Synnex Technology International Corporation

2013 Annual Review

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Taichung logistics center (Taichung branch)
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(04) 2350-3456

China logistics center
China: Shanghai, Beijing, Nanjing, Chengdu, Shenyang, Hangzhou, Tianjin, Xi'an, Qingdao, Guangzhou, Suzhou, Wuhan, Zhengzhou, Hefei

Australia logistics center
Australia: Melbourne, Sydney

Stock registration agent
Stock Affairs Department of Chinatrust Commercial Bank
5F, No.83, Sec. 1, Chongqing S. Rd., Taipei, Taiwan, R.O.C.
(02) 2181-1911
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CPA for the latest financial statement
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Global Depository Receipt (GDR) trading center
Luxembourg Stock Exchange
For your convenience, please check London Stock Exchange for GDR trading information.
(website: www.londonstockexchange.com)
Ticker symbol: SYXZF

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Important Notice:

This Annual Review is a “short form” overview. It is designed to provide a concise summary of Synnex’s activities and financial position for the year ending December 31, 2013. This Annual Review does not represent or summarize all publicly available information about Synnex. There is other publicly available information from Synnex’s Annual Report (only Chinese version), information that has been notified to the Taiwan Stock Exchange Corp. and Securities And Futures Bureau, Financial Supervisory Commission, Executive Yuan, R.O.C., and other information publicly released by Synnex.

Synnex's statements of its current expectations are forward-looking. These statements are subject to risks and uncertainties that could cause actual results and events to differ materially, including possible fluctuations in the demand for products and services, possible fluctuations in economic conditions affecting the industry and its customers, Synnex's ability to provide new products and services and to gain consumer acceptance for them, Synnex's ability to compete with existing and new competitors, and Synnex's ability to control its expenses and cash usage. Synnex undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the issuance of Synnex's statements.

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Synnex……The stagecoach that never stops

Leading distribution services provider

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

Globally unique business model

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

High value added distribution services provider

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

Non-stop positive growth cycle

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

Efficient back office operation mechanism

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

Comprehensive business philosophy

Maximizing shareholder value, improve information transparency.

Maximizing profits for customers and suppliers.

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

Cultivate employees and maintain labor-management cooperation.

Satisfy corporate social responsibility.

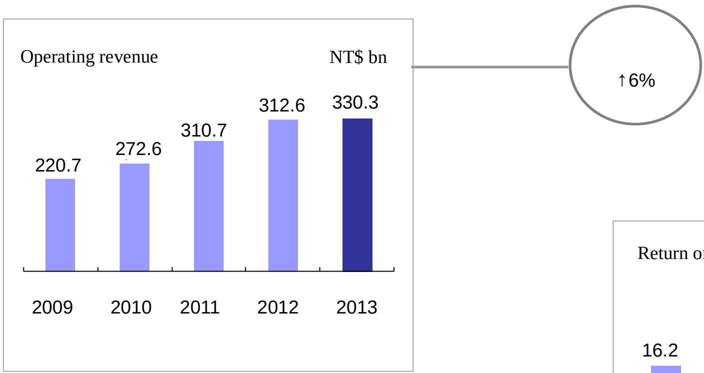
2013 Consolidated Financial Performance

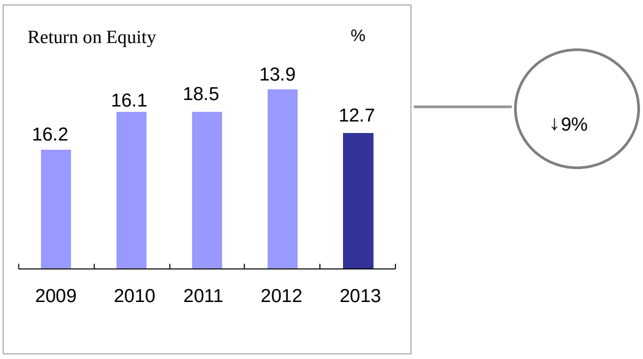
Unit: NTD

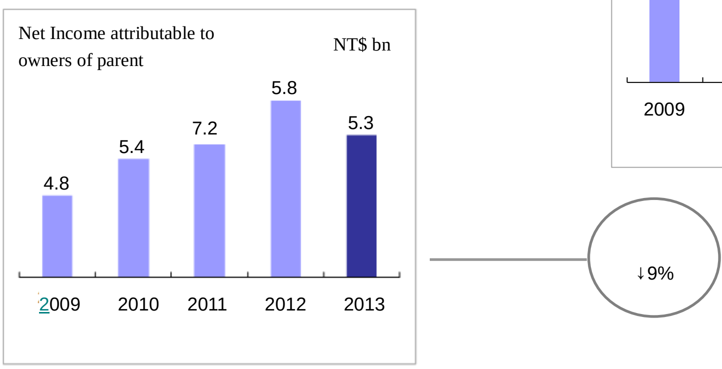
Item / Year	2012**	2013	Increase (Decrease) (%)
Operating revenue (in bn)	312. 6	330.3	6
Income before income tax (in bn)	6.9	6.4	(7)
Net Income attributable to owners of the parent (in bn)	5.8	5.3	(9)
EPS (after retroactive adjustment) (NTD)	3.66	3.32	(9)
Gross profit margin (%)	3.7	3.3	(11)
Operating expense ratio (%)	2.2	2.2	-
Operating income ratio (%)	1.5	1.2	(20)
Return on Equity (ROE) (%)	13.8	12.7	(9)
Average Collection Days	50	50	-
Average Inventory Turnover Days	34	35	3
Average Payment Turnover Days	30	32	7
Net operating revenues per employee (in NTD million)	56	63	13

* Net operating revenues per employee = Net operating revenue/Annual average number of employees (including part time employees).

** To be consistent, the numerical values adopted here are based on the financial report prepared by the International Accounting Standards.







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Letter to shareholders

Dear shareholders:

Looking back on the global economic performance in 2013, the expected recovery has become a misleading illusion, as the US fiscal cliff issue has bombshelled the world economy since the first quarter, the Euro zone has yet to get rid of the curse of the European debt crisis, Abenomics advocated by Prime Minister of Japan, Shinzo Abe, has sparked global a currency war, and not to mention the termination of subsidies and revolution of economic structure by the Chinese government. Synnex has maintained its steady pace on the back of a slow-moving economy. It should be pointed out that the Australian channel and component businesses have stood out to drive 2013 revenue growth to record highs. The operating results, though, not as impressive as 2011 and 2012, have maintained satisfactory performance. We would like to express our gratitude for the continuing support and encouragement from our shareholders.

For major business units, we continued to overweight the Australian market in 2013 by constructing an automated logistics center in Sydney and activating operation in the first quarter of 2014 after the comprehensive update of computer systems in Australia.These activities have enhanced sales growth and business efficiency for Australian market. In addition, the Australian channel business made no effort to hide its outstanding performance in 2013.Consumer markets such as software, games and IT consumables also showed good performance.

In terms of channel business in China, despite business growth being hindered by the slowing domestic market in China, efforts contributed to commercial market are leading to fruitful results. On top of the sustainable development of large chain channels and online shopping channels, the smooth process of investment projects in logistics centers of the major cities and revolution of internal operation system have facilitated the improvement of business environment for channel businesses in China and enhanced its core competitiveness.

Through strengthening management delicacy and developing new business model, Synnex is poised to make a breakthrough in the saturated channel business in Taiwan. By virtue of quality, efficient and flexible logistic management services to improve the cooperation relationship with up and down stream partners, the component business saw significant growth. Good growth momentum is expected in 2014.

Below are the key 2013 highlights for our company:

1. **Revenue and profit**

   Our consolidated revenue increased 6% YoY to NT$330.3 billion in 2013. In terms of revenue for respective products, information products was NT$182.2 billion, representing an 8% increase; communication products was NT$18.3 billion, representing a 60% decline; IC components was NT$74 billion, representing a 32% increase; consumer electronics was NT$55.8 billion, representing a 31% increase. Net profit attributable to owners of parent came in at NT$5.27 billion, representing a 9% YoY decline. After-tax EPS declined by 9% YoY to NT$3.32.

2. Concrete operating results

(1) Despite its market leading position in Taiwan, Australia, Hong Kong, Indonesia, Thailand and India, Synnex ranks as the second largest distributor in China.

(2) With multi-brand and multi-channel advantages, not only does Synnex have unshakable leading position in the Taiwan Tablet market, good results are seen in Australia and China.

(3) Continuous strengthening in the operation of large chain stores and online shopping channels, streamlined connection with major customers' system to enhance operation results and achieve closer cooperation between both parties.

(4) Continual growth in commercial information market in China, especially commercial value-added services.

(5) Stimulate significant business growth through provision of customized logistic management services.

(6) Establish automatic logistic center in Sydney and automatic warehousing in Shanghai, while actual operation to be activated in 2014.

Looking forward to 2014, modest recovery, though not necessarily satisfactory, of the global economy appears to be around the corner. The downturn hovering around for the past three years is only steps away from being exiled. Aiming to breakthrough while maintaining stability, continuous enhancement in core durability, implementing delicacy management and striving to achieve best possible results, Synnex is cautiously optimistic in respect of its operation outlook. Below are the key 2014 production and marketing policies for our company:

1. Seizing Business Opportunities in Smartphones, Tablet PCs and Smart Wearable Devices.

Smartphones and Tablet PCs remained to be the eye catcher in 2014. The continuous growth of sales volume may result in a decline in unit price, Synnex plans to expand market opportunities by increasing its product diversification in consumer electronics channels. What is more, smart wearable devices including smart wristbands and smart watches are another milestone that Synnex intends to conquer in 2014.

2. Deepen Business Operation of our Chain Stores, Online Shopping and Telecom Operators

Synnex has established good cooperative relationships with the major consumer electronics chain stores and online shopping operators in Taiwan, China and Australia. What is more, business is expanding on a continuous basis. China telecom operator is among the most important distribution channels with which Synnex has established a cooperative relationship. For 2014, Synnex aims to deepen the cooperation relationship by facilitating system connection with the major clients and combines with logistics services to provide comprehensive services while enhancing business efficiency.

3. Ongoing Expansion of Commercial Information Market

As the efforts contributed to commercial market in recent years have started to unfold outcomes, Synnex plans to make perpetual efforts in its commercial software and software product lines, expand positioning on commercial channels, enhance technical support capacities, expedite research related operation mechanism and speed up the expansion of business scale.

4. Elaborate the Superiority of Logistic Network to Facilitate Business Development

With the ongoing expansion of logistic center being elaborated into comprehensive logistic network, Synnex intends to provide quality and efficient logistic services to up and down stream customers to reduce operation cost and logistic difficulties while expediting business development.

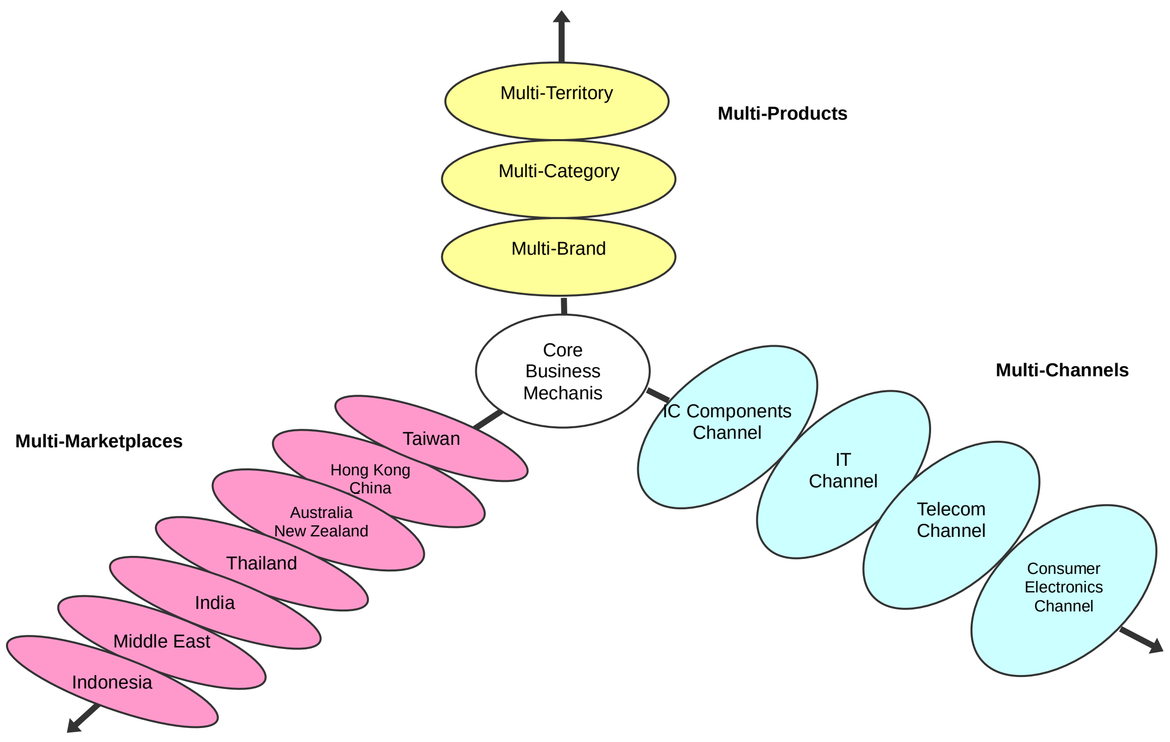
5. Strengthening Business and Technology Management while Establishing Innovative Business Model

To maintain the competitive advantage and cope with the ever-changing market, an ongoing innovation on business and technology management is necessary. In recent years, Synnex has been working on setting up a quality management system at its headquarters that is responsible for design of operations model, planning of operations mechanism, analysis of operations and management of operational quality, while expanding software R&D team to enhance Synnex's software competitiveness. In the days to come, the team will develop innovative business management technology, enhance core competence and identify breakthrough opportunity for the Company.

Future Development Strategies

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

Synnex's development strategy



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

In respect of external competitiveness, there has been a tendency toward brand concentration in the smart phone market in the last two years. Business fluctuations are affected by the frequency of changing leading brands. Even so, thanks to Synnex's long-term brand agency strategy and years of good practice in the telecom industry and its sound relationships with major global mobile phone brands, Synnex should be able to cope with this changing market environment.

In terms of regulatory environment, Synnex has always been aware of changes in domestic and international policies and regulations that may affect the company's finances and business, and we have, over time, adopted appropriate measures to protect the interests of the company. Taiwan has started implementing International Financial Reporting Standards (IFRS) from 2013. To cope with this significant change, Synnex formed an ad hoc group in 2010 to deal with corresponding measures and necessary adjustments. Meanwhile, the company is committed to disclosing information in a timely fashion, as required by regulators.

As for the Macroeconomic Environment, as Synnex is operating a wide range of businesses in China, the relaxation of cross-strait tensions and the governments' clearer cross-strait policies are expected to ease any uncertainty regarding our operations and have a positive effect on the company's business management. Additionally, we have a multi-market business development strategy. That is, on one hand, expand market coverage; on the other, lower country concentration risk.

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

Best regards,

Matthew Feng-Chiang Miau
Chairman

Evans S.W. Tu
President and CEO

Synnex highlights

Synnex highlights

I. Company profile

1)Milestone **Setup date: September 12, 1988**

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

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Year	Important significance
2002	▪ The 2,700 ping (8,925.39 square meters) logistics center in Thailand started operation. ▪ The annual visitors of "Synnex e-City" has reach 9.5 million, its content has been referenced by 120 websites, the ICP (Internet Content Provider) role has been formed. ▪ Conduct stock swap strategy with Bestcom Infotech Corporation to cultivate IT commercial market in Taiwan.
2003	▪ Logistics center in Australia and Thailand has imported CTO customize real-time production mechanism to provide customers with customize PC services. ▪ Use the outstanding services of "Synnex products" to develop brand marketing. ▪ The consolidated turnover has exceeded NTD100 billion and reach 108.2 billion.
2004	▪ Merged and acquired Yongkang Enterprises and Teampo Tech Co., Ltd to expand component and parts business scale. ▪ Acquire shares in India's Redington Group to expand its reach to India, Middle-East and Africa, the global distribution channel layout has been formed.
2005	▪ Shanghai logistics center started operation. ▪ Establish New Zealand subsidiary.
2006	▪ The operation of Linkuo logistics center was officially launched; it has doubled the operation capacity. ▪ Establish consumer electronics business, it is another core business after components, IT and Telecom.
2007	▪ Obtained Nokia cellular phone's exclusive distribution rights in China region, it has officially opened the overseas market for communication business. ▪ Thailand logistics center has imported automated warehousing operation.
2008	▪ Plans to establish logistics center in China has been developed smoothly, the establishment of Shanghai 2nd period, Chengdu, Nanjing, Beijing logistics center has been activated. ▪ Components business group has competed the comprehensive update of computer system; the operation efficiency of components has been enhanced.
2009	▪ Logistics centers in Nanjing, Chengdu, Beijing and Shengyang officially started operation. ▪ Consolidated turnover has exceeded NTD200 billion and reach NTD 220.7 billion.
2010	▪ Tianjin and Hangzhou logistics centers officially started operation. ▪ India's Redington Group acquired stakes in Turkey's second largest information distributor Arena, opening the door to east Europe.
2011	▪ Set up a joint venture with Indonesia's largest computer group Metrodata Electronics, Synnex has officially established its presence in Indonesian market and marks another foray in Asia's emerging market. ▪ The Logistics Center in Xian and Qingdao City were officially opened. ▪ Consolidated revenue has exceeded NTD 300 billion and reached NTD 310.7 billion.
2012	▪ Logistic centers in Suzhou, Guangzhou, Wuhan and Zhengzhou are officially in service. ▪ A comprehensive computer system update was completed in Australia to enhance effectiveness of operational management.
2013	▪ The consolidated revenue reached record high at NT$330.3 billion.
2014	▪ Sydney (Australia) logistic center officially started operation. ▪ Hefei (China) logistic center officially started operation.

2)awards

Year	Awards
1991	▪ The computer material management system won "the 1st outstanding information application awards" that conferred by Institute for Information Industry and accredited by all panel of judges.
1998	▪ Both Chairman Matthew Feng-Chiang Miau and President Evans S.W. Tu have been voted by senior journalists in the industry as "10 most important people in the development history of information industry in Taiwan". ▪ Evans S.W. Tu has been voted by the fund managers in Taiwan as one of five "most worthwhile professional managers in the next five years".
1999	▪ Synnex has been listed by Asiamoney as one of top 50 "Best Managed Companies" in Asia-Pacific region.
2000	▪ The Thailand subsidiary has been named by Computer Association of Thailand as "Thailand's best distributor" and "Best marketing performance award".
2001	▪ Granted one of 15 companies won Microsoft's Windows Embedded Partner Gold Program
2002	▪ Ranked #8 among 2001 Taiwan's top 500 service companies in Commonwealth magazine and Business Weekly ▪ Ranked #4 among the top 100 IT Company listing in Business Week magazine. ▪ Computer Weekly reported that Synnex is considered by 3C retailers to be the best channel distributor.
2003	▪ Synnex is ranked by Interbrand as "Taiwan Top 10 Global Brands", of the 10 brands; Synnex is the only brand in the service sector. ▪ Voted by industry, official and university professionals who were invited by CommonWealth Magazine and Accenture as "Outstanding service". ▪ Named by CommonWealth Magazine as "Benchmark Enterprise". ▪ Voted by analysts and fund managers of major global financial institutions as the third "Taiwan's best managed company" in Asiamoney Magazine. ▪ Ranked #56 among the top 100 IT Company listing in Business Week Magazine. ▪ Ranked by Business Weekly as the 2002 largest IT/Telecom/IC distribution services provider in Taiwan.
2004	▪ Ranked by new Micro Electronics magazine as "Top 10 outstanding electronics component distributor" in 2004 in Taiwan. ▪ Ranked #36 among Top 1000 Cross-Strait Listing Firms by Business Weekly in 2003. ▪ Ranked #7 among 500 service companies listing in Business Weekly in Taiwan in 2003. ▪ The subsidiary in Australia was ranked #20 as "50 Companies with Good Asset Use" by BRW magazine.
2005	▪ Ranked #8 in "Top 10 Taiwan Global Brands" by Interbrand. ▪ Ranked #11 among 500 service companies listing in Business Weekly in Taiwan in 2004. ▪ Named by CommonWealth Magazine as "Benchmark Enterprise". ▪ Ranked #11 among 500 service companies listing in Business Weekly in Taiwan in 2004.
2006	▪ Ranked #15 among 500 service companies listing in CommonWealth Magazine in Taiwan in 2005. ▪ Ranked #7 among 500 service companies listing in Business Weekly in Taiwan in 2005. ▪ Named by CommonWealth Magazine as "Benchmark Enterprise". ▪ Awarded "Gold sales award" by China's China Marketing magazine. ▪ Awarded by China's "Computer products and distribution" as gold list award of 10 outstanding distributors. ▪ Ranked #2 in distributors among the top 100 IT company listing in Computer Business Information
2007	▪ Named by CommonWealth Magazine as "Most Admired Company" in 2007. ▪ Ranked #7 among 500 service companies listing in CommonWealth Magazine in Taiwan in 2006. ▪ Ranked #1 by among electronics distributors and #73 among Top 1000 Cross-Strait Listed Firms by Business Weekly in 2006. ▪ Ranked #11 in "Taiwan Top Global Brands" by Interbrand.
2008	▪ Named by CommonWealth Magazine as "Most Admired Company" in 2008. ▪ Ranked #6 in a 2007 survey of Taiwan's top 500 service companies carried out by Business Weekly. ▪ Ranked #24 among "Top 50 Chinese consumer brands" by Business Today in 2008. ▪ Ranked #282 among Top 1000 Cross-Strait Listed Firms by Business Today in 2008, improved by 181 in the ranking when comparing to 2007. ▪ Ranked #9 in "Taiwan Top Global Brands" by Interbrand. ▪ Evans S.W. Tu was awarded by National Chiao Tung University as Top 50 Most influential Alumni".
2009	▪ Ranked #9 in "Taiwan Top Global Brands" by Interbrand. ▪ Ranked #7 in a 2008 survey of Taiwan's top 500 service companies carried out by Business Weekly. ▪ The seventh consecutive years named by CommonWealth Magazine as "Most Admired Company" in 2008. ▪ Ranked #91 among Top 1000 Cross-Strait Listed Firms by Business Weekly in 2008. ▪ Ranked #8 in "Investor Satisfaction" among "Taiwan Technology Best 100 Companies" by Business Next in 2008.

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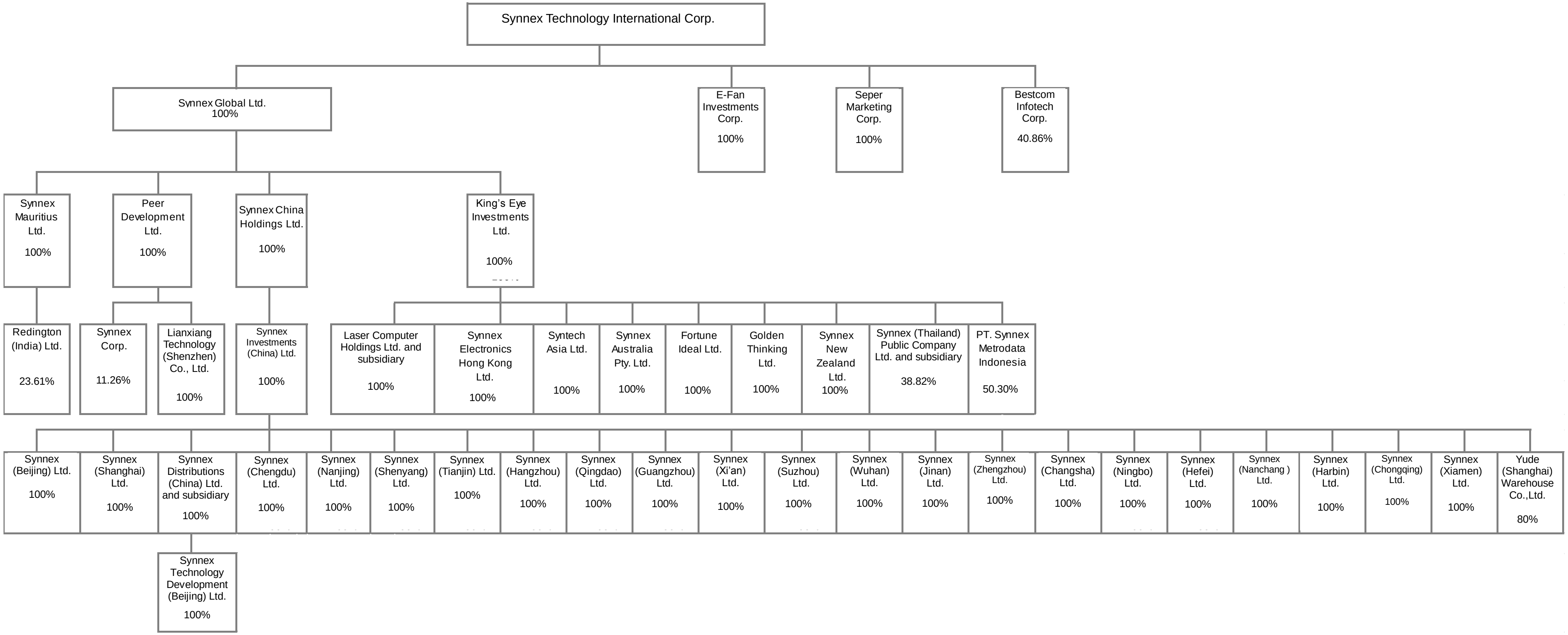
Year	Awards
2010	▪ Ranked #9 in "Taiwan Top Global Brands" by Interbrand. ▪ The eighth consecutive years named by CommonWealth Magazine as "Most Admired Company" in 2010. ▪ Ranked #6 in a 2009 survey of Taiwan's top 500 service companies carried out by Business Weekly; while ranked #1 in IT, Telecom and IC distributors. ▪ Turnover ranked #74 among Top 1000 Cross-Strait Listed Firms by CommonWealth in 2010. ▪ Turnover ranked #3 among "Top 50 Cross-Strait Listed Distributors" by Business Today in 2010. ▪ Ranked #43 among "Taiwan Technology Best 100 Companies" by Business Next in 2010, which has been progressed by 35 in the ranking when comparing to 2009. ▪ Ranked #37 among "The Tech 100" by Bloomberg BusinessWeek in 2010.
2011	▪ Ranked #9 in "Taiwan Top Global Brands" by Interbrand with a brand value of USD$317 million. ▪ Awarded with the "Taiwan's 100 major brands" by the Ministry of Economic Affairs. ▪ The ninth consecutive years named by CommonWealth Magazine as "Most Admired Company" in 2011. ▪ Ranked #6 in a 2011 survey of Taiwan top 500 service companies carried out by CommonWealth Magazine. ▪ Market value ranked #334 among Top 1000 Cross-Strait Listed Firms by Business Today in 2011 with a growth rate of 13.17% documented.
2012	▪ Ranked #8 in "Taiwan Top Global Brands" by Interbrand with a brand value of USD$339 million. ▪ The tenth consecutive years named by CommonWealth Magazine as "Most Admired Company" in 2012. ▪ Ranked #6 in a 2012 survey of Taiwan's top 500 service companies carried out by CommonWealth Magazine; also, ranked in the 7th place of the "Most Profitable Service Companies." ▪ Ranked #102 among "Top 1000 Cross-Strait Listed Firms" by CommonWealth Magazine. ▪ Ranked #278 among "Top 1000 Cross-Strait Listed Firms" for its market value in 2013 by Business Today, representing 56 places ahead from the year before.
2013	▪ Ranked #9 in "Taiwan Top Global Brands" by Interbrand with a brand value increased by 2% YoY to USD$345 million. ▪ The 11th consecutive years named by CommonWealth Magazine as "Most Admired Company" in 2013. ▪ Ranked by CommonWealth Magazine as 2nd within IT, telecom and IC channels and 6th within service industry in the top 2000 companies, and 9th of the "Most Profitable Service Companies".. ▪ Revenue ranked #114 among "Top 1000 Cross-Strait Listed Firms" by CommonWealth Magazine. ▪ Market value ranked #433 among "Top 1000 Cross-Strait Listed Firms" by Business Today in 2013.

II. Corporate Governance Report

1) Organization

2013.12.31

- **Group Structure**

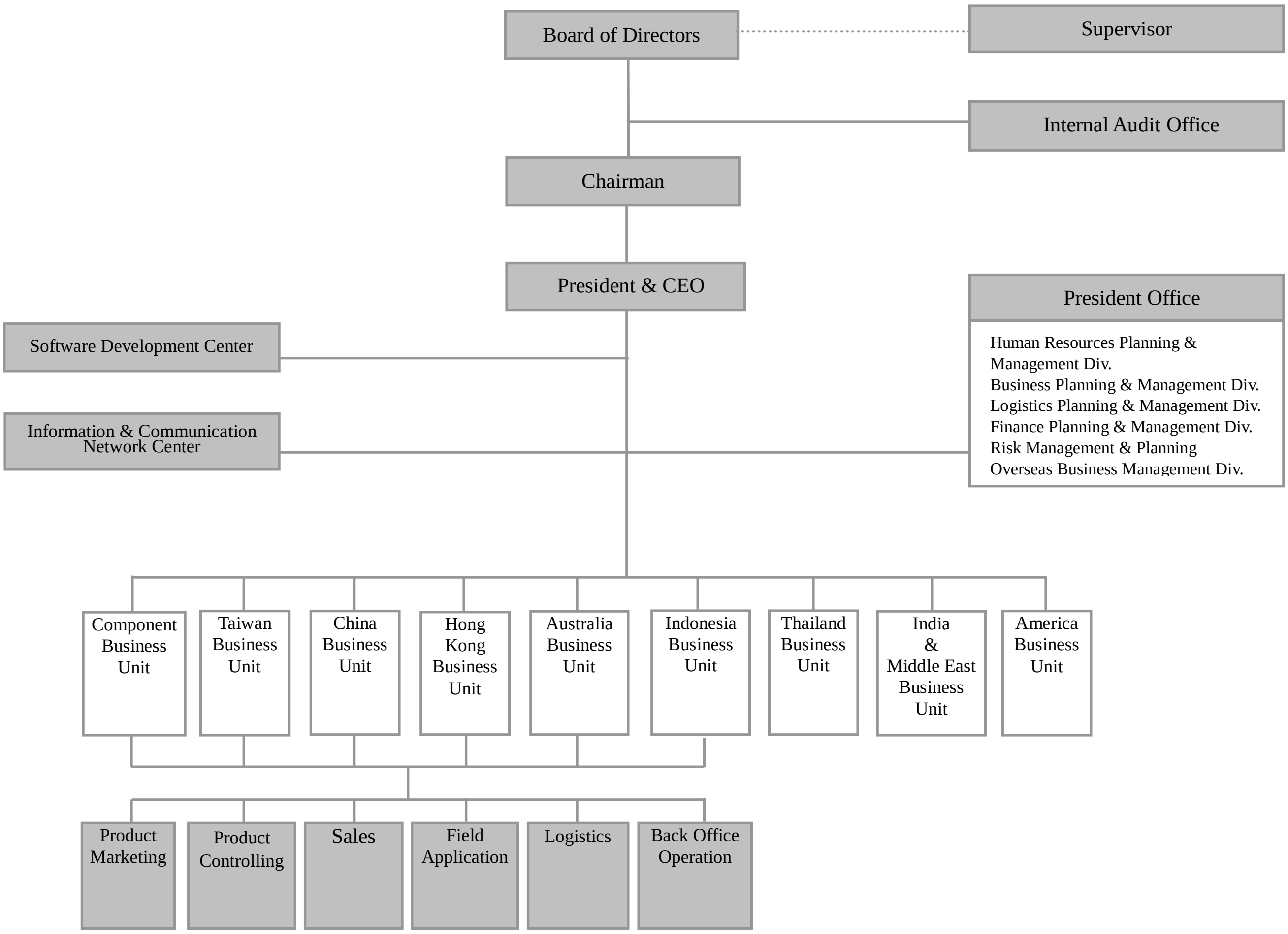


Basic Information of group companies 2012.12.31 Unit: thousand

Company name	Date established	Location		Capital	Main business or production types
Synnex Global Ltd.	1996.12.27	BVI	USD	548,250	Investment holding company
Synnex Mauritius Ltd.	2004.12.02	Mauritius	USD	24,000	Investment holding company
Peer Development Ltd.	1996.12.27	BVI	USD	30,200	Investment holding company
Synnex China Holdings Ltd.	2002.07.19	BVI	USD	100,200	Investment holding company
King's Eye Investments Ltd.	1997.01.23	BVI	USD	62,477	Investment holding company
LianXiang Technology (Shenzhen) Ltd.	2011.05.26	Shenzhen, China	USD	200	Sales of electronic components in China.
Synnex Investments (China) Ltd.	2007.11.05	Shanghai, China	USD	200,000	Investment holdings company in China
Synnex (Beijing) Ltd.	2002.10.11	Beijing, China	USD	9,000	Production and sales of IT/Telecom products in China
Synnex (Shanghai) Ltd.	2002.10.15	Shanghai, China	USD	22,000	Production and sales of IT/Telecom products in China
Synnex Distributions (China) Ltd.	2005.11.25	Shanghai, China	USD	230,000	Production and sales of IT/Telecom products in China
Synnex (Chengdu) Ltd.	2006.11.06	Chengdu, China	USD	5,000	Production and sales of IT/Telecom products in China
Synnex (Nanjing) Ltd.	2006.12.20	Nanjing, China	USD	5,000	Production and sales of IT/Telecom products in China
Synnex (Shenyang) Ltd.	2008.08.19	Shengyang, China	USD	3,000	Production and sales of IT/Telecom products in China
Synnex (Tianjin) Ltd.	2009.04.21	Tianjin, China	USD	4,500	Production and sales of IT/Telecom products in China
Synnex (Hangzhou) Ltd.	2009.11.25	Hangzhou, China	USD	5,000	Production and sales of IT/Telecom products in China
Synnex (Qingdao) Ltd.	2010.03.04	Qingdao, China	USD	5,000	Production and sales of IT/Telecom products in China
Synnex (Guangzhou) Ltd.	2010.03.18	Guangzhou, China	USD	12,000	Production and sales of IT/Telecom products in China
Synnex (Xi'an) Ltd.	2010.03.24	Xi'an, China	USD	4,000	Production and sales of IT/Telecom products in China
Synnex (Suzhou) Ltd.	2010.06.17	Suzhou, China	USD	6,000	Production and sales of IT/Telecom products in China
Synnex (Wuhan) Ltd.	2010.12.08	Wuhan, China	USD	5,000	Production and sales of IT/Telecom products in China
Synnex (Jinan) Ltd.	2010.12.06	Jinan, China	USD	5,000	Production and sales of IT/Telecom products in China
Synnex (Zhengzhou) Ltd.	2011.01.07	Zhengzhou, China	USD	5,000	Production and sales of IT/Telecom products in China
Synnex (Changsha) Ltd.	2011.03.23	Changsha, China	USD	4,000	Production and sales of IT/Telecom products in China
Synnex (Ningbo) Ltd.	2011.06.15	Ningbo, China	USD	4,000	Production and sales of IT/Telecom products in China
Synnex (Hefei) Ltd.	2011.07.15	Hefei, China	USD	4,000	Production and sales of IT/Telecom products in China
Synnex (Nanchang) Ltd.	2011.08.24	Nanchang China	USD	4,000	Production and sales of IT/Telecom products in China
Synnex (Harbin) Ltd.	2012.03.26	Harbin China	USD	5,000	Production and sales of IT/Telecom products in China
Synnex (Chongqing) Ltd.	2012.05.09	Chongqing China	USD	600	Production and sales of IT/Telecom products in China
Synnex (Xiamen) Ltd.	2012.05.07	Xiamen China	USD	2,700	Production and sales of IT/Telecom products in China
Yude (Shanghai) Warehouse Co., Ltd.	2012.06.18	Shanghai, China	RMB	2,400	Provision of warehousing services in China
Synnex Technology Development (Beijing) Ltd.	2007.12.06	Beijing, China	RMB	50,000	Production and sales of IT/Telecom products in China
Laser Computer Holding Ltd. and subsidiary	2001.09.06	BVI	USD	36,850	Sales of IT/Telecom products in Hong Kong/China
Synnex Electronics Hong Kong Ltd.	1993.09.09	Hong Kong	USD	300	Sales of electronic components in Hong Kong/China
Syntech Asia Ltd.	2011.03.11	Hong Kong	USD	300	Sales of electronic components in Hong Kong/China
Synnex Australia Pty. Ltd.	1991.06.06	Australia	AUS	33,250	Sales of IT /Telecom products in Australia.
Fortune Ideal Ltd.	2000.09.04	Hong Kong	HKD	14,500	Operate Australia's logistics center.
Golden Thinking Ltd.	2010.02.19	Hong Kong	HKD	28,000	Operate Australia's logistics center.
Synnex New Zealand Ltd.	2005.07.18	New Zealand	NZD	1,500	Sales of IT/Telecom products in New Zealand.
PT. Synnex Metrodata Indonesia	2000.05.23	Indonesia	IDR	300,000,000	Production and sales of IT/Telecom products in South-East Asia
Synnex (Thailand) Public Company Ltd. and subsidiary *	-	Thailand		-	Sales of IT /Telecom products in Thailand.
Redington (India) Ltd.*	-	India		-	Sales of IT/Telecom products in India, Middle East and Africa
Synnex Corporation*	-	USA		-	Sales of IT products in Europe, US and Japan.
Seper Marketing Corp.	1990.02.23	Taipei	NTD	1,000	Sales and marketing business
E-Fan Investments Corp.	2001.06.28	Taipei	NTD	225,000	Investment company
Bestcom Infotech Corp.*	-	Taipei		-	Sales of IT products in Taiwan.

* Adopt equity method.

Organization and responsibility



Description of responsibilities

Board of Directors

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

President office

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

Software Development Center

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

Information & Communication Network Center

Responsible for the procurement, management, and maintenance of computers and communications equipment.

Product Marketing : Responsible for planning and implementation of products' operational strategies.
Product Controlling : Responsible for planning and implementation of products' purchase, sales and inventory strategies.
Sales : Responsible for product sales.
Field Application : Responsible for pre-sale services for product R&D and technology application support.
Logistics Business Unit : Responsible for operational implementation of warehousing, distribution and post-sales maintenance services.

Back office operation

Finance: Responsible for financial management and fiscal tax accounting.
Credit: Responsible for accounts receivable management and credit collection processing.
Customer Service: Responsible for post-sales customer services.
Personnel&Administration: Responsible for planning and implementation of human resource systems.

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

● Information of directors and supervisors

2014.4.13

Title Name	Elected date	Tenure (Year)	Date first elected	Shareholding when elected		Current shareholding*		Spouse/Minor children Current shareholding*		Note
				Shares	%	Shares	%	Shares	%	
Chairman/ Matthew Feng-Chiang Miau	2012.6.13	3	1988.9.1	28,623,147	1.82	30,417,147	1.91	-	-	
Director/ Evans S.W. Tu	2012.6.13	3	1988.9.1	32,454,649	2.06	34,434,649	2.17	1,511,662	0.10	
Director/ Yang, Shih-Chien	2012.6.13	3	2009.6.19	216,381,957	13.72	216,381,957	13.62	-	-	Representative of MiTAC Inc.
Director/ Charles H.S. Ching	2012.6.13	3	2009.6.19	216,381,957	13.72	216,381,957	13.62	-	-	Representative of MiTAC Inc.
Independent Director / Yungdu Wei	2012.6.13	3	2012.6.13	-	-	-	-	-	-	
Independent Director / Yojun Jiao	2012.6.13	3	2012.6.13	-	-	-	-	-	-	
Independent Director / Anping Chang	2012.6.13	3	2012.6.13	-	-	-	-	-	-	
Supervisor/ Yang, Hsiang-Yun	2012.6.13	3	2006.6.12	16,288,643	1.03	25,430,643	1.60	-	-	Representative of Lien Hwa Industrial Corp.
Supervisor/ Chou, T.C.	2012.6.13	3	2006.6.12	16,288,643	1.03	25,430,643	1.60	-	-	Representative of Lien Hwa Industrial Corp.

