>21</u> | <u>\$ 5,692,657</u>    | <u>13</u>   |
| Earnings per share  | 6(29)                  |                          |           |                        |             |
| 9750 Basic earnings per share   |                        | <u>\$ 4.89</u>           |           | <u>\$ 4.09</u>         |             |
| 9850 Diluted earnings per share   |                        | <u>\$ 4.89</u>           |           | <u>\$ 4.09</u>         |             |

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, 2020 AND 2019**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

|  | Notes | Retained earnings            |                 |               |                 | Other equity interest            |  |   | Total         |
|--|-------|------------------------------|-----------------|---------------|-----------------|----------------------------------|--|---|---------------|
|  |       | Share capital - common stock | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Financial statements translation differences of foreign operations | Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income |               |
| <b>2019</b>  |       |                              |                 |               |                 |                                  |  |   |               |
| 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   | 6(19) | -                            | 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 |
| <b>2020</b>  |       |                              |                 |               |                 |                                  |  |   |               |
| Balance at January 1, 2020   |       | \$ 16,679,470                | \$ 14,743,296   | \$ 8,175,300  | \$ 6,177,007    | \$ 11,334,225                    | (\$ 8,626,394)   | \$ 1,331,383  | \$ 49,814,287 |
| Net income for 2020  |       | -                            | -               | -             | -               | 8,158,539                        | -  | -   | 8,158,539     |
| Other comprehensive (loss) income for 2020   | 6(21) | -                            | -               | -             | -               | (8,578)                          | (63,919)   | 1,023,013   | 950,516       |
| Total comprehensive income (loss)  |       | -                            | -               | -             | -               | 8,149,961                        | (63,919)   | 1,023,013   | 9,109,055     |
| Appropriations of 2019 earnings  | 6(20) |                              |                 |               |                 |                                  |  |   |               |
| Provision for legal reserve  |       | -                            | -               | 680,113       | -               | (680,113)                        | -  | -   | -             |
| Provision for special reserve  |       | -                            | -               | -             | 1,118,003       | (1,118,003)                      | -  | -   | -             |
| Distribution of cash dividend  |       | -                            | -               | -             | -               | (4,336,662)                      | -  | -   | (4,336,662)   |
| Change in net assets of the associate and joint ventures accounted for under the equity method |       | -                            | (34,323)        | -             | -               | 30,047                           | -  | -   | (4,276)       |
| Difference between consideration and carrying amount of subsidiaries disposed                  | 6(30) | -                            | 126             | -             | -               | -                                | -  | -   | 126           |
| Capital surplus transferred from unclaimed dividends   | 6(19) | -                            | 296             | -             | -               | -                                | -  | -   | 296           |
| Disposal of financial assets at fair value through other comprehensive income                  | 6(21) | -                            | -               | -             | -               | 629                              | -  | (629)   | -             |
| Balance at December 31, 2020   |       | \$ 16,679,470                | \$ 14,709,395   | \$ 8,855,413  | \$ 7,295,010    | \$ 13,380,084                    | (\$ 8,690,313)   | \$ 2,353,767  | \$ 54,582,826 |

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, 2020 AND 2019  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

|  | Notes     | Years ended December 31, |               |
|--|-----------|--------------------------|---------------|
|  |           | 2020                     | 2019          |
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>   |           |                          |               |
| Profit before income tax for the year  |           | \$ 8,256,675             | \$ 6,963,878  |
| 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)  | 57,998                   | 67,904        |
| Depreciation charges on right-of-use assets  | 6(10)(26) | 51,805                   | 51,806        |
| Amortisation charges   | 6(26)     | 23,506                   | 29,707        |
| Expected credit loss   | 12(2)     | 3,113                    | 10,098        |
| Net (gain) loss on financial assets at fair value through profit or loss                         | 6(2)(24)  | ( 20,193 )               | ( 14,113 )    |
| Loss on decline in market value and obsolete and slow-moving inventories                         | 6(7)      | 2,359                    | 2,832         |
| Interest expense   | 6(25)     | 362,597                  | 385,271       |
| Interest income  |           | ( 37,022 )               | ( 94,952 )    |
| Dividend income  | 6(23)     | ( 104,283 )              | ( 88,373 )    |
| Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | 6(8)      | ( 7,782,699 )            | ( 6,556,569 ) |
| Loss (gain) on disposal of property, plant and equipment   | 6(24)     | ( 10,787 )               | 1,710         |
| Changes in assets/liabilities relating to operating activities                                   |           |                          |               |
| Net changes in assets relating to operating activities   |           |                          |               |
| Accounts and notes receivable  |           | ( 652,189 )              | 579,174       |
| Inventories  |           | ( 126,608 )              | 744,286       |
| Other receivables  |           | ( 283,351 )              | 13,517        |
| Prepayments  |           | ( 8,592 )                | 9,098         |
| Overdue receivables  |           | ( 1,586 )                | ( 11,078 )    |
| Net changes in liabilities relating to operating activities                                      |           |                          |               |
| Accounts and notes payable   |           | 303,086                  | ( 195,389 )   |
| Other payables   |           | ( 142,473 )              | 38,355        |
| Other current liabilities  |           | ( 82,156 )               | 141,573       |
| Accrued pension liabilities  |           | ( 77 )                   | ( 121 )       |
| Cash inflow (outflow) generated from operations  |           | ( 190,877 )              | 2,078,614     |
| Cash dividends on investments accounted for under the equity method                              |           | 336,423                  | 352,294       |
| Interest paid  |           | ( 365,933 )              | ( 400,918 )   |
| Interest received  |           | 37,022                   | 94,952        |
| Dividend received  |           | 104,283                  | 88,373        |
| Income tax paid  |           | ( 236,485 )              | ( 85,007 )    |
| Net cash provided by (used in) operating activities  |           | ( 315,567 )              | 2,128,308     |

(Continued)

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

|  | Notes | Years ended December 31, |                      |
|--|-------|--------------------------|----------------------|
|  |       | 2020                     | 2019                 |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>   |       |                          |                      |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income |       | \$ -                     | \$ 15,343            |
| Decrease (increase) in other receivables due from related parties                                    | 7(2)  | 2,640,206                | ( 60,571 )           |
| Acquisition of investments accounted for using equity method   | 6(8)  | ( 16,759 )               | ( 6,390 )            |
| Acquisition of property, plant and equipment   | 6(9)  | ( 27,534 )               | ( 6,113 )            |
| Proceeds from disposal of property, plant and equipment  |       | 13,583                   | -                    |
| Acquisition of intangible assets   |       | ( 30,554 )               | ( 65,259 )           |
| Decrease (increase) in other non-current assets  |       | ( 1,255 )                | 1,653                |
| Decrease in refundable deposits  |       | 90                       | 944                  |
| Increase in prepayment for construction in progress  |       | -                        | ( 2,508,948 )        |
| Decrease (increase) in restricted time deposits  |       | ( 45 )                   | 1,863                |
| Net cash provided by (used in) investing activities  |       | <u>2,577,732</u>         | <u>( 2,627,478 )</u> |
| <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>   |       |                          |                      |
| Increase (decrease) in short-term loans  |       | ( 5,120,000 )            | 5,570,000            |
| Increase (decrease) in short-term notes and bills payable  |       | 7,300,000                | ( 1,500,000 )        |
| Decrease in other payables to related parties  | 7(2)  | ( 150,150 )              | ( 135,965 )          |
| Repayments of principal portion of lease liabilities   |       | ( 49,939 )               | ( 53,888 )           |
| Decrease in guarantee deposits received  |       | ( 28 )                   | -                    |
| Payment of cash dividends  | 6(20) | ( 4,336,662 )            | ( 3,335,894 )        |
| Net cash provided by (used in) financing activities  |       | <u>( 2,356,779 )</u>     | <u>544,253</u>       |
| Increase (decrease) in cash and cash equivalents   |       | ( 94,614 )               | 45,083               |
| Cash and cash equivalents at beginning of year   |       | <u>610,771</u>           | <u>565,688</u>       |
| Cash and cash equivalents at end of year   |       | <u>\$ 516,157</u>        | <u>\$ 610,771</u>    |

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, 2020 AND 2019  
(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 12, 2021.

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 FSC effective from 2020 are as follows:

| New Standards, Interpretations and Amendments                                 | Effective date by<br>International Accounting<br>Standards Board |
|---|--|
| Amendments 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  |

| <u>New Standards, Interpretations and Amendments</u>                      | Effective date by<br>International Accounting<br>Standards Board |
|---|--|
| Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’ | January 1, 2020  |

Amendment to IFRS 16, ‘Covid-19-related rent concessions’ June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by FSC.

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

(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 2021 are as follows:

| <u>New Standards, Interpretations and Amendments</u>   | Effective date by<br>International Accounting<br>Standards Board |
|--|--|
| Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’                    | January 1, 2021  |
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform - Phase 2’ | January 1, 2021  |

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

(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:

| <u>New Standards, Interpretations and Amendments</u>  | Effective date by<br>International Accounting<br>Standards Board   |
|---|--|
| Amendments to IFRS 3, ‘Reference to the conceptual framework’   | January 1, 2022  |
| 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<br>International Accounting<br>Standards Board |

| <u>New Standards, Interpretations and Amendments</u>   | <u>Effective date by<br/>International Accounting<br/>Standards Board</u> |
|--|---|
| IFRS 17, ‘Insurance contracts’   | January 1, 2023   |
| Amendments to IFRS 17, ‘Insurance contracts’   | January 1, 2023   |
| Amendments to IAS 1, ‘Classification of liabilities as current or non-current’   | January 1, 2023   |
| Amendments to IAS 1, ‘Disclosure of accounting policies’   | January 1, 2023   |
| Amendments to IAS 8, ‘Definition of accounting estimates’  | January 1, 2023   |
| Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’  | January 1, 2022   |
| Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’  | January 1, 2022   |
| Annual improvements to IFRS Standards 2018 - 2020  | 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, 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 that does 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

- 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) 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.

#### (18) 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.

(19) 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.

(20) 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.

(21) Derecognition of financial liabilities

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

(22) Offsetting financial instruments

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

(23) 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.

(24) 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 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 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 subsequently actual distributed amounts is accounted for as changes in estimates.

(25) 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.

(26) 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.

(27) Dividends

Cash dividends for the year ended December 31, 2018 were recorded as liabilities in the Company's financial statements when they were resolved by the Company's shareholders. Cash dividends for the year ended December 31, 2019 were recorded as liabilities in the Company's financial statements after the special resolution of the Board of Directors in accordance with Article 240 of Company Act and Articles of Incorporation. Stock dividends are recorded as stock dividends to be distributed when they are resolved by the Company's shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

A. Sales of goods

- (a) The Company sells information, communication, electronic and consumer electronic products. Sales are recognised when control of the products has transferred, being when the products are delivered to the 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 Company's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- (d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### B. Service revenue

The Company provides services of 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 consumption, 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

|                                       | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---------------------------------------|--------------------------|--------------------------|
| Cash on hand and revolving funds      | \$ 257                   | \$ 257                   |
| Checking accounts and demand deposits | 515,900                  | 610,514                  |
|                                       | <u>\$ 516,157</u>        | <u>\$ 610,771</u>        |

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

| <u>Items</u>   | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|--------------------------|--------------------------|
| Current items:   |                          |                          |
| Financial assets mandatorily measured at fair value through profit or loss |                          |                          |
| Listed (TSE and OTC) stocks  | \$ 18,806                | \$ 18,806                |
| Valuation adjustment   | 61,242                   | 41,049                   |
|  | <u>\$ 80,048</u>         | <u>\$ 59,855</u>         |

- A. The Company recognised net gain (loss) amounting to \$20,193 and \$14,113 on financial assets at fair value through profit or loss for the years ended December 31, 2020 and 2019, respectively.
- 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, 2020   | December 31, 2019   |
|---------------------------------|---------------------|---------------------|
| Non-current items:              |                     |                     |
| Equity instruments              |                     |                     |
| Listed stocks                   | \$ 798,693          | \$ 798,693          |
| Non-listed (TSE and OTC) stocks | <u>1,952,125</u>    | <u>1,952,125</u>    |
|                                 | 2,750,818           | 2,750,818           |
| Valuation adjustment            | <u>2,326,508</u>    | <u>1,282,982</u>    |
|                                 | <u>\$ 5,077,326</u> | <u>\$ 4,033,800</u> |

- 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 as of December 31, 2020 and 2019 is listed in the table above.
- 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:

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| <u>Equity instruments at fair value through other comprehensive income</u> |                     |                     |
| Fair value change recognised in other comprehensive income                 | <u>\$ 1,043,526</u> | <u>\$ 1,555,189</u> |

- 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, 2020 | December 31, 2019 |
|----------------------|-------------------|-------------------|
| Non-current items:   |                   |                   |
| Pledged time deposit | <u>\$ 720,052</u> | <u>\$ 720,007</u> |

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

|  | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|--------------------------|--------------------------|
| Notes receivable   | \$ 106,172               | \$ 220,102               |
| Less: Allowance for bad debts                              | ( 13)                    | ( 11)                    |
|  | <u>\$ 106,159</u>        | <u>\$ 220,091</u>        |
| Accounts receivable  | \$ 5,219,725             | \$ 4,586,040             |
| Accounts receivable due from related party                 | 243,558                  | 111,124                  |
| Less: Allowance for bad debts                              | ( 439)                   | ( 242)                   |
|  | <u>5,462,844</u>         | <u>4,696,922</u>         |
| Overdue receivables (recorded as other non-current assets) | \$ 24,889                | \$ 23,303                |
| Less: Allowance for bad debts                              | ( 19,138)                | ( 16,224)                |
|  | <u>5,751</u>             | <u>7,079</u>             |
|  | <u>\$ 5,468,595</u>      | <u>\$ 4,704,001</u>      |

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, 2020 and 2019, 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:

|                             | <u>December 31, 2020</u> |                            |                            |                     |
|-----------------------------|--------------------------|----------------------------|----------------------------|---------------------|
|                             | <u>Notes receivable</u>  | <u>Accounts Receivable</u> | <u>Overdue receivables</u> | <u>Total</u>        |
| Not past due                | \$ 106,172               | \$ 5,313,898               | \$ -                       | \$ 5,420,070        |
| Up to 60 days past due      | -                        | 145,950                    | -                          | 145,950             |
| 61-120 days past due        | -                        | 188                        | 89                         | 277                 |
| 121-180 days past due       | -                        | 46                         | 3,080                      | 3,126               |
| More than 180 days past due | -                        | 3,201                      | 21,720                     | 24,921              |
|                             | <u>\$ 106,172</u>        | <u>\$ 5,463,283</u>        | <u>\$ 24,889</u>           | <u>\$ 5,594,344</u> |
|                             | <u>December 31, 2019</u> |                            |                            |                     |
|                             | <u>Notes receivable</u>  | <u>Accounts Receivable</u> | <u>Overdue receivables</u> | <u>Total</u>        |
| 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              |
|                             | <u>\$ 220,102</u>        | <u>\$ 4,697,164</u>        | <u>\$ 23,303</u>           | <u>\$ 4,940,569</u> |

The above ageing analysis was based on past due date.

B. As of December, 2020 and 2019, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2019, the balance of receivables from contracts with customers amounted to \$5,508,665.

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:

As of December 31, 2020, no factored accounts receivable was derecognised.

