Stock code: 2347

SYNNEX

Synnex Technology International Corporation

2015 Annual Review

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

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

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

Australia logistics center
Australia: Melbourne, Sydney

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Stock Affairs Department of Chinatrust Commercial Bank
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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.
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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, 2015. 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

Maximize shareholder value, improve information transparency.

Maximize profits for customers and suppliers.

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

Cultivate employees and maintain labor-management cooperation.

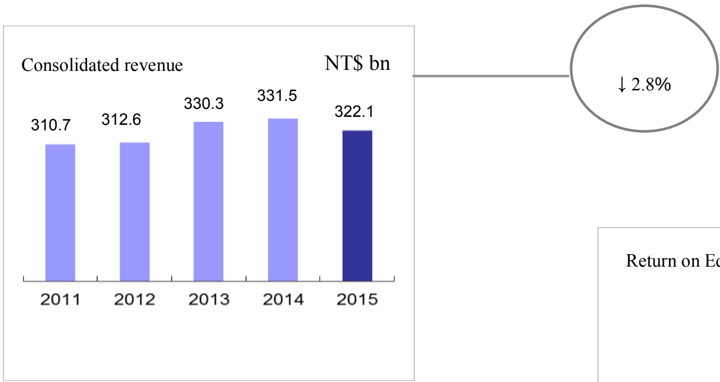
Satisfy corporate social responsibility.

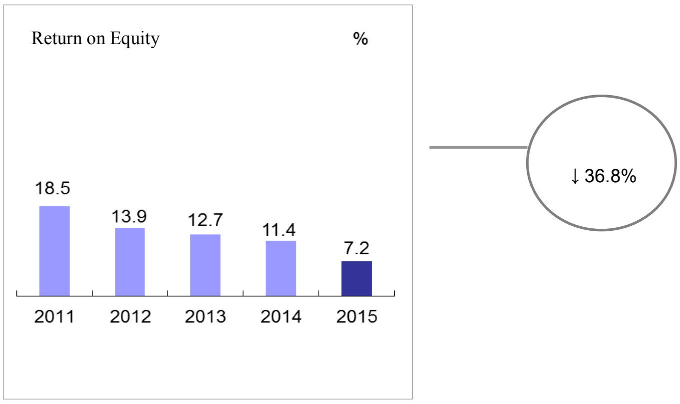
2015 Consolidated Financial Performance

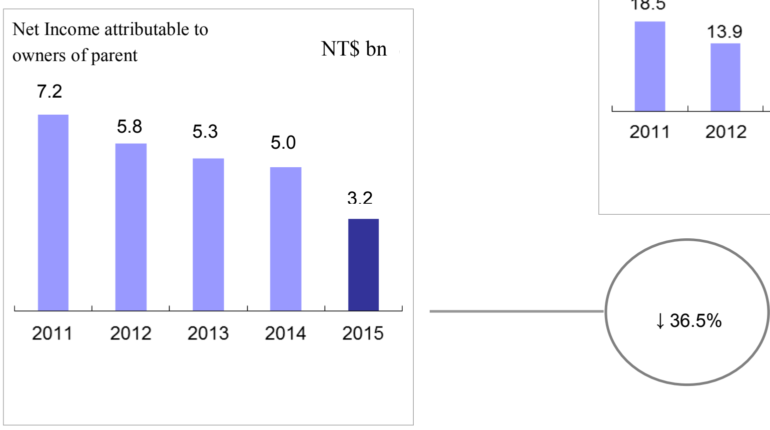
Unit: NTD

Item / Year	2014	2015	Increase (Decrease) (%)
Consolidated revenue (in bn)	331.5	322.1	(2.8)
Income before income tax (in bn)	6.22	3.74	(39.9)
Net Income attributable to owners of the parent (in bn)	5.02	3.19	(36.5)
EPS (after retroactive adjustment) (NTD)	3.16	2.01	(36.4)
Gross profit margin (%)	3.5	3.6	2.9
Operating expense ratio (%)	2.1	2.4	14.3
Operating income ratio (%)	1.3	1.2	(7.7)
Return on Equity (ROE) (%)	11.4	7.2	(36.8)
Average Collection Days	50	52	4.0
Average Inventory Turnover Days	37	40	8.1
Average Payment Turnover Days	35	36	2.9
Net operating revenues per employee (in NTD million)	68	66	(2.9)

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







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Letter to shareholders

Dear shareholders:

2015 had severely turbulent politics and economics worldwide, a fluctuating stock market, severe exchange-rate volatility, and undesirable global economic growth compared to 2014. The developed countries generated a moderate recovery due to a loose monetary policy and driven by low oil prices; however, such effect did not justify the impact of the economic decline for five consecutive years in the emerging markets. In terms of the industry, the pressure of industrial deflation arising from the lack of faith in consumption and the decline of product unit price, coupled with the market reshuffling arising from the merger of IT and Telecom brands, has made the entire business environment more treacherously unclear. The Synnex management team managed to confront such challenge calmly and carefully.

For Synnex's global channel business operation, each national market faces a different local environment; therefore, each business unit had a phased-strategy formed for response. Synnex had dazzling double-digit sales growth generated in Australia, New Zealand, Indonesia, and the investment in Thailand and India. Synnex has become the leading distributor of IT and Telecom in Australia since 2013 with a record high revenue of AUD 2 billion generated in 2015. We also made it to the Top-120 Enterprises List of Australia. The revenue generated from IC component business group, Taiwan, Hong Kong, and from the investment in the United States remained roughly the same and the business operation was stable even when facing severe competition. The sales in the China market dropped slightly; however, the rectification efficiency of internal management was starting to show implicitly. Also, the regime, system, and organization have become more complete and sound, and double-digit sales growth was achieved in the 4th quarter of last year. We would like to thank our shareholders for their support.

Looking ahead to 2016, the global economic is expected to revive slowly; however, the unstable market environment and business challenges remain. Therefore, the Synnex management team cannot lose its focus and must actively seek opportunities for a breakthrough from the predicament. We expect further guidance and encouragement from our shareholders.

Below are the key 2015 highlights for our company:

1. **Revenue and profit**

   Synnex's 2015 consolidated revenue was NTD322.1 billion, representing 2.8% decline from the NTD331.5 billion in 2014. In terms of revenue for respective products, IT products was NTD176.1 billion, representing a 2% decline; Telecom products was NTD18.5 billion, representing a 10% increase; IC components was NTD88.7 billion, representing a 3% increase; consumer electronics and others was NTD38.8 billion, representing a 21% decline. Although the operating income remained stable, the exchange loss was increased significantly due to the sharp depreciation of the RMB exchange rate. The net income of NT$3.19 billion represented a 36% decline from the NT$5.02 billion in 2014. The earnings per share was NT$2.01.

2. Concrete operating results

(1) Despite its market leading position in Taiwan, Australia, Hong Kong, Indonesia, Thailand, Synnex ranks as the second largest distributor in China and India. The channel business ranks as the third largest distributor in the USA. Overall, Synnex channel business operation ranks as the third largest distributor worldwide and the largest distributor in Asia.

(2) Positively reinforce strategic cooperation with the large-scale chain stores channel and online shopping channel and improve customer operational efficiency through Synnex systems and logistics capabilities in order to strengthen close cooperation.

(3) Stably expand the IT and commercial market in Australia, Mainland China, Hong Kong, and Taiwan through strengthening the internal operating system and developing external channels in-depth.

(4) The internal rectification efficiency of the business operation in China is starting to show implicitly in the sense of product inventory management, customer credit account management, human resources management, and other internal management with a solid system established.

(5) The IC component business has enhanced its close cooperation with the upstream and downstream industry to provide more flexible and resilient industrial chain services.

The 2016 important production and sales policy:

1. Deepening the operation of chain stores, online shopping, and telecommunication service provider networks

Synnex is one of the major suppliers of the main local 3C chain stores and online shopping industries in Taiwan, Mainland China, Hong Kong, and Australia. Synnex will accelerate its docking system with major customers in 2016, coupled with the advantages of logistics services, to provide customers more comprehensive services.

2. Accelerate the development of “cloud services” business

Software and IT service providers are accelerating the movement to “cloud service.” Synnex is accelerating the establishment of a cloud services platform and actively grasping the business opportunities of this a new type of business.

3. Ongoing Expansion of Commercial IT 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 in 2016.

4. Exercise the logistics network advantages and develop diversified and flexible logistics services

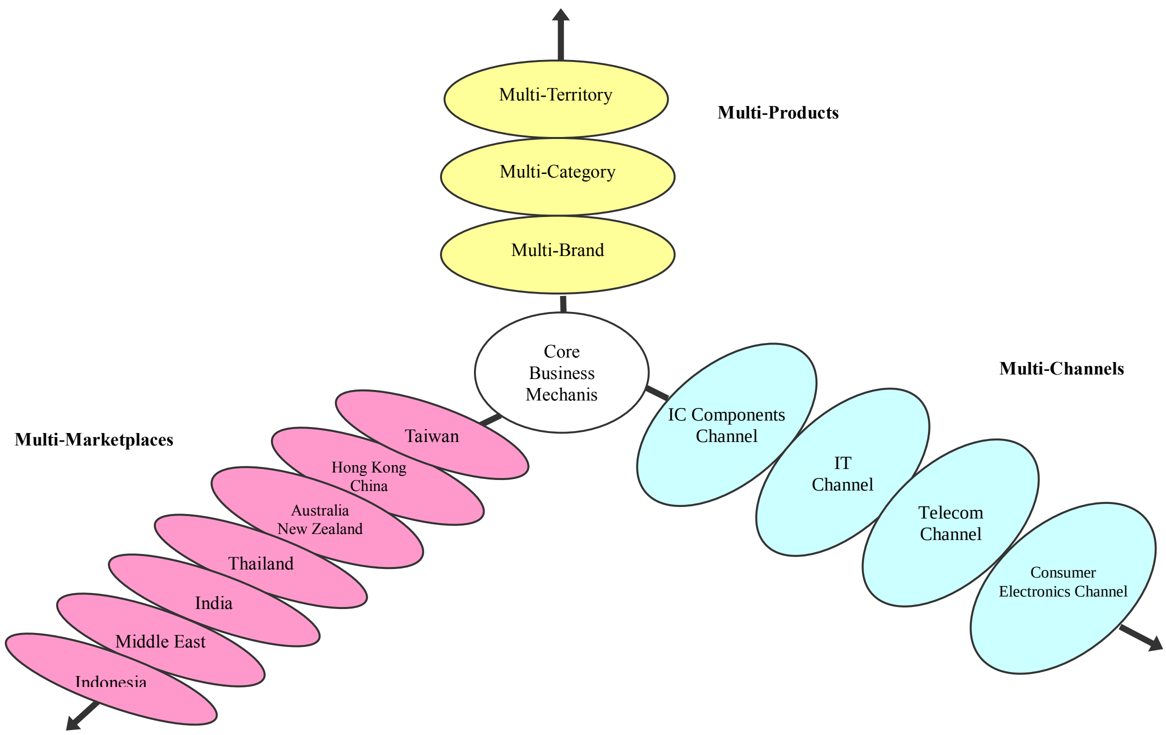
The complete and high-performance logistics service network is the strength of Synnex in competition. Synnex will take advantage of this strength in the future to provide the upstream suppliers and the downstream customers with a variety of flexible logistics services, to reduce customer operating costs, to solve customer logistics problems, and accelerate business development.

5. **Accelerating the operation management model R&D and innovation and secure the market competitive advantage**
   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 planning & 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 2016, the team will develop innovative business management technology and 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 terms of the external competitive environment, the market has been constantly changing and the service model has been diversified for years. However, the Company has been continuously researching and developing an innovative business model, design, and planning; also, implementing business analysis and quality management in response to such changing market environment.

In terms of the regulatory environment, the Company has always paid close attention to and grasped domestic and foreign policies and laws that may affect the Company’s finance and business, and adopted appropriate emergency measures to safeguard the interests of the Company. With the frequent global economic and trade exchanges and the increasing fiscal pressure faced by each nation, the “Based Erosion and Profit Shifting (BEPS)” issues had caused the government of each nation to formulate relevant laws and regulations strictly. However, it has little impact on the Company since the Company has always operated its business in compliance with the law and regulations of each nation.

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

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

Best regards,

Matthew Feng-Chiang Miau
Chairman

Evans S.W. Tu
President and CEO

Synnex highlights

Synnex highlights

I. Company profile

1) Milestone

Setup date: September 12, 1988

Year	Important significance
1988	▪ Synnex Technology International Corporation was established with authorized capital of NTD2 hundred million, and Matthew Feng-Chiang Miau served as chairman and Evans S.W. Tu served as president. ▪ MIS operations reached real-time requirement.
1989	▪ Establish LEMEL brand. ▪ NTD 20 million was spent to purchase large mainframe computers and accessories to meet the needs of further computerization. ▪ Established Kaohsiung and Taichung branches to expand south and central Taiwan business.
1990	▪ Confirmed development information and communicate channel business, determined to adopt "open channel" operation, first initiating triple channel operation model of sales, distribution, and maintenance.
1991	▪ The computer material management system won "The 1st outstanding information application awards" that conferred by Institute for Information Industry and accredited by all panel of judges.
1992	▪ Established logistics delivery truck fleet to provide rapid delivery services of "half-day delivery" to customers in Taipei region.
1993	▪ Linkuo logistics center officially opened. ▪ Established logistics delivery fleet in central and south region to provide rapid delivery services to customers in south and central region. ▪ Introduced "small quantity, various type and one stop shopping" to the resellers to lower inventory risk for the resellers and enhanced purchasing convenience. ▪ Introduced LEMEL PC
1994	▪ Provided resellers with industry-leading "four half-day" (two days) rapid maintenance services ▪ Launched monthly journal of "Synnex's shopping mall" which had become the resellers' must-buy tools.
1995	▪ Shares officially listed on Taiwan Stock Exchange that was the first listed distributor in Taiwan.
1996	▪ Largest increase in stock price in 362 listed companies in the first half year of 1996.
1997	▪ Provide rapid maintenance services of "repair tonight, retrieve the day after tomorrow" to customers. ▪ Communication resellers had reached 3000. ▪ Merge Laser Computer Ltd. (name changed to Synnex Technology International (HK) Ltd. in 2005) to expand its reach to Hong Kong and China.
1998	▪ The 2nd warehouse with highly automated warehousing operations in Linkou logistics center completed and started operation. ▪ Real time production center (Configuration-To-Order) of PC has completed, it is the first tailor made real time production line of PC for customers in Taiwan. ▪ Merge Australian subsidiary to expand reach to Australian market.
1999	▪ Establish "cellular phone rapid repair services" throughout Taiwan to provide customers with "30 minutes cellular phone maintenance services." ▪ Merge Compex Ltd. In Thailand (name changed to Synnex (Thailand) Co., Ltd. in 2002 and changed to Synnex (Thailand) Public Company Ltd. in 2008) to expand its reach to the Thailand market. ▪ The annual turnover of communication business has exceeded NTD10 billion, become one of the three major business of Synnex along with information and electronics components business.
2000	▪ Provide customers with "cellular phone 2-year warranty" services. ▪ The third warehouse in Linkuo logistics center completed and started operation; it is an automatic guided warehouse. ▪ Launch "Synnex e-City" website and "Dedicated website for Synnex resellers" to develop electronic marketing and electronic services. ▪ Considering Synnex's valuable management experience, Shang-Xun Culture Co., Ltd. decided to publish "The stagecoach that never stops".
2001	▪ The Taichung logistics center with 7,300 pings (equal to 24,131.61 square meters (3.3057*7300)) started operation; its logistics capacity is 1.3 times of the Linkuo logistics center. ▪ The 5,200 ping (17,189.64 square meters) Logistics center in Australia officially started operation. ▪ With "cellular phone rapid maintenance center" upgraded to "Synnex maintenance center," Synnex has expanded its maintenance services to all 3C products sold. ▪ Integrate maintenance center, maintenance and collection center and resellers into "Synnex maintenance network" to become the densest IT and Telecom maintenance network and also provide maintenance services to products not sold by Synnex. ▪ Develop 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 NTD220.7 billion.
2010	▪ Tianjin and Hangzhou logistics centers officially started operation. ▪ India's Redington Group acquired stakes in Turkey's second largest information distributor Arena, opening the door to east Europe.
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 NTD300 billion and reached NTD310.7 billion.
2012	▪ Logistic centers in Suzhou, Guangzhou, and Wuhan are officially in service. ▪ A comprehensive computer system update was completed in Australia to enhance effectiveness of operational management.
2013	▪ The consolidated revenue reached record high at NTD330.3 billion.
2014	▪ Sydney (Australia) logistic center officially started operation. ▪ Hefei (China) logistic center officially started operation. ▪ Xiamen (China) logistic center officially started operation.
2015	▪ Nanchang (China) logistic center officially started operation. ▪ Jinan (China) logistic center officially started operation. ▪ Harbin (China) logistic center officially started operation.
2016	▪ Changsha (China) logistic center officially started operation. ▪ Merge Bestcom Infotech Corporation through tender offer to enhance its revenues growth, technical services, and commercial channel opportunity in the future.

2) Awards

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

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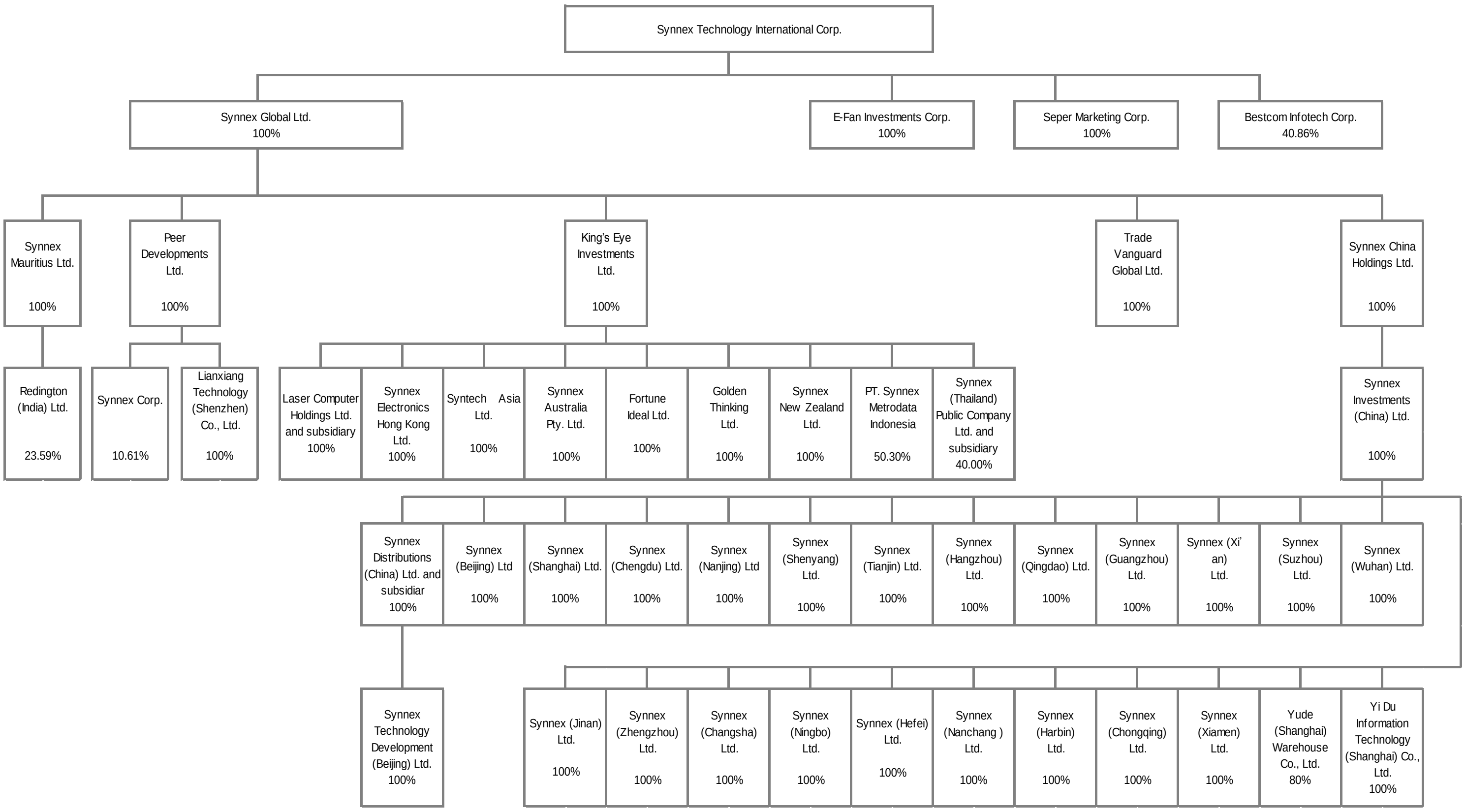
Year	Awards
2010	▪ Ranked #9 in "Taiwan Top Global Brands" by Interbrand. ▪ The eighth consecutive years named by CommonWealth Magazine as "Most Admired Company" in 2010. ▪ Ranked #6 in a 2009 survey of Taiwan's top 500 service companies carried out by Business Weekly; while ranked #1 in IT, Telecom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