Title/Name	Major experience and education		Services concurrently with the Company and other company	
Chairman Matthew Feng-Chiang Miau	Chairman of MiTAC Inc. Chairman of MiTAC International Corp. Chairman of Lien Hwa Industrial Corp.	President of Union Petrochemical Corp. Santa Clara University MBA UC Berkeley, EECS, BSA	Overseas CEO of Synnex Technology International Co., Ltd. Chairman of MiTAC Inc. Chairman of MiTAC International Corp. Chairman of Lien Hwa Industrial Corp. Chairman of Union Petrochemical Corp. Chairman of Union Venture Capital Corp. Chairman of Harbinger Venture Capital Co., Ltd. Chairman of Harbinger Management and Consulting Company Chairman of Lien Jei Investment Co., Ltd. Chairman of Harbinger II Venture Capital Co., Ltd.	Chairman of Harbinger V Venture Capital Co., Ltd. Chairman of Harbinger VI Venture Capital Co., Director of Getac Technology Corporation Director of Winbond Electronics Corp. Director of Taitac Chemical Co., Ltd.Director of Wei Chen Investment Corp. Director of BOC Lienhwa Industrial Gases Co., Ltd. Vice-chairman of MiTAC Information Technology Corp. Chairman of Harbinger III Venture Capital Co., Chairman of Mitac Holdings Corp.
Director Evans S.W. Tu	President of Micro Electronics Corp. Vice-president of MiTAC Inc.	Electrical and Control Engineering Degree in National Chiao Tung University	President of Synnex Technology International Co., Ltd. Supervisor of MiTAC Inc. Chairman of Seper Marketing Corp.	Director of Digitimes Inc. Supervisor of MiTAC Information Technology Corp. Director of Bestcom Infotech Corp.
Director Yang, Shih-Chien	Minister without Portfolio ,Executive Yuan Chairman and convener of Science and Technology Advisory Group, Executive Yuan Deputy minister of Ministry of Economic Affairs Vice minister of Ministry of Economic Affairs Director of Industrial Development Bureau, Ministry of Economic Affairs Deputy director of Science Park Administration Director of Department of Planning and Evaluation, National Science Council	Deputy director of sector planning, Council for Economic Planning and Development Technical Specialist of Sector Planning, Council for Economic Planning and Development. Associate specialist, Chung Shan Institute of Science and Technology Ph. D. of Electrical Engineering, Northwestern University Master of Electrical Engineering, Northwestern University Electrical Engineering Degree in National Taiwan University	National Policy Advisor of the Office of the President of the Republic of China Chairman of Global Investment Strategic Find. Chairman of Global Strategic Investment Fund. Chairman of K. T. Li Foundation for the Development of Science and Technology	Independent director of Yageo Corp. Director of Teco Corp. Independent Director of J Touch Corp.
Director Charles H.S. Ching	Assistant vice president of Union Petrochemical Corp. Technical specialist of sector planning, Council for Economic Planning and Development	Part time lecturer in Department of Chemical Engineering, Feng Chia University Master of Industrial Chemistry, National Tsing Hua University,	Director of Lien Hwa Industrial Corp. Director of Pao Long International Co., Ltd.	Supervisor of MiTAC International Corp. Supervisor of Mitac Holdings Corp.
Independent Director / Yungdu Wei	Chairman of United Way of Taiwan Director of Child Welfare League Foundation President of Deloitte Taiwan Director of Deloitte China Honorary President of Deloitte China	U.S. Internal Auditor CPA, Georgia, USA CPA, R.O.C. Georgia University MBA Bachelor of Accounting, Soochow University	Chairman of Yongqin Industrial Company Director of VIS Director of MiTAC International Corp. Director of Wangsteak Independent Director of ApexBio Taiwan	Independent Director of Far Eastern Department Stores Corp. Independent Director of Taiwan Cement Co., Ltd. Supervisor of Sercomm Co., Ltd. Supervisor of Chilisin Electronics Corp. Director of Mitac Holdings Corp.
Independent Director Yojun Jiao	Chairman of Walsin Lihwa Corporation	Master of Electrical Engineering, University of Washington Bachelor of Telecommunication Engineering, National Chiao Tung University	Chairman and CEO of Winbond Electronics Co., Ltd. Supervisor of MiTAC International Corp. Chairman of NUVOTON Co., Ltd.	Chairman of Paradetech Chairman of Taiwan Electrical and Electronic Manufacturers Association Supervisor of Mitac Investment (Holdings) Co., Ltd.
Independent Director Anping Chang	President and Vice Chairman of Chia Hsin Cement Corporation Chairman of WYSE Chairman of GIGAMEDIA LIMITED Chairman of China Network Systems Chairman of L'Hotel de Chine Group Chairman of WYSE (USA) Vice Chairman of Taiwan Cement Co., Ltd. Executive Consultant of CITIC	President of KGI Securities Independent Director of Fubon Holding, Taipei Fubon Bank, and Fubon Securities Director of FETNet Advanced Professional Certificate in Institute of Business Administration of New York University Master of Institute of Business Administration, New York Universityn Bachelor of Economics, Princeton University	Chairman of Chia Hsin Cement Corporation Director of Taiwan Cement Co., Ltd. Director of China Synthetic Rubber Co., Ltd. Director of Taiwan Prosperity Chemical Corporation	Nonexetucitve Director of TCC International Group Chairman of Chia Hsin Foundation Chairman of ICRT
Supervisor Yang, Hsiang-Yun	Special assistant in MiTAC International Corp. CFO of MiTAC International Corp.	National Taiwan University MBA	Supervisor of Loyalty Founder Enterprise Co., Ltd. Director of Tailian International Investment Co., Ltd.	President of MiTAC Information Technology Corp. Supervisor of Claridy Solutions, Inc.

(Continued on next page)

(Continue last page)

Title/Name	Major experience and education		Services concurrently with the Company and other company	
Supervisor Chou, T.C.	Investment special assistant to chairman, MiTAC International Corp.	Ph. D. of engineering ,Rutgers, The State University of New Jersey	Director of MiTAC Inc. Supervisor of Getac Technology Corp. Supervisor of Waffer Technology Corp.	Supervisor of Innopharmax, Inc. Director of National Aerospace Fasteners Corporation

* All shares are registered under stockholders' name.

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

● Major shareholders of the corporate directors or supervisors

2014.4.13

Name of corporate director or supervisor	Major shareholders of the corporate directors or supervisors*
MiTAC Inc.	Lien Hwa Industrial Corp 35.24% Synnex Technology International Corporation 18.36% MiTAC International Corp. 8.69% Mei-An Investment Corp. 8.18% Matthew Feng-Chiang Miau 5.42% Tsu Fung Investment Co., Ltd. 4.38% Hua Cheng Construction Co., Ltd. 1.92% Omron Corporation 1.70% Pao Shin International Investment Co., Ltd. 1.18% Yih Fong Investment Corp. 0.75%
Lien Hwa Industrial Corp	Union Petrochemical Corp. 9.68% Yi Yuan Investment Co., Ltd. 9.15% Yih Fong Investment Corp. 4.86% Cathay Life Insurance Co., Ltd. 4.35% Nan Shan Life Insurance Co. Ltd. 3.96% Matthew Feng-Chiang Miau 3.29% Feng-Shen Miau 3.28% Synnex Technology International Corporation 3.08% Feng-Chuan Miau 3.02% Y.S. Educational Foundation 3.00%

Information of directors and supervisors

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

*During the two years before being elected or during the term office, directors or supervisors shall meet the following terms:

（1） Neither employees of company nor its affiliates.

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

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

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

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

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

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

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

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

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

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

2014.4.13
Unit: Share/%

Title Name	Date starts*	Shareholding		Shareholding by Spouse/Minor children**		Major experience and education	Services concurrently with the other company	Managers who are spouse or consanguineous to 2nd degree			Managers' employee stock options status***
		Shares	%	Shares	%			Title	Name	Relation ship	
President Evans S.W. Tu	1988. 9.12	34,434,649	2.17	1,511,662	0.10	President of Micro Electronics Corp. Vice-president of MiTAC Inc. Electrical and Control Engineering Degree in National Chiao Tung University	Supervisor of MiTAC Inc. Chairman of Seper Marketing Corp. Director of Harbinger Venture Capital Corp. Director of Digitimes Inc. Director of Bestcom Infotech Corporation Supervisor of MiTAC Information Technology Corp.	None	None	None	-
Vice-President Beny Wei	1988. 9.12	1,765,920	0.11	130,661	0.01	Assistant Vice President of Micro Electronics Corp. Manager of MiTAC Inc. Electronic Calculation Degree in Tamking University	Director of Bestcom Infotech Corporation. Chairman of E-Fan Investments Corp.	None	None	None	-
Vice-President James Lee	2011. 12.26	326,166	0.02	20,575	0.00	Electrical Engineering Degree in National Joint Junior College	-	None	None	None	-
Vice-President Rex Shiue	2011. 12.26	365,512	0.02	-	-	Manager of Unicom Electronics Co., Ltd. Industrial Management Degree in National Taiwan University of Science and Technology	-	None	None	None	-
Vice-President Dicky Chang	2011. 12.26	1,189,388	0.07	66,411	0.00	Senior Manager of World Family Agent of Bowne International Library Science Degree in Fu Jen Catholic University	-	None	None	None	-
Overseas Operation CEO Matthew Feng-Chiang Miau	2005. 4.1	30,417,147	1.91	-	-	Chairman of MiTAC Inc. Chairman of MiTAC International Corp. Chairman of Lien Hwa Industrial Corp. President of Union Petrochemical Corp. Santa Clara University MBA	Chairman of MiTAC Inc. Chairman of MiTAC International Corp. Chairman of Lien Hwa Industrial Corp. Chairman of Union Petrochemical Corp. Chairman of Union Venture Capital Corp. Chairman of Harbinger Venture Capital Co., Ltd. Chairman of Harbinger Management and Consulting Company Chairman of Lien Jei Investment Co., Ltd. Chairman of Harbinger II Venture Capital Co., Ltd. Chairman of Harbinger III Venture Capital Co., Ltd. Chairman of Harbinger V Venture Capital Co., Ltd. Chairman of Harbinger VI Venture Capital Co., Ltd. Director of Getac Technology Corporation Director of Winbond Electronics Corp. Director of Taitac Chemical Co., Ltd. Director of Wei Chen Investment Corp. Director of BOC Lienhwa Industrial Gases Co., Ltd. Vice-chairman of MiTAC Information Technology Corp. Director of Mitac Investment (Holdings) Co., Ltd.	None	None	None	-
AVP Oliver Chang	1988. 11.1	494,776	0.03	34,890	0.00	Manager of Tait Marketing & Distribution Co., Ltd Manager of DIMERCO Accounting Degree in Soochou University	Supervisor of E-Fan Investments Corp. Supervisor of Seper Marketing Corp. Director of Tongdar Investment Co., Ltd.	None	None	None	-

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

- **Remuneration to directors, supervisors and executive officers and employees' bonus**

Remuneration Policy

Remuneration to the directors and shareholders are distributed based on the Company's performance, industry standard and individual involvement in the operation of directors and supervisors function.
Manager's remunerations are distributed based on the Company's performance and individual performance along with industry standard.

Director's remuneration

2013
Unit: %/in NTD thousand

Title	Name	Directors remuneration*				Ratio of total remuneration (A+B+C+D) to net income (%)	Relevant remuneration received by directors who are also employees*						Ratio of total remuneration (A+B+C+D+E+F+G) to net income (%)	Compensation paid to directors from an invested company other than the Company's subsidiary*
		Remuneration (A)	Pension and superannuation (B)	Earnings distribution (C) ***	Business execution (D)		Salary, bonus and special disbursement (E)	Pension and Superannuation (F) *****	Employee bonus distribution(G)***		Employee share subscription warrants (H)	Restrict employees' rights shares (I)		
									Cash dividends	Stock dividends				
Chairman	Matthew Feng-Chiang Miau	-	-	6,400	960	0.14	82,100	4,386	-	-	-	-	1.78	-
Director	Evans S.W. Tu													
Director	Yang, Shih-Chien**													
Director	Charles H.S. Ching**													
Independent Director	Yungdu Wei													
Independent Director	Yojun Jiao													
Independent Director	Anping Chang													

* The Company's remuneration paid to directors and relevant remuneration received by directors who are also employees is consistent with the subsidiaries in the financial report.
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** Representative of MiTAC Inc.

*** This amount is estimated as the remuneration to directors for 2013 has not yet been approved by the shareholders' meeting. Relevant remuneration received by directors who are also employees is calculated based on the amount actually paid last year. Therefore, this is an estimated amount.

**** Proposed appropriation, not actually paid.

Supervisor's remuneration

2013
Unit: %/in NTD thousand

Title	Name	Supervisors remuneration***				Ratio of total remuneration (A+B+C) to net income (%)	Compensation paid to directors from an invested company other than the Company's subsidiary*
		Remuneration (A)*	Earnings distribution (B)*	Business execution (C)*	Total remuneration (A+B+C)		
Supervisor	Yang, Hsiang-Yun**	-	1,200	176	1,376	0.03	-
Supervisor	Chou, T.C**						

* The Company's remuneration paid to supervisors is consistent with the subsidiaries in the financial report.
** Representative of Lien Hwa Industrial Corp.
*** This amount is estimated as the remuneration to supervisors for 2013 has not yet been approved by shareholders' meeting.

Remuneration to the president and vice-president

2013
Unit: %/in NTD thousand

Title	Name	Salary(A) **	Pension and Superannuation (B) ** and ****	Bonus and special disbursement (C)**	Employee bonus distribution(D)**		Ratio of total remuneration (A+B+C+D) to net income (%)	Employee share subscription warrants ** and ****	Compensation from an invested company other than the Company's subsidiary**
					Cash dividends***	Stock dividends***			
President	Evans S.W. Tu	112,060	5,987	-	-	-	2.24	-	-
Overseas Operation CEO	Matthew Feng-Chiang Miau								
Vice-President	Beny Wei								
Vice-President	James Lee								
Vice-President	Dicky Chang								
Vice-President	Rex Shiue								

* The cost of transportation vehicles is NT$9,910 thousand with a book value of NT$5,975 thousand.
** The Company's remuneration paid to President and Vice President and relevant remuneration received by President and Vice President is consistent with the subsidiaries in the financial report.
*** Relevant remuneration received by President and Vice President for 2013 is calculated based on the amount actually paid last year and has not yet been approved by shareholders' meeting.
******** Proposed appropriation, not actually paid.

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

2013
Unit: %/in NTD thousand

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

* Relevant remuneration received by managers for 2013 is calculated based on the amount actually paid last year and has not yet been approved by shareholders' meeting.

3) Operations and Management of the Company

● The Board of Directors Operations

As of April 30, 2014, the Board of Directors (A) has convened 8 meetings, and the records of attendance by directors and supervisors are shown below:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) [B / A]	Note
Chairman	Matthew Feng-Chiang Miau	8	0	100.00%	
Director	Representative of MiTAC Inc.: Yang, Shih-Chien	8	0	100.00%	
Director	Representative of MiTAC Inc.: Charles H.S. Ching	8	0	100.00%	
Director	Evans S.W. Tu	8	0	100.00%	
Independent Director	Yungdu Wei	7	1	87.50%	
Independent Director	Yojun Jiao	7	0	87.50%	
Independent Director	Anping Chang	6	1	75.00%	

Other noteworthy matters:

I. Matters specified in Article 14.3 of the Securities Exchange Act, or Board resolutions where independent directors have expressed opposition or qualified options that have been noted in the record or declared in writing: None.

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

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

● Supervisors' involvement in the operation of Board of Directors

As of April 30, 2014, the Board of Directors (A) has convened 8 meetings, and the records of attendance by directors and supervisors are shown below:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) [B / A]	Note
Supervisor	Representative of Lien Hwa Industrial Corp: Yang, Hsiang-Yun	8	-	100.00%	
Supervisor	Representative of Lien Hwa Industrial Corp.: Chou, T.C.	8	-	100.00%	

Other noteworthy matters:

I. Supervisors and their responsibilities

(I) Status of the Supervisors communicating with the Company's employees and shareholders: Supervisors consider it necessary to keep frequent and direct contacts with employees and shareholders.

(II) Communication between supervisors and internal auditors and accountants (i.e. Items, methods and results that were communicated concerning the Company's financial and business situations):

1. The audit report is submitted to supervisors by the executive auditor in the month immediately following the month when the report was completed, supervisors have no objection to the report.
2. The executive auditor provide auditor report in the Board Meeting on the regular basis, the supervisors have no objection to it.
3. Regular discussion regarding the Company's financial status is conducted by the supervisors and accountants by face-to-face meeting or in writing on a quarterly basis.

II. In the circumstance when supervisors expressed opinions in the board meeting, the meeting minutes shall record date, session, content of the resolution, resolution of the meeting and the Company's response to the supervisor's opinion.

Operations of Compensation Committee

1. There are 3 members of the Compensation Committee.
2. Current term of the Compensation Committee: 2012.6.27 ~ 2015.6.12; as of April 30, 2014, the Compensation Committee (A) has convened 4 meetings. The qualifications and the records of attendance of committee members are shown below:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) [B / A]	Note
Convener	Yungdu Wei	4	0	100.00%	-
Committee Member	Yojun Jiao	3	1	75.00%	-
Committee Member	Anping Chang	3	1	75.00%	-

Other noteworthy matters:

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

Information on Compensation Committee members

Qualifications / Name	5 years of experience in the following professions			Independence status*								Act as Compensation Committee Member of other public companies	Note**
	An instructor or higher up in a department of commerce, law, finance, accounting, or other academic department related to company business in a public or private junior college, college or university.	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and has been awarded a certificate in a professional capacity that is necessary for company business.	Having work experience in the area of commerce, law, finance or accounting, or otherwise necessary for company business.	1	2	3	4	5	6	7	8		
Independent Director Yungdu Wei		V	V	V	V	V	V	V	V	V	V	13	-
Independent Director Yojun Jiao			V	V	V	V	V	V	V	V	V	1	-
Independent Director Anping Chang			V	V	V	V	V	V	V	V	V	-	-

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

(1) Neither employees of company nor its affiliates.

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

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

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

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

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

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

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

** If the members are also a director, please indicate whether they are in conformity with Article 6.5 of the "Rules Governing the Establishment and Administration of Compensation Committees by Listed Companies or by Companies Trading on Over-the-Counter Market."

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

Item	Execution	Comparison against the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and its reasons
I. Structure of the Company's shareholders and equities (I) The methods used for dealing with the shareholder suggestions and disputes. (II) The Company keeps track of the major controlling shareholders as well their ownership structure. (III) Firewall and risk control mechanism to reduce the risks involved with the Company's related companies.	(I) Our company has a spokesperson system to handle shareholder suggestions, questions and dispute. (II) Our company is able to keep track of the major controlling shareholders as well as their ownership structure; shareholding of the directors, supervisors and major shareholders are filed one the monthly basis in accordance with Securities and Exchange Act. (III) Rules of financial and business operation with the related companies are based on fair and reasonable principle.	No significant difference is found.
II. Board composition and responsibilities (I) The company has set up independent directors (II) Regularly assesses the independence of auditors	(I) The Company has three independent directors. (II) Annual assessment	(I) No significant difference is found. (II) For the consideration of decree or actual practice, it is processed in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and relevant legislation.
III. Communication with stakeholders	If necessary, stakeholders may at any time contact the Company.	No significant difference is found.
IV. Information disclosure (I) Set up company website for the disclosure of relevant information on financial status and corporate governance (II) Other methods adopted to disclose information. (i.e., Set up English website, designate a person engage in gathering and compiling the Company's information, implement spokesperson system, display company website during meeting with institutional investors.)	(I) The Company has set up a website (http://www.synnex.com.tw) to disclose relevant information on financial status and business. (II) As required, relevant information of the Company has been disclosed in "Market Observation Post System".	No significant difference is found.
V. Operations of the nomination committee, compensation committee or other functional committee of the Company.	Synnex has the Compensation Committee organized on August 29, 2011 by three professional, qualified, and independent individuals. The Committee at least holds two meetings annually with a professional and objective position to faithfully perform the following functions and submit the suggestions to the Board for discussion: 1. Set and regularly review the policies, systems, standards, and structure of the directors, supervisors, and managers performance evaluation and salary remuneration. 2. Set and regularly review the salary remuneration of the directors, supervisors, and managers.	No significant difference is found.

VI. If the Company has scheduled corporate governance principle in accordance with "Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies", please describe its operation and how it is different from the Guidelines:
The Company has not scheduled corporate governance principle.

VII. Other relevant information for better understanding the Company's corporate governance operation (such as employee rights, caring of employees, investors relations, suppliers relations, stakeholder rights, on-job education of directors and supervisors, implementation of risk management policies and risk assessment standards, implementation of customers policies, the practices of directors and supervisors for not getting involved with any projects, related to their interests, liabilities, insurance policies purchased by the Company for directors and supervisors):
(I) The company has purchase responsibility insurance policies for the directors and supervisors.
(II) The Company has not scheduled any corporate governance principle; the implementation of directors and supervisors rights and responsibilities is conducted in accordance with "Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies".
(III) The directors and supervisors of the Company are able to faithfully implement business and exercise the due care of good administrators.
(IV) On-job education of the directors and supervisors

Director and Supervisor		Educational institutions	Course Title	Training period	Credit hours
Representative of corporate director	Charles H.S. Ching	ROC Securities and Futures Institute	Forum for independent directors of the listed companies	2013.05.14	3
Representative of corporate supervisor	Chou, T.C.	ROC Securities and Futures Institute	2013 listed company's equity trading laws compliance seminar	2013.08.14	3
Independent Director	Yungdu Wei	Taiwan Stock Exchange	2013 forum for independent directors of the listed companies	2013.05.27	3
Independent Director	Yungdu Wei	ROC Securities and Futures Institute	Corporate governance and securities laws	2013.06.26	3
Independent Director	Yungdu Wei	Taiwan Corporate Governance Association	Workshop for management, disclosure and practices of intellectual property	2013.07.24	1
Independent Director	Yungdu Wei	Taiwan Corporate Governance Association	Go beyond short-termism and emphasis on corporate governance – discussion of the recently development in UK	2013.08.29	1
Independent Director	Yungdu Wei	Taiwan Corporate Governance Association	Explore the new era of corporate governance- the case of family business and small and medium sized listed companies	2013.10.31	3
Independent Director	Yungdu Wei	Taiwan Corporate Governance Association	Revision of M&A Law, responsibilities of directors and supervisors and operations of Independent Review Committee	2014.02.25	1
Independent Director	Yojun Jiao	Taiwan Corporate Governance Association	Economic Outlook of 2014	2013.12.11	3

(V) Managers participation in on-job education and training of corporate governance

Manager		Educational institutions	Course Title	Training period	Credit hours
Accounting executive	Oliver Chang	Accounting Research and Development Foundation	Continuous training program for accounting executive of issuers, securities brokers and securities exchange.	2013.09.30~10.01	12

VIII. If there exists corporate governance evaluation reports done by the Company itself or outsourced to professional service provider, clear description of the evaluation results, major shortcomings (or recommendations) and improvement status shall be given:
The Company has not prepared any corporate governance evaluation report or outsourced the report to other professional service provider.

● Performing social responsibilities

Item	Execution	Comparison against the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and its reasons
I. Exercising corporate governance (I) The company declares its corporate social responsibility policy and examines the results of the implantation. (II) The Company establishes exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing the corporate social responsibility policies. (III) The Company organizes regular training on business ethics and promotion of matters prescribed in the preceding Article for directors, supervisors and employees, and should incorporate the foregoing into its employee performance appraisal system to establish a clear and effective reward and discipline system.	(I) The company's corporate social responsibility policy is promulgated in accordance with "Synnex values" and has formed part of corporate culture. The complete "Synnex's values" (enacted in 1988) is as follows: 1. Maintaining the interests of employees and shareholders is our responsibility. We will handle each other's interests based on honest and fair principles. 2. We concentrate on establishing a good corporate culture so as to allow employees opportunities to realize their full potential within the company's business philosophy and organizational strategies. 3. We are dedicated to the principles of integrity and highest business ethics, we do not provide incentive to others to violate the employer or the company's interests while do not allow our employees to receive the incentive. 4. To us, contribute to the society or the industry is our obligation and mission. 5. Our belief: win trust is an honor and responsibility; accept criticism with grace is seen as wisdom and courage. (II) Human Resource department of the president's office and secretariat's office are responsible for promotion of the Company's corporate social responsibility. (III) The Company has included honesty and fairness principle in our corporate value at time of establishment, we vow to maintain employees and shareholder interests and highest business ethics and we will not violate the company's interests for any incentives. Each employee is required to sign a contract and honest declaration statement in the beginning of their tenure. During each employee's tenure, other than schedule award system to regulate relevant behavioral principle, internal educational training of EMBA articles is used to promote positive value so as to achieve satisfactory result.	No significant difference is found.
II. Fostering a sustainable environment (I) The company endeavors to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment. (II) The Company establishes proper environment management systems based on the characteristics of their industries. (III) The Company establishes dedicated units or assigns dedicated personnel for environment management to maintain the environment. (IV) The Company monitors the impact of climate change on its operations and should establish company strategies for energy conservation and carbon and greenhouse gas reduction.	(I) The company endeavors to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment. 1. Reuse of recycled packaging materials. 2. Promote paperless operations, such as use electronic signature system to reduce paper consumption and reach the goal of energy conservation and carbon and greenhouse gas reduction. (II) Though Synnex is a distributor of 3C products instead of highly polluted industry, but we devote to fulfill environmental responsibility based on the faith that earth is part of our life. (III) The Company establishes dedicated units for environmental management to maintain the environment. (IV) The strategies that the Company establishes for energy conservation and carbon and greenhouse gas reduction are as follows: 1. Main engine of air conditioner cannot be started when office temperature below 26℃. 2. Air conditioner switched off at 7:30PM. 3. All lamps used in the manufacturing plant are T5 energy saving fluorescent lamp and single fluorescent lamp. 4. All distribution vehicles must turn off engine when parked in the plant site, and air conditioner is disallowed at low speed. 5. Promote use of the stairs and skip the use of elevators.	No significant difference is found.
III. Preserve public welfare (I) The company complies with relevant labor laws and regulations, protects the legal rights and interests of employees, and has in place appropriate management methods and procedures. (II) The Company provides safe and healthy work environments for its employees, and organizes training on safety and health for its employees on a regular basis. (III) The company establishes regular communication mechanisms for employees, and has employees notified in a reasonable manner of any changes that may have a significant impact on them. (IV) The Company cooperates with its suppliers to jointly foster a stronger sense of corporate social responsibility. (V) The Company, through commercial activities, non-cash property endowments, volunteer service or other free professional services, participates in community development and charities events.	(I) The Company treats employees with good faith, and protect employees legitimate rights based on Labor Standard Law; in addition, labor meetings are held regularly to open door for communication between employers and employees so as to establish understanding and promote harmony. Gender equality is respected in the Company, sexual harassment prevention rule has been scheduled, and provide job opportunities for disabilities to allow same career development as if they are normal people. (II) The Company provides a safe and healthy environment for employees, we maintain and improve equipment on the regular basis to create good working place for employees; in addition to recreation room, we have prepared breast-feeding room for the mothers in all offices. Safety and hygiene management staff are placed to maintain clean environment, regular health checks for employees and health and safety education training are held on the regular basis. Furthermore, a variety of activities is conducted through the employee benefits committee to relieve employee's pressure. (III) The Company holds regular labor meetings to provide channels of communication between employers and employees, build consensus, and promote harmonious labor relations; it also, communicates messages by e-mail occasionally. (IV) The Company value consumers rights, all related information of products and services can be obtained through our "Synnex e-City". Consumers can also contact our customer service through website, customer hot-line, mail or other appropriate means for any questions or queries. (V) The Company cooperates closely with upstream manufacturers on product planning, maintenance and customer service to protect the interests of customer and enhance corporate social responsibility. (VI) The Company's logistics center accepts visits from academic institution for research and teaching purposes.	No significant difference is found.
IV. Enhancing information disclosure (I) The measures of disclosing relevant and reliable information relating to their corporate social responsibility. (II) The Company produces corporate social responsibility reports disclosing the status of their implementation of the corporate social responsibility policy.	The Company has not disclosed any related information and prepared social responsibility report.	Disclose when there is regulatory or actual requirement.
V. If the Company has established corporate social responsibility principles based on "Corporate Social Responsibility Best Principles for TWSE/GTSM listed companies", please describe any discrepancy between the principles and their implementation: The Company has not scheduled any rules for Corporate Social Responsibility, but we will made necessary disclosure shall there be regulatory or actual requirement.		
VI. Other important information to facilitate better understanding of the Company's corporate social responsibility (Systems and measures that the Company has adopted with respect to environmental protection, community participation, contribution to society, service to society, social and public interests, consumer rights and interests, human rights, safety and health, other corporate social responsibilities and activities and the status of implementation.): 1. Based on knowledge sharing is to enhance knowledge level and sharing concept of the nation and society, we offer our internal training material "Synnex EMBA" which highlights the experiences and knowledge of our internal operation to the public at no cost. 2. We bound "Synnex EMBA" into a book and donated all the proceeds for the promotion of education, arts and culture. 3. We provide the experience and knowledge of Synnex's operation to the academic for case study, and elected by National Chengchi University – College of Commerce as research target of development of Taiwan case and global issuance.		
VII. If the products or corporate social responsibility report have received assurance from external institutions, they should state so below: None.		

- **Implementation of integrity management**

Item	Execution	Comparison against the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and its reasons
I. Set integrity management policies and programs (I) The company expresses a clear integrity management policy in the Articles of Association and external documents, and the board and the management are actively committed to its implementation. (II) The company has measures in place to prevent acts of bad faith, as well as operating procedures, behavioral guidelines, and education and training. (III) The company has measures in place to prevent acts of bad faith; it also adopts measures to prevent operating activities with higher risk of bad faith conduct, such as, bribery and accepting bribe, and illegal campaign contributions.	(I) The Company has established the "Integrity Management Code" and the Internal Audit Office is responsible for integrity management policies, prevention programs, and supervision. (II) The company has stipulated the "Manufacturers Commitment" to request all suppliers having transactions conducted faithfully without any acts of bad faith, and to establish a good procurement system. (III) To ensure the implementation of integrity management, the Company has established an effective accounting system and internal control system; also, internal audit staff has the compliance of the systems referred to above checked regularly.	No significant difference
II. Implementation of integrity management (I) Prevent the Company from conducting business activities with vendors who lack integrity, and stipulate integrity terms in business contracts. (II) The company sets up a functional unit for the implementation of integrity management full time (or part-time) and the supervision of the Board of Directors. (III) The Company formulates policies to prevent conflicts of interest and to provide appropriate communication channels. (IV) Implementation of an effective accounting system and internal control system by the company for integrity management and the review of the internal auditors.	(I) The Company has stipulated the "Manufacturers Commitment" to request all suppliers having transactions conducted faithfully without any acts of bad faith, and to establish a good procurement system. (II) The Company has not set up a dedicated unit for integrity management. Each department is to fulfill integrity management according to job responsibilities and operation scope. (III) The Company has stipulated the "Employee Integrity Commitment" to request that employees shall not commit any form of "improper conduct," such as, kickback, commissions, equity interest in any form or improper gifts, or illegal gains that directly or indirectly benefits oneself, related parties, or designated personnel; also, to prevent any personal gain at the expense of the Company. (IV) To ensure the implementation of integrity management, the Company has established an effective accounting system and internal control system; also, internal audit staff have the compliance of the systems referred to above checked regularly.	No significant difference
III. The company has set up a reporting pipeline, disciplinary policy for breach of integrity management, and appeal system.	The Company has a dedicated unit to handle matters in accordance with these Regulations.	No significant difference
IV. Enhancing information disclosure (I) Information about integrity management operations is disclosed on the Company's website. (II) The Company has other channels available for information disclosure (eg English website, etc.)	The company has yet to disclose relevant information.	For the consideration of legislation, if necessary, it will be disclosed legally.

V. If the company has integrity management defined in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies," please describe the operational differences from the Code: None

VI. Other important information that helps understand the company's integrity management (such as, the company advocates its determination and policy for integrity management to business counterparties, and invites them to participate in education and training, review, and amendment of the company's integrity management code):

1. The Company has complied with the Company Law, the Securities and Exchange Act, the Business Accounting Law, listed and OTC relevant rules, or other publicly traded commercial activities related law and regulations for the implementation of integrity management.
2. The Company has director conflicts of interest defined in the "Regulations Governing Procedures for Board of Directors Meeting" Board Rules." If the proposals proposed in board meetings have a conflict of interest with the directors or the statutory representative that is detrimental to the company's interest, the directors may present their views and answer questions but may not join discussion and voting; also, they shall be excused in discussion and voting and shall not exercise their voting rights on behalf of other directors by proxy.
3. The Company has stipulated the "Manufacturers Commitment" to request all suppliers having transactions conducted faithfully without any acts of bad faith, and to establish a good procurement system.

Important resolutions of Shareholders' Meeting and Board of Directors.

Shareholders' Meeting

Date of meeting	Summary of important resolutions	Result of resolution
2013.06.11	1. Approved 2012 financial statements.	Adopted
	2. Approved 2012 earnings distribution. Shareholder's dividend: Cash dividend per share amounted to NTD2. Employee bonus: NTD 0.6 million. Remuneration of the directors and supervisors: NTD 10 million.	Adopted
	3. Discussion of revision of the Company's "Procedures for endorsements and guarantees"	Adopted
	4. Discussion of revision of the Company's "Procedures for fund lending"	Adopted

Board of directors

Date of meeting	Summary of important resolutions	Result of resolution
2013.03.15	1. Approved 2013 operation plan.	Adopted by all present shareholders
	2.Discussion of revision of "Procedures for endorsements and guarantees" and "Procedures for fund lending".	Adopted by all present shareholders
	3.Discussion of indirect investment to China by BVI subsidiary and Synnex Distribution (China) Ltd	Adopted by all present shareholders
	4.Internal control declaration approved.	Adopted by all present shareholders
	5.Discussion regarding the convening of the 2013 general shareholders' meeting	Adopted by all present shareholders
2013.04.23	1.Discussion of revision of the Company's "Articles of Association"	Adopted by all present shareholders
	2. Planning of 2012 earnings distribution Shareholder's dividend: Cash dividend per share amounted to NTD2. Employee bonus: NTD 0.6 million. Remuneration of the directors and supervisors: NTD 10 million.	Adopted by all present shareholders
	3. Discussion of convening 2013 general shareholders' meeting	Adopted by all present shareholders
2013.06.27	1. Discussion of ex-dividend day: Ex-dividend date for distribution of cash dividends: July 31, 2013	Adopted by all present shareholders
2013.08.09	1. Discussion of changing excecutive auditor	Adopted by all present shareholders
2013.11.13	1. Discussion of the Company's "2014 audit plan"	Adopted by all present shareholders
	2. Discussion of revising the Company's "Procedure for Board of Directors Meetings"	Adopted by all present shareholders
2014.03.21	1. Discussion of 2014 operation plan	Adopted by all present shareholders
	2. Internal control declaration approved.	Adopted by all present shareholders
	3. Discussion of revision of "Procedures for endorsement and guarantees" and "Procedures for fund lending"	Adopted by all present shareholders
	4. Discussion of revision of "Procedures for handling acquisition and disposal of assets" and "Procedures for financial derivatives transactions".	Adopted by all present shareholders
	5. Discussion of convening 2014 general shareholder meeting	Adopted by all present shareholders
2014.04.28	1. Discussion of revision of the Company's "Articles of Association"	Adopted by all present shareholders
	2. Planning of 2013 earnings distribution Shareholder's dividend: Cash dividend per share amounted to NTD2.8 Employee bonus: NTD 0.6 million. Remuneration of the directors and supervisors: NTD 7.6 million	Adopted by all present shareholders
	3. Discussion of convening 2014 general shareholders' meeting	Adopted by all present shareholders

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

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

Title Name	2013		2014.1.1 ~ 2014.4.13		Note
	Changes in shareholding	**Changes in pledged shareholding**	**Changes in shareholding**	**Changes in pledged shareholding**	
Chairman and Overseas Operation CEO Matthew Feng-Chiang Miau	1,594,000	-	200,000	-	
Director and president Evans S.W. Tu	-	-	-	-	
Director Yang, Shih-Chien and Charles H.S. Ching	-	(3,300,000)	-	-	Representative of MiTAC Inc.*
Supervisor Yang, Hsiang-Yun and Chou, T.C.	9,142,000	-	-	-	Representative of Lien Hwa Industrial Corp.*
Vice-President Beny Weii	302,290	-	-	-	
Vice-President James Lee	90,687	-	-	-	
Vice-President Rex Shiue	54,413	-	-	-	
Vice-President Dicky Chang	310,687	-	-	-	
AVP-Finance Oliver Chang	214,183	400,000	(160,000)	-	
Treasury Manager Grace Huang	10,000	-	(8,000)	-	
Major shareholder MiTAC Inc.	-	(3,300,000)	-	-	

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

III. Capital and shares

1) Capital sources

2014.4.13
Unit: Shares/in NTD thousand

Capital sources	Amount	Shares	Percentage (%)
Original capital	202,312	20,231,233	1.27
Capital increase by cash	923,772	92,377,176	5.82
Capital increment from retained earnings	12,718,960	1,271,896,030	80.07
Capital increase out of capital reserves	542,000	54,200,000	3.41
Share swap	224,120	22,412,000	1.41
Employee stock option	215,780	21,578,000	1.36
Convertible bonds	1,058,265	105,826,483	6.66
Total	15,885,209	1,588,520,922	100.00

2) Category of shares

2014.4.13
Unit: Share

Category of shares	Authorized capital			Note
	Outstanding shares (listed)	Un-issued shares	Total	
Registered ordinary shares	1,588,520,922	611,479,078	2,200,000,000	

3) Shareholder structure

2014.4.13

Item	Government institutions	Financial institutions	Other institutional shareholders	Personal shareholders	Foreign institutions and personal shareholders	Total
Number of shareholders	1	63	220	43,777	502	44,563
Shares	587	248,127,595	452,015,785	283,528,705	604,848,250	1,588,520,292
Shareholding %	0.00	15.62	28.46	17.85	38.07	100.00

4) Distribution of shareholding

2014.4.13

Classification of shareholding	Number of shareholders	Shares	Percentage of shareholding (%)
1 - 999	11,366	3,148,753	0.20
1,000 - 5,000	23,890	52,811,752	3.32
5,001 - 10,000	4,580	35,574,490	2.24
10,001 - 15,000	1,457	18,538,457	1.17
15,001 - 20,000	906	16,689,543	1.05
20,001 - 30,000	757	19,186,119	1.21
30,001 - 40,000	353	12,832,921	0.81
40,001 - 50,000	217	10,014,956	0.63
50,001 - 100,000	421	29,736,178	1.87
100,001 - 200,000	222	31,295,893	1.97
200,001 - 400,000	139	38,879,510	2.45
400,001 - 600,000	58	28,751,394	1.81
600,001 - 800,000	28	19,586,219	1.23
800,001 - 1,000,000	21	19,381,535	1.22
Over 1,000,001	148	1,252,093,202	78.82
Total	44,563	1,588,520,922	100.00

5) Major shareholders

2014.4.13

Major shareholders	Shares	Percentage of shareholding (%)
MiTAC Inc.	216,381,957	13.62
Matthews International fund managed account with HSBC Bank (Taiwan) Limited acting as custodian bank	90,352,354	5.69
Nanshan Life Insurance Co., Ltd.	66,321,000	4.18
Labor Insurance Fund	47,067,208	2.96
Public Service Pension Fund Management Board	45,788,277	2.88
Morgan Stanley Capital International managed account with HSBC (Taiwan) acting as custodian bank	43,334,919	2.73
Cathay Life Insurance	36,891,000	2.32
Evans S.W. Tu	34,434,649	2.17
Fubon Life Insurance Co., Ltd.	33,500,922	2.11
Matthew Feng-Chiang Miau	30,417,147	1.91

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

Unit: NTD

Item / Year		2012*****	2013	2014.3.31
Market price per share	Highest	79.50	63.30	56.20
	Lowest	51.90	37.10	47.20
	Average	67.13	47.96	50.85
Net worth per share	Before distribution	25.76	26.81	28.35
	After distribution**	23.75	NA	NA
Earnings per share	Weighted average shares (in thousands of shares)	1,577,249	1,586,646	1,588,521
	Earnings per share – before adjustment	3.66	3.32	0.63
	Earnings per share – after adjustment*	3.66	3.32	NA
Dividends***	Cash dividend	2.00	2.80	NA
	Dividend from retained earnings	-	-	NA
	Dividend from capital reserve	-	-	NA
	Accumulated undistributed dividends	-	-	NA
Analysis for return on investment****	Price/Earning ratio	18.34	14.45	NA
	Price/Dividend ratio	33.57	17.13	NA
	Cash dividend yield rate	2.98%	5.84%	NA

* As of December 31, 2013, the retroactive adjustment of shares after capital increase out of earnings and employee bonus.

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

*** The earnings distribution for year 2013 is based on Board of Directors' meeting on April 28, 2014.

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

***** To be consistent, the numerical values adopted here are based on the financial report prepared by the International Accounting Standards.

7) The policy and implementation of dividends

The dividend distribution proposed by shareholder meeting

The Board of Directors meeting held on April 28, 2014, proposed cash dividend distribution of NT$2.8 per share, employee bonus of NT$ 600 thousand and remuneration of directors and supervisors of NT$7,600 thousand.

Dividend policy

According to Article 38 of the Company's association, after tax payment and subtracting the deficit incurred in the previous years, 10% of the annual net income should be appropriated as legal reserve and a special reserve should be provided in accordance with deduction in the shareholder equity of the said year, and appropriate 0.01%~10% as employee bonus; In addition, 30%~100% is appropriated from the remaining balance plus the undistributed earnings of the preceding year, and cash dividends shall not be lower than 15% of the total dividends.

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

Unit: NTD

Item / Year			2014 (Estimate) (Distribution of 2013 earning)
Beginning issued capital (in NTD thousand)			15,885,209
Distribution of current year	Cash dividend per share (NTD)		2.8*
	Stock dividend per share for capital increment from retained earnings		-
	Stock dividend per share for capital increment from capital reserve		-
Change in operational performance	Operating income		NA*
	% Change in Operating Income (YOY)		
	Net income		
	% Change in net income (YOY)		
	Earnings per share		
	% Change in Earnings per share (YOY)		
	Average rate of return on investment (Average E/P ratio)		
Conjectural earnings per share and PE ratio	If retained earnings for capital increment all converted to cash dividend	Pro-forma Earnings per share (NTD)	NA*
		Pro-forma Average annual return on investment	
	If no increment using capital surplus	Pro-forma Earnings per share (NTD)	NA*
		Pro-forma Average annual return on investment	
	If no increment using capital surplus, it will be switched to cash dividends	Pro-forma Earnings per share (NTD)	NA*
		Pro-forma Average annual return on investment	

* As the Company did not publish a financial forecast for 2014, this information is not available; the distribution of 2013 is conducted in accordance with the earnings distribution approved by the Board of Directors meeting.

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

Provisions in Articles of Association

Please see dividend policy for employee bonus, the 2006 shareholder meeting has authorized Board of Directors to determine the distribution of remuneration to directors and supervisors in accordance with industry standard.

Estimation criterion and difference treatment

1. The estimation of employee bonus and remuneration to directors and supervisors for the financial year 2013 is based on net profit of the said period, legal reserve and other factors, and the ratio stipulated in the Articles of Association of the Company.
2. Public companies must recognize as expense and liability when there is legal responsibility or assume responsibility and the value can be reasonably estimated based on "Guideline for employee bonus and remuneration for directors and supervisors" in accordance with the 16 March 2007 Letter No. Ji-Mi-Zih-052 of the Accounting Research and Development Foundation in Taiwan. It will be recognized as next year's profit/loss if difference between the actual distribution and estimated amount is shown after resolution of the shareholder meeting.

Information on proposed distribution approved by Board of Directors

1. As of April 28, 2014, the Board of Directors approved that the proposed distribution of employee bonus for 2013 is NT$600 thousand and remuneration for directors and shareholders is NT$7,600 thousand. The cash dividend for employees is consistent with the 2013 estimation. The difference of NT$2,400 thousand arose between directors' remuneration and the 2013 estimation of NT$10,000 thousand, which is recorded as profit/loss and carry forward to next year.
2. The proposed distribution of stock dividend for employee is NT$0.
3. Impact of the proposed distribution of employee bonus and remuneration for directors and shareholders to earning per share: None.

Actual distribution of the preceding year and treatment of differences

The employee cash dividend in 2012 was NT$600 thousand and remuneration for directors and supervisors was NT$10,000 thousand which was consistent with the estimations of 2012.