(Unit: USD thousand)

| December 31, 2019   |                            |                   |                        |
|---------------------|----------------------------|-------------------|------------------------|
| Accounts receivable |                            |                   |                        |
| <u>transferred</u>  | <u>Amount derecognized</u> | <u>Facilities</u> | <u>Amount advanced</u> |
| \$152,711           | \$152,711                  | US\$43,500        | \$152,711              |
| (US\$5,051)         | (US\$5,051)                |                   | (US\$5,051)            |
| \$170,657           | \$170,657                  | US\$15,000        | \$170,657              |
| (US\$5,645)         | (US\$5,645)                |                   | (US\$5,645)            |
| \$101,062           | \$101,062                  | US\$45,000        | \$101,062              |
| (US\$3,322)         | (US\$3,322)                |                   | (US\$3,322)            |

A. In 2019, the counterparties of the Company's accounts receivable factoring mainly were Taishin International Bank, CTBC Bank and other financial institutions. The interest rate of amount advanced was 2.47%~2.76%.

B. In 2019, commercial papers issued for accounts receivable factoring amounted to US\$48,000 thousand.

(7) Inventories

|                         | December 31, 2020   |   |                     |
|-------------------------|---------------------|---|---------------------|
|                         | <u>Cost</u>         | <u>Allowance for<br/>Valuation loss</u> | <u>Book value</u>   |
| Merchandise inventories | <u>\$ 3,038,967</u> | <u>(\$ 46,442)</u>                      | <u>\$ 2,992,525</u> |
| December 31, 2019       |                     |   |                     |
|                         | <u>Cost</u>         | <u>Allowance for<br/>Valuation loss</u> | <u>Book value</u>   |
| Merchandise inventories | <u>\$ 2,912,359</u> | <u>(\$ 44,083)</u>                      | <u>\$ 2,868,276</u> |

A. Inventories were not pledged to others as collateral.

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

|                                 | Years ended December 31, |                      |
|---------------------------------|--------------------------|----------------------|
|                                 | 2020                     | 2019                 |
| Cost of inventories sold        | \$ 40,828,808            | \$ 40,542,884        |
| Loss on decline in market value | 2,359                    | 2,832                |
|                                 | <u>\$ 40,831,167</u>     | <u>\$ 40,545,716</u> |

(8) Investments accounted for under equity method

A. The details are as follows:

|  | December 31, 2020    |                      | December 31, 2019    |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | Balance              | Percentage ownership | Balance              | Percentage ownership |
| Subsidiaries:                                    |                      |                      |                      |                      |
| Synnex Global Ltd.(Note 1)                       | \$ 79,589,612        | 100.00%              | \$ 72,446,054        | 100.00%              |
| Bestcom Infotech Corp. (Note 2)                  | 1,960,208            | 95.83%               | 1,941,785            | 94.96%               |
| E-Fan Investments CO., LTD.                      | 516,993              | 100.00%              | 539,495              | 100.00%              |
| Seper Technology Corporation                     | 86,828               | 100.00%              | 57,425               | 100.00%              |
| Synergy Intellingent Logistics corporation       | 258,396              | 100.00%              | 62,759               | 100.00%              |
| Synergy Technology Services Corporation (Note 3) | 989                  | 100.00%              | -                    | 100.00%              |
|  | <u>\$ 82,413,026</u> |                      | <u>\$ 75,047,518</u> |                      |

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, 2020 and 2019. Details are as follows:

|  | Profit/(loss) of subsidiaries and associates |                     |
|--|--|---------------------|
|  | Years ended December 31,                     |                     |
|  | 2020   | 2019                |
| Synnex Global Ltd.(Note 1)                       | \$ 7,201,544                                 | \$ 6,134,896        |
| Bestcom Infotech Corp. (Note 2)                  | 289,462                                      | 266,767             |
| Seper Technology Corporation                     | 83,397                                       | 53,993              |
| E-Fan Investments CO., LTD.                      | 3,157  | 90,343              |
| Synergy Intellingent Logistics corporation       | 205,150                                      | 10,570              |
| Synergy Technology Services Corporation (Note 3) | ( 11)  | -                   |
|  | <u>\$ 7,782,699</u>                          | <u>\$ 6,556,569</u> |

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 \$2,003,772 and \$1,994,947 as well as other comprehensive income (loss) amounting to \$24,442 and (\$332,223) for the years ended December 31, 2020 and 2019, respectively, were based on the investee's financial statements audited by other auditors. As of December 31, 2020 and 2019, the related investments were stated at \$15,216,033 and \$14,293,936, respectively.

Note 2: Information on acquisition of subsidiaries is provided in Note 6(30).

Note 3: A subsidiary which was newly established in 2020.

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, 2020.

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(9) Property, plant and equipment

|   | Land              | Buildings<br>and structures | Utilities<br>equipment | Computer<br>equipment | Transportation<br>equipment | Furniture and<br>fixtures | Tools            | Construction<br>in progress<br>and equipment<br>to be inspected | Total               |
|---|-------------------|-----------------------------|------------------------|-----------------------|-----------------------------|---------------------------|------------------|---|---------------------|
| <u>At January 1, 2020</u>                 |                   |                             |                        |                       |                             |                           |                  |   |                     |
| 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)          |
|   | <u>\$ 570,340</u> | <u>\$ 327,010</u>           | <u>\$ 3,678</u>        | <u>\$ 107,956</u>     | <u>\$ 19,254</u>            | <u>\$ 307</u>             | <u>\$ 41,260</u> | <u>\$ -</u>   | <u>\$ 1,069,805</u> |
| <u>2020</u>                               |                   |                             |                        |                       |                             |                           |                  |   |                     |
| Opening net book amount as at January 1   | \$ 570,340        | \$ 327,010                  | \$ 3,678               | \$ 107,956            | \$ 19,254                   | \$ 307                    | \$ 41,260        | \$ -  | \$ 1,069,805        |
| Additions                                 | -                 | -                           | 510                    | 5,563                 | -                           | 235                       | 1,381            | 19,845  | 27,534              |
| Reclassifications                         | -                 | 1,143                       | -                      | -                     | -                           | -                         | 2,134            | 2,506,982   | 2,510,259           |
| Disposals                                 | -                 | ( 27)                       | -                      | ( 93)                 | ( 2,676)                    | -                         | -                | -   | ( 2,796)            |
| Depreciation charge                       | -                 | ( 17,812)                   | ( 1,123)               | ( 30,802)             | ( 4,902)                    | ( 175)                    | ( 3,184)         | -   | ( 57,998)           |
| Closing net book amount as at December 31 | <u>\$ 570,340</u> | <u>\$ 310,314</u>           | <u>\$ 3,065</u>        | <u>\$ 82,624</u>      | <u>\$ 11,676</u>            | <u>\$ 367</u>             | <u>\$ 41,591</u> | <u>\$ 2,526,827</u>   | <u>\$ 3,546,804</u> |
| <u>At December 31, 2020</u>               |                   |                             |                        |                       |                             |                           |                  |   |                     |
| Cost                                      | \$ 570,340        | \$ 645,301                  | \$ 38,623              | \$ 190,531            | \$ 51,012                   | \$ 1,012                  | \$ 63,054        | \$ 2,526,827  | \$ 4,086,700        |
| Accumulated depreciation                  | -                 | ( 334,987)                  | ( 35,558)              | ( 107,907)            | ( 39,336)                   | ( 645)                    | ( 21,463)        | -   | ( 539,896)          |
|   | <u>\$ 570,340</u> | <u>\$ 310,314</u>           | <u>\$ 3,065</u>        | <u>\$ 82,624</u>      | <u>\$ 11,676</u>            | <u>\$ 367</u>             | <u>\$ 41,591</u> | <u>\$ 2,526,827</u>   | <u>\$ 3,546,804</u> |

|   | Land              | Buildings<br>and structures | Utilities<br>equipment | Computer<br>equipment | Transportation<br>equipment | Furniture and<br>fixtures | Tools            | Leasehold<br>improvements | Total               |
|---|-------------------|-----------------------------|------------------------|-----------------------|-----------------------------|---------------------------|------------------|---------------------------|---------------------|
| <u>At January 1, 2019</u>                 |                   |                             |                        |                       |                             |                           |                  |                           |                     |
| 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)          |
|   | <u>\$ 570,340</u> | <u>\$ 344,811</u>           | <u>\$ 4,933</u>        | <u>\$ 139,002</u>     | <u>\$ 27,699</u>            | <u>\$ 462</u>             | <u>\$ 45,880</u> | <u>\$ 179</u>             | <u>\$ 1,133,306</u> |
| <u>2019</u>                               |                   |                             |                        |                       |                             |                           |                  |                           |                     |
| 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 | <u>\$ 570,340</u> | <u>\$ 327,010</u>           | <u>\$ 3,678</u>        | <u>\$ 107,956</u>     | <u>\$ 19,254</u>            | <u>\$ 307</u>             | <u>\$ 41,260</u> | <u>\$ -</u>               | <u>\$ 1,069,805</u> |
| <u>At December 31, 2019</u>               |                   |                             |                        |                       |                             |                           |                  |                           |                     |
| 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)          |
|   | <u>\$ 570,340</u> | <u>\$ 327,010</u>           | <u>\$ 3,678</u>        | <u>\$ 107,956</u>     | <u>\$ 19,254</u>            | <u>\$ 307</u>             | <u>\$ 41,260</u> | <u>\$ -</u>               | <u>\$ 1,069,805</u> |

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

Note 2: The Company's property in Nangang District, Taipei City has been under construction since February 2020 and was shown under construction in progress. Thus, for the year ended December 31, 2020, the interest of property, plant and equipment has been capitalized. For the year ended December 31, 2019, no property, plant and equipment had capitalized interest. Amount of borrowing costs for property, plant and equipment capitalised and interest rate range are as follows:

|  | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|--------------------------|--------------------------|
| Amount capitalised                             | \$ 19,845                | \$ -                     |
| Range of the interest rates for capitalisation | <u>0.84%~0.99%</u>       | <u>-</u>                 |

Note 3: For the years ended December 31, 2020 and 2019, 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

A. The Company 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

|                     | <u>Buildings</u>  |
|---------------------|-------------------|
| January 1, 2020     | \$ 202,554        |
| Depreciation charge | ( 51,805)         |
| December 31, 2020   | <u>\$ 150,749</u> |
|                     | <u>Buildings</u>  |
| January 1, 2019     | \$ 254,360        |
| Depreciation charge | ( 51,806)         |
| December 31, 2019   | <u>\$ 202,554</u> |

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

|                                       | <u>Years ended December 31,</u> |             |
|---------------------------------------|---------------------------------|-------------|
|                                       | <u>2020</u>                     | <u>2019</u> |
| <u>Items affecting profit or loss</u> |                                 |             |
| Interest expense on lease liabilities | \$ 1,475                        | \$ 1,929    |
| Expense on short-term lease contracts | 1,487                           | 1,453       |
| Expense on leases of low-value assets | 1,459                           | 1,729       |

D. Apart from the cash outflow relating to the lease expense mentioned above in item (10)C, the Company's cash outflow arising from the payments of lease liabilities amounted to \$49,939 and \$53,888 for the years ended December 31, 2020 and 2019, respectively.

(11) Leasing arrangements-lessor

A. The Company leases various assets including warehouses. Rental contracts are typically made for periods of 1 and 3 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 years ended December 31, 2020 and 2019 are as follows:

|               | <u>Years ended December 31,</u> |                 |
|---------------|---------------------------------|-----------------|
|               | <u>2020</u>                     | <u>2019</u>     |
| Rental income | <u>\$ 40,651</u>                | <u>\$ 7,433</u> |

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

|               | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---------------|--------------------------|--------------------------|
| Within 1 year | \$ 39,906                | \$ 7,079                 |
| 1~5 years     | <u>13,623</u>            | <u>3,175</u>             |
|               | <u>\$ 53,529</u>         | <u>\$ 10,254</u>         |

(12) Other non-current assets

|   | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| Prepayment for construction in progress | \$ -                     | \$ 2,506,982             |
| Refundable deposits                     | 25,770                   | 25,860                   |
| Long-term notes and overdue receivables | 5,751                    | 7,079                    |
| Others                                  | <u>749</u>               | <u>2,771</u>             |
|   | <u>\$ 32,270</u>         | <u>\$ 2,542,692</u>      |

The above prepayment for construction in progress was the prepayment for acquiring the property located in Nangang Dist., Taipei City. Because the construction has been started in February 2020, the prepayment was transferred to property, plant and equipment- construction in progress. Please refer to Note 6(9) for details.

(13) Short-term borrowings

| <u>Type of borrowings</u> | <u>December 31, 2020</u> | <u>Interest rate range</u> | <u>Collateral</u> |
|---------------------------|--------------------------|----------------------------|-------------------|
| Bank borrowings           |                          |                            |                   |
| Unsecured borrowings      | <u>\$ 30,440,000</u>     | 0.75%~0.9%                 | None              |
| <u>Type of borrowings</u> | <u>December 31, 2019</u> | <u>Interest rate range</u> | <u>Collateral</u> |
| Bank borrowings           |                          |                            |                   |
| Unsecured borrowings      | <u>\$ 35,560,000</u>     | 0.90%~1.04%                | None              |

(14) Short-term notes and bills payable

|                          | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--------------------------|--------------------------|--------------------------|
| Commercial paper payable | <u>\$ 13,150,000</u>     | <u>\$ 5,850,000</u>      |
| Interest rate range      | <u>0.75%~0.93%</u>       | <u>0.98%~1.04%</u>       |

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

(15) Other payables

|                                | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--------------------------------|--------------------------|--------------------------|
| Salary payable and bonus       | \$ 255,840               | \$ 261,307               |
| Temporary receipt of suppliers | 249,191                  | 230,825                  |
| Accrued expenses-others        | 202,961                  | 280,193                  |
| Other payables-others          | 5,594                    | 36,730                   |
|                                | <u>\$ 713,586</u>        | <u>\$ 809,055</u>        |

(16) Other current liabilities

|                          | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--------------------------|--------------------------|--------------------------|
| Dealers' rewards payable | \$ 334,678               | \$ 416,834               |

(17) Pensions

A.(a)The Company has a defined benefit pension plan in accordance with the Labor Standards Law. The benefits accrued are paid based on the service years and the average monthly salaries 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:

|   | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| Present value of defined benefit obligations                              | (\$ 369,504)             | (\$ 388,484)             |
| Fair value of plan assets   | <u>63,509</u>            | <u>81,954</u>            |
| Net defined benefit liability (recorded as other non-current liabilities) | <u>(\$ 305,995)</u>      | <u>(\$ 306,530)</u>      |

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

|  | Present value of<br>defined benefit<br>obligations | Fair value of<br>plan assets | Net defined<br>benefit liability |
|--|--|------------------------------|----------------------------------|
| Year ended December 31, 2020   |  |                              |                                  |
| Balance at January 1   | (\$ 388,484)                                       | \$ 81,954                    | (\$ 306,530)                     |
| Current service cost   | ( 1,764)   | -                            | ( 1,764)                         |
| Interest (expense) income  | ( 2,719)   | 573                          | ( 2,146)                         |
|  | <u>( 392,967)</u>                                  | <u>82,527</u>                | <u>( 310,440)</u>                |
| Remeasurements:  |  |                              |                                  |
| Return on plan assets (excluding amounts included in interest income or expense) | -  | 5,528                        | 5,528                            |
| Change in financial assumptions  | ( 11,582)  | -                            | ( 11,582)                        |
| Experience adjustments   | <u>6,512</u>                                       | <u>-</u>                     | <u>6,512</u>                     |
|  | <u>( 5,070)</u>                                    | <u>5,528</u>                 | <u>458</u>                       |
| Pension fund contribution  | <u>-</u>   | <u>3,987</u>                 | <u>3,987</u>                     |
| Paid pension   | <u>28,533</u>                                      | <u>( 28,533)</u>             | <u>-</u>                         |
| Balance at December 31   | <u>(\$ 369,504)</u>                                | <u>\$ 63,509</u>             | <u>(\$ 305,995)</u>              |
|  | Present value of<br>defined benefit<br>obligations | Fair value of<br>plan assets | Net defined<br>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)                         |
|  | <u>( 512,350)</u>                                  | <u>199,320</u>               | <u>( 313,030)</u>                |
| 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   | <u>120</u>   | <u>-</u>                     | <u>120</u>                       |
|  | <u>( 6,173)</u>                                    | <u>7,727</u>                 | <u>1,554</u>                     |
| Pension fund contribution  | <u>-</u>   | <u>4,946</u>                 | <u>4,946</u>                     |
| Paid pension   | <u>130,039</u>                                     | <u>( 130,039)</u>            | <u>-</u>                         |
| Balance at December 31   | <u>(\$ 388,484)</u>                                | <u>\$ 81,954</u>             | <u>(\$ 306,530)</u>              |

(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, 2020 and 2019 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, |       |
|-------------------------|--------------------------|-------|
|                         | 2020                     | 2019  |
| Discount rate           | 0.30%                    | 0.70% |
| 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, 2020                                     |                |                |                         |                |
| Effect on present value of defined benefit obligation | \$ 7,308       | (\$ 7,547)     | (\$ 6,408)              | \$ 6,251       |
| December 31, 2019                                     |                |                |                         |                |
| Effect on present value of defined benefit obligation | \$ 7,840       | (\$ 8,107)     | (\$ 6,981)              | \$ 6,801       |

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 2020 and 2019 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, 2021 amounts to \$3,910.