II. Corporate Governance Report

1) Organization

- **Group Structure**

2015.12.31

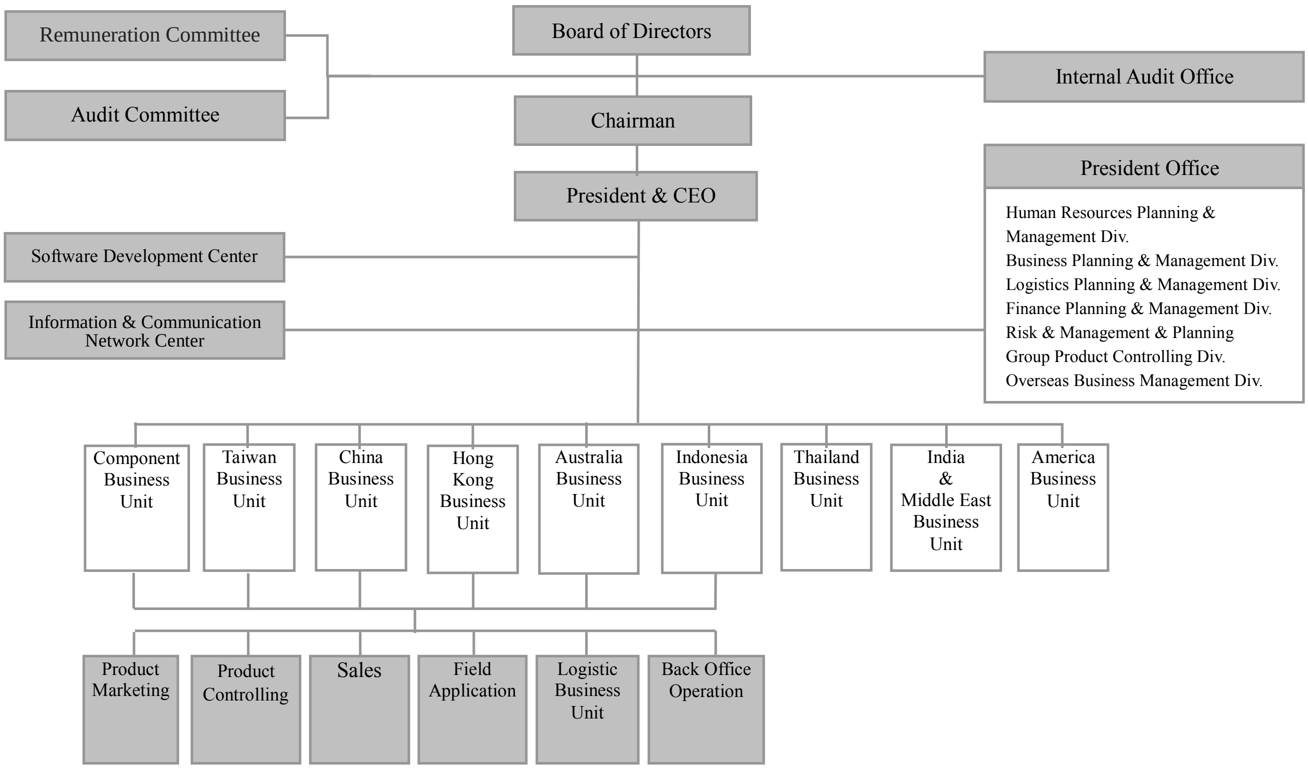


Basic Information of group companies 2015.12.31 Unit: thousand

Company name	Date established	Location	Capital		Main business or production types
Seper Marketing Corp.	1990.02.23	Taipei	NTD	1,000	Sales of IT/Telecom products in Taiwan
E-Fan Investments Corp.	2001.06.28	Taipei	NTD	225,000	Investment holding company
Synnex Global Ltd.	1996.12.27	BVI	US$	548,250	Investment holding company
Synnex Mauritius Ltd.	2004.12.02	Mauritius	US$	24,000	Investment holding company
Peer Development Ltd.	1996.12.27	BVI	US$	30,200	Investment holding company
Synnex China Holdings Ltd.	2002.07.19	BVI	US$	100,200	Investment holding company
King’s Eye Investments Ltd.	1997.01.23	BVI	US$	62,477	Investment holding company
Trade Vanguard Global Ltd.	2014.04.15	BVI	US$	100,000	Investment holding company
LianXiang Technology (Shenzhen) Ltd.	2011.05.26	Shenzhen, China	US$	200	Sales of electronic components in China region.
Synnex Investments (China) Ltd.	2007.11.05	Shanghai, China	US$	200,000	Investment holdings company in China
Synnex (Beijing) Ltd.	2002.10.11	Beijing, China	US$	9,000	Production and sales of IT/Telecom products in China
Synnex (Shanghai) Ltd.	2002.10.15	Shanghai, China	US$	22,000	Production and sales IT/Telecom products in China
Synnex Distributions (China) Ltd.	2005.11.25	Shanghai, China	US$	230,000	Production and sales of IT/Telecom products in China
Synnex (Chengdu) Ltd.	2006.11.06	Chengdu, China	US$	5,000	Production and sales of IT/Telecom products in China
Synnex (Nanjing) Ltd.	2006.12.20	Nanjing, China	US$	5,000	Production and sales of IT/Telecom products in China
Synnex (Shenyang) Ltd.	2008.08.19	Shengyang, China	US$	3,000	Production and sales of IT/Telecom products in China
Synnex (Tianjin) Ltd.	2009.04.21	Tianjin, China	US$	4,500	Production and sales of IT/Telecom products in China
Synnex (Hangzhou) Ltd.	2009.11.25	Hangzhou, China	US$	5,000	Production and sales of IT/Telecom products in China
Synnex (Qingdao) Ltd.	2010.03.04	Qingdao, China	US$	5,000	Production and sales of IT/Telecom products in China
Synnex (Guangzhou) Ltd.	2010.03.18	Guangzhou, China	US$	12,000	Production and sales of IT/Telecom products in China
Synnex (Xi’an) Ltd.	2010.03.24	Xi’an, China	US$	4,000	Production and sales of IT/Telecom products in China
Synnex (Suzhou) Ltd.	2010.06.17	Suzhou, China	US$	6,000	Production and sales of IT/Telecom products in China
Synnex (Wuhan) Ltd.	2010.12.08	Wuhan, China	US$	5,000	Production and sales of IT/Telecom products in China
Synnex (Jinan) Ltd.	2010.12.06	Jinan, China	US$	5,000	Production and sales of IT/Telecom products in China
Synnex (Zhengzhou) Ltd.	2011.01.07	Zhengzhou, China	US$	5,000	Production and sales of IT/Telecom products in China
Synnex (Changsha) Ltd.	2011.03.23	Changsha, China	US$	4,000	Production and sales of IT/Telecom products in China
Synnex (Ningbo) Ltd.	2011.06.15	Ningbo, China	US$	4,000	Production and sales of IT/Telecom products in China
Synnex (Hefei) Ltd.	2011.07.15	Hefei, China	US$	4,000	Production and sales of IT/Telecom products in China
Synnex (Nanchang) Ltd.	2011.08.24	Nanchang China	US$	4,000	Production and sales of IT/Telecom products in China
Synnex (Harbin) Ltd.	2012.03.26	Harbin China	US$	5,000	Production and sales of IT/Telecom products in China
Synnex (Chongqing) Ltd.	2012.05.09	Chongqing China	US$	600	Production and sales of IT/Telecom products in China
Synnex (Xiamen) Ltd.	2012.05.07	Xiamen China	US$	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
Yi Du Information Technology (Shanghai) Co., Ltd.	2015.04.02	Beijing, China	RMB	1,000	Production and sales of IT/Telecom products 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	US$	36,850	Sales of IT products in Hong Kong/China region.
Synnex Electronics Hong Kong Ltd.	1993.09.09	Hong Kong	US$	300	Sales of electronic components in Hong Kong / China region.
Syntech Asia Ltd.	2011.03.11	Hong Kong	US$	300	Sales of electronic components in Hong Kong / China region.
Synnex Australia Pty. Ltd.	1991.06.06	Australia	AUS	33,250	Sales of IT products in Australia.
Fortune Ideal Ltd.	2000.09.04	Hong Kong	HKD	14,500	Operate Australia’s logistics center.
Golden Thinking Ltd.	2010.02.19	Hong Kong	HKD	28,000	Operate Australia’s logistics center.
Synnex New Zealand Ltd.	2005.07.18	New Zealand	NZD	1,500	Sales of IT products in New Zealand.
PT. Synnex Metrodata Indonesia	2000.05.23	Indonesia	IDR	300,000,000	Production and sales of IT/Telecom products in South-East Asia
Synnex (Thailand) Public Company Ltd. and subsidiary *	1988.04.05	Thailand	THB	770,329	Sales of IT products in Thailand.
Redington (India) Ltd.*	1961	India	INR	799,595	Sales of IT/Telecom products in India, Middle East and Africa
Synnex Corporation*	1980	USA	USD	40	Sales of IT products in Europe, US and Japan.
Bestcom Infotech Corp.*	1987	Taipei	NTD	1,032,033	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.

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

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

President office

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

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

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

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

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

Group Product Controlling Div.: Responsible for the overall product purchase, sales, and inventory operating procedure planning and strategy formulation.

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

Software Development Center

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

Information & Communication Network Center

Responsible for the procurement, management, and maintenance of computers and 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

2016.4.10

Title Name	Nationality or registration site	Elected date	Tenure (Year)	Date first elected	Shareholding when elected		Current shareholding		Spouse/Minor children Current shareholding		Shareholding under the names of other parties		Note
					Shares	%	Shares	%	Shares	%	Shares	%	
Chairman/ Matthew Feng-Chiang Miau	USA	2015.6.12	3	1988.9.1	30,417,147	1.91	30,417,147	1.91	-	-	-	-	
Director/ Evans S.W. Tu	ROC	2015.6.12	3	1988.9.1	34,434,649	2.17	34,434,649	2.17	1,511,662	0.10	-	-	
Director/ Yang, Hsiang-Yun	ROC	2015.6.12	3	2015.6.12	216,381,957*	13.62	216,381,957*	13.62	*	-	*	-	Representative of MiTAC Inc.
Director/ Chou, T.C.	ROC	2015.6.12	3	2015.6.12	216,381,957*	13.62	216,381,957*	13.62	*	-	*	-	Representative of MiTAC Inc.
Independent Director / Yungdu Wei	ROC	2015.6.12	3	2012.6.13	-	-	-	-	-	-	-	-	
Independent Director / Yojun Jiao	ROC	2015.6.12	3	2012.6.13	-	-	-	-	-	-	-	-	
Independent Director / Anping Chang	ROC	2015.6.12	3	2012.6.13	-	-	-	-	-	-	-	-	

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

Title/Name	Major experience and education		Services concurrently with the Company and other company		Other officers, directors, or supervisors who are the spouse or 2nd degree relatives		
					Title	Name	Relation
Chairman Matthew Feng-Chiang Miau	Chairman of MiTAC Inc. Chairman of MiTAC International Corp. Chairman of Lien Hwa Industrial Corp. President of the UPC	MBA of Santa Clara University (USA) Electrical Engineering BA of the University of California at Berkeley	Chairman of MiTAC Inc. Chairman and CEO of MiTAC International Corp. Chairman of Lien Hwa Industrial Corp. Chairman of Union Petrochemical Corp.	Chairman of Mitac Holdings Corp. Director of MiTAC Information Technology Corp. Director of Getac Technology Corporation Director of Lien-Hwa Industrial Gases Co., Ltd.	None	None	None
Director Evans S.W. Tu	President of Micro Electronics Corp. Vice-president of MiTAC Inc.	Electrical and Control Engineering Degree in National Chiao Tung University	President of Synnex Technology International Co., Ltd. Chairman of Seper Marketing Corp. Director of Bestcom Infotech Corp. Director of Harbinger Venture Capital Corp.	Director of Harbinger Venture Capital Corp. Supervisor of MiTAC Inc. Supervisor of MiTAC Information Technology Corp.	None	None	None
Director Yang, Hsiang-Yun	Special assistant in MiTAC International Corp. CFO of MiTAC International Corp.	National Taiwan University MBA	Chairman of Lian-Yuan Investment Co., Ltd. Director of Tongda Investment Co., Ltd. Director of Health Food Co., Ltd. Director of Claridy Solutions, Inc.	Director of Tailian International Investment Co., Ltd. Supervisor of MiTAC Information Technology Corp Supervisor of MiTAC Inc. Supervisor of Loyalty Founder Enterprise Co., Ltd.	None	None	None
Director Chou, T.C.	Investment special assistant to chairman, MiTAC International Corp.	Ph. D. of engineering, Rutgers, The State University of New Jersey	Chairman of Tongda Investment Co., Ltd. Director of MiTAC Inc.	Director of National Aerospace Fasteners Corporation Supervisor of Waffer Technology Corp.	None	None	None
Independent Director / Yungdu Wei	Acting Director of the System Board Internal Audit of Georgia University Dean of Finance & Accounting School of Armstrong College of Georgia Senior auditor of Deloitte Haskins & Sells Director of Auditing Department, Deloitte and Controller Director of Audit Service for Greater China area of Arthur Anderson	President and Honorary President of Deloitte Director of Deloitte International Organization Director of Deloitte China Chairman of United Way of Taiwan Director of Child Welfare League Foundation U.S. Internal Auditor CPA, Georgia, USA CPA, R.O.C. Georgia University MBA	Chairman of Yongqin Industrial Company Director of VIS Director of Wangsteak Director of MiTAC Holdings Corp.	Independent Director of Far Eastern Department Stores Corp Independent Director of Taiwan Cement Co., Ltd. Independent Director of Primax Electronics Ltd.	None	None	None
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. Chairman of NUVOTON Co., Ltd. Supervisor of MiTAC Holdings Corp. Independent Director of Taiwan Cement Co., Ltd.	Director of WALSIN TECHNOLOGY CORPORATION Director of Song Yong Investment Co., Ltd. Director of Network Link Co., Ltd.	None	None	None

(Continued on next page)

(Continue last page)

Title/Name	Major experience and education		Services concurrently with the Company and other company	Other officers, directors, or supervisors who are the spouse or 2nd degree relatives		
				Title	Name	Relation
Independent Director Anping Chang	President of Chia Hsin Cement Corporation Chairman of WYSE Chairman of GIGAMEDIA LIMITED Chairman of China Network Systems Chairman of L'Hotel de Chine Group Vice Chairman of Taiwan Cement Co., Ltd. Executive Consultant of CITIC	President of KGI Securities Director of FETNet Advanced Professional Certificate in Institute of Business Administration of New York University	Chairman of Chia Hsin Cement Corporation Director of Taiwan Cement Co., Ltd. Director of China Synthetic Rubber Co., Ltd.	None	None	None

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

● Major shareholders of the corporate directors or supervisors

2016.4.10

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. 4.40% 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. 9.14% Yih Fong Investment Corp. 4.86% Nan Shan Life Insurance Co. Ltd. 3.74% Cathay Life Insurance Co., Ltd. 3.30% Matthew Feng-Chiang Miau 3.28% Feng-Shen Miau 3.19% 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, Hsiang-Yun			V	V	V	V	V	V	V	V	V	V		-
Director Chou, T.C.			V	V	V	V	V	V		V	V	V		-
Independent Director / Yungdu Wei		V	V	V	V	V	V	V	V	V	V	V	V	3
Independent Director Yojun Jiao			V	V	V	V	V	V	V	V	V	V	V	1
Independent Director Anping Chang			V	V	V	V	V	V	V	V	V	V	V	-

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

(1) Neither employees of company nor its affiliates.

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

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

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

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

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

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

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

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

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

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

2016.4.10
Unit: Share/%

Title Name	Nationality	Date starts*	Shareholding		Shareholding by Spouse/Minor children**		Major experience and education	Services concurrently with the other company	Managers who are spouse or consanguineous to 2nd degree		
			Shares	%	Shares	%			Title	Name	Relationship
President Evans S.W. Tu	ROC	1988.9.12	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	Chairman of Seper Marketing Corp. Director of Bestcom Infotech Corp. Director of Harbinger Venture Capital Corp. Director of Digitimes Inc. Supervisor of MiTAC Inc. Supervisor of MiTAC Information Technology Corp.	None	None	None
Vice-President Beny Weii	ROC	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	Chairman of E-Fan Investments Corp.	None	None	None
Vice-President James Lee	ROC	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	ROC	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	ROC	2011.12.26	1,162,388	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	USA	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 Director of Getac Technology Corporation MBA of Santa Clara University (USA) Electrical Engineering BSc from the University of California at Berkeley	Chairman of MiTAC Inc. Chairman and CEO of MiTAC International Corp. Chairman of Lien Hwa Industrial Corp. Chairman of Union Petrochemical Corp. Director of Mitac Investment (Holdings) Co., Ltd. Chairman of MiTAC Information Technology Corp. Director of Getac Technology Corporation Director of BOC Lienhwa Industrial Gases Co., Ltd.	None	None	None
AVP Oliver Chang	ROC	1988.11.1	427,776	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

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

Director's remuneration

2015
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	-	-	5,600	694	0.20	36,480	1,915	-	-	-	-	1.40	-
Director	Evans S.W. Tu													
Director	Yang, Shih-Chien**													
Director	Charles H.S. Ching**													
Director	Chou, T.C.***													
Director	Yang, Hsiang-Yun***													
Independent Director	Yungdu Wei													
Independent Director	Yojun Jiao													
Independent Director	Anping Chang													

* The Company's remuneration paid to directors and relevant remuneration received by directors who are also employees is consistent with the subsidiaries in the financial report.
** It is the representative of Mitac Computer Co., Ltd. and the term was expired on June 11, 2015.
*** Representative of MiTAC Inc.
*** This amount is estimated as the remuneration to directors for 2015 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

2015

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**	-	400	35	435	0.01	-
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 expired the term at June 11, 2015.

*** This amount is estimated as the remuneration to supervisors for 2015 has not yet been approved by shareholders' meeting.

Remuneration to the president and vice-president

2015

Unit: %/in NTD thousand

Title	Name	Salary(A) **	Pension and Superannuation (B)** and ****	Bonus and special disbursement (C)**	Employee bonus distribution(D)**		Ratio of total remuneration (A+B+C+D) to net income (%)	Employee share subscription warrants**	Compensation from an invested company other than the Company's subsidiary**
					Cash dividends***	Stock dividends***			
President	Evans S.W. Tu*	65,540	3,440	-	-	-	2.17	-	-
Overseas Operation CEO	Matthew Feng-Chiang Miau*								
Vice-President	Beny Weii								
Vice-President	James Lee								
Vice-President	Dicky Chang								
Vice-President	Rex Shiue								

* The cost of transportation vehicles is NTD 9,160 thousand with a book value of NTD 6,891 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 2015 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

2015

Unit: %/in NTD thousand

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

* Relevant remuneration received by managers for 2015 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, 2016, the Board of Directors (A) has convened 6 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	6	0	100.00%	
Director	Representative of MiTAC Inc.: Yang, Hsiang-Yun	6	0	100.00%	
Director	Representative of MiTAC Inc.: Chou, T.C	6	0	100.00%	
Director	Evans S.W. Tu	6	0	100.00%	
Independent Director	Yungdu Wei	6	0	100.00%	
Independent Director	Yojun Jiao	6	0	100.00%	
Independent Director	Anping Chang	3	2	50.00%	

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

Operations of Remuneration committee

1. There are 3 members of the Remuneration committee.
2. Current term of the Remuneration committee: 2015.6.12 ~ 2018.6.11; as of April 30, 2016, the Remuneration committee (A) has convened 2 meetings. The qualifications and the records of attendance of committee members are shown below:

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

Other noteworthy matters:

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

Information on Remuneration committee members

Identity	Qualifications / Name	5 years of experience in the following professions			Independence status*								Act as Remuneration committee Member of other public companies	Note**
		An instructor or higher up in a department of commerce, law, finance, accounting, or other academic department related to company business in a public or private junior college, college or university.	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and has been awarded a certificate in a professional capacity that is necessary for company business.	Having work experience in the area of commerce, law, finance or accounting, or otherwise necessary for company business.	1	2	3	4	5	6	7	8		
Independent Director	Yojun Jiao			V	V	V	V	V	V	V	V	V	1	-
Independent Director	Yungdu Wei		V	V	V	V	V	V	V	V	V	V	10	-
Independent Director	Anping Chang			V	V	V	V	V	V	V	V	V	-	-

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

(1) Neither employees of company nor its affiliates.

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

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

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

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

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

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

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

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

Assessment Items	Execution			Comparison against the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and its reasons
	Yes	No	Summary	
I. Does the Company base on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" to set up and disclose the Company's corporate governance best-practice principles?	V		The Company intends to setup and disclose the "Corporate Governance Best-Practice Principles" in 2016.	In compliance with the concept and implementation of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"
II. Structure of the Company's shareholders and equities				
(I) Does the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?	V		(I) The Company intends to setup the "Procedures for Handling Material Inside Information" in 2015 for compliance. In addition, the company has a spokesperson system established to properly handle the shareholders' proposals, doubts, disputes, and litigation matters.	In compliance with the concept and implementation of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"
(II) Does the Company keep track of the major controlling shareholders as well as their ownership structure?	V		(II) Our company is able to keep track of the major controlling shareholders as well as their ownership structure; shareholding of the directors, supervisors and major shareholders are filed on the monthly basis in accordance with Securities and Exchange Act.	
(III) Are the firewall and risk control mechanism to reduce the risks involved with the Company's related companies?	V		(III) The company has established and implemented the related system in accordance with the governing law and regulations and the internal control system. In addition to actually handling the self-inspection process, the Board of Directors and management also regularly and occasionally review the self-inspection results of each department and the audit reports of the audit unit, substantiate the company's internal control system, establish profound financial, operational, and accounting management system and strengthen the management of the affiliated companies in accordance with the relevant provisions for the public companies, and implement the necessary control mechanism in order to reduce operational risk. Rules of financial and business operation with the related companies are based on fair and reasonable principle.	
(IV) Does the Company set up internal norms to prohibit the insiders from utilizing the undisclosed information to trade securities?	V		(IV) The company has the code of conduct setup to prohibit the insiders of the company from utilizing the undisclosed information to trade securities.	
III. Board composition and responsibilities				
(I) Does the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members?	V		(I) The Company has stipulated in the Articles of Association to have 2-3 independent directors appointed in accordance with Article 14.2 of the Securities Exchange Act. In addition, it is stated in the Articles of Association to have the independent directors elected by nomination in accordance with Article 192.1 of the Company Law. The aforementioned amendment to the Articles of Association was resolved in the Company's 2011 General Shareholders' Meeting. The Company's independent directors were elected in 2012. The education and experience, professionalism, and independence of the three independent directors are in conformity with Article 2, 3, and 4 of the Rules Governing the Appointment of Independent Directors by Public Companies and Compliances; also, Article 192.1 Paragraph 4 of the Company Law.	(I) In compliance with the concept and implementation of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies".
(II) Does the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?	V		(II) The company is committed to pursue corporate governance and to strengthen the mechanism of organization and operation continuously. The Remuneration Committee was formed in 2012 The Audit Committee will be established in 2015; also, more functional committees will be planned continuously in the future.	(II) For the consideration of the law and regulations or the actual operations, if any, it is to be handled in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the related law and regulations.
(III) Does the Company have the performance evaluation rules and methods for the Board of Directors regulated and have the performance evaluation performed regularly every year?	V		(III) The Board Chairman is the Chairman of the Company. The promotion of the business strategy is executed by the professional management. The responsibilities of the Board of Directors include supervision, appointment, and guide the company's management; also, responsible for the company's overall operations, improving the supervision mechanism and strengthening the management capabilities. However, a formal board performance evaluation method and assessment method is not yet established, which will be established in the future according to the actual practice in order to protect shareholders' interests.	
(IV) Is the independence of auditors regularly assessed?	V		(IV) The company has assessed the independence of the CPA annually; also, considered whether it is necessary to have the CPA replaced. The independence assessment and the appointment of the CPA is resolved by the Company's Audit Committee and Board of Directors; also, there is not a conflict of interest and it is a reputable accounting firm in Taiwan; therefore, the independence and professionalism of the CPA is not in doubt.	
IV. Does the Company have established a communication channel for the stakeholders, set the stakeholder column on the Company's website, and responded to the stakeholders regarding their concerns over corporate social responsibilities?	V		The company is currently planning to have the company's Website updated. The information regarding the corporate governance will be disclosed in English and Chinese language upon the completion of the website update; also, the stakeholders' page will be planned. Currently stakeholders may communicate officially to the company through the company's spokesman and deputy spokesman channel. Phone: (02) 2506-3320.	In compliance with the concept and implementation of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"
V. Does the Company have commissioned a professional stock affairs service agent to handle shareholders affairs?	V		The company commissions China Trust Commercial Bank to handle the shareholders' meeting related matters.	In compliance with the concept and implementation of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"
VI. Information disclosure (I) Does the company have a website setup for the disclosure of relevant information on financial status and corporate governance?	V		(I) The Company has set up a website (http://www.synnex-grp.com) to disclose relevant information on financial status and business. (II) As required, relevant information of the Company has been disclosed in "Market Observation Post System" for the understanding and inquiry of the investors.	(I) In compliance with the concept and implementation of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies".
(II) Are there other methods adopted to disclose information (i.e., Set up English website, designate a person engage in gathering and compiling the Company's information, implement spokesperson system, display company website during meeting with institutional investors.)?	V		(III) The company has a spokesman and a deputy spokesman appointed. (IV) The Company has the corporate governance information disclosed in the "Investor Relations" section on the Company's website with the information updated in a timely manner.	(II) For the consideration of the law and regulations or the actual operations, if any, it is to be handled in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the related law and regulations.