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

Item / Year of EPS			2009 (Distribution in 2010)	2010 (Distribution in 2011)	2011 (Distribution in 2012)	2012 (Distribution in 2013)	2013 (Distribution in 2014)
Dividend (NTD/per share)	Cash		2.42	2.25	4.00	2.00	2.80
	Stock		1.00	-	-	-	-
Remuneration for directors and supervisors (in NTD thousand)			6,000	6,000	6,000	10,000	7,600
Employee bonus	Cash		251,000	90,000	75,000	600	600
	Stock	Amount (in NTD thousand)	None	None	None	None	None
		Shares (thousand shares)	None	None	None	None	None
Employee stock bonus / (employee stock bonus + shareholder stock dividend)			None	None	None	None	None
Employee stock bonus / outstanding shares at year end			None	None	None	None	None

Summary of 2012 (distributed in 2013) employee stock bonus information: None

10) Buy back shares: None

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

1) Global depositary receipts

Issue date			1997.7.3	1999.9.22
Countries issued			Asia, Europe and the US	Asia, Europe and the US
Issuance and listing			Luxembourg Stock Exchange	Luxembourg Stock Exchange
Total amount issued (US$)			139,382,100	245,380,125
Issue price per GDR (US$)			22.23	18.93
Total units issued (unit)			6,270,000	12,962,500
Underlying securities			1. Capital increase by cash and issue new shares 2. Release shareholder: MiTAC Inc., Lex Service (Guernsey) Limited.	1. Capital increase by cash and issue new shares 2. Release shareholder: Lex Service (Guernsey) Limited.
Common shares represented (shares)			25,080,000	51,850,000
Rights and obligations of GDR holders			Rights and obligation consistent with common shares	Rights and obligation consistent with common shares
Trustee			None	None
Depositary bank			Citibank, N.A.	Citibank, N.A.
Custodian bank			Citibank N. A., Taipei branch	Citibank N. A., Taipei branch
2014.4.30 GDR outstanding (unit)			906,363	
Apportionment of expenses for issuance and maintenance			Issuing expense is paid by release shareholder and issuing company on the pro rata basis, duration expense is paid by depository institution.	Issuing expense is paid by release shareholder and issuing company on the pro rata basis, duration expense is paid by depository institution.
Important notes on depository agreement and custodian agreement			See depository agreement and custodian agreement for details	See depository agreement and custodian agreement for details
Market price per unit (US$)	2013	Highest	8.44	
		Lowest	5.03	
		Average	6.52	
	2014.1.1-2014.4.30	Highest	7.22	
		Lowest	6.09	
		Average	6.56	

2) Status of employee stock option

- Issuance of employee stock option

2014.04.30

Type of employee stock option	The 2nd employee stock option in 2007
Approval date by the Securities & Futures Bureau	2007.8.20
Issue (Grand) date	2007.11.28
Number of options granted	40,000 units
Percentage of shares exercisable to outstanding common shares	3.00%
Duration	6 years
Source of option shares	Method of performance of employee stock options is by issuance of new common shares.
Vesting schedule (%)	2nd year: up to 25%, 3rd year; up to 50%, 4th year: up to 75%, 5th year: up to 100%
Exercised shares	21,243,000
Value of shares exercised	NT$1,076,291 thousand
Unexercised option	0 shares (cancel 18,757,000 shares)
Exercise price per share for unexercised options	NA
Percentage of unexercised shares to outstanding common shares	0%
Impact to shareholder equity	Dilution to shareholders’ equity is limited.

- Names, options size and subscription status of executives who have received stock options prior to the printing date of the annual financial report and the total of whose accumulated option shares rank among the top 10 with a subscription value of over NTD 30 million.

2014.4.30

Unit: in thousand shares/ NTD thousand

	Title	Name	Stock options	Stock options to outstanding common shares (%)	Exercised				Unexercised			
					Exercised shares	Exercised price per share	Value of shares exercised	Exercised options to total shares issued	Unexercised option	Unexercised price per share (NTD)	Value of shares unexercised	Unexercised options to outstanding common shares issued (%)
Manager	President	Evans S.W. Tu	10,320	0.65%	4,750	46.4~50.4	229,420	0.30%	0	NA	0	0 %
	Overseas Operation CEO	Matthew Feng-Chiang Miau										
	Vice-President	Beny Wei										
	Vice-President	James Lee										
	Vice-President	Dicky Chang										
	Vice-President	Rex Shiue										
	AVP-Finance	Oliver Chang										
	Treasury Manager	Grace Huang										
Employees	President	Evans S.W. Tu	14,000	0.88%	5,000	46.4~60.2	244,470	0.32%	0	NA	0	0 %
	Executive VP	Jialong Hu*										
	Overseas Operation CEO	Matthew Feng-Chiang Miau										
	Vice-President	Wu Rongmin**										
	Vice-President	Lishen Lee**										
	Vice-President	Beny Wei										
	Vice-President	James Lee										
	Vice-President	Dicky Chang										
	Vice-President	Rex Shiue										
	AVP-Finance	Oliver Chang										

* Executive Vice President Jialong Hu passed away on September 6, 2009.

** Vice President Rongmin Wu resigned on May 10, 2010.

*** Vice President Lishen Lee retired on June 21, 2011.

**** Issuance completed on November 28, 2014, unissued shares were cancelled accordingly.

- The accumulated acquisition and name of the managers and top-ten employees with restricted stock shares as of the prospectus printing date: None
- Approval date of shareholder meeting and amount, price referenced and reasonability, method chosen by specific person (state subscriber's name and relationship with the Company), reason of private placement and progress as of printing date of prospectus should be stated for private placement of employee stock options of the latest three years: None.

3) Preferred shares

None

4) Corporate bonds

Unredeemed and issuing bonds

Convertible bonds (23471)

2014.04.30

Category of bonds		1st Domestic unsecured convertible bonds in Taiwan
Issue date		Issued on June 24, 2008
Par value		NTD 100,000
Issue and trading location		Taiwan
Offering price		NTD100
Total amount		NTD 6 billion
Coupon rate		Coupon rate 0%
Tenure		Issuing period: 5 years
Trustee		ChinaTrust Commercial Bank
Underwriter		Yuanta Securities Ltd.
Legal counsel		NA
Auditor		NA
Repayment method		In addition to the bond holders convert in accordance with issue and method of conversion or exercise and swaps issued by conversion or exercise selling right and buy back or cancelled by the Company, the fund will be repaid upon maturity.
Outstanding Principal		0
Conditions and terms for redemption or early settlement		In accordance with issuance and conversion measures
Covenants		None
Credit rating agency, rating date and rating		NA
Other rights	Amount of converted (share swap or subscription) common shares, ADRs or other securities as of 04/30/2012	Converted 58,482,000 shares to 105,826,483 common shares in the amount of NTD5,848,200 thousand
	Issuance and conversion (share swap or subscription) measures	In accordance with issuance and conversion measures
Possible dilution and impact to shareholder equity of issuance, conversion, share swap or subscription measures.		Dilution to shareholders' equity is limited
Custodian bank of the targeted conversion		NA

Unit: NTD

Category of bonds		1st domestic unsecured convertible bonds in Taiwan
Item / Year		2013.1.1~2013.6.24
Market price of convertible bonds	Highest	125.10
	Lowest	99.80
	Average	111.19
Conversion price		50.00
Issue date and conversion price upon issuance		Issue date: 2008.6.24 Conversion price upon issuance: 80.00
Method of conversion		Issuance of new shares

Convertible bonds (23472)

2014.04.30

Category of bonds		2nd Domestic unsecured convertible bonds in Taiwan
Issue date		Issue on January 14, 2011
Par value		NTD 100,000
Issue and trading location		Taiwan
Offering price		NTD100.2 (calculated based on 100.2% of par value)
Total amount		NTD5.01 billion
Coupon rate		0%
Tenure		3 years
Trustee		ChinaTrust Commercial Bank
Underwriter		Grand Cathay Securities Ltd.
Legal counsel		NA
Auditor		NA
Repayment method		In addition to the bond holders convert in accordance with issue and method of conversion or exercise and swaps issued by conversion or exercise selling right and buy back or cancelled by the Company, the fund will be repaid upon maturity.
Outstanding Principal		0
Conditions and terms for redemption or early settlement		None
Covenants		None
Credit rating agency, rating date and rating		NA
Other rights	Amount of converted (share swap or subscription) common shares, ADRs or other securities as of 04/30/2013.	Not converted
	Issuance and conversion (share swap or subscription) measures	In accordance with issuance and conversion measures
Possible dilution and impact to shareholder equity of issuance, conversion, share swap or subscription measures.		Dilution to shareholders' equity is limited
Custodian bank of the targeted conversion		NA

Unit: NTD

Category of bonds		2nd Domestic unsecured convertible bonds in Taiwan		
Item / Year		2013		2014.1.1~2014.1.14
Market price of convertible bonds	Highest	99.95		100.00
	Lowest	98.70		100.00
	Average	99.37		100.00
Conversion price		2013.01.01~2013.07.30	Conversion price is 79.00	75.10
		2013.07.31~2013.12.31	Conversion price is 75.10	
Issue date and conversion price upon issuance		Issue date: 2011.01.14		
		Conversion price upon issuance: 86.80		
Method of conversion		Issuance of new shares		

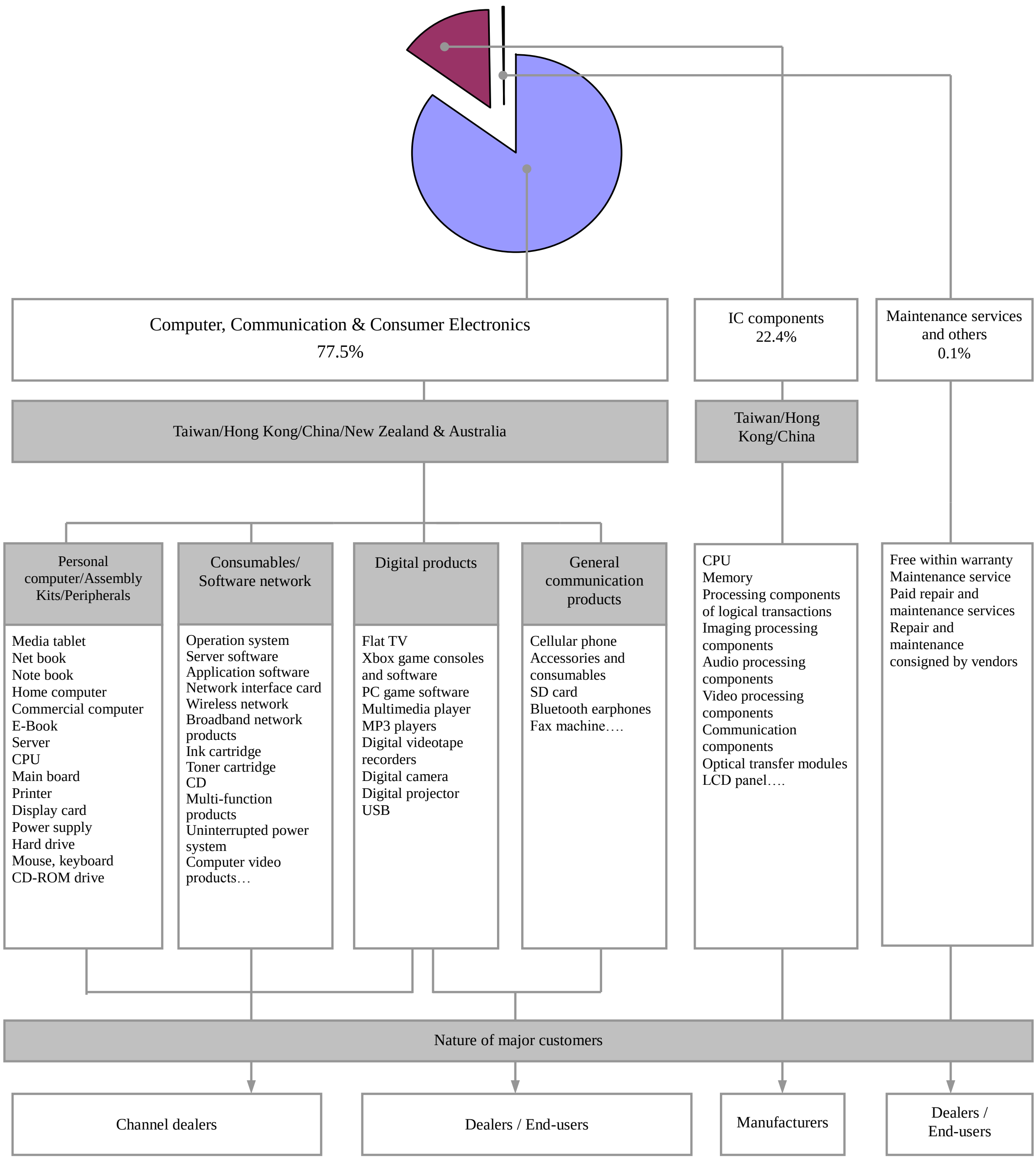
Exchangeable bond: None
Shelf registration and corporate bond issuance: None
Bonds with warrant: None
Private placement of bonds in the latest 3 years: None

Operation highlights

Operation highlights

I. Scope of Business

1) Main areas of business operation and revenue distribution for 2013



2) Developing new products (service)

New Product	New Service
▪ Smart wearable devices ▪ Automatic digital products ▪ Network TV ▪ Value-added commercial information products	▪ Direct the collaborative inventory management, inventory escrow, and replenishment service ▪ Electronic software distribution services ▪ Contract management services for commercial software and service products

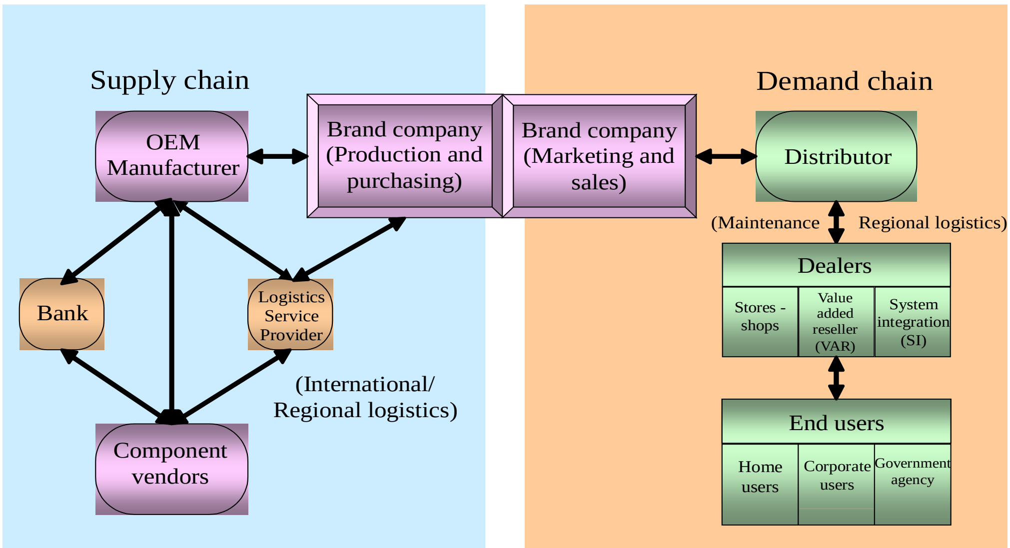
3) Overview of industry

Distribution overview of 3C products (IT and Telecom)

1. Overview of supply chain

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

Supply chain and demand chain



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

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

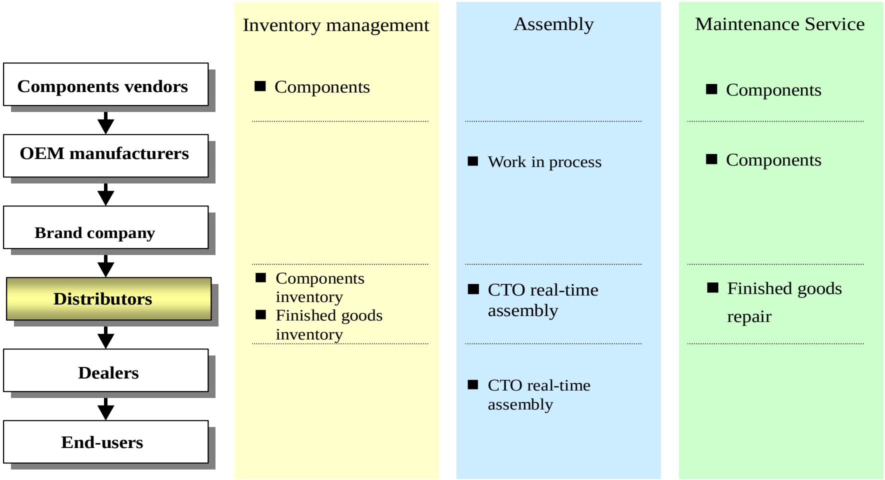
2. Role of the distributors

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

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

Industrial Chain and Distributor's Roles

(Except R&D, manufacturing and sales)



3. Overview of upstream suppliers

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

4. Overview of downstream dealers

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

cooperation between the dealers and distributors is expected from product planning and technical support and logistics services before sales to the after-sales maintenance services.

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

Overview of IC components distribution

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

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

Product development trend

- Personal Computer (PC) products

  Notebook from the aspect of cosmetics, specifications, and intended use is with diversified product subcategories developed from a full-featured notebook to mini-notebook, ultra-thin laptop, and easy laptop; therefore, diversified demands are resulted, the overall market scale is expanded, and the overall market growth is activated. In terms of desktop computer products, in addition to traditional computing and Internet access, it will further become a home entertainment center along with the vigorous development of various digital entertainment products. Therefore, the system products with the integration of home appliances entertainment features (such as, TV, stereo, radios, etc.) will be quite popular. In addition, under the trend of cloud applications, the development of desktop computers will be accelerated toward the Thin Client.
- Cellular phone products

  Smart phones have become the predominant product, with the availability of mobile internet access, more entertainment or business functions are integrated into cellular phone, this trend has facilitated the price of cellular phone to be maintained at certain level, its business model is changing along with the trend.
- Digital products

Digital products with 3C features will not only remain active on the market, more innovative products will emerge; the development of new products will be focused on computing, communication and wireless.

4) Report on technology and research development

Research and development operations

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

1. New product management systems, network management systems, logistics management systems, and finance management systems have been introduced into the business units of Taiwan, China, Hong Kong, and Indonesia (successfully introduced into Australia in 2012).
2. Demand forecast and inventory allocation decision supporting system
3. Software products e-sales system
4. Contract management system for commercial software and service products

5) Long and short term business development plan

Short term business development plan

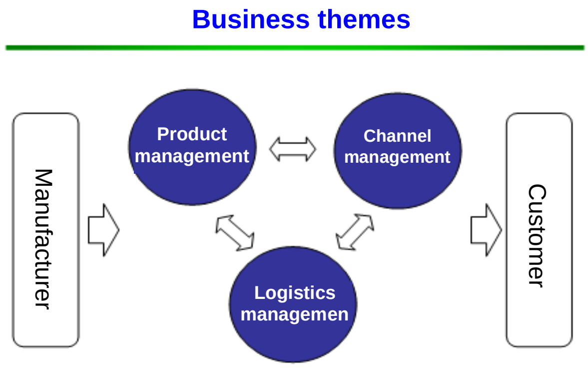
- Channel: Continue channel's in-depth development plan to establish a complete sales channel. Especially in China, continuing channel development in-depth in 4^{th} and 5^{th} tier cities and national chain store operations, and will actively seek opportunities for collaboration with China's telecommunications industry. In addition to continuing to expand nationwide chain store operations in Australia, we will also actively develop commercial information networks. In terms of Taiwan, the existing distribution network is fairly stable; therefore, we will actively develop business opportunities for horizontal alliance in the future.
- Product: Continuing franchise strategy in Asia Pacific region to expand cooperation with global brands for synergy effect. At the same time, increase business information, consumer electronics, and software product lines aggressively.
- Logistics: Speed up the construction and explanation of the logistics center in response to business growth.

Long term business development plan

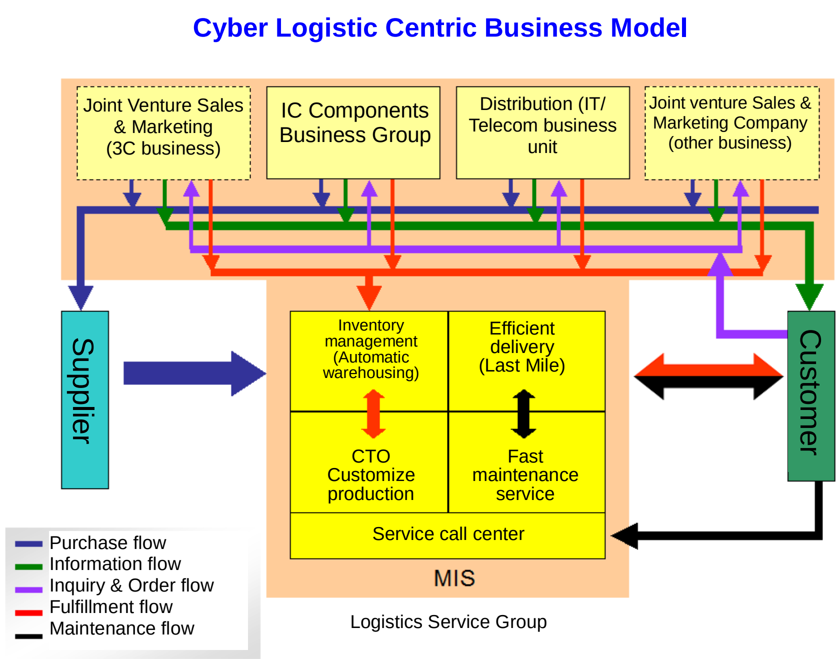
Emerging countries will remain the main source of growth momentum for the global economy over the next few years. Synnex also focuses its overseas market expansion in Asia Pacific where emerging markets have large populations and growing consumption. In addition, we will continue to expand development of diversified networks in existing countries and regions, import multi-product multi-brand sales, and seek breakthrough opportunities for continuing growth.

II. Business model

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



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



III. Core competitiveness

Diversified Channels

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

Comprehensive Product Line

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

Logistics Mechanism

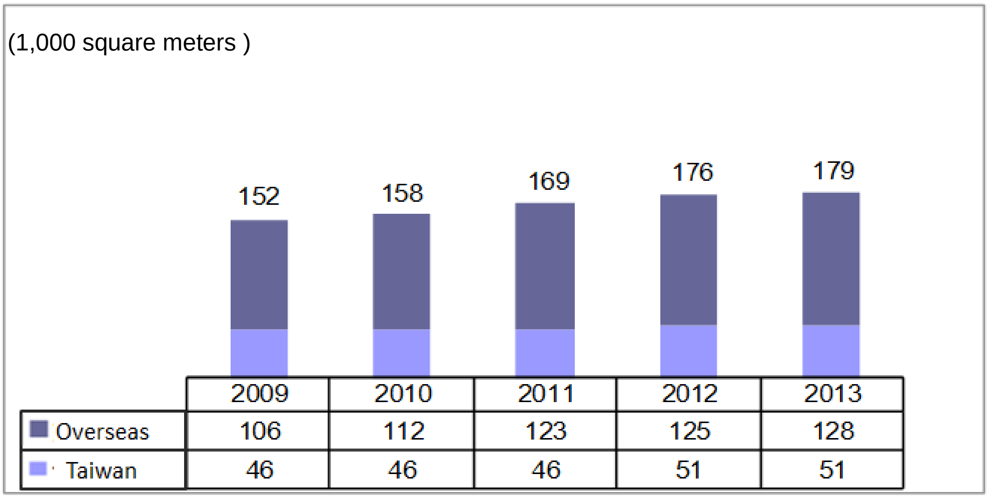
Synnex has established dozens of logistics centers in major cities of Asia Pacific region, which formed extensive logistics network coverage. With state-of-the-art automatic equipment, a self-developed management systems, professional and disciplined operations, Synnex's logistics centers covering warehousing,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

The Four Information and Communication Network

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

The development of operational management techniques

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



Logistics operations area

IV. Business strategy

Multi-brand and multi-product strategy

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

Management philosophy of 51 and 49

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

From serving channel customers to serving 'end users

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

The advantage of operational process

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

Unique “open channel “strategy

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

A distributor with brand name

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

Maximizing the advantage of economic scale

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

Pursuing steady growth in overseas market

Currently, Synnex has overseas subsidiaries located in Hong Kong, China and Australia that operate in localizes, stable and step by step strategy to operate local distribution business; the successful Taiwan operation experience and mechanism is copied to the subsidiaries in accordance with actual needs. To complete product management, channel management and basic logistics management, MIS system is copied, and followed by CTO assembly, automatic warehousing and maintenance mechanism. Besides, Synnex also help subsidiaries to obtain complete dealership of international brand through its successful cooperation experience with the suppliers in Taiwan. Furthermore, Synnex started investing in distribution networks in India, the Middle East, and West Africa, at the end of 2004; also, in Southeast Asia in early 2011 in order to effectively expand business scope and explore potential markets.

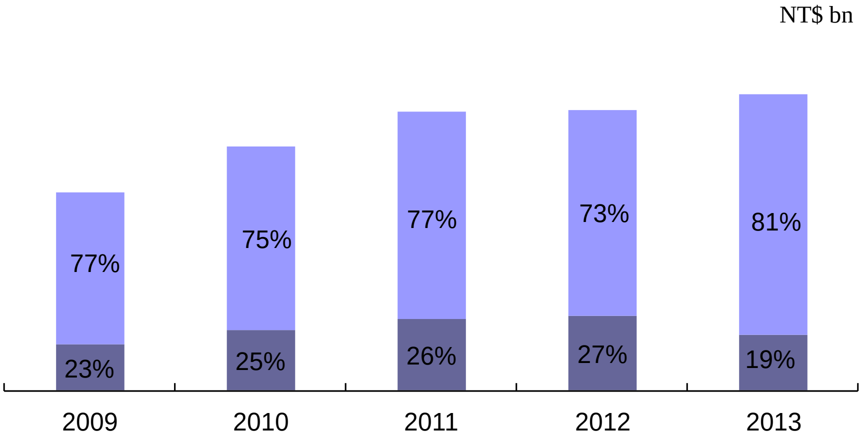
An all-round logistic service provider in the age of e-business

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

V. Market and sales conditions

1) Main sales markets

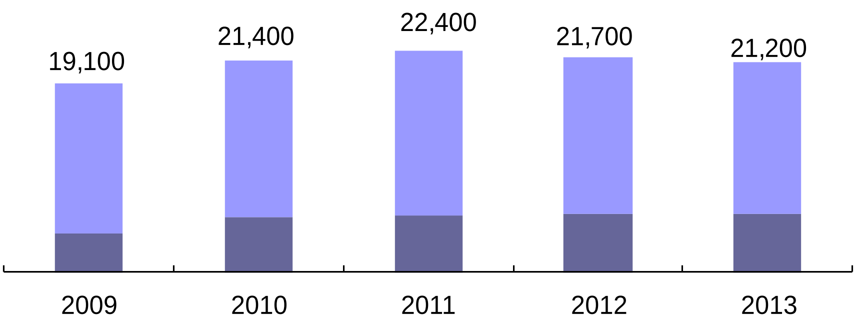
Trends in group revenues for the past five years



	2009	2010	2011	2012	2013
Overseas subsidiary	169.3	204.7	230.8	229.5	268.9
Taiwan	51.4	67.9	79.9	83.1	61.4
Consolidate	220.7	272.6	310.7	312.6	330.3

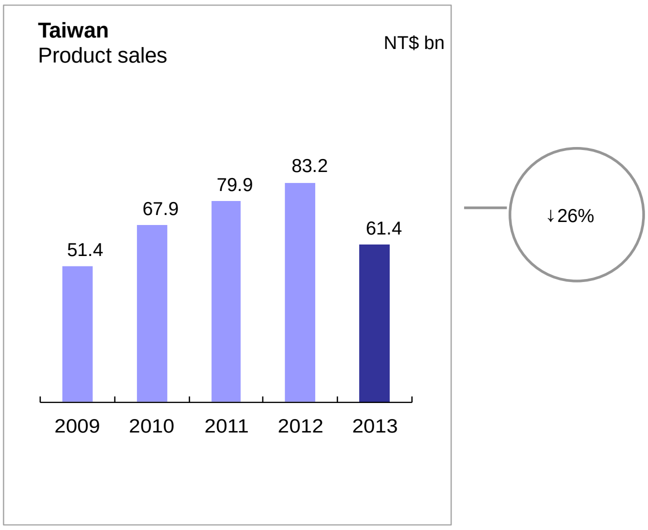
* Intercompany transaction is deducted from the selling party's sales account

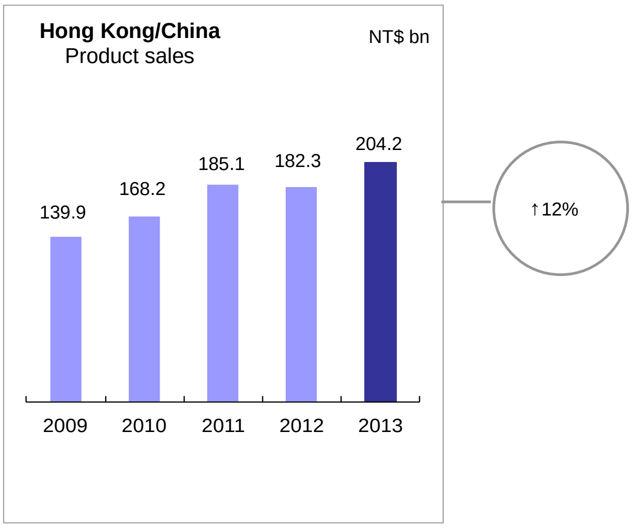
Number of group's monthly average dealing customers

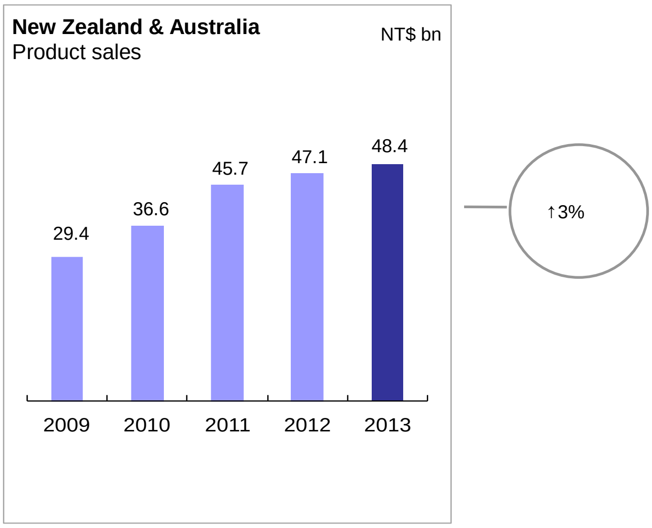


	2009	2010	2011	2012	2013
Overseas subsidiary	15,100	15,800	16,600	15,700	15,200
Taiwan	4,000	5,600	5,800	6,000	6,000

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







2) Supply-demand and growth of the future market

2014 Global equipment shipments (including PC, tablet computer, Ultramobile and mobile phone) are expected to reach 2.5 billion units, representing 7.6% growth from 2013 and they are expected to reach 2.6 billion units in 2015, according to market research institute, Gartner, Inc.

The global traditional PC shipments are expected to reach 278 million units in 2014, representing 7.0% decline from 2013 and are expected to reach 268 million units in 2015, representing 3.6% decline from 2014. The shift from PCs to tablet computers will continue to decline, when it comes to selecting tablet computers or PCs, as consumers and corporations tend to prefer the ones that are closest to their usage patterns, Ultramobile PCs (hybrid and clamshell laptop) therefore have become the new market’s newfound rising star. The shipment are expected to reach 40 million units in 2014, representing 135.3% growth from the previous year and they are expected to reach 64 million units in 2015, representing 60% growth from 2014. When hybrid and clamshell laptops are included, an increase in PC shipments is seen.

The 2014 tablet PC shipments are expected to reach 260 million units, representing 46.1% increase from 2013. The same for 2015 is expected to reach 325 million units, representing 23.6% increase from 2014. The global tablet PC market is expected to be more competitive, in that it will feature lower in price, smaller in size and popularized unknown brands.

The shipments of mobile phones are expected to reach 1.893 billion units and 1.965 billion units in 2014 and 2015 respectively, representing a 4.9% and 3.8% growth respectively. The growth in 2014 is expected to be generated from low-end products in high cost mobile phones and high-end mobile phones in entry-level mobile phones.

Type	2013		2014 (Estimate)		2015 (Estimate)
	Million units	Million units	Growth rate (%)	Million units	Growth rate (%)
PCs (including notebooks)	299	278	-7.0	268	-3.6
Tablet PCs	180	263	46.1	325	23.6
Mobile phones	1,804	1,893	4.9	1,965	3.8
Others (hybrid and clamshell pcs)	17	40	135.3	64	60.0
Total	2,300	2,474	7.6	2,622	6.0

* Source of information: Gartner Dataquest

PC Market

Gartner’s research indicates that 117 million PCs were sold in the Asia-Pacific region in 2013, representing 11.5% decline from 2012. Sales amounted to US$70.5 billion, representing 14.7% decline. Affected by a weak global economy and threatened by tablet PCs, the shipment of consumer PCs declined. A total of 110 million units of PCs are expected to be sold in the Asia-Pacific region, representing a 6.6% decline from 2013 for sales amounting to US$64.2 billion, representing an 8.9% decline.

Although 2014 PC sales are forecasted to decline slightly, the commercial PC market is on a growth trend, contributing growth momentum for the PC market. In addition, Windows 8 is cutting off its support for the XP system while adding touchscreen support. This movement is expected to trigger a machine replacement trend, which no doubt is a confidence booster for PCs.
Shipments of the PC market in the Asia Pacific region (exclusive of Japan) in 2013 ~ 2015 are as follow:

Estimated Asia-Pacific PC market	2013		2014 (Estimate)		2015 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	117,350	-11.5	109,650	-6.6	106,190	-3.2
Amount	70,483	-14.7	64,176	-8.9	60,340	-6.0

* Source of information: Gartner Dataquest

Tablet PC Market

Gartner's research indicates that 81 million Tablet PCs were sold in the Asia-Pacific region in 2013, representing 111.5% growth from 2012. Sales amounted to US$24.2 billion, representing 56.1% growth. Simple, easy to use and highly mobile qualities of Tablet PCs allow the multi-functionality characteristics of mobile computing devices. A variety of integrated and hybrid products have been developed to deepen consumers' reliance on the products. A total of 100 million units of PCs are expected to be sold in the Asia-Pacific region, representing a 24.3% growth from 2013 for sales amounting to US$26.8 billion, representing a 10.7% growth. A total of 1.18 million units are expected to be sold in 2015, representing 17.7% growth from 2014, for sales amounting to US$30.6 billion, representing a 14.4% growth.

Shipments of the Tablet PC in the Asia Pacific region (exclusive of Japan) in 2013 ~ 2015 are as follow:

Estimated Asia Pacific region Tablet PC market	2013		2014(Estimate)		2015(Estimate)	
	1,000 units/USD million	Growth rate(%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	80,810	111.5	100,410	24.3	118,250	17.8
Amount	24,163	56.1	26,755	10.7	30,611	14.4

* Source of information：Gartner Dataquest

Mobile phone market

Gartner's research indicates that 970 million mobile phones were sold in the Asia-Pacific region in 2013, representing 7.7% growth from 2012 Sales amounted to US$113.2 billion, representing 9.6% growth. Gartner forecasts the shipment of mobile phones in the Asia-Pacific region in 2014 to grow by 5.9% for a total of 1,028 million units sold, and for sales amounting to US$119.9 billion, representing 6% growth. It is observed that the main growth factor for 2014 is the upgrading trend (feature phones replaced by smart phones) in emerging markets. As the replacement trend has been hovering around the market for the third consecutive year, growth is expected to be mild in 2015.

Cellular phone sales in the Asia-Pacific region (excluding Japan) in 2013~2015 are estimated as follows:

Estimated Asia-Pacific mobile phone market	2013		2014 (Estimate)		2015 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	970,460	7.7	1,027,790	5.9	1,061,980	3.3
Amount	113,155	9.6	119,943	6.0	130,411	8.7

* Source of information: Gartner Dataquest

Basic information in each region:

Region	Population (million)	GDP per capita (US$)	2013 economic growth rate (%)	Source of information
Taiwan	23.4	20,336	1.3	CIA/StockQ
China	1,355.7	6,071	7.8	CIA/StockQ
Hong Kong	7.1	36,676	1.4	CIA/StockQ
Australia	22.5	67,304	3.6	CIA/StockQ
Indonesia	253.6	3,594	6.2	CIA/StockQ
Thailand	67.7	5,390	6.4	CIA/StockQ
India	1,236.3	1,501	6.6	CIA/StockQ

- **Taiwan**

PC Market

Gartner's research indicates that 2.5 million units of PCs were sold in Taiwan in 2013, representing 9.8% decline from 2012. Sales of PCs in 2014 is expected to be 2.33 million units, representing 6.8% decline and the same for 2015 is 2.4 million units, representing 3.0% growth.

Estimated Taiwan PC market	2013		2014 (Estimate)		2015 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	2,500	-9.8	2,330	-6.8	2,400	3.0
Amount	1,636	-8.8	1,503	-8.1	1,525	1.5

* Source of information: Gartner Dataquest

Tablet PC Market

Gartner's research indicates that 2.55 million units of tablet PCs were sold in Taiwan in 2013, representing 80.1% growth from 2012. Sales of tablet PCs in 2014 is expected to be 3.32 million units, representing 30.2% growth and the same for 2015 is 3.67 million units, representing 10.5% growth.

Estimated Taiwan tablet PC market	2013		2014 (Estimate)		2015 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	2,550	80.1	3,320	30.2	3,670	10.5
Amount	934	8.2	979	4.8	975	-0.4

* Source of information：Gartner Dataquest

Mobile phone market

Gartner's research indicates that 8.71 million units of mobile phones were sold in Taiwan in 2013, representing a slight growth of 1.0% from 2012. Sales of mobile phones in 2014 are expected to remain at 8.71 million units and the same for 2015 is 8.51 million units, representing a minor decline of 2.3%.

Estimated Taiwan mobile phone market	2013		2014 (Estimate)		2015 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	8,710	1.0	8,710	0.0	8,510	-2.3
Amount	1,907	12.0	1,718	-9.9	1,825	6.2

* Source of information: Gartner Dataquest

- **China**

PC Market

Gartner's research indicates that 63.06 million units of PCs were sold in China in 2013, representing a decline of 13.9% from 2012. Sales of PCs in 2014 are expected to be 60.02 million units, a slight decline of 4.8% and the same for 2015 is 59.62 million units, representing a minor decline of 0.7%.

Estimated China computer market	2013		2014 (Estimate)		2015 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	63,060	-13.9	60,020	-4.8	59,620	-0.7
Amount	34,428	-13.0	33,128	-3.8	32,576	-1.7

* Source of information: Gartner Dataquest

Tablet PC Market

Gartner's research indicates that 4.73 million units of Tablet PCs were sold in China in 2013, representing a growth of 59.4% from 2012. Sales of Tablet PCs in 2014 are expected to be 5.08 million units, representing 7.4 % growth and the same for 2015 is 6.38 million units, representing 25.6% growth.

Estimated China Tabet PC market	2013		2014 (Estimate)		2015 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	4,730	59.4	5,080	7.4	6,380	25.6
Amount	816	85.5	823	0.9	1,085	31.8

* Source of information: Gartner Dataquest

Mobile phone market

With a population second to none in the world, a growing GDP and the popularization of 3G and 4G networks, feature phones can no longer meet the desires of Chinese people. Smart phones are growing accordingly to catch up with the rapidly rising market. On top of it, the popularization of smart phones has extended from 1st tier cities to 2nd tier cities. Smart phones have replaced feature phones to become the mainstream product in the market. The prevalence of 4G mobile communications has attracted 2G users and they are shifting to 3G and 4G which has become the mobile phone growth momentum in China. Smart phones have rooted their growth trend in 2014. Sales of mobile phones are expected to reach 4.48 million units in 2014, representing 3% growth from 2013.

Estimated China mobile phone market	2013		2014 (Estimate)		2015 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	435,570	3.8	448,420	3.0	451,610	0.7
Amount	49,655	21.5	55,425	11.6	60,787	9.7

* Source of information: Gartner Dataquest

- **Australia**

PC Market

Australia's ICT industry is a pioneer in global e-learning and information technology services with a leading position secured in the fields of wireless communications and smart transmission systems. Australia's ICT is ranked tenth in the global market, second only to China and Japan in the Asia-Pacific region. In Australia, 70% of households own computer equipment and 60% of households use Internet services. Gartner's research indicates that the total sales volume of PCs in 2014 is expected to reach 3.55

million units and the same in 2015 is expected to reach 3.42 million units.

Estimated Australian computer market	2013		2014 (Estimate)		2015 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	3,580	-22.7	3,550	-0.8	3,420	-3.7
Amount	3,313	-28.2	2,805	-15.3	2,575	-8.2

* Source of information: Gartner Dataquest

Tablet PC Market

Gartner's research indicates that 5.03 million units of Tablet PCs were sold in Australia in 2013, representing a growth of 60.2% from 2012. Sales of Tablet PCs in 2014 are expected to be 6.47 million units, representing 28.6% growth and the same for 2015 is 7.64 million units, representing 18.1% growth.

Estimated Australian tablet PC market	2013		2014 (Estimate)		2015 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	5,030	60.2	6,470	28.6	7,640	18.1
Amount	2,046	38.0	2,297	12.3	2,573	12.0

* Source of information: Gartner Dataquest

- **Indonesia**

As the world's fourth largest country in population and with more than 6% annual economic growth in recent years, Indonesia has vigorous domestic market demand. According to IDC, the current PC penetration in Indonesia is only 9%, far below standard in the world. However, the increasing consumer incomes are expected to stimulate the PC market, which marks the country as having high potential in terms of market scale and profitability. On top of it, Telkom Indonesia is planning a US$600 million project to expand optical fiber networks in Indonesia. It is expected that 2 million households will benefit from this project by 2014 and this will drive up the growth in the local PC market.

Estimated Indonesian PC market	2013		2014 (Estimate)		2015 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	4,570	-7.2	4,440	-2.8	4,430	0.0
Amount	2,273	-9.9	1,756	-22.7	1,627	-7.3

* Source of information: Gartner Dataquest

Tablet PC Market

Gartner's research indicates that 4.08 million units of Tablet PCs were sold in Indonesia in 2013, representing a substantial growth of 200.7% from 2012. Sales of Tablet PCs in 2014 are expected to be 7.32 million units, representing 79.4% growth and the same for 2015 is 8.80 million units, representing 20.2% growth.

Estimated Indonesia tablet PC market	2013		2014 (Estimate)		2015 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	4,080	200.7	7,320	79.4	8,800	20.2
Amount	824	122.1	1,039	26.1	1,314	26.5

* Source of information: Gartner Dataquest

- **Thailand**

PC Market

With multiple investment incentives and guidance measures supported by the government, coupled with its critical location in ASEAN, "The Great Mekong Sub-region" and "golden corridor", Thailand's e-commerce is growing rapidly. Furthermore, thanks to new government support to mega-projects and increasing awareness of information technology, the importance of information technology to business and individual is also on the rise. Gartner expects sales of PCs in 2014 to reach 2.49 million units and 2.52 million units in 2015.