(g) As of December 31, 2020, the weighted average duration of that retirement plan is 8 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, 2020 and 2019 were \$34,941 and \$41,300, respectively.

(18) Share capital

A. As of December 31, 2020, the Company's authorised capital was \$24,000,000 (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. Shares yet to be issued can be issued several times by the Board of Directors depending on the demand, and some of them can be distributed in the form of preferred shares. All proceeds from shares issued have been collected.

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

|                               | <u>2020</u>          | <u>2019</u>          |
|-------------------------------|----------------------|----------------------|
| At January 1 (At December 31) | <u>1,667,946,968</u> | <u>1,667,946,968</u> |

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, 2020, 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

Holder 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 Depository 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 Depository 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, 2020 |                             |  |                   |                 |                      |
|---|------------------------------|-----------------------------|--|-------------------|-----------------|----------------------|
|   | 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                  | \$ 544,112   | \$ 228,445        | \$ 3,121        | \$ 14,743,296        |
| Changes in equity of associates and joint ventures                            | -                            | -                           | ( 34,323)  | -                 | -               | ( 34,323)            |
| Difference between consideration and carrying amount of subsidiaries disposed | -                            | -                           | 126  | -                 | -               | 126                  |
| Unclaimed dividends   | -                            | -                           | -  | -                 | 296             | 296                  |
| At December 31  | <u>\$ 13,626,940</u>         | <u>\$ 340,678</u>           | <u>\$ 509,915</u>                                  | <u>\$ 228,445</u> | <u>\$ 3,417</u> | <u>\$ 14,709,395</u> |
|   | 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  | <u>\$ 13,626,940</u>         | <u>\$ 340,678</u>           | <u>\$ 544,112</u>                                  | <u>\$ 228,445</u> | <u>\$ 3,121</u> | <u>\$ 14,743,296</u> |

(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 2019 and 2018 earnings had been resolved at the shareholders' meeting on June 12, 2020 and June 6, 2019, respectively. Details are summarized below:

|                 | Years ended December 31, |                                  |            |                                  |
|-----------------|--------------------------|----------------------------------|------------|----------------------------------|
|                 | 2019                     |                                  | 2018       |                                  |
|                 | Amount                   | Dividends per share (in dollars) | Amount     | Dividends per share (in dollars) |
| Legal reserve   | \$ 680,113               | \$ -                             | \$ 660,740 | \$ -                             |
| Special reserve | 1,118,003                | -                                | 1,356,458  | -                                |
| Cash dividends  | 4,336,662                | 2.60                             | 3,335,894  | 2.00                             |

Note: For the year ended December 31, 2019, the amount of cash dividends in the retained earnings appropriation has been approved by the Board of Directors on March 13, 2020 and was reported to shareholders.

(b) The appropriation of 2020 earnings had been proposed at the Board of Directors' meeting on March 12, 2021. Details are summarized below:

|                             | Year ended December 31, 2020 |                                  |
|-----------------------------|------------------------------|----------------------------------|
|                             | Amount                       | Dividends per share (in dollars) |
| Legal reserve               | \$ 818,064                   | \$ -                             |
| Reversal of special reserve | ( 958,465)                   | -                                |
| Cash dividends              | 5,504,225                    | 3.30                             |

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

(21) Other equity items

|   | Currency<br>translation | Unrealised<br>gains (losses)<br>on valuation | Total                 |
|---|-------------------------|--|-----------------------|
| At January 1, 2020                            | (\$ 8,626,394)          | 1,331,383                                    | (\$ 7,295,011)        |
| Revaluation:                                  |                         |  |                       |
| -The Company                                  | -                       | 1,043,526                                    | 1,043,526             |
| -Subsidiaries and associates                  | -                       | ( 20,513)                                    | ( 20,513)             |
| Revaluation transferred to retained earnings: |                         |  |                       |
| -Group  | -                       | ( 629)                                       | ( 629)                |
| Currency translation differences:             |                         |  |                       |
| -Group  | ( 81,322)               | -  | ( 81,322)             |
| -Associates                                   | 17,403                  | -  | 17,403                |
| At December 31, 2020                          | <u>(\$ 8,690,313)</u>   | <u>\$ 2,353,767</u>                          | <u>(\$ 6,336,546)</u> |

|                                   | Currency<br>translation | Unrealised<br>gains (losses)<br>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              | <u>(\$ 8,626,394)</u>   | <u>\$ 1,331,383</u>                          | <u>(\$ 7,295,011)</u> |

(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 major product lines:

|   | Timing of revenue  | Years ended December 31, |                      |
|---|--------------------|--------------------------|----------------------|
|   |                    | 2020                     | 2019                 |
| Revenue from 3C and electronic component products | At a point in time | \$ 42,715,298            | \$ 42,231,273        |
| Other   | Over time          | 275,131                  | 356,300              |
|   |                    | <u>\$ 42,990,429</u>     | <u>\$ 42,587,573</u> |

(23) Other income

|                            | Years ended December 31, |                   |
|----------------------------|--------------------------|-------------------|
|                            | 2020                     | 2019              |
| Rental income              | \$ 40,651                | \$ 7,433          |
| Dividend income            | 104,823                  | 88,373            |
| Management services income | 608,408                  | 580,293           |
| Others                     | 60,895                   | 5,207             |
|                            | <u>\$ 814,777</u>        | <u>\$ 681,306</u> |

(24) Other gains and losses

|  | Years ended December 31, |                     |
|--|--------------------------|---------------------|
|  | 2020                     | 2019                |
| Net currency exchange losses   | (\$ 178,152)             | (\$ 29,263)         |
| Gain (loss) on disposal of property, plant and equipment                 | 10,787                   | ( 1,710)            |
| Net gain (loss) on financial assets at fair value through profit or loss | 20,193                   | 14,113              |
| Others   | ( 25,705)                | ( 121,857)          |
|  | <u>(\$ 172,877)</u>      | <u>(\$ 138,717)</u> |

(25) Finance costs

|  | Years ended December 31, |                   |
|--|--------------------------|-------------------|
|  | 2020                     | 2019              |
| Interest expense on bank borrowings                    | \$ 309,911               | \$ 291,966        |
| Interest expense on short-term notes and bills payable | 68,948                   | 74,686            |
| Interest expense on lease liabilities                  | 1,475                    | 1,929             |
| Other interest expense                                 | 2,108                    | 16,690            |
| Less: Capitalisation of qualifying assets              | ( 19,845)                | -                 |
|  | <u>\$ 362,597</u>        | <u>\$ 385,271</u> |

(26) Expenses by nature

|   | Years ended December 31, |                     |
|---|--------------------------|---------------------|
|   | 2020                     | 2019                |
| Employee benefit expense                              | \$ 1,024,816             | \$ 1,198,295        |
| Depreciation charges on property, plant and equipment | 57,998                   | 67,904              |
| Depreciation charges on right-of-use assets           | 51,805                   | 51,806              |
| Amortisation charges on intangible assets             | 23,506                   | 29,707              |
|   | <u>\$ 1,158,125</u>      | <u>\$ 1,347,712</u> |

(27) Employee benefit expense

|                                 | Years ended December 31, |                     |
|---------------------------------|--------------------------|---------------------|
|                                 | 2020                     | 2019                |
| Wages and salaries              | \$ 888,440               | \$ 1,041,525        |
| Labor and health insurance fees | 65,817                   | 80,644              |
| Pension costs                   | 38,851                   | 46,124              |
| Directors' remuneration         | 7,000                    | 7,000               |
| Other personnel expenses        | 24,708                   | 23,002              |
|                                 | <u>\$ 1,024,816</u>      | <u>\$ 1,198,295</u> |

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, 2020 and 2019, employees' compensation (bonus) was accrued at \$900 and \$750, respectively; directors' and supervisors' remuneration was both accrued at \$7,000. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 0.01% and 0.09% of distributable profit of current year for the year ended December 31, 2020. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$900 and \$7,500, and will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration of 2019 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 resolved 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, |                   |
|---|--------------------------|-------------------|
|   | 2020                     | 2019              |
| Current tax:                                      |                          |                   |
| Current tax liabilities                           | \$ 5,838                 | \$ 179,983        |
| Prior year income tax (over) understatement       | ( 5,077)                 | ( 9,232)          |
| Prepaid income tax                                | 61,579                   | 34,904            |
| Additional tax on undistributed earnings          | ( 33,318)                | ( 79,507)         |
| Total current tax                                 | <u>29,022</u>            | <u>126,148</u>    |
| Deferred tax:                                     |                          |                   |
| Origination and reversal of temporary differences | <u>35,796</u>            | ( <u>57,020</u> ) |
| Total deferred tax                                | <u>35,796</u>            | ( <u>57,020</u> ) |
| Others:   |                          |                   |
| Additional tax on undistributed earnings          | <u>33,318</u>            | <u>79,507</u>     |
| Income tax expense                                | <u>\$ 98,136</u>         | <u>\$ 148,635</u> |

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

|  | Years ended December 31, |                 |
|--|--------------------------|-----------------|
|  | 2020                     | 2019            |
| Remeasurement of defined benefit obligations | <u>(\$ 92)</u>           | <u>(\$ 311)</u> |

(c) For the years ended December 31, 2020 and 2019, there was no income tax charged or credited directly to equity.

B. Reconciliation between income tax expense and accounting profit

|  | Years ended December 31, |                   |
|--|--------------------------|-------------------|
|  | 2020                     | 2019              |
| Tax calculated based on profit before tax and statutory tax rate | \$ 1,651,335             | \$ 1,392,776      |
| Effects from items disallowed by tax regulation                  | ( 141,131)               | ( 87,437)         |
| Temporary differences not recognised as deferred tax liabilities | ( 1,440,309)             | ( 1,226,979)      |
| Additional tax on undistributed earnings                         | 33,318                   | 79,507            |
| Prior year income tax (over) understatement                      | ( 5,077)                 | ( 9,232)          |
| Income tax expense   | <u>\$ 98,136</u>         | <u>\$ 148,635</u> |

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

|  | Year ended December 31, 2020 |                              |  |                   |
|--|------------------------------|------------------------------|--|-------------------|
|  | January 1                    | Recognized in profit or loss | Recognized in other comprehensive income | December 31       |
|  |                              |                              |  |                   |
| Deferred tax assets:                       |                              |                              |  |                   |
| -Temporary differences:                    |                              |                              |  |                   |
| Unrealized bad debts                       | \$ 832                       | 300                          | \$ -                                     | \$ 1,132          |
| Unrealized loss on inventory value decline | 8,817                        | 472                          | -  | 9,289             |
| Repair and warranty expenses               | 4,123                        | 53                           | -  | 4,176             |
| Unused compensated absences                | 2,417                        | ( 29)                        | -  | 2,388             |
| Accrued pensions                           | 61,306                       | ( 15)                        | ( 92)                                    | 61,199            |
| Unrealised exchange loss                   | 8,390                        | ( 6,247)                     | -  | 2,143             |
| Unrealized accrued expenses                | 30,330                       | ( 30,330)                    | -  | -                 |
| Others                                     | 9,925                        | -                            | -  | 9,925             |
| Total                                      | <u>\$ 126,140</u>            | <u>(\$ 35,796)</u>           | <u>(\$ 92)</u>                           | <u>\$ 90,252</u>  |
|  |                              |                              |  |                   |
|  | 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                                   | <u>\$ 101,550</u>            | <u>\$ 24,901</u>             | <u>(\$ 311)</u>                          | <u>\$ 126,140</u> |
| -Deferred tax liabilities:                 |                              |                              |  |                   |
| Unrealised exchange gain                   | (\$ 32,119)                  | \$ 32,119                    | \$ -                                     | \$ -              |
| Total                                      | <u>\$ 69,431</u>             | <u>\$ 57,020</u>             | <u>(\$ 311)</u>                          | <u>\$ 126,140</u> |

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

E. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2020 and 2019, the amounts of temporary difference unrecognised as deferred tax liabilities were \$12,395,920 thousands and \$10,967,735 thousands, respectively.

F. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(29) Earnings per share

|  | Year ended December 31, 2020 |  |  |
|--|------------------------------|--|--|
|  | <u>Amount after tax</u>      | <u>Weighted average<br/>number of ordinary<br/>shares outstanding<br/>(share in thousands)</u> | <u>Earnings per<br/>share (in dollars)</u> |
| <u>Basic earnings per share</u>  |                              |  |  |
| Profit attributable to ordinary shareholders of the parent   | \$ 8,158,539                 | 1,667,947  | \$ 4.89                                    |
| <u>Diluted earnings per share</u>  |                              |  |  |
| Profit attributable to ordinary shareholders of the parent   | 8,158,539                    | 1,667,947  |  |
| Assumed conversion of all dilutive potential ordinary shares   |                              |  |  |
| Employees' compensation  | -                            | 43   |  |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | \$ 8,158,539                 | 1,667,990  | \$ 4.89                                    |
|  | Year ended December 31, 2019 |  |  |
|  | <u>Amount after tax</u>      | <u>Weighted average<br/>number of ordinary<br/>shares outstanding<br/>(share in thousands)</u> | <u>Earnings per<br/>share (in dollars)</u> |
| <u>Basic earnings per share</u>  |                              |  |  |
| Profit attributable to ordinary shareholders of the parent   | \$ 6,815,243                 | 1,667,947  | \$ 4.09                                    |
| <u>Diluted earnings per share</u>  |                              |  |  |
| 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                                    |

(30) Acquisition of ownership interests in subsidiaries

Acquisition of additional equity interest in a subsidiary

The Company acquired an additional 0.87% and 0.39% shares of its subsidiary - Bestcom Infotech Corp. for a cash consideration of \$15,759 and \$6,390 on March 30, 2020 and September 30, 2019, 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, 2020 and 2019 is shown below:

|  | <u>Years ended December 31,</u> |               |
|--|---------------------------------|---------------|
|  | <u>2020</u>                     | <u>2019</u>   |
| Consideration paid to non-controlling interest   | (\$ 15,759)                     | (\$ 6,390)    |
| Decrease in the carrying amount of non-controlling interest  | <u>15,885</u>                   | <u>6,767</u>  |
| Capital surplus - difference between proceeds on actual acquisition of equity interest in a subsidiary and its carrying amount | <u>\$ 126</u>                   | <u>\$ 377</u> |

(31) Changes in liabilities from financing activities

|  | Current/<br>Non-current<br>lease liability | Other payables<br>-related parties | Short-term<br>borrowings | Cash dividends<br>payable | Short-term<br>notes and<br>bills payable | Guarantee<br>deposits<br>received |
|--|--|------------------------------------|--------------------------|---------------------------|--|-----------------------------------|
| At January 1, 2020                             | \$ 200,472                                 | \$ 150,150                         | \$ 35,560,000            | \$ -                      | \$ 5,850,000                             | \$ 1,394                          |
| Decrease in other payables to related parties  | -  | ( 150,150)                         | -                        | -                         | -  | -                                 |
| Cash dividends declared                        | -  | -                                  | -                        | 4,336,662                 | -  | -                                 |
| Payment of cash dividends                      | -  | -                                  | -                        | ( 4,336,662)              | -  | -                                 |
| Increase in short-term loans                   | -  | -                                  | ( 5,120,000)             | -                         | -  | -                                 |
| Decrease in short-term notes and bills payable | -  | -                                  | -                        | -                         | 7,300,000                                | -                                 |
| Payments of lease liabilities                  | ( 49,939)                                  | -                                  | -                        | -                         | -  | -                                 |
| Decrease in gurantee deposits received         | -  | -                                  | -                        | -                         | -  | ( 28)                             |
| At December 31, 2020                           | <u>\$ 150,533</u>                          | <u>\$ -</u>                        | <u>\$ 30,440,000</u>     | <u>\$ -</u>               | <u>\$ 13,150,000</u>                     | <u>\$ 1,366</u>                   |
|  | Current/<br>Non-current<br>lease liability | Other payables<br>-related parties | Short-term<br>borrowings | Cash dividends<br>payable | Short-term<br>notes and<br>bills payable | Guarantee<br>deposits<br>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                           | <u>\$ 200,472</u>                          | <u>\$ 150,150</u>                  | <u>\$ 35,560,000</u>     | <u>\$ -</u>               | <u>\$ 5,850,000</u>                      | <u>\$ 1,394</u>                   |

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

| <u>Names of related parties</u>  | <u>Relationship with the Company</u>  |
|--|---|
| <u>Subsidiaries:</u>   |   |
| 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                                       |
| 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 95.83% 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>Names of related parties</u>           | <u>Relationship with the Company</u>  |
|---|---|
| <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 director                               |
| 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                               |
| 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 director 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 director 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, |                     |
|-------------------------|--------------------------|---------------------|
|                         | 2020                     | 2019                |
| Sales of goods:         |                          |                     |
| — Subsidiaries          | \$ 4,825,467             | \$ 3,092,059        |
| — Other related parties | 496,417                  | 668,714             |
|                         | <u>\$ 5,321,884</u>      | <u>\$ 3,760,773</u> |

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, |                     |
|-------------------------|--------------------------|---------------------|
|                         | 2020                     | 2019                |
| Purchases of goods:     |                          |                     |
| — Subsidiaries          |                          |                     |
| SAL                     | \$ 4,080,281             | \$ 6,115,655        |
| Others                  | 1,348,990                | 1,173,549           |
| Subtotal                | 5,429,271                | 7,289,204           |
| — Other related parties | 157                      | 204                 |
|                         | <u>\$ 5,429,428</u>      | <u>\$ 7,289,408</u> |

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 of the date of statement.

C. Receivables from related parties

|                                   | December 31, 2020 | December 31, 2019 |
|-----------------------------------|-------------------|-------------------|
| Receivables from related parties: |                   |                   |
| — Subsidiaries                    | \$ 118,999        | \$ 33,577         |
| — Other related parties           | 124,559           | 77,547            |
|                                   | <u>\$ 243,558</u> | <u>\$ 111,124</u> |

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

|                         | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|-------------------------|--------------------------|--------------------------|
| Accounts payable:       |                          |                          |
| — Subsidiaries          |                          |                          |
| SAL                     | \$ 582,883               | \$ 250,451               |
| Others                  | <u>18,674</u>            | <u>23,930</u>            |
| Subtotal                | 601,557                  | 274,381                  |
| — Other related parties | <u>50</u>                | <u>106</u>               |
|                         | <u>\$ 601,607</u>        | <u>\$ 274,487</u>        |

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 management services and endorsement guarantees that the Company provides to related parties are as follows:

|                         | <u>December 31, 2020</u> |                       | <u>December 31, 2019</u> |                       |
|-------------------------|--------------------------|-----------------------|--------------------------|-----------------------|
|                         | <u>Other receivables</u> | <u>Other payables</u> | <u>Other receivables</u> | <u>Other payables</u> |
| — Subsidiaries          | \$ 612,896               | \$ 63,045             | \$ 491,845               | \$ 116,173            |
| — Associates            | 25                       | 851                   | 177                      | -                     |
| — Other related parties | <u>-</u>                 | <u>55</u>             | <u>-</u>                 | <u>-</u>              |
|                         | <u>\$ 612,921</u>        | <u>\$ 63,951</u>      | <u>\$ 492,022</u>        | <u>\$ 116,173</u>     |

|  | <u>Years ended December 31,</u> |                   |
|--|---------------------------------|-------------------|
|  | <u>2020</u>                     | <u>2019</u>       |
| Other income   |                                 |                   |
| — Subsidiaries   |                                 |                   |
| Synnex Australia   | \$ 199,350                      | \$ 176,500        |
| SAL  | 137,251                         | 133,977           |
| Synnex Distributions (China) Ltd.                              | 84,715                          | 94,277            |
| Synnex Technology International (HK) Ltd. and its subsidiaries | 82,295                          | 85,780            |
| Others   | <u>139,054</u>                  | <u>180,515</u>    |
| Subtotal   | 642,665                         | 671,049           |
| — Other related parties  | <u>105,523</u>                  | <u>89,128</u>     |
|  | <u>\$ 748,188</u>               | <u>\$ 760,177</u> |

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

|   | Years ended December 31, |                   |
|---|--------------------------|-------------------|
|   | 2020                     | 2019              |
| Operating expenses                        |                          |                   |
| – Subsidiaries                            |                          |                   |
| Synergy Intelligent Logistics Corporation | \$ 518,912               | \$ 129,786        |
| Others                                    | 40                       | 2,234             |
|   | <u>\$ 518,952</u>        | <u>\$ 132,020</u> |

Aforementioned operating expenses mainly comprised payments of warehousing, delivery and maintaining service fees.

#### F. Financing activities

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

|                              | December 31, 2020   | December 31, 2019   |
|------------------------------|---------------------|---------------------|
| Subsidiaries                 |                     |                     |
| Synnex Global                | \$ 1,084,140        | \$ 3,003,000        |
| Seper Technology Corporation | -                   | 559,759             |
| Others                       | -                   | 161,587             |
|                              | <u>\$ 1,084,140</u> | <u>\$ 3,724,346</u> |

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, 2020 | December 31, 2019 |
|---------------|-------------------|-------------------|
| Subsidiaries  |                   |                   |
| Synnex Global | \$ -              | \$ 150,150        |

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

(c) Interest income

|               | Years ended December 31, |                  |
|---------------|--------------------------|------------------|
|               | 2020                     | 2019             |
| Subsidiaries  |                          |                  |
| Synnex Global | \$ 30,373                | \$ 85,068        |
| Others        | 2,318                    | 4,431            |
|               | <u>\$ 32,691</u>         | <u>\$ 89,499</u> |

For the years ended December 31, 2020 and 2019, 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, |                 |
|--------------|--------------------------|-----------------|
|              | 2020                     | 2019            |
| Subsidiaries | <u>\$ 7,966</u>          | <u>\$ 1,403</u> |

As of December 31, 2020 and 2019, other payables (recorded in 'Other payables to related parties') arising from above transactions amounted to \$1,645 and \$59, respectively.

### (3) Key management compensation

|                                 | Years ended December 31, |                   |
|---------------------------------|--------------------------|-------------------|
|                                 | 2020                     | 2019              |
| Short-term employee benefits    | \$ 127,121               | \$ 119,540        |
| Post-employment benefits (Note) | <u>5,292</u>             | <u>5,672</u>      |
| Total                           | <u>\$ 132,413</u>        | <u>\$ 125,212</u> |

Note: Benefits are provisions that are not actually distributed.

## 8. PLEDGED ASSETS

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

| Pledged asset                                   | Book value        |                   | Purpose  |
|---|-------------------|-------------------|--|
|   | December 31, 2020 | December 31, 2019 |  |
| Financial assets at amortised cost-non-current: |                   |                   |  |
| Pledged time deposits                           | \$ 720,052        | \$ 720,007        | Guarantees for purchases; short-term secured loans and promissory notes. |
|   | <u>\$ 720,052</u> | <u>\$ 720,007</u> |  |

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

### (1) Contingencies

A. As of December 31, 2020 and 2019, the Company issued promissory notes to guarantee the suppliers' credit limit amounting to \$1,217,230 and \$721,362, 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. (SEL), in the United States District Court for Massachusetts for breach of agency contract since the Company and SEL 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 SEL to compensate for its losses amounting to USD 30,000 thousand. For this lawsuit, the Company and SEL advocated that Fairchild breached the personal jurisdiction and had insufficient reason to prosecute. The United States District Court agreed with the Company and SEL and dismissed the lawsuit on June 18, 2015, a day before the trial. 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. The Company signed a settlement agreement with Semiconductor Components Industries, LLC (representing Fairchild) and Acbel Polytech, Inc. on July 31, 2020 and paid a settlement of USD 6 million on August 5, 2020 to close the case.

(2) Commitments

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

|                               | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|-------------------------------|--------------------------|--------------------------|
| Property, plant and equipment | <u>\$ 2,441,582</u>      | <u>\$ 2,441,582</u>      |

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

On March 12, 2021, the Board of Directors resolved the distribution of earnings for the year of 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 net borrowing ratio. This ratio is calculated as net borrowings divided by stockholders' equity. Net borrowings are calculated as all amounts of short-term borrowings and short-term notes and bills payable less all amounts of cash and cash equivalents and time deposits maturing over three months as shown in the balance sheet. Stockholders' equity is calculated as total equity as shown in the balance sheet.

The net borrowing ratios at December 31, 2020 and 2019 were 79% and 82%, respectively.

(2) Financial instruments

A. Financial instruments by category

|   | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| <u>Financial assets</u>   |                          |                          |
| Financial assets at fair value through profit or loss                         |                          |                          |
| Financial assets mandatorily measured at fair value through profit or loss    | \$ 80,048                | \$ 59,855                |
| Non-current financial assets at fair value through other comprehensive income |                          |                          |
| Designation of equity instrument  | 5,077,326                | 4,033,800                |
| Financial assets at amortised cost  |                          |                          |
| Cash and cash equivalents   | 516,157                  | 610,771                  |
| Notes receivable, net   | 106,159                  | 220,091                  |
| Accounts receivable, net  | 5,219,286                | 4,585,798                |
| Accounts receivable - related parties   | 243,558                  | 111,124                  |
| Other receivables   | 720,875                  | 558,423                  |
| Other receivables - related parties   | 1,697,061                | 4,216,368                |
| Pledged time deposits - non-current   | 720,052                  | 720,007                  |
| Other non-current assets  |                          |                          |
| -Refundable deposits  | 25,770                   | 25,860                   |
| -Long-term overdue accounts and notes receivable                              | 5,751                    | 7,079                    |
|   | <u>\$ 14,412,043</u>     | <u>\$ 15,149,176</u>     |
|   | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
| <u>Financial liabilities</u>  |                          |                          |
| Financial liabilities at amortised cost                                       |                          |                          |
| Short-term borrowings   | \$ 30,440,000            | \$ 35,560,000            |
| Short-term notes and bills payable  | 13,150,000               | 5,850,000                |
| Notes payable   | 53,377                   | 74,746                   |
| Accounts payable  | 3,356,435                | 3,359,100                |
| Accounts payable - related parties  | 601,607                  | 274,487                  |
| Other payables  | 713,586                  | 809,055                  |
| Other payables - related parties  | 65,596                   | 266,382                  |
| Other non-current liabilities - guarantee deposits received                   | 1,366                    | 1,394                    |
|   | <u>\$ 48,381,967</u>     | <u>\$ 46,195,164</u>     |
| Lease liability   | <u>\$ 150,533</u>        | <u>\$ 200,472</u>        |

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 entities to manage their foreign exchange risk against their functional currency. The Company entities 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, 2020                               |               |                     |
|--|---|---------------|---------------------|
|  | Foreign<br>currency<br>amount<br>(In thousands) | Exchange rate | Book value<br>(NTD) |
| (Foreign currency: functional currency)                  |   |               |                     |
| <u>Financial assets</u>                                  |   |               |                     |
| <u>Monetary items</u>                                    |   |               |                     |
| USD:NTD  | \$ 126,876                                      | \$ 28.53      | \$ 3,619,772        |
| <u>Investments accounted for using equity<br/>method</u> |   |               |                     |
| USD:NTD  | \$ 2,789,681                                    | \$ 28.53      | \$ 79,589,612       |
| <u>Financial liabilities</u>                             |   |               |                     |
| <u>Monetary items</u>                                    |   |               |                     |
| USD:NTD  | \$ 59,859                                       | \$ 28.53      | \$ 1,707,777        |

|  | December 31, 2019                               |               |                     |
|--|---|---------------|---------------------|
|  | Foreign<br>currency<br>amount<br>(In thousands) | Exchange rate | Book value<br>(NTD) |
| (Foreign currency: functional currency)                  |   |               |                     |
| <u>Financial assets</u>                                  |   |               |                     |
| <u>Monetary items</u>                                    |   |               |                     |
| USD:NTD  | \$ 103,765                                      | \$ 30.03      | \$ 3,116,063        |
| <u>Investments accounted for using equity<br/>method</u> |   |               |                     |
| USD:NTD  | \$ 2,412,456                                    | \$ 30.03      | \$ 72,446,054       |
| <u>Financial liabilities</u>                             |   |               |                     |
| <u>Monetary items</u>                                    |   |               |                     |
| USD:NTD  | \$ 13,386                                       | \$ 30.03      | \$ 401,982          |