<table>
<tr>
<td>VII. Are there other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the continuing education of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?</td>
<td>V</td>
<td></td>
<td>(I) Employee benefits:
We firmly believe that staff is the driving force of business growth; therefore, the company appreciates the importance of employee benefits; also, is committed to fulfill all the legal rights and interests of employees.
1. System: (1) Labor and health insurance, pension appropriation, employee education and training, employee health seminars from time to time; (2) Continuing to provide employees with a variety of benefits, such as: a life insurance with a coverage of at least NTD3 million (far better than the general business), free health checkup, weddings, funeral, and maternity benefits, interest-free loans, external training subsidies, etc.
2. Implementation: (1) Statutory rights and interests of employees are handled according to law; (2) Various employee benefits are handled by the designated personnel; (3) The group insurance has provided sufficient coverage to the employees who had suffered severe injuries or sickness in the recent years with 3-5 years of economic security provided. Considering the needs of the employee's families for insurance coverage, the company provides the employees and their families with preferential "Vanity" life insurance and accident insurance policy.
(II) Investor Relations: The company insists on the principle of integrity and information disclosure fairness; also, exercises corporate governance transparency, regularly publishes company operational and financial information to the shareholders, and sets the spokesman and deputy spokesman system to fulfill the company's information disclosure responsibility and obligations.
(III) Supplier relationships and the rights of interested parties: The company and its suppliers have maintained a long-term close relation of cooperation.
(IV) Advanced study of the directors: The Directors of the Company have a background in industry and have the advanced studies disclosed in the "MOPS" for the reference of the shareholders and investors. The 2015 advanced studies are disclosed in the attachment.
(V) Implementation of risk management policies and risk measurement: Internal regulations are stipulated accordingly for risk management and assessment.
(VI) The recusal of the interested directors: The Directors of the Company must be recused from voting on any motions in conflict with.
(VII) Implementation of the customers' policies: The company and its customers remained a stable and good relationship to create profits for the company.
(VIII) The purchase of liability insurance for the directors and supervisors: The Company has acquired liability insurance for our directors and supervisors in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and it has been disclosed in the "MOPS."
<table>
<tr><th>Insured subject</th><th>Insurance company</th><th>Insured amount (NTD: Thousand)</th><th>Insurance period</th></tr>
<tr><td>All directors and supervisors</td><td>Fubon Insurance Co., Ltd.</td><td>627,230</td><td>09.01.2014 ~ 09.01.2015</td></tr>
<tr><td>All directors</td><td>Fubon Insurance Co., Ltd.</td><td>608,272</td><td>09.01.2015 ~ 09.01.2016</td></tr>
</table>
(IX) All directors of the Company have fulfilled responsibilities truthfully and exercised power in good faith.
(X) The Company has the "Rules of Procedure for Board of Directors Meeting" stipulated and implemented.
(XI) The Company's board meeting has been convened quarterly at least to strengthen corporate governance.</td>
<td>In compliance with the concept and implementation of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"</td>
</tr>
<tr>
<td>VIII. Does the Company have a corporate governance self-assessment report prepared or a corporate governance assessment report issued by the commissioned professional institutions (If yes, please state the opinion of the board of directors, the self-assessment or outsourcing evaluation results, the main nonconformity or suggestion, and implementation of improvement)?</td>
<td></td>
<td>V</td>
<td>The company has not yet had a corporate governance self-assessment report issued or commissioned other specialized institutions to have a corporate governance report issued.</td>
<td>For the consideration of the law and regulations or the actual operations, if any, it is to be handled in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the related law and regulations</td>
</tr>
</table>

Director and Supervisor		Educational institutions	Course Title	Training period	Credit hours
Director	Evans S.W. Tu	Taiwan Corporate Governance Association	Audit Committee related specifications and implementation practice	2015.07.28	3
Independent Director	Yungdu Wei	Securities and Futures Institute	Listed Companies Corporate Ethics Leadership Forum	2015.05.27	3
Independent Director	Yungdu Wei	ROC Securities and Futures Institute	Long-term incentive remuneration application trend and design considerations	2015.06.17	3
Independent Director	Yungdu Wei	ROC Securities and Futures Institute	Risk management, internal control, and information management practice	2015.09.11	3
Independent Director	Yungdu Wei	Taiwan Academy of Banking and Finance	The operation of the Board of Directors and Supervisors and corporate governance workshop	2015.09.22	3
Independent Director	Yungdu Wei	ROC Securities and Futures Institute	Group Management	2015.09.22	3
Independent Director	Yungdu Wei	ROC Securities and Futures Institute	How do we apply business judgment rules in order to minimize the litigation risk in business operation for directors and supervisors?	2015.10.28	1
Independent Director	Yungdu Wei	ROC Securities and Futures Institute	The operation of the Board of Directors and supervisors of the companies listed in Taiwan, and the assessment and investigation results sharing	2015.10.28	1
Independent Director	Yojun Jiao	ROC Securities and Futures Institute	Challenges in the cross-strait capital market and the 2016 Economic prospects	2015.12.14	3
Director	Matthew Feng-Chiang Miau	The Institute of Internal Auditors-Chinese Taiwan	Operations Audit Practice	2015.07.03	3
Director	Matthew Feng-Chiang Miau	ROC Securities and Futures Institute	Audit Committee related specifications and implementation practice	2015.07.28	3
Representative of corporate director	Chou, T.C.	ROC Securities and Futures Institute	Corporate governance and securities regulations; the practice of external audits and internal control from the viewpoint of the directors and supervisors	2015.06.15	3
Representative of corporate director	Yang, Hsiang-Yun	ROC Securities and Futures Institute	Audit Committee-related specifications and implementation practice	2015.07.28	3

Performing social responsibilities

Assessment Items	Execution			Comparison against the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and its reasons
	Yes	No	Summary	
I. Exercising corporate governance (I) Has the company declared its corporate social responsibility policy and examined the results of the implantation?	V		(I) The company's corporate social responsibility policy is promulgated in accordance with "Synnex values" and has formed part of corporate culture. The complete "Synnex's values" (enacted in 1988) is as follows: 1. Maintaining the interests of employees and shareholders is our responsibility. We will handle each other's interests based on honest and fair principles. 2. We concentrate on establishing a good corporate culture so as to allow employees opportunities to realize their full potential within the company's business philosophy and organizational strategies. 3. We are dedicated to the principles of integrity and highest business ethics, we do not provide incentive to others to violate the employer or the company's interests while do not allow our employees to receive the incentive. 4. To us, contribute to the society or the industry is our obligation and mission. 5. Our belief: win trust is an honor and responsibility; accept criticism with grace is seen as wisdom and courage.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(II) Does the Company have the CSR education and training arranged on a regular basis?	V		(II) The company has education and training courses arranged for the new recruits on the day they report to work with the company's business operation and philosophy advocated, including the concept of corporate social responsibility. Advocate positive viewpoint with a subtle effect through long-term internal education and training of Synnex EMBA articles and Synnex conceptual phrases.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(III) Does the Company have a specific (or part-time) unit set up to promote corporate social responsibility, have the management authorized by the Board of Directors to handle matters and report the processing results to the Board of Directors?	V		(III) The Company established the CSR Work Team in 2015 with the President designated as the convener. The promotion of corporate social responsibility is to be coordinated by the Human Resources Quality Management Department of the President's Office. Four work teams were formed on the subject with a competent director and employees of each department elected to fulfill the responsibilities. The CSR Work Team is responsible for coordinating, managing, and implementing the CSR policies and activities of Synnex; also, it is responsible for preparing and publishing the annual CSR report.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(IV) Does the Company have a reasonable salary and remuneration policy setup, have the employee performance evaluation system combined with corporate social responsibility policies, and have a clear and effective reward and punishment system established?	V		(IV) The company sets a reasonable remuneration policy with the considerations of external market, internal fairness, and reasonableness; also, based on the operational goals and individual performance. The annual gross income reflects individual contribution fairly and truthfully. The company had integrity and fairness disclosed in the company's sense of value when the company was founded, protecting the interests of staff and shareholders, upholding the highest business ethics, and not infringing the company's interests for any personal gains. Each employee commits to comply with the integrity rules with a contract and integrity commitment letter signed; also, the rewards and penalties system is set to clearly regulate the code of conduct.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
II. Fostering a sustainable environment (I) Does the company endeavor to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment?	V		(I) The company endeavors to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment. 1. Reuse of recycled packaging materials. 2. Promote paperless operations, such as use electronic signature system to reduce paper consumption and reach the goal of energy conservation and carbon and greenhouse gas reduction.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(II) Does the Company establish proper environment management systems based on the characteristics of their industries?	V		(II) Though Synnex is a distributor of 3C products instead of highly polluted industry, but we devote to fulfill environmental responsibility based on the faith that earth is part of our life.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(III) Does the Company monitor the impact of climate change on its operations and should establish company strategies for energy conservation and carbon and greenhouse gas reduction?	V		(III) The Company engages in consumer electronics products channel sale that is not a high-polluting industry. The carbon dioxide emissions are mainly generated by the vehicles used by the operations center. The carbon dioxide emissions are calculated according to the vehicle mileage. A total of 1,317 metric tons of carbon dioxide emission was generated by vehicles in 2015. For the replacement of old vehicles, the vehicles that meet the fifth emission standard are used to reduce the impact of vehicles on environmental protection. The strategies that the Company established for energy conservation and carbon and greenhouse gas reduction are as follows: 1. Main engine of air conditioner cannot be started when office temperature below 26°C. 2. Air conditioner switched off at 7:30PM. 3. All lamps used in the manufacturing plant are T5 energy saving fluorescent lamp and single fluorescent lamp. 4. All distribution vehicles must turn off engine when parked in the plant site, and air conditioner is disallowed at low speed. 5. Promote use of the stairs and skip the use of elevators.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
III. Preserve public welfare (I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	V		(I) The Company treats employees with good faith, and protects employees legitimate rights based on Labor Standard Law, International Human Right Pact, and the management policies stipulated in accordance with the governing law and regulations; in addition, labor meetings are held regularly to open door for communication between employers and employees so as to establish understanding and promote harmony. Gender equality is respected in the Company, sexual harassment prevention rule has been scheduled, and provide job opportunities for disabilities to allow same career development as if they are normal people.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(II) Does the Company have the complaint mechanism and channel established for employees and have it handled properly?	V		(II) The company has a staff suggestion box setup to collect opinions from the employees that will be handled and replied by the designed personnel.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".

(III) Does the Company provide safe and healthy work environments for its employees, and organize training on safety and health for its employees on a regular basis?	V		(III) The company values employee's safety and mental and physical health, is dedicated to improving the working environment, enhancing employee's safety and health awareness, and stipulating the relevant management mechanisms with the mode of operation illustrated as follows: 1. Work environment and employee safety protection (1) The company constructs a safe and healthy workplace, regularly maintains and improves equipment; office computer with low blue screen is selected to provide employees with comfortable, healthy, and friendly office equipment. (2) The company's workplaces are covered with the public liability insurance and the public safety equipment inspection of the building and firefighting plan is reported to the competent authorities lawfully. Moreover, the fire management personnel qualification license and certificate is acquired; the workplace firefighting plan is stipulated, and the workplaces firefighting equipment safety is maintained. (3) Appoint safety and health personnel; also, arrange safety and health education and training. 2. Employee health enhancement (1) The company has full-time nurses appointed to provide employee with health counseling; also, to arrange health seminars with physicians invited to share health information with the employees, to provide proper health management knowledge, and to reinforce employee's awareness of health. (2) Arrange regular free health checkup and the nurses are to provide necessary assistance in tracking any abnormality, provide excellent healthcare, and to safeguard employee's health. (3) Arrange sports events and health promotion competition; also, encourage employees to pay attention to their own health. (4) Provide shoulders and necks pressure relief massage service from time to time in order to improve the stiffness after a long hour of sitting in office and to improve blood circulation.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(IV) Does the Company establish regular communication mechanisms for employees, and have employees notified in a reasonable manner of any changes that may have a significant impact on them?	V		(IV) The Company holds regular labor meetings to provide channels of communication between employers and employees, build consensus, and promote harmonious labor relations; it also, communicates messages by e-mail occasionally.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(V) Does the Company develop an effective career capacity training program for the employees?	V		(V) The company firmly believes that: "Good employees make a good department; a good department makes a good company." Plan professional job training and construct a knowledge management system for autodidacts since the new recruits reporting to work so the employees can continue to grow with their professional skills enhanced. In addition, schedule reports and integrate reading in each stage of the career development in order to help employees enhance career skills through the systematic practice.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(VI) Does the Company establish the relevant consumer protection policies and complaint procedures in the sense of R&D, procurement, production, operations, and service processes?	V		(VI) The Company is an agent and is mainly to serve consumers in accordance with the service specifications of the manufacturers and government laws and regulations. Synnex e-city website Customer Service Box and Service Hotline are provided to control, care for, and handle the interests of consumers and the satisfaction of post-sale service.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(VII) Does the Company market and label the products and services in accordance with the relevant regulations and international norms?	V		(VII) The company has the marketing and labeling of products and services handled in accordance with the commodity labeling law and the information, communications (3C) label standard and other requirements published by the Department of Commerce MOEA so that consumers can understand the products fully.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(VIII) Does the Company check the suppliers in advance for any records of impacting the environment and society?	V		(VIII) Regarding the implementation of environmental and corporate social responsibility, in addition to strengthening corporate self-management, in terms of selecting partners, the company's focus is not on profits but in fulfilling corporate social responsibility as an important indicator for long-term cooperation. In evaluating vendors' fulfilling their social responsibility, the company mainly evaluate the following items: 1. "Integrity management, clean transaction" Link with the vendors and customers through our role as an agent to jointly create a harmonious and pure trading environment. In addition to honor the commitment to integrity, the company shall also comply with the Electronic Industry Code of Conduct and related laws and regulations as a law-biding and practical enterprise. 2. "Green environment, energy recycle" Request the manufacturers and suppliers to comply with the requirements of EU environmental norms and national environmental laws and regulations; also, aim for a sustainable development and expand the overall green supply chain performance.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
(IX) Does the contract signed by the Company with the major suppliers entitle the Company to have the contract cancelled or terminated at any time when the suppliers violate the CSR policies that have a significant impact on the environment and society?		V	(IX) Currently the agreement of having a contract terminated or cancelled while violating the "Corporate Social Responsibility Policy" is not signed by all the trade partners of the company; however, the company is now actively promoting it in order to achieve the goal of having the company and suppliers worked together to enhance corporate social responsibility.	Disclose when there is regulatory or actual requirement.
IV. Enhancing information disclosure (I) Does the Company have the relevant and reliable CSR information disclosed on the Company's website and MOPS?	V		The Company had the CSR section setup on the website with the first 2014 CSR report published at the end of 2015 and uploaded on the Company's website and MOPS. The annual CSR report will be published in the following year for the reference of the stakeholders with the contact information provided as a communication channel with the stakeholders.	In compliance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies".
V. If the Company has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies", please describe any discrepancy between the principles and their implementation: The implementation of the Company's CSR is described below. In addition, please refer to the CSR report published in the CSR section on Synnex's website.				
VI. Other important information to facilitate better understanding of the Company's corporate social responsibility: It is described below. In addition, please refer to the CSR report published in the CSR section on Synnex's website.				
VII. If the products or corporate social responsibility report have received assurance from external institutions, they should state so below: None.				

The implementation of other corporate social responsibilities.

Environmental management

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

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

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

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

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

Employee Care

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

(I) Employee diversification and equality

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

(II) Workplace Safety and Health

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

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

(III) Peace of mind and Security

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

(IV) Women Friendly Workplace Environment

1. The Company’s selection and promotion of personnel is not affected by the factor of gender. More than 40% of the managers are women.
2. A comfortable and private nursery is offered for stress-free breast feeding.
3. We provide the employees with a friendly flexible parental leave environment. According to the statistics, 50% of the female colleagues (also a number of male colleagues had applied for parental leave) had applied for parental leave right after maternity leave in the last three years; also, up to 72% of the colleagues on a parental leave had applied for reinstatement that has helped reduce female colleagues torn between work and family care, so that female colleagues do not have to cut their career short due to the need for short-term family care.

Social Care

Synnex has upheld the belief of “knowledge and experience sharing is our way of community feedback” for years. Therefore, Synnex’s years of experience and knowledge in internal management is composed as internal education and training materials of “Synnex EMBA” and “Synnex Concepts” and shared with the world free of charge; moreover, the royalty income of the articles published is donated entirely for promoting education, culture, and arts. Synnex’s management experience is also provided to the academic community for study. The Business School of National Chengchi University has chosen Synnex as a case study of Taiwan business management and the case study is issued to business schools worldwide. In addition, the Synnex Operations Center accepts visitation applications filed by academic institutions for teaching and research purposes in order to promote academic exchanges and to provide students with internship opportunities for talent cultivation.

Synnex held a blood donation activity in 2015 and bought a charity moon cake to share with the colleagues in the Mid-Autumn Festival. In addition to supporting public welfare, Synnex has adopted street trees, continued to feedback to society, and fulfill corporate social responsibility.

- **Implementation of integrity management**

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

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

Important resolutions of Shareholders' Meeting and Board of Directors

Shareholders' Meeting

Date of meeting	Summary of important resolutions	Result of resolution
2015.06.12	1. Approved 2014 financial statements.	Adopted
	2. Approved 2014 earnings distribution. Shareholder's dividend: Cash dividend per share amounted to NTD3.3. Employee bonus: NTD 0.6 million. Remuneration of the directors and supervisors: NTD 7.6 million.	Resolved in the meeting and implemented in accordance with the resolutions reached in the shareholder's meeting.
	3. Discussion of revision of the Company's "Articles of Association."	Resolved in the meeting and implemented in accordance with the resolutions reached in the shareholder's meeting.
	4. Discussion of revision of the Company's "Procedures for handling acquisition and disposal of assets."	Resolved in the meeting and implemented in accordance with the resolutions reached in the shareholder's meeting.
	5. Discussion of revision of the Company's "Procedures for fund lending."	Resolved in the meeting and implemented in accordance with the resolutions reached in the shareholder's meeting.
	6. Discussion of revision of the Company's "Procedures for endorsements and guarantees."	Resolved in the meeting and implemented in accordance with the resolutions reached in the shareholder's meeting.
	7. Discussion of revision of the Company's "Procedures for financial derivatives transactions."	Resolved in the meeting and implemented in accordance with the resolutions reached in the shareholder's meeting.
	8. Discussion of revision of the Company's "Rules of Procedures for Shareholders' Meeting."	Resolved in the meeting and implemented in accordance with the resolutions reached in the shareholder's meeting.
	9. Discussion of revision of the Company's "Procedures for Election of Directors and Supervisors."	Resolved in the meeting and implemented in accordance with the resolutions reached in the shareholder's meeting.

Board of directors

Date of meeting	Summary of important resolutions	Result of resolution
2015.03.16	1. Approved 2015 operation plan.	Adopted by all present directors
	2. Discussion of revision of the Company's "Articles of Association".	Adopted by all present directors
	3. Discussion regarding the approval of the internal control statement.	Adopted by all present directors
	4. Discussion of revision of "Procedures for endorsements and guarantees" and "Procedures for fund lending".	Adopted by all present directors
	5. Discussion of revision of the Company's "Procedures for handling acquisition and disposal of assets" and "Procedures for financial derivatives transactions".	Adopted by all present directors
	6. Discussion regarding the convening of the 2015 general shareholders' meeting.	Adopted by all present directors
2015.04.28	1. Planning of 2014 earnings distribution. Shareholder's dividend: Cash dividend per share amounted to NTD3.3. Employee bonus: NTD 0.6 million. Remuneration of the directors and supervisors: NTD7.6 million.	Adopted by all present directors
	2. Discussion of convening 2015 general shareholders' meeting.	Adopted by all present directors
	3. Discussion of the independence of the CPA.	Adopted by all present directors
2015.05.11	1. Discussion of revision of the Company's "Remuneration Committee Charter."	Adopted by all present directors
	2. Discussion of enactment of the "Audit Committee Charter."	Adopted by all present directors
	3. Discussion of enactment of the "Procedures for Handling Material Inside Information."	Adopted by all present directors
2015.06.24	1. Discussion of ex-dividend day: Ex-dividend date for distribution of cash dividends: August 05, 2015.	Adopted by all present directors
	2. Discussion of appointment of the Remuneration Committee members.	Adopted by all present directors
2015.08.05	1. Discussion of revision of "Rules of Procedure for Board of Directors Meeting".	Adopted by all present directors
	2. Discussion of revision of the Company's "Procedures for the disposal of assets" and "Procedures for the trade of derivative instruments".	Adopted by all present directors
	3. Discussion of the replacement of the Audit Officer.	Adopted by all present directors
2015.11.09	1. Discussion of revision of the Company's "Articles of Association".	Adopted by all present directors
	2. Discussion regarding the approval of the "2016 audit plan".	Adopted by all present directors
	3. Discussion of the enactment of "The Prospectus of the Company's Upgrading the Preparation of Financing Report Ability."	Adopted by all present directors
2016.03.01	1. Discussion of the tender offer of Bestcom Infotech Corporation.	Adopted by all present directors
	2. Discussion of the advance payment for the long-term investment provided to Synnex International Investment Co., Ltd. (China) by SYNNEX GLOBAL LTD., the subsidiary.	Adopted by all present directors
2016.03.14	1. Discussion of 2016 operation plan.	Adopted by all present directors
	2. Internal control declaration approved.	Adopted by all present directors
	3. Discussion of the replacement of the Audit Officer.	
	4. Discussion of revision of the Company's "Articles of Association".	Adopted by all present directors
	5. Discussion of the Company's 2015 financial account books. Employee bonus: NTD 0.6 million. Remuneration of the directors and supervisors: NTD6 million.	Adopted by all present directors
	6. Planning of 2015 earnings distribution.	Adopted by all present directors

	Shareholder's dividend: Cash dividend for NT$1.5 per share and stock dividend for NT$0.5 per share.	
	7. Discussion of the Company's 2015 issuance of new shares for the capitalization from earnings.	Adopted by all present directors
	8. Discussion of convening 2016 general shareholders' meeting.	Adopted by all present directors
2016.04.27	1. Discussion of stock shares conversion with Bestcom Infotech Corporation.	Adopted by all present directors
	2. Discussion of the attestation CPAs replacement and the successor CPAs' independence and competence assessment.	Adopted by all present directors
	3. Discussion of the capitalization of the subsidiary, Synnex Global Ltd.	Adopted by all present directors

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

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

Title Name	2015 Changes in shareholding	2015 Changes in pledged shareholding	2016.1.1 ~ 2016.4.10 Changes in shareholding	2016.1.1 ~ 2016.4.10 Changes in pledged shareholding	Note
Chairman and Overseas Operation CEO Matthew Feng-Chiang Miau	(120,000)	-	-	-	
Director and president Evans S.W. Tu	-	-	-	-	
Director Yang, Hsiang-Yun** and Chou, T.C.	-	-	-	-	Representative of MiTAC Inc.*
Supervisor Yang, Hsiang-Yun** and Chou, T.C.**	-	-	-	-	Representative of Lien Hwa Industrial Corp.*
Vice-President Beny Weii	-	-	-	-	
Vice-President James Lee	-	-	-	-	
Vice-President Rex Shiue	-	-	-	-	
Vice-President Dicky Chang	-	-	-	-	
AVP-Finance Oliver Chang	(32,000)	-	-	-	
Treasury Manager Grace Huang	-	-	-	-	
Major shareholder MiTAC Inc.	-	-	-	-	

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

** The individual was the representative of Lien Haw who was discharged on June 12, 2015.

III. Capital and shares

1) Category of shares

2016.4.10
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	

2) Shareholder structure

2016.4.10

Item	Government institutions	Financial institutions	Other institutional shareholders	Personal shareholders	Foreign institutions and personal shareholders	Total
Number of shareholders	1	55	177	46,662	585	47,480
Shares	587	227,028,376	420,774,624	322,063,101	618,654,234	1,588,520,922
Shareholding %	0.00	14.29	26.49	20.27	38.95	100.00

3) Distribution of shareholding

NTD 10 par
2016.4.10

Classification of shareholding	Number of shareholders	Shares	Percentage of shareholding (%)
1 - 999	10,411	2,857,504	0.18
1,000 - 5,000	26,158	58,723,278	3.70
5,001 - 10,000	5,268	41,436,360	2.61
10,001 - 15,000	1,781	22,597,256	1.42
15,001 - 20,000	1,078	19,815,870	1.25
20,001 - 30,000	904	23,162,468	1.46
30,001 - 40,000	397	14,222,736	0.90
40,001 - 50,000	288	13,423,075	0.85
50,001 - 100,000	545	39,266,583	2.47
100,001 - 200,000	254	36,105,860	2.27
200,001 - 400,000	132	37,617,065	2.37
400,001 - 600,000	69	33,586,204	2.11
600,001 - 800,000	34	24,069,550	1.52
800,001 - 1,000,000	19	17,157,981	1.08
Over 1,000,001	142	1,204,479,132	75.81
Total	47,480	1,588,520,922	100.00

4) Major shareholders

2016.4.10

Major shareholders	Shares	Percentage of shareholding (%)
MiTAC Inc. Representative: Matthew Feng-Chiang Miau	216,381,957	13.62
Matthew Pacific Tiger Fund investment accounts managed with HSBC acting as custodian bank	98,191,354	6.18
Fubon Life Insurance Co., Ltd. Representative: Benyuan Zheng	43,980,922	2.77
Morgan Stanley Capital International managed account with HSBC (Taiwan) acting as custodian bank	41,776,194	2.63
Labor Insurance Fund	40,400,208	2.54
Public Service Pension Fund Management Board	38,003,277	2.39
Nanshan Life Insurance Co., Ltd. Representative: Ying-Tsung Tu	36,211,000	2.28
Evans S.W. Tu	34,434,649	2.17
Matthew Feng-Chiang Miau	30,297,147	1.91
Lien Hwa Industrial Corp. Representative: Matthew Feng-Chiang Miau	28,768,643	1.81

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

Unit: NTD

Item / Year		2014	2015	2016.3.31
Market price per share	Highest	56.20	46.75	35.65
	Lowest	41.10	30.10	29.50
	Average	46.96	39.60	32.03
Net worth per share	Before distribution	28.53	26.95	27.40
	After distribution**	25.23	NA	NA
Earnings per share	Weighted average shares (in thousands of shares)	1,588,521	1,588,521	1,588,521
	Earnings per share – before adjustment	3.16	2.01	0.76
	Earnings per share – after adjustment*	3.16	2.01	NA
Dividends***	Cash dividend	3.30	1.50	NA
	Dividend from retained earnings	-	0.50	NA
	Dividend from capital reserve	-	-	NA
	Accumulated undistributed dividends	-	-	NA
Analysis for return on investment****	Price/Earnings ratio	14.86	19.70	NA
	Price/Dividend ratio	14.23	26.40	NA
	Cash dividend yield rate	7.03%	3.79%	NA

* As of December 31, 2015, 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 2015 is based on Board of Directors' meeting on March 14, 2016.