Estimated Thailand PC market	2013		2014 (Estimate)		2015 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	2,750	-24.4	2,490	-9.5	2,520	1.2
Amount	1,524	-28.6	1,226	-19.5	1,214	-1.0

* Source of information: Gartner Dataquest

Tablet PC Market

Gartner's research indicates that 4.73 million units of Tablet PCs were sold in Thailand in 2013, representing a growth of 59.4% from 2012. Sales of Tablet PCs in 2014 are expected to be 5.08 million units, representing 7.4% growth and the same for 2015 is 6.38 million units, representing 25.6% growth.

Estimated Thailand tablet PC market	2013		2014 (Estimate)		2015 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	4,730	59.4	5,080	7.4	6,380	25.6
Amount	816	85.5	823	0.9	1,085	31.8

* Source of information: Gartner Dataquest

- **India**

PC Market

According to the global economic outlook report published by the Center for Economics and Business Research (CEBR), India has the potential to become the world's fourth largest economy in 2022. With the number of internet users growing at an unstoppable speed, it is expected that the internet population will reach 243 million in India by 2014 and that it will become the world's second largest country in terms of internet users. The demand for ICT products is also growing steadily. Notwithstanding the fact that there is less than 10% computer penetration in India now, it is expected to become the world's fastest growing country in terms of IT industry in the days to come. Sales of PC in 2014 are expected to be 9.01 million units and the same for 2015 is 8.89 million units.

Estimated Indian computer market	2013		2014 (Estimate)		2015 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	10,910	-0.4	9,010	-17.4	8,890	-1.3
Amount	5,621	-9.0	4,216	-25.0	4,143	-1.7

* Source of information: Gartner Dataquest

Tablet PC Market

Gartner's research indicates that 6.73 million units of Tablet PCs were sold in India in 2013, representing a growth of 485.4% from 2012. Sales of Tablet PCs in 2014 are expected to be 9.20 million units, representing 36.7% growth and the same for 2015 is 10.96 million units, representing 19.1% growth.

Estimated Indian tablet PC market	2013		2014 (Estimate)		2015 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	6,730	485.4	9,200	36.7	10,960	19.1
Amount	1,068	155.5	1,124	5.2	1,340	19.2

* Source of information: Gartner Dataquest

Synnex has become a leading distributor of IT products and services in Taiwan, its overseas subsidiaries and long-term investments showed impressive results. The local ranking of its subsidiaries in 2013 is as follows:

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

IC components market

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

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

3) Positive factors for our future development

Extensive growth potential in the overseas market

Rapid market growth in China, Australia, India, Thailand, and Indonesia in recent years indicates growth potential for the future. With Synnex's logistics mechanism being put gradually in place, the market share of the overseas market will be enhanced and further improve overall operational performance.

Competitive landscape has shifted from technology and production to distribution

As the gap between manufacturers in technology and production capacities narrows, distributors are able to replace the manufacturers and overtake the market. Synnex's distributing coverage tops the industry, the accurate control of the distribution channels continuously attract the upstream manufacturers and speed up the introduction of brands to the channel and generate a positive cycle to business growth. The increase in channels, brands and product types is one of the important factors of Synnex's stable growth.

Continuously increasing of customers' demand to "small quantity, various types and one stop shopping."

A variety of Synnex's products offer the convenience of "small quantity, various type and one stop shopping" to customers so as to lower their inventory risk resulted from a short life cycle of IT and Telecom products and price variation while saving time and cost for suppliers. This is one of Synnex's major feature and the service that other suppliers and agents cannot offer.

Provide quality service in the slim-profit era

Distributors' profit is close to none in this slim-profit era, thus, quality service determines who wins the game.

- Pre-sales service

In IC components, Synnex has technical application department to assist customers to adopt new design in the new products (design-in) to reduce customers' burden in research and development; as for information products, Synnex offer product description and assist customers to solve compatibility, Chinese-language solution and PC usage problems.

- Delivery services

The inventory along with a computerized warehousing management and highly mobile delivery teams to provide "Morning order, afternoon delivery; Afternoon order, next morning delivery" services to customers twice a day, and thus reducing inventory and warehousing costs, furthermore, delivery service up three times a day for certain region to enable faster delivery services.

- After-sales services

Provide professional problem solving services and 2-days headquarter maintenance and on-site maintenance services mechanism, allowing "Peace of mind at purchase, ease in mind in use" for customers.

E-Commerce becomes more popular along with the rising popularity of internet

The efficient and quality logistics and computerized capacity of Synnex is helpful to enhance the expansion of innovative business such as Logistics Service Provider (LSP) and HUB in this e-commerce era. In addition, the complete structure of "Synnex e-City" not only offers informative product knowledge, information and consumer service information, it also establishes solid foundation for Synnex's development of e-commerce in the future.

4) Negative factors for our future development and our countermeasures

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

5) Essential Purposes of Major Products

Major products			Use
Information Products	Personal Computer	Note Book, Home Computer, Business Computer, Server, Mini Mobile Computer	Personal or commercial Data Processing Equipment
	Tablet Computer	Multimedia Tablet, E-book	Entertainment, data processing equipment for personal or commercial use
	Computer Component	Main board, Graphics Card, Input/Output Control Card, Keyboard, Power Supply, Case, Cooling Fan	Major components for custom built PC
	Printing Device	InkJet Printer, Dox Matrix Printer, Laser Printer, Multi-Function Printer	Computer printing device
	Display Device	LCD Monitor	Computer display device
	Storage Device	Hard Disk Drive, Floppy Disk Drive, Tape Drives, CD Rewritable Drive	Computer storage device
	Input Device	Scanner, Digital Camera	Computer input device
	Multimedia Products	CD-Rom Drive, Sound Card, Video Card, Multemedia Suite, CD-ROM machine, CD Software, Leisure Software, Multimedia Speaker, PC Camera, LCD Projector	Processing device and software for multimedia audio, image and information
	Networking Product	Network Card, Routers, Bridge, Internet Connected Device, Uninterruptible Power Supply, Modem, Network Operating System, Wireless Network System, Wireless Base Station, Broadband Router	Networking device and operating software
	Application Software	Operating System, Electronic Spreadsheet, Word Processing, Integration Software, Database, Utilities Software, Anti-Virus Software and other application software	Activation or Application Utilities Software
	Consumables	Mouse, Floppy Disks, CD-ROM, Inked Ribbons, Ink Cartridges, Toner Cartridges, Purchase equipment, consumables	Consumables and purchased goods of computer storage, printing and input devices
Digital Products		LCD TV, Xbox Game Consoles and Software, DVD, MP3 Players, Digital Recorders, Digital Cameras, Digital Photo Frames	Personal or home digital products
Communication Products	General Communication Products	Mobile Phone, Consumables & Accessories for Mobile Phone, Fax Machine	Consumable communication products for personal or commercial use
Electronic Components		CPU, Memory, Logic, Audio, Visual, Multimedia Processing Components, Industrial Components, Linear Components, Optoelectronic Components, Information Appliance Components, LCD Panel	Integrated circuit and components for the manufacturing of personal computer and electronic products

VI. Employees

1) Number of employees in group

Year / Item	2012.12.31			2013.12.31			2014.04.30		
	Taiwan	Overseas subsidiaries	Total	Taiwan	Overseas subsidiaries	Total	Taiwan	Overseas subsidiaries	Total
Full time employees	1,228	3,964	5,192	1,208	3,872	5,080	1,177	3,783	4,960
Part-time employees	87	284	371	41	128	169	34	118	152
Total	1,315	4,248	5,563	1,249	4,000	5,249	1,211	3,901	5,112

2) Employees information of Synnex

Item	Year	2012.12.31	2013.12.31	2014.4.30
Number of employees in group	Sales	2,891	2,802	2,732
	Operators	204	245	268
	Computers	188	182	187
	Administrators	630	625	612
	Logistics	1,279	1,226	1,161
	Total	5,192	5,080	4,960
Average age		31.6	32.8	32.9
Average years of service in company		4.6	5.1	5.3
Education (%)	Doctoral degree	-	-	-
	Master's degree	4.1	4.5	4.7
	College	83.4	85.4	83.1
	High school	11.4	8.9	11.1
	Below high school	1.1	1.2	1.1

Note: Part-time employees are not included.

VII. Report on environmental protection and related expenditures

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

- Obtained ISO 14001 Certification of Environment at Management System:

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

- Environmental consideration of packaging materials:

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

VIII. Labor relations

Welfare and benefits for employees

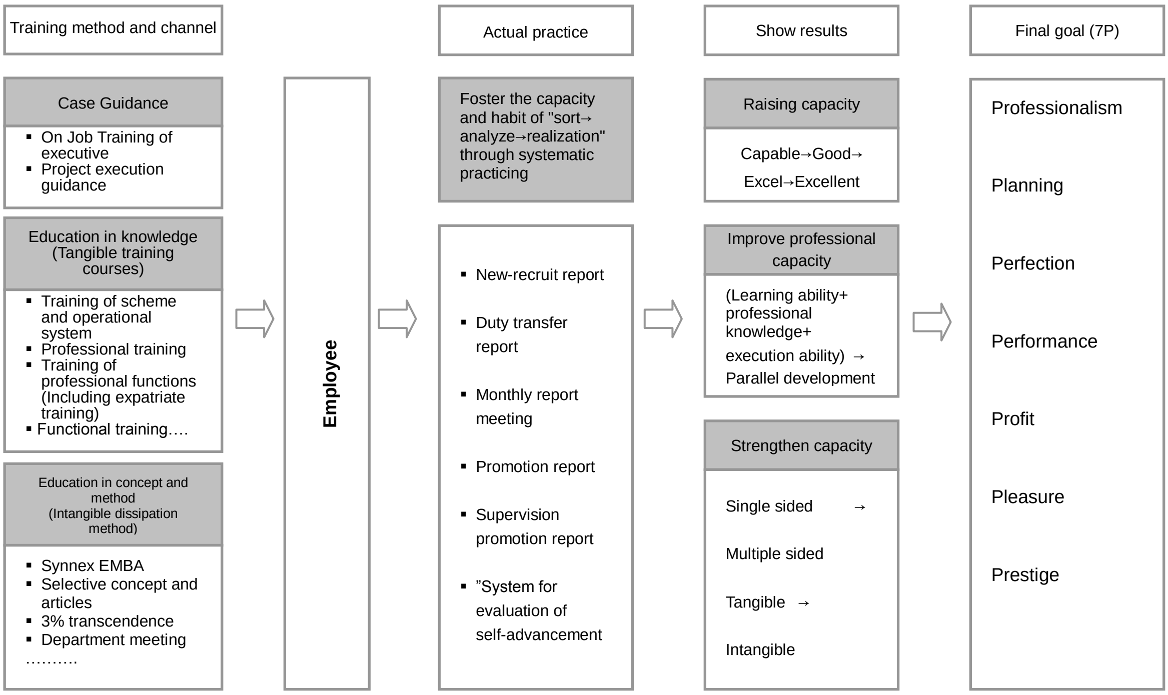
In addition to participation in labor insurance and national health insurance in Taiwan, Synnex also purchases group life insurance for its employees and establish employee benefits committee to attract employees' devotion. In addition, Synnex also establish a pension supervision management committee to stipulate retirement system in accordance with Labor Insurance Law, and implement pension system (new system) in accordance with Labor Pension Act in July 2005, so that Synnex's employees are free from worries of retirement life. As for the overseas subsidiaries, Synnex also established an employee benefits system and appropriate retirement fund in accordance with local regulations and environment.

Labor agreement

In addition to normal organizational system, labor-employee relations can be communicated through regular competency assessment system, labor-management meeting and employee welfare committee in order establish channel of communication between employees and management and generate harmony atmosphere in the Company. No significant labor dispute or loss has occurred in 2013 and 2014.

Employee training

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



Financial information

Financial information

I. Consolidated condensed balance sheet for the past five years

Unit: NTD million

Item / Year	ROC GAAP				IFRS		
	2009*	2010*	2011*	2012*	2012*	2013*	2014.3.31**
Current assets	59,011	69,966	87,078	94,597	97,669	102,131	106,736
Fixed assets/Property, plant and equipment	3,053	3,699	5,061	4,656	4,715	5,848	6,221
Intangible assets	730	839	1,167	1,340	407	408	409
Funds and investments/Other assets	10,772	11,158	12,838	14,031	14,413	16,068	16,665
Total assets	73,566	85,662	106,144	114,624	117,204	124,455	130,031
Current liabilities							
Before distribution	33,079	46,622	57,851	68,527	71,115	80,664	83,627
After distribution	36,309	50,098	64,158	71,701	74,289	85,112	88,075
Long term and other liabilities/Noncurrent liabilities	8,564	3,380	5,488	5,139	5,296	442	597
Total liabilities							
Before distribution	41,643	50,002	63,339	73,666	76,411	81,106	84,224
After distribution	44,873	53,479	69,646	76,840	79,585	85,554	88,672
Equity attributable to owners of the parent	31,923	35,659	42,805	40,958	40,793	42,584	45,039
Capital stock	13,282	15,337	15,707	15,839	15,839	15,885	15,885
Capital reserve	8,963	11,866	13,679	13,975	14,030	14,265	14,346
Retained earnings							
Before distribution	9,072	9,888	13,585	12,815	12,290	14,400	15,394
After distribution	4,507	6,412	7,278	9,641	9,116	9,952	10,946
Other adjustments on Stockholder's equities/Other equity interest	606	(1,432)	(166)	(1,671)	(1,366)	(1,966)	(586)
Treasury stock	-	-	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	764	769
Total equity							
Before distribution	31,923	35,659	42,805	40,958	40,793	43,348	45,808
After distribution	28,693	32,183	36,498	37,784	37,619	38,900	41,360

* Financial statement of the respective years has been audited.

** Financial statement of the respective years has not been audited.

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

**** The amount after distribution of the respective years was based on the resolution of the Annual Shareholders' meeting in the following year, except for 2013, based on the board resolution in the following year.

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

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

Item / Year	ROC GAAP				IFRS		
	2009*	2010*	2011*	2012*	2012*	2013*	2014.1.1 ~3.31**
Operating revenues	220,725	272,634	310,673	312,585	312,585	330,260	78,151
Gross Profit	8,922	9,849	11,777	11,532	11,532	11,059	2,606
Operating income	3,620	4,376	5,060	4,472	4,558	3,879	888
Non-operating income and expenses	2,040	2,116	3,454	2,429	2,294	2,513	293
Net income before tax	5,660	6,492	8,514	6,901	6,853	6,392	1,181
Net income from continuing department	4,828	5,449	7,237	5,816	5,767	5,433	1,045
Loss from discounted department	-	-	-	-	-	-	-
Net income (loss)	4,828	5,449	7,237	5,816	5,767	5,433	1,045
Other comprehensive income (net of tax)	NA	NA	NA	NA	(1,474)	(590)	1,380
Total comprehensive income	NA	NA	NA	NA	4,293	4,843	2,425
Net income attributable to owners of the parent	NA	NA	NA	NA	5,767	5,274	994
Net income attributable to non-controlling interests	NA	NA	NA	NA	-	159	51
Total comprehensive income attributable to owners of the parent	NA	NA	NA	NA	4,293	4,684	2,374
Total comprehensive income attributable to non-controlling interests	NA	NA	NA	NA	-	159	51
Earnings per share - before retroactive adjustment	3.64	3.68	4.67	3.69	3.66	3.32	0.63
- after retroactive adjustment***	3.31	3.68	4.67	3.69	3.66	3.32	0.63

* Financial statement of the respective years has been audited.
** Financial statement of the respective years has not been audited.
*** Retroactive adjustment is made with the stock shares from earnings, capital reserve, and employees' bonus as of December 31, 2013.

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

Auditing year	Name of CPA firm	Name of CPA	Audited opinions
2009	PricewaterhouseCoopers	Jenny Yeh, Tseng, Hui-Chin	Modified unqualified audited opinion
2010	PricewaterhouseCoopers	Jenny Yeh, Tseng, Hui-Chin	Modified unqualified audited opinion
2011	PricewaterhouseCoopers	Jenny Yeh, Tseng, Hui-Chin	Modified unqualified audited opinion
2012	PricewaterhouseCoopers	Jenny Yeh, Tseng, Hui-Chin	Modified unqualified audited opinion
2013	PricewaterhouseCoopers	Jenny Yeh, Eric Wu	Modified unqualified audited opinion

Financial status, results of operations & risk management

Financial status, results of operations & risk management

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

1) Analysis of financial position

Unit: NTD million

Item / Year	2012	2013	Increase (Decrease) (%)	
			Amount	%
Current assets	97,668	102,131	4,463	5
Investments under equity method	8,392	8,577	185	2
Properties, plants and equipment	4,715	5,848	1,133	24
Intangible and other assets	6,429	7,899	1,470	22
Total assets	117,204	124,455	7,251	6
Current liabilities	71,115	80,664	9,549	13
Non-current liabilities	5,296	442	(4,854)	(92)
Total liabilities	76,411	81,106	4,695	6
Capital stock	15,839	15,885	46	0
Capital reserve	14,030	14,265	235	2
Retained earnings	12,290	14,400	2,110	17
Other shareholder’s equity	(1,366)	(1,966)	(600)	(44)
Non-controlling interest	-	764	764	-
Total equity	40,793	43,348	2,555	6

* To be consistent, the numerical value adopted here is based on the financial report prepared by the International Accounting Standards.

Analysis:

Current assets and current liabilities (↑4,463, 5% ；↑9,549, 13%)

The increase in current assets is mainly due to the increase in notes and accounts receivable by NT$856 million (↑2%) and increase of inventory by NT$4,034 million (↑14%). The increase in current liabilities is mainly due to the increase in notes and accounts payable by NTD6,680 million (↑28%) and increase of short term borrowing by NT$1,907 million (↑4%), the reasons are:

1. For the increase in notes and accounts receivable, inventory, and notes and accounts payable, in terms of the business cycle days, days sales in accounts receivable and days average payment days for 2013 were 50 days and 32 days, respectively; also, inventory turnover days were 35 days, and net business cycle days were 53 days (days sales in accounts receivable + inventory turnover days- average payment days) that differed from the 56 days in the year 2012 by 3 days was due to in addition to continuing the implementation of the Group’s effective management of accounts receivable and inventory, with the advantage of expanding Group purchasing, future efforts remain committed to seeking an extension of payment terms from suppliers or a higher purchase discount.
2. The net loan outstanding (short-term loan + short-term bills payable + long-term loan due in one year + corporate bond payable + long-term loan - cash and cash equivalents) in 2013 amounted to NT$29,945 million that represented a difference of NT$2,848 million from the NT$27,097 million in 2012 due to the increase in loan outstanding including properties, plants and equipment.

Properties, plants and equipment (↑1,133, 24%)

Mainly due to the newly established Sydney logistics center.

Non-current liabilities (↓4,854,92%)

Mainly due to the transfer of 2nd issuance of unsecured convertible bonds amounted NT$5 billion to other current liabilities in 2013, as it is to be matured in January 2014.

2) Analysis of the results of operation

Item / Year	2012*	2013	Increase (Decrease) (%)	
			Amount	%
Total revenue	312,585	330,260	17,675	6
Operating cost	(301,053)	(319,201)	(18,148)	(6)
Net gross profit	11,532	11,059	(473)	(4)
Operating expense	(6,974)	(7,180)	(206)	(3)
Operating income	4,558	3,879	(679)	(15)
Non-operating revenue and expenditure	2,294	2,513	219	10
Income before tax	6,852	6,392	(460)	(7)
Income tax expense	(1,085)	(959)	126	12
Net income	5,767	5,433	(334)	(6)

* To be consistent, the numerical value adopted here is based on the financial report prepared by the International Accounting Standards.

Analysis:

Total revenue, Operating cost and Gross profit (↑17,675, 6%；↓ 18,148, 6%；↓473, 4%)

The worse than expected market recovery in 2013 has resulted in slow economic growth. Despite slackened economic growth, Synnex maintained stable operations with revenues and margins at a record high compared to 2012. 2013 revenue maintained with medium growth, Synnex Taiwan saw revenue decreased by 26%, Hong Kong/China saw revenue up by 12%, and Australia and New Zealand revenue up by 3%. The scale of overseas market where subsidiaries operate is extensive but local industry is relatively uncompetitive due to lack of logistics operations or ERP information management systems, high growth forecast is maintained. Gross margin ratio for the year is 3.3%, decline by 11% from previous year.

Operating expenses (↑206, 3%)

Though the expanding business scale drove up related operating expenses, the operating expense ratio was down from 2.23% in 2012 to 2.17% in 2013, which demonstrated Synnex's effort in controlling expenses while increasing savings and expanding business scale.

Net operating income (↓679, 15%)

To sum up, there was a decrease in net operating income by NT$679 million in 2013. In the days to come, as the world as a whole is on the way to a period of tiny interests, the Group plans to focus in expanding revenue growth coupled with enhancing or maintaining net profit margins to maximize operating income and increase returns on equity (ROE).

Non-operating revenues and expenditures (↑219,10%)

Mainly due to appreciation of RMB, 2013 foreign exchange gain was increased by NT$586 million from previous year.

3) Liquidity analysis

Analysis of cash flow changes

Unit: NTD million

Item / Year	2012*	2013
Net cash (outflow) inflow from operating activities	(1,728)	3,552
Net cash outflow from investment activities	(1,264)	(2,650)
Net cash inflow (outflow) from financing activities	4,587	(2,270)

* To be consistent, the numerical values adopted here are based on the financial report prepared by the International Accounting Standards.

Analysis:

Operating activities

Less cash outflow from operating activities. This is mainly due to strict control of days sales in accounts receivable.

Investing activities

More cash outflow from investing activities than the previous year. This is mainly due to increased time deposit (with a term of more than one year) by NT$1,017 million.

Financing activities

Less cash inflow from financing activities than the previous year. This is mainly due to cash dividend being decreased by NT$3,133 million this year, and the increase of short-term loan was less than the previous year.

Plans to improve liquidity of cash holding and analysis of liquidity for 2013

Unit: NTD million

Cash balance: beginning of period (1)	Full year's operating activities Net cash outflow (2)	Other activities Net cash inflow (3)	Cash balance: end of period (1)+(2)+(3)	Cash balance (Shortage) Amount	Cash deficiency measures	
					Investment plan	Financial plan
12,994	3,552	(5,076)	11,470	(948)	-	Bank loan

Analysis:

The Company has sufficient quota to meet the need of short term capital requirement, thus the Company does not have capital issue in short to mid-term.

Cash flow forecast of 2014

Unit: NTD million

Cash balance: beginning of period (1)	Full year's operating activities Net cash inflow (2)	Other activities Net cash outflow (3)	Cash balance: period ending (1)+(2)+(3)	Cash balance (Shortage) Amount	Cash deficiency measures	
					Investment plan	Financial plan
11,470	(5,520)	4,320	10,270	(9,100)	-	Bank loan, etc.

Analysis:

The Company has sufficient credit line to meet the need of short term capital requirement, thus the Company does not have capital issue in short to mid-term.

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

Important capital expenditures and their funding

Unit: NTD million

Planned item	Estimated or actual source of funds	Estimated end date of projects	Total capital	Estimated or actual capital expenditure executions			
				2011	2012	2013	2014
Establish/Expand logistics centers in all locations	own capital	Compile budget annually	Compile budget annually	1,132	1,050	1,576	1,900

Expected benefits

The effective and quality back-office logistics operation is Synnex's major competitive advantage, each logistics center has fully developed its effectiveness to facilitate the growth of Synnex's business and establish solid foundation for future development. Synnex is planning to increase capital expenditure for overseas subsidiaries with a focus in China to meet the needs of rapid growth of business in the future.

5) Review and analysis of investment

Overall investment policy

Unit: NTD million

Item	2013.12.31 Balance of investment	Investment policy of the coming year
Investment under equity method	8,577	The Group does not have any significant investment or disposition plan on Synnex Corporation (US), Redington Group (India), Bestcom Infotech Corporation (Taiwan) and Synnex Thailand.
Long-term investment – others and financial assets carried at cost	1,864	In addition to the disposition of non-performing minor investment, the Company does not have any investment or disposition plan.
Available-for-sale financial asset	1,832	It will be disposed gradually.

Review and analysis of important analysis

Unit: NTD million

Item	2013.12.31Percentage of shareholding	2013 Investment gain	Policy	Major reason of operating profit or loss	Improvement plan	Investment plan of the coming year
Synnex Corporation (US)	11.26%	440	Long term holding	The Company is categorized as IT product and communication channel service provider, its coverage including Europe, US and Japan. The Company's net income was NTD3,567 million in 2013. Synnex recognized investment income under the equity method.	NA	No current investment or disposition plan.
Redington (India) Ltd. (India)	23.61%	394	Long term holding	The Company is categorized as an IT and Telecom product distribution service provider, its coverage includes India, Middle-East and Africa. The Company's net income was NTD1,669 million in 2013. Synnex recognized investment income under the equity method.	NA	No current investment or disposition plan.
Bestcom Infotech Corp. (Taiwan)	40.86%	60	Long term holding	The Company is categorized as an IT product distribution service provider which specializes in the commercial market, its coverage is focused solely in the Taiwan market. The Company's net income was NTD154 million in 2013. Synnex recognized investment income under the equity method.	NA	No current investment or disposition plan.
Synnex (Thailand) Public Company Ltd. (Thailand)	38.82%	90	Long term holding	The Company is categorized as an IT product and communication channel service provider, its coverage is focused solely in the Thailand market. The Company's net income was NTD232 million in 2013. Synnex recognized investment income under the equity method.	NA	No current investment or disposition plan.
MiTAC Inc. (Taiwan)	18.36%	39	Long term holding	The Company is categorized as a systematic integration value-added service provider. With cash dividend of NTD1.0 per share in 2013, it is recorded by Synnex in financial asset carried at cost and recognized as dividend income.	NA	No current investment or disposition plan.

II. Risk management

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

Risk items	Risk factors	Loss/gain caused by risk factors	Countermeasure
Interest	As interest rate remains low in recent years, the company adopts flexible financial leverage operation by raising capital at low cost to replace capital injection from its own capital and effectively increase return on equity. However, the fluctuation of interest rate may have certain risk on the Company's operation. * Balance of average net outstanding loans=average loans-average cash and cash equivalent-average short term investment bond funds. ** Net interest expense = interest expense – interest income – gain on disposal of bond funds	Unit: NTD million Item / 2012 / 2013 / Change (%) Average loan: 35,024 / 40,753 / 16.4 Average net outstanding loans*: 22,372 / 28,521 / 27.5 Interest expense: 434 / 578 / 33.2 Net interest expense**: (113) / (11) / (90.3)	1. Financial leverage must be balanced with increase in return on equity; therefore, when financial leverage reaches certain target, the Company must raise capital from the market to reduce risk. 2. Regular evaluation and supervision of overseas subsidiaries' financial leverage, when certain risk target is reached, the parent company must inject capital to reduce financing proportion. 3. Utilize the advantage of group's size and performance to negotiate prime rate.
Foreign exchange	The characteristics of each product line is described below: IT products: Certain percentage of this product line is imported (mostly denominated in USD), sale of goods is mostly denominated in local currency, and there is certain exchange risk. Telecom products: Purchase and sales of goods locally and is denominated in local currency, therefore, no exchange risk. IC components: Certain percentage in this product line is imported (mostly denominated in USD), though certain percentage of sales is denominated in USD, there still remains certain degree of exchange risk.	Unit: NTD million Item / 2012* / 2013 / Change (%) Net exchange gain: 260 / 846 / 225.4 Note: The net foreign exchange gain in 2013 was around NT$846 million mainly due to the appreciation of RMB and our foreign exchange hedging strategies. * To be consistent, the numerical value adopted here is based on the financial report prepared by the International Accounting Standards.	1. For NTD to USD, purchase USD and transfer to term deposit when there is a purchase denominated in USD and use the term deposit to settle goods payable to obtain total hedge. 2. The overseas subsidiaries use forward exchange contract to avoid exchange risk. 3. RMB to USD is reducing the fluctuation of exchange gain (loss) through lowering RMB position.
Inflation	As the end-user of our IT and Telecom products are consumers, therefore, high unit price products will be impacted by inflation and resulted in investment risk of reduction in sales or gross margin on sales.	The inflation (deflation) rate in 2013 of where the Company and its overseas subsidiaries located are: Taiwan: 1.1% Hong Kong: 4.3% China: 2.6% Australia: 2.4 % Description: As inflation in the subsidiaries' countries remains at a low level, therefore, only minor impact on the Company's operations is seen in 2013.	"Multi-brand, multi-product" is an important policy of our company's product management. Therefore, there will be small percentage of our products impacted by inflation to avoid the operational risk of over-centralized products.

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

Risk items	2013 Execution	Group policies and countermeasures
High risk and high leverage investment	None	The operational policy of the group is focus on operation of regular business; therefore, we do not invest in this type of products.
Lending to others	Lending exists only between parent-subsidiaries relations (100% holding) in 2013.	1. Loan to others will require Board of Directors' resolution. 2. Lending to: (1) companies that have business relationship with the Group. (2)Companies with short-term capital requirement. 3. The Group has stipulated "procedures for lending funds to others" to control lending operation.
Endorsement and guarantees	1. Endorsement exists only between parent-subsidiaries relations (100% holding) in 2013. 2. No endorsement loss in 2013.	1. Endorsement requires Board of Directors' approval. 2. Endorse for: (1) companies that have business relationship with the Group. (2) Directly and indirectly holding over 50% of voting right. (3) Inter-company or co-builder endorsement due to contract requirement, or co-investment relationship and each shareholder endorse for the company in accordance with their shareholding. (4) Directly and indirectly holding 100% of voting right. 3. The Group has stipulated "procedures for endorsement and guarantees" to control endorsement operation.

(Continued on next page)

(Continue last page)

Risk items	2013 Execution	Group policies and countermeasures
Derivative products transactions	1. The Group has purchased forward exchange contracts to avoid foreign exchange risk in 2013, as gain/loss from hedging transactions have been offset by its gain/loss, therefore, no actual gain/loss is generated. 2. The sell and redemption of convertible bonds issued by the Group in 2008 is not closely connected with economic characteristics and risk of the major contract, thus it is handled separately.	Our group does not carry out speculative derivative trading; trading of derivative products is for hedging purpose only. All transactions are managed in accordance with "procedures for derivative trading".

3) Others

Risk items	Risk factors	Impact on the company in 2013	Countermeasure
Product R&D	As the Company is distribution services provider, therefore, the risk of product R&D focuses solely on suppliers or customers. However, in order to expand IC components business, the Group has established a dedicated group responsible for research and development which result will be transferred to customers to attract future purchase orders of IC components. As the manufacturing and sales of the R&D result will be responsible by the clients, the Group's R&D risk is limited to the control of R&D expense.	None	The research and development of the group's products is positioned as "assist the sales of IC components through pre-sales services", the R&D department can avoid excessive input of company's resources if insist in this position, and the final risk of R&D is borne by the customers.
Change of government policy and regulations	As the Company is distribution services provider, therefore, the risk of product R&D focuses solely on suppliers or customers. However, in order to expand IC components business, the Group has established a dedicated group responsible for research and development which result will be transferred to customers to attract future purchase orders of IC components. As the manufacturing and sales of the R&D result will be responsible by the clients, the Group's R&D risk is limited to the control of R&D expense.	No significant change in government policy and regulations.	The Company continues to monitor and analyze the future trend of each country's government policy and regulations for immediate respond where necessary.
Change of technology	The Company's product range is mostly high-tech products, therefore, sales change triggered by change of technology will result in operational risk, for example: unable to obtain innovative products' franchise.	Product franchises obtained by the Company are increasing in 2012.	"Multi-brand, multi-products" is the important policy of the product operation. The products that our Company represented includes global brands, in general, most global brands have good control of the technology advantage; thus, reduce the Group's operational risk.
Change of corporate image	As the end-user of our Company's IT and Telecom products are consumers, therefore, corporate image is very important to our Company's operation.	The corporate image of the Company remains positive\, no significant damage to the Company's image.	1. Improve customer services and fully elaborate the functions of customer's opinion and consumer complains feedback. 2. In case of major consumer disputes, inter-departmental team is formed to avoid the worsening of the situation.
M&A	Mergers and Acquisitions can facilitate the expansion of product agency and range while expanding market share. But there are risks of overpriced, under-valued liability and failure in integration.	The Company did not participate in any M&A.	NA
Expansion of plants	Synnex's major competitive advantage is effective and quality back office logistics operation that enhances value added services, expand market share and enhance overall performance. However, there exist risks of negative cash flow resulted from over-expansion, low usage rate or idle.	The cost of establishment or expansion of logistics centers was NTD1,576 million.	Before expansion: Prudent evaluation of investment effectiveness and cost. After expansion: Import successful operational experience and management to develop its effectiveness.
Centralized suppliers or customers	Risk of centralized supplier is the impact to the Company's performance when losing a franchise or the represented product loosing competitiveness.	See "List of major suppliers and customers in the latest two calendar years". The Company does not have over centralized supplier and customers issues.	"Multi-brand, multi-products" and "open channel management to establish dense reseller network" is the Company's operational strategy, it can also effectively avoid risk of centralized supplier and customers.
Transfer or change of shares of directors, supervisors or shareholders of over 10%	May have significant impact to shareholder rights and Synnex's share price	No significant equity transfer or change.	The Company has established reporting mechanism to effectively manage the progress and publish information.
Change of managerial authority	May have significant impact to shareholder rights and Synnex's share price	No change of managerial authority.	The Company will publish material information shall there be any change in managerial authority.
Litigation or non-litigation event	Material litigation, non-litigation of the Company, the Company's directors, supervisors, president, actual owner, major shareholders with over 10% of shareholding and subsidiaries will damage the Company's image, shareholder rights and the Company's share price.	No material litigation or non-material litigation.	With the established reporting system, the Company will minimize the damage through honest, fast and open process.

4) Summarized operating results of group enterprises

The financial position and operating results of the group enterprises as of December 31, 2013

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

Company name	Capital	Total Assets	Total liabilities	Net Asset Value	Operating income	Operating income	Net Income	Earnings per share (after tax)	Note*
Seper Marketing Corp.	1,000	243,074	237,852	5,222	254,589	3,530	2,929	29.29	
E-Fan Investments Corp.	225,000	493,160	150	493,010	-	(157)	8,194	0.36	
Synnex Global Ltd.	17,607,381	72,342,430	22,569,248	49,773,182	2,735,496	2,682,912	4,425,697	8.07	
Peer Developments Ltd.	901,772	4,949,823	94	4,949,729	488,635	488,585	471,689	15.62	
King's Eye Investments Ltd.	1,865,563	5,126,003	-	5,126,003	46,490	1,382,480	1,373,869	21.99	
Laser Computer Holdings Ltd. **	1,100,256	25,963,760	24,680,666	1,283,094	132,864,625	552,866	624,412	16.94	
Synnex Electronics Hong Kong Ltd.	8,958	537,070	490,241	46,829	545,851	17,350	37,718	125.73	
Syntech Asia Ltd.	8,958	16,199,294	15,810,495	388,799	63,004,992	629,889	378,315	1,261.05	
Synnex Australia Pty. Ltd.	886,404	16,860,779	15,073,041	1,787,738	45,807,176	538,649	109,306	3.29	
Golden Thinking Ltd.	107,784	1,103,459	1,107,719	(4,260)	-	(6,757)	(48,578)	(1.73)	
Fortune Ideal Ltd.	55,492	357,129	237,673	119,456	51,358	39,370	15,418	1.06	
PT . Synnex Metrodata Indonesia	1,001,453	3,540,786	2,203,136	1,337,650	15,766,847	623,550	316,701	1,055.67	
Synnex New Zealand Ltd.	30,502	1,422,231	1,342,459	79,772	2,520,715	37,600	16,244	10.83	
Synnex Mauritius Ltd.	716,640	2,351,032	7,644	2,343,388	394,147	389,918	389,918	16.25	
LianXiang Technology (Shenzhen) Co., Ltd.	5,972	387,596	318,237	69,359	1,048,605	967,361	31,914	159.57	
Synnex China Holdings Ltd.	2,991,972	10,329,878	2,979,681	7,350,197	500,071	500,020	500,020	4.99	
Synnex Investments (China) Ltd.	5,972,000	27,032,837	16,702,908	10,329,929	21,558,590	163,015	500,068	-	
Synnex (Shanghai) Ltd.	659,920	2,515,699	1,261,317	1,254,382	840,147	(228,351)	124,436	-	
Synnex (Beijing) Ltd.	268,740	464,022	111,376	352,646	57,523	162	7,940	-	
Synnex (Chengdu) Ltd.	149,300	366,750	197,073	169,677	5,125	4,552	15,957	-	
Synnex (Nanjing) Ltd.	149,300	291,240	118,549	172,691	22,552	(6,520)	8,337	-	
Synnex (Shenyang) Ltd.	89,580	200,018	97,876	102,142	13,389	(5,171)	(1,177)	-	
Synnex (Tianjin) Ltd.	134,370	164,268	21,011	143,257	5,280	(5,025)	786	-	
Synnex (Hangzhou) Ltd.	149,300	202,429	31,164	171,265	3,709	3,676	4,803	-	
Synnex (Qingdao) Ltd.	149,300	196,327	38,254	158,073	9,112	(831)	(1,302)	-	
Synnex (Guangzhou) Ltd.	358,320	390,148	6,749	383,399	77,435	6,473	3,390	-	
Synnex (Xi'an) Ltd.	119,440	214,551	90,580	123,971	11,158	(1,977)	1,089	-	
Synnex (Suzhou) Ltd.	179,160	187,757	4,548	183,209	5,918	(4,608)	(3,451)	-	
Synnex (Wuhan) Ltd.	149,300	183,632	29,285	154,347	14,520	1,045	285	-	
Synnex (Jinan) Ltd.	149,300	151,011	851	150,160	-	(4,355)	(3,512)	-	
Synnex (Zhengzhou) Ltd.	149,300	238,980	93,219	145,761	8,405	(6,131)	(5,150)	-	
Synnex (Changsha) Ltd.	119,440	121,220	1,543	119,677	-	(1,667)	(1,512)	-	

(Continued on next page)

(Continue last page)

Company name	Capital	Total Assets	Total liabilities	Net Asset Value	Operating income	Operating income	Net Income	Earnings per share (after tax)	Note*
Synnex (Ningbo) Ltd.	119,440	121,919	-	121,919	-	(1,603)	(707)	-	
Synnex (Hefei) Ltd.	119,440	298,405	178,695	119,710	-	(839)	(2,696)	-	
Synnex (Nanchang) Ltd.	119,440	120,533	604	119,929	-	(907)	(1,294)	-	
Synnex (Harbin) Ltd.	149,300	146,429	-	146,429	-	(1,797)	(2,805)	-	
Synnex (Chongqing) Ltd.	17,916	18,083	-	18,083	-	(13)	(361)	-	
Synnex (Xiamen) Ltd.	80,622	81,143	514	80,629	-	(1,423)	(1,465)	-	
Synnex Distributions (China) Ltd.	6,867,800	24,003,694	14,656,750	9,346,944	100,039,467	(257,154)	(172,421)	-	
Synnex Technology Development (Beijing) Ltd.	244,875	450,617	194,766	255,851	872,977	(27,409)	(19,379)	-	
Yude (Shanghai) Warehousing Co., Ltd.	11,754	15,911	8,379	7,532	2,515	(5,517)	(4,168)		

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

Reporting date exchange rate for 2013.12.31: US$1=NT$29.86; HK$1=NT$3.85;A$1=NT$26.62;THB$1=NT$0.93; RMB$1=NT$4.8975

Average exchange rate for 2013: US$1=NT$29.74; HK$1=NT$3.85; A$1=NT$28.79; THB$1=NT$0.99; RMB$1=NT$4.8357

** Refers to Consolidated Financial Statements.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2013 AND 2012

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

Report of Independent Accountants

PWCR13003801

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

We have audited the accompanying consolidated balance sheets of Synnex Technology International Corporation and its subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of $1,391,056 thousand and $782,872 thousand, both constituting 1% of the consolidated total assets as of December 31, 2012 and January 1, 2012, respectively, total operating revenues of $0 thousand, constituting 0% of the consolidated total operating revenues for the year ended December 31, 2013, and net loss before income tax of $26,553 thousand, constituting 0% of the consolidated net income before income tax for the year then ended. In addition, we did not audit the financial statements of certain investee companies accounted for under the equity method. The share of (loss)/profit of associates and joint ventures accounted for under equity method amounted to $924,194 thousand and $1,186,203 thousand as of December 31, 2013 and 2012, respectively, with their related investment amounting to $7,846,795 thousand, $7,663,615 thousand and $3,287,338 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively. Those financial statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other independent accountants, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Synnex Technology International Corporation and its subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and their financial performance and cash flows for the years ended December 31, 2013 and 2012 in conformity with the "Rules Governing the Preparations of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of Synnex Technology International Corporation as of and for the years ended December 31, 2013 and 2012, and have expressed a modified unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

PricewaterhouseCoopers, Taiwan
March 21, 2014

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 consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of the independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	ASSETS	Notes	December 31, 2013 Amount	%	December 31, 2012 Amount	%	January 1, 2012 Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 11,469,901	9	$ 12,994,012	11	$ 12,309,541	11
1110	Financial assets at fair value through profit or loss - current	6(2)	109,036	-	113,157	-	126	-
1125	Available-for-sale financial assets - current	6(3)	1,823,764	2	1,817,727	2	1,697,909	2
1150	Notes receivable - net	6(5)	5,486,421	5	5,322,363	5	5,458,575	5
1160	Notes receivable - related parties - net	7	-	-	11,058	-	17,930	-
1170	Accounts receivable - net	6(6)	39,754,661	32	39,122,021	33	35,049,195	33
1180	Accounts receivable - related parties - net	7	121,117	-	51,007	-	82,079	-
1200	Other receivables		9,049,054	7	6,278,531	5	4,477,557	4
1210	Other receivables- related parties	7	12,197	-	9,369	-	24,666	-
130X	Inventories	6(7)	32,591,311	26	28,557,253	24	26,523,693	25
1410	Prepayments		1,672,968	1	3,392,083	3	3,042,165	3
1470	Other current assets		40,694	-	-	-	-	-
11XX	**Total current assets**		102,131,124	82	97,668,581	83	88,683,436	83
	Non-current assets							
1523	Available-for-sale financial assets - noncurrent	6(3)	8,036	-	4,729	-	-	-
1543	Financial assets measured at cost - noncurrent	6(4)	1,863,586	2	1,956,299	2	2,020,503	2
1550	Investments accounted for under the equity method	6(8)	8,577,047	7	8,392,234	7	8,230,357	8
1600	Property, plant and equipment	6(9)	5,847,671	5	4,714,787	4	5,231,178	5
1760	Investment property, net	6(10)	1,569,244	1	1,344,286	1	433,461	-
1780	Intangible assets	6(11)	407,761	-	406,528	-	309,897	-
1840	Deferred income tax assets	6(29)	500,495	-	440,014	1	634,571	-
1900	Other non-current assets	6(6)(12) and 8	3,549,693	3	2,276,962	2	1,830,885	2
15XX	**Total non-current assets**		22,323,533	18	19,535,839	17	18,690,852	17
1XXX	**Total assets**		$ 124,454,657	100	$ 117,204,420	100	$ 107,374,288	100

(Continued)

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2013 Amount	%	December 31, 2012 Amount	%	January 1, 2012 Amount	%
	Current liabilities							
2100	Short-term borrowings	6(13)	$ 32,278,077	26	$ 31,180,639	27	$ 20,879,698	19
2110	Short-term notes and bills payable	6(14)	4,140,000	3	3,980,000	3	3,740,000	3
2120	Financial liabilities at fair value through profit or loss - current	6(2)	1,149	-	838	-	616	-
2150	Notes payable		400,110	-	1,159,310	1	577,337	1
2160	Notes payable - related parties	7	-	-	25,006	-	5,518	-
2170	Accounts payable		29,709,597	24	24,808,149	21	23,258,085	22
2180	Accounts payable - related parties	7	26,023	-	28,377	-	9,687	-
2200	Other payables	6(15)	7,994,114	7	8,245,710	7	8,941,141	8
2220	Other payables - related parties	7	8,922	-	106	-	43,272	-
2230	Current income tax liabilities	6(29)	832,080	1	1,081,337	1	845,771	1
2300	Other current liabilities	6(16)	5,274,005	4	605,702	1	739,511	1
21XX	**Total current liabilities**		80,664,077	65	71,115,174	61	59,040,636	55
	Non-current liabilities							
2530	Bonds payable	6(16)	-	-	4,930,366	4	5,336,961	5
2570	Deferred income tax liabilities	6(29)	160,350	-	9,914	-	95,665	-
2600	Other non-current liabilities	6(17)	281,836	-	355,902	-	286,499	-
25XX	**Total non-current liabilities**		442,186	-	5,296,182	4	5,719,125	5
2XXX	**Total liabilities**		81,106,263	65	76,411,356	65	64,759,761	60
	Equity attributable to owners of parent							
	Share capital	6(19)						
3110	Share capital - common stock		15,885,209	13	15,838,869	14	15,707,006	15
	Capital surplus	6(20)						
3200	Capital surplus		14,264,632	11	14,030,505	11	13,472,856	12
	Retained earnings	6(21)						
3310	Legal reserve		5,066,993	4	4,485,382	4	3,761,723	4
3320	Special reserve		1,670,628	2	165,580	-	1,431,668	1
3350	Unappropriated retained earnings		7,662,176	6	7,639,092	7	8,167,718	8
	Other equity interest	6(22)						
3400	Other equity interest		(1,965,775)	(2)	(1,366,364)	(1)	73,556	-
31XX	**Equity attributable to owners of the parent**		42,583,863	34	40,793,064	35	42,614,527	40
36XX	**Non-controlling interest**		764,531	1	-	-	-	-
3XXX	**Total equity**		43,348,394	35	40,793,064	35	42,614,527	40
	Significant contingent liabilities and unrecognized contract commitments	9						
	Total liabilities and equity		$ 124,454,657	100	$ 117,204,420	100	$ 107,374,288	100

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 21, 2014.