- 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, 2020 and 2019, amounted to (\$178,152) and (\$29,263), respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

|   | Year ended December 31, 2020 |                             |  |
|---|------------------------------|-----------------------------|--|
|   | Sensitivity analysis         |                             |  |
|   | Degree of<br>variation       | Effect on profit<br>or loss | Effect on other<br>comprehensive<br>income |
| (Foreign currency: functional currency) |                              |                             |  |
| <u>Financial assets</u>                 |                              |                             |  |
| <u>Monetary items</u>                   |                              |                             |  |
| USD:NTD                                 | 1%                           | \$ 36,198                   | -  |
| <u>Financial liabilities</u>            |                              |                             |  |
| <u>Monetary items</u>                   |                              |                             |  |
| USD:NTD                                 | 1%                           | (\$ 17,078)                 | -  |

|   | Year ended December 31, 2019 |                          |                                      |
|---|------------------------------|--------------------------|--------------------------------------|
|   | Sensitivity analysis         |                          |                                      |
|   | Degree of variation          | Effect on profit or loss | Effect on other comprehensive income |
| (Foreign currency: functional currency) |                              |                          |                                      |
| <u>Financial assets</u>                 |                              |                          |                                      |
| <u>Monetary items</u>                   |                              |                          |                                      |
| USD:NTD                                 | 1%                           | \$ 31,161                | \$ -                                 |
| <u>Financial liabilities</u>            |                              |                          |                                      |
| <u>Monetary items</u>                   |                              |                          |                                      |
| USD:NTD                                 | 1%                           | (\$ 4,020)               | \$ -                                 |

### 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, 2020 and 2019 would have increased/decreased by \$800 and \$599, 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 \$50,773 and \$40,338, 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 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 2020 and 2019, 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, 2020 and 2019 would have decreased/increased by \$91 and \$5,245, respectively. The main factor is the changes in interest expense resulting from 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, 2020 and 2019, the loss rate methodology is as follows:

|                          | Group provision | Individual provision |          |          |           | Total        |
|--------------------------|-----------------|----------------------|----------|----------|-----------|--------------|
|                          |                 | Group A              | Group B  | Group C  | Group D   |              |
| <u>December 31, 2020</u> |                 |                      |          |          |           |              |
| Expected loss rate       | 0.001%~0.13%    | 15%                  | 50%      | 75%      | 100%      |              |
| Total book value         | \$ 5,569,455    | \$ 4,816             | \$ 1,774 | \$ 3,080 | \$ 15,219 | \$ 5,594,344 |
| Loss allowance           | \$ 452          | \$ 722               | \$ 887   | \$ 2,310 | \$ 15,219 | \$ 19,590    |

|                          | Group provision | Individual provision |          |         |           | Total        |
|--------------------------|-----------------|----------------------|----------|---------|-----------|--------------|
|                          |                 | Group A              | Group B  | Group C | Group D   |              |
| <u>December 31, 2019</u> |                 |                      |          |         |           |              |
| 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    |

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, 2020 |                     |                     |                  |
|---|------------------------------|---------------------|---------------------|------------------|
|   | Notes receivable             | Accounts receivable | Overdue receivables | Total            |
| At January 1                                | \$ 11                        | \$ 242              | \$ 16,224           | \$ 16,477        |
| Provision for (reversal of) impairment loss | 2                            | 197                 | 2,914               | 3,113            |
| At December 31                              | <u>\$ 13</u>                 | <u>\$ 439</u>       | <u>\$ 19,138</u>    | <u>\$ 19,590</u> |
|   | 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                              | <u>\$ 11</u>                 | <u>\$ 242</u>       | <u>\$ 16,224</u>    | <u>\$ 16,477</u> |

(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:

| <u>December 31, 2020</u>                     | <u>Less than<br/>1 year</u> | <u>Over 1 year</u> | <u>Total</u> |
|--|-----------------------------|--------------------|--------------|
| <u>Non-derivative financial liabilities:</u> |                             |                    |              |
| Lease liability                              | \$ 51,806                   | \$ 100,611         | \$ 152,417   |
| Guarantee deposit received                   | -                           | 1,366              | 1,366        |
| <br>   |                             |                    |              |
| <u>December 31, 2019</u>                     | <u>Less than<br/>1 year</u> | <u>Over 1 year</u> | <u>Total</u> |
| <u>Non-derivative financial liabilities:</u> |                             |                    |              |
| Lease liability                              | \$ 51,414                   | \$ 152,417         | \$ 203,831   |
| 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 assets-guarantee deposits paid, other non-current assets-pledged time deposits, other non-current assets-long-term overdue accounts and notes receivables, 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, 2020 and 2019 is as follows:

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

| December 31, 2020   | Level 1             | Level 2           | Level 3             | Total               |
|---|---------------------|-------------------|---------------------|---------------------|
| <b>Assets</b>   |                     |                   |                     |                     |
| <u>Recurring fair value measurements</u>  |                     |                   |                     |                     |
| Financial assets at fair value through profit or loss                           |                     |                   |                     |                     |
| Equity securities   | \$ 80,048           | \$ -              | \$ -                | \$ 80,048           |
| Financial assets at fair value through other comprehensive income - non-current |                     |                   |                     |                     |
| Equity securities   | 1,324,647           | 111,022           | 3,641,657           | 5,077,326           |
| Total   | <u>\$ 1,404,695</u> | <u>\$ 111,022</u> | <u>\$ 3,641,657</u> | <u>\$ 5,157,374</u> |
| December 31, 2019   | Level 1             | Level 2           | Level 3             | Total               |
| <b>Assets</b>   |                     |                   |                     |                     |
| <u>Recurring fair value measurements</u>  |                     |                   |                     |                     |
| Financial assets at fair value through profit or loss                           |                     |                   |                     |                     |
| Equity securities   | \$ 59,855           | \$ -              | \$ -                | \$ 59,855           |
| Financial assets at fair value through other comprehensive income - non-current |                     |                   |                     |                     |
| Equity securities   | 765,812             | 92,793            | 3,175,195           | 4,033,800           |
| Total   | <u>\$ 825,667</u>   | <u>\$ 92,793</u>  | <u>\$ 3,175,195</u> | <u>\$ 4,093,655</u> |

(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, 2020 and 2019, 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, 2020 and 2019:

|  | <u>2020</u>                                 | <u>2019</u>                                 |
|--|---|---|
|  | <u>Non-derivative<br/>equity instrument</u> | <u>Non-derivative<br/>equity instrument</u> |
| At January 1   | \$ 3,175,195                                | \$ 220,297                                  |
| Gains and losses recognised in other comprehensive income  |   |   |
| valuation of investments in equity instruments measured at fair value through other comprehensive income | 466,461                                     | 361,984                                     |
| Transfer into level 3  | -   | 2,608,257                                   |
| Capital deducted by returning cash   | -   | ( 15,343)                                   |
| At December 31   | <u>\$ 3,641,656</u>                         | <u>\$ 3,175,195</u>                         |

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.

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 quantitative 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<br>December 31, 2020 | Valuation technique         | Significant<br>unobservable input  | Range<br>(weighted average) | Relationship of<br>inputs to fair value                                     |
|-----------------------------------|------------------------------------|-----------------------------|------------------------------------|-----------------------------|---|
| Non-derivative equity instrument: |                                    |                             |                                    |                             |   |
| Unlisted shares                   | \$ 199,838                         | 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                   | <u>3,441,818</u>                   | Net assets value            | Not applicable                     | -                           | Not applicable  |
|                                   | <u>\$ 3,641,656</u>                |                             |                                    |                             |   |

|                                   | Fair value at<br>December 31, 2019 | Valuation technique         | Significant<br>unobservable input  | Range<br>(weighted average) | Relationship of<br>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                   | <u>2,998,894</u>                   | Net assets value            | Not applicable                     | -                           | Not applicable  |
|                                   | <u>\$ 3,175,195</u>                |                             |                                    |                             |   |

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, 2020            |                   |  |  |
|-------------------|------------------------------------|--------|-------------------|------------------------------|-------------------|--|--|
|                   |                                    |        |                   | Recognised in profit or loss |                   | Recognised in other comprehensive income |  |
|                   |                                    |        |                   | Unfavourable                 |                   | Unfavourable                             |  |
|                   | Input                              | Change | Favourable change | change                       | Favourable change | change                                   |  |
| Financial assets  |                                    |        |                   |                              |                   |  |  |
| Equity instrument | Discount for lack of marketability | ± 10%  | \$ _____          | \$ _____                     | \$ 19,984         | (\$ 19,984)                              |  |
| Equity instrument | Net assets value                   | ± 1%   | \$ _____          | \$ _____                     | \$ 34,418         | (\$ 34,418)                              |  |
|                   |                                    |        |                   | December 31, 2019            |                   |  |  |
|                   |                                    |        |                   | Recognised in profit or loss |                   | Recognised in other comprehensive income |  |
|                   |                                    |        |                   | Unfavourable                 |                   | Unfavourable                             |  |
|                   | Input                              | Change | Favourable change | change                       | Favourable change | 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)                              |  |

### 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: Please refer to table 5.
- 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 6.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- 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, 2020.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 9.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 10.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 11.

14. SEGMENT INFORMATION

None.

## SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

## Loans to others

Year ended December 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

| No. | Creditor                                    | Borrower<br>(Note 6)                        | General ledger<br>account | Is a<br>related<br>party | Maximum<br>outstanding<br>balance during<br>the year ended<br>December 31,<br>2020<br>(Note 8) | Balance at<br>December 31,<br>2020<br>(Note 8) | Actual amount<br>drawn down | Interest<br>rate | Nature<br>of<br>loan | Amount of<br>transactions<br>with the<br>borrower | Reason<br>for short-term<br>financing | Allowance<br>for<br>doubtful<br>accounts | Collateral |       | Limit on loans<br>granted to<br>a single party | Ceiling on<br>total loans<br>granted | Footnote |
|-----|---|---|---------------------------|--------------------------|--|--|-----------------------------|------------------|----------------------|---|---------------------------------------|--|------------|-------|--|--------------------------------------|----------|
|     |   |   |                           |                          |  |  |                             |                  |                      |   |                                       |  | Item       | Value |  |                                      |          |
| 0   | Synnex Technology International Corporation | E-Fan Investments CO., LTD.                 | Other receivables         | Y                        | \$ 500,000   | \$ -   | \$ -                        | 1.08%            | (Note 1)             | \$ -  | Operating turnover                    | \$ -                                     | -          | \$ -  | \$ 21,833,130                                  | \$ 21,833,130                        | (Note 2) |
| 0   | Synnex Technology International Corporation | Seper Marketing Corporation                 | Other receivables         | Y                        | 1,000,000  | 1,000,000                                      | -                           | 1.08%            | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 21,833,130                                     | 21,833,130                           | (Note 2) |
| 0   | Synnex Technology International Corporation | Synnex Global Ltd.                          | Other receivables         | Y                        | 4,545,000  | 2,853,000                                      | 1,084,140                   | 0.79%~2.13%      | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 21,833,130                                     | 21,833,130                           | (Note 2) |
| 1   | Synnex Global Ltd.                          | Synnex Technology International Corporation | Other receivables         | Y                        | 1,515,000  | 1,426,500                                      | -                           | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 7,958,961                                      | 7,958,961                            | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex Investments (China) Ltd.             | Other receivables         | Y                        | 454,500  | -  | -                           | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex Technology International (H.K.) Ltd. | Other receivables         | Y                        | 3,030,000  | -  | -                           | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Chengdu) Ltd.                       | Other receivables         | Y                        | 227,250  | 213,975  | 204,911                     | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Nanjing) Ltd.                       | Other receivables         | Y                        | 227,250  | 213,975  | 135,332                     | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Shenyang) Ltd.                      | Other receivables         | Y                        | 90,900   | 85,590   | 85,590                      | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Beijing) Ltd.                       | Other receivables         | Y                        | 90,900   | 85,590   | 85,590                      | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Xi'an) Ltd.                         | Other receivables         | Y                        | 121,200  | 114,120  | 88,586                      | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Hangzhou) Ltd.                      | Other receivables         | Y                        | 15,150   | 14,265   | 14,265                      | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Tianjin) Ltd.                       | Other receivables         | Y                        | 24,240   | 22,824   | 21,012                      | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Qingdao) Ltd.                       | Other receivables         | Y                        | 151,500  | 142,650  | 34,236                      | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Jinan) Ltd.                         | Other receivables         | Y                        | 227,250  | 213,975  | 213,975                     | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (ZhenZhou) Ltd.                      | Other receivables         | Y                        | 227,250  | 213,975  | 88,443                      | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Wuhan) Ltd.                         | Other receivables         | Y                        | 151,500  | 142,650  | 22,824                      | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex(Hefei) Ltd.                          | Other receivables         | Y                        | 184,830  | 174,033  | 144,253                     | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Harbing) Ltd.                       | Other receivables         | Y                        | 227,250  | 213,975  | 213,975                     | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.                          | Synnex (Nanchang) Ltd.                      | Other receivables         | Y                        | 121,200  | 114,120  | 114,120                     | -                | (Note 1)             | -   | Operating turnover                    | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |

| No. | Creditor                        | Borrower<br>(Note 6)                      | General ledger<br>account | Is a<br>related<br>party | Maximum<br>outstanding<br>balance during<br>the year ended<br>December 31,<br>2020<br>(Note 8) | Balance at<br>December 31,<br>2020<br>(Note 8) | Actual amount<br>drawn down | Interest<br>rate | Nature<br>of<br>loan | Amount of<br>transactions<br>with the<br>borrower | Reason<br>for short-term<br>financing | Allowance<br>for<br>doubtful<br>accounts | Collateral |       | Limit on loans<br>granted to<br>a single party | Ceiling on<br>total loans<br>granted | Footnote |
|-----|---------------------------------|---|---------------------------|--------------------------|--|--|-----------------------------|------------------|----------------------|---|---------------------------------------|--|------------|-------|--|--------------------------------------|----------|
|     |                                 |   |                           |                          |  |  |                             |                  |                      |   |                                       |  | Item       | Value |  |                                      |          |
| 1   | Synnex Global Ltd.              | Synnex(Ningbo) Ltd.                       | Other receivables         | Y                        | 121,200  | 114,120  | -                           | -                | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.              | Synnex(Xiamen) Ltd.                       | Other receivables         | Y                        | \$ 272,700   | \$ 256,770                                     | \$ 53,094                   | -                | (Note 1)             | \$ -  | Operating<br>turnover                 | \$ -                                     | -          | \$ -  | \$ 55,712,728                                  | \$ 79,589,612                        | (Note 3) |
| 1   | Synnex Global Ltd.              | Synnex(Changsha) Ltd.                     | Other receivables         | Y                        | 121,200  | 114,120  | 114,120                     | -                | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.              | Synnex Australia Pty. Ltd.                | Other receivables         | Y                        | 1,098,400  | 1,098,400                                      | -                           | -                | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.              | Synnex New Zealand Ltd.                   | Other receivables         | Y                        | 926,280  | 926,280  | 494,016                     | -                | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.              | King's Eye Investments Ltd.               | Other receivables         | Y                        | 757,500  | -  | -                           | -                | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.              | Synnex China Holdings Ltd.                | Other receivables         | Y                        | 3,030,000  | 2,853,000                                      | 2,847,438                   | -                | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Global Ltd.              | Syntech Asia Ltd.                         | Other receivables         | Y                        | 6,060,000  | 5,706,000                                      | 1,770,971                   | -                | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 55,712,728                                     | 79,589,612                           | (Note 3) |
| 1   | Synnex Investments (China) Ltd. | Synnex (Beijing) Ltd.                     | Other receivables         | Y                        | 481,404  | 480,425  | 423,648                     | 1.65%            | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 10,904,672                                     | 10,904,672                           | (Note 4) |
| 2   | Synnex Investments (China) Ltd. | Synnex (Jinan) Ltd.                       | Other receivables         | Y                        | 65,646   | 65,513   | 34,940                      | 1.65%            | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 10,904,672                                     | 10,904,672                           | (Note 4) |
| 2   | Synnex Investments (China) Ltd. | Synnex (Harbing) Ltd.                     | Other receivables         | Y                        | 87,528   | 87,350   | 82,327                      | 1.65%            | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 10,904,672                                     | 10,904,672                           | (Note 4) |
| 2   | Synnex Investments (China) Ltd. | Synnex (Nanchang) Ltd.                    | Other receivables         | Y                        | 133,480  | 133,209  | 102,636                     | 1.65%~3.26%      | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 10,904,672                                     | 10,904,672                           | (Note 4) |
| 2   | Synnex Investments (China) Ltd. | Synnex(Ningbo) Ltd.                       | Other receivables         | Y                        | 176,884  | 176,884  | 150,679                     | 3.26%            | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 10,904,672                                     | 10,904,672                           | (Note 4) |
| 2   | Synnex Investments (China) Ltd. | Synnex(Changsha) Ltd.                     | Other receivables         | Y                        | 131,292  | 131,025  | 117,923                     | 1.65%            | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 10,904,672                                     | 10,904,672                           | (Note 4) |
| 2   | Synnex Investments (China) Ltd. | Synnex Distributions (China) Ltd.         | Other receivables         | Y                        | 7,861,500  | 7,861,500                                      | 3,930,750                   | 1.65%            | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 10,904,672                                     | 10,904,672                           | (Note 4) |
| 2   | Synnex Investments (China) Ltd. | Yude (Shanghai) Warehouse Co., Ltd.       | Other receivables         | Y                        | 8,753  | 8,735  | 3,931                       | 4.35%            | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 4,361,869                                      | 4,361,869                            | (Note 4) |
| 2   | Synnex Investments (China) Ltd. | Synnex (Hefei) Ltd.                       | Other receivables         | Y                        | 19,654   | 19,654   | 13,539                      | 1.65%            | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 10,904,672                                     | 10,904,672                           | (Note 4) |
| 3   | Trade Vanguard Global Ltd       | Synnex Distributions (China) Ltd.         | Other receivables         | Y                        | 5,558,028  | 5,546,725                                      | 5,546,725                   | -                | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 27,305,109                                     | 27,305,109                           | (Note 5) |
| 3   | Trade Vanguard Global Ltd       | Synnex Investments (China) Ltd.           | Other receivables         | Y                        | 3,501,120  | 3,494,000                                      | 2,969,900                   | -                | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 27,305,109                                     | 27,305,109                           | (Note 5) |
| 3   | Trade Vanguard Global Ltd       | Synnex Technology International (HK) Ltd. | Other receivables         | Y                        | 4,376,400  | 4,367,500                                      | 1,920,873                   | -                | (Note 1)             | -   | Operating<br>turnover                 | -  | -          | -     | 27,305,109                                     | 27,305,109                           | (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 \$79,589,612 for the year ended December 31, 2020.

- 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 \$79,589,612 for the year ended December 31, 2020.
- 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 \$79,589,612 for the year ended December 31, 2020.
- 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 \$79,589,612 for the year ended December 31, 2020.

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 \$10,904,672 for the year ended December 31, 2020.
- 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 \$10,904,672 for the year ended December 31, 2020.
- 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 \$10,904,672 for the year ended December 31, 2020.

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 \$12,411,413 for the year ended December 31, 2020.
- 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 \$12,411,413 for the year ended December 31, 2020.
- 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 \$12,411,413 for the year ended December 31, 2020.

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=1:28.53.

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, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

| Number | Endorser/<br>guarantor                      | Company name                                | Party being<br>endorsed/guaranteed  |  | Limit on<br>endorsements/<br>guarantees<br>provided for a<br>single party | Maximum<br>outstanding<br>endorsement/<br>guarantee<br>amount as of<br>December 31,<br>2020 | Outstanding<br>endorsement/<br>guarantee<br>amount at<br>December 31,<br>2020 | Actual amount<br>drawn down | Amount of<br>endorsements/<br>guarantees<br>secured with<br>collateral | Ratio of<br>accumulated<br>endorsement/<br>guarantee<br>amount to net<br>asset value of<br>the endorser/<br>guarantor<br>company | Ceiling on<br>total amount of<br>endorsements/<br>guarantees<br>provided<br>(Note 1) | Provision of<br>endorsements/<br>guarantees by<br>parent<br>company to<br>subsidiary | Provision of<br>endorsements/<br>guarantees by<br>subsidiary to<br>parent<br>company | Provision of<br>endorsements/<br>guarantees to<br>the party in<br>Mainland<br>China | Footnote |
|--------|---|---|---|--|---|---|---|-----------------------------|--|--|--|--|--|---|----------|
|        |   |   | 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. |  | \$ 54,582,826   | \$ 24,543,000   | \$ 23,109,300   | \$ 3,951,182                | \$ -   | 42   | \$ 109,165,652   | 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. |  | 54,582,826  | 6,272,584   | 6,272,584   | 3,622,249                   | -  | 11   | 109,165,652  | 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. |  | 54,582,826  | 9,345,618   | 8,432,982   | 4,510,252                   | -  | 15   | 109,165,652  | 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. |  | 54,582,826  | 542,918   | 542,918   | 360,973                     | -  | 1  | 109,165,652  | 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. |  | 54,582,826  | 1,500,000   | 1,500,000   | 882,009                     | -  | 3  | 109,165,652  | 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. |  | 54,582,826  | 10,035,360  | 9,372,105   | 4,835,835                   | -  | 17   | 109,165,652  | 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. |  | 54,582,826  | 2,333,100   | 2,196,810   | 1,709,440                   | -  | 4  | 109,165,652  | Y  | N  | Y   | (Note 2) |
| 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. |  | 905,187   | 100,000   | 100,000   | -                           | -  | 6  | 905,187  | 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) . 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, 2020, Bestcom Infotech Corp.'s assets value per audited amounted to \$1,810,375.

## 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, 2020

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

| Securities held by  | Marketable securities                     | Relationship with the securities issuer     | General ledger account  | As of December 31, 2020 |              |               |              | Footnote |
|---|---|---|---|-------------------------|--------------|---------------|--------------|----------|
|   |   |   |   | Number of shares        | Book value   | Ownership (%) | Fair value   |          |
| 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                 | 1,879,057               | \$ 80,048    | 0.15%         | \$ 80,048    |          |
| "   | Union Petrochemical Corporation           | "   | Non-current financial assets at fair value through other comprehensive income | 68,992,033              | \$ 1,324,647 | 5.18%         | \$ 1,324,647 |          |
| "   | Mitac Information Technology Corporation  | "   | "   | 8,262,486               | 199,838      | 5.51%         | 199,838      |          |
| "   | Tong Da Investment Corporation            | "   | "   | 4,848,125               | 111,022      | 19.99%        | 111,022      |          |
| "   | Mitac International Corporation           | "   | "   | 65,504,180              | 3,315,057    | 18.36%        | 3,315,057    |          |
| "   | Harbinger Venture Capital Corporation     | "   | "   | 25,848                  | -            | 13.05%        | -            |          |
| "   | Harbinger III Venture Capital Corporation | Board member is the same as the company     | "   | 19,000                  | 371          | 19.00%        | 371          |          |
| "   | Lien Yuan Investment Corp.                | "   | "   | 9,217,196               | 102,495      | 19.99%        | 102,495      |          |
| "   | Taiwan Paging Network Inc.                | -   | "   | 1,450,000               | -            | 3.58%         | -            |          |
| "   | Digitimes Corp.                           | The Company is the related party's director | "   | 504,000                 | 6,592        | 2.68%         | 6,592        |          |
| "   | Harbinger Capital Management Co., Ltd.    | Board chairman is the same as the company   | "   | 862,922                 | 17,304       | 19.99%        | 17,304       |          |
| Total Non-current financial assets at fair value through other comprehensive income |   |   |   |                         | \$ 5,077,326 |               | \$ 5,077,326 |          |

| Securities held by  | Marketable securities      | Relationship with the securities issuer     | General ledger account  | As of December 31, 2020 |            |               |            | Footnote |
|---|----------------------------|---|---|-------------------------|------------|---------------|------------|----------|
|   |                            |   |   | Number of shares        | Book value | Ownership (%) | Fair value |          |
| Bestcom Infotech Corp   | Jetwell Computer Co., Ltd. | The Company is the related party's director | Non-current financial assets at fair value through other comprehensive income | 2,931,280               | \$ 87,938  | 8.62%         | \$ 87,938  |          |
| Synnex Global Ltd.  | Budworth Investment Ltd.   | -   | "   | 125,807                 | \$ -       | 13.83%        | \$ -       |          |
| "   | Pilot View Ltd.            | -   | "   | 84,457                  | -          | 1.21%         | -          |          |
| Total Non-current financial assets at fair value through other comprehensive income |                            |   |   |                         | \$ -       |               | \$ -       |          |
| King's Eye Investements Ltd.  | Hi Food Co., Ltd           | -   | Non-current financial assets at fair value through other comprehensive income | 2,150,000               | \$ 20,672  | 10.00%        | \$ 20,672  |          |
| "   | Listed common stock        | -   | Current financial assets at fair value through profit or loss                 | 12,552,403              | \$ 40,556  | 0.51%         | \$ 40,556  |          |

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, 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

| Investor  | Marketable securities  | General ledger account  | Counterparty (Note 1) | Relationship with the investor (Note 1) | Transaction currency | Balance as at January 1, 2020 (Note 2) |              | Addition         |               | Disposal         |               |               |                                  | Others Amount (Note 3) | Balance as at December 31, 2020 |        |
|---|--|---|-----------------------|---|----------------------|--|--------------|------------------|---------------|------------------|---------------|---------------|----------------------------------|------------------------|---------------------------------|--------|
|   |  |   |                       |   |                      | Number of shares                       | Amount       | Number of shares | Amount        | Number of shares | Selling price | Book value    | Gain (loss) on disposal (Note 2) |                        | Number of shares                | Amount |
| Synnex Investments (China) Ltd                      | Financial products including: Win-win Stable Day-day Profit, Win-win Stable Cycle 91 Days (Exclusive) and Bank of China Stable Financial Management Plan-Zhihui Series Product Period 198411, etc. | Current financial assets at fair value through profit or loss | -                     | -                                       | RMB                  | -                                      | \$ 3,411,622 | -                | \$ 56,002,229 | -                | \$ 59,710,886 | \$ 59,461,529 | \$ 249,357                       | \$ 47,678              | -                               | \$ -   |
| Synnex Distributions (China) Ltd                    | Financial products including: Win-win Stable Day-day Profit, Anxin Express Day-day Profit period 2 and Tianli Express Net Worth, etc.  | "   | -                     | -                                       | RMB                  | -                                      | 3,130,138    | -                | 146,566,231   | -                | 149,835,804   | 149,736,313   | 99,491                           | 39,944                 | -                               | -      |
| Laser International Trading (Shanghai) Company Ltd. | Tianli Express Net Worth   | "   | -                     | -                                       | RMB                  | -                                      | 859,991      | -                | 2,308,112     | -                | 3,213,016     | 3,181,669     | 31,347                           | 13,566                 | -                               | -      |
| Synnex (Shanghai) Ltd.                              | Chao Zhao Jin No.7007  | "   | -                     | -                                       | RMB                  | -                                      | -            | -                | 4,100,235     | -                | 4,108,481     | 4,100,235     | 8,246                            | -                      | -                               | -      |
| Synnex (Chengdu) Ltd.                               | Cui Jin Chi (Day-day Profit) 7002 and Chao Zhao Jin No.7007  | "   | -                     | -                                       | RMB                  | -                                      | 172,203      | -                | 239,078       | -                | 422,063       | 414,391       | 7,672                            | 3,110                  | -                               | -      |
| Synnex (Guangzhou) Ltd.                             | Cui Jin Chi (Day-day Profit) 7002 and Chao Zhao Jin No.7007  | "   | -                     | -                                       | RMB                  | -                                      | 175,678      | -                | 181,689       | -                | 363,137       | 360,539       | 2,598                            | 3,172                  | -                               | -      |
| Synnex (Nanjing) Ltd.                               | Cui Jin Chi (Day-day Profit) 7002 and Chao Zhao Jin No.7007  | "   | -                     | -                                       | RMB                  | -                                      | 140,671      | -                | 189,944       | -                | 339,167       | 333,155       | 6,012                            | 2,540                  | -                               | -      |
| Synergy Intelligent Logistics Corporation           | Win-win Stable Day-day Profit  | "   | -                     | -                                       | RMB                  | -                                      | 6,868        | -                | 927,401       | -                | 935,329       | 934,389       | 940                              | 120                    | -                               | -      |
| E-Fan Investments CO., LTD.                         | Listed common stock  | "   | -                     | -                                       | RMB                  | 13,496,297                             | 568,194      | -                | -             | 13,496,297       | 580,896       | 580,896       | -                                | 12,702                 | -                               | -      |

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: The general ledger account is 'financial assets at fair value through profit or loss'. Due to adoption of IFRS, valuation gains and losses were recognised, and therefore there was no gain (loss) on disposal.