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

6) The policy and implementation of dividends

The dividend distribution proposed by shareholder meeting

The Board of Directors meeting held on March 14, 2016, proposed cash dividend distribution of NT$1.5 per share and stock dividend of NT$0.5 per share, employee bonus of NT$ 600 thousand and remuneration of directors and supervisors of NT$7,600 thousand.

Dividend policy

The Company's new Articles of Association was resolved in the Board meeting on November 9, 2015. The new Articles of Association is illustrated as follows and it is scheduled to be resolved in the shareholders' meeting on June 8, 2016.
According to Article 38 of the Company's Articles of Association, the Company's annual earnings, if any, should be applied to make up losses and pay taxes first, then appropriate 10% as legal reserve and special reserve for an amount equivalent to the amount debited to the current shareholder's equity. The Board of Directors is to plan the earnings distribution proposal according to the balance amount plus the beginning cumulative unappropriated earnings for acknowledgement in the shareholders' meeting. For the earnings distribution ratio and shareholders' cash dividend ratio, the Board of Directors is to have it determined with the consideration of the additional paid-in capital, retained earnings, and future earnings situation; however, the cash dividend may not be less than 15% of the total current dividend.
The Company has distributed cash dividends to shareholders since 1999 and cash dividend per share has been more than NT$1.5 since 2010. The Company intends to continue to maintain a stable dividend policy.

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

Unit: NTD

<table>
<tr><th colspan="3">Item / Year</th><th>2016 (Estimate)
(Distribution of 2015 earning)</th></tr>
<tr><td colspan="3">Beginning issued capital (in NTD thousand)</td><td>15,885,209</td></tr>
<tr><td rowspan="3">Distribution of current year</td><td colspan="2">Cash dividend per share (NTD)</td><td>1.5*</td></tr>
<tr><td colspan="2">Stock dividend per share for capital increment from retained earnings</td><td>0.5*</td></tr>
<tr><td colspan="2">Stock dividend per share for capital increment from capital reserve</td><td>-</td></tr>
<tr><td>Change in operational performance</td><td colspan="2">Operating income
% 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)</td><td>NA*</td></tr>
<tr><td rowspan="3">Conjectural earnings per share and PE ratio</td><td>If retained earnings for capital increment all converted to cash dividend</td><td>Pro-forma Earnings per share (NTD)
Pro-forma Average annual return on investment</td><td>NA*</td></tr>
<tr><td>If no increment using capital surplus</td><td>Pro-forma Earnings per share (NTD)
Pro-forma Average annual return on investment</td><td>NA*</td></tr>
<tr><td>If no increment using capital surplus, it will be switched to cash dividends</td><td>Pro-forma Earnings per share (NTD)
Pro-forma Average annual return on investment</td><td>NA*</td></tr>
</table>

* As the Company did not publish a financial forecast for 2016, this information is not available; the distribution of 2015 is conducted in accordance with the earnings distribution approved by the Board of Directors meeting.

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

Provisions in Articles of Association

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

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

Estimation criterion and difference treatment

1. The estimation of employee bonus and remuneration to directors and supervisors for the financial year 2015 is based on net profit of the said period, considering legal reserve and other factors, and use the ratio stipulated in the Articles of Association of the Company to estimate the employee bonus and remuneration.
2. Public companies must recognize as expense and liability when there is legal responsibility or assume responsibility and the value can be reasonably estimated based on "Guideline for employee bonus and remuneration for directors and supervisors" in accordance with the 16 March 2007 Letter No. Ji-Mi-Zih-052 of the Accounting Research and Development Foundation in Taiwan. It will be recognized as next year's profit/loss if difference between the actual distribution and estimated amount is shown after resolution of the shareholder meeting.

Information on proposed distribution approved by Board of Directors

1. As of March 14, 2016, the Board of Directors approved that the proposed distribution of employee bonus for 2015 is NT$600 thousand and remuneration for directors and shareholders is NT$6,000 thousand. The employee cash bonus amount was not different from the estimates made in 2015. The remuneration to directors and supervisors was different from the NT$7,600 thousand estimated in 2015 by NT$1,600 thousand and it was recognized as gains and losses in the following 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 2014 was NT$600 thousand and remuneration for directors and supervisors was NT$7,600 thousand. The cash dividend for employees is consistent with the 2014 estimation.

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

Item / Year of EPS			2011 (Distribution in 2012)	2012 (Distribution in 2013)	2013 (Distribution in 2014)	2014 (Distribution in 2015)	2015 (Distribution in 2016)
Dividend (NTD/per share)	Cash		4.00	2.00	2.80	3.30	1.50
	Stock		-	-	-	-	0.50
Remuneration for directors and supervisors (in NTD thousand)			6,000	10,000	7,600	7,600	6,000
Employee bonus	Cash		75,000	600	600	600	600
	Stock	Amount (in NTD thousand)	-	-	-	-	-
		Shares (thousand shares)	-	-	-	-	-
Employee stock bonus / (employee stock bonus + shareholder stock dividend)			None	None	None	None	None
Employee stock bonus / outstanding shares at year end			None	None	None	None	None

Summary of 2014 (distributed in 2015) employee stock bonus information: None

9) Buy back shares: None

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

1) Global depositary receipts

<table>
<tr><th colspan="3">Issue date</th><th>1997.7.3</th><th>1999.9.22</th></tr>
<tr><td colspan="3">Countries issued</td><td>Asia, Europe and the US</td><td>Asia, Europe and the US</td></tr>
<tr><td colspan="3">Issuance and listing</td><td>Luxembourg Stock Exchange</td><td>Luxembourg Stock Exchange</td></tr>
<tr><td colspan="3">Total amount issued (US$)</td><td>139,382,100</td><td>245,380,125</td></tr>
<tr><td colspan="3">Issue price per GDR (US$)</td><td>22.23</td><td>18.93</td></tr>
<tr><td colspan="3">Total units issued (unit)</td><td>6,270,000</td><td>12,962,500</td></tr>
<tr><td colspan="3">Underlying securities</td><td>1. Capital increase by cash and issue new shares
2. Release shareholder: MiTAC Inc., Lex Service (Guernsey) Limited.</td><td>1. Capital increase by cash and issue new shares
2. Release shareholder: Lex Service (Guernsey) Limited.</td></tr>
<tr><td colspan="3">Common shares represented (shares)</td><td>25,080,000</td><td>51,850,000</td></tr>
<tr><td colspan="3">Rights and obligations of GDR holders</td><td>Rights and obligation consistent with common shares</td><td>Rights and obligation consistent with common shares</td></tr>
<tr><td colspan="3">Trustee</td><td>None</td><td>None</td></tr>
<tr><td colspan="3">Depositary bank</td><td>Citibank, N.A.</td><td>Citibank, N.A.</td></tr>
<tr><td colspan="3">Custodian bank</td><td>Citibank N. A., Taipei branch</td><td>Citibank N. A., Taipei branch</td></tr>
<tr><td colspan="3">4.30.2016 GDR outstanding (unit)</td><td colspan="2">906,364</td></tr>
<tr><td colspan="3">Apportionment of expenses for issuance and maintenance</td><td>Issuing expense is paid by release shareholder and issuing company on the pro rata basis, duration expense is paid by depository institution.</td><td>Issuing expense is paid by release shareholder and issuing company on the pro rata basis, duration expense is paid by depository institution.</td></tr>
<tr><td colspan="3">Important notes on depository agreement and custodian agreement</td><td>See depository agreement and custodian agreement for details</td><td>See depository agreement and custodian agreement for details</td></tr>
<tr><td rowspan="6">Market price per unit (US$)</td><td rowspan="3">2015</td><td>Highest</td><td colspan="2">6.02</td></tr>
<tr><td>Lowest</td><td colspan="2">3.68</td></tr>
<tr><td>Average</td><td colspan="2">5.03</td></tr>
<tr><td rowspan="3">2016. 1.1 - 2016. 4.30</td><td>Highest</td><td colspan="2">4.35</td></tr>
<tr><td>Lowest</td><td colspan="2">3.49</td></tr>
<tr><td>Average</td><td colspan="2">3.92</td></tr>
</table>

2) Status of employee stock option: None

3) Preferred shares: None

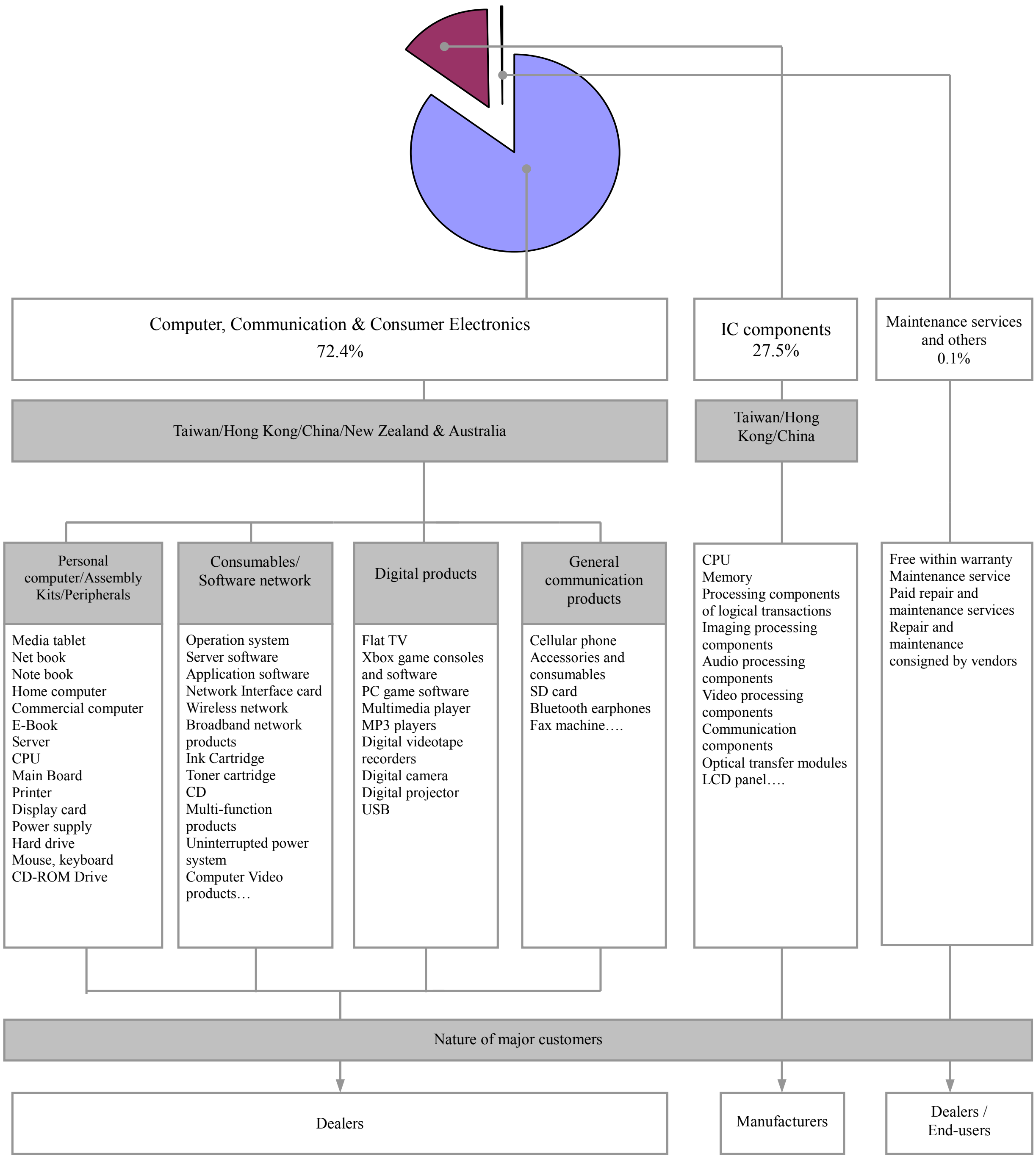
4) Corporate bonds: None

Operation highlights

Operation highlights

I. Scope of Business

1) Main areas of business operation and revenue distribution for 2015



2) Developing new products (service)

New Product	New Service
▪ Cloud services business ▪ Smart Life Related Products ▪ Smart Office Related Products	▪ Customer automatic restocking and inventory logistics services ▪ Third-party logistics services ▪ Contract management services for commercial software and service products

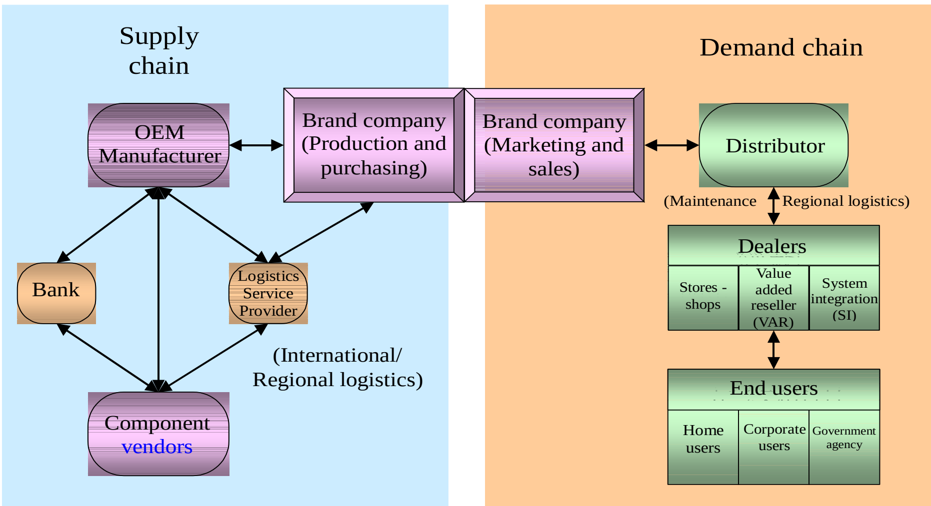
3) Overview of industry

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.

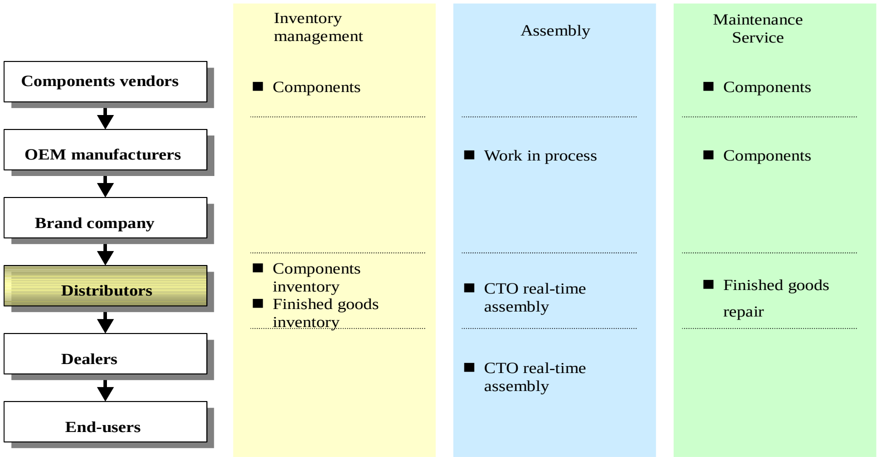
2. Role of the distributors

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 provides a greater value in supply chain for the distributors with complete operation mechanism and size.

Industrial Chain and Distributor's Roles

(Except R&D, manufacturing and sales)



3. Overview of upstream suppliers

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

4. Overview of downstream dealers

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

  Smartphone popularity and declining unit price cause industrial deflation phenomenon with limited output growth.
- 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. IC component business operation and management system
2. Post-order procurement management system
3. Cloud services business platform
4. Procurements and the sales management system
5. Customer automatic restocking system

5) Long and short term business development plan

Short term business development plan

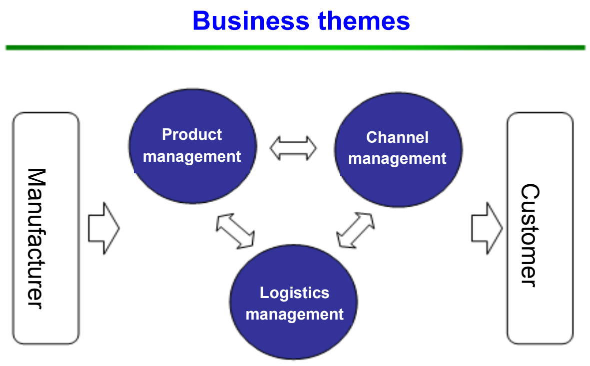
- Channel: Continue channel’s in-depth development plan to actively develop more terminal customers, establish a complete sales channel. Especially in China, continuing channel development in-depth in all tiers cities and national chain store operations and internet shopping channel operations, and will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

Long term business development plan

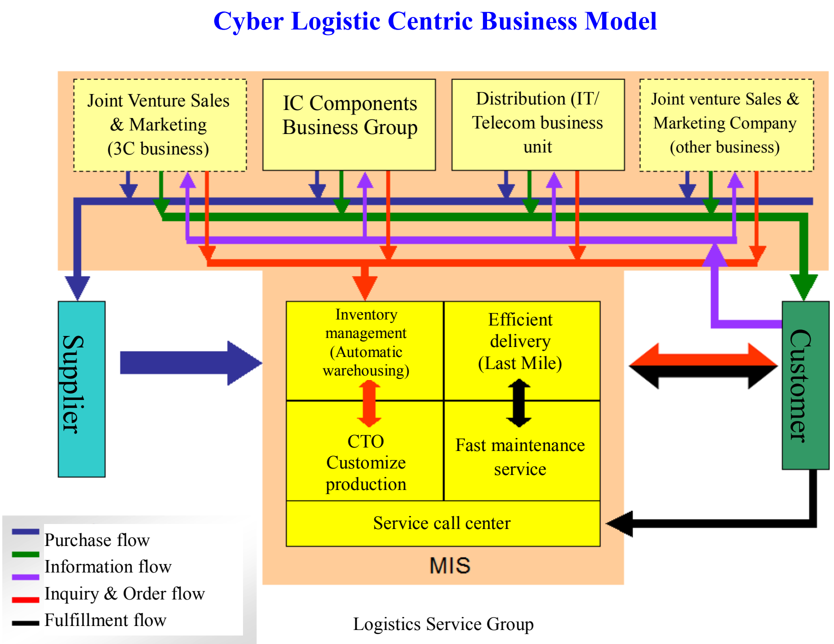
In response to the global economic slowdown and stagnation, exchange rates and stock market fluctuations, and political and economic impact, the Company’s long-term business development plan is to focus on seeking a breakthrough in stable operation. On one hand, continue to strengthen a sound internal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

II. Business model

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



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 Synnex's commodities are fast in circulation and large in sales volume, it is a big plus when acquiring new dealerships.

Comprehensive Product Line

With comprehensive product line to suffice customers' demand and develop channel positioning, Synnex's products cover diverse categories and brands including 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

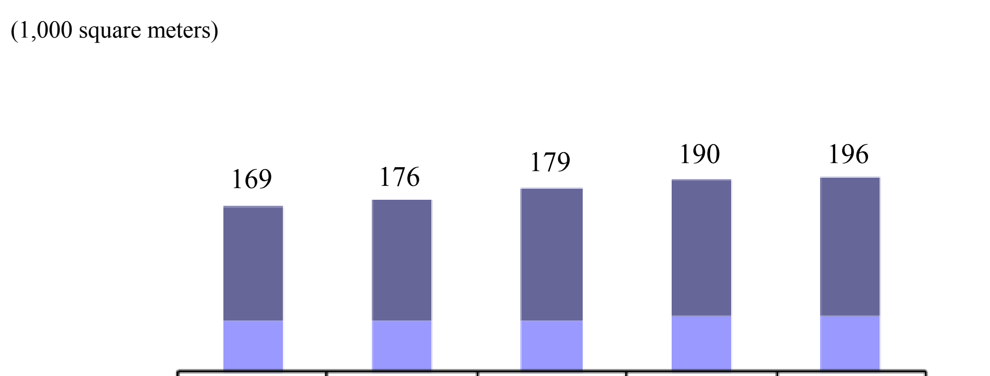
Synnex has established dozens of logistics centers in major cities of Asia Pacific region, which formed extensive logistics network coverage. With state-of-the-art automatic equipment, a self-developed management systems, professional and disciplined operations, Synnex's logistics centers covering warehousing, 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.