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

			For the year ended December 31, 2013		For the year ended December 31, 2012	
		Notes	Amount	%	Amount	%
4000	**Operating revenues**	6(23) and 7	$ 330,259,753	100	$ 312,585,403	100
5000	**Operating costs**	6(7)	(319,200,976)	(97)	(301,053,331)	(97)
5950	**Gross profit, net**		11,058,777	3	11,532,072	3
	Operating expenses	6(17)(18)(27)				
6100	Selling expenses		(4,980,530)	(1)	(4,981,253)	(1)
6200	General and administrative expenses		(2,198,967)	(1)	(1,992,453)	(1)
6000	**Total operating expenses**		(7,179,497)	(2)	(6,973,706)	(2)
6900	**Operating income**		3,879,280	1	4,558,366	1
	Non-operating income and expenses					
7010	Other income	6(24)	1,442,670	1	1,339,344	1
7020	Other gains and losses	6(25)	663,434	-	127,002	-
7050	Finance costs	6(26)	(578,421)	-	(433,756)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(8)	984,861	-	1,261,708	-
7000	**Total non-operating income and expenses**		2,512,544	1	2,294,298	1
7900	**Profit before tax**		6,391,824	2	6,852,664	2
7950	Income tax expense	6(29)	(959,316)	(1)	(1,085,602)	-
8200	**Profit for the year**	6(30)	$ 5,432,508	1	$ 5,767,062	2
	Other comprehensive income					
8310	Cumulative translation differences of foreign operations	6(22)	($ 544,570)	-	($ 1,639,465)	(1)
8325	Unrealized gain on valuation of available -for-sale financial assets	6(3)(22)	9,219	-	177,014	-
8360	Actuarial gain (loss) on defined benefit plan		11,478	-	(40,716)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method	6(8)(22)	(61,162)	-	22,531	-
8399	Income tax relating to the components of other comprehensive income	6(8)(22)	(4,850)	-	6,922	-
8300	Other comprehensive income for the year, net of tax		($ 589,885)	-	($ 1,473,714)	(1)
8500	Total comprehensive income for the year		$ 4,842,623	1	$ 4,293,348	1
	Profit, attributable to:					
8610	Owners of parent		$ 5,273,995	1	$ 5,767,062	2
8620	Non-controlling interest		158,513	-	-	-
	Profit for the year		$ 5,432,508	1	$ 5,767,062	2
	Comprehensive income attributable to:					
8710	**Owners of parent**		$ 4,684,110	1	$ 4,293,348	1
8720	**Non-controlling interest**		158,513	-	-	-
	Total comprehensive income for the year		$ 4,842,623	1	$ 4,293,348	1
	Earnings per share					
9750	**Basic earnings per share**		$ 3.32		$ 3.66	
9850	**Diluted earnings per share**		$ 3.23		$ 3.54	

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 21, 2014.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			Capital Surplus					Retained Earnings			Other Equity Interest				
	Notes	Share capital - common stock	Paid-in capital in excess of par value	Treasury stock transactions	Change in net assets of the associate accounted for under the equity method	Employee stock options	Stock options	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain or loss on available-for -sale financial assets	Total	Non-controlling interest	Total equity
For the year ended December 31, 2012															
Balance at January 1, 2012		$15,707,006	$12,682,655	$340,678	$ -	$180,611	$268,912	$3,761,723	$1,431,668	$ 8,167,718	$ -	$73,556	$42,614,527	$ -	$ 42,614,527
Appropriations of 2011 earnings															
Provision for legal reserve	6(21)	-	-	-	-	-	-	723,659	-	(723,659)	-	-	-	-	-
Provision for special reserve	6(21)	-	-	-	-	-	-	-	(1,266,088)	1,266,088	-	-	-	-	-
Distribution of cash dividends	6(21)	-	-	-	-	-	-	-	-	(6,307,093)	-	-	(6,307,093)	-	(6,307,093)
Compensation cost for share-based payment	6(18)	-	-	-	-	43,533	-	-	-	-	-	-	43,533	-	43,533
Change in net assets of the associate and joint ventures accounted for under the equity method		-	-	-	-	-	-	-	-	(497,230)	-	-	(497,230)	-	(497,230)
Common stock issued for employee stock options	6(18)	65,790	251,340	-	-	-	-	-	-	-	-	-	317,130	-	317,130
Convertible bond conversions		66,073	302,959	-	-	-	(40,183)	-	-	-	-	-	328,849	-	328,849
Other comprehensive income for the year		-	-	-	-	-	-	-	-	(33,794)	(1,610,859)	170,939	(1,473,714)	-	(1,473,714)
Net income for 2012		-	-	-	-	-	-	-	-	5,767,062	-	-	5,767,062	-	5,767,062
Balance at December 31, 2012		$15,838,869	$13,236,954	$340,678	$ -	$224,144	$228,729	$4,485,382	$165,580	$ 7,639,092	($1,610,859)	$244,495	$40,793,064	$ -	$ 40,793,064
For the year ended December 31, 2013															
Balance at January 1, 2013		$15,838,869	$13,236,954	$340,678	$ -	$224,144	$228,729	$4,485,382	$165,580	$ 7,639,092	($1,610,859)	$244,495	$40,793,064	$ -	$ 40,793,064
Appropriations of 2012 earnings															
Provision for legal reserve	6(21)	-	-	-	-	-	-	581,611	-	(581,611)	-	-	-	-	-
Provision for special reserve	6(21)	-	-	-	-	-	-	-	1,505,048	(1,505,048)	-	-	-	-	-
Distribution of cash dividend	6(21)	-	-	-	-	-	-	-	-	(3,173,778)	-	-	(3,173,778)	-	(3,173,778)
Change in net assets of the associate and joint ventures accounted for under the equity method		-	-	-	68,569	-	-	-	-	-	-	-	68,569	-	68,569
Common stock issued for employee stock options	6(18)	45,860	387,810	-	-	(224,144)	-	-	-	-	-	-	209,526	-	209,526
Convertible bond conversions		480	2,176	-	-	-	(284)	-	-	-	-	-	2,372	-	2,372
Change in non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	-	606,018	606,018
Other comprehensive income for the year		-	-	-	-	-	-	-	-	9,526	(610,675)	11,264	(589,885)	-	(589,885)
Net income for 2013		-	-	-	-	-	-	-	-	5,273,995	-	-	5,273,995	158,513	5,432,508
Balance at December 31, 2013		$15,885,209	$13,626,940	$340,678	$68,569	$ -	$228,445	$5,066,993	$1,670,628	$ 7,662,176	($2,221,534)	$255,759	$42,583,863	$764,531	$ 43,348,394

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 21, 2014.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax for the year		$ 6,391,824	$ 6,852,664
Adjustments to reconcile profit before income tax to net cash provided by (used in) operating activities			
Income and expenses having no effect on cash flows			
Depreciation expense	6(9)(10)(27)	463,246	356,857
Amortization	6(11)(27)	47,842	42,036
Provision for bad debts expense	6(6)	277,169	94,916
Net loss (gain) on financial assets/liabilities at fair value through profit	6(2)(25)	3,659	(736)
Loss on inventory value decline (gain from price recovery of inventory)	6(7)	175,016	(32,519)
Loss on obsolescence	6(7)	6,820	7,656
Interest expense	6(26)	578,421	433,756
Interest income	6(24)	(589,003)	(501,073)
Dividend income		(128,557)	(133,529)
Share of profit of associates and joint ventures accounted for under equity method	6(8)	(984,861)	(1,261,708)
Cash dividends on investments accounted for under equity method		135,590	126,862
Loss (gain) on disposal of property, plant and equipment	6(9)	6,170	(4,205)
Gain on disposal of investments accounted for under equity method	6(25)	-	(16,901)
Loss on disposal of available-for-sale financial assets	6(25)	-	29,726
Compensation cost for share-based payment	6(28)	-	43,533
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		-	(112,073)
Notes and accounts receivable		400,590	(3,940,298)
Inventories		(3,485,719)	(2,008,697)
Other receivables		(2,714,038)	(1,785,677)
Prepayments		1,929,697	(349,918)
Other current assets		(40,694)	-
Overdue receivables		(543,992)	(157,461)
Net changes in liabilities relating to operating activities			
Notes and accounts payable		3,412,402	2,170,215
Other payables		(703,361)	(885,076)
Advance collections		(249,313)	10,028
Other current liabilities		72,443	(290,256)
Accrued pension obligations		(12,209)	(283)
Other non-current liabilities		3,407	34,120
Cash provided by (used in) operations		4,452,549	(1,278,041)
Interest paid		(506,594)	(354,963)
Interest received		589,003	501,073
Dividend received		128,557	133,529
Income tax paid		(1,111,446)	(729,540)
Net cash provided by (used in) operating activities		3,552,069	(1,727,942)

(Continued)

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31, 2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of available-for-sale financial assets		$ -	$ 27,469
Proceeds from disposal of investments accounted for under equity method		-	153,020
Proceeds from capital reduction of financial assets carried at cost		94,651	60,483
Increase in investments accounted for under the equity method		(969)	-
Net cash proceeds from change in consolidated entities		238,024	-
Acquisition of fixed assets	6(32)	(1,758,224)	(1,128,515)
Increase in investment property		(55,634)	(2,662)
Proceeds from disposal of fixed assets		44,596	29,271
Acquisition of intangible assets	6(32)	(63,783)	(36,684)
Increase in long-term prepaid rents		(88,569)	(60,467)
Increase in refundable deposits		57,375	(124,825)
Increase in restricted time deposits		(79,962)	(120,979)
Increase in time deposits over one year		(1,016,544)	-
Increase in other non-current assets		(20,656)	(59,722)
Net cash used in investing activities		(2,649,695)	(1,263,611)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans		787,608	10,300,941
Increase in short-term notes and bills payable		160,000	240,000
(Decrease) increase in guarantee deposits received		(90,872)	35,566
Proceeds from exercise of employee stock options		209,526	317,130
Change in non-controlling interest		(10,195)	-
Repayment to Bonds payable		(151,800)	-
Payment of cash dividends	6(21)	(3,173,778)	(6,307,093)
Net cash (used in) provided by financing activities		(2,269,511)	4,586,544
Effects of changes in foreign exchange rates		(156,974)	(910,520)
(Decrease) increase in cash and cash equivalents		(1,524,111)	684,471
Cash and cash equivalents at beginning of the year		12,994,012	12,309,541
Cash and cash equivalents at end of the year		$ 11,469,901	$ 12,994,012

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 21, 2014.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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

1. HISTORYAND ORGANIZATION

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

A. Assembly and sale of computers and computer peripherals;

B. Sale of communication products;

C. Sale of consumer electronic products;

D. Sale of electronic products and components; and

E. Maintenance services for the products mentioned above.

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 21, 2014.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

Not applicable as it is the first-time adoption of IFRSs by the Group this year.

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

IFRS 9, 'Financial Instruments': Classification and measurement of financial instruments.

A. The International Accounting Standards Board ("IASB") published IFRS 9, 'Financial Instruments', in November 2009, which will take effect on January 1, 2013 with early application permitted (Through the amendments to IFRS 9 published on November 19, 2013, the IASB has removed the previous mandatory effective date, but the standard is available for immediate application). Although the FSC has endorsed IFRS 9, FSC does not permit early application of IFRS 9 when IFRSs are adopted in R.O.C. in 2013. Instead, enterprises should apply International Accounting Standard No. 39 ("IAS 39"), 'Financial Instruments: Recognition and Measurement' reissued in 2009.

B. IFRS 9 was issued as the first step to replace IAS 39. IFRS 9 outlines the new classification and measurement requirements for financial instruments, which might affect the accounting treatments for financial instruments of the Group.

C. The Group has not yet evaluated the overall effect of the IFRS 9 adoption. However, based on our preliminary evaluation, it was noted that the IFRS 9 adoption might have an impact on those instruments classified as 'available-for-sale financial assets' held by the Group, as IFRS 9 specifies that the fair value changes in the equity instruments that meet certain criteria may be reported in other comprehensive income, and such amount that has been recognised in other comprehensive income should not be reclassified to profit or loss when such assets are derecognised. The Group recognised loss on equity instruments amounting to $14,162 in other comprehensive income for the year ended December 31, 2013.

(3)<u>IFRSs issued by IASB but not yet endorsed by the FSC</u>

The following are the assessment of new standards, interpretations and amendments issued by IASB but not yet endorsed by the FSC (application of the new standards and amendments should follow the regulations of the FSC):

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	The amendment provides first-time adopters of IFRSs with the same transition relief that existing IFRS preparers received in IFRS 7, 'Financial Instruments: Disclosures' and exempts first-time adopters from providing the additional comparative disclosures.	July 1, 2010

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Improvements to IFRSs 2010	Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 34 and IFRIC 13.	January 1, 2011
IFRS 9, 'Financial instruments: Classification and measurement of financial liabilities'	IFRS 9 requires gains and losses on financial liabilities designated at fair value through profit or loss to be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and cannot be reclassified to profit or loss when derecognising the liabilities; and all other changes in fair value are recognised in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in the profit or loss only if there is reasonable evidence showing on initial recognition that the recognition of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch (inconsistency) in profit or loss. (That determination is made at initial recognition and is not reassessed subsequently.)	November 19, 2013 (Not mandatory)

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Disclosures - transfers of financial assets (amendment to IFRS 7)	The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existing at the reporting date.	July 1, 2011
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	When an entity's date of transition to IFRSs is on, or after, the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date at fair value on the date of transition to IFRSs. First-time adopters are allowed to apply the derecognition requirements in IAS 39, ' Financial instruments: Recognition and measurement', prospectively from the date of transition to IFRSs, and they are allowed not to retrospectively recognise related gains on the date of transition to IFRSs.	July 1, 2011
Deferred tax: recovery of underlying assets (amendment to IAS 12)	The amendment gives a rebuttable presumption that the carrying amount of investment properties measured at fair value is recovered entirely by sale, unless there exists any evidence that could rebut this presumption. The amendment also replaces SIC 21, 'Income taxes—recovery of revalued non-depreciable assets'.	January 1, 2012

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
IFRS 10, 'Consolidated financial statements'	The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess.	January 1, 2013
IFRS 11,'Joint arrangements'	Judgments applied when assessing the types of joint arrangements - joint operations and joint ventures, the entity should assess the contractual rights and obligations instead of the legal form only. The standard also prohibits the proportional consolidation for joint ventures.	January 1, 2013
IFRS 12,'Disclosure of interests in other entities'	The standard requires the disclosure of interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities.	January 1, 2013
IAS 27,'Separate financial statements' (as amended in 2011)	The standard removes the requirements of consolidated financial statements from IAS 27 and those requirements are addressed in IFRS 10, 'Consolidated financial statements'.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
IAS 28,'Investments in associates and joint ventures' (as amended in 2011)	As consequential amendments resulting from the issuance of IFRS 11, 'Joint arrangements', IAS 28 (revised) sets out the requirements for the application of the equity method when accounting for investments in joint ventures.	January 1, 2013
IFRS 13, 'Fair value measurement'	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.	January 1, 2013
IAS 19 revised, 'Employee benefits' (as amended in 2011)	The revised standard eliminates corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past service costs will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expense, is recognised in other comprehensive income.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Presentation of items of other comprehensive income (amendment to IAS 1)	The amendment requires profit or loss and other comprehensive income (OCI) to be presented separately in the statement of comprehensive income. Also, the amendment requires entities to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss subsequently.	July 1, 2012
IFRIC 20, ‘Stripping costs in the production phase of a surface mine’	Stripping costs that meet certain criteria should be recognised as the ‘stripping activity asset’. To the extent that the benefit fromthe stripping activity is realised in the form of inventory produced, the entity shall account for the costs of that stripping activity in accordance with IAS 2, ‘Inventories’.	January 1, 2013
Disclosures—Offsetting financial assets and financial liabilities (amendment to IFRS 7)	The amendment requires disclosures to include quantitative information that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Offsetting financial assets and financial liabilities (amendment to IAS 32)	The amendments clarify the requirements for offsetting financial instruments on the statement of financial position: (i) the meaning of 'currently has a legally enforceable right to set off the recognised amounts'; and (ii) that some gross settlement mechanisms with certain features may be considered equivalent to net settlement.	January 1, 2014
Government loans (amendment to IFRS 1)	The amendment provides exception to first-time adopters to apply the requirements in IFRS 9, ‘Financial instruments’, and IAS 20, ‘Accounting for government grants and disclosure of government assistance’, prospectively to government loans that exist at the date of transition to IFRSs; and first-time adopters should not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant.	January 1, 2013
Improvements to IFRSs 2009-2011	Amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.	January 1, 2013
Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10, 11 and 12 is adopted.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)	The amendments define 'Investment Entities' and their characteristics. The parent company that meets the definition of investment entities should measure its subsidiaries using fair value through profit of loss instead of consolidating them.	January 1, 2014
IFRIC 21, 'Levies'	The interpretation addresses the accounting for levies imposed by governments in accordance with legislation (other than income tax). A liability to pay a levy shall be recognised in accordance with IAS 37, 'Provisions, contingent liabilities and contingent assets'.	January 1, 2014
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives that were not impaired.	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	The amendment states that the novation of a hedging instrument would not be considered an expiration or termination giving rise to the discontinuation of hedge accounting when the hedging instrument that is being novated complies with specified criteria.	January 1, 2014

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
IFRS 9 "Financial assets: hedge accounting" and amendments to IFRS 9, IFRS 7 and IAS 39	1. IFRS 9 relaxes the requirements for hedged items and hedging instruments and removes the bright line of effectiveness to better align hedge accounting with the risk management activities of an entity. 2. An entity can elect to early adopt the requirement to recognise the changes in fair value attributable to changes in an entity's own credit risk from financial liabilities that are designated under the fair value option in 'other comprehensive income'.	November 19, 2013 (Not mandatory)
Services related contributions from employees or third parties (amendments to IAS 19R)	The amendment allows contributions from employees or third parties that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.	July 1, 2014
Improvements to IFRSs 2010-2012	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.	July 1, 2014

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Improvements to IFRSs 2011-2013	Amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	July 1, 2014

The Group is assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

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

A. These consolidated financial statements are the first consolidated financial statements prepared by the Group in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

B. In the preparation of the balance sheet of January 1, 2012 (the Group’s date of transition to IFRSs) (“the opening IFRS balance sheet”), the Group has adjusted the amounts that were reported in the consolidated financial statements in accordance with previous R.O.C. GAAP. Please refer to Note 15 for the impact of transitioning from R.O.C. GAAP to IFRSs on the Group’s financial position, financial performance and cash flows.

(2) Basis of preparation

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

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

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

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets plus unrecognised past service cost, and less present value of defined benefit obligation.

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

(3)<u>Basis of consolidation</u>

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 special purpose entities) over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

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

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. 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:

(a) December 31, 2013 and 2012:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business Activities	December 31, 2013	December 31, 2012	Description
Synnex Technology International Corporation	Synnex Global Ltd.	Investment holding company	100	100	PwC
Synnex Technology International Corporation	Seper Marketing Corporation	Sales of computers and computer peripherals	100	100	PwC
Synnex Technology International Corporation	E-Fan Investments CO., LTD.	Investment company	100	100	PwC
Synnex Global Ltd.	King's Eye Investments Ltd.	Investment holding company	100	100	PwC
Synnex Global Ltd.	Peer Developments Ltd.	Investment holding company	100	100	PwC
Synnex Global Ltd.	Synnex Mauritius Ltd.	Investment holding company	100	100	PwC
Synnex Global Ltd.	Synnex China Holdings Ltd.	Investment holding company	100	100	PwC
King's Eye Investments Ltd.	Fortune Ideal Ltd.	Real estate investments	100	100	2013: OTHER 2012: PwC
King's Eye Investments Ltd.	Laser Computer Holdings Ltd.	Investment holding company	100	100	PwC
King's Eye Investments Ltd.	Synnex Australia Pty. Ltd.	Sales of computers and computer peripherals	100	100	PwC

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) December 31, 2013	Ownership (%) December 31, 2012	Description
King's Eye Investments Ltd.	Synnex New Zealand Ltd.	Sales of computers and computer peripherals	100	100	PwC
King's Eye Investments Ltd.	Synnex Electronics Hong Kong Ltd.	Sales of electronic components	100	100	PwC
King's Eye Investments Ltd.	Syntech Asia Ltd.	Sales of electronic components	100	100	PwC
King's Eye Investments Ltd.	Golden Thinking Ltd.	Real estate investments	100	100	2013: OTHER 2012: PwC
King's Eye Investments Ltd.	PT. Synnex Metrodata Indonesia (Note 1)	Sales of 3C products	50.3	50	2013: PwC 2012: Other
Laser Computer Holdings Ltd.	Laser Computer (China) Ltd.	Sales of computers and computer peripherals	100	100	PwC
Laser Computer Holdings Ltd.	Synnex Technology International (HK) Ltd.	Sales of computers and computer peripherals	100	100	PwC
Peer Developments Ltd.	LianXiang Technology (shenzhen) Ltd.	Sales of electronic components	100	100	PwC
Synnex China Holdings Ltd.	Synnex Investments (China) Ltd.	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex Distributions (China) Ltd.	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Beijing) Ltd.	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Shanghai) Ltd.	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Tianjin) Ltd.	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Chengdu) Ltd.	Manufacture and sale of computers and computer peripherals	100	100	PwC

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) December 31, 2013	Ownership (%) December 31, 2012	Description
Synnex Investments (China) Ltd.	Synnex (Nanjing) Ltd.	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Shenyang) Ltd.	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Hangzhou) Ltd.	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Qingdao) Ltd.	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Guangzhou) Ltd.	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Xi’an) Ltd.	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Suzhou) Ltd.	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Wuhan) Ltd.	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Jinan) Ltd.	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (changsha) Ltd.	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Zhengzhou) Ltd.	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Ningbo) Ltd.	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Hefei) Ltd.	Manufacture and sale of computers and computer peripherals	100	100	PwC

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) December 31, 2013	December 31, 2012	Description
Synnex Investments (China) Ltd.	Synnex (Nanchang) Ltd. (Note 2)	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Harbing) Ltd. (Note 2)	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Chongqing) Ltd. (Note 2)	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Xiamen) Ltd. (Note 2)	Manufacture and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Yude (Shanghai) Warehouse Co., Ltd. (Note 3)	Warehouse services	80	-	PwC
Synnex Distributions (China) Ltd.	Synnex Technology Development (Beijing) Ltd.	Manufacture and sale of computers and computer peripherals	100	100	PwC

Note 1: The company was included in the consolidated financial statements on January 1, 2013.

Note 2: These companies were incorporated in 2012.

Note 3: These companies were incorporated in 2013.

(b)January 1, 2012:

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) January 1, 2012	Description
Synnex Technology International Corporation	Synnex Global Ltd.	Investment holding company	100	PwC
Synnex Technology International Corporation	Seper Marketing Corporation	Advertising company	100	PwC
Synnex Technology International Corporation	E-Fan Investments CO., LTD. (Note 1)	Investment company	100	PwC
Synnex Global Ltd.	King's Eye Investments Ltd.	Investment holding company	100	PwC
Synnex Global Ltd.	Peer Developments Ltd.	Investment holding company	100	PwC

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) January 1, 2012	Description
Synnex Global Ltd.	Synnex Mauritius Ltd.	Investment holding company	100	PwC
Synnex Global Ltd.	Synnex China Holdings Ltd.	Investment holding company	100	PwC
King's Eye Investments Ltd.	Fortune Ideal Ltd.	Real estate investments	100	Other
King's Eye Investments Ltd.	Laser Computer Holdings Ltd.	Investment holding company	100	PwC
King's Eye Investments Ltd.	Synnex Australia Pty. Ltd.	Sales of computers and computer peripherals	100	PwC
King's Eye Investments Ltd.	Synnex New Zealand Ltd.	Sales of computers and computer peripherals	100	PwC
King's Eye Investments Ltd.	Synnex Electronics Hong Kong Ltd.	Sales of electronic components	100	PwC
King's Eye Investments Ltd.	Syntech Asia Ltd.	Sales of electronic components	100	PwC
King's Eye Investments Ltd.	Golden Thinking Ltd.	Real estate investments	100	Other
Laser Computer Holdings Ltd.	Laser Computer (China) Ltd.	Sales of computers and computer peripherals	100	PwC
Laser Computer Holdings Ltd.	Synnex Technology International (HK) Ltd.	Sales of computers and computer peripherals	100	PwC
Peer Developments Ltd.	LianXiang Technology (shenzhen) Ltd.	Sales of electronic components	100	PwC
Synnex China Holdings Ltd.	Synnex Investments (China) Ltd.	Manufacture and sale of computers and computer peripherals	100	PwC
Synnex Investments (China) Ltd.	Synnex Distributions (China) Ltd.	Manufacture and sale of computers and computer peripherals	100	PwC
Synnex Investments (China) Ltd.	Synnex (Beijing) Ltd.	Manufacture and sale of computers and computer peripherals	100	PwC

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) January 1, 2012	Description
Synnex Investments (China) Ltd.	Synnex (Shanghai) Ltd.	Manufacture and sale of computers and computer peripherals	100	PwC
Synnex Investments (China) Ltd.	Synnex (Tianjin) Ltd.	Manufacture and sale of computers and computer peripherals	100	PwC
Synnex Investments (China) Ltd.	Synnex (Chengdu) Ltd.	Manufacture and sale of computers and computer peripherals	100	PwC
Synnex Investments (China) Ltd.	Synnex (Nanjing) Ltd.	Manufacture and sale of computers and computer peripherals	100	PwC
Synnex Investments (China) Ltd.	Synnex (Shenyang) Ltd.	Manufacture and sale of computers and computer peripherals	100	PwC
Synnex Investments (China) Ltd.	Synnex (Hangzhou) Ltd.	Manufacture and sale of computers and computer peripherals	100	PwC
Synnex Investments (China) Ltd.	Synnex (Qingdao) Ltd.	Manufacture and sale of computers and computer peripherals	100	PwC
Synnex Investments (China) Ltd.	Synnex (Guangzhou) Ltd.	Manufacture and sale of computers and computer peripherals	100	PwC
Synnex Investments (China) Ltd.	Synnex (Xi’an) Ltd.	Manufacture and sale of computers and computer peripherals	100	PwC
Synnex Investments (China) Ltd.	Synnex (Suzhou) Ltd.	Manufacture and sale of computers and computer peripherals	100	PwC
Synnex Investments (China) Ltd.	Synnex (Wuhan) Ltd.	Manufacture and sale of computers and computer peripherals	100	PwC
Synnex Investments (China) Ltd.	Synnex (Jinan) Ltd.	Manufacture and sale of computers and computer peripherals	100	PwC
Synnex Investments (China) Ltd.	Synnex (changsha) Ltd.	Manufacture and sale of computers and computer peripherals	100	PwC

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) January 1, 2012	Description
Synnex Investments (China) Ltd.	Synnex (Zhengzhou) Ltd.	Manufacture and sale of computers and computer peripherals	100	PwC
Synnex Investments (China) Ltd.	Synnex (Ningbo) Ltd.	Manufacture and sale of computers and computer peripherals	100	PwC
Synnex Investments (China) Ltd.	Synnex (Hefei) Ltd.	Manufacture and sale of computers and computer peripherals	100	PwC
Synnex Distributions (China) Ltd.	Synnex Technology Development (Beijing) Ltd.	Manufacture and sale of computers and computer peripherals	100	PwC
E-Fan Investments CO., LTD.	Teampo technology (H.K.) Ltd. (Note 2)	Sales of electronic components	100	Other

Note 1: Formerly known as Tempo Technology Company Ltd.

Note 2: On October 9, 2012, dissolved through the approval of the competent authority.

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

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

E. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: 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 still 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 still 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 pay off 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 paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

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

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

(6)Cash equivalents

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

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

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

(a) Hybrid (combined) contracts; or

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

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

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

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

(8)Available-for-sale financial assets

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

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

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

(9) Loans and receivables

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

(10) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

(a) Financial assets measured at amortised cost

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

(b) Financial assets measured at cost

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

(c) Available-for-sale financial assets

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

(11) Derecognition of financial assets

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

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

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

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

(12) Lease receivables/ leases (lessor)

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

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

(14) Investments accounted for using equity method / associates

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

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

C. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting 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, if it 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 still retains significant influence over this associate, then 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.

(15) Property, plant and equipment

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

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

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

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. 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	7 years
Furniture and fixtures	5 years
Machinery and equipment	5 – 20 years
Leasehold improvements	3 years

(16) Leased assets/ leases (lessee)

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

(17) Investment property

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

Buildings	20 – 50 years
Utilities equipment	7 – 15 years

(18) Intangible assets

A. Computer software

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

B. Goodwill

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

(19) Impairment of non-financial assets

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

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

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

(20) Borrowings

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

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

(21) Notes and accounts payable

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

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

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

(a) Hybrid (combined) contracts; or

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

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

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

(23) Derecognition of financial liabilities

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

(24) Offsetting financial instruments

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

(25) Financial liabilities and equity instruments

Bonds payable:

Convertible corporate bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity instrument ('capital surplus—stock warrants') in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument (capital surplus—stock warrants). Convertible corporate bonds are accounted for as follows:

A. Call options and put options embedded in convertible corporate bonds are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. Bonds payable of convertible corporate bonds is initially recognised at fair value and subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

C. Conversion options embedded in convertible corporate bonds issued by the Group, which meet the definition of an equity instrument, are initially recognised in 'capital surplus—stock warrants' at the residual amount of total issue price less amounts of 'financial assets or financial liabilities at fair value through profit or loss' and 'bonds payable—net' as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.

E. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of capital surplus – stock warrants.

(26) Derivative financial instruments

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

(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 expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses 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, together with adjustments for unrecognised past service costs. The defined benefit net 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 high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Actuarial gains and losses arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise.

iii. Past service costs are recognised immediately in profit or loss if vested immediately; if not, the past service costs are amortised on a straight-line basis over the vesting period.

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 termination benefits when it is demonstrably committed to a termination, when it has a detailed formal plan to terminate the employment of current employees and when it can no longer withdraw the plan. In the case of an offer made by the Group to encourage voluntary termination of employment, the termination benefits are recognised as expenses only when it is probable that the employees are expected to accept the offer and the number of the employees taking the offer can be reliably estimated. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

D. Employees’ bonus and directors’ and supervisors’ remuneration

Employees’ bonus 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. However, if the accrued amounts for employees’ bonus and directors’ and supervisors’ remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders’ meeting subsequently, the differences should be recognised based on the accounting for changes in estimates. The Group calculates the number of shares of employees’ stock bonus based on the fair value per share at the previous day of the stockholders’ meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

(29) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(30) Income tax

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

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

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

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

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

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

(31) Dividends

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

(32) Revenue recognition

A. Sales of goods

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

B. Sales of services

The Group provides maintenance services. Revenue from delivering services is recognised under the percentage-of-completion method when the outcome of services provided can be estimated reliably. The stage of completion of a service contract is measured by the proportion of contract costs incurred for services performed as of the financial reporting date to the estimated total costs for the service contract. If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognised only to the extent that contract costs incurred are likely to be recoverable.

(33) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

B. If the total of the fair values of the consideration of acquisition and any non-controlling interest in the acquiree as well as the acquisition-date fair value of any previous equity interest in the acquiree is higher than the fair value of the Group's share of the identifiable net assets acquired, the difference is recorded as goodwill.

(34) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The information is addressed below:

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

A. Financial assets—impairment of equity investments

The Group follows the guidance of IAS 39 to determine whether a financial asset—equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

B. Investment property

The Group uses a portion of the property for its own use and another portion to earn rentals or for capital appreciation. When these portions cannot be sold separately and cannot be leased out separately under a finance lease, the property is classified as investment property only if the own-use portion accounts for an insignificant portion of the property.

C. Revenue recognition on a net/gross basis

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

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

b. The Group bears inventory risk;

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

d. The Group bears credit risk of customers.

(2)<u>Critical accounting estimates and assumptions</u>

A. Impairment assessment of tangible and intangible assets (excluding goodwill)

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

B. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(11) for the information of goodwill impairment.

As of December 31, 2013, the Group recognised goodwill amounting to $296,535.

C. Realisability of deferred income tax assets

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred income tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred income tax assets.

As of December 31, 2013, the Group recognised deferred income tax assets amounting to $500,495.

D. Evaluation of inventories

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

As of December 31, 2013, the carrying amount of inventories was $32,591,311.

E. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Group must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and expected rate of return on plan assets. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

As of December 31, 2013, the carrying amount of accrued pension obligations was $250,640.

F. Financial assets—fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Group that are not traded in an active market is determined considering those companies' recent funding raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(3) for the financial instruments fair value information.

As of December 31, 2013, the carrying amount of unlisted stocks was $234,716.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand and petty cash (revolving funds)	$ 1,891	$ 627,437	$ 437,665
Checking accounts and demand deposits	3,792,736	3,205,534	1,972,656
Time deposits	7,675,274	9,161,041	9,899,220
	$ 11,469,901	$ 12,994,012	$ 12,309,541

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. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. The Group has no cash and cash equivalents pledged to others.

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

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets held for trading			
Listed (TSE and OTC) stocks	$ 111,583	$ 111,583	$ -
Valuation adjustment of financial assets held for trading	(2,662)	(36)	-
Non-hedging derivatives – foreign exchange forward	116	1,610	27
Subtotal	$ 109,037	$ 113,157	$ 27
Financial assets designated as at fair value through profit or loss			
Non-hedging derivatives – convertible bonds options	-	-	99
Total	$ 109,037	$ 113,157	$ 126
Financial liabilities held for trading			
Non-hedging derivatives - foreign exchange forward	$ 1,149	$ 838	$ 616

A. The Group recognised net gain of $3,200 and $6,886 on financial assets held for trading for the years ended December 31, 2013 and 2012, respectively,

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

Foreign exchange forward

The subsidiaries	Items	December 31, 2013 Book Value		Nominal Principal (in thousands)	
Synnex Technology International (HK) Ltd.	Buy USD sell HKD	($	370)	USD	12,000
Synnex New Zealand	Buy USD sell NZD		116	USD	1,253
Synnex New Zealand	Buy AUD sell NZD	(	758)	AUD	220
PT.SMI	Buy USD sell IDR	(	7)	USD	500
PT.SMI	Buy USD sell IDR	(	7)	USD	500
PT.SMI	Buy USD sell IDR	(	7)	USD	500

The subsidiaries	Items	December 31, 2012 Book Value		Nominal Principal (in thousands)	
Synnex Technology International (HK) Ltd.	Buy USD sell HKD	($	838)	USD	29,000
Synnex New Zealand	Buy USD sell NZD		1,279	USD	2,990
Synnex New Zealand	Buy AUD sell NZD		331	AUD	1,757

The subsidiaries	Items	January 1, 2012 Book Value		Nominal Principal (in thousands)	
Synnex Technology International (HK) Ltd.	Buy USD sell HKD	$	27	USD	10,500
Synnex New Zealand	Buy USD sell NZD	(	615)	USD	925
Synnex New Zealand	Buy AUD sell NZD	(	1)	AUD	59

In 2013 and 2012, the subsidiaries of the Company undertook forward exchange contracts with local banks to hedge risks put to foreign currency assets and liabilities arising from fluctuations in exchange rates. The Group recognised gain on valuation was $5,826 and $6,922 for the years ended December 31, 2013 and 2012, respectively.

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

(3) Available-for-sale financial assets

	December 31, 2013	December 31, 2012	January 1, 2012
Current items:			
Listed (TSE and OTC) stocks	$ 1,418,647	$ 1,418,647	$ 1,475,843
Non-listed (TSE and OTC) stocks	272,050	272,050	272,050
Subtotal	1,690,697	1,690,697	1,747,893
Valuation adjustment of available-for-sale financial assets	244,048	238,011	60,997
Accumulated impairment - available-for-sale financial assets	(110,981)	(110,981)	(110,981)
Total	$ 1,823,764	$ 1,817,727	$ 1,697,909
Non-current items:			
Listed (TSE and OTC) stocks	$ 4,854	$ 4,729	$ -
Valuation adjustment of available-for-sale financial assets	3,182	-	-
Total	$ 8,036	$ 4,729	$ -

A. The Group recognised $9,218 and $206,740 in other comprehensive income for fair value change for the years ended December 31, 2013 and 2012, respectively.

B. The net loss recognised by the Group from the disposal of this financial asset was $0 and $29,726, respectively, for the years ended December 31, 2013 and 2012.

C. As of December 31, 2013, December 31, 2012 and January 1, 2012, no available-for-sale financial assets held by the Group were pledged to others.

(4) Financial assets measured at cost

	December 31, 2013	December 31, 2012	January 1, 2012
Non-current items:			
Non-listed (TSE and OTC) stocks	$ 2,050,744	$ 2,140,636	$ 2,209,367
Accumulated impairment - financial assets measured at cost	(187,158)	(184,337)	(188,864)
Total	$ 1,863,586	$ 1,956,299	$ 2,020,503

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

B. As of December 31, 2013, December 31, 2012 and January 1, 2012, no financial assets measured at cost held by the Group were pledged to others.

(5)Notes receivable

	December 31, 2013	December 31, 2012	January 1, 2012
Notes receivable	$ 5,487,428	$ 5,323,585	$ 5,463,493
Less: allowance for bad debts	(1,007)	(1,222)	(4,918)
	$ 5,486,421	$ 5,322,363	$ 5,458,575

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

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

(a) As of December 31, 2013, December 31, 2012 and January 1, 2012, the Group had no notes receivable that were impaired.

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

	2013		
	Individual provision	Group provision	Total
At January 1	$ -	$ 1,222	$ 1,222
Write-offs during the period	-	(215)	(215)
At December 31	$ -	$ 1,007	$ 1,007

	2012		
	Individual provision	Group provision	Total
At January 1	$ -	$ 4,918	$ 4,918
Write-offs during the period	-	(3,696)	(3,696)
At December 31	$ -	$ 1,222	$ 1,222

(6)Accounts receivable and overdue receivables

	December 31, 2013	December 31, 2012	January 1, 2012
Accounts receivable	$ 40,088,614	$ 39,469,900	$ 35,405,380
Less: allowance for bad debts	(333,953)	(347,879)	(356,185)
	39,754,661	39,122,021	35,049,195
Overdue receivables (recorded as other non-current assets)	928,149	569,062	532,993
Less: allowance for bad debts	(547,558)	(368,779)	(436,883)
	380,591	200,283	96,110
	$ 40,135,252	$ 39,322,304	$ 35,145,305

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, 2013 and 2012, the Group received certain security for a portion of the amounts due.

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

	December 31, 2013	December 31, 2012	January 1, 2012
Not past due	$ 30,826,529	$ 35,497,556	$ 31,155,864
Up to 60 days past due	6,533,124	3,127,373	2,464,059
61-120 days past due	1,851,633	497,092	1,429,272
121-180 days past due	622,161	-	-
More than 181 days past due	301,805	200,283	96,110
	$ 40,135,252	$ 39,322,304	$ 35,145,305

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

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

(a) As of December 31, 2013, December 31, 2012 and January 1, 2012, the Group's accounts receivable that were impaired amounted to $881,511, $716,658 and $793,068, respectively.

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

	2013		
	Individual provision	Group provision	Total
At January 1	$ 472,702	$ 243,956	$ 716,658
Provision for impairment	227,318	49,851	277,169
Overdue receivables (recorded as other non-current assets)	(120,549)	(19,454)	(140,003)
Effect from business combination	-	8,354	8,354
Net exchange differences	10,472	8,861	19,333
At December 31	$ 589,943	$ 291,568	$ 881,511

	2012		
	Individual provision	Group provision	Total
At January 1	$ 519,054	$ 274,014	$ 793,068
Provision for impairment	91,025	3,891	94,916
Overdue receivables (recorded as other non-current assets)	(126,899)	(24,677)	(151,576)
Net exchange differences	(10,478)	(9,272)	(19,750)
At December 31	$ 472,702	$ 243,956	$ 716,658

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

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

D. The maximum exposure to credit risk at December 31, 2013, December 31, 2012 and January 1, 2012 was the carrying amount of each class of accounts receivable.