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

Year ended December 31, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

| Real estate acquired by    | Real estate acquired | Date of the event | Transaction amount | Status of payment                 | Counterparty                | Relationship with the counterparty | If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below: |  |                                  |        | Basis or reference used in setting the price | Reason for acquisition of real estate and status of the real estate | Other commitments |
|----------------------------|----------------------|-------------------|--------------------|-----------------------------------|-----------------------------|------------------------------------|---|--|----------------------------------|--------|--|---|-------------------|
|                            |                      |                   |                    |                                   |                             |                                    | Original owner who sold the real estate to the counterparty   | Relationship between the original owner and the acquirer | Date of the original transaction | Amount |  |   |                   |
| Synnex Australia Pty. Ltd. | Land                 | 2020/7/3          | AUD \$ 19,000      | In accordance with contract terms | Kaufland Australia Pty Ltd. | None                               | -   | -  | -                                | \$ -   | Negotiated price                             | To build a logistics center for operational use                     | None              |

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, 2020

Table 6

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)           | (\$ 4,775,910) | (11%)                                 | 60 days                        | Standard selling price and collection terms                           | Insignificant difference | \$ 49,832                           | 1%  |          |
| Synnex Technology International Corporation                    | Syntech Asia Ltd.                           | Indirect wholly-owned subsidiary   | Purchases         | 4,080,281      | 10%                                   | 60 days                        | Standard purchasing price and payment terms                           | Insignificant difference | ( 590,220)                          | (14%)   |          |
| Synnex Technology International Corporation                    | Seper Technology Corporation                | Direct wholly-owned subsidiary     | Purchases         | 1,342,529      | 3%                                    | 30 days                        | Standard purchasing price and payment terms                           | Insignificant difference | ( 5,814)                            | -   |          |
| Synnex Technology International Corporation                    | Synergy Intelligent Logistics Corporation   | Direct wholly-owned subsidiary     | Purchases         | 518,912        | 1%                                    | 30 days                        | Standard purchasing price and payment terms                           | Insignificant difference | ( 50,770)                           | (1%)  |          |
| Synnex Technology International Corporation                    | MiTAC Computing Technology Corporation      | Other related party                | (Sales)           | ( 133,032)     | -                                     | 90 days                        | Standard selling price and collection terms                           | Insignificant difference | 9,878                               | -   |          |
| Synnex Technology International Corporation                    | Getac Technology Corporation                | Other related party                | (Sales)           | ( 162,489)     | -                                     | 50 days                        | Standard selling price and collection terms                           | Insignificant difference | 46,080                              | 1%  |          |
| Synnex Technology International Corporation                    | Jetwell Computer Co., Ltd.                  | Other related party                | (Sales)           | ( 101,266)     | -                                     | 60 days                        | Standard selling price and collection terms                           | Insignificant difference | 20,089                              | -   |          |
| Seper Technology Corporation                                   | Synnex Technology International Corporation | Ultimate parent company            | (Sales)           | ( 1,342,529)   | (24%)                                 | 30 days                        | Standard selling price and collection terms                           | Insignificant difference | 5,814                               | 1%  |          |
| Synergy Intelligent Logistics Corporation                      | Synnex Technology International Corporation | Ultimate parent company            | (Sales)           | ( 518,912)     | (63%)                                 | 30 days                        | Standard selling price and collection terms                           | Insignificant difference | 50,770                              | 61%   |          |
| Bestcom Infotech corporation                                   | Bizwave Tech Co., Ltd.                      | Direct wholly-owned subsidiary     | (Sales)           | ( 121,495)     | (1%)                                  | 70 days                        | Standard selling price and payment terms                              | Insignificant difference | 56,399                              | 2%  |          |
| Bestcom Infotech corporation                                   | Mitac Information Technology Corporation    | Other related party                | (Sales)           | ( 203,808)     | (2%)                                  | 75 days                        | Standard purchasing price and payment terms                           | Insignificant difference | 71,636                              | 2%  |          |
| Bestcom Infotech corporation                                   | Getac Technology Corporation                | Other related party                | Purchases         | 236,214        | 2%                                    | 30 days                        | Standard purchasing price and payment terms                           | Insignificant difference | ( 3,341)                            | -   |          |
| Bestcom Infotech corporation                                   | Jetwell Computer Co., Ltd.                  | Other related party                | (Sales)           | ( 224,900)     | (2%)                                  | 60 days                        | Standard selling price and collection terms                           | Insignificant difference | 26,869                              | 1%  |          |
| Bizwave Tech Co., Ltd.   | Bestcom Infotech corporation                | Parent company                     | Purchases         | 121,495        | 82%                                   | 70 days                        | Standard purchasing price and collection terms                        | Insignificant difference | ( 56,399)                           | (89%)   |          |
| Synnex Technology International (HK) Ltd. and its subsidiaries | Synnex Distributions (China) Ltd.           | An affiliate                       | (Sales)           | ( 15,228,042)  | (24%)                                 | 90 days after receipt of goods | Standard selling price and collection terms                           | Insignificant difference | 1,059,195                           | 13%   |          |
| Syntech Asia Ltd.  | Synnex Technology International Corporation | Ultimate parent company            | (Sales)           | ( 4,080,281)   | (5%)                                  | 60 days                        | Standard selling price and collection terms                           | Insignificant difference | 590,220                             | 5%  |          |

| 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            | Purchases         | \$ 4,775,910 | 6%                                    | 60 days                        | Standard purchasing price and payment terms                           | Insignificant difference | (\$ 49,832)                         | -   |          |
| Syntech Asia Ltd.                    | MiTAC Computing Technology Corporation                         | Other related party                | (Sales)           | ( 202,740)   | -                                     | 120 days                       | Standard selling price and collection terms                           | Insignificant difference | ( 3,663)                            | -   |          |
| Synnex Distributions (China) Ltd.    | Synnex Technology International (HK) Ltd. and its subsidiaries | An affiliate                       | Purchases         | 15,228,042   | 20%                                   | 90 days after receipt of goods | Standard purchasing price and payment terms                           | Insignificant difference | ( 1,059,195)                        | (13%)   |          |
| PT. Synnex Metrodata Indonesia       | PT Mitra Intergrasi Informatika                                | Other related party                | (Sales)           | ( 620,686)   | (3%)                                  | 30 days                        | Standard selling price and collection terms                           | Insignificant difference | 68,785                              | 3%  |          |
| Synnex (Shanghai) Ltd.               | Lanxiang Technology (Shenzhen) Limited                         | An affiliate                       | (Sales)           | ( 1,135,798) | (98%)                                 | 60 days                        | Standard selling price and collection terms                           | Insignificant difference | 1,726                               | 100%  |          |
| LianXiang Technology (Shenzhen) Ltd. | Synnex (Shanghai) Ltd.   | An affiliate                       | Purchases         | 1,135,798    | 77%                                   | 60 days                        | Standard purchasing price and payment terms                           | Insignificant difference | ( 1,726)                            | (1%)  |          |

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, 2020

Table 7

Expressed in thousands of NTD  
 (Except as otherwise indicated)

| Creditor   | Counterparty   | Relationship with the counterparty | Balance as at December 31, 2020 | 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 Australia Pty Ltd.                                      | Indirect wholly-owned subsidiary   | \$ 201,240                      | -             | \$ -                | -            | \$ -  | \$ -  |
| Synnex Technology International Corporation                    | Synnex Global Ltd.   | Direct wholly-owned subsidiary     | 215,939                         | -             | -                   | -            | 215,939   | -   |
| Synnex Global Ltd.   | Synnex Technology International (HK) Ltd. And its subsidiaries | Indirect wholly-owned subsidiary   | 169,467                         | -             | -                   | -            | 169,467   | -   |
| King's Eye Investments Ltd.                                    | Synnex (Thailand) Public Company                               | An affiliate                       | 108,276                         | -             | -                   | -            | -   | -   |
| Syntech Asia Ltd.  | Synnex Technology International Corporation                    | Ultimate parent company            | 590,220                         | 8.50          | -                   | -            | 590,220   | -   |
| Synnex Technology International (HK) Ltd. and its subsidiaries | Synnex Distributions (China) Ltd.                              | An affiliate                       | 2,005,336                       | 8.74          | -                   | -            | 2,005,336   | -   |
| Synnex Distributions (China) Ltd.                              | Synnex Technology International (HK) Ltd. and its subsidiaries | An affiliate                       | 1,121,074                       | -             | -                   | -            | 89,686  | -   |
| Synnex Technology Development (Beijing) Ltd.                   | Synnex Distributions (China) Ltd.                              | Wholly-owning parent company       | 229,561                         | -             | -                   | -            | 216,762   | -   |

Note 1: 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, 2020

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

| Number<br>(Note 1) | Company name   | Counterparty   | Relationship (Note 2)  | Transaction            |              |                             |  |
|--------------------|--|--|--|------------------------|--------------|-----------------------------|--|
|                    |  |  |  | General ledger account | Amount       | Transaction terms           | Percentage of consolidated total operating revenues or total assets (Note 3) |
| 0                  | Synnex Technology International Corporation                      | Sytech Asia Ltd.   | Parent company to indirectly wholly-owned subsidiary                     | Sales                  | \$ 4,775,910 | The same with third parties | 2%   |
| 0                  | Synnex Technology International Corporation                      | Synnex Australia Pty. Ltd.                                       | Parent company to indirectly wholly-owned subsidiary                     | Other receivables      | 201,240      | Notes 5 and 6               | -  |
| 0                  | Synnex Technology International Corporation                      | Synnex Global Ltd.   | Parent company to directly wholly-owned subsidiary                       | Other receivables      | 215,939      | Note 6                      | -  |
| 0                  | Synnex Technology International Corporation                      | Synnex Australia Pty. Ltd.                                       | Parent company to indirectly wholly-owned subsidiary                     | Other income           | 199,350      | Note 9                      | -  |
| 0                  | Synnex Technology International Corporation                      | Sytech Asia Ltd.   | Parent company to indirectly wholly-owned subsidiary                     | Other income           | 137,251      | Note 9                      | -  |
| 1                  | Seper Technology Corporation                                     | Synnex Technology International Corporation                      | Subsidiary to parent company   | Sales                  | 1,342,529    | The same with third parties | 1%   |
| 2                  | Synergy Intelligent Logistics Corporation                        | Synnex Technology International Corporation                      | Subsidiary to parent company   | Sales                  | 518,912      | The same with third parties | -  |
| 3                  | Bestcom Infotech Corp  | Bizwave Tech Co., Ltd.   | Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary   | Sales                  | 121,495      | The same with third parties | -  |
| 4                  | Synnex Global Ltd.   | Synnex Technology International (H.K.) Ltd. and its subsidiaries | Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary   | Other receivables      | 169,467      | Note 6                      | -  |
| 5                  | Sytech Asia Ltd.   | Synnex Technology International Corporation                      | Indirectly wholly-owned subsidiary to parent company                     | Sales                  | 4,080,281    | The same with third parties | 2%   |
| 5                  | Sytech Asia Ltd.   | Synnex Technology International Corporation                      | Indirectly wholly-owned subsidiary to parent company                     | Accounts receivable    | 590,220      | The same with third parties | -  |
| 6                  | Synnex Technology International (H.K.) Ltd. and its subsidiaries | Synnex Distributions (China) Ltd.                                | Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary | Sales                  | 15,228,042   | The same with third parties | 7%   |
| 6                  | Synnex Technology International (H.K.) Ltd. and its subsidiaries | Synnex Distributions (China) Ltd.                                | Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary | Accounts receivable    | 1,059,195    | The same with third parties | 1%   |
| 6                  | Synnex Technology International (H.K.) Ltd. and its subsidiaries | Synnex Distributions (China) Ltd.                                | Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary | Other receivables      | 946,141      | Note 6                      | 1%   |
| 7                  | Synnex (Shanghai) Ltd.   | LianXiang Technology (Shenzhen) Ltd.                             | Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary | Sales                  | 1,135,798    | The same with third parties | -  |
| 8                  | Synnex Distributions (China) Ltd.                                | Synnex Technology International (H.K.) Ltd. and its subsidiaries | Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary | Other receivables      | 1,121,074    | Note 6                      | 1%   |
| 9                  | Synnex Technology Development (Beijing) Ltd.                     | Synnex Distributions (China) Ltd.                                | Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary | Other receivables      | 229,561      | Note 6                      | -  |

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 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, 2020

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Investor                                    | Investee                                  | Location               | Main business activities           | Initial investment amount       |                                 | Shares held as at December 31, 2020 |               |               | Net profit (loss) of the investee for the year ended December 31, 2020 | Investment income(loss) recognised by the Company for the year ended December 31, 2020 | Footnote |
|---|---|------------------------|------------------------------------|---------------------------------|---------------------------------|-------------------------------------|---------------|---------------|--|--|----------|
|   |   |                        |                                    | Balance as at December 31, 2020 | Balance as at December 31, 2019 | 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        | \$ 79,589,612 | \$ 7,201,544   | \$ 7,201,544   |          |
| Synnex Technology International Corporation | Bestcom Infotech Corp                     | Taiwan                 | Sales of 3C products               | 1,603,026                       | 1,587,267                       | 98,903,296                          | 95.83         | 1,960,208     | 302,431  | 289,462  |          |
| Synnex Technology International Corporation | E-Fan Investments CO., LTD.               | Taiwan                 | Investment holding                 | 1,145,384                       | 1,145,384                       | 22,500,000                          | 100.00        | 516,993       | 3,157  | 3,157  |          |
| Synnex Technology International Corporation | Synergy Intelligent Logistics Corporation | Taiwan                 | Warehouse and logistics services   | 50,000                          | 50,000                          | 5,000,000                           | 100.00        | 258,396       | 205,150  | 205,150  |          |
| Synnex Technology International Corporation | Seper Marketing Corporation               | Taiwan                 | Sales of 3C products               | 1,426                           | 1,426                           | 100,000                             | 100.00        | 86,828        | 83,397   | 83,397   |          |
| Synnex Technology International Corporation | Synergy Technology Services Corporation   | Taiwan                 | Maintenance and technical services | 1,000                           | -                               | 100,000                             | 100.00        | 989           | ( 11)  | ( 11)  |          |
| Synnex Global Ltd.                          | Peer Developments Ltd.                    | British Virgin Islands | Investment holding                 | 892,989                         | 892,989                         | 30,200,001                          | 100.00        | 9,418,524     | 1,166,727  | -  | Note 1   |
| Synnex Global Ltd.                          | King's Eye Investments Ltd.               | British Virgin Islands | Investment holding                 | 1,782,469                       | 1,782,469                       | 62,477,000                          | 100.00        | 20,433,632    | 4,066,051  | -  | Note 1   |
| Synnex Global Ltd.                          | Synnex China Holdings Ltd.                | British Virgin Islands | Investment holding                 | 2,858,706                       | 2,858,706                       | 100,200,000                         | 100.00        | 7,755,721     | 1,413,242  | -  | Note 1   |
| Synnex Global Ltd.                          | Synnex Mauritius Ltd.                     | Mauritius              | Investment holding                 | 684,720                         | 684,720                         | 24,000,000                          | 100.00        | 4,372,590     | 533,077  | -  | Note 1   |
| Synnex Global Ltd.                          | Trade Vanguard Global Ltd.                | British Virgin Islands | Investment holding                 | 11,412,000                      | 11,412,000                      | 400,000,000                         | 100.00        | 12,411,491    | 53,606   | -  | Note 1   |
| King's Eye Investments Ltd.                 | Laser Computer Holdings Ltd.              | British Virgin Islands | Investment holding                 | 1,051,245                       | 1,051,245                       | 36,850,001                          | 100.00        | 5,125,413     | 1,070,639  | -  | Note 1   |
| King's Eye Investments Ltd.                 | Synnex Australia Pty. Ltd.                | Australia              | Sales of 3C products               | 846,913                         | 846,913                         | 33,250,000                          | 100.00        | 4,500,863     | 862,439  | -  | Note 1   |
| Synnex Global Ltd.                          | Synnex Australia Pty. Ltd.                | Australia              | Sales of 3C products               | 5,492,025                       | 4,999,883                       | -                                   | -             | 5,492,025     | -  | -  | Note 2   |
| King's Eye Investments Ltd.                 | Synnex New Zealand Ltd.                   | New Zealand            | Sales of 3C products               | 29,158                          | 29,158                          | 1,500,000                           | 100.00        | 115,770       | 34,789   | -  | Note 1   |
| Synnex Global Ltd.                          | Synnex New Zealand Ltd.                   | New Zealand            | Sales of 3C products               | 205,844                         | 192,007                         | -                                   | -             | 205,844       | -  | -  | Note 2   |
| King's Eye Investments Ltd.                 | Synnex Electronics Hong Kong Ltd.         | Hong Kong              | Sales of electronic components     | 8,559                           | 8,559                           | 299,999                             | 100.00        | 10,517        | ( 477)   | -  | Note 1   |