	2011	2012	2013	2014	2015
Overseas	123	125	128	138	144
Taiwan	46	51	51	52	52

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

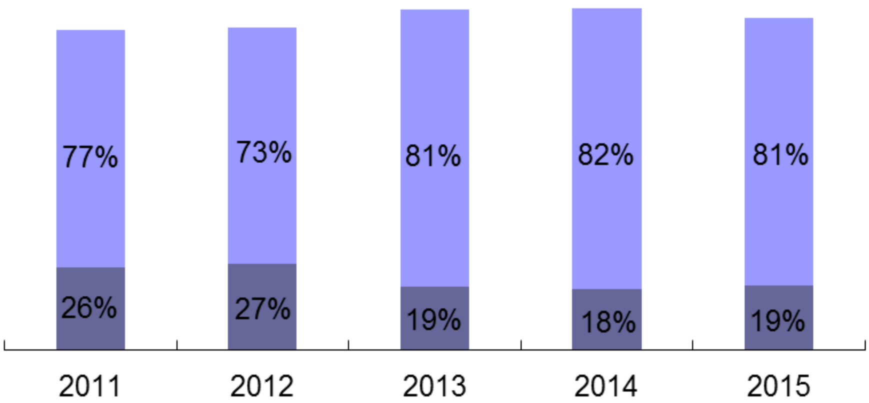
In this e-commerce development trend, Synnex's business model is positioned as a comprehensive logistics management service provider to provide back office services of inventory management, distribution and maintenance for B2C industry. In addition, the "Synnex e-City" launched in November 2000 has become 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

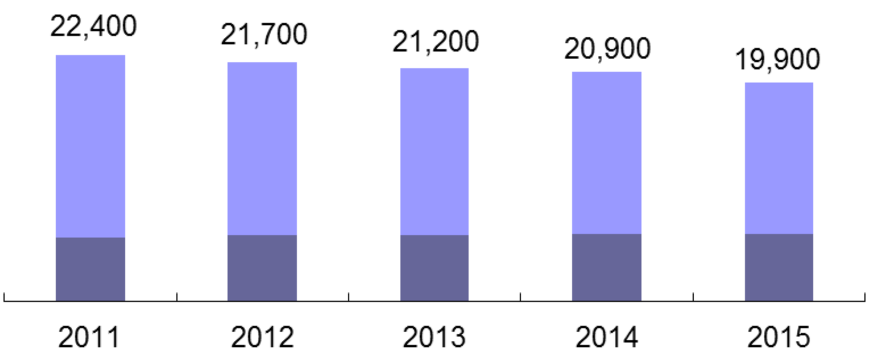
NTD bn



	2011	2012	2013	2014	2015
Overseas subsidiary	230.8	229.5	268.9	272.4	260.0
Taiwan	79.9	83.1	61.4	59.1	62.1
Consolidate	310.7	312.6	330.3	331.5	322.1

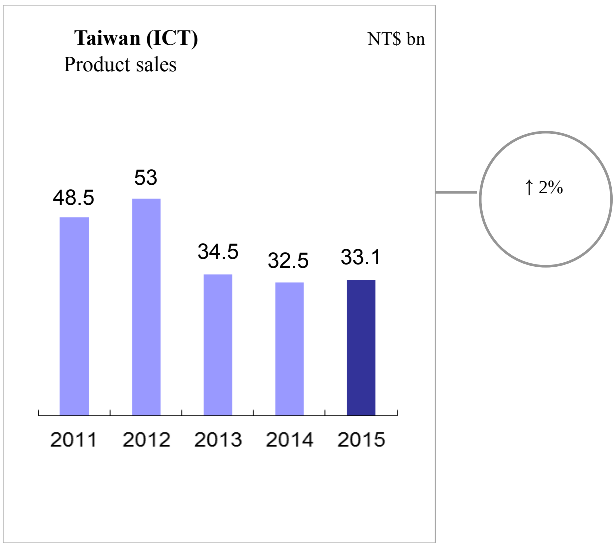
* Intercompany transaction is deducted from the selling party’s sales account

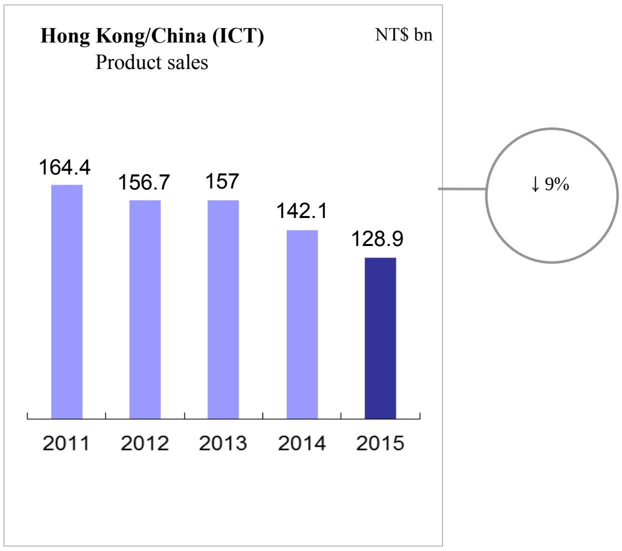
Number of group’s monthly average dealing customers

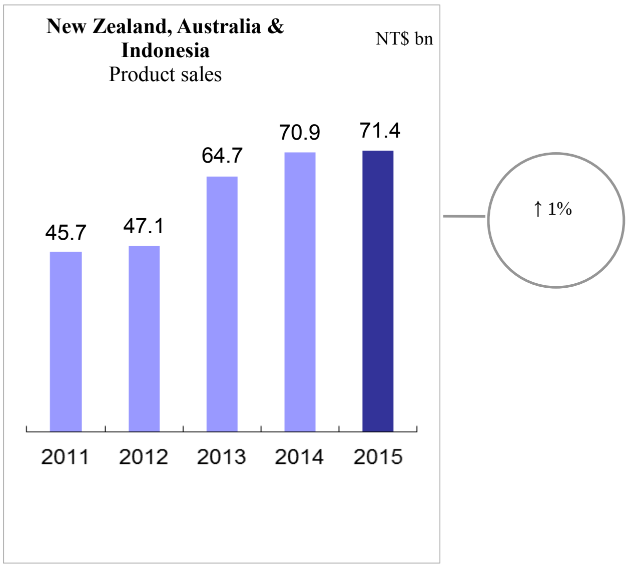


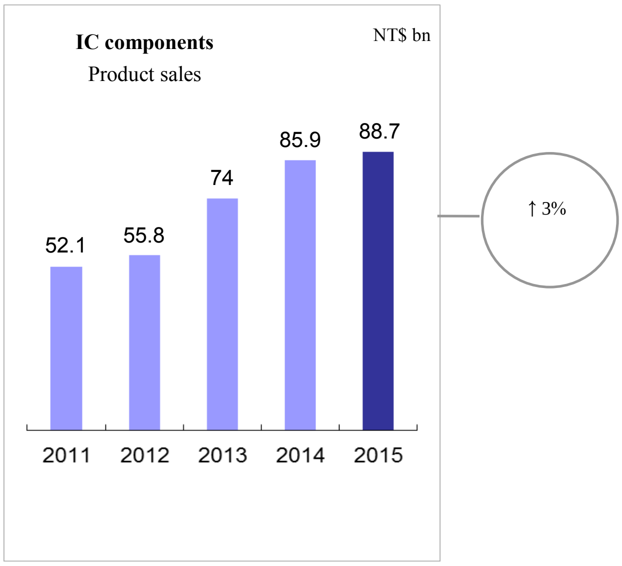
	2011	2012	2013	2014	2015
Overseas subsidiary	16,600	15,700	15,200	14,700	13,700
Taiwan	5,800	6,000	6,000	6,200	6,200

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









2) Supply-demand and growth of the future market

2016 Global equipment shipments (including PC, tablet computer, Ultramobile and mobile phone) are expected to reach 2.4 billion units, representing 1.8% growth from 2015 and they are expected to reach 2.5 billion units in 2017, according to market research institute, Gartner, Inc. The device market in 2016 remains affected by the economic development of each country. Gartner believes the challenges faced by manufacturers are that the market can no longer be divided as simply as “mature market” and “emerging market.” According to today’s economic development, the market has started to change and should be broken down into four categories, namely economically challenged mature market, economically stabilized mature market, economically challenged emerging market, and economically stabilized emerging markets. For example, Russia and Brazil are classified as economically challenged emerging markets; India is classified as an economically stabilized emerging market, and Japan is classified as an economically challenged mature market.

The global traditional PC shipments are expected to reach 253 million units in 2016, representing 5.7% decline from 2015 and are expected to reach 226 million units in 2017, representing 2.6% decline from 2016. 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 global shipment of Ultramobile is expected to reach 250 million units and 270 million units in 2016 and 2017, respectively, representing an increase of 3.7% and 8% over the previous year. Due to the global market demand for new PC stimulated by Intel skylake structure and Microsoft Windows 10, Gartner expects that the speed of the corporate users’ adopting Windows 10 will be faster than the previous Windows upgrade cycle.

Mobile phones have become the largest and most profitable division in the global installation device market. Sales are expected to grow by 2.6% and 1.2% in 2016 and 2017 for 1.96 billion and 1.98 billion units, respectively. Gartner expects that by the end of 2016, 82% of the global mobile phones in use will be smartphones. Over the past few years, the average price of high-end phones continuing to go up has caused the price of mobile phone to go up too; however, due to the saturation of the smart phone market, added with local branded mobile phone manufacturers in the emerging markets and Made-in-China mobile phones with better price and better function offered to satisfy the needs of mobile phone users, the average price of mobile phones is gradually declining.

Type	2015	2016 (Estimate)		2017 (Estimate)	
	Million units	Million units	Growth rate (%)	Million units	Growth rate (%)
Traditional PC (desktops and laptops)	246	232	-5.7	226	-2.6
Ultramobile*	241	250	3.7	270	8.0
Mobile phones	1,910	1,959	2.6	1,983	1.2
Total	2,397	2,441	1.8	2,479	1.6

* Ultramobile means all Ultramobile Basic and Utility devices

Traditional PC

Gartner’s research indicates that 91 million PCs were sold in the Asia-Pacific region in 2015, representing 11.6% decline from 2014. Sales amounted to US$50.1 billion, representing 11.6% decline. A total of 87 million units of PCs are expected to be sold in the Asia-Pacific region in 2016, representing a 4.4% decline from 2015 for sales amounting to US$47.3 billion, representing a 5.4% decline. The sales decline will be stopped and then rebound with a slight growth generated in 2017.

Shipments of the PC market in the Asia Pacific region (exclusive of Japan) in 2015 ~ 2017 are as follow:

Asia-Pacific region Traditional PC	2015		2016 (Estimate)		2017 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	90,640	-11.6	86,670	-4.4	87,590	1.1
Amount	50,051	-11.6	47,349	-5.4	47,267	-0.2

* Source of information: Gartner Dataquest

Ultramobile

Gartner's research indicates that 66 million Ultramobile were sold in the Asia-Pacific region in 2015, representing a decline of 25.6% from 2014. Sales amounted to US$18.5 billion. The tablet device market has become saturated due to the popularity of tablet devices and the extended recycling period of the tablet device. A total of 63 million units of Ultramobile are expected to be sold in the Asia-Pacific region in 2016, representing a decline of 5.2% from 2015 for sales amounting to US$19.3 billion, representing 4.2% growth. A total of 62 thousand units are expected to be sold in 2017, representing a decline of 1.1% from 2016, for sales amounting to US$20.2 billion, representing 4.8% growth.

Shipments of the Tablet PC in the Asia Pacific region (exclusive of Japan) in 2015 ~ 2017 are as follow:

Asia Pacific region Ultramobile	2015		2016(Estimate)		2017(Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	65,970	-25.6	62,540	-5.2	61,840	-1.1
Amount	18,490	-17.6	19,271	4.2	20,192	4.8

* Source of information：Gartner Dataquest

Mobile phone

Gartner's research indicates that 994 million mobile phones were sold in the Asia-Pacific region in 2015; representing a decline of 5.9% from 2014 Sales amounted to US$124.2 billion, representing 1.8% growth. Gartner forecasts the shipment of mobile phones in the Asia-Pacific region in 2016 to grow by 3.6% for a total of 1.029 billion units sold, representing 4.0% growth from 2015, for sales amounting to US$129.2 billion, representing 4.0% growth. A total of 1.058 billion units are expected to be shipped in 2017, representing a 2.8% growth from the year of 2016; also, it is for an amount of US$133.7 billion (3.5% growth).

Cellular phone sales in the Asia-Pacific region (excluding Japan) in 2015~2017 are estimated as follows:

Asia-Pacific mobile phone	2015		2016 (Estimate)		2017 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	993,800	-5.9	1,029,410	3.6	1,057,880	2.8
Amount	124,205	1.8	129,178	4.0	133,718	3.5

* Source of information: Gartner Dataquest

Basic information in each region:

Region	Population (million)	GDP per capita (US$)	2015 economic growth rate (%)	Source of information
Taiwan	23.4	22,300	0.8	National Statistics, R.O.C.
China	1,367.5	7,600	6.9	CIA/StockQ
Hong Kong	7.1	40,300	*	CIA/StockQ
Australia	22.8	62,300	2.4	CIA/StockQ
Indonesia	256.0	3,500	4.7	CIA/StockQ
Thailand	68.0	6,000	2.5	CIA/StockQ
India	1,251.7	1,600	7.3	CIA/StockQ

* A negative number.

- **Taiwan**

Traditional PC

Gartner's research indicates that 2.35 million units of traditional PCs were sold in Taiwan in 2015, representing a 7.1% decline from 2014. Sales of PCs in 2016 are expected to be 2.23 million units, representing a 5.1% decline. The sale of PCs will rebound in 2017 with 2.34 million units sold, representing 4.9% growth; also, the sales amount will reach US$1.49 billion (5.2% growth).

Taiwan Traditional PC	2015		2016 (Estimate)		2017 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	2,350	-7.1	2,230	-5.1	2,340	4.9
Amount	1,502	-7.5	1,421	-5.4	1,495	5.2

* Source of information: Gartner Dataquest

Ultramobile

Gartner's research indicates that 1.61 million units of Ultramobile were sold in Taiwan in 2015, representing a decline of 22.6% from 2014. Sales of tablet PCs in 2016 is expected to be 1.72 million units, representing 6.8% growth, for sales amounting to US$0.64 billion, representing 18.8% growth and the same for 2017 is 1.94 million units, representing 12.8% growth, for sales amounting to US$0.76 billion, representing 17.9% growth.

Taiwan tablet PC	2015		2016 (Estimate)		2017 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	1,610	-22.6	1,720	6.8	1,940	12.8
Amount	542	-11.1	644	18.8	759	17.9

* Source of information：Gartner Dataquest

Mobile phone market

Gartner's research indicates that 9.79 million units of mobile phones were sold in Taiwan in 2015, representing 2.9% growth from 2014. The estimated shipment in 2016 is approximately 9.83 million units, representing 0.4% growth, for sales amounting to US$1.96 billion, representing 1.7% growth; also, the estimated shipment in 2017 is approximately 9.96 million units, representing 1.3% growth, for sales amounting to US$2.04 billion, representing 4.2% growth.

Taiwan mobile phone	2015		2016 (Estimate)		2017 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	9,790	2.9	9,830	0.4	9,960	1.3
Amount	1,929	0.5	1,962	1.7	2,044	4.2

* Source of information: Gartner Dataquest

- **China**

Traditional PC

Gartner's research indicates that 54.91 million units of traditional PCs were sold in China in 2015, representing a decline of 5.1% from 2014. Sales of PCs in 2016 are expected to be 53.53 million units, representing a decline of 2.5% and the same for 2017 is 54.24 million units, representing 1.3% growth.

China Traditional PC	2015		2016 (Estimate)		2017 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	54,910	-5.1	53,530	-2.5	54,240	1.3
Amount	28,804	-6.3	28,016	-2.7	28,295	1.0

* Source of information: Gartner Dataquest

Ultramobile

Gartner's research indicates that 30.18 million units of Ultramobile were sold in China in 2015, representing a decline of 12.2% from 2014, but for sales amounting represented 4.5% growth. Sales of Ultramobile in 2016 are expected to be 28.59 million units, representing a decline of 5.3 %, for sales amounting to US$9.16 billion, representing 4.1% growth and the same for 2017 is 28.06 million units, representing a decline of 1.9%, for sales amounting to US$9.57 billion, representing 4.5% growth.

China Ultramobile	2015		2016 (Estimate)		2017 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	30,180	-12.2	28,590	-5.3	28,060	-1.9
Amount	8,795	4.5	9,159	4.1	9,573	4.5

* Source of information: Gartner Dataquest

Mobile phone

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 2016. Sales of mobile phones are expected to reach 4.39 million units in 2016, representing a decline of 0.5% and the same for 2017 is 4.41 million units, representing 0.4% growth.

China mobile phone	2015		2016 (Estimate)		2017 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	441,400	-0.5	439,150	-0.5	440,910	0.4
Amount	70,380	12.4	71,666	1.8	73,916	3.1

* Source of information: Gartner Dataquest

- **Australia**

Traditional PC

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. Gartner's research indicates that the total sales volume of PCs in 2015 was 3.43 million units, a decline of 1.8% from 2014. 3.19

million units and 3.04 million units of traditional PCs are expected to be shipped in 2016 and 2017, respectively.

Australia Traditional PC	2015		2016 (Estimate)		2017 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	3,430	1.8	3,190	-7.0	3,040	-4.7
Amount	3,078	7.2	2,768	-10.1	2,565	-7.3

* Source of information: Gartner Dataquest

Ultramobile

Gartner's research indicates that 4.23 million units of Ultramobile were sold in Australia in 2015, representing a decline of 1.9% from 2014. Sales of Ultramobile in 2016 are expected to be 4.01 million units, representing a decline of 5.2% and the same for 2017 is 4.07 million units, representing 1.5% growth.

Australian Ultramobile	2015		2016 (Estimate)		2017 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	4,230	-1.9	4,010	-5.2	4,070	1.5
Amount	2,018	-0.5	1,999	-0.9	2,098	5.0

* Source of information: Gartner Dataquest

- **Indonesia**

Traditional PC

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 traditional 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 that will drive up the growth in the local PC market.

Indonesia Traditional PC	2015		2016 (Estimate)		2017 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	4,020	8.6	3,940	-2.0	3,990	1.3
Amount	1,852	11.1	1,834	-1.0	1,822	-0.7

* Source of information: Gartner Dataquest

Ultramobile

Gartner's research indicates that 5.03 million units of Ultramobile were sold in Indonesia in 2015, representing a decline of 15.0% from 2014. Sales of Tablet PCs in 2016 are expected to be 4.56 million units, representing 9.3% decline, for sales amounting to US$1.02 billion, representing 24.3% growth and the same for 2017 is 4.5 million units, representing 1.3% decline, for sales amounting to US$1.14 billion, representing 12.2% growth.

Indonesia Ultramobile	2015		2016 (Estimate)		2017 (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	-15.0	4,560	-9.3	4,500	-1.3
Amount	820	-6.5	1,019	24.3	1,143	12.2

* Source of information: Gartner Dataquest

- **Thailand**

Traditional PC

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 traditional PC in 2016 to reach 2.29 million units and 2.35 million units in 2017.

Thailand Traditional PC	2015		2016 (Estimate)		2017 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	2,380	4.8	2,290	-3.8	2,350	2.6
Amount	1,179	2.7	1,120	-5.0	1,125	0.4

* Source of information: Gartner Dataquest

Ultramobile

Gartner's research indicates that 2.99 million units of Ultramobile were sold in Thailand in 2015, representing a decline of 26.2% from 2014. Sales of Ultramobile in 2016 are expected to be 2.93 million units, representing 2.0% decline, for sales amounting to US$0.57 billion, representing 5.4% growth and the same for 2017 is 2.88 million units, representing 1.7% decline, for sales amounting to US$0.6 billion, representing 5.8% growth.

Thailand Ultramobile	2015		2016 (Estimate)		2017 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	2,990	-26.2	2,930	-2.0	2,880	-1.7
Amount	539	-19.6	568	5.4	601	5.8

* Source of information: Gartner Dataquest

- **India**

Traditional PC

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, the demand for ICT products is also growing steadily. India is expected to become the world's fastest growing country in terms of IT industry in the future years. Sales of traditional PC in 2016 are expected to be 8.59 million units and 8.78 million units in 2017.

India Traditional PC	2015		2016 (Estimate)		2017 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	9,790	8.5	8,590	-12.3	8,780	2.2
Amount	4,905	11.6	4,188	-14.6	4,210	5.3

* Source of information: Gartner Dataquest

Ultramobile

Gartner's research indicates that 5.40 million units of Ultramobile were sold in India in 2015, representing a decline of 26.1% from 2014. Sales of Ultramobile in 2016 are expected to be 4.85 million units, representing 10.2% decline and the same for 2017 is 4.78 million units, representing 1.4% decline.

India Ultramobile	2015		2016 (Estimate)		2017 (Estimate)	
	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)	1,000 units/USD million	Growth rate (%)
Shipment volume	5,400	-26.1	4,850	-10.2	4,780	-1.4
Amount	840	-23.2	855	1.8	895	4.7

* 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 2015 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

The channel business operation in the emerging markets, including Mainland China, India, Thailand, and Indonesia, is not yet mature and with room to grow. With the operating mechanisms of Synnex gradually in place, the overseas subsidiaries will be able to further increase market share and drive the overall growth synergy of Synnex.

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. Synnex's operating strategy is "to be a professional channel business service provider with integrated services provided to the high-tech industrial chain" in response to the industrial chain development trend and the service demands of the upstream and downstream manufacturers, provide solutions for operational problems, continue to research and develop innovation service mechanism, gradually enhance close cooperation with upstream and downstream manufacturers, and establish the Company's indispensable role in the industrial value chain.

4) Negative factors for our future development and our countermeasures

Negative factors	Countermeasures
The regional chain reaction and interaction is enhanced under the trend of globalization; also, the impact of local natural disaster or economic and political turbulence is broadened.	1. Diversify risk and reduce the impact of natural disaster and economic and political turbulence through multi-nation, multi-product, and multi-channel business strategy. 2. Focus on the operation of the industry, commit to upgrade internal operational management, strengthen the constitution of the enterprise, and build up ability for withstanding the environment variables and systematic risk.
Short life cycle of products The rapid advancement of technology has facilitated the speed of products innovation, thus product cycle is shortened to half year and resulted in uncertainty of sales performance and increased inventory risk.	1. Utilize ERP information management system to manage purchase, sales and inventory so as to lower inventory weeks and increase number of turnover and meet the target of inventory optimization. 2. Adjust inventory weeks in according with the development of life cycle of the respective products to avoid over-stocking and interest burden. 3. 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, Ebook	Entertainment, data processing equipment for personal or commercial use
	Computer Component	Main board, Graphics Card, Inputs/Outputs Control Card, Keyboard, Power Supply, Case, Cooling Fan	Major components for custom built PC
	Printing Device	InkJet Printer, Dox Matrix Printer, Laser Printer, Multi-Function Printer, Photo Printer, 3D Printer	Computer printing device
	Display Device	LCD Monitor	Computer display device
	Storage Device	Hard Disk Drive, Floppy Disk Drive, Tape Drives, CD Rewritable Drive	Computer storage device
	Input Device	Scanner, Digital Camera	Computer input device
	Multimedia Products	CD-Rom Drive, Sound Card, Video Card, Multemedia Suite, CD-ROM machine, CD Software, Leisure Software, Multimedia Speaker, PC Camera, LCD Projector	Processing device and software for multimedia audio, image and information
	Networking Product	Network Card, Routers, Bridge, Internet Connected Device, Uninterruptible Power Supply, Modem, Network Operating System, Wireless Network System, Wireless Base Station, Broadband Router	Networking device and operating software
	Application Software	Operating System, Electronic Spreadsheet, Word Processing, Integration Software, Database, Utilities Software, Anti-Virus Software and other application software	Activation or Application Utilities Software

	Consumables	Mouse, Floppy Disks, CD-ROM, Inked Ribbons, Ink Cartridges, Toner Cartridges, Purchase equipment, consumables	Consumables and purchased goods of computer storage, printing and input devices
Digital Products		LCD TV, Xbox Game Consoles and Software, DVD, MP3 Players, Digital Recorders, Digital Cameras, Digital Photo Frames, Smart Wearable Device, Smart TV Dongle, GPS Navigation System, and event Data Recorder	Personal or home digital products
Communication Products	General Communication Products	Mobile Phone, Consumables & Accessories for Mobile Phone, Fax Machine and Mobile Power Supply	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	2014.12.31			2015.12.31			2016.04.30		
	Taiwan	Overseas subsidiaries	Total	Taiwan	Overseas subsidiaries	Total	Taiwan	Overseas subsidiaries	Total
Full time employees	1,173	3,506	4,679	1,255	3,371	4,626	1,271	3,389	4,660
Part-time employees	31	142	173	45	208	253	39	208	247
Total	1,204	3,648	4,852	1,300	3,579	4,879	1,310	3,597	4,907

2) Employees information of Synnex

Item	Year	2014.12.31	2015.12.31	2016.4.30
Number of employees in group	Sales	2,492	2,362	2,384
	Operators	327	340	346
	Computers	200	203	211
	Administrators	568	585	580
	Logistics	1,092	1,136	1,139
	Total	4,679	4,626	4,660
Average age		33.9	34.2	34.1
Average years of service in company		5.6	5.8	5.9
Education (%)	Doctoral degree	-	-	-
	Master's degree	5.5	5.9	6.1
	College	82.8	82.9	83.9
	High school	10.6	11.2	10.9
	Below high school	1.1	1.0	1.1

Note: Part-time employees are not included.