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

(7)Inventories

	December 31, 2013		
	Cost	Allowance for Valuation loss	Book value
Merchandise inventories	$ 32,309,955	($ 537,637)	$ 31,772,318
Inventory in transit	818,993	-	818,993
Total	$ 33,128,948	($ 537,637)	$ 32,591,311

	December 31, 2012		
	Cost	Allowance for Valuation loss	Book value
Merchandise inventories	$ 28,153,654	($ 347,472)	$ 27,806,182
Inventory in transit	751,071	-	751,071
Total	$ 28,904,725	($ 347,472)	$ 28,557,253

	January 1, 2012		
	Cost	Allowance for Valuation loss	Book value
Merchandise inventories	$ 26,569,484	($ 391,144)	$ 26,178,340
Inventory in transit	345,353	-	345,353
Total	$ 26,914,837	($ 391,144)	$ 26,523,693

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

	For the years ended December 31,	
	2013	2012
Cost of inventories sold	$ 319,019,140	$ 301,078,194
Loss on market price decline (Gain on market price recovery)	175,016	(32,519)
Loss on retirement	6,820	7,656
	$ 319,200,976	$ 301,053,331

Due to the mass inventory closeout for the year ended December 31, 2012, the original market price declined and slow-moving inventories experienced reversals resulting in gains on market price recovery.

(8)Investments accounted for under equity method

A. The details are as follows:

	December 31, 2013		December 31, 2012	
	Balance	Percentage ownership	Balance	Percentage ownership
Synnex Corporation	$ 4,880,463	11.26%	$ 4,373,107	11.53%
Redington (India) Ltd.	2,247,072	23.61%	1,948,103	23.63%
BESTCOM Infotech Corporation	730,252	40.86%	728,619	40.86%
Synnex (Thailand) Public Company Ltd.	719,260	38.82%	710,601	39.20%
PT. Synnex Metrodata Indonesia	-	-	631,804	50.00%
	$ 8,577,047		$ 8,392,234	

	January 1, 2012	
	Balance	Percentage ownership
Synnex Corporation	$ 4,239,305	12.10%
Redington (India) Ltd.	2,067,461	23.67%
BESTCOM Infotech Corporation	703,714	40.86%
Synnex (Thailand) Public Company Ltd.	640,751	39.48%
PT. Synnex Metrodata Indonesia	579,126	50.00%
	$ 8,230,357	

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

	Profit/(loss) of associates For the years ended December 31, 2013	Profit/(loss) of associates For the years ended December 31, 2012
Synnex Corporation	$ 439,826	$ 509,574
Redington (India) Ltd.	394,147	418,232
BESTCOM Infotech Corporation	60,667	75,505
Synnex (Thailand) Public Company Ltd.	90,221	138,262
PT. Synnex Metrodata Indonesia	-	120,135
	$ 984,861	$ 1,261,708

	Share of other comprehensive income of associates For the years ended December 31, 2013	Share of other comprehensive income of associates For the years ended December 31, 2012
Synnex Corporation	($ 55,499)	$ 7,940
Redington (India) Ltd.	(5,223)	20,666
Synnex (Thailand) Public Company Ltd.	(3,338)	(6,075)
	($ 64,060)	$ 22,531

C. The financial information of the Group's principal associates is summarized below:

	Assets	Liabilities	Revenue	Profit/(Loss)
December 31, 2013				
Synnex Corporation	$ 88,091,479	$ 47,283,519	$ 322,535,177	$ 4,530,056
Others	3,527,528	2,073,492	10,282,184	153,786
	$ 91,619,007	$ 49,357,011	$ 332,817,361	$ 4,683,842
December 31, 2012				
Synnex Corporation	$ 86,201,292	$ 47,821,255	$ 304,656,717	$ 4,517,139
Others	6,243,029	3,529,890	22,175,812	422,102
	$ 92,444,321	$ 51,351,145	$ 326,832,529	$ 4,939,241
January 1, 2012				
Synnex Corporation	$ 85,933,837	$ 50,494,506	$ 306,986,182	$ 4,439,808
Others	5,929,945	3,382,678	21,381,738	388,260
	$ 91,863,782	$ 53,877,184	$ 328,367,920	$ 4,828,068

Redington (India) Ltd. and Synnex (Thailand) Public Company Ltd. are foreign listed companies in which their respective countries have yet to present financial information for the period; thus in accordance with the information synchronisation principle, the abovementioned information of associates exclude these two companies.

D. The fair value of the Group's associates which have quoted market price was as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Synnex Corporation	$ 8,619,583	$ 4,283,366	$ 4,089,787
Redington (India) Ltd.	3,397,483	4,324,412	4,337,613
Synnex (Thailand) Public Company Ltd.	2,185,345	1,480,312	1,369,480
	$ 14,202,411	$ 10,088,090	$ 9,796,880

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

(9)Property, plant and equipment

	Land	Buildings	Utilities equipment	Computer equipment	Transportation equipment	Furniture and fixtures	Tools	Leasehold improvements	Construction in progress	Total
At January 1, 2013										
Cost	$ 1,023,678	$ 3,102,118	$ 465,111	$ 666,461	$ 145,713	$ 123,390	$ 882,410	$ 178,984	$ 122,754	$ 6,710,619
Accumulated depreciation	-	(415,574)	(195,509)	(416,187)	(94,529)	(96,243)	(647,331)	(130,459)	-	(1,995,832)
	$ 1,023,678	$ 2,686,544	$ 269,602	$ 250,274	$ 51,184	$ 27,147	$ 235,079	$ 48,525	$ 122,754	$ 4,714,787
2013										
Opening net book amount	$ 1,023,678	$ 2,686,544	$ 269,602	$ 250,274	$ 51,184	$ 27,147	$ 235,079	$ 48,525	$ 122,754	$ 4,714,787
Additions	51,380	681,165	7,083	76,277	27,445	7,623	125,156	14,102	727,799	1,718,030
Acquired from business combinations	-	76,940	-	-	-	2,012	6,553	-	-	85,505
Disposals	-	(1,252)	(41,927)	(5,977)	(37)	(1,191)	(305)	(77)	-	(50,766)
Reclassifications	-	12,651	5,709	(2,640)	-	(48)	-	(32)	(191,455)	(175,815)
Depreciation charge	-	(199,964)	(32,327)	(81,665)	(15,354)	(10,209)	(39,190)	(17,569)	-	(396,278)
Net exchange differences	(57,628)	10,807	10,709	(1,058)	(51)	(140)	(22,112)	(1,117)	12,798	(47,792)
Closing net book amount	$ 1,017,430	$ 3,266,891	$ 218,849	$ 235,211	$ 63,187	$ 25,194	$ 305,181	$ 43,832	$ 671,896	$ 5,847,671
At December 31, 2013										
Cost	$ 1,017,430	$ 3,878,226	$ 437,175	$ 663,097	$ 167,055	$ 86,838	$ 993,753	$ 159,509	$ 671,896	$ 8,074,979
Accumulated depreciation	-	(611,335)	(218,326)	(427,886)	(103,868)	(61,644)	(688,572)	(115,677)	-	(2,227,308)
	$ 1,017,430	$ 3,266,891	$ 218,849	$ 235,211	$ 63,187	$ 25,194	$ 305,181	$ 43,832	$ 671,896	$ 5,847,671

	Land	Buildings	Utilities equipment	Computer equipment	Transportation equipment	Furniture and fixtures	Tools	Leasehold improvements	Construction in progress	Total
At January 1, 2012										
Cost	$ 1,032,212	$ 2,544,070	$ 376,615	$ 594,012	$ 153,427	$ 124,326	$ 846,893	$ 193,005	$ 1,263,244	$ 7,127,804
Accumulated depreciation	-	(371,012)	(165,446)	(384,640)	(104,848)	(90,429)	(654,590)	(125,661)	-	(1,896,626)
	$ 1,032,212	$ 2,173,058	$ 211,169	$ 209,372	$ 48,579	$ 33,897	$ 192,303	$ 67,344	$ 1,263,244	$ 5,231,178
2012										
Opening net book amount	$ 1,032,212	$ 2,173,058	$ 211,169	$ 209,372	$ 48,579	$ 33,897	$ 192,303	$ 67,344	$ 1,263,244	$ 5,231,178
Additions	-	385,464	77,073	149,267	36,066	5,168	88,667	15,233	356,220	1,113,158
Disposals	-	(21,083)	(329)	(8,263)	(768)	(398)	(1,803)	(13,361)	(134,762)	(180,767)
Reclassifications	-	239,412	20,685	12,600	(16,548)	(81)	3,770	(192)	(1,321,877)	(1,062,231)
Depreciation charge	-	(67,318)	(36,218)	(110,924)	(15,993)	(10,860)	(46,836)	(19,015)	-	(307,164)
Net exchange differences	(8,534)	(22,989)	(2,778)	(1,778)	(152)	(579)	(1,022)	(1,484)	(40,071)	(79,387)
Closing net book amount	$ 1,023,678	$ 2,686,544	$ 269,602	$ 250,274	$ 51,184	$ 27,147	$ 235,079	$ 48,525	$ 122,754	$ 4,714,787
At December 31, 2012										
Cost	$ 1,023,678	$ 3,102,118	$ 465,111	$ 666,461	$ 145,713	$ 123,390	$ 882,410	$ 178,984	$ 122,754	$ 6,710,619
Accumulated depreciation	-	(415,574)	(195,509)	(416,187)	(94,529)	(96,243)	(647,331)	(130,459)	-	(1,995,832)
	$ 1,023,678	$ 2,686,544	$ 269,602	$ 250,274	$ 51,184	$ 27,147	$ 235,079	$ 48,525	$ 122,754	$ 4,714,787

Note 1: The significant components of buildings include office buildings and warehouse with main buildings and improvements, which are depreciated over 20~50 and 3 years, respectively.

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

(10) Investment property

	Buildings	Utilities equipment	Total
At January 1, 2013			
Cost	$ 1,262,549	$ 206,525	$ 1,469,074
Accumulated depreciation	(62,287)	(62,501)	(124,788)
	$ 1,200,262	$ 144,024	$ 1,344,286
2013			
Opening net book amount	$ 1,200,262	$ 144,024	$ 1,344,286
Additions	4,411	51,223	55,634
Depreciation charge	(32,916)	(34,052)	(66,968)
Reclassifications	164,915	3,709	168,624
Net exchange differences	60,367	7,301	67,668
Closing net book amount	$ 1,397,039	$ 172,205	$ 1,569,244
At December 31, 2013			
Cost	$ 1,495,703	$ 272,243	$ 1,767,946
Accumulated depreciation	(98,663)	(100,039)	(198,702)
	$ 1,397,040	$ 172,204	$ 1,569,244

	Buildings	Utilities equipment	Total
At January 1, 2012			
Cost	$ 387,572	$ 146,080	$ 533,652
Accumulated depreciation	(45,633)	(54,558)	(100,191)
	$ 341,939	$ 91,522	$ 433,461
2013			
Opening net book amount	$ 341,939	$ 91,522	$ 433,461
Additions	61	2,601	2,662
Depreciation charge	(22,362)	(27,331)	(49,693)
Reclassifications	891,450	115,258	1,006,708
Net exchange differences	(10,826)	(38,026)	(48,852)
Closing net book amount	$ 1,200,262	$ 144,024	$ 1,344,286
At December 31, 2012			
Cost	$ 1,262,549	$ 206,525	$ 1,469,074
Accumulated depreciation	(62,287)	(62,501)	(124,788)
	$ 1,200,262	$ 144,024	$ 1,344,286

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

	For the years ended December 31,	
	2013	2012
Rental income from the lease of the investment property	$ 388,060	$ 254,523
Direct operating expenses arising from the investment property that generated rental income in the period	$ 125,116	$ 82,064
Direct operating expenses arising from the investment property that did not generate rental income in the period	$ 49,827	$ 41,376

B. The fair value of the investment property held by the Group as at December 31, 2013, December 31, 2012 and January 1, 2012 was $1,951,316, $1,755,590 and $521,715, respectively, which is based on the present value of rental revenue for the next 10 years and disposal value. The growth rates used are consistent with the forecasts included in market quotation reports and historical experiences. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

(11) Intangible assets

	Computer software cost	Goodwill	Total
At January 1, 2013			
Cost	$ 136,532	$ 288,889	$ 425,421
Accumulated amortisation	(18,893)	-	(18,893)
	$ 117,639	$ 288,889	$ 406,528
2013			
Opening net book amount	$ 117,639	$ 288,889	$ 406,528
Additions－acquired separately	22,770	-	22,770
Amortisation charge	(29,183)	-	(29,183)
Net exchange differences	-	7,646	7,646
Closing net book amount	$ 111,226	$ 296,535	$ 407,761
At December 31, 2013			
Cost	$ 159,302	$ 296,535	$ 455,837
Accumulated amortisation	(48,076)	-	(48,076)
	$ 111,226	$ 296,535	$ 407,761

	Computer software cost	Goodwill	Total
At January 1, 2012			
Cost	$ 12,487	$ 301,203	$ 313,690
Accumulated amortisation	(3,793)	-	(3,793)
	$ 8,694	$ 301,203	$ 309,897
2012			
Opening net book amount	$ 8,694	$ 301,203	$ 309,897
Additions－acquired separately	126,892	-	126,892
Amortisation charge	(17,947)	-	(17,947)
Net exchange differences	-	(12,314)	(12,314)
Closing net book amount	$ 117,639	$ 288,889	$ 406,528
At December 31, 2012			
Cost	$ 136,532	$ 288,889	$ 425,421
Accumulated amortisation	(18,893)	-	(18,893)
	$ 117,639	$ 288,889	$ 406,528

A. Amortization charges on intangible assets were recognised in administrative expenses by $29,183 and $17,947 for the years ended December 31, 2013 and 2012, respectively.

B. Goodwill is allocated as follows to cash-generating units identified by the Group:

	December 31, 2013	December 31, 2012	January 1, 2012
Asia	$ 296,535	$ 288,889	$ 301,203

C. Impairment of non-financial assets

Goodwill is allocated to cash-generating units identified by the Group. 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 history experiences. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

(12) Other non-current assets

	December 31, 2013	December 31, 2012	January 1, 2012
Refundable deposits	$ 221,328	$ 278,703	$ 153,878
Long-term notes and overdue receivables	380,591	200,283	96,110
Long-term prepaid rent	1,053,958	965,389	904,922
Pledged time deposits	860,986	781,024	660,045
Time deposits – more than 1 year	1,016,544	-	-
Others	16,286	51,563	15,930
	$ 3,549,693	$ 2,276,962	$ 1,830,885

The above long-term prepaid rent was mainly due to the Group's entering into a land use right contract for use of the land in China. All rentals had been paid on the contract date. The Group recognised rental expenses of $18,659 and 24,089 for the years ended December 31, 2013 and 2012, respectively.

(13) Short-term borrowings

Type of borrowings	December 31, 2013	Interest rate range	Collateral
Bank borrowings			
Secured borrowings (Note 1)	$ 391,870	3.65%~9.75%	Accounts receivable and inventories
Unsecured borrowings	29,386,207	1.02%~3.8%	None
Syndicated loan from 12 banks including Taipei Fubon Commercial Bank – Item B (Note 2)	2,500,000	1.45%~1.46%	None
	$ 32,278,077		

Type of borrowings	December 31, 2012	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 31,180,639	1.00%~4.41%	None

Type of borrowings	January 1, 2012	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 20,879,698	1.00%~5.67%	None

Note 1: The borrowings of PT.Synnex Metrodata Indonesia.

Note 2:

(1)This syndicated loan is arranged by the Taipei Fubon Commercial Bank, Bank of Taiwan, Mega International Commercial Bank, Hua Nan Commercial Bank, Chang Hwa Commercial Bank, Taishin International Bank, E. Sun Commercial Bank, Taiwan Cooperative Bank, Entie Commercial Bank, First Commercial Bank, Bank SinoPac, Taiwan Business Bank with Taipei Fubon Commercial Bank serving as the managing bank.

(2)Credit line: The total credit line was NTD 6 billion.

A. Item A:

The medium-term loan amount was NTD 3 billion, redrawing is not permitted.

B. Item B:

The medium-term loan amount is NTD 3 billion, redrawing is permitted within the term of loan.

(3)Term of loan:

The loan’s maturity date is May 19, 2014, which is 5 years from the first drawing date of the loan.

(4)Repayment method:

A. Item A:

Unpaid amount of the prinicipal at maturity is repaid in 4 equal installments, starting from 42 months after the first drawing date for item A, and repay the rest in every 6 months. The outstanding balance should be repaid fully at the final maturity date.

B. Item B:

The outstanding principle of each withdrawal of the credit line under item B shall be fully repaid at each maturity date. The outstanding principle at the maturity dates for each withdrawal can be re-borrowed in accordance with the contract. The outstanding balance that is re-borrowed under item B can be used to pay off the original outstanding balance; for equivalent balances, the bank does not have to transfer capital for both of the transaction under item B, the contract serves as a proof for the collection of funds. Under any circumstances, the outstanding balances should be fully repaid on the final maturity date.

(5)Financial commitments:

A. Current ratio (current assets / current liabilities): No less than 100%;

B. Gearing ratio (sum of direct or contingent liabilities / net tangible assets): No more than 190%;

C. Debt service coverage ratio “(pretax income + interest expense + depreciation + amortisation) / interest expenses”: maintain at 300% o above;

D. Net tangible assets (not including intangible assets): maintain at NTD $20 billion or above. The above mentioned financial ratios and amounts are based on the semi-annual and annual consolidated financial statements.

(6)Breach of commitments:

The managing bank, as decided and authorized in writing by the banks of the consortium, shall take one or all of the following actions below to enforce collection from the borrower in accordance with the writing of the banks of the consortium:

A. Notify the borrower in writing and announce the total amount of the credit line to be immediately terminiated and cannot be witwhdran again:

B. Notify the borrower in writing to announce the immediate maturity and required repayment of outstanding principle, interest and payables to the banks in the consortium and managing bank in accordance with the contract. The borrower should pay off the payables immediately;

C. Notify the banks in the consortium to require early settlements of the borrower’s loans with the borrower’s deposits and creditor’s right;

D. Execute the borrower’s promise to repay the loan written on the promissory note acquired in accordance with the contract;

E. Execute the rights given by the regulations, the contract, financial guarantee documentations and other related papers; no notification, exigent notice or waived protest is required for claims within limits of the regulations;

F. Or other methods agreed upon by the majority of the banks in the consortium.

(7)Promissory note and letter of authorization:

Write a promissory note with the managing bank as the beneficiary and the total credit lines as the carrying amount along with a letter of authorization from the borrower (the managing bank shall fill in the maturity date, starting date of interest calculation and agreed upon interest rate for the promissory note) and handed over to the managing bank for safe keeping.

(14) Short-term notes and bills payable

	December 31, 2013	December 31, 2012	January 1, 2012
Commercial paper payable	$ 4,140,000	$ 3,980,000	$ 3,740,000
Interest rate range	0.64%~0.98%	0.76%~0.90%	0.73%~0.85%

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

(15) Other payables

	December 31, 2013	December 31, 2012	January 1, 2012
Dealer's bonus payable	$ 3,335,475	$ 3,180,951	$ 2,810,207
Other payables - others	1,863,466	1,526,306	2,220,743
Accrued expenses - others	955,675	1,196,425	869,789
Temporary receipt of suppliers' payment on behalf of others	1,236,553	1,564,493	2,618,295
Salary payable and bonus	602,945	777,535	422,107
	$ 7,994,114	$ 8,245,710	$ 8,941,141

(16) Bonds payable

	December 31, 2013	December 31, 2012	January 1, 2012
First convertible bonds	$ -	$ 154,200	$ 494,200
Less: Discount of convertible bonds	-	(2,158)	(20,754)
	-	152,042	473,446
Less: Current portion (recorded as other current liabilities)	-	(152,042)	-
Subtotal	-	-	473,446
Second convertible bonds	5,000,000	5,000,000	5,000,000
Less: Discount of convertible bonds	(2,785)	(69,634)	(136,485)
	4,997,215	4,930,366	4,863,515
Less: Current portion (recorded as other current liabilities)	(4,997,215)	-	-
Subtotal	-	4,930,366	4,863,515
Total	$ -	$ 4,930,366	$ 5,336,961

The first convertible bonds and second convertible bonds cover a period of five years and three years from June 25, 2008 to June 24, 2013 and January 13, 2011 to January 14, 2014, respectively. These bonds will expire on June 24, 2013 and January 14, 2014, respectively. Thus, the Company reclassified the first convertible bonds and second convertible bonds to “long-term loans-current portion”.

A. The Company issued its first domestic unsecured convertible bonds in June 2008.

(a) Relevant information is as follows:

i. On June 25, 2008, the Company issued zero coupon, five-year unsecured convertible bonds with the principal amount of $6,000,000. The bonds were listed on the Taiwan Over-The-Counter Securities Exchange.

ii. The conversion price is set based on the terms of the convertible bonds and is subject to adjustments based on the terms of the convertible bonds if the condition of anti-dilution provision occurs.

iii. Under the terms of the convertible bonds, all bonds (redeemed, matured and converted) are retired and are not to be re-issued.

iv. The bondholders have the right to require the Company to redeem any bonds at the price of the bonds’ face value upon three years from the issue date.

v. Under the terms of the convertible bonds, the rights and obligations of the new shares converted from convertible bonds are the same as the issued and outstanding common stock.

(b) The fair value of convertible options amounting to $709,080 was separated from bonds payable, and was recognised in “capital reserve from stock warrants” in accordance with IAS 32. The fair value of put and call options embedded in bonds payable was separated from bonds payable, and was recognised in “financial assets or liabilities at fair value through profit or loss” in accordance with ROC SFAS No. 34 “Financial Instruments: Recognition and Measurement”. The effective interest rate of bonds payable was 2.7996% after separation.

(c) As of June 24, 2013, the bonds totaling $2,400 (face value) had been converted into 48 thousand shares of common stock. As a result of the conversion of the convertible bonds, “capital reserve-convertible bond’s conversion premium” was increased by $2,175 and “capital reserve-stock warrants” was decreased by $284.

(d) Convertible corporate bonds that were matured but not converted yet had a carrying amount of $151,800, and had been fully redeemed.

B. The Company issued its second domestic unsecured convertible bonds in January 2011.

(a) Relevant information is as follows:

i. On January 14, 2011, the Company issued zero coupon, three-year unsecured convertible bonds with the principal amount of $5,000,000. The bonds were listed on the Taiwan Over-The-Counter Securities Exchange.

ii. The conversion price is set based on the terms of the convertible bonds and is subject to adjustments based on the terms of the convertible bonds if the condition of anti-dilution provision occurs. As of December 31, 2013, the conversion price was NT$75.10 (in dollars) per share.

iii. Under the terms of the convertible bonds, all bonds (redeemed, matured and converted) are retired and are not to be re-issued. As of December 31, 2013, the convertible bonds were not repurchased by the Company from the Taiwan Over-The-Counter Securities Exchange.

iv. Under the terms of the convertible bonds, the rights and obligations of the new shares converted from convertible bonds are the same as the issued and outstanding common stock.

(b) The fair value of convertible options amounting to $210,550 was separated from bonds payable, and was recognised in “capital reserve from stock warrants” in accordance with IAS 32. The effective interest rate of bonds payable was 1.337% after separation.

(c) Convertible corporate bonds that were matured but not converted yet had a carrying amount of $5,000,000, and had been fully redeemed as of January 23, 2014.

(17) Pensions

A.(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 1 months 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.

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

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of funded obligations	($ 445,223)	($ 459,809)	($ 419,748)
Fair value of plan assets	194,583	196,961	190,736
Net liability in the balance sheet (recorded as other non-current liabilities)	($ 250,640)	($ 262,848)	($ 229,012)

(c)Changes in present value of funded obligations are as follows:

	2013	2012
Present value of funded obligations		
At January 1	$ 459,809	$ 419,748
Current service cost	4,485	4,391
Interest expense	6,897	7,345
Actuarial profit and loss	(11,986)	39,064
Benefits paid	(13,982)	(10,739)
At December 31	$ 445,223	$ 459,809

(d)Changes in fair value of plan assets are as follows:

	2013	2012
Fair value of plan assets		
At January 1	$ 196,961	$ 190,736
Expected return on plan assets	2,954	3,338
Actuarial profit and loss	(508)	(1,652)
Employer contributions	9,158	15,278
Benefits paid	(13,982)	(10,739)
At December 31	$ 194,583	$ 196,961

(e)Amounts of expenses recognised in comprehensive income statements are as follows:

	2013	2012
Current service cost	$ 4,485	$ 4,391
Interest cost	6,897	7,346
Expected return on plan assets	(2,954)	(3,338)
Current pension costs	$ 8,428	$ 8,399

Details of cost and expenses recognised in comprehensive income statements are as follows:

	2013	2012
Selling expenses	$ 5,171	$ 5,599
General and administrative expenses	3,257	2,800
	$ 8,428	$ 8,399

(f) Amounts recognised under other comprehensive income are as follows:

	2013	2012
Recognition for current period	($ 11,478)	$ 40,716
Accumulated amount	$ 29,238	$ 40,716

(g)The Bank of Taiwan was commissioned to manage the Fund of the Company's 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. The constitution of fair value of plan assets as of December 31, 2013 and 2012 is given in the Annual Labor Retirement Fund Utilisation Report published by the government.

Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's 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.

For the years ended December 31, 2013 and 2012, the actual return on plan assets was $2,446 and $1,686, respectively.

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

	2013	2012	2011
Discount rate	2.00%	1.75%	1.90%
Future salary increases	4.00%	3.50%	3.50%
Expected return on plan assets	2.00%	1.75%	1.90%

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

(i) Historical information of experience adjustments was as follows:

	2013	2012
Present value of defined benefit obligation	($ 445,223)	($ 459,809)
Fair value of plan assets	194,583	196,961
Deficit in the plan	($ 250,640)	($ 262,848)
Experience adjustments on plan liabilities	($ 9,304)	$ 20,955
Experience adjustments on plan assets	($ 508)	($ 1,652)

(j) Expected contributions to the defined benefit pension plans of the Company within one year from December 31, 2013 amounts to $8,428.

B.(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2013 and 2012 were $40,843 and $40,883, respectively.

(b) No pension plan is established for Synnex Global Ltd., King's Eye Investments Ltd., Peer Developments Ltd., Synnex China Holdings Ltd., Synnex Mauritius Ltd., Laser Computer Holdings Ltd. since these companies are not required to have an employee pension plan in accordance with the local legislation. Except for the above, other consolidated overseas subsidiaries have established a funded defined contribution pension plan and therefore, contribute monthly a certain percentage of the employees’ monthly salaries and wages to the retirement fund. Except for monthly contributions to the retirement fund, these companies have no further obligations. The pension costs under the defined contribution pension plan for the years ended December 31, 2013 and 2012 were $264,476 and $250,481, respectively.

(18) Share-based payment

A. Pursuant to the resolution adopted at the Board of Directors’ meeting held in August 2007, the Company issued employee stock options amounting to 40,000 units, and every unit was subscribed for 1,000 common stocks. Details of the employee stock options issued as of December 31, 2013 were 40,000 units, equal to 40,000,000 common stocks. The exercise price is based on the closing price of the Company’s common stock at the grant date and is subject to adjustments due to changes in the number of common shares. The vesting period of the Company’s employee stock option plan is 6 years. The employees may exercise the stock options in installments within a period of 2 years after the stock options are granted.

As of December 31, 2013 and 2012, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (unit)	Contract period	Vesting conditions
Employee stock options	November 28, 2007	40,000	6 years	Cumulative exercisable amount is 25% when reaching the second year Cumulative exercisable amount is 50% when reaching the third year Cumulative exercisable amount is 75% when reaching fourth year Cumulative exercisable amount is 100% when reaching fifth year

B. Details of the share-based payment arrangements are as follows:

	For the years ended December 31,			
	2013		2012	
	No. of shares (in thousands)	Weighted-average exercise price (in dollars)	No. of shares (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the period	14,313	$ 46.40	21,118	$ 50.40
Options forfeited	(9,727)	-	(226)	-
Options exercised	(4,586)	45.69	(6,579)	48.20
Options outstanding at end of the period	-	-	14,313	46.40
Options exercisable at end of the period	-	-	14,313	46.40

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2013 and 2012 was $47.96 and $67.13, respectively.

D. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

Issue date approved	Expiry date	December 31, 2013 No. of shares (in thousands)	December 31, 2013 Exercise price (in dollars)	December 31, 2012 No. of shares (in thousands)	December 31, 2012 Exercise price (in dollars)
November 28, 2007	November 28, 2013	-	$ -	14,313	$ 46.40

Issue date approved	Expiry date	January 1, 2012 No. of shares (in thousands)	January 1, 2012 Exercise price (in dollars)
November 28, 2007	November 28, 2013	21,118	$ 50.40

E. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Employee stock options	November 28, 2007	$ 77.20	38.84%	4.75 years	0.00%	2.66%	$ 28.64

F. Expenses incurred on share-based payment transactions are shown below:

	For the years ended December 31, 2013	2012
Equity-settled	$ -	$ 43,533

(19) Share capital

A. As of December 31, 2013, the Company's authorized capital was $22,000,000 (including $500,000 reserved for the conversion of employees' stock options which have not been issued). As of December 31, 2013, the total number of shares of common stock, at $10 (in dollars) par value per share, issued and outstanding, was 1,588,520,922.

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

	For the years ended December 31, 2013	2012
At January 1	1,583,886,922	1,570,700,591
Employee stock options exercised	4,586,000	6,579,000
Corporate bonds converted to ordinary shares	48,000	6,607,331
At December 31	1,588,520,922	1,583,886,922

B. The Company issued common stock of 6,607,331 and 6,579,000 shares for the conversion of convertible bonds and the exercise of the employee stock options, respectively, for the year ended December 31, 2012. The Company has completed the registration in April 2013.

C. The Company issued common stock of 48,000 and 4,586,000 shares for the conversion of convertible bonds and the exercise of the employee stock options, respectively, for the year ended December 31, 2013. As of December 31, 2013, the effective date of capital increase for 0 and 951,000 shares issued for the conversion of convertible bonds and the exercise of employee stock options, respectively, at the fourth quarter of 2013 had not been fixed.

D. For the status of the exercise of the employee stock options for 2013 and 2012, please refer to Note 6(18).

E. 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, 2013, the total number of GDSs outstanding was 906,363 units, representing 3,625,463 shares of common stock. The main terms and conditions of the GDSs are as follows:

(a) Voting

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

(b) Sale and withdrawal of GDSs

Under current R.O.C. law, the shares represented by the GDSs may not be withdrawn by holders of GDSs. Commencing three months after the initial issuance of GDSs, a holder of GDSs may, provided that the Company has delivered to the custodian physical share certificates in respect of the Deposited Shares, request the Depositary to sell or cause to be sold on behalf of such holder the shares represented by such GDSs.

(c) Dividends

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

(20) Capital surplus

A. 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.

B. Regarding "capital reserve- stock warrants" and "capital reserve- convertible bond's conversion premium", please refer to Note 6(16).

(21) Retained earnings

A. The Company's Articles of Incorporation provide that current year's net income, after recovering any past losses and deducting all income taxes in accordance with the law, shall be distributed in the following order: (a) Set aside 10% of the net income as legal reserve, (b) set aside the special reserve in the amount of the net reduction of adjustments under the stockholders' equity for the current year related mainly to cumulative translation adjustments and unrealized loss on long-term investments, (c) set aside at least 0.01% and no more than 10% of the net income as employees' bonus, and (d) 30% to 100% of the remaining portion (plus the retained earnings carried over from the last fiscal year as permitted by the Company Law) shall be distributed as dividends to all stockholders in proportion to their individual holdings as proposed by the Board of Directors and approved at the stockholders' meeting. No less than 15% of total stockholders' dividends may be distributed in the form of cash dividends.

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

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

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

D. The appropriation of 2012 and 2011 earnings had been resolved at the stockholders' meeting on June 11, 2013 and June 13, 2012, respectively. Details are summarized below:

	2012		2011	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 581,611	$ -	$ 723,659	$ -
Special reserve	1,505,048	-	(1,266,088)	-
Cash dividends	3,173,778	2.00	6,307,093	4.00
Employees' bonus	600	-	75,000	-
Directors' and supervisors' remuneration	10,000	-	6,000	-

E. As of March 21, 2014, the appropriation of 2013 earnings had not been resolved by the Board of Directors. Information on the appropriation of the Company's earnings as resolved by the Board of Directors and approved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

F. Employees' bonus for 2013 and 2012 was both accrued at $600; directors' and supervisors' remuneration for 2013 and 2012 was both accrued at $10,000. They were estimated based on certain percentages (prescribed by the Company's Articles of Incorporation) of net income in current year after taking into account the legal reserve and other factors. Employees' bonus and directors' and supervisors' remuneration for 2012 and 2011 approved at the stockholders' meeting were in agreement with the amount recognised in the 2012's and 2011's financial statements.

Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Other equity items

	Currency translation	Available-for-sale investments	Total
At January 1, 2013	($ 1,610,859)	$ 244,495	($ 1,366,364)
Revaluation – gross	-	9,219	9,219
Revaluation – associates	-	2,045	2,045
Currency translation differences:			
–Group	(544,570)	-	(544,570)
–Associates	(66,105)	-	(66,105)
At December 31, 2013	($ 2,221,534)	$ 255,759	($ 1,965,775)

	Currency translation	Available-for-sale investments	Total
At January 1, 2012	$ -	$ 73,556	$ 73,556
Revaluation – gross	-	177,014	177,014
Revaluation – associates	-	(6,075)	(6,075)
Currency translation differences:			
–Group	(1,639,465)	-	(1,639,465)
–Associates	28,606	-	28,606
At December 31, 2012	($ 1,610,859)	$ 244,495	($ 1,366,364)

(23) Operating revenue

	For the years ended December 31, 2013	2012
Sales revenue	$ 329,693,902	$ 312,003,059
Service revenue	565,851	582,344
Total	$ 330,259,753	$ 312,585,403

(24) Other income

	For the years ended December 31, 2013	2012
Rental revenue	$ 432,165	$ 282,660
Interest income:		
Interest income from bank deposits	494,889	501,073
Other interest income	94,114	65,881
Dividend income	128,557	133,529
Others	292,945	356,201
Total	$ 1,442,670	$ 1,339,344

(25) Other gains and losses

	For the years ended December 31, 2013	2012
Net gains on financial assets at fair value through profit or loss	$ 3,200	$ 6,886
Net currency exchange gains	846,395	260,219
Gains (losses) on disposal of property, plant and equipment	(6,170)	4,205
Related expenses charges on investment property	(174,943)	(123,440)
Losses on disposal of investments	-	(12,825)
Others	(5,048)	(8,043)
Total	$ 663,434	$ 127,002

(26) Finance costs

	For the years ended December 31, 2013	2012
Interest expense:		
Bank borrowings	$ 459,913	$ 322,601
Short-term notes and bills payable	49,528	36,822
Convertible bonds	68,980	74,333
Finance costs	$ 578,421	$ 433,756

(27) Expenses by nature

	For the years ended December 31, 2013	2012
Employee benefit expense	$ 4,196,137	$ 4,146,717
Depreciation charges on property, plant and equipment and investment property	463,246	356,857
Amortisation charges on intangible assets	29,183	17,947
	$ 4 ,688,566	$ 4,521,521

(28) Employee benefit expense

	For the years ended December 31,	
	2013	2012
Wages and salaries	$ 3,382,219	$ 3,362,698
Compensation cost of employee stock options	-	43,533
Labor and health insurance fees	245,984	204,036
Pension costs	313,747	299,763
Other personnel expenses	254,187	236,687
	$ 4,196,137	$ 4,146,717

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2013	2012
Current tax:		
Current tax liabilities	$ 832,080	$ 1,081,337
Tax payable from prior years	(566,200)	(272,726)
Current tax on profits for the period	265,880	808,611
Over provision of prior year's income tax	(233)	(4,067)
Prepaid income tax	596,542	160,563
Total current tax	862,189	965,107
Deferred tax:		
Origination and reversal of temporary differences	97,127	120,495
Total deferred tax	97,127	120,495
Income tax expense	$ 959,316	$ 1,085,602

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

	For the years ended December 31,	
	2013	2012
Actuarial gains/losses on defined benefit obligations	($ 1,952)	$ 6,922

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2013	2012
Tax calculated based on profit before tax and statutory tax rate	$ 1,559,823	$ 1,437,584
Effects from items disallowed by tax regulation	(752,330)	(527,317)
Effects from temporary difference not yet recognised as deferred tax assets	96,489	32,209
Additional 10% tax on undistributed earnings	55,567	147,193
Over provision of prior year's income tax	(233)	(4,067)
Income tax expense	$ 959,316	$ 1,085,602

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

	For the year ended December 31, 2013				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Effects on exchange rate	December 31
Temporary differences:					
—Deferred tax assets:					
Unrealized bad debts	$ 128,602	$ 53,196	$ -	($ 2,321)	$ 179,477
Unrealized loss on inventory value decline	45,641	29,239	-	(956)	73,924
Depreciation	28,862	(12,082)	-	(214)	16,566
Unrealised exchange loss	47,718	(19,339)	-	(362)	28,017
Unused compensated absences	3,897	39,527	-	(554)	42,870
Accrued pensions	44,711	(150)	(1,952)	-	42,609
Unrealized accrued expenses	100,027	(28,024)	-	(1,465)	70,538
Loss carryforward	40,556	6,538	-	(601)	46,493
Subtotal	$ 440,014	$ 68,905	($ 1,952)	($ 6,473)	$ 500,494
—Deferred tax liabilities:					
Unrealised purchase discount	$ -	($ 160,181)	$ -	$ 14,199	($ 145,982)
Others	(9,914)	(5,851)	-	1,397	(14,368)
Subtotal	($ 9,914)	($ 166,032)	$ -	$ 15,596	($ 160,350)
Total	$ 430,100	($ 97,127)	($ 1,952)	$ 9,123	$ 340,144

	For the year ended December 31, 2012				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Effects on exchange rate	December 31
Temporary differences:					
－Deferred tax assets:					
Unrealized bad debts	$ 150,118	($ 20,748)	$ -	($ 768)	$ 128,602
Unrealized loss on inventory value decline	46,104	(191)	-	(272)	45,641
Depreciation	32,580	(3,546)	-	(172)	28,862
Unrealized accrued expenses	48,616	(613)	-	(285)	47,718
Unused compensated absences	3,897	-	-	-	3,897
Accrued pensions	38,911	(1,122)	6,922	-	44,711
Unrealized accrued expenses	280,721	(178,900)	-	(1,794)	100,027
Loss carryforward	33,624	7,174	-	(242)	40,556
Subtotal	$ 634,571	($ 197,946)	$ 6,922	($ 3,533)	$ 440,014
－Deferred tax liabilities:					
Unrealized investments gain	($ 85,749)	$ 77,449	$ -	$ 8,300	$ -
Others	(9,916)	2	-	-	(9,914)
Subtotal	($ 95,665)	$ 77,451	$ -	$ 8,300	($ 9,914)
Total	$ 538,906	($ 120,495)	$ 6,922	$ 4,767	$ 430,100

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

	December 31, 2013	December 31, 2012	January 1, 2012
Deductible temporary differences	$ 96,489	$ 32,209	$ 32,209

E. As of December 31, 2013, the Company’s income tax returns through 2011 have been assessed and approved by the Tax Authority.

F. The subsidiaries’ losses are allowed to be carried forward from 2016 to 2023.

G. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2013, December 31, 2012 and January 1, 2012, the amounts of temporary difference unrecognised as deferred tax liabilities were $5,452,224 thousand, $4,807,088 thousand and $4,401,513 thousand, respectively.

H. Unappropriated retained earnings:

	December 31, 2013	December 31, 2012	January 1, 2012
Earnings generated in and before 1997	$ -	$ -	$ 206,062
Earnings generated in and after 1998	7,662,176	7,639,092	7,961,656
Total	$ 7,662,176	$ 7,639,092	$ 8,167,718

I. As of December 31, 2013, December 31, 2012 and January 1, 2012, the balance of the imputation tax credit account was $287,652, $221,034 and $178,071, respectively. The creditable tax rate was 6.21% for 2012 and is estimated to be 4.30% for 2013.

J. The Company estimated that the future taxable income will exceed the current income arising from the reversal of taxable temporary difference, thus, recognised deferred tax assets.

(30) Earnings per share

	For the year ended December 31, 2013		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 5,273,995	1,586,646	$ 3.32
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	5,273,995	1,586,646	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	14	
Convertible bonds	68,980	66,585	
Employee stock options of the investee company	(2,285)	-	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 5,340,690	1,653,245	$ 3.23

	For the year ended December 31, 2012		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 5,767,062	1,577,249	$ 3.66
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	5,767,062	1,577,249	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	12	
Employee stock options	-	4,419	
Convertible bonds	74,396	68,921	
Employee stock options of the investee company	(5,352)	-	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 5,836,106	1,650,601	$ 3.54

(31) Operating leases

The Group leases office buildings to others under non-cancellable operating lease agreements. For the years ended December 31, 2013 and 2012, the Group recognised rental revenue of $432,165 and $282,660, respectively. The Group has leased a series of operating leases to several companies, and these leases have terms expiring between 2013 and 2023, and some leases are renewable at the end of the lease period. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Not later than one year	$ 71,662	$ 63,557	$ 27,761
Later than one year but not later than five years	245,201	241,754	110,947
Later than five years	47,840	64,302	-
	$ 364,703	$ 369,613	$ 138,708

(32) Non-cash transactions

A. Investing activities with partial cash payments:

	For the years ended December 31, 2013	For the years ended December 31, 2012
Purchase of fixed assets	$ 1,718,030	$ 1,113,158
Add: opening balance of payable on equipment	96,332	179,893
Less: ending balance of payable on equipment	(59,152)	(96,332)
Effects on exchange rate	(3,014)	(68,204)
Cash paid during the year	$ 1,758,224	$ 1,128,515

	For the years ended December 31, 2013	For the years ended December 31, 2012
Purchase of intangible assets	$ 22,770	$ 126,892
Add: opening balance of other payables	90,208	-
Less: ending balance of other payables	(49,195)	(90,208)
Cash paid during the year	$ 63,783	$ 36,684

B. Financing activities with no cash flow effects

	For the years ended December 31, 2013	For the years ended December 31, 2012
Convertible bonds being converted to common stocks	$ 2,656	$ 369,032
Corporate bonds payable being converted to current portion of long-term liabilities	$ 4,997,215	$ 152,042

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions and balances

A. Sales of goods:

	For the years ended December 31, 2013	For the years ended December 31, 2012
Sales of goods:		
－Associates	$ 165,495	$ 154,848
－Other related parties	709,169	90,678
	$ 874,664	$ 245,526

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

B. Purchases of goods:

	For the years ended December 31,	
	2013	2012
Purchases of goods:		
－Associates	$ 75,132	$ 121,233
－Other related parties	7,815	-
	$ 82,947	$ 121,233

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

C. Notes and accounts receivable

	December 31, 2013	December 31, 2012	January 1, 2012
Receivables from related parties:			
－Associates	$ 39,314	$ 36,147	$ 63,892
－Other related parties	81,803	25,918	36,117
	$ 121,117	$ 62,065	$ 100,009

The receivables from related parties arise mainly from sale transactions. The collection term for related parties is within 30 ~ 130 days of the date of statement. The collection term for third parties is within 30 ~ 160 days of the date of statement. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

D. Notes and accounts payable

	December 31, 2013	December 31, 2012	January 1, 2012
Payables to related parties:			
－Associates	$ 13,352	$ 53,383	$ 15,205
－Other related parties	12,671	-	-
	$ 26,023	$ 53,383	$ 15,205

The payables to related parties arise mainly from purchase transactions. The collection term for related parties is within 60 days of the date of statement. The collection term for third parties is within 7~45 days after receipt of goods or 30 ~ 60 days from the first day of the month following the month of the receipt. The payables bear no interest.