| Investor                     | Investee   | Location               | Main business activities                                  | Initial investment amount       |                                 | Shares held as at December 31, 2020 |               |              | Net profit (loss) of the investee for the year ended December 31, 2020 | Investment income(loss) recognised by the Company for the year ended December 31, 2020 | Footnote |
|------------------------------|--|------------------------|---|---------------------------------|---------------------------------|-------------------------------------|---------------|--------------|--|--|----------|
|                              |  |                        |   | Balance as at December 31, 2020 | Balance as at December 31, 2019 | Number of shares                    | Ownership (%) | Book value   |  |  |          |
| King's Eye Investments Ltd.  | Syntech Asia Ltd.  | Hong Kong              | Sales of electronic components                            | \$ 8,559                        | \$ 8,559                        | 300,000                             | 100.00        | \$ 5,999,561 | \$ 1,005,533   | \$ -   | Note 1   |
| King's Eye Investments Ltd.  | Synnex (Thailand) Public Company Ltd.                          | Thailand               | Sales of 3C products                                      | 292,321                         | 292,321                         | 338,939,513                         | 40.00         | 1,310,047    | 607,855  | -  | Note 1   |
| King's Eye Investments Ltd.  | Synnex FPT Joint Stock Company                                 | Vietnam                | Sales of 3C products                                      | 861,383                         | 861,383                         | 55,854,748                          | 47.44         | 1,405,489    | 496,310  | -  | Note 1   |
| King's Eye Investments Ltd.  | Fortune Ideal Ltd.   | Hong Kong              | Real estate   | 53,363                          | 53,363                          | 14,500,000                          | 100.00        | 187,056      | 22,431   | -  | Note 1   |
| Synnex Global Ltd.           | Fortune Ideal Ltd.   | Hong Kong              | Real estate   | -                               | 162,996                         | -                                   | -             | -            | -  | -  | Note 2   |
| King's Eye Investments Ltd.  | Golden Thinking Ltd.   | Hong Kong              | Real estate   | 103,046                         | 103,046                         | 28,000,000                          | 100.00        | 100,045      | 28,549   | -  | Note 1   |
| Synnex Global Ltd.           | Golden Thinking Ltd.   | Hong Kong              | Real estate   | 1,115,979                       | 1,015,976                       | -                                   | -             | 1,115,979    | -  | -  | Note 2   |
| Synnex Global Ltd.           | Synnex Investments (China) Ltd.                                | China                  | Investment holding  | 11,965,482                      | 11,965,482                      | -                                   | -             | 11,965,482   | -  | -  | Note 2   |
| Synnex Global Ltd.           | Synnex Distributions (China) Ltd.                              | China                  | Sales of 3C products                                      | 4,379,355                       | 4,379,355                       | -                                   | -             | 4,379,355    | -  | -  | Note 2   |
| Synnex Global Ltd.           | Synnex (Shanghai) Ltd.   | China                  | Sales of 3C products and warehouse and logistics services | 941,490                         | 941,490                         | -                                   | -             | 941,490      | -  | -  | Note 2   |
| King's Eye Investments Ltd.  | PT. Synnex Metrodata Indonesia                                 | Indonesia              | Sales of 3C products                                      | 303,845                         | 303,845                         | 150,000                             | 50.30         | 2,177,976    | 733,352  | -  | Note 1   |
| Peer Developments Ltd.       | Synnex Corporation   | USA                    | Sales of 3C products                                      | 592,796                         | 592,796                         | 3,859,888                           | 7.48          | 4,425,255    | 15,406,211   | -  | Note 1   |
| Peer Developments Ltd.       | Concentrix Corporation   | USA                    | Sales of 3C products                                      | 4,871,435                       | -                               | 3,859,888                           | 7.48          | 4,871,435    | -  | -  | Note 1   |
| Peer Developments Ltd.       | Synergy Intellingent Logistics (HK) Corporation                | Hong Kong              | Warehouse and logistics services                          | 371                             | 371                             | 100,000                             | 100.00        | 703          | 224  | -  | Note 1   |
| Synnex Mauritius Ltd.        | Redington (India) Ltd.   | India                  | Sales of 3C products                                      | 585,949                         | 585,949                         | 94,295,940                          | 24.24         | 4,322,194    | 2,286,234  | -  | Note 1   |
| Laser Computer Holdings Ltd. | Laser Computer (China) Ltd.                                    | Malaysia               | Sales of 3C products                                      | 29                              | 29                              | 1,000                               | 100.00        | 29           | -  | -  | Note 1   |
| Laser Computer Holdings Ltd. | Synnex Technology International (HK) Ltd. and its subsidiaries | Hong Kong              | Sales of 3C products                                      | 220,812                         | 220,812                         | 60,000,000                          | 100.00        | 4,841,280    | 1,070,639  | -  | Note 1   |
| Bestcom Infotech Corp        | Bestcom Infotech Holdings Ltd.                                 | British Virgin Islands | Investment holding  | 77,031                          | 77,031                          | 2,700,000                           | 100.00        | 79,711       | 5,228  | -  | Note 1   |

| Investor                       | Investee                   | Location  | Main business activities  | Initial investment amount       |                                 | Shares held as at December 31, 2020 |               |            | Net profit (loss) of the investee for the year ended December 31, 2020 | Investment income(loss) recognised by the Company for the year ended December 31, 2020 | Footnote |
|--------------------------------|----------------------------|-----------|---|---------------------------------|---------------------------------|-------------------------------------|---------------|------------|--|--|----------|
|                                |                            |           |   | Balance as at December 31, 2020 | Balance as at December 31, 2019 | Number of shares                    | Ownership (%) | Book value |  |  |          |
| 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         | 47,085     | 20,601   | -  | Note 1   |
| 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        | \$ 28,799  | \$ 6,643   | \$ -   | 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         | 27,676     | 19,946   | -  | 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  | 77,031                          | 77,031                          | 2,700,000                           | 100.00        | -          | 5,228  | -  | 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, 2020

Table 10

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, 2020 | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020 (Note 11) |                         | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 | Net income of investee for the year ended December 31, 2020 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 3) | Book value of investments in Mainland China as of Book value of investments in Mainland China as of December 31, 2020 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020 | Footnote             |
|---|---|---------------------------|----------------------------|--|--|-------------------------|--|---|--|--|---|---|----------------------|
|   |   |                           |                            |  | Remitted to Mainland China   | Remitted back to Taiwan |  |   |  |  |   |   |                      |
| Laser International Trading (Shanghai) Company Ltd. | International trade   | \$ 28,530                 | 2                          | \$ 28,530  | \$ -   | \$ -                    | \$ 28,530  | \$ 71,743   | 100.00   | \$ 71,743  | \$ 481,548  | \$ -  | (Note 2)<br>(Note 4) |
| Hi Food (Shanghai) Company Ltd.                     | Manufacture and sales of food                                       | 570,600                   | 2                          | 51,354   | -  | -                       | 51,354   | -   | 10.00  | -  | 51,354  | -   | (Note 2)<br>(Note 5) |
| Synnex Investments (China) Ltd.                     | Investment holding  | 5,706,000                 | 2                          | 5,706,000  | -  | -                       | 5,706,000  | 2,632,734   | 100.00   | 2,632,734  | 10,904,740  | -   | (Note 2)<br>(Note 6) |
| Synnex Distributions (China) Ltd.                   | Sales of 3C products  | 9,414,900                 | 2                          | 9,414,900  | -  | -                       | 9,414,900  | 1,259,441   | 100.00   | 1,259,441  | 13,027,433  | -   | (Note 2)<br>(Note 6) |
| Synnex (Shanghai) Ltd.                              | Sales of electronic components and warehouse and logistics services | 627,660                   | 2                          | 627,660  | -  | -                       | 627,660  | 279,402   | 100.00   | 279,402  | 1,204,039   | -   | (Note 2)<br>(Note 6) |
| Synnex (Beijing) Ltd.                               | Warehouse and logistics services                                    | 256,770                   | 2                          | 256,770  | -  | -                       | 256,770  | (8,641)   | 100.00   | (8,641)  | 260,425   | -   | (Note 2)<br>(Note 6) |
| Synnex (Nanjing) Ltd.                               | Warehouse and logistics services                                    | 142,650                   | 2                          | 142,650  | -  | -                       | 142,650  | 20,874  | 100.00   | 20,874   | 188,342   | -   | (Note 2)<br>(Note 6) |
| Synnex (Chengdu) Ltd.                               | Warehouse and logistics services                                    | 142,650                   | 2                          | 142,650  | -  | -                       | 142,650  | 27,169  | 100.00   | 27,169   | 181,598   | -   | (Note 2)<br>(Note 6) |
| Synnex (Shenyang) Ltd.                              | Warehouse and logistics services                                    | 85,590                    | 2                          | 85,590   | -  | -                       | 85,590   | 10,832  | 100.00   | 10,832   | 109,621   | -   | (Note 2)<br>(Note 6) |
| Synnex (Tianjin) Ltd.                               | Warehouse and logistics services                                    | 128,385                   | 2                          | 128,385  | -  | -                       | 128,385  | (4,133)   | 100.00   | (4,133)  | 94,169  | -   | (Note 2)<br>(Note 6) |
| Synnex (Hangzhou) Ltd.                              | Warehouse and logistics services                                    | 142,650                   | 2                          | 142,650  | -  | -                       | 142,650  | 5,255   | 100.00   | 5,255  | 158,373   | -   | (Note 2)<br>(Note 6) |
| Synnex (Qingdao) Ltd.                               | Warehouse and logistics services                                    | 142,650                   | 2                          | 142,650  | -  | -                       | 142,650  | 3,744   | 100.00   | 3,744  | 130,709   | -   | (Note 2)<br>(Note 6) |
| Synnex (Guangzhou) Ltd.                             | Warehouse and logistics services                                    | 342,360                   | 2                          | 342,360  | -  | -                       | 342,360  | 7,784   | 100.00   | 7,784  | 349,449   | -   | (Note 2)<br>(Note 6) |
| Synnex (Xi'an) Ltd.                                 | Warehouse and logistics services                                    | 114,120                   | 2                          | 114,120  | -  | -                       | 114,120  | 11,606  | 100.00   | 11,606   | 148,174   | -   | (Note 2)<br>(Note 6) |
| Synnex (Suzhou) Ltd.                                | Warehouse and logistics services                                    | 171,180                   | 2                          | 171,180  | -  | -                       | 171,180  | (132)   | 100.00   | (132)  | 159,409   | -   | (Note 2)<br>(Note 6) |
| Synnex (Wuhan) Ltd.                                 | Warehouse and logistics services                                    | 142,650                   | 2                          | 142,650  | -  | -                       | 142,650  | 5,348   | 100.00   | 5,348  | 146,472   | -   | (Note 2)<br>(Note 6) |
| Synnex (Jinan) Ltd.                                 | Warehouse and logistics services                                    | 142,650                   | 2                          | 142,650  | -  | -                       | 142,650  | 31,092  | 100.00   | 31,092   | 166,547   | -   | (Note 2)<br>(Note 6) |
| Synnex (Zhengzhou) Ltd.                             | Warehouse and logistics services                                    | 142,650                   | 2                          | 142,650  | -  | -                       | 142,650  | 16,322  | 100.00   | 16,322   | 131,551   | -   | (Note 2)<br>(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, 2020 | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020 (Note 11) |                         | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 | Net income of investee as of December 31, 2020 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 3) | Book value of investments in Mainland China as of Book value of investments in Mainland China as of December 31, 2020 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020 | Footnote                          |
|--|----------------------------------|---------------------------|----------------------------|--|--|-------------------------|--|--|--|--|---|---|-----------------------------------|
|  |                                  |                           |                            |  | Remitted to Mainland China   | Remitted back to Taiwan |  |  |  |  |   |   |                                   |
| Synnex (Changsha) Ltd.                       | Warehouse and logistics services | \$ 114,120                | 2                          | \$ 114,120   | \$ -   | \$ -                    | \$ 114,120   | \$ 8,268                                       | 100.00   | \$ 8,268   | \$ 65,515   | \$ -  | (Note 2)<br>(Note 6)              |
| Synnex (Ningbo) Ltd.                         | Warehouse and logistics services | 114,120                   | 2                          | 114,120  | -  | -                       | 114,120  | 7,876  | 100.00   | 7,876  | 63,864  | -   | (Note 2)<br>(Note 6)              |
| Synnex (Hefei) Ltd.                          | Warehouse and logistics services | 174,033                   | 2                          | 174,033  | -  | -                       | 174,033  | 6,863  | 100.00   | 6,863  | 99,632  | -   | (Note 2)<br>(Note 6)              |
| Synnex (Nanchang) Ltd.                       | Warehouse and logistics services | 114,120                   | 2                          | 114,120  | -  | -                       | 114,120  | (3,291)  | 100.00   | (3,291)  | 33,655  | -   | (Note 2)<br>(Note 6)              |
| Synnex (Harbing) Ltd.                        | Warehouse and logistics services | 142,650                   | 2                          | 142,650  | -  | -                       | 142,650  | 3,444  | 100.00   | 3,444  | 8,052   | -   | (Note 2)<br>(Note 6)              |
| Synnex (Chongqing) Ltd.                      | Warehouse and logistics services | 17,118                    | 2                          | 17,118   | -  | -                       | 17,118   | -  | 100.00   | -  | -   | -   | (Note 2)<br>(Note 6)<br>(Note 12) |
| Synnex (Xiamen) Ltd.                         | Warehouse and logistics services | 171,180                   | 2                          | 171,180  | -  | -                       | 171,180  | 2,481  | 100.00   | 2,481  | 123,240   | -   | (Note 2)<br>(Note 6)              |
| Synnex Technology Development (Beijing) Ltd. | Sales of 3C products             | 222,746                   | 2                          | -  | -  | -                       | -  | 9,835  | 100.00   | 9,835  | 235,684   | -   | (Note 2)<br>(Note 7)<br>(Note 14) |
| LianXiang Technology (Shenzhen) Ltd.         | Sales of electronic components   | 5,706                     | 2                          | 5,706  | -  | -                       | 5,706  | 17,964   | 100.00   | 17,964   | 128,049   | -   | (Note 2)<br>(Note 8)              |
| Yude (Shanghai) Warehouse Co., Ltd.          | Warehouse and logistics services | 10,482                    | 2                          | -  | -  | -                       | -  | 9,965  | 97.96  | 9,762  | (13,399)  | -   | (Note 2)<br>(Note 6)              |
| Synergy Intelligent Logistics Corporation    | Warehouse and logistics services | 218,376                   | 2                          | 218,376  | -  | -                       | 218,376  | 5,020  | 100.00   | 5,020  | 228,860   | -   | (Note 6)<br>(Note 13)             |
| Bestcom Infotech Shanghai Ltd.               | Sales of 3C products             | 77,031                    | 2                          | 77,031   | -  | -                       | 77,031   | -  | 100.00   | -  | -   | -   | (Note 2)<br>(Note 9)              |
|  | Total                            |                           |                            | \$ 19,073,853  | \$ -   | \$ -                    | \$ 19,073,853  |  |  |  |   |   |                                   |

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 US\$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\$28.53.

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. The investee cancelled its registration on December 23, 2020.

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\$28.53 and RMB\$1:NT\$4.3675.

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, 2020 | 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) | \$ 18,996,822  | \$ 19,012,392  | \$ 34,110,101   |
| Bestcom Infotech Corp(Note)                       | 77,031   | 93,692   | 1,086,225   |

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.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

Information of major shareholders

December 31, 2020

Table 11

| Name of major shareholders      | Shares                |                    |
|---------------------------------|-----------------------|--------------------|
|                                 | Number of shares held | Holding percentage |
| Mitac International Corporation | 255,321,054           | 15.30%             |

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee.

As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets.

The information on the reported share equity of insider is provided in the "Market Observation Post System".