VII. Report on environmental protection and related expenditures

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

- Obtained ISO 14001 Certification of Environment at Management System:

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

- Environmental consideration of packaging materials:

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

VIII. Labor relations

Welfare and benefits for employees

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

Retirement system

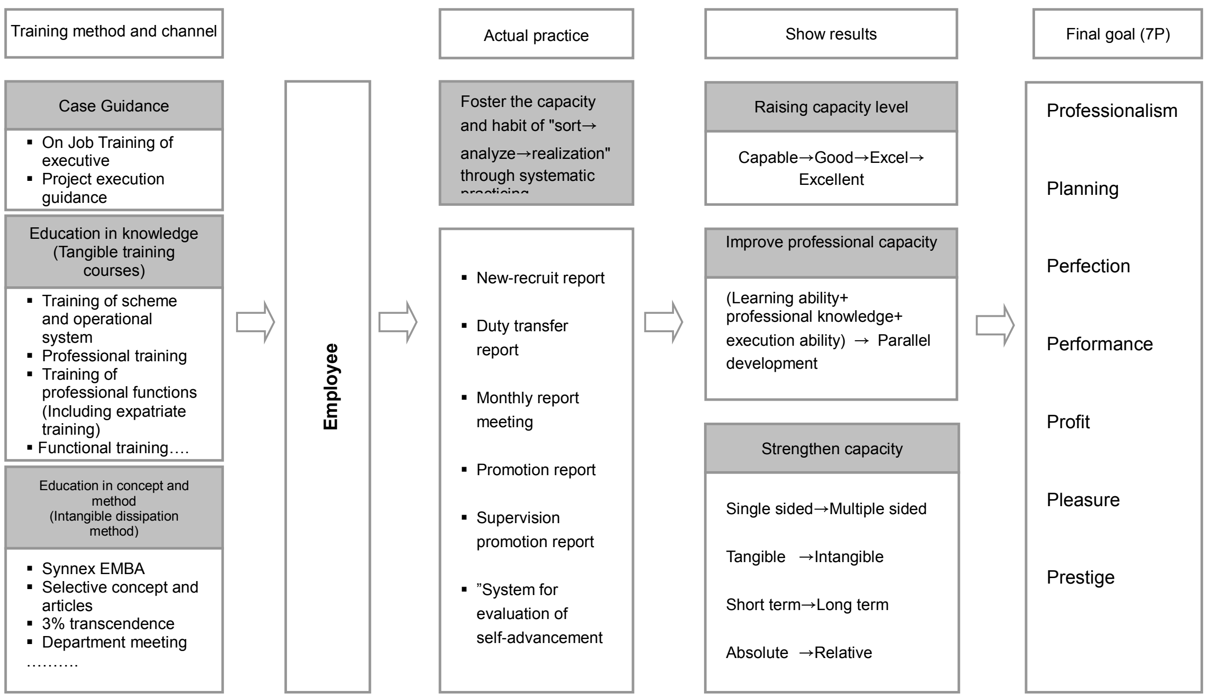
Synnex has reemployment retirement matters handled in accordance with the requirements of the Labor Standards Law and Labor Pension Act with the Employee Pension Reserve Committee formed. The new pension system has been implemented in accordance with the Labor Pension Act since July 2005 with pensions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

Labor agreement

In addition to normal organizational system, labor-employee relations can be communicated through regular competency assessment system, labor-management meeting and employee welfare committee in order establish channel of communication between employees and management and generate harmony atmosphere in the Company. No significant labor dispute or loss has occurred in 2015 and 2016.

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				
	2011*	2012*	2012*	2013*	2014*	2015*	2016.03.31**
Current assets	87,078	94,597	97,669	102,131	111,760	108,630	99,660
Fixed assets/Property, plant and equipment	5,061	4,656	4,715	5,848	6,737	7,061	7,073
Intangible assets	1,167	1,340	407	408	413	450	439
Funds and investments/Other assets	12,838	14,031	14,413	16,068	17,006	18,646	19,224
Total assets	106,144	114,624	117,204	124,455	135,916	134,787	126,396
Current liabilities							
Before distribution	57,851	68,527	71,115	80,664	84,996	90,345	81,020
After distribution	64,158	71,701	74,289	85,112	90,238	92,728	83,403
Long term and other liabilities/Noncurrent liabilities	5,488	5,139	5,296	442	4,712	567	707
Total liabilities							
Before distribution	63,339	73,666	76,411	81,106	89,708	90,912	81,727
After distribution	69,646	76,840	79,585	85,554	94,950	93,295	84,110
Equity attributable to shareholders of the parent	42,805	40,958	40,793	42,584	45,327	42,818	43,527
Capital stock	15,707	15,839	15,839	15,885	15,885	15,885	15,885
Capital reserve	13,679	13,975	14,030	14,265	14,331	14,140	14,123
Retained earnings							
Before distribution	13,585	12,815	12,290	14,400	14,986	12,920	14,129
After distribution	7,278	9,641	9,116	9,952	9,744	10,537	11,746
Other adjustments on Stockholder's equities/Other equity	(166)	(1,671)	(1,366)	(1,966)	124	(127)	(610)
Treasury stock	-	-	-	-	-	-	-
Non-controlling interests	-	-	-	764	882	1,057	1,142
Total shareholder's equity							
Before distribution	42,805	40,958	40,793	43,348	46,208	43,875	44,669
After distribution	36,498	37,784	37,619	38,900	40,966	41,492	42,286

* 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 2015, 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				
	2011*	2012*	2012*	2013*	2014*	2015*	2016.1.1 ~03.31**
Operating revenues	310,673	312,585	312,585	330,260	331,533	322,133	77,493
Gross Profit	11,777	11,532	11,532	11,059	11,525	11,592	2,888
Operating income	5,060	4,472	4,558	3,879	4,450	3,949	1,103
Non-operating income and expenses	3,454	2,429	2,294	2,513	1,767	(211)	380
Net income before tax	8,514	6,901	6,853	6,392	6,217	3,738	1,483
Net income from continuing department	7,237	5,816	5,767	5,433	5,255	3,419	1,271
Loss from discounted department	-	-	-	-	-	-	-
Net income	7,237	5,816	5,767	5,433	5,255	3,419	1,271
Other comprehensive income (net of tax)	NA	NA	(1,474)	(590)	1,986	(318)	(461)
Total comprehensive income	NA	NA	4,293	4,843	7,241	3,101	810
Net income attributable to shareholders of the parent	NA	NA	5,767	5,274	5,024	3,186	1,209
Net income attributable to non-controlling interests	NA	NA	-	159	231	233	62
Total comprehensive income attributable to shareholders of the parent	NA	NA	4,293	4,684	7,124	2,926	725
Total comprehensive income attributable to non-controlling interests	NA	NA	-	159	117	175	85
Earnings per share - before retroactive adjustment	4.67	3.69	3.66	3.32	3.16	2.01	0.76
- after retroactive adjustment***	4.67	3.69	3.66	3.32	3.16	2.01	0.76

* 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, 2015

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

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

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	2014	2015	Increase (Decrease) (%)	
			Amount	%
Current assets	111,760	108,630	(3,130)	(3)
Investments under equity method	10,081	11,161	1,080	11
Properties, plants and equipment	6,737	7,061	324	5
Intangible and other assets	7,338	7,935	597	8
Total assets	135,916	134,787	(1,129)	(1)
Current liabilities	84,996	90,345	5,349	6
Non-current liabilities	4,712	567	(4,145)	(88)
Total liabilities	89,708	90,912	1,204	1
Capital stock	15,885	15,885	-	-
Capital reserve	14,331	14,140	(191)	(1)
Retained earnings	14,986	12,920	(2,066)	(14)
Other shareholder’s equity	124	(127)	(251)	(202)
Non-controlling interest	882	1,057	175	20
Total shareholder’s equity	46,208	43,875	(2,333)	(5)

Analysis:

Current assets and current liabilities (↓NTD3,130 million, 3%; ↑NTD5,349 million, 6%)

The decrease in current assets is mainly due to the decrease of cash and cash equivalent by NTD8,734 million (↓39%). The increase in current liabilities is mainly due to the increase of short term borrowing by NTD7,688 million (↑19%), the reasons are:

1. For the increase in notes and accounts receivable and payable, in terms of the business cycle days, days sales in accounts receivable and days average payment days for 2015 were 52 days and 36 days, respectively; also, inventory turnover days were 40 days, and net business cycle days were 56 days (days sales in accounts receivable + inventory turnover days- average payment days) that differed from the 52 days in the year 2014 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 2015 amounted to NTD39,055 million that represented an increase of NTD1,249 million from the NTD27,806 million in 2014 due to the increase of funding demand arising from the increase in net operating cycle days. The Group’s solvency indexes are good with sufficient borrowing quota to support short-term high funding needs; therefore, there is no problem in the short-term liquidity. In prospect of long-term funding needs, the financial leverage risk and return on equity will be considered equally, if necessary, funds will be raised from the capital market in time.

Properties, plants and equipment (↑NTD324 million, 5%)

Mainly due to the newly established Changsha and Jinan logistics center.

Non-current liabilities (↓NTD4,145 million, 88%)

Mainly due to the Company’s repayment of long-term syndicate loan in 2015.

2) Analysis of the results of operation

Unit: NTD million

Item / Year	2014	2015	Increase (Decrease) (%)	
			Amount	%
Total revenue	331,533	322,133	(9,400)	(3)
Operating cost	(320,007)	(310,541)	(9,466)	(3)
Net gross profit	11,525	11,592	67	1
Operating expense	(7,076)	(7,643)	567	8
Operating income	4,450	3,949	(501)	(11)
Non-operating revenue and expenditure	1,767	(211)	(1,978)	(112)
Income before tax	6,217	3,738	(2,479)	(40)
Income tax expense	(962)	(319)	(643)	(67)
Net income	5,255	3,419	(1,836)	(35)

Analysis:

Total revenue, Operating cost and Gross profit (↓NTD 9,400 million, 3%; ↓NTD 9,466 million,3%; ↑NTD67million, 1%)
Synnex Taiwan saw revenue decreased by 2%; Hong Kong/China saw revenue decreased by 9%, Australia, New Zealand and Indonesia revenue up by 1%. 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 3.6%, increase by 0.1% from previous year.

Operating expenses (↑NTD567 million, 8%)

Mainly due to the increase of operating expense arising from the expansion of business scale. The operating expense rate had gone up from 2.13% in 2014 to 2.37% in 2015 which was relatively low compared to the operating expense rate of the other companies in this industry, indicating that the Company had actively controlled expense and expenditure and the effect of "economies of scale" was gradually showing.

Net operating income (↓NTD501 million, 11%)

To sum up, there was an decrease in net operating income by NTD501 million in 2015. 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 (↓NTD1,978 million, 112%)

The 2015 foreign exchange loss was increased by NTD2,383 million mainly due to the depreciation of RMB.

3) Liquidity analysis

Analysis of cash flow changes

Unit: NTD million

Item / Year	2014	2015
Net cash (outflow) inflow from operating activities	5,026	(4,800)
Net cash outflow from investment activities	(50)	(1,149)
Net cash inflow (outflow) from financing activities	4,712	(2,795)

Analysis:

Operating activities

Cash flow from operating activities was changed from cash inflow to cash outflow, mainly due to the sales growth in 2015 Q4 and 2016 Q1; therefore, more inventory was prepared at yearend and the year was with cash outflow.

Investing activities

Cash outflow from investing activities was increased over the previous year, mainly due to the decrease of one-year or longer time deposit by NT$1.016 billion in 2014 that did not happen in 2015.

Financing activities

Cash flow from financing activities was changed from cash inflow to cash outflow, mainly due to the repayment of long-term loans.

Plans to improve liquidity of cash holding and analysis of liquidity for 2015

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
22,632	(4,800)	(3,933)	13,899	(2,516)	-	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 2016

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
13,899	7,390	(11,690)	9,599	8,120	-	-

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			
				2013	2014	2015	2016
Establish/Expand logistics centers in all locations	own capital	Compile budget annually	Compile budget annually	1,576	950	769	250

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	2015.12.31 Balance of investment	Investment policy of the coming year
Investment under equity method	11,161	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	1,805	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	1,433	It will be disposed gradually.

Review and analysis of important analysis

Unit: NTD million

Item	2015.12.31 Percentage of shareholding	2015 Investment gain	Policy	Major reason of operating profit or loss	Improvement plan	Investment plan of the coming year
Synnex Corporation (US)	10.61%	704	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 NTD6,587 million in 2015. Synnex recognized investment income under the equity method.	NA	No current investment or disposition plan.
Redington (India) Ltd. (India)	23.59%	482	Long term holding	The Company is categorized as an IT and Telecom product distribution service provider, its coverage includes India, Middle-East and Africa. The Company's net income was NTD2,043 million in 2015. Synnex recognized investment income under the equity method.	NA	No current investment or disposition plan.
Bestcom Infotech Corp. (Taiwan)	40.86%	81	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 NTD199 million in 2015. Synnex recognized investment income under the equity method.	NA	The tender offer launched in the first half of 2016.
Synnex (Thailand) Public Company Ltd. (Thailand)	40.00%	137	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 NTD342 million in 2015. Synnex recognized investment income under the equity method.	NA	No current investment or disposition plan.
MiTAC Inc. (Taiwan)	18.36%	61	Long term holding	The Company is categorized as a systematic integration value-added service provider. With cash dividend of NTD1.3 per share in 2015, 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

<table>
<tr><th>Risk items</th><th>Risk factors</th><th>Loss/gain caused by risk factors</th><th>Countermeasure</th></tr>
<tr><td>Interest</td><td>As interest rate remains low in recent years, the company adopts flexible financial leverage operation by raising capital at low cost to replace capital injection from its own capital and effectively increase return on equity. However, the fluctuation of interest rate may have certain risk on the Company's operation.</td><td>Unit: NTD million<table>
<tr><th></th><th>2014</th><th>2015</th><th>Change (%)</th></tr>
<tr><td>Average loan</td><td>43,428</td><td>51,696</td><td>19</td></tr>
<tr><td>Average net outstanding loans*</td><td>26,377</td><td>33,431</td><td>27</td></tr>
<tr><td>Interest expense</td><td>707</td><td>831</td><td>18</td></tr>
<tr><td>Net interest expense**</td><td>(70)</td><td>(196)</td><td>(180)</td></tr>
</table></td><td>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.</td></tr>
<tr><td></td><td colspan="2">* 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</td><td></td></tr>
<tr><td>Foreign exchange</td><td>The characteristics of each product line is described below:
IT products: Certain percentage of this product line is imported (mostly denominated in US$), sale of goods is mostly denominated in local currency, and there is certain exchange risk.
Telecom products: Purchase and sales of goods locally and is denominated in local currency, therefore, no exchange risk.
IC components: Certain percentage in this product line is imported (mostly denominated in US$), though certain percentage of sales is denominated in US$, there still remains certain degree of exchange risk.</td><td>Unit: NTD million<table>
<tr><th></th><th>2014</th><th>2015</th><th>Change (%)</th></tr>
<tr><td>Net exchange gain</td><td>(35)</td><td>(2,419)</td><td>(6,811)</td></tr>
</table>Note: The net foreign exchange loss in 2015 was around NTD 2,419 million mainly due to the depreciation of RMB.</td><td>1. For NTD to US$, purchase US$ and transfer to term deposit when there is a purchase denominated in US$ and use the term deposit to settle goods payable to obtain total hedge.
2. The overseas subsidiaries use forward exchange contract to avoid exchange risk.
3. RMB to US$ is reducing the fluctuation of exchange gain (loss) through lowering RMB position.</td></tr>
<tr><td>Inflation</td><td>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.</td><td>The inflation (deflation) rate in 2015 of where the Company and its overseas subsidiaries located are:
Taiwan: (0.2%) Hong Kong: 2.9%
China: 1.5% Australia: 1.9%

Note: As inflation in the subsidiaries' countries remains at a low level, therefore, only minor impact on the Company's operations is seen in 2015.</td><td>"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.</td></tr>
</table>

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

Risk items	2015 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 2015.	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 2015. 2. No endorsement loss in 2015.	1. Endorsement requires Board of Directors' approval. 2. Endorse for: (1) companies that have business relationship with the Group. (2) Directly and indirectly holding over 50% of voting right. (3) Inter-company or co-builder endorsement due to contract requirement, or co-investment relationship and each shareholder endorse for the company in accordance with their shareholding. (4) Directly and indirectly holding 100% of voting right. 3. The Group has stipulated "procedures for endorsement and guarantees" to control endorsement operation.

(Continued on next page)

Risk items	2015 Execution	Group policies and countermeasures
Derivative products transactions	The Group has purchased forward exchange contracts to avoid foreign exchange risk in 2015, as gain/loss from hedging transactions have been offset by its gain/loss, therefore, no actual gain/loss is generated.	Our group does not carry out speculative derivative trading; trading of derivative products is for hedging purpose only. All transactions are managed in accordance with "procedures for derivative trading".

(Continued last page)

3) Others

Risk items	Risk factors	Impact on the company in 2015	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 varied.	"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 NTD769 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 major litigation or non-litigation event.	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, 2015

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	589,399	511,823	77,576	4,911,762	90,179	74,144	741.44	
E-Fan Investments Corp.	225,000	517,640	150	517,490	-	(150)	29,709	1.32	
Synnex Global Ltd.	17,607,381	77,606,146	18,298,540	59,307,606	1,354,669	1,293,862	2,868,550	5.23	
Synnex Mauritius Ltd.	789,120	3,258,245	64	3,258,181	481,897	481,139	481,139	20.05	
Peer Developments Ltd.	992,976	6,532,279	8,449	6,523,830	705,949	705,893	679,323	22.49	
Synnex China Holdings Ltd.	3,294,576	9,870,937	3,281,215	6,589,722	(991,620)	(991,676)	(991,675)	(9.9)	
King's Eye Investments Ltd.	2,054,244	8,313,731	147,905	8,165,826	1,238,133	1,237,918	1,086,492	17.39	
Trade Vanguard Global Ltd.	3,288,000	3,286,989	8,507	3,278,482	-	(57)	99,391	0.16	
LianXiang Technology (Shenzhen) Co., Ltd.	6,576	153,864	68,556	85,308	1,063,170	22,890	1,840	9.20	
Laser Computer Holdings Ltd. **	1,211,529	1,998,928	-	1,998,929	(171,352)	(171,352)	(171,352)	(4.65)	
Synnex Electronics Hong Kong Ltd.	9,864	599,589	518,706	80,883	91,101	(6,846)	(4,727)	(15.76)	
Syntech Asia Ltd.	9,864	17,520,190	15,754,421	1,765,769	75,338,183	882,744	770,583	2,568.61	
Synnex Australia Pty. Ltd.	976,053	20,465,691	18,271,723	2,193,968	49,698,548	505,937	229,924	6.92	
Fortune Ideal Ltd.	61,104	302,385	210,188	92,197	42,248	35,192	16,958	1.17	
Golden Thinking Ltd.	118,685	1,304,464	1,298,982	5,482	74,597	43,821	35,700	1.28	
Synnex New Zealand Ltd.	33,587	1,074,026	1,004,816	69,210	2,994,348	3,601	(9,445)	(6.30)	
PT. Synnex Metrodata Indonesia	1,102,739	5,343,911	3,227,779	2,116,132	18,745,839	658,701	467,298	1,557.66	
Synnex Investments (China) Ltd.	6,576,000	27,524,458	17,653,522	9,870,936	3,816,026	69,866	(991,620)	-	
Synnex (Beijing) Ltd.	295,920	485,118	122,135	362,983	47,013	(9,781)	(4,678)	-	
Synnex (Shanghai) Ltd.	723,360	2,870,340	1,344,208	1,526,132	298,554	(267,968)	99,453	-	
Synnex Distributions (China) Ltd.	7,562,400	30,267,426	20,638,387	9,629,039	97,953,198	290,028	(206,236)	-	
Synnex (Chengdu) Ltd.	164,400	407,072	234,675	172,397	27,900	3,432	(11,540)	-	
Synnex (Nanjing) Ltd.	164,400	323,616	137,177	186,439	21,104	(4,855)	2,144	-	
Synnex (Shenyang) Ltd.	98,640	207,229	105,883	101,346	14,122	(4,972)	(5,340)	-	
Synnex (Tianjin) Ltd.	147,960	165,184	25,236	139,948	6,829	(4,179)	(4,371)	-	
Synnex (Hangzhou) Ltd.	164,400	217,257	33,128	184,129	17,262	4,357	2,444	-	
Synnex (Qingdao) Ltd.	164,400	201,757	42,295	159,462	8,251	(2,841)	(3,794)	-	
Synnex (Guangzhou) Ltd.	394,560	401,195	2,454	398,741	25,629	(1,970)	462	-	
Synnex (Xi'an) Ltd.	131,520	236,584	107,751	128,833	20,748	6,783	(1,405)	-	
Synnex (Suzhou) Ltd.	197,280	194,783	1,002	193,781	4,413	(7,421)	(5,288)	-	
Synnex (Wuhan) Ltd.	164,400	197,939	29,186	168,753	20,984	7,071	4,650	-	

(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 (Jinan) Ltd.	164,400	407,570	274,563	133,007	-	(5,157)	(18,983)	-	
Synnex (Zhengzhou) Ltd.	164,400	252,753	115,331	137,422	9,497	(5,997)	(7,991)	-	
Synnex (Changsha) Ltd.	131,520	351,185	236,626	114,559	-	(1,802)	(8,591)	-	
Synnex (Ningbo) Ltd.	131,520	288,882	184,073	104,809	-	(9,125)	(17,280)	-	
Synnex (Hefei) Ltd.	200,568	323,568	163,564	160,004	8,069	(8,300)	(17,342)	-	
Synnex (Nanchang) Ltd.	131,520	342,301	228,191	114,110	4,076	(9,256)	(17,571)	-	
Synnex (Harbin) Ltd.	164,400	417,604	297,947	119,657	2,814	(7,599)	(24,520)	-	
Synnex (Chongqing) Ltd.	19,728	19,683	38	19,645	-	(4)	884	-	
Synnex (Xiamen) Ltd.	197,280	228,719	53,945	174,774	3,637	(10,835)	(10,738)	-	
Yude (Shanghai) Warehousing Co., Ltd.	12,152	22,114	27,495	(5,381)	3,455	(6,537)	(4,894)	-	
Yidu Information Technology (Shanghai) Co., Ltd.***	-	241	8,028	(7,787)	-	(7,851)	(7,852)	-	
Synnex Technology Development Ltd.	253,170	265,483	(29,955)	295,438	1,555,473	18,653	14,489	-	

* 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 2015.12.31: US$1=NT$32.88; HK$1=NT$4.24; A$1=NT$24.03; THB$1=NT$0.94; RMB$1=NT$5.06

Average exchange rate for 2015: US$1=NT$31.79; HK$1=NT$4.12; A$1=NT$23.91; THB$1=NT$0.95; RMB$1=NT$5.11

** Refers to Consolidated Financial Statements.

*** Fund injection was not yet completed as of 12.31.2015.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2015 AND 2014

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

SYNNEX TECHNOLOGY INTERNATIONAL

CORPORATION AND ITS SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2015, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under Statements of Financial Accounting Standards No.10. If relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Matthew Miau Feng Chiang

SYNNEX TECHNOLOGY INTERNATIONAL

CORPORATION AND ITS SUBSIDIARIES

March 14, 2016

Report of Independent Accountants

PWCR15000371

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, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. 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. The financial statements of certain consolidated subsidiaries included in the consolidated financial statements referred to above are audited by other independent accountants. 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. Those subsidiaries which statements reflect total assets of $1,472,480 thousand and $1,521,817 thousand, both constituting 1% of the consolidated total assets as of December 31, 2015 and 2014, respectively, and total operating revenues of both $0 thousand, both constituting 0% of the consolidated total operating revenues for the years then ended, and net income (loss) before income tax of $24,851 thousand and ($5,209) thousand, constituting 1% and 0% of the consolidated net income before income tax for the years then ended. In addition, we did not audit the financial statements of certain investee companies accounted for under the equity method, as stated in Note 6(9). The comprehensive income recognised for the investments accounted for using equity method amounted to $1,216,660 thousand and $930,128 thousand, constituting 39% and 13% of the consolidated total comprehensive income for the years ended December 31, 2015 and 2014, respectively. The balance of related investment was $10,382,364 thousand and $9,320,072 thousand, constituting 8% and 7% of the total consolidated assets as of December 31, 2015 and 2014, respectively.