E. Other transactions

The details of other receivables, other payables and other income arising from the services of information management that the Company provides to related parties are as follows:

	December 31, 2013		December 31, 2012	
	Other receivables	Other payables	Other receivables	Other payables
Associates	$ 12,197	$ 2,789	$ 9,369	$ 106
Other related parties	-	6,133	-	-
	$ 12,197	$ 8,922	$ 9,369	$ 106

	January 1, 2012	
	Other receivables	Other payables
Associates	$ 10,009	$ 43,272
Other related parties	14,657	-
	$ 24,666	$ 43,272

	For the years ended December 31,	
	2013	2012
Other income		
—Associates	$ 34,734	$ 31,324
—Other related parties	1,847	-
	$ 36,581	$ 31,324

(2)Key management compensation

	For the years ended December 31,	
	2013	2012
Salaries and other short-term employee benefits	$ 122,060	$ 129,340
Post-employment benefits (Note)	4,728	4,727
Share-based payments	-	28,354
Total	$ 126,788	$ 162,421

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 December 31, 2013	December 31, 2012	January 1, 2012	Purpose
Accounts receivable	$ 1,691,791	$ -	$ -	Pledged for short-term borrowings of PT.Synnex Metrodata Indonesia
Inventories	1,542,145	-	-	Pledged for short-term borrowings of PT.Synnex Metrodata Indonesia
Other non-current assets:				
Pledged time deposits	860,986	781,024	660,045	Guarantees for sales, vendors, customs duties; short-term secured loans and promissory notes.
Property, plant and Equipment:				
Land and buildings	277,317	379,772	386,152	Guarantees for secured loans of Fortune Ideal Ltd. (Actual but not used)
	$ 4,372,239	$ 1,160,796	$ 1,046,197	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1)Contingencies

As of December 31, 2013 December 31, 2012 and January 1, 2012, the Group issued promissory notes to guarantee the suppliers' credit limit amounting to $474,320, $465,080 and $350,900 for inventory purchases.

(2) Commitments

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

	December 31, 2013	December 31, 2012	January 1, 2012
Property, plant and equipment	$ 511,151	$ 179,291	$ 284,857

B. Operating lease agreements

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

	December 31, 2013	December 31, 2012	January 1, 2012
Not later than one year	$ 249,794	$ 103,558	$ 264,080
Later than one year but not later than five years	316,507	62,836	166,394
Total	$ 566,301	$ 166,394	$ 430,474

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

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

During 2013, the Group's strategy was unchanged from 2012. The gearing ratios at December 31, 2013, December 31, 2012 and January 1, 2012 were 65%, 65% and 60%, respectively.

(2)Financial instruments

A. Fair value information of financial instruments

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

	December 31, 2013	
	Book value	Fair value
Financial assets:		
Other financial assets (shown as other non-current assets)	$ 1,635,806	$ 1,635,806
Financial liabilities:		
Bonds payable	$ 4,997,215	$ 4,997,215
Deposits received (shown as other non-current liabilities)	99,491	99,491
Total	$ 5,096,706	$ 5,096,706

	December 31, 2012	
	Book value	Fair value
Financial assets:		
Other financial assets (shown as other non-current assets)	$ 1,260,010	$ 1,260,010
Financial liabilities:		
Bonds payable	$ 5,082,408	$ 5,082,408
Deposits received (shown as other non-current liabilities)	93,053	93,053
Total	$ 5,175,461	$ 5,175,461

	January 1, 2012	
	Book value	Fair value
Financial assets:		
Other financial assets (shown as other non-current assets)	$ 910,033	$ 910,033
Financial liabilities:		
Bonds payable	$ 5,336,961	$ 5,336,961
Deposits received (shown as other non-current liabilities)	57,487	57,487
Total	$ 5,394,448	$ 5,394,448

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

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

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

	December 31, 2013			
	Foreign Currency Amount (In thousands)	Exchange Rate		Book Value (NTD)
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	$ 54,846	29.86	$	1,637,702
USD:HKD	136,728	7.76		4,084,886
RMB:HKD	11,247	1.28		55,230
USD:AUD	957	0.89		22,663
Non-monetary items				
INR:USD	$ 4,674,136	0.0161	$	2,247,072
THB:USD	769,576	0.0313		719,260
Financial liabilities				
Monetary items				
USD:NTD	$ 42,581	29.86	$	1,271,469
USD:HKD	498,015	7.76		14,878,696
USD:AUD	13,336	0.89		315,812

	December 31, 2012			
	Foreign Currency Amount (In thousands)	Exchange Rate		Book Value (NTD)
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	$ 53,683	29.09	$	1,561,638
USD:HKD	76,414	7.76		2,223,647
RMB:HKD	242,521	1.24		1,126,995
USD:AUD	12,842	1.04		402,992
NZD:AUD	10,077	1.26		383,967
Non-monetary items				
INR:USD	$ 3,679,568	0.0182	$	1,948,103
THB:USD	731,367	0.0334		710,601
IDR:USD	210,658,984	0.0001031		631,804
Financial liabilities				
Monetary items				
USD:NTD	$ 45,778	29.09	$	1,331,682
USD:HKD	138,197	7.75		4,017,076
USD:AUD	12,832	1.04		402,679
NZD:AUD	9,949	1.26		379,090

	January 1, 2012		
	Foreign Currency Amount (In thousands)	Exchange Rate	Book Value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 21,877	30.33	$ 663,529
USD:HKD	35,187	6.35	1,076,035
HKD:RMB	269,002	0.87	1,127,634
RMB:USD	58,099	6.30	11,106,163
USD:AUD	30,803	1.02	966,006
NZD:AUD	5,887	1.31	237,605
Non-monetary items			
INR:USD	$ 3,645,216	0.0187	$ 2,067,461
THB:USD	654,055	0.0323	640,751
IDR:USD	175,497,833	0.0001088	579,126
Financial liabilities			
Monetary items			
USD:NTD	$ 32,172	30.33	$ 975,777
USD:RMB	147,937	6.36	4,524,425
HKD:RMB	35,116	0.82	137,723
JPY:RMB	38,157	0.08	15,446
USD:AUD	11,704	1.02	367,047
NZD:AUD	13,797	1.31	556,861

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

	For the year ended December 31, 2013		
	Sensitivity Analysis		
	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 16,377	$ -
USD:HKD	1%	40,849	-
RMB:HKD	1%	552	-
USD:AUD	1%	227	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 12,715	$ -
USD:HKD	1%	148,787	-
USD:AUD	1%	3,158	-

	For the year ended December 31, 2012		
	Sensitivity Analysis		
	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 15,616	$ -
USD:HKD	1%	22,236	-
RMB:HKD	1%	11,270	-
USD:AUD	1%	4,030	-
NZD:AUD	1%	3,840	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 13,317	$ -
USD:HKD	1%	40,171	-
USD:AUD	1%	4,027	-
NZD:AUD	1%	3,791	-

Price risk

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

The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2013 and 2012 would have increased/decreased by $1,090 and $1,132, 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 $18,318 and $18,225, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

i. The Group's interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the years ended December 31, 2013 and 2012, the Group's borrowings at variable rate were denominated in the NTD, USD and AUD.

ii. At December 31, 2013 and 2012, if interest rates on denominated borrowings had been 1% higher with all other variables held constant, post-tax profit for the years ended December 31, 2013 and 2012 would have been $5,127 and $567 lower, respectively, mainly as a result of higher borrowing interest expense on floating rate borrowings.

(b) Credit risk

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

ii. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii. The credit quality information of financial assets that are neither past due nor impaired is provided in the statement for each type of financial asset in Note 6 (6).

iv. The ageing analysis of financial assets that were past due but not impaired is provided in the statement for each type of financial asset in Note 6 (6).

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

(c) Liquidity risk

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

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

Non-derivative financial liabilities:

December 31, 2013	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Short-term borrowings	$ 32,306,994	$ -	$ -	$ 32,306,994
Short-term notes and bills payable	4,140,968	-	-	4,140,968
Financial liabilities				
Notes payable (including related parties)	400,110	-	-	400,110
Accounts payable (including related parties)	29,733,625	1,995	-	29,733,625
Other payables (including related parties)	7,933,979	58,535	10,522	8,003,036
Bonds payable	5,000,000	-	-	5,000,000
Deposits received	-	99,491	-	99,491

Non-derivative financial liabilities:

December 31, 2012	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Short-term borrowings	$ 31,201,144	$ -	$ -	$ 31,201,144
Short-term notes and bills payable	3,981,193	-	-	3,981,193
Financial liabilities				
Notes payable (including related parties)	1,184,316	-	-	1,184,316
Accounts payable (including related parties)	24,448,769	28,971	358,786	24,836,526
Other payables (including related parties)	8,218,867	19,039	7,910	8,245,816
Bonds payable	154,200	5,000,000	-	5,154,200
Deposits received	-	93,053	-	93,053

Non-derivative financial liabilities:				
January 1, 2012	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Short-term borrowings	$ 20,888,883	$ -	$ -	$ 20,888,883
Short-term notes and bills payable	3,741,295	-	-	3,741,295
Financial liabilities				
Notes payable (including related parties)	582,855	-	-	582,855
Accounts payable (including related parties)	22,755,339	30,502	481,931	23,267,772
Other payables (including related parties)	8,854,820	124,426	5,167	8,984,413
Bonds payable	-	5,494,200	-	5,494,200
Deposits received	-	57,487	-	57,487

Derivative financial liabilities:				
December 31, 2013	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Forward exchange contracts	$ 1,149	$ -	$ -	$ 1,149

December 31, 2012	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Forward exchange contracts	$ 838	$ -	$ -	$ 838

January 1, 2012	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Forward exchange contracts	$ 616	$ -	$ -	$ 616

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

(3) Fair value estimation

A. The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2013, December 31, 2012 and January 1, 2012:

December 31, 2013	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	$ 108,921	$ -	$ -	$ 108,921
Forward exchange contracts	-	116	-	116
Available-for-sale financial assets				
Equity securities	1,597,084	72,911	161,805	1,831,800
Total	$ 1,706,005	$ 73,027	$ 161,805	$ 1,940,837
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 1,149	$ -	$ 1,149

December 31, 2012	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	$ 111,547	$ -	$ -	$ 111,547
Forward exchange contracts	-	1,610	-	1,610
Available-for-sale financial assets				
Equity securities	1,111,697	72,911	637,848	1,822,456
Total	$ 1,223,244	$ 74,521	$ 637,848	$ 1,935,613
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 838	$ -	$ 838

January 1, 2012	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Options to convert corporate bonds	$ -	$ 99	$ -	$ 99
Forward exchange contracts		27		27
Available-for-sale financial assets				
Equity securities	1,030,106	72,911	594,092	1,697,109
Total	$ 1,030,106	$ 73,037	$ 594,092	$ 1,697,235
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 616	$ -	$ 616

B. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss or available-for-sale financial assets.

C. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

D. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

E. Specific valuation techniques used to value financial instruments include:

(a) Quoted market prices or dealer quotes for similar instruments.

(b) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

(c) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

Disclosures on investees are based on financial statements audited by the investees' independent accounts. The following transactions between the Company and its subsidiaries were eliminated when preparing the financial statements. The following disclosures are only for reference.

A. Loans granted:

Number	Creditor	Borrower (Note 6)	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2013 (Note 8)	Balance at December 31, 2013 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for shortterm financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Note
													Item	Value			
3	Synnex Global Ltd.	Synnex Technology International Corporation	Other receivables	Y	$ 1,502,500	$ 1,493,000	$ 328,460	-	(Note 1)	$ -	Operating turnover	$ -	-	$ -	$ 29,808,703	$ 85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex Investments (China) Ltd.	Other receivables	Y	15,986,600	15,885,520	14,823,997	2.85%~4.47%	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex Technology International (H.K.) Ltd.	Other receivables	Y	12,020,000	11,944,000	8,337,300	1.67%~1.71%	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex Distributions (China) Ltd.	Other receivables	Y	7,662,750	7,614,300	7,569,510	2.85%~4.47%	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex (Shanghai) Ltd.	Other receivables	Y	991,650	985,380	985,380	4.35%~4.47%	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex (Chengdu) Ltd.	Other receivables	Y	225,375	223,950	189,312	6.00%	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex (Nanjing) Ltd.	Other receivables	Y	225,375	223,950	109,885	4.35%~4.47%	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)

Number	Creditor	Borrower (Note 6)	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2013 (Note 8)	Balance at December 31, 2013 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for shortterm financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Note
													Item	Value			
3	Synnex Global Ltd.	Synnex (Shenyang) Ltd.	Other receivables	Y	$ 90,150	$ 89,580	$ 89,580	4.35%~4.47%	(Note 1)	$ -	Operating turnover	$ -	-	$ -	$ 29,808,703	$ 85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex (Beijing) Ltd.	Other receivables	Y	90,150	89,580	89,580	4.35%~4.47%	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex (Xi'an) Ltd.	Other receivables	Y	120,200	119,440	86,295	4.35%~4.47%	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex (Hangzhou) Ltd.	Other receivables	Y	15,025	14,930	14,930	4.35%~4.47%	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex (Tianjin) Ltd.	Other receivables	Y	135,225	23,888	17,916	4.35%~4.47%	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex (Qingdao) Ltd.	Other receivables	Y	150,250	149,300	35,832	4.35%~4.47%	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex (Suzhou) Ltd.	Other receivables	Y	270,450	268,740	-	-	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex (Jinan) Ltd.	Other receivables	Y	225,375	223,950	-	-	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex (ZhenZhou) Ltd.	Other receivables	Y	225,375	223,950	84,504	6.35%~6.47%	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex (Wuhan) Ltd.	Other receivables	Y	150,250	149,300	23,888	6.35%~6.47%	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex(Hefei) Ltd.	Other receivables	Y	120,200	119,440	119,440	4.35%~4.40%	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)

Number	Creditor	Borrower (Note 6)	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2013 (Note 8)	Balance at December 31, 2013 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for shortterm financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Note
													Item	Value			
3	Synnex Global Ltd.	Synnex (Harbing) Ltd.	Other receivables	Y	$ 225,375	$ 223,950	$ 152,286	4.35%~4.39%	(Note 1)	$ -	Operating turnover	$ -	-	$ -	$ 29,808,703	$ 85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex (Nanchang) Ltd.	Other receivables	Y	119,440	119,440	-	-	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex(Ningbo) Ltd.	Other receivables	Y	119,440	119,440	-	-	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex Electronics Hong Kong Ltd.	Other receivables	Y	1,494,000	597,200	-	-	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex Australia Pty. Ltd.	Other receivables	Y	3,111,000	2,662,000	5,870	-	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex New Zealand Ltd.	Other receivables	Y	253,000	245,200	245,200	6.27%	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	King's Eye Investments Ltd.	Other receivables	Y	601,000	597,200	122	-	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Peer Developments Ltd.	Other receivables	Y	30,050	29,860	94	-	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Synnex China Holdings Ltd.	Other receivables	Y	3,005,000	2,986,000	2,979,732	-	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)
3	Synnex Global Ltd.	Syntech Asia Ltd.	Other receivables	Y	12,020,000	11,944,000	4,981,753	1.67%~1.71%	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724	(Note 2)

Number	Creditor	Borrower (Note 6)	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2013 (Note 8)	Balance at December 31, 2013 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for shortterm financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
													Item	Value		
13	E-Fan Investments CO., LTD.	Synnex Technology International Corporation	Other receivables	Y	$ 194,000	$ 194,000	$ 194,000	2.85%	(Note 1)	$ -	Operating turnover	$ -	-	$ -	$ 197,204	$ 197,204
15	Synnex Investments (China) Ltd.	Laser International Trading(Shanghai) Ltd.	Other receivables	Y	4,900,000	4,900,000	2,940,000	6.55%	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724
15	Synnex Technology International Corporation	Seper Marketing Corporation	Other receivables	Y	300,000	300,000	25,424	1.16%	(Note 1)	-	Operating turnover	-	-	-	29,808,703	85,167,724

Note 1: Short-term financing.

Note 2: Limit on loans granted to a single party by Synnex Global Ltd. and ceiling on total loans granted:

a) Limit on loans granted to a single party is 70% of the net assets value per the latest audited or reviewed financial statements of Synnex Technology International Corporation - ultimate parent company of Synnex Global Ltd.

b) Ceiling on total loans granted to all direct or indirect wholly-owned non-Taiwan subsidiaries of Synnex Technology International Corporation- ultimate parent company of Synnex Global Ltd. is 200% 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 E-Fan Investments CO., LTD. (formerly known as Teampo Technology Company Ltd.) and limit 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 E-Fan Investments CO., LTD. (formerly known as Teampo Technology Company Ltd.) Thus, ceiling on total loans granted to all those parties is $493,010.

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 E-Fan Investments CO., LTD. (formerly known as Teampo Technology Company Ltd.) Thus, ceiling on total loans granted to all those parties is $493,010.

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

a) Limit on loans granted to a single party is 70% of the net assets value per the latest audited or reviewed financial statements of Synnex Technology International Corporation - ultimate parent company of Synnex Investments (China) Ltd.

b) Ceiling on total loans granted to all direct or indirect wholly-owned non-Taiwan subsidiaries of Synnex Technology International Corporation- ultimate parent company of Synnex Investments (China) Ltd. is 200% of the net assets value per the latest audited or reviewed financial statements of Synnex Technology International Corporation.

Note 5: Limit on loans granted to a single party by Synnex Technology International Corporation and limit on total loans granted:

a) Limit on loans granted to a single party is 70% 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 direct or indirect wholly-owned non-Taiwan subsidiaries of Synnex Technology International Corporation is 200% of the net assets based on the latest audited or reviewed financial statements of Synnex Technology International Corporation.

Note 6: All the borrowers and the lenders are the Company's direct or indirect wholly-owned subsidiaries.

Note 7: Translated into New Taiwan Dollars using the year-end exchange rates of US:NT=1:29.86 .

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

B. Provision of endorsements and guarantees to others:

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2013	Outstanding endorsement/ guarantee amount at December 31, 2013	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 1)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Note
		Company name	Relationship with the endorser/guarantor											
0	Synnex Technology International Corporation	Synnex Global Ltd.	Direct wholly-owned subsidiary	$ 42,583,862	$ 32,278,660	$ 32,278,660	$ 21,887,171	$ -	76	$ 63,875,793	Y	N	N	(Note 2)
0	Synnex Technology International Corporation	Synnex Australia Pty. Ltd.	Indirect wholly-owned subsidiary	42,583,862	4,382,570	4,381,930	2,315,941	-	10	63,875,793	Y	N	N	(Note 2)
0	Synnex Technology International Corporation	Synnex Electronics Hong Kong Ltd.	Indirect wholly-owned subsidiary	42,583,862	37,350	-	-	-	-	63,875,793	Y	N	N	(Note 2)
0	Synnex Technology International Corporation	Synnex Technology International (H.K.) Ltd.	Indirect wholly-owned subsidiary	42,583,862	5,983,468	5,930,886	3,280,904	-	14	63,875,793	Y	N	N	(Note 2)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2013	Outstanding endorsement/ guarantee amount at December 31, 2013	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 1)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Note
		Company name	Relationship with the endorser/guarantor											
0	Synnex Technology International Corporation	Laser International Trading(Shanghai) Ltd.	Indirect wholly-owned subsidiary	$ 42,583,862	$ 5,014,100	$ 5,014,100	$ 2,462,434	$ -	12	$ 63,875,793	Y	N	Y	(Note 2)
0	Synnex Technology International Corporation	Synnex New Zealand Ltd.	Indirect wholly-owned subsidiary	42,583,862	480,222	480,222	167,048	-	1	63,875,793	Y	N	N	(Note 2)
0	Synnex Technology International Corporation	Synnex Investments (China) Ltd.	Indirect wholly-owned subsidiary	42,583,862	2,343,900	2,329,080	1,493,000	-	5	63,875,793	Y	N	Y	(Note 2)
0	Synnex Technology International Corporation	Synnex (Shanghai) Ltd.	Indirect wholly-owned subsidiary	42,583,862	29,400	29,400	23,434	-	-	63,875,793	Y	N	Y	(Note 2)
0	Synnex Technology International	Seper Marketing Corporation	Direct wholly-owned subsidiary	42,583,862	1,410,000	1,410,000	205,787	-	3	63,875,793	Y	N	N	(Note 2)
0	Synnex Technology International Corporation	Syntech Asia Ltd.	Indirect wholly-owned subsidiary	42,583,862	2,548,300	2,538,100	1,602,132	-	6	63,875,793	Y	N	N	(Note 2)
0	Synnex Technology International Corporation	Synnex Distributions (China) Ltd.	Indirect wholly-owned subsidiary	42,583,862	878,400	-	-	-	-	63,875,793	Y	N	Y	(Note 2)
0	Synnex Technology International Corporation	Laser Computer (Macau) Ltd.	Indirect wholly-owned subsidiary	42,583,862	89,580	89,580	31,702	-	-	63,875,793	Y	N	N	(Note 2)

Number	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/guarantor	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2013	Outstanding endorsement/ guarantee amount at December 31, 2013	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 1)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Note
1	Synnex Technology International (H.K.) Ltd.	Laser International Trading (Shanghai) Ltd.	Direct wholly-owned subsidiary	$ 29,808,703	$ 2,151,050	$ -	$ -	$ -	-	$ 63,875,793	N	N	Y	(Note 3)
1	Synnex Technology International (H.K.) Ltd.	Laser Computer (Macau) Ltd.	Direct wholly-owned subsidiary	29,808,703	101,815	-	-	-	-	63,875,793	N	N	N	(Note 3)
2	Synnex Investments (China) Ltd.	Synnex Distributions (China) Ltd.	Direct wholly-owned subsidiary	29,808,703	732,000	-	-	-	-	63,875,793	N	N	Y	(Note 3)
2	Synnex Investments (China) Ltd.	Synnex Distributions (China) Ltd. and Laser International Trading (Shanghai) Company Ltd. (Note 4)	Indirect wholly-owned subsidiary	29,808,703	1,952,000	-	-	-	-	63,875,793	N	N	Y	(Note 3)

Note 1: Ceiling on total endorsements and guarantees provided for all parties is 150% 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 a single party is 70% of the net assets value per the latest audited or reviewed financial statements of Synnex Technology International Corporation (ultimate parent company).

Note 4: The joint guarantee amount for bank loans.

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

Securities held by	Marketable securities	Name of issuer of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2013			
					Number of shares	Book value	Ownership (%)	Fair value
Synnex Technology International Corporation	Common Stock	Listed common stock	-	Financial assets at fair value through profit or loss - current	1,029,981	$ 36,307	0.31%	$ 36,307
Total financial assets at fair value through profit or loss - current								
Synnex Technology International Corporation	Common Stock	Union Petrochemical Corporation	Board chairman is the same as the company	Available-for-sale financial assets – current	60,521,806	$ 874,540	5.23%	$ 874,540
〃	〃	Lien-Hwa Industrial Corporation	〃	〃	26,313,168	510,475	3.08%	510,475
〃	〃	MiTAC Holding Corporation (Note 3)	〃	〃	7,084,475	204,033	0.94%	204,033
〃	〃	Mitac Information Technology Corporation	〃	〃	20,656,215	178,687	13.77%	178,687
〃	〃	Tong Da Investment Corporation	-	〃	4,630,492	56,029	17.70%	56,029
Total available-for-sale financial assets – current						$ 1,823,764		$ 1,823,764
Synnex Technology International Corporation	Common Stock	Mitac International Corporation (Note 1)	Board chairman is the same as the company	Financial assets carried at cost - non-current	42,368,504	$ 1,571,898	18.36%	$ 1,571,898
〃	〃	Harbinger Venture Capital Corporation	〃	〃	13,049,500	84,495	13.05%	84,495
〃	〃	Harbinger III Venture Capital Corporation	〃	〃	8,550,000	72,500	19.00%	72,500
〃	〃	Lien Yuan Investment Corp.	-	〃	9,015,254	87,969	19.99%	87,969
〃	〃	Taiwan Paging Network Inc. (Note 2)	〃	〃	1,450,000	-	3.58%	-
〃	〃	Digitimes Corp.	Board chairman is the same as the company	〃	800,000	3,193	2.68%	3,193
〃	〃	Harbinger Capital Management Co., Ltd.	Board chairman is the same as the company	〃	581,902	299	19.99%	299
Total financial assets carried at cost - non-current						$ 1,820,354		$ 1,820,354

Securities held by	Marketable securities	Name of issuer of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2013			
					Number of shares	Book value	Ownership (%)	Fair value
Synnex Global	Common Stock	Budworth Investment Ltd.	-	Financial assets carried at cost - non-current	2,142,875	$ 10,685	13.83%	$ 10,685
〃	〃	Global Strategic Investment Inc.	-	〃	340,000	4,180	1.26%	4,180
〃	〃	Pilot View Ltd. (Note 2)	-	〃	84,457	-	1.21%	-
Total financial assets carried at cost - non-current						$ 14,865		$ 14,865
E-Fan Investments CO., LTD.	Common Stock	Listed common stock	-	Financial assets at fair value through profit or loss - current	2,059,963	$ 72,614	0.61%	$ 72,614
King's Eye	Common Stock	Hi Food Co., Ltd.	-	Financial assets carried at cost - non-current	2,150,000	$ 28,367	10.00%	$ 28,367
〃	〃	Listed common stock	-	Available-for-sale financial assets – non-current	11,482,000	$ 8,036	0.51%	$ 8,036
Peer	Common Stock	Gapura Incorporated (Note 2)	-	Financial assets carried at cost - non-current	295,831	$ -	5.55%	$ -
Laser Holdings	Common Stock	Epro Systems（S）Pte. Ltd. (Note 2)	-	Financial assets carried at cost - non-current	10,000	$ -	2.50%	$ -

Note 1: An emerging stock Company.

Note 2: Because there was objective evidence that the financial asset was impaired, the Group had recognized full impairment loss.

Note 3: Formerly known as Mitac International Corporation.

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

The subsidiaries	Marketable securities	General ledger accounts	Counterparty	Relationship with the Company	Balance at January 1, 2013		Addition		Disposal				Investment income Amount	Balance at December 31, 2013	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Proceeds	Book value	Gain (loss)		Number of shares (in thousands)	Amount
Synnex Investments (China) Ltd.	Synnex Distributions (China)Ltd.	Investments accounted for using equity method	-	Subsidiaries	Note 2	$ 6,197,044	Note 3	$ 3,021,660	-	$ -	$ -	$ -	($ 172,421) 300,661 Note 1	Note 4	$ 9,346,944

Note 1: This amount represents the variance in the investee’s cumulative translation adjustment.

Note 2: Capital contribution of USD130,000 thousand, unissued stocks.

Note 3: Capital contribution of USD100,000 thousand, unissued stocks.

Note 4: Capital contribution of USD230,000 thousand, unissued stocks.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

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

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)	($ 2,425,328)	(5%)	60 days	Standard selling price and collection terms	Insignificant difference	$ 1,245	0%	
Synnex Technology International Corporation	Syntech Asia Ltd.	Indirect wholly-owned subsidiary	Purchases	1,269,307	3%	60 days	Standard purchasing price and payment terms	Insignificant difference	(6)	0%	

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	BESTCOM Infotech corporation	Indirect wholly-owned subsidiary	(Sales)	($ 165,360)	0%	60 days	Standard selling price and collection terms	Insignificant difference	$ 39,315	1%	
Synnex Technology International (HK) Ltd. and its subsidiaries	Synnex Distributions (China)Ltd.	An affiliate	(Sales)	(74,597,725)	(56%)	30 days	Standard selling price and collection terms	Insignificant difference	3,540,681	37%	
Synnex Technology International (HK) Ltd. and its subsidiaries	Synnex Distributions (China)Ltd.	An affiliate	Purchases	5,987,604	5%	30 days	Standard purchasing price and payment terms	Insignificant difference	-	0%	
Synnex Electronics Hong Kong Ltd.	Syntech Asia Ltd.	An affiliate	Purchases	590,907	100%	60 days	Standard purchasing price and payment terms	Insignificant difference	(312,216)	0%	
Syntech Asia Ltd.	Synnex Electronics Hong Kong Ltd.	An affiliate	(Sales)	(590,907)	(1%)	60 days	Standard selling price and collection terms	Insignificant difference	312,216	0%	
Syntech Asia Ltd.	Synnex Technology International Corporation	Ultimate parent company	(Sales)	(1,269,307)	(2%)	60 days	Standard selling price and collection terms	Insignificant difference	6	0%	

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	$ 2,425,328	4%	60 days	Standard purchasing price and payment terms	Insignificant difference	($ 1,245)	0%	
Synnex Investments (China) Ltd.	Synnex Distributions (China) Ltd.	Direct wholly-owned subsidiary	(Sales)	(17,824,244)	(83%)	30 days	Standard selling price and collection terms	Insignificant difference	4,085,947	68%	
Synnex Investments (China) Ltd.	Synnex Distributions (China) Ltd.	Direct wholly-owned subsidiary	Purchases	1,026,887	5%	30 days	Standard purchasing price and payment terms	Insignificant difference	(65,084)	(20%)	
Synnex Distributions (China) Ltd.	Synnex Technology Development (Beijing) Ltd.	Direct wholly-owned subsidiary	(Sales)	(693,635)	(1%)	30 days	Standard selling price and collection terms	Insignificant difference	152,922	1%	
Synnex Distributions (China) Ltd.	Synnex Technology International (HK) Ltd. and its subsidiaries	An affiliate	(Sales)	(5,987,604)	(6%)	30 days	Standard selling price and collection terms	Insignificant difference	-	0%	
Synnex Distributions (China) Ltd.	Synnex Technology International (HK) Ltd. and its subsidiaries	An affiliate	Purchases	74,597,725	81%	30 days	Standard purchasing price and payment terms	Insignificant difference	(3,540,681)	(52%)	

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 Distributions (China) Ltd.	Synnex Investments (China) Ltd.	Parent company	(Sales)	($ 1,026,887)	(1%)	30 days	Standard selling price and collection terms	Insignificant difference	$ 65,084	1%	
Synnex Distributions (China) Ltd.	Synnex Investments (China) Ltd.	Parent company	Purchases	17,824,244	19%	30 days	Standard purchasing price and payment terms	Insignificant difference	(4,085,947)	(60%)	
Synnex Technology Development (Beijing) Ltd.	Synnex Distributions (China) Ltd.	Parent company	Purchases	693,635	87%	30 days	Standard purchasing price and payment terms	Insignificant difference	(152,922)	(86%)	
Synnex (Shanghai) Ltd.	LianXiang Technolog (shenzhen) Ltd	An affiliate	(Sales)	(801,054)	(2%)	60 days	Standard selling price and collection terms	Insignificant difference	230,845	0%	
LianXiang Technolog (shenzhen) Ltd	Synnex (Shanghai) Ltd.	An affiliate	Purchases	801,054	2%	60 days	Standard purchasing price and payment terms	Insignificant difference	(230,845)	0%	
PT. Synnex Metrodata Indoesia	PT Mitra Intergrasi Informatika	Other related parties	(Sales)	(584,092)	(1%)	60 days	Standard purchasing price and payment terms	Insignificant difference	62,745	1%	

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

Creditor	Counter party	Relationship with the Company	Accounts Receivable	Other Accounts Receivable	Balance as at December 31, 2013	Turnover rate	Overdue receivable		Subsequent collection	Allowance for bad debts
							Amount	Action adopted for overdue accounts		
Synnex Global Ltd.	Synnex Distributions (China) Ltd.	Indirect wholly-owend subsidiary	$ -	$ 236,046 (Note 2)	$ 236,046	-	$ -	-	$ -	$ -
Synnex Global Ltd.	Synnex Australia Pty. Ltd.	Indirect wholly-owend subsidiary	-	623,524 (Note 2)	623,524	-	-	-	623,524	-
Synnex Global Ltd.	Synnex Investments (China) Ltd.	Indirect wholly-owend subsidiary	-	242,316 (Note 2)	242,316	-	-	-	-	-
Synnex Global Ltd.	Syntech Asia Ltd.	Indirect wholly-owend subsidiary	-	313,231 (Note 2)	313,231	-	-	-	313,231	-
Synnex (Shanghai) Ltd.	LianXiang Technolog (shenzhen) Ltd	An affiliate	230,845	-	230,845	7.61	-	-	44,261	-
Synnex Electronics Hong Kong Ltd.	Syntech Asia Ltd.	An affiliate	312,216	-	312,216	1.65	-	-	-	-
Synnex Technology International (HK) Ltd. and its subsidiaries	Synnex Distributions (China) Ltd.	An affiliate	3,540,681	-	3,540,681	19.29	-	-	3,540,681	-
Synnex Investments (China) Ltd.	Synnex Distributions (China) Ltd.	Direct wholly-owned subsidiary	4,085,947	-	4,085,947	6.77	-	-	3,076,619	-
Synnex Investments (China) Ltd.	Synnex Technology International (HK) Ltd. and its subsidiaries	An affiliate	-	917,696 (Note 3)	917,696	-	-	-	-	-
Synnex Distributions (China)Ltd.	Synnex Technology Development (Beijing) Ltd.	Direct wholly-owned subsidiary	152,922	-	152,922	11.93	-	-	152,922	-

Note 1: Represents prepayments to Synnex Global for payments of overseas purchases on behalf of Synnex Australia.

Note 2: Represents technical service receivables and interest receivables.

Note 3: That is custody reward receivable resulting from the transaction between the Company and related party.

Note 4: Receivables from related parties arising on financing, please refer to Note 13(1) A. Lending to others.

I. Derivative financial instruments undertaken during the year ended December 31, 2013: Please refer to Note 6(2).

J. Significant inter-company transactions during the year ended December 31, 2013:
Only discloses individual transactions over $100,000 in terms of assets and revenue.

FOR THE YEAR ENDED DECEMBER 31, 2013

				Transaction			
Number	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Synnex Technology International Corporation	Syntech Asia Ltd.	Parent company to indirectly wholly-owned subsidiary	Sales	$ 2,425,328	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	Sales	74,597,725	The same with third parties	22%
15	Synnex Investments (China) Ltd.	Synnex Distributions (China) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Sales	17,824,244	The same with third parties	5%
17	Synnex Distributions (China) Ltd.	Synnex Technology Development (Beijing) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Sales	693,635	The same with third parties	0%
17	Synnex Distributions (China) Ltd.	Synnex Technology International (H.K.) Ltd. and its subsidiaries	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Sales	5,987,604	The same with third parties	2%

Number	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
17	Synnex Distributions (China) Ltd.	Synnex Investments (China) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Sales	$ 1,026,887	The same with third parties	0%
21	Syntech Asia Ltd.	Synnex Electronics Hong Kong Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Sales	590,907	The same with third parties	0%
21	Syntech Asia Ltd.	Synnex Technology International Corporation	Indirectly wholly-owned subsidiary to parent company	Sales	1,269,307	The same with third parties	0%
18	Synnex (Shanghai) Ltd.	LianXiang Technolog (shenzhen) Ltd	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Sales	801,054	The same with third parties	0%
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	3,540,681	The same with third parties	3%
11	Synnex Electronics Hong Kong Ltd.	Syntech Asia Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Accounts receivable	312,216	The same with third parties	0%
15	Synnex Investments (China) Ltd.	Synnex Distributions (China) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Accounts receivable	4,085,947	The same with third parties	3%
17	Synnex Distributions (China) Ltd.	Synnex Technology Development (Beijing) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Accounts receivable	152,922	The same with third parties	0%

Number	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
18	Synnex (Shanghai) Ltd.	LianXiang Technolog (shenzhen) Ltd	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Accounts receivable	$ 230,845	The same with third parties	0%
3	Synnex Global Ltd.	Synnex Distributions (China) Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	236,046	Note 2	0%
3	Synnex Global Ltd.	Synnex Investments (China) Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	242,316	Note 2	0%
3	Synnex Global Ltd.	Synnex Australia Pty. Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	623,524	Note 2	1%
3	Synnex Global Ltd.	Syntech Asia Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	313,231	Note 2	0%
15	Synnex Investments (China) Ltd.	Synnex Technology International (H.K.) Ltd. and its subsidiaries	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	917,696	Note 5	1%
3	Synnex Global Ltd.	Synnex Australia Pty. Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other income	189,877	Note 3	0%
3	Synnex Global Ltd.	Synnex Distributions (China) Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other income	106,456	Note 3	0%

Number	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
3	Synnex Global Ltd.	Syntech Asia Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other income	$ 301,312	Note 3	0%
3	Synnex Global Ltd.	Synnex Technology International (H.K.) Ltd. and its subsidiaries	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Interest income	155,910	Note 4	0%
3	Synnex Global Ltd.	Syntech Asia Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Interest income	134,890	Note 4	0%
3	Synnex Global Ltd.	Synnex Australia Pty. Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Interest income	431,141	Note 4	0%
3	Synnex Global Ltd.	Synnex Investments (China) Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Interest income	434,044	Note 4	0%
3	Synnex Global Ltd.	Synnex Distributions (China) Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Interest income	262,190	Note 4	0%
15	Synnex Investments (China) Ltd.	Synnex Technology International (H.K.) Ltd. and its subsidiaries	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Interest income	192,429	Note 4	0%

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				Transaction			
Number	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Synnex Technology International Corporation	Syntech Asia Ltd.	Parent company to indirectly wholly-owned subsidiary	Sales	$ 2,475,265	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	Sales	59,083,995	The same with third parties	26%
11	Synnex Electronics Hong Kong Ltd.	Syntech Asia Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Sales	598,736	The same with third parties	0%
15	Synnex Investments (China) Ltd.	Synnex Distributions (China) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Sales	33,892,770	The same with third parties	15%
17	Synnex Distributions (China) Ltd.	Synnex Technology Development (Beijing) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Sales	316,295	The same with third parties	0%
17	Synnex Distributions (China) Ltd.	Synnex Technology International (H.K.) Ltd. and its subsidiaries	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Sales	153,506	The same with third parties	0%
17	Synnex Distributions (China) Ltd.	Synnex Investments (China) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Sales	1,337,678	The same with third parties	1%

Number	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
21	Syntech Asia Ltd.	Synnex Electronics Hong Kong Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Sales	$ 1,802,850	The same with third parties	1%
21	Syntech Asia Ltd.	Synnex Technology International Corporation	Indirectly wholly-owned subsidiary to parent company	Sales	771,872	The same with third parties	0%
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	2,111,013	The same with third parties	2%
11	Synnex Electronics Hong Kong Ltd.	Syntech Asia Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Accounts receivable	332,351	The same with third parties	0%
15	Synnex Investments (China) Ltd.	Synnex Distributions (China) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Accounts receivable	2,880,395	The same with third parties	3%
3	Synnex Global Ltd.	Synnex Distributions (China) Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	233,381	Note 2	0%
3	Synnex Global Ltd.	Synnex Investments (China) Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	389,505	Note 2	0%
3	Synnex Global Ltd.	Synnex Australia Pty. Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	715,775	Note 2	1%

Number	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
3	Synnex Global Ltd.	Syntech Asia Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	$ 359,349	Note 2	0%
8	Synnex Australia Pty. Ltd.	Synnex Global Ltd.	Indirectly wholly-owned subsidiary to directly wholly-owned subsidiary	Other receivables	346,417	Note 1	0%
13	E-Fan Investments CO., LTD.	Synnex Technology International Corporation	Directly wholly-owned subsidiary to parent company	Other receivables	194,000	Note 6	0%
15	Synnex Investments (China) Ltd.	Synnex Technology International (H.K.) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	915,112	Note 5	1%
3	Synnex Global Ltd.	Synnex Australia Pty. Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other income	203,810	Note 3	0%
3	Synnex Global Ltd.	Synnex Distributions (China) Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other income	126,206	Note 3	0%
3	Synnex Global Ltd.	Syntech Asia Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other income	358,091	Note 3	0%
3	Synnex Global Ltd.	Synnex Technology International (H.K.) Ltd. and its subsidiaries	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Interest income	124,790	Note 4	0%

Number	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
3	Synnex Global Ltd.	Synnex Australia Pty. Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Interest income	$ 525,006	Note 4	0%
3	Synnex Global Ltd.	Synnex Investments (China) Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Interest income	396,602	Note 4	0%
3	Synnex Global Ltd.	Synnex Distributions (China) Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Interest income	197,097	Note 4	0%
15	Synnex Investments (China) Ltd.	Synnex Technology International (H.K.) Ltd. and its subsidiaries	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Interest income	232,966	Note 4	0%

Note 1: The Group controls and manages foreign currency to facilitate payment of subsidiaries' foreign purchases.

Note 2: Represents technical service receivable and interest receivable.

Note 3: Represents technical service revenue from the Company's provision of technical service to related parties.

Note 4: Represents interest revenue from the Company's provision of loans to related parties.

Note 5: Represents custody reward receivable resulting from the transaction between the Company and related party.

Note 6: Receivables from related parties arising on financing, please refer to Note 13(1) A. Lending to others.

Note 7: Endorsement and guarantees between the Company and subsidiaries, please refer to Note 13(1) B. Endorsements and guarantees for others.

Note 8: 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.