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 independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial position of Synnex Technology International Corporation and its subsidiaries as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended 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 (not presented herein) as of and for the years ended December 31, 2015 and 2014, and have expressed a modified unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

March 14, 2016

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

DECEMBER 31, 2015 AND 2014

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2015 Amount	%	December 31, 2014 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 13,898,657	11	$ 22,632,188	17
1110	Financial assets at fair value through profit or loss-current	6(2)	424,108	-	10,893	-
1125	Available-for-sale financial assets-current	6(3)	1,415,009	1	1,616,259	1
1150	Notes receivable-net	6(5)	8,187,190	6	6,344,647	5
1170	Accounts receivable-net	6(6)	38,147,636	28	38,707,137	28
1180	Accounts receivable-related parties-net	7	104,175	-	263,295	-
1200	Other receivables		7,723,546	6	7,454,489	5
1210	Other receivables-related parties	7	62,718	-	17,254	-
1220	Current tax assets	6(30)	172,509	-	40,047	-
130X	Inventories, net	6(8)	35,258,681	26	31,181,915	23
1410	Prepayments		2,769,713	2	2,774,295	2
1470	Other current assets		466,222	1	717,951	1
11XX	**Total current assets**		108,630,164	81	111,760,370	82
	Non-current assets					
1523	Available-for-sale financial assets-noncurrent	6(3)	18,290	-	18,074	-
1543	Financial assets measured at cost-noncurrent	6(4)	1,805,312	2	1,804,515	1
1550	Investments accounted for under the equity method	6(9)	11,161,302	8	10,081,235	8
1600	Property, plant and equipment, net	6(10)	7,060,838	5	6,737,367	5
1760	Investment property, net	6(11)	1,511,552	1	1,594,489	1
1780	Intangible assets	6(12)	449,841	-	413,243	-
1840	Deferred income tax assets	6(30)	1,188,197	1	597,910	1
1900	Other non-current assets	6(6)(13) and 8	2,962,022	2	2,908,975	2
15XX	**Total non-current assets**		26,157,354	19	24,155,808	18
1XXX	**Total assets**		$ 134,787,518	100	$ 135,916,178	100

(Continued)

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2015 AND 2014

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			December 31, 2015		December 31, 2014	
	Liabilities and Equity	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	6(14)	$ 47,654,101	36	$ 39,966,358	29
2110	Short-term notes and bills payable	6(15)	5,300,000	4	6,430,000	5
2120	Financial liabilities at fair value through profit or loss -current	6(2)	7,684	-	4,226	-
2150	Notes payable		1,252,099	1	950,991	1
2170	Accounts payable		28,783,381	21	29,571,905	22
2180	Accounts payable-related parties	7	12,196	-	176,381	-
2200	Other payables	6(16)	5,842,171	4	6,589,138	5
2220	Other payables-related parties	7	8,809	-	3,716	-
2230	Current income tax liabilities	6(30)	1,229,110	1	978,815	1
2300	Other current liabilities		255,156	-	324,661	-
21XX	**Total current liabilities**		90,344,707	67	84,996,191	63
	Non-current liabilities					
2540	Long-term borrowings	6(18)	-	-	4,041,750	3
2570	Deferred income tax liabilities	6(30)	111,979	-	157,212	-
2600	Other non-current liabilities	6(19)	455,540	-	512,364	-
25XX	**Total non-current liabilities**		567,519	-	4,711,326	3
2XXX	**Total liabilities**		90,912,226	67	89,707,517	66
	Equity attributable to owners of parent					
	Share capital	6(20)				
3110	Share capital-common stock		15,885,209	12	15,885,209	12
	Capital surplus	6(21)				
3200	Capital surplus		14,139,722	10	14,331,857	11
	Retained earnings	6(22)				
3310	Legal reserve		6,096,802	5	5,594,393	4
3320	Special reserve		-	-	1,965,774	1
3350	Unappropriated retained earnings		6,823,082	5	7,425,704	5
	Other equity interest	6(23)				
3400	Other equity interest		(126,513)	-	123,889	-
31XX	**Equity attributable to owners of the parent**		42,818,302	32	45,326,826	33
36XX	**Non-controlling interest**		1,056,990	1	881,835	1
3XXX	**Total equity**		43,875,292	33	46,208,661	34
	Significant contingent liabilities and unrecognized contract commitments	9				
3X2X	**Significant events after the balance sheet date**	11				
	Total liabilities and equity		$ 134,787,518	100	$ 135,916,178	100

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

See report of independent accountants dated March 14, 2016.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2015 AND 2014

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

			Year ended December 31, 2015		Year ended December 31, 2014	
		Notes	Amount	%	Amount	%
4000	**Operating revenues**	6(24) and 7	$ 322,133,452	100	$ 331,532,594	100
5000	**Operating costs**	6(8)	(310,541,679)	(97)	(320,007,409)	(97)
5950	**Gross profit, net**		11,591,773	3	11,525,185	3
	Operating expenses	6(18)(19)(28)(29)				
6100	Selling expenses		(4,357,619)	(1)	(4,138,854)	(1)
6200	General and administrative expenses		(3,285,583)	(1)	(2,936,652)	(1)
6000	**Total operating expenses**		(7,643,202)	(2)	(7,075,506)	(2)
6900	**Operating income**		(3,948,571)	1	4,449,679	1
	Non-operating income and expenses					
7010	Other income	6(25)	1,909,629	1	1,642,441	1
7020	Other gains and losses	6(26)	(2,693,726)	(1)	(297,149)	-
7050	Finance costs	6(27)	(831,145)	-	(706,562)	-
7060	Share of profit of associates and joint ventures accounted for under the equity method	6(9)	1,404,223	-	1,128,824	-
7000	**Total non-operating income and expenses**		(211,019)	-	1,767,554	1
7900	**Profit before tax**		3,737,552	1	6,217,233	2
7950	Income tax expense	6(30)	(318,875)	-	(962,037)	(1)
8200	**Profit**		$ 3,418,677	1	$ 5,255,196	1
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans		($ 11,426)	-	$ 11,849	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		1,563	-	(2,014)	-
8310	**Components of other comprehensive (loss) income that will not be reclassified to profit or loss**		(9,863)	-	9,835	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Cumulative translation differences of foreign operations	6(23)	(85,034)	-	2,295,038	1
8362	Unrealized loss on valuation of available-for-sale financial assets	6(3)(23)	(116,226)	-	(197,766)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(9)(23)	(106,669)	-	(123,216)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(23)	-	-	1,815	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(307,929)	-	1,975,871	1
8300	Other comprehensive (loss) income for the year, net of tax		($ 317,792)	-	$ 1,985,706	1
8500	Total comprehensive income for the year		$ 3,100,885	1	$ 7,240,902	2
	Profit, attributable to:					
8610	Owners of parent		$ 3,185,995	1	$ 5,024,099	1
8620	Non-controlling interest		232,682	-	231,097	-
	Profit		$ 3,418,677	1	$ 5,255,196	1
	Comprehensive income attributable to:					
8710	Owners of parent		$ 2,925,730	1	$ 7,123,598	2
8720	Non-controlling interest		175,155	-	117,304	-
	Total comprehensive income for the year		$ 3,100,885	1	$ 7,240,902	2
	Earnings per share		$	2.01	$	3.16
9750	**Basic earnings per share**	6(31)				
9850	**Diluted earnings per share**	6(31)	$	2.01	$	3.16

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

See report of independent accountants dated March 14, 2016.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

YEARS ENDED DECEMBER 31, 2015 AND 2014

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

				Retained earnings			Other equity interest				
	Notes	Share capital-common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total	Non-controlling interest	Total equity
2014											
Balance at January 1, 2014		$ 15,885,209	$ 14,264,632	$ 5,066,993	$ 1,670,628	$ 7,662,176	($ 2,221,534)	$ 255,759	$ 42,583,863	$ 764,531	$ 43,348,394
Appropriations of 2013 earnings	6(22)										
Provision for legal reserve		-	-	527,400	-	(527,400)	-	-	-	-	-
Provision for special reserve		-	-	-	295,146	(295,146)	-	-	-	-	-
Distribution of cash dividend		-	-	-	-	(4,447,860)	-	-	(4,447,860)	-	(4,447,860)
Change in net assets of the associate and joint ventures accounted for under the equity method		-	67,225	-	-	-	-	-	67,225	-	67,225
Other comprehensive income (loss) for 2014	6(23)	-	-	-	-	9,835	2,287,452	(197,788)	2,099,499	(113,793)	1,985,706
Net income for 2014		-	-	-	-	5,024,099	-	-	5,024,099	231,097	5,255,196
Balance at December 31, 2014		$ 15,885,209	$ 14,331,857	$ 5,594,393	$ 1,965,774	$ 7,425,704	$ 65,918	$ 57,971	$ 45,326,826	$ 881,835	$ 46,208,661
2015											
Balance at January 1, 2015		$ 15,885,209	$ 14,331,857	$ 5,594,393	$ 1,965,774	$ 7,425,704	$ 65,918	$ 57,971	$ 45,326,826	$ 881,835	$ 46,208,661
Appropriations of 2014 earnings	6(22)										
Provision for legal reserve		-	-	502,409	-	(502,409)	-	-	-	-	-
Provision for special reserve		-	-	-	(1,965,774)	1,965,774	-	-	-	-	-
Distribution of cash dividend		-	-	-	-	(5,242,119)	-	-	(5,242,119)	-	(5,242,119)
Change in net assets of the associate and joint ventures accounted for under the equity method		-	(192,135)	-	-	-	-	-	(192,135)	-	(192,135)
Other comprehensive loss for 2015	6(23)	-	-	-	-	(9,863)	(132,916)	(117,486)	(260,265)	(57,527)	(317,792)
Net income for 2015		-	-	-	-	3,185,995	-	-	3,185,995	232,682	3,418,677
Balance at December 31, 2015		$ 15,885,209	$ 14,139,722	$ 6,096,802	$ -	$ 6,823,082	($ 66,998)	($ 59,515)	$ 42,818,302	$ 1,056,990	$ 43,875,292

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

See report of independent accountants dated March 14, 2016.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2015 AND 2014

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax for the year		$ 3,737,552	$ 6,217,233
Adjustments to reconcile profit before income tax to net cash (used in) provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(10)(28)	310,258	288,546
Amortization	6(12)(28)	31,981	31,467
Provision for bad debts expense	6(5)(6)	1,050,386	306,594
Net gain on financial assets/liabilities at fair value through profit or loss	6(2)(26)	(18,437)	(32,785)
(Gain from reversal of) decline in market value and loss for obsolete and slow-moving inventories	6(8)	(40,569)	90,138
Loss on obsolescence	6(8)	5,449	4,596
Interest expense	6(27)	831,145	706,562
Interest income	6(25)	(1,027,500)	(776,333)
Dividend income	6(25)	(124,749)	(112,929)
Share of profit of associates and joint ventures accounted for under the equity method	6(9)	(1,404,223)	(1,128,824)
Cash dividends on investments accounted for under the equity method		282,889	147,115
Loss on disposal of property, plant and equipment and investment property		12,739	1,284
Depreciation of investment property	6(11)	63,942	60,389
Impairment loss	6(3)	85,000	-
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		(391,320)	134,005
Notes and accounts receivable		(1,181,364)	306,055
Inventories		(4,041,646)	1,314,662
Other receivables		(314,521)	1,589,508
Prepayments		4,582	(1,101,327)
Other current assets		251,729	(677,257)
Overdue receivables		(883,799)	(898,185)
Net changes in liabilities relating to operating activities			
Notes and accounts payable		(651,601)	563,547
Other payables		(722,012)	(1,381,448)
Other current liabilities		(69,505)	47,871
Other non-current liabilities		12,049	91,172
Cash (outflow) inflow generated from operations		(4,191,545)	5,791,656
Interest paid		(834,406)	(733,169)
Interest received		1,027,500	776,333
Dividend received		124,749	112,929
Income tax paid		(926,725)	(922,025)
Net cash (used in) provided by operating activities		(4,800,427)	5,025,724

(Continued)

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2015 AND 2014

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31, 2015	Years ended December 31, 2014
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from capital reduction of financial assets carried at cost		$ 800	$ 61,606
Increase in investments accounted for under the equity method		-	(23,037)
Acquisition of property, plant and equipment	6(33)	(970,911)	(984,195)
(Increase) decrease in investment property		(3,969)	1,574
Loss on disposal of property, plant and equipment and investment property		34,353	6,099
Acquisition of intangible assets	6(33)	(31,287)	(59,688)
Increase in long-term prepaid rents		-	17,472
Decrease (increase) in refundable deposits		19,621	(21,563)
(Increase) decrease in restricted time deposits		(202,397)	2,963
Decrease in time deposits over one year		-	1,016,544
Decrease (increase) in other non-current assets		4,535	(67,391)
Net cash used in investing activities		(1,149,255)	(49,616)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans		7,687,743	7,688,281
(Decrease) increase in short-term notes and bills payable		(1,130,000)	2,290,000
(Decrease) increase in guarantee deposits received		(68,873)	139,356
Decrease in long-term loans		(4,041,750)	-
Increase in long-term loans		-	4,041,750
Repayment of bonds payable	6(17)	-	(5,000,000)
Payment of cash dividends	6(21)	(5,242,119)	(4,447,860)
Net cash (used in) provided by financing activities		(2,794,999)	4,711,527
Effects of changes in foreign exchange rates		11,150	1,474,652
(Decrease) increase in cash and cash equivalents		(8,733,531)	11,162,287
Cash and cash equivalents at beginning of the year		22,632,188	11,469,901
Cash and cash equivalents at end of the year		$ 13,898,657	$ 22,632,188

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

See report of independent accountants dated March 14, 2016.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(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 Law 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 14, 2016.

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")

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by FSC on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taipei Exchange or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, 'Financial instruments') as endorsed by the FSC and Regulations Governing the Preparation of Financial Reports by Securities Issuers effective January 1, 2015 (collectively referred herein as the "2013 version of IFRS") in preparing the consolidated financial statements. The impact of adopting the 2013 version of IFRS is listed below:

A. IAS 19 (revised), ‘Employee benefits’

The revised standard makes amendments that net interest amount, calculated by applying the discount rate to the net defined benefit asset or liability, replaces the finance charge and expected return on plan assets. The revised standard eliminates the accounting policy choice that the actuarial gains and losses could be recognised based on corridor approach or recognised in profit or loss. The revised standard requires that the actuarial gains and losses can only be recognized immediately in other comprehensive income when incurred. Past service cost will be recognized immediately in the period incurred and will no longer be amortised using straight-line basis over the average period until the benefits become vested. An entity is required to recognise termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognises any related restructuring costs, rather than when the entity is demonstrably committed to a termination. Additional disclosures are required for defined benefit plans.

B. IFRS 10, ‘Consolidated financial statements’

The standard replaces the requirements relating to consolidated financial statements in IAS 27, ‘Consolidated and separate financial statements’ and IAS 27 therefore is renamed ‘Separate financial statements’; the standard also supersedes requirements in SIC-12, ‘Consolidation-special purpose entities’. The standard defines the principle of control that an investor controls an investee if and only if the investor has all three elements of control.

C. IAS 1, ‘Presentation of financial statements’

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Group will adjust its presentation of the statement of comprehensive income.

D. IFRS 12, ‘Disclosure of interests in other entities’

The standard integrates the disclosure requirements for subsidiaries and associates. And, the Group will disclose additional information about its interests in consolidated entities accordingly.

E. IFRS 13, ‘Fair value measurement’

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value from market participants’ perspective, and requires disclosures about fair value measurements. For non-financial assets only, fair value is determined based on the highest and best use of the asset. Based on the Group’s assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group will disclose additional information about fair value measurements accordingly.

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

None.

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

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRSs as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 9, ‘Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, ‘Revenue from contracts with customers'	January 1, 2018
IFRS 16, ‘Leases’	January 1, 2019
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 an d IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, ‘Levies’	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Group is assessing the potential impact of the new standards, interpretations and amendments above. The impact on the consolidated financial statements will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” 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”).

(2) Basis of preparation

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

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

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

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

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its 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) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

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

B. Subsidiaries included in the consolidated financial statements:

December 31, 2015 and 2014:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business Activities	December 31, 2015	December 31, 2014	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
Synnex Global ltd.	Trade Vanguard Global Ltd.(Note 1)	Investment holding company	100	100	PwC
King's Eye Investments Ltd.	Fortune Ideal Ltd.	Real estate investments	100	100	Other
King's Eye Investments Ltd.	Laser Computer Holdings Ltd.	Investment holding company	100	100	PwC
King's Eye Investments Ltd.	Synnex Australia Pty. Ltd.	Sales of computers and computer peripherals	100	100	PwC
King's Eye Investments	Synnex New Zealand	Sales of computers	100	100	PwC

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) December 31, 2015	Ownership (%) December 31, 2014	Description
Ltd.	Ltd.	and computer peripherals			
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	Other
King's Eye Investments Ltd.	PT. Synnex Metrodata Indonesia	Sales of computers and computer peripherals	50.3	50.3	PwC
Laser Computer Holdings Ltd.	Laser Computer (China) Ltd.	Sales of computers and computer peripherals	100	100	PwC
Laser Computer Holdings Ltd.	Synnex Technology International (HK) Ltd.	Sales of computers and computer peripherals	100	100	PwC
Peer Developments Ltd.	LianXiang Technology (Shenzhen) Ltd.	Sales of electronic components	100	100	PwC
Synnex China Holdings Ltd.	Synnex Investments (China) Ltd.	Investment holding company	100	100	PwC
Synnex Investments (China) Ltd.	Synnex Distributions (China) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Beijing) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Shanghai) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Tianjin) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Chengdu) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Nanjing) Ltd.	Sale of computers and computer peripherals	100	100	PwC

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) December 31, 2015	Ownership (%) December 31, 2014	Description
Synnex Investments (China) Ltd.	Synnex (Shenyang) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Hangzhou) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Qingdao) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Guangzhou) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Xi'an) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Suzhou) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Wuhan) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Jinan) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Changsha) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Zhengzhou) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Ningbo) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Hefei) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Nanchang) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Harbing) Ltd.	Sale of computers and computer peripherals	100	100	PwC

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) December 31, 2015	Ownership (%) December 31, 2014	Description
Synnex Investments (China) Ltd.	Synnex (Chongqing) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Xiamen) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Yude (Shanghai) Warehouse Co., Ltd.	Warehouse services	80	80	PwC
Synnex Distributions (China) Ltd.	YD Information Technology (SH) LTD. (Note 2)	Information technology service and sale of computers and computer peripherals	100	-	PwC
Synnex Distributions (China) Ltd.	Synnex Technology Development (Beijing) Ltd.	Sale of computers and computer peripherals	100	100	PwC

Note 1: These companies were incorporated in 2014.

Note 2: These companies were incorporated in 2015.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: The Group has no subsidiary that has non-controlling interests that are material to the Group after assessment.

(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.

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

(15) Property, plant and equipment

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

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

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

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each 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	5 - 55 years
Utilities equipment	7 - 24 years
Computer equipment	3 - 12 years
Transportation equipment	7 - 13 years
Furniture and fixtures	5 - 7 years
Machinery and equipment	5 - 18 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 are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

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

(20) Borrowings

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

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

(21) Notes and accounts payable

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

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

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

(a) Hybrid (combined) contracts; or

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

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

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

(23) Derecognition of financial liabilities

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

(24) Offsetting financial instruments

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

(25) 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) <u>Employee benefits</u>

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

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

C. Termination benefits

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

D. Employees’ directors’ and supervisors’ remuneration

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

(29) Income tax

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

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

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

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

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

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

(30) 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.

(31) Revenue recognition

Sales of goods

The Group sells information, communication, electronic and consumer electronic products. Revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods 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.

(32) Operating segments

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

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

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

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

A. 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.

If the decline of the fair value of an individual equity investment below cost was considered significant or prolonged, the Group would suffer a loss in its financial statements, being the transfer of the accumulated fair value adjustments recognised in other comprehensive income on the impaired available-for-sale financial assets to profit or loss or being the recognition of the impairment loss on the impaired financial assets measured at cost in profit or loss.

B. 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.

(d) The Group bears credit risk of customers.

C. Financial assets measured at cost

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

(2) Critical accounting estimates and assumptions

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, 2015, the carrying amount of inventories was $35,258,681.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash on hand and revolving funds	$ 1,268	$ 128,504
Checking accounts and demand deposits	2,435,712	2,657,106
Time deposits	11,461,677	19,846,578
	$ 13,898,657	$ 22,632,188

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

B. 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, 2015	December 31, 2014
Financial assets held for trading		
Listed (TSE and OTC) stocks	$ 396,988	$ 9,188
Valuation adjustment of financial assets held for trading	27,120	1,705
Total	$ 424,108	$ 10,893
Financial liabilities held for trading		
Non-hedging derivatives-foreign exchange forward	$ 7,684	$ 4,226

A. The Group recognised net gain of $18,437 and $32,785 on financial assets held for trading for the years ended December 31, 2015 and 2014, respectively,

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

Foreign exchange forward

		December 31, 2015	
The subsidiaries	Items	Book Value	Nominal Principal (in thousands)
Synnex Technology International (HK) Ltd.	Buy USD sell HKD	($ 570)	USD 8,000
Synnex New Zealand	Buy USD sell NZD	(2,176)	USD 2,455
Synnex New Zealand	Buy AUD sell NZD	(426)	AUD 934
PT.SMI	Buy USD sell IDR	(4,512)	USD 9,929

		December 31, 2014	
The subsidiaries	Items	Book Value	Nominal Principal (in thousands)
Synnex Technology International (HK) Ltd.	Buy USD sell HKD	($ 2,753)	USD 44,000
Synnex New Zealand	Buy USD sell NZD	(807)	USD 1,690
Synnex New Zealand	Buy AUD sell NZD	(258)	AUD 450
Synnex Australia	Buy USD sell AUD	(408)	USD 11,000

In 2015 and 2014, the subsidiaries of the Company undertook forward exchange contracts with local banks to hedge risks put to foreign currency assets and liabilities arising from fluctuations in exchange rates. The Group recognised (loss) gain on valuation amounting to ($6,995) and $499 for the years ended December 31, 2015 and 2014, 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, 2015	December 31, 2014
Current items:		
Listed (TSE and OTC) stocks	$ 1,418,647	$ 1,418,647
Non-listed (TSE and OTC) stocks	272,050	272,050
Subtotal	1,690,697	1,690,697
Valuation adjustment of available-for-sale financial assets	(79,707)	36,543
Accumulated impairment - available-for-sale financial assets	(195,981)	(110,981)
Total	$ 1,415,009	$ 1,616,259
Non-current items:		
Listed (TSE and OTC) stocks	$ 5,345	$ 5,153
Valuation adjustment of available-for-sale financial assets	12,945	12,921
Total	$ 18,290	$ 18,074

A. The Group recognised ($201,226) and $197,766 in other comprehensive income for fair value change for the years ended December 31, 2015 and 2014, respectively. The fair value of the Group's unlisted shares declined significantly below its initial investment cost. The Group therefore recognised impairment loss of $85,000 and $0 on equity investments for the years ended December 31, 2015 and 2014, respectively. The amount of ($85,000) and $0 was transferred from equity to profit or loss, respectively.