(2) Information on investees (not including investees in Mainland China)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013	Investment income (loss) recognised by the Company for the year ended December 31, 2013	Footnote
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
Synnex Technology International Corporation	Synnex Global Ltd.	British Virgin Islands	Investment company	$ 17,607,381	$ 17,607,381	548,250,000	100	$ 49,679,284	$ 4,425,698	$ 4,425,698	
Synnex Technology International Corporation	BESTCOM Infotech corporation	Taipei	Sales of computers and computer peripherals	515,983	515,983	42,166,777	40.86	730,252	153,786	60,667	
Synnex Technology International Corporation	E-Fan Investments CO., LTD	Taipei	Investment company	1,145,384	1,145,384	22,500,000	100	493,010	8,194	8,194	
Synnex Technology International Corporation	Seper Marketing Corporation	Taipei	Sales of computers and computer peripherals	1,426	1,426	100,000	100	5,222	2,929	2,929	
Synnex Global	Peer Developments Ltd.	British Virgin Islands	Investment company	31,300	31,300	30,200,001	100	4,949,729	471,689	-	Note
Synnex Global	King's Eye Investments Ltd.	British Virgin Islands	Investment company	62,477	62,477	62,477,000	100	5,126,003	1,373,869	-	Note
Synnex Global	Synnex China Holdings Ltd.	British Virgin Islands	Investment company	100,200	100,200	100,200,000	100	7,350,197	500,020	-	Note
Synnex Global	Synnex Mauritius Ltd.	Mauritius	Investment company	24,000	24,000	24,000,000	100	2,343,388	389,918	-	Note

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013	Investment income (loss) recognised by the Company for the year ended December 31,	Footnote
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
King's Eye	Laser Computer Holdings Ltd.	British Virgin Islands	Sales of computers and computer peripherals	$ 36,847	$ 36,847	36,850,001	100	$ 1,283,094	$ 624,412	-	Note
King's Eye	Synnex Australia Pty. Ltd.	Australia	Sales of computers and computer peripherals	29,685	29,685	33,250,000	100	1,787,738	109,306	-	Note
King's Eye	Synnex New Zealand Ltd.	New Zealand	Sales of computers and computer peripherals	1,022	1,022	1,500,000	100	79,772	16,244	-	Note
King's Eye	Synnex Electronics Hong Kong Ltd.	Hong Kong	Sales of electronic components	300	300	299,999	100	46,829	37,718	-	Note
King's Eye	Syntech Asia Ltd.	Hong Kong	Sales of electronic components	300	300	300,000	100	388,799	378,315	-	Note
King's Eye	Synnex (Thailand) Public Company Ltd.	Thailand	Sales of computers and computer peripherals	281,795	280,923	299,030,930	38.82	719,260	232,408	-	Note
King's Eye	Fortune Ideal Ltd.	Hong Kong	Real estate	14,500	14,500	14,500,000	100	119,456	15,418	-	Note
King's Eye	Golden Thinking Ltd.	Hong Kong	Real estate	28,000	28,000	28,000,000	100	(4,260)	(48,578)	-	Note
King's Eye	PT. Synnex Metrodata Indonesia	Indonesia	Sales of 3C-products	150,000,000	150,000,000	150,000	50.30	668,825	361,701	-	Note

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013	Investment income (loss) recognised by the Company for the year ended December 31,	Footnote
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
Peer	Synnex Corporation	USA	Sales of computers and computer peripherals	$ 23,055	$ 23,055	4,282,895	11.26	$ 4,880,463	$ 3,566,574	-	Note
Synnex Mauritius	Redington (India) Ltd.	India	Sales of 3C-products	20,538	20,538	94,295,940	23.61	2,247,072	1,669,407	-	Note

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

(3) Information on investments in Mainland China

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, 2013	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2013 (Note 11)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2013	Net income of investee as of December 31, 2013	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2013 (Note 3)	Book value of investment in Mainland China as of December 31, 2013	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2013	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Laser Computer (Beijing) Company Ltd.(Note 4)	Sales of computers and computer peripherals	$ 4,479	2	$ 4,479	$ -	$ -	$ 4,479	$ -	100	$ -	$ -	$ -	(Note 2) (Note 5)
Laser International Trading (Shanghai) Company Ltd.	International trade	29,860	2	29,860	-	-	29,860	266,064	100	266,064	334,160	-	(Note 2) (Note 6)

Investee in Mainland China	Main business activities	Paid-in capital (Note 11)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2013	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2013 (Note 11)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2013	Net income of investee as of December 31, 2013	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2013 (Note 3)	Book value of investment in Mainland China as of December 31, 2013	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2013	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Hi Food (Shanghai) Company Ltd.	Manufacture and sales of food	$ 597,200	2	$ 53,748	$ -	$ -	$ 53,748	$ -	10	$ -	$ 53,649	$ -	(Note 2) (Note 7)
Synnex Investments (China) Ltd.	Investment company	5,972,000	2	4,568,580	-	-	4,568,580	500,068	100	500,068	10,329,929	-	(Note 2) (Note 8)
Synnex Distributions (China) Ltd.	Manufacture and sales of computers and computer peripherals	6,867,800	2	3,881,800	2,986,000	-	6,867,800	(172,421)	100	(172,421)	9,346,944	-	(Note 2) (Note 8)
Synnex (Shanghai) Ltd.	Manufacture and sales of computers and computer peripherals	656,920	2	656,920	-	-	656,920	124,436	100	124,436	1,254,382	-	(Note 2) (Note 8)
Synnex (Beijing) Ltd.	Manufacture and sales of computers and computer peripherals	268,740	2	268,740	-	-	268,740	7,940	100	7,940	352,646	-	(Note 2) (Note 8)
Synnex (Nanjing) Ltd.	Manufacture and sales of computers and computer peripherals	149,300	2	149,300	-	-	149,300	8,337	100	8,337	172,691	-	(Note 2) (Note 8)
Synnex (Chengdu) Ltd.	Manufacture and sales of computers and computer peripherals	149,300	2	149,300	-	-	149,300	15,957	100	15,957	169,677	-	(Note 2) (Note 8)

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, 2013	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2013 (Note 11)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2013	Net income of investee as of December 31, 2013	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2013 (Note 3)	Book value of investment in Mainland China as of December 31, 2013	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2013	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Synnex (Shenyang) Ltd.	Manufacture and sales of computers and computer peripherals	$ 89,580	2	$ 89,580	$ -	$ -	$ 89,580	($ 1,177)	100	($ 1,177)	$ 102,142	$ -	(Note 2) (Note 8)
Synnex (Tianjin) Ltd.	Manufacture and sales of computers and computer peripherals	134,370	2	134,370	-	-	134,370	786	100	786	143,257	-	(Note 2) (Note 8)
Synnex (Hangzhou) Ltd.	Manufacture and sales of computers and computer peripherals	149,300	2	149,300	-	-	149,300	4,803	100	4,803	171,265	-	(Note 2) (Note 8)
Synnex (Qingdao) Ltd	Manufacture and sales of computers and computer peripherals	149,300	2	149,300	-	-	149,300	(1,302)	100	(1,302)	158,073	-	(Note 2) (Note 8)
Synnex (Quangzhou) Ltd.	Manufacture and sales of computers and computer peripherals	358,320	2	358,320	-	-	358,320	3,390	100	3,390	383,399	-	(Note 2) (Note 8)
Synnex (Xi'an) Ltd.	Manufacture and sales of computers and computer peripherals	119,440	2	119,440	-	-	119,440	1,089	100	1,089	123,971	-	(Note 2) (Note 8)

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, 2013	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2013 (Note 11)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2013	Net income of investee as of December 31, 2013	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2013 (Note 3)	Book value of investment in Mainland China as of December 31, 2013	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2013	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Synnex (Suzhou) Ltd.	Manufacture and sales of computers and computer peripherals	$ 179,160	2	$ 179,160	$ -	$ -	$ 179,160	($ 3,451)	100	($ 3,451)	$ 183,209	$ -	(Note 2) (Note 8)
Synnex (Wuhan) Ltd.	Manufacture and sales of computers and computer peripherals	149,300	2	149,300	-	-	149,300	285	100	285	154,347	-	(Note 2) (Note 8)
Synnex(Jinan) Ltd.	Manufacture and sales of computers and computer peripherals	149,300	2	149,300	-	-	149,300	(3,512)	100	(3,512)	150,160	-	(Note 2) (Note 8)
Synnex(Zengzhou) Ltd.	Manufacture and sales of computers and computer peripherals	149,300	2	149,300	-	-	149,300	(5,150)	100	(5,150)	145,761	-	(Note 2) (Note 8)
Synnex (changsha) Ltd.	Manufacture and sales of computers and computer peripherals	119,440	2	56,734	62,706	-	119,440	(1,512)	100	(1,512)	119,677	-	(Note 2) (Note 8)
Synnex (Ningbo) Ltd.	Manufacture and sales of computers and computer peripherals	119,440	2	119,440	-	-	119,440	(707)	100	(707)	121,919	-	(Note 2) (Note 8)

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, 2013	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2013 (Note 11)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2013	Net income of investee as of December 31, 2013	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2013 (Note 3)	Book value of investment in Mainland China as of December 31, 2013	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2013	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Synnex (Hefei) Ltd.	Manufacture and sales of computers and computer peripherals	$ 119,440	2	$ 80,622	$ 38,818	$ -	$ 119,440	($ 2,696)	100	($ 2,696)	$ 119,710	$ -	(Note 2) (Note 8)
Synnex (Nanchang) Ltd.	Manufacture and sales of computers and computer peripherals	119,440	2	29,860	89,580	-	119,440	(1,294)	100	(1,294)	119,929	-	(Note 2) (Note 8)
Synnex (Harbing) Ltd.	Manufacture and sales of computers and computer peripherals	149,300	2	119,440	29,860	-	149,300	(2,805)	100	(2,805)	146,429	-	(Note 2) (Note 8)
Synnex (Chongqing) Ltd.	Manufacture and sales of computers and computer peripherals	17,916	2	17,916	-	-	17,916	(361)	100	(361)	18,083	-	(Note 2) (Note 8)
Synnex (Xiamen) Ltd.	Manufacture and sales of computers and computer peripherals	80,622	2	50,762	29,860	-	80,622	(1,465)	100	(1,465)	80,629	-	(Note 2) (Note 8)
Synnex Technology Development (Beijing) Ltd.	Manufacture and sales of computers and computer peripherals	244,875	2	-	-	-	-	(19,379)	100	(19,379)	255,851	-	(Note 2) (Note 9)

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, 2013	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2013 (Note 11)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2013	Net income of investee as of December 31, 2013	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2013 (Note 3)	Book value of investment in Mainland China as of December 31, 2013	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2013	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
LianXiang Technology (shenzhen) Ltd	Sales of electronic Components	$ 5,972	2	$ 5,972	$ -	$ -	$ 5,972	$ 31,914	100	$ 31,914	$ 69,359	$ -	(Note 2) (Note 10)
Yude (Shanghai) Warehouse CO., Ltd.	Warehouse service	11,754	2	-	11,754	-	11,754	(862)	80	(4,168)	7,532	-	(Note 2) (Note 8)
	Total			$ 11,870,843	$ 3,248,578		$ 15,119,421						

Note 1: Investment methods are classified into the following three categories;

(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 contribution 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., totaling US$13,000, US$22,000, US$9,000, US$1,000 and US$2,000 thousand, respectively, was changed to be owned by Synnex Investments (China) Ltd.

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

Note 4: The net asset value of the subsidiaries was negative and its operations were discontinued.

Note 5: The above company, located in Mainland China, is a 100% owned subsidiary of Synnex Technology International (HK) Ltd.. Laser Computer (Beijing) Company Ltd. is an indirect wholly-owned subsidiary of the Company. Total membership contribution is US$150 thousand.

Note 6: 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 7: 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$2,000 thousand.

Note 8: 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$53,000 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$29.09.

Note 9: 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 10: The above company, located in Mainland China, is a 100% owned subsidiary of Peer Developments Ltd.. LianXiang Technology (shenzhen) Limited is an indirect wholly-owned subsidiary of the Company. Total membership contribution is USD$200,000 thousand.

Note 11: Translated into New Taiwan Dollars using the year-end exchange rate of US$1:NT$29.86 and RMB$1:NT$4.8975.

B. Information of investment in Mainland China

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2013	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	$ 15,119,421	$ 15,277,869	$ 25,550,317

C. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: None.

14. SEGMENT INFORMATION

(1)General information

The Company is primarily engaged in the sale of communication, computers and computer peripherals, electronic components and consumer electronic products. The Company operates business by geographic areas. The Board of Directors and management team set up operating strategies and allocates 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 segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments for the years ended December 31, 2013 and 2012 was as follows:

For the year ended December 31, 2013

	Taiwan	Asia	Australia and New Zealand	Reconciliation	Total
Revenue from external customers	$ 45,884,197	$ 236,093,292	$ 48,282,264	$ -	$ 330,259,753
Inter-segment revenue	2,431,265	103,180,357	96,985	(105,708,607)	-
Segment revenue	$ 48,315,462	$ 339,273,649	$ 48,379,249	($ 105,708,607)	$ 330,259,753
Segment profit	$ 940,217	$ 2,330,202	$ 608,861	$ -	$ 3,879,280
Segment assets	$ 16,895,297	$ 18,481,910	$ 89,077,450	$ -	$ 124,454,657

For the year ended December 31, 2012

	Taiwan	Asia	Australia and New Zealand	Reconciliation	Total
Revenue from external customers	$ 61,899,293	$ 203,577,160	$ 47,108,950	$ -	$ 312,585,403
Inter-segment revenue	2,536,073	98,338,721	86,191	(100,960,985)	-
Segment revenue	$ 64,435,366	$ 301,915,881	$ 47,195,141	($ 100,960,985)	$ 312,585,403
Segment profit	$ 1,568,563	$ 2,446,386	$ 543,417	$ -	$ 4,558,366
Segment assets	$ 19,140,009	$ 22,556,068	$ 75,508,343	$ -	$ 117,204,420

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, 2013 and 2012 is provided as follows:

	For the years ended December 31,	
	2013	2012
Reportable segment profit	$ 3,704,337	$ 4,434,926
Total non-operating revenue and expenses	2,687,487	2,417,738
Income before income tax	$ 6,391,824	$ 6,852,664

B. The amounts provided to the chief operating decision-maker with respect to total assets are measured in a manner consistent with that of the financial statements. The reconciliation and offset of the reportable segments' assets are provided in Note 14(3).

(5)Information on products and services

	For the years ended December 31,	
	2013	2012
Product revenue	$ 329,693,902	$ 312,003,059
Others	565,851	582,344
Total	$ 330,259,753	$ 312,585,403

(6)Geographical information

The external revenue is grouped by the location of customers, and the non-current assets are grouped by its locations. Breakdown of revenue and non-current assets by geographic area is as follows:

	For the years ended December 31,			
	2013		2012	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 45,884,197	$ 1,450,696	$ 61,899,293	$ 1,518,198
China and Hong Kong	235,530,312	5,602,796	203,577,160	5,001,036
Australia	45,761,549	59,494	45,506,865	907,681
Others	3,083,695	1,765,648	1,602,085	4,075
Total	$ 330,259,753	$ 8,878,634	$ 312,585,403	$ 7,430,990

(7)Major customer information

In 2013 and 2012, no single customer accounted for more than 10% of net operating revenue. Accordingly, no major customer information is presented.

15. INITIAL APPLICATION OF IFRSs

These consolidated financial statements are the first consolidated financial statements prepared by the Group in accordance with the IFRSs. The Group has adjusted the amounts as appropriate that are reported in the previous R.O.C. GAAP consolidated financial statements to those amounts that should be presented under IFRSs in the preparation of the opening IFRS balance sheet. Information about exemptions elected by the Group, exceptions to the retrospective application of IFRSs in relation to initial application of IFRSs, and how it affects the Group’s financial position, operating results and cash flows in transition from R.O.C. GAAP to the IFRSs is set out below:

(1)Exemptions elected by the Group

A. Business combinations

The Group has elected not to apply the requirements in IFRS 3, ‘Business Combinations’, retrospectively to business combinations that occurred prior to the date of transition to IFRSs (“the transition date”). This exemption also applies to the Group’s previous acquisitions of investments in associates.

B. Share-based payment transaction

The Group has elected not to apply the requirements in IFRS 2, ‘Share-based Payment’, retrospectively to equity instruments that were vested arising from share-based payment transactions prior to the transition date.

C. Employee benefits

The Group has elected to recognise all cumulative actuarial gains and losses relating to all employee benefit plans in ‘retained earnings’ at the transition date, and to disclose the information of present value of defined benefit obligation, fair value of plan assets, gain or loss on plan assets and experience adjustments under the requirements of paragraph 120A (P), IAS 19, ‘Employee Benefits’, based on their prospective amounts for financial periods from the transition date.

D. Cumulative translation differences

The Group has elected to reset the cumulative translation differences arising on the translation of the financial statements of foreign operations under R.O.C. GAAP to zero at the transition date, and to deal with translation differences arising subsequent to the transition date in accordance with IAS 21, ‘The Effects of Changes in Foreign Exchange Rates’.

E. Designation of previously recognised financial instruments

The Group has elected to designate investments amounting to $643,767, which were originally recognised as ‘financial assets measured at cost’, as available-for-sale financial assets. The fair value of investments was $667,803 at the transition date.

(2)Except for hedge accounting and non-controlling interest to which exceptions to the retrospective application of IFRSs specified in IFRS 1 are not applied as they have no relation with the Group, other exceptions to the retrospective application are set out below:

A. Accounting estimates

Accounting estimates made under IFRSs on January 1, 2012 are consistent with those made under R.O.C. GAAP on that day.

B. Derecognition of financial assets and financial liabilities

The derecognition requirements in IAS 39, ‘Financial Instruments: Recognition and Measurement’ shall be applied prospectively to transactions occurring on or after January 1, 2004.

(3)Requirement to reconcile from R.O.C. GAAP to IFRSs at the time of initial application

IFRS 1 requires that an entity should prepare reconciliations for equity, comprehensive income and cash flows for the comparative periods. The Group’s initial application of IFRSs has no significant effect on cash flows from operating activities, investing activities and financing activities. Reconciliations for equity and comprehensive income for the comparative periods as to transition from R.O.C. GAAP to IFRSs is shown below:

A. Reconciliation for equity on January 1, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	$ 12,309,541	$ -	$ 12,309,541	
Financial assets at fair value through profit or loss-current	126	-	126	
Available-for-sale financial assets -current	1,030,106	667,803	1,697,909	(a)
Notes receivable-net	5,458,575	-	5,458,575	
Notes receivable-related parties-net	17,930	-	17,930	
Accounts receivable-net	35,049,195	-	35,049,195	
Accounts receivable-related parties-net	82,079	-	82,079	
Other receivables	4,477,557	-	4,477,557	
Other receivables- related parties	24,666	-	24,666	
Inventories	26,523,693	-	26,523,693	
Prepayments	3,042,165	-	3,042,165	
Other current assets	226,965	(226,965)	-	(b)
Total current assets	88,242,598	440,838	88,683,436	
Non-current assets				
Financial assets measured at cost -noncurrent	2,664,270	(643,767)	2,020,503	(a)
Investments accounted for under the equity method	8,313,263	(82,906)	8,230,357	(c)
Property, plant and equipment	5,060,904	170,274	5,231,178	(d)(e)
Investment property, net	-	433,461	433,461	(d)
Intangible assets	1,168,553	(858,656)	309,897	(f)
Deferred income tax assets	284,942	349,629	634,571	(h)(i)
Other non-current assets	1,575,964	254,921	1,830,885	(d)(e)(f)(g)
Total non-current assets	19,067,896	(377,044)	18,690,852	
Total assets	$ 107,310,494	$ 63,794	$ 107,374,288	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current liabilities				
Short-term borrowings	$ 20,879,698	$ -	$ 20,879,698	
Short-term notes and bills payable	3,740,000	-	3,740,000	
Financial liabilities at fair value through profit or loss	616	-	616	
Notes payable	577,337	-	577,337	
Notes payable-related parties	5,518	-	5,518	
Accounts payable	23,258,085	-	23,258,085	
Accounts payable-related parties	9,687	-	9,687	
Other payables	8,918,219	22,922	8,941,141	(h)
Other payables-related parties	43,272	-	43,272	
Current income tax liabilities	845,771	-	845,771	
Other current liabilities	739,511	-	739,511	
Total current liabilities	59,017,714	22,922	59,040,636	
Non-current liabilities				
Bonds payable-noncurrent	5,336,961		5,336,961	
Deferred income tax liabilities		95,665	95,665	(b)
Other non current liabilities	150,605	135,894	286,499	(i)
	5,487,566	231,559	5,719,125	
Total liabilities	64,505,280	254,481	64,759,761	
Equity attributable to owners of parent				
Share capital				
Common stock	15,707,006	$ -	15,707,006	
Capital surplus				
Share premium	12,682,655	-	12,682,655	
Treasury share transactions	340,678	-	340,678	
Change in net assets of the associates accounted for using equity method and joint ventures	386,567	(386,567)	-	(j)
Employee stock options	-	180,611	180,611	(k)
Stock warrants	268,912	-	268,912	
Retained earnings		-		
Legal reserve	3,761,723	-	3,761,723	(m)
Special reserve	1,431,668	-	1,431,668	(m)
Unappropriated retained earnings	8,391,585	(223,867)	8,167,718	(a)(c) (l)
Other equity interest	(165,580)	239,136	73,556	
Total equity	42,805,214	(190,687)	42,614,527	
Total liabilities and equity	$ 107,310,494	$ 63,794	$ 107,374,288	

Reasons for reconciliation are outlined below:

a) In accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", before amendment on July 7, 2011, and EITF 95-243, unlisted stocks, emerging stocks, and private placement of listed stocks held by the Group were measured at cost and recognized as "Financial assets measured at cost". However, in accordance with IAS 39, "Financial Instruments: Recognition and Measurement", investments in equity instruments without an active market but with reliable fair value measurement (i.e. the variability the range of reasonable fair value estimates is insignificant for that instrument, or the probabilities of the estimates within the range can be reasonably assessed and used in estimating fair value) should be measured at fair value. Therefore, the Group reclassified 'Financial assets carried at cost' amounting to $643,767 to 'Available-for-sale financial assets' and increased 'unrealized gain or loss on available-for-sale financial assets' by $24,036 for the difference between fair value and book value at the date of transition to IFRSs.

b) In accordance with current accounting standards in R.O.C., a deferred tax assets or liability should, according to the classification of its related asset or liability, be classified as current or noncurrent. However, a deferred tax asset or liability that is not related to an asset or liability for financial reporting, should be classified as current or noncurrent according to the expected time period to realize or settle a deferred tax asset or liability. However, under IAS 1, "Presentation of Financial Statements", an entity should not classify a deferred tax asset or liability as current. In addition, deferred income tax assets and liabilities cannot be offset as they do not meet the criteria of offsetting assets and liabilities under IAS 12, "Income Taxes". Therefore, The Company decreased "deferred income tax assets-current" by $226,965, and increased "deferred income tax assets-noncurrent" and "deferred income tax liabilities-noncurrent" by $332,630 and $95,665, respectively, at the date of transition to IFRS.

c) The Company recognized proportionally the adjustments arising from the long-term investments accounted for under the equity method when adopting IFRSs. Therefore, the Company decreased "investments accounted for under equity method" and "unappropriated retained earnings" by $82,906 and $86,554, respectively, and increased "unrealized gain or loss on available-for-sale financial assets" by $3,648 on the transition day.

d) In accordance with current accounting standards in the R.O.C., the Group's property that is leased to others is presented in 'other assets' account. In accordance with IAS 40, "Investment Property", property that meets the definition of investment property is classified and accounted for as 'Investment property'. Therefore, the Company decreased 'leased assets' by $563,735, and increased 'investment property' and 'property, plant and equipment' by $433,461 and $130,274, respectively, at the date of transition to IFRS.

e) Property, plant and equipment that have no value in use, in accordance with current accounting standards in R.O.C., should be reclassified as “Idle assets” or “Other assets”. Under IAS 16, “Property, plant and equipment”, idle assets shall be properly classified according to their nature. Therefore, the Company decreased ‘idle assets’ by $40,000, and increased ‘property, plant and equipment’ by $40,000 at the date of transition of IFRS.

f) The current accounting standards in R.O.C. specify that royalties paid on acquisition of land use right shall be presented as ‘Intangible assets’. However, IAS 17, ‘Lease’, specifies that royalties on land use right, which meets the definition of long-term operating lease, shall be presented as ‘Long-term rental prepayment’. Therefore, the Company decreased ‘other intangible assets’ and ‘leased assets’ by $858,656 and $46,266, respectively, and increased ‘long-term rental prepayment’ by $904,922 at the date of transition to IFRS.

g) In accordance with current accounting standards in R.O.C., restricted cash and cash equivalents should be presented in “Restricted assets”. However, under IAS 1, “Presentation of Financial Statements”, an entity should disclose cash and cash equivalents that are restricted, but does not require restricted assets to be presented separately. Therefore, the Company decreased ‘restricted assets’ by $660,045, and increased ‘other financial assets’ by $660,045 at the date of transition of IFRS.

h) The current accounting standards in R.O.C. do not specify the rules on the cost recognition for accumulated unused compensated absences. The Group recognizes such costs as expenses upon actual payment. However, IAS 19, “Employee Benefits”, requires that the costs of accumulated unused compensated absences should be accrued as expenses at the end of the reporting period. Therefore, the Company increased ‘accrued expenses’ and ‘deferred income tax assets-noncurrent’ by $22,922 and $3,897, respectively, and decreased ‘unappropriated retained earnings’ by $19,025 at the date of transition to IFRS.

i) In accordance with the Group’s accounting policies, unrecognized net transitional benefit obligation should be amortized on a straight-line basis over the average remaining service period of employees still in service and expected to receive benefits. However, the transitional provisions in IAS 19 are not applied to the Group as a first-time adopter of IFRSs, so the Group has no unrecognized transitional liabilities.

   The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, ‘Employee Benefits’ requires an entity to determine the rate used to discount employee benefits with reference to market yields at the end of the end of the reporting period on high quality corporate bonds of a currency and term consistent with the currency and term of the benefit obligation; when there is no deep market in corporate bonds, an entity is required to use market yields on government bonds (at the end of the reporting period) instead.

Based on the actuarial report under the assumptions required by IAS 19, "Employee Benefits" and exemptions under IFRS 1-First-time Adoption of International Financial Reporting Standards, the Company adjusted all the actuarial pension gain and loss in retained earnings.

Therefore, the Company increased 'accrued pension liabilities' and 'deferred income tax assets-noncurrent' by $135,894 and $23,102, respectively, decreased 'unappropriated retained earnings' by $112,792 at the date of transition to IFRSs.

j) The Group adopted the exemptions under IFRS 1 on the accounting treatment of investment in associates (business combination). Therefore, considering that the existing 'paid-in capital-long-term investments' does not conform with the requirements under IFRSs, the Company decreased 'capital reserve-long-term investment' by $386,567, respectively, and increased 'unappropriated retained earnings' by $386,567 at the date of transition to IFRS.

k) The employee stock options granted from January 1, 2004 through December 31, 2007 are accounted for in accordance with ARDF Interpretation 92-070, ARDF Interpretation 92-071 and ARDF Interpretation 92-072, 'Accounting for Employee Stock Options', dated March 17, 2003. Compensation cost of such employee stock options is recognized as an expense using the intrinsic value method. Compensation cost of treasury shares transferred to employees and cash capital increase reserved for employee preemption incurred before December 31, 2007 was not recognized as an expense by the Group. Employees' bonus distributed before January 1, 2007 was accounted for as earnings distribution, and was not recognized as an expense by the Group. However, according to IFRS 2, 'Share-based Payment', the cost of the share-based payment arrangements stated above should be expensed at the fair value of the equity instruments over the vesting period. The Company's unvested portion of employee stock options transaction shall be adjusted retroactively. Therefore, the Company increased 'capital reserve-stock warrants' by $180,611, and decreased 'unappropriated retained earnings' by $180,611 at the date of transition to IFRS.

l) The Group has elected to reset the cumulative translation differences arising on the translation of the financial statements of foreign operations under R.O.C. GAAP to zero at the transition date, and to deal with translation differences arising subsequent to the transition date in accordance with IAS 21, 'The Effects of Changes in Foreign Exchange Rates'. Therefore, the Company increased 'cumulative translation adjustments' by $211,452, and decreased 'unappropriated retained earnings' by $211,452 at the date of transition to IFRS.

m) According to No. 1010012865 of the former Financial Supervisory Commission, dated April 6, 2012, the Group selected that cumulative translation adjustments be transferred to unappropriated retained earnings. However, since the Group is a first-time adopter of IFRS wherein the net effect of the adjustments resulted in a negative retained earnings, no special reserve needs to be recognized at the date of transition to IFRS.

B. Reconciliation for equity on December 31, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	$ 12,994,012	$ -	$ 12,994,012	
Financial assets at fair value through profit or loss-current	113,157	-	113,157	
Available-for-sale financial assets -current	1,106,968	710,759	1,817,727	(a)
Notes receivable-net	5,322,363	-	5,322,363	
Notes receivable-related parties-net	11,058	-	11,058	
Accounts receivable-net	39,122,021	-	39,122,021	
Accounts receivable-related parties-net	51,007	-	51,007	
Other receivables	6,278,531	-	6,278,531	
Other receivables-related parties	9,369	-	9,369	
Inventories	28,557,253	-	28,557,253	
Prepayments	3,392,083	-	3,392,083	
Other current assets	206,320	(206,320)	-	(b)
Total current assets	97,164,142	504,439	97,668,581	
Non-current assets				
Available-for-sale financial assets - noncurrent	4,729	-	4,729	
Financial assets measured at cost - noncurrent	2,600,066	(643,767)	1,956,299	(a)
Investments accounted for under the equity method	8,486,130	(93,896)	8,392,234	(c)
Property, plant and equipment	4,655,536	59,251	4,714,787	(d)(e)
Investment property, net	-	1,344,286	1,344,286	(d)
Intangible assets	1,340,308	(933,780)	406,528	(f)
Deferred income tax assets	190,981	249,033	440,014	(h)(i)
Other non-current assets	2,746,719	(469,757)	2,276,962	(d)(e) (f)(g)
Total non-current assets	20,024,469	(488,630)	19,535,839	
Total assets	$ 117,188,611	$ 15,809	$ 117,204,420	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current liabilities				
Short-term borrowings	$ 31,180,639	$ -	$ 31,180,639	
Short-term notes and bills payable	3,980,000	-	3,980,000	
Financial liabilities at fair value through profit or loss	838	-	838	
Notes payable	1,159,310	-	1,159,310	
Notes payable-related parties	25,006	-	25,006	
Accounts payable	24,808,149	-	24,808,149	
Accounts payable-related parties	28,377	-	28,377	
Other payables	8,222,788	22,922	8,245,710	(h)
Other payables-related parties	106	-	106	
Current income tax liabilities	1,081,337	-	1,081,337	
Other current liabilities	605,702	-	605,702	
Total current liabilities	71,092,252	22,922	71,115,174	
Non-current liabilities				
Bonds payable-noncurrent	4,930,366	-	4,930,366	
Deferred income tax liabilities		9,914	9,914	(b)
Other non current liabilities	208,060	147,842	355,902	(i)
	5,138,426	157,756	5,296,182	
Total liabilities	76,230,678	180,678	76,411,356	
Equity attributable to owners of parent				
Share capital				
Common stock	15,838,869	-	15,838,869	
Capital surplus				
Share premium	13,236,954	-	13,236,954	
Treasury share transactions	340,678	-	340,678	
Change in net assets of the associates accounted for using equity method and joint ventures	168,540	(168,540)	-	(j)
Employee stock options	-	224,144	224,144	(k)
Stock warrants	228,729	-	228,729	
Retained earnings				
Legal reserve	4,485,382	-	4,485,382	(m)
Special reserve	165,580	-	165,580	(m)
Unappropriated retained earnings	8,163,829	(524,737)	7,639,092	(a)(c) (l)
Other equity interest	(1,670,628)	304,264	(1,366,364)	
Total equity	40,957,933	(164,869)	40,793,064	
Total liabilities and equity	$ 117,188,611	$ 15,809	$ 117,204,420	

C. Reconciliation for comprehensive income for the year ended December 31, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Operating revenues	$ 312,585,403	$ -	$ 312,585,403	
Operating costs	(301,053,331)	-	(301,053,331)	
Gross profit	11,532,072	-	11,532,072	
Operating expenses				
Selling expenses	(4,989,914)	-	(4,989,914)	
General and administrative expenses	(2,070,294)	(36,938)	(2,107,232)	(i)(k)
Total operating expenses	(7,060,208)	(36,938)	(7,097,146)	
Operating income	4,471,864	(36,938)	4,434,926	
Non-operating income and expenses				
Other income	1,339,344	-	1,339,344	
Other gains and losses	250,442	-	250,442	
Finance costs	(433,756)	-	(433,756)	
Share of profit/(loss) of associates and joint ventures accounted for under equity method	1,272,698	(10,990)	1,261,708	(c)
Total non-operating income and expenses	2,428,728	(10,990)	2,417,738	
Profit before tax	6,900,592	(47,928)	6,852,664	
Income tax expense	(1,084,481)	(1,121)	(1,085,602)	(i)
Profit for the year	5,816,111	(49,049)	5,767,062	
Other comprehensive income				
Cumulative translation differences of foreign operations	-	(1,639,465)	(1,639,465)	(n)
Unrealized loss on valuation of available -for-sale financial assets	-	177,014	177,014	(a)(n)
Actuarial loss on defined benefit plan	-	(40,716)	(40,716)	(i)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method	-	22,531	22,531	(n)
Income tax relating to the components of other comprehensive income	-	6,922	6,922	
Other comprehensive income for the year, net of tax	-	(1,473,714)	(1,473,714)	
Other comprehensive income for the year, net of tax	$ 5,816,111	($ 1,522,763)	$ 4,293,348	
Profit, attributable to:				
Owners of parent	$ 5,816,111	($ 49,049)	$ 5,767,062	
Comprehensive income attributable to:				
Owners of parent	$ 5,816,111	($ 1,522,763)	$ 4,293,348	

Reasons for reconciliation are outlined below:

a) In accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”, before amendment on July 7, 2011, unlisted stocks and emerging stocks held by the Group were measured at cost and recognized as “Financial assets measured at cost”. However, in accordance with IAS 39, “Financial Instruments: Recognition and Measurement”, investments in equity instruments without an active market but with reliable fair value measurement (i.e. the variability in the range of reasonable fair value estimates is insignificant for that instrument, or the probabilities of the estimates within the range can be reasonably assessed and used in estimating fair value) should be measured at fair value.

   In accordance with the amended “Rules Governing the Preparation of Financial Statements by Securities Issuers”, dated December 22, 2011, the Group designated “Financial assets carried at cost” of $643,767 as “available-for sale financial assets”, and increased “available-for-sale financial assets” and “unrealized gain or loss on available-for-sale financial assets” of other equity amounting to $66,992 at the transition date by the differences of fair value and book value. Additionally, the above adjustment increased “unrealized gain or loss on available-for-sale financial assets” of other comprehensive income by $42,956 for 2012.

b) In accordance with current accounting standards in R.O.C., a deferred tax assets or liability should, according to the classification of its related asset or liability, be classified as current or noncurrent. However, a deferred tax asset or liability that is not related to an asset or liability for financial reporting, should be classified as current or noncurrent according to the expected time period to realize or settle a deferred tax asset or liability. However, under IAS 1, “Presentation of Financial Statements”, an entity should not classify a deferred tax asset or liability as current. In addition, deferred income tax assets and liabilities cannot be offset as they do not meet the criteria of offsetting assets and liabilities under IAS 12, “Income Taxes”. Therefore, the Company decreased “deferred income tax assets-current” by $206,320, and increased “deferred income tax assets-noncurrent” and “deferred income tax liabilities-noncurrent” by $216,234 and $9,914, respectively, as of December 31, 2012.

c) The Company recognized proportionally the adjustments arising from the long-term investments accounted for under the equity method when adopting IFRSs. Therefore, the Company decreased “Investments accounted for under equity method” and “unappropriated retained earnings” by $93,896 and $86,554, respectively, and increased “unrealized gain or loss on available-for-sale financial assets” by $3,648 at the transition date, and decreased “non-operating income and revenue” by $10,990 for 2012.

d) In accordance with current accounting standards in the R.O.C., the Group's property that is leased to others is presented in 'Other assets' account. In accordance with IAS 40, "Investment Property", property that meets the definition of investment property is classified and accounted for as 'Investment property'. Therefore, the Company decreased 'leased assets' by $1,363,537, and increased 'investment property' by $1,363,537 as of December 31, 2012.

e) Property, plant and equipment that have no value in use, in accordance with current accounting standards in R.O.C., should be reclassified as "Idle assets" or "Other assets". Under IAS 16, "Property, plant and equipment", idle assets shall be properly classified according to their nature. Therefore, the Company decreased 'idle assets' by $40,000, and increased 'property, plant and equipment' by $40,000 as of December 31, 2012.

f) The current accounting standards in R.O.C. specify that royalties paid on acquisition of land use right shall be presented as 'Intangible assets'. However, IAS 17, 'Lease', specifies that royalties on land use right, which meets the definition of long-term operating lease, shall be presented as 'Long-term rental prepayment'. Therefore, the Company decreased 'other intangible assets' and 'leased assets' by $933,780 and $31,609, respectively, and increased 'long-term rental prepayment' by $965,389 as of December 31, 2012.

g) In accordance with current accounting standards in R.O.C., restricted cash and cash equivalents should be presented in "Restricted assets". Under IAS 1, "Presentation of Financial Statements", an entity should disclose cash and cash equivalents that are restricted, but does not require restricted assets to be presented separately. Therefore, the Company decreased 'restricted assets' by $781,024, and increased 'other financial assets' by $781,024 as of December 31, 2012.

h) The current accounting standards in R.O.C. do not specify the rules on the cost recognition for accumulated unused compensated absences. The Group recognizes such costs as expenses upon actual payment. However, IAS 19, "Employee Benefits", requires that the costs of accumulated unused compensated absences should be accrued as expenses at the end of the reporting period. Therefore, the Company increased 'accrued expenses' and 'deferred income tax assets-noncurrent' by $22,922 and $3,897, respectively, and decreased 'unappropriated retained earnings' by $19,025 as of December 31, 2012.

i) In accordance with the Group's accounting policies, unrecognized net transitional benefit obligation should be amortized on a straight-line basis over the average remaining service period of employees still in service and expected to receive benefits. However, the transitional provisions in IAS 19 are not applied to the Group as a first-time adopter of IFRSs, so the Group has no unrecognized transitional liabilities.

   In accordance with current accounting standards in R.O.C., the excess of the accumulated benefit obligation over the fair value of the pension plan (fund) assets at the balance sheet date is the minimum amount of pension liability that is required to be recognized on the balance sheet ("minimum pension liability"). However, IAS 19, 'Employee Benefits', has no regulation regarding the minimum pension liability.

   The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, 'Employee Benefits' requires an entity to determine the rate used to discount employee benefits with reference to market yields at the end of the end of the reporting period on high quality corporate bonds of a currency and term consistent with the currency and term of the benefit obligation; when there is no deep market in corporate bonds, an entity is required to use market yields on government bonds (at the end of the reporting period) instead.

   Based on the actuarial report under the assumptions required by IAS 19, "Employee Benefits" and exemptions under IFRS 1-First-time Adoption of International Financial Reporting Standards, the Company adjusted all the actuarial pension gain and loss in retained earnings.

   Therefore, the Company increased 'accrued pension liabilities', 'deferred income tax assets-noncurrent' and 'unrecognized net loss of pension cost' by $147,842, $28,902 and $22,172, respectively, and decreased 'unappropriated retained earnings' by $112,792 as of December 31, 2012. The Company decreased 'operating expenses' and 'actuarial gain on defined benefit plan' (shown as an item of unappropriated retained earnings on the balance sheet) by $6,595 and $40,716, respectively, and increased 'income tax expense' and 'income tax relating to the components of other comprehensive income' by $1,121 and $6,922, respectively, for 2012.

j) The Group adopted the exemptions under IFRS 1 on the accounting treatment of investment in associates (business combination). Therefore, considering that the existing 'paid-in capital-long-term investments' does not conform with the requirements under IFRSs, the Company decreased 'capital reserve-long-term investment' by $168,540, and increased 'unappropriated retained earnings' by $168,540 as of December 31, 2012.

k) The employee stock options granted from January 1, 2004 through December 31, 2007 are accounted for in accordance with ARDF Interpretation 92-070, ARDF Interpretation 92-071 and ARDF Interpretation 92-072, ‘Accounting for Employee Stock Options’, dated March 17, 2003. Compensation cost of such employee stock options is recognized as an expense using the intrinsic value method. Compensation cost of treasury shares transferred to employees and cash capital increase reserved for employee preemption incurred before December 31, 2007 was not recognized as an expense by the Group. Employees’ bonus distributed before January 1, 2007 was accounted for as earnings distribution, and was not recognized as an expense by the Group. However, according to IFRS 2, ‘Share-based Payment’, the cost of the share-based payment arrangements stated above should be expensed at the fair value of the equity instruments over the vesting period. The Company’s unvested portion of employee stock option transactions shall be adjusted retroactively, therefore, the Company increased ‘capital reserve-stock warrants’ by $224,144, and decreased ‘unappropriated retained earnings’ by $180,611 as of December 31, 2012, and increased ‘operating expenses’ by $43,533 for 2012.

l) The Group has elected to reset the cumulative translation differences arising on the translation of the financial statements of foreign operations under R.O.C. GAAP to zero at the transition date, and to deal with translation differences arising subsequent to the transition date in accordance with IAS 21, ‘The Effects of Changes in Foreign Exchange Rates’. Therefore, the Company increased ‘cumulative translation adjustments’ by $211,452, and decreased ‘unappropriated retained earnings’ by $211,452 as of December 31, 2012.

m) According to No. 1010012865 of the former Financial Supervisory Commission, dated April 6, 2012, the Group selected that cumulative translation adjustments be transferred to unappropriated retained earnings. However, since the Group is a first-time adopter of IFRS wherein the net effect of the adjustments resulted in a negative retained earnings, no special reserve needs to be recognized at the date of transition to IFRS.

n) In accordance with IFRS, the Company has transferred unrealised valuation gain of $134,058 arising from ‘available-for-sale financial assets – current and non-current’ under R.O.C. GAAP in 2012 to the increment of ‘unrealised valuation gain of available-for-sale financial assets’ under other comprehensive income. In accordance with IFRS, the Company has transferred cumulative translation differences of foreign operations of $1,639,465 arising from ‘investment accounted for using equity method’ under R.O.C. GAAP in 2012 as a reduction to ‘cumulative translation differences of foreign operations’ under other comprehensive income. The Company has transferred cumulative translation differences of foreign operations amounting to $28,606 and unrealised valuation gain amounting to ($6,075) arising from ‘investment accounted for using equity method’ under R.O.C. GAAP in 2012 to the increment of ‘share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method’ under other comprehensive income.

D. Major adjustments for the consolidated statement of cash flows for the year ended December 31, 2012:

(a) The transition from R.O.C. GAAP to IFRSs has no effect on the Group’s cash flows reported.

(b) The reconciliation between R.O.C. GAAP and IFRSs has no net effect on the Group’s cash flows reported.