B. As of December 31, 2015 and 2014, no available-for-sale financial assets held by the Group were pledged to others.

(4) Financial assets measured at cost

	December 31, 2015	December 31, 2014
Non-current items:		
Non-listed (TSE and OTC) stocks	$ 2,003,460	$ 1,998,369
Accumulated impairment-financial assets measured at cost	(198,148)	(193,854)
Total	$ 1,805,312	$ 1,804,515

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

B. As of December 31, 2015 and 2014, no financial assets measured at cost held by the Group were pledged to others.

(5)Notes receivable

	December 31, 2015	December 31, 2014
Notes receivable	$ 8,217,371	$ 6,361,058
Less: allowance for bad debts	(30,181)	(16,411)
	$ 8,187,190	$ 6,344,647

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, 2015 and 2014, the Group’s notes receivable that were impaired amounted to $30,181 and $16,411, respectively.

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

	2015		
	Individual provision	Group provision	Total
At January 1	$ -	$ 16,411	$ 16,411
Provision for impairment	-	14,252	14,252
Net exchange differences	-	(482)	(482)
At December 31	$ -	$ 30,181	$ 30,181

	2014		
	Individual provision	Group provision	Total
At January 1	$ -	$ 1,007	$ 1,007
Provision for impairment	-	14,614	14,614
Net exchange differences	-	790	790
At December 31	$ -	$ 16,411	$ 16,411

(6) Accounts receivable and overdue receivables

	December 31, 2015	December 31, 2014
Accounts receivable	$ 38,250,922	$ 38,766,751
Less: allowance for bad debts	(103,286)	(59,614)
	38,147,636	38,707,137
Overdue receivables (recorded as other non-current assets)	2,710,133	1,826,334
Less: allowance for bad debts	(2,090,718)	(1,138,436)
	619,415	687,898
	$ 38,767,051	$ 39,395,035

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, 2015 and 2014, 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, 2015	December 31, 2014
Not past due	$ 32,575,000	$ 31,557,555
Up to 60 days past due	4,624,908	5,456,186
61-120 days past due	493,375	1,424,161
121-180 days past due	113,802	258,286
More than 181 days past due	959,966	698,847
	$ 38,767,051	$ 39,395,035

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, 2015 and 2014, the Group's accounts receivable that were impaired amounted to $2,194,004 and $1,198,050, respectively.

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

	2015		
	Individual provision	Group provision	Total
At January 1	$ 1,138,436	$ 59,614	$ 1,198,050
Provision for impairment	983,211	52,923	1,036,134
Write off of uncollectibles	(15,513)	(7,696)	(23,209)
Net exchange differences	(15,416)	(1,555)	(16,971)
At December 31	$ 2,090,718	$ 103,286	$ 2,194,004

	2014		
	Individual provision	Group provision	Total
At January 1	$ 589,943	$ 291,568	$ 881,511
Provision for (reversal of) impairment	498,224	(206,244)	291,980
Write off of uncollectibles	(1,326)	(30,474)	(31,800)
Net exchange differences	51,595	4,764	56,359
At December 31	$ 1,138,436	$ 59,614	$ 1,198,050

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

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

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

(7) Transfer of financial assets

A. Transferred financial assets that are derecognised in their entirety

The Group entered into a factoring agreement with Bank to sell its accounts receivable for the year ended December 31, 2015. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognised the transferred accounts receivable, and the related information is as follows:

(Unit:USD thousand)

December 31, 2015				
Accounts receivable transferred	Amount derecognized	Facilities	Amount advanced	Interest rate of amount advanced
The company				
$644,106 (US$19,660)	$644,106 (US$19,660)	US$32,000	$644,106 (US$19,660)	1.2%-1.367%
$131,851 (US$4,039)	$131,851 (US$4,039)	US$10,000	$131,851 (US$4,039)	1.14%-1.44%
Subsidiaries				
$304,097 (US$9,249)	$304,097 (US$9,249)	US$10,000	$304,097 (US$9,249)	1.13%-1.41%
$327,958 (US$9,947)	$327,958 (US$9,947)	US$17,000	$327,958 (US$9,947)	1.15%~1.513%
$205,136 (US$6,239)	$205,136 (US$6,239)	US$15,000	$205,136 (US$6,239)	1.2%~1.68%

December 31, 2014：None.

B. Transferred financial assets that are not derecognised in their entirety

The Group entered into a factoring agreement with a bank to sell its accounts receivable. Under the agreement, the Group transferred the accounts receivable and is obligated to provide guarantees for the default risk of the transferred accounts receivable. Therefore, the Group did not derecognise these accounts receivable. Related advanced payments are recorded under short-term borrowings. As of December 31, 2015 and 2014, the outstanding accounts receivable sold to the bank were as follows:

Unit:USD thousand

December 31, 2015		
Accounts receivable transferred	Amount advanced	Collateral
$99,320 (US$3,019)	$99,320 (US$3,019)	None

Unit: USD thousand

December 31, 2014		
Accounts receivable transferred	Amount advanced	Collateral
$35,542 (US$1,119)	$35,542 (US$1,119)	None

(8)Inventories

	December 31, 2015		
	Cost	Allowance for Valuation loss	Book value
Merchandise inventories	$ 35,491,586	($ 603,356)	$ 34,888,230
Inventory in transit	370,451	-	370,451
Total	$ 35,862,037	($ 603,356)	$ 35,258,681

	December 31, 2014		
	Cost	Allowance for Valuation loss	Book value
Merchandise inventories	$ 31,359,436	($ 649,101)	$ 30,710,335
Inventory in transit	471,580	-	471,580
Total	$ 31,831,016	($ 649,101)	$ 31,181,915

The cost of inventories recognised as expense for the period:

	Years ended December 31,	
	2015	2014
Cost of inventories sold	$ 310,576,799	$ 319,912,675
(Gain on reversal of) loss on decline in market value	(40,569)	90,138
Loss on retirement	5,449	4,596
	$ 310,541,679	$ 320,007,409

(9)Investments accounted for under equity method

A. The details are as follows:

	December 31, 2015		December 31, 2014	
	Balance	Percentage ownership	Balance	Percentage ownership
Associates:				
Synnex Corporation	$ 6,378,209	10.61%	$ 5,721,938	10.75%
Redington (India) Ltd.	3,151,986	23.59%	2,773,685	23.59%
Synnex (Thailand) Public Company Ltd.	852,169	40.00%	824,449	40.00%
Bestcom Infotech Corporation	778,938	40.86%	761,163	40.86%
	$ 11,161,302		$ 10,081,235	

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

	Profit/(loss) of associates	
	Years ended December 31,	
	2015	2014
Synnex Corporation	$ 704,109	$ 545,011
Redington (India) Ltd.	481,897	441,114
Synnex (Thailand) Public Company Ltd.	136,830	68,590
Bestcom Infotech Corporation	81,387	74,109
	$ 1,404,223	$ 1,128,824

	Share of other comprehensive income of associates	
	Years ended December 31,	
	2015	2014
Synnex Corporation	($ 163,953)	($ 38,205)
Redington (India) Ltd.	59,037	(86,543)
Synnex (Thailand) Public Company Ltd.	(1,260)	161
Bestcom Infotech Corporation	(493)	3,186
	($ 106,669)	($ 121,401)

C. Associates

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

Company name	Principal place of business	Nature of relationship	Methods of measurement
Synnex Corporation	USA	Significant influence	Equity method

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

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

Balance sheet

	Synnex Corporation	
	December 31, 2015	December 31, 2014
Current assets	$ 118,672,831	$ 123,629,651
Non-current assets	27,627,469	25,773,780
Current liabilities	(63,069,002)	(86,278,809)
Non-current liabilities	(23,873,938)	(10,693,298)
Total net assets	$ 59,357,360	$ 52,431,324
Share in associate's net assets	6,303,699	5,650,103
Goodwill	74,510	71,835
Carrying amount of the associate	$ 6,378,209	$ 5,721,938

Statement of comprehensive income

	Synnex Corporation	
	Years ended December 31,	
	2015	2014
Revenue	$ 424,027,641	$ 302,274,460
Profit for the period from continuing operations	6,586,617	3,667,537
Other comprehensive (loss) income, net of tax	(1,545,280)	69,323
Total comprehensive income	$ 5,041,337	$ 3,736,860
Dividends received from associates	$ 78,288	$ -

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

As of December 31, 2015 and 2014, the carrying amount of the Group's individually immaterial associates amounted to $4,783,093 and $4,359,297, respectively.

	Years ended December 31,	
	2015	2014
Profit for the period from continuing operations	$ 2,576,889	$ 1,629,832
Other comprehensive income (loss), net of tax	245,909	(13,366)
Total comprehensive income	$ 2,822,798	$ 1,616,466

(d) The fair value of the Group's material associates with quoted market price is as follows:

	December 31, 2015	December 31, 2014
Synnex Corporation	$ 12,664,092	$ 10,611,600

(10) Property, plant and equipment

	Land	Buildings	Utilities equipment	Computer equipment	Transportation equipment	Furniture and fixtures	Tools	Leasehold improvements	Construction in progress and equipment to be inspected	Total
At January 1, 2015										
Cost	$ 1,006,329	$ 4,418,805	$ 626,772	$ 662,718	$ 170,107	$ 132,439	$ 1,067,101	$ 165,856	$ 924,730	$ 9,174,857
Accumulated depreciation	-	(713,502)	(260,035)	(459,383)	(106,114)	(71,911)	(707,859)	(118,686)	-	(2,437,490)
	$ 1,006,329	$ 3,705,303	$ 366,737	$ 203,335	$ 63,993	$ 60,528	$ 359,242	$ 47,170	$ 924,730	$ 6,737,367
2015										
Opening net book amount	$ 1,006,329	$ 3,705,303	$ 366,737	$ 203,335	$ 63,993	$ 60,528	$ 359,242	$ 47,170	$ 924,730	$ 6,737,367
Additions	-	49,377	8,771	47,390	22,126	13,695	168,444	9,239	608,708	927,750
Disposals	-	(18,693)	(14,823)	(1,043)	(616)	(1,021)	(405)	(303)	-	(36,904)
Reclassifications	-	879,055	50,551	30,886	-	(24,285)	(6,809)	176	(958,268)	(28,694)
Depreciation charge	-	(112,922)	(36,768)	(63,324)	(14,401)	(11,744)	(56,243)	(14,856)	-	(310,258)
Net exchange differences	(32,423)	(138,860)	(14,454)	(2,807)	(674)	(3,260)	(16,565)	(1,950)	(17,430)	(228,423)
Closing net book amount	$ 973,906	$ 4,363,260	$ 360,014	$ 214,437	$ 70,428	$ 33,913	$ 447,664	$ 39,476	$ 557,740	$ 7,060,838
At December 31, 2015										
Cost	$ 973,906	$ 5,058,231	$ 633,155	$ 497,906	$ 173,235	$ 76,673	$ 1,057,751	$ 131,779	$ 557,740	$ 9,160,376
Accumulated depreciation	-	(694,971)	(273,141)	(283,469)	(102,807)	(42,760)	(610,087)	(92,303)	-	(2,099,538)
	$ 973,906	$ 4,363,260	$ 360,014	$ 214,437	$ 70,428	$ 33,913	$ 447,664	$ 39,476	$ 557,740	$ 7,060,838

	Land	Buildings	Utilities equipment	Computer equipment	Transportation equipment	Furniture and fixtures	Tools	Leasehold improvements	Construction in progress and equipment to be inspected	Total
At January 1, 2014										
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
2014										
Opening 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
Additions	-	131,682	6,938	33,149	2,303	13,230	60,659	12,427	755,362	1,015,750
Disposals	-	(31)	47	(5,499)	(152)	(908)	(197)	(414)	-	(7,154)
Reclassifications	-	274,133	171,867	6,153	13,418	37,679	43,707	4,008	(550,140)	825
Depreciation charge	-	(92,328)	(37,948)	(67,519)	(15,493)	(13,655)	(48,000)	(13,603)	-	(288,546)
Net exchange differences	(11,101)	124,956	6,984	1,840	730	(1,012)	(2,108)	920	47,612	168,821
Closing net book amount	$ 1,006,329	$ 3,705,303	$ 366,737	$ 203,335	$ 63,993	$ 60,528	$ 359,242	$ 47,170	$ 924,730	$ 6,737,367
At December 31, 2014										
Cost	$ 1,006,329	$ 4,418,805	$ 626,772	$ 662,718	$ 170,107	$ 132,439	$ 1,067,101	$ 165,856	$ 924,730	$ 9,174,857
Accumulated depreciation	-	(713,502)	(260,035)	(459,383)	(106,114)	(71,911)	(707,859)	(118,686)	-	(2,437,490)
	$ 1,006,329	$ 3,705,303	$ 366,737	$ 203,335	$ 63,993	$ 60,528	$ 359,242	$ 47,170	$ 924,730	$ 6,737,367

Note 1: The significant components of buildings include office buildings and warehouse with main buildings and improvements, which are depreciated over 5~55 and 3 years, respectively.

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

(11) Investment property

	Buildings	Utilities equipment	Total
At January 1, 2015			
Cost	$ 1,582,060	$ 286,067	$ 1,868,127
Accumulated depreciation	(141,286)	(132,352)	(273,638)
	$ 1,440,774	$ 153,715	$ 1,594,489
2015			
Opening net book amount	$ 1,440,774	$ 153,715	$ 1,594,489
Additions	3,373	596	3,969
Reclassifications	-	22,546	22,546
Disposals	-	(10,188)	(10,188)
Depreciation charge	(36,517)	(27,425)	(63,942)
Net exchange differences	(32,066)	(3,256)	(35,322)
Closing net book amount	$ 1,375,564	$ 135,988	$ 1,511,552
At December 31, 2015			
Cost	$ 1,549,896	$ 275,297	$ 1,825,193
Accumulated depreciation	(174,332)	(139,309)	(313,641)
	$ 1,375,564	$ 135,988	$ 1,511,552

	Buildings	Utilities equipment	Total
At January 1, 2014			
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
2014			
Opening net book amount	$ 1,397,040	$ 172,204	$ 1,569,244
Disposals	-	(1,803)	(1,803)
Depreciation charge	(35,137)	(25,252)	(60,389)
Net exchange differences	78,871	8,566	87,437
Closing net book amount	$ 1,440,774	$ 153,715	$ 1,594,489
At December 31, 2014			
Cost	$ 1,582,060	$ 286,067	$ 1,868,127
Accumulated depreciation	(141,286)	(132,352)	(273,638)
	$ 1,440,774	$ 153,715	$ 1,594,489

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

	Years ended December 31, 2015	Years ended December 31, 2014
Rental income from the lease of the investment property	$ 449,419	$ 437,644
Direct operating expenses arising from the investment property that generated rental income in the period	$ 142,153	$ 142,964
Direct operating expenses arising from the investment property that did not generate rental income in the period	$ 50,195	$ 43,756

B. The fair value of the investment property held by the Group as of December 31, 2015 and 2014 was $2,893,554 and $2,774,602, 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.

(12) Intangible assets

	Computer software cost	Goodwill	Total
At January 1, 2015			
Cost	$ 177,977	$ 314,809	$ 492,786
Accumulated amortisation	(79,543)	-	(79,543)
	$ 98,434	$ 314,809	$ 413,243
2015			
Opening net book amount	$ 98,434	$ 314,809	$ 413,243
Additions－acquired separately	56,861	-	56,861
Amortisation charge	(31,981)	-	(31,981)
Net exchange differences	-	11,718	11,718
Closing net book amount	$ 123,314	$ 326,527	$ 449,841
At December 31, 2015			
Cost	$ 234,838	$ 326,527	$ 561,365
Accumulated amortisation	(111,524)	-	(111,524)
	$ 123,314	$ 326,527	$ 449,841

	Computer software cost	Goodwill	Total
At January 1, 2014			
Cost	$ 159,302	$ 296,535	$ 455,837
Accumulated amortisation	(48,076)	-	(48,076)
	$ 111,226	$ 296,535	$ 407,761
2014			
Opening net book amount	$ 111,226	$ 296,535	$ 407,761
Additions-acquired separately	18,675	-	18,675
Amortisation charge	(31,467)	-	(31,467)
Net exchange differences	-	18,274	18,274
Closing net book amount	$ 98,434	$ 314,809	$ 413,243
At December 31, 2014			
Cost	$ 177,977	$ 314,809	$ 492,786
Accumulated amortisation	(79,543)	-	(79,543)
	$ 98,434	$ 314,809	$ 413,243

A. Amortization charges on intangible assets were recognised as administrative expenses amounting to $31,981 and $31,467 for the years ended December 31, 2015 and 2014, respectively.

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

	December 31, 2015	December 31, 2014
Asia	$ 326,527	$ 314,809

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 historical experiences. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

(13) Other non-current assets

	December 31, 2015	December 31, 2014
Refundable deposits	$ 223,270	$ 242,891
Long-term notes and overdue receivables	619,415	687,898
Long-term prepaid rent	979,775	1,036,486
Pledged time deposits	1,060,420	858,023
Others	79,142	83,677
	$ 2,962,022	$ 2,908,975

The above long-term prepaid rent was mainly due to the Group signing a land use right contract for use of the land in the People's Republic of China. All rentals had been paid on the contract date. The Group recognised rental expenses of $23,024 and $23,532 for the years ended December 31, 2015 and 2014, respectively.

(14) Short-term borrowings

Type of borrowings	December 31, 2015	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 1,245,169	1.359%~10.25%	Accounts receivable and inventories
Unsecured borrowings	46,408,932	0.88%~5.95%	None
	$ 47,654,101		

Type of borrowings	December 31, 2014	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 342,753	1.18%~10.15%	Accounts receivable and inventories
Unsecured borrowings	39,623,605	0.85%~6.51%	None
	$ 39,966,358		

(15) Short-term notes and bills payable

	December 31, 2015	December 31, 2014
Commercial paper payable	$ 5,300,000	$ 6,430,000
Interest rate range	0.45%~0.93%	0.62%~1.06%

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

(16) Other payables

	December 31, 2015	December 31, 2014
Dealers' bonus payable	$ 2,442,642	$ 3,029,228
Other payables-others	1,030,661	1,078,618
Temporary receipt of suppliers' payment on behalf of others	1,239,906	1,048,031
Accrued expenses-others	540,484	786,195
Salary payable and bonus	588,478	647,066
	$ 5,842,171	$ 6,589,138

(17) Bonds payable

A. The second convertible bonds cover a period of three years and mature on January 14, 2014. The bonds were fully redeemed on January 23, 2014. Thus, there was no bonds payable as of December 31, 2015 and 2014.

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.

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

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.

(18) Long-term borrowings

Borrowings	Borrowing period	December 31, 2015	December 31, 2014
Syndicated loan from 9 banks including Taipei Fubon Commercial Bank-Item B	5 years from the first drawing date (August 4, 2014)	$ -	$ 4,041,750

A. This syndicated loan is arranged by the Bank of Taiwan, Chang Hwa Commercial Bank, Hua Nan Commercial Bank, Taiwan Cooperative Bank, First Commercial Bank, E. Sun Commercial Bank, Taishin International Bank, China Development Industrial Bank, Taipei Fubon Commercial Bank with Bank of Taiwan as the managing bank.

B. Credit line: The total credit line was NT$8.7 billion and US$127.5 million.

(a) Item A:

The medium-term loan amount of NT$8.7 billion can only be drawn by Synnex Technology International Corporation.

(b) Item B:

The medium-term loan amount of US$127.5 million can only be drawn by Synnex Global.

C. Term of loan:

The loan’s maturity date is August 7, 2019 and August 3, 2019 for Item A and B, respectively, which is 5 years from the first drawing date of the loan.

D. Repayment method:

(a) Item A:

The outstanding principal of each withdrawal of the credit line under item A shall be fully repaid at each maturity date. The outstanding principal 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 A 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 transactions under item A, 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.

(b) Item B:

The outstanding principal of each withdrawal of the credit line under item B shall be fully repaid at each maturity date. The outstanding principal 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 transactions 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.

E. Financial commitments:

(a) Current ratio (current assets/current liabilities) is at least 100%;

(b) Liability ratio (total liabilities/tangible net equity) is less than 250%;

(c) Interest coverage ((income before tax+depreciation+amortization+interest expense)/interest expense) is at least 300%;

(d) Tangible net equity (net equity, net of intangible assets) of at least NT$30,000,000.

The financial ratios and standards are based on the annual consolidated financial statements.

F. 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 agreement of the banks of the consortium:

(a) Notify the borrower in writing and announce the total amount of the credit line to be immediately terminated and cannot be withdrawn again;

(b) Notify the borrower in writing to announce the immediate maturity and required repayment of outstanding principal, 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.

G. Promissory note and letter of authorization:

Issue 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 safekeeping.

(19) Pensions

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

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

	December 31, 2015	December 31, 2014
Present value of defined benefit obligations	($ 453,637)	($ 431,045)
Fair value of plan assets	198,503	191,959
Net defined benefit liability (recorded as other non-current liabilities)	($ 255,134)	($ 239,086)

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

	Present value of defined benefit obligations	Fair value of Plan assets	Net defined benefit liability
Year ended December 31, 2015			
Balance at January 1	($ 431,045)	$ 191,959	($ 239,086)
Current service cost	(3,592)	-	(3,592)
Interest (expense) income	(8,621)	3,839	(4,782)
	(443,258)	195,798	(247,460)
Remeasurements:			
Change in financial assumptions	(14,699)	-	(14,699)
Experience adjustments	(2,807)	1,341	(1,466)
	(17,506)	1,341	(16,165)
Pension fund contribution	-	8,491	8,491
Paid pension	7,127	(7,127)	-
Balance at December 31	($ 453,637)	$ 198,503	($ 255,134)

	Present value of defined benefit obligations	Fair value of Plan assets	Net defined benefit liability
Year ended December 31, 2014			
Balance at January 1	($ 445,223)	194,583	($ 250,640)
Current service cost	(3,886)	-	(3,886)
Interest (expense) income	(8,904)	3,891	(5,013)
	(458,013)	198,474	(259,539)
Remeasurements:			
Experience adjustments	11,087	762	11,849
	11,087	762	11,849
Pension fund contribution	-	8,604	8,604
Paid pension	15,881	(15,881)	-
Balance at December 31	($ 431,045)	$ 191,959	($ 235,086)

(d)The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2015 and 2014 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	2015	2014
Discount rate	1.70%	2.00%
Future salary increases	4.00%	4.00%

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

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

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2015				
Effect on present value of defined benefit obligation	$ 46,415	($ 54,438)	($ 47,768)	$ 41,915

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

The method and assumptions used for the preparation of sensitivity analysis during 2015 and during 2014 are the same.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2016 amounts to $8,374.

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

(b) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2015 and 2014 were $43,341 and $40,294, respectively.

(c) No pension plan is established for Synnex Global Ltd., King's Eye Investments Ltd., Peer Developments Ltd., Synnex China Holdings Ltd., Synnex Mauritius Ltd., Laser Computer Holdings Ltd., Trade Vanguard Golobal Ltd. since these companies are not required to have an employee pension plan in accordance with the local legislation. Except for the above, other consolidated overseas subsidiaries have established a funded defined contribution pension plan and therefore, contribute monthly a certain percentage of the employees' monthly salaries and wages to the retirement fund. Except for monthly contributions to the retirement fund, these companies have no further obligations. The pension costs under the defined contribution pension plan for the years ended December 31, 2015 and 2014 were $248,585 and $253,176, respectively.

(20) Share capital

A. As of December 31, 2015, 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, 2015, the total number of shares of common stock, at $10 (in dollars) par value per share, issued and outstanding, was 1,588,520,922 shares. Furthermore, there is no movement in capital share for the years ended December 31, 2015 and 2014.

B. The Company issued common stock (Deposited Shares) through global depository shares (GDSs) in Europe, Asia and the USA in 1997 and 1999. Each GDS represents 4 Deposited Shares. The GDSs may not be offered, sold or delivered, directly or indirectly, in the R.O.C. As of December 31, 2015, 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.

(21) Capital surplus

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

	2015				
	Share premium	Treasury share transactions	Changes in equity of associates and joint ventures	Stock options	Total
At January 1	$ 13,626,940	$ 340,678	$ 135,794	$ 228,445	$ 14,331,857
Changes in equity of associates and joint ventures	-	-	(192,135)	-	(192,135)
At December 31	$ 13,626,940	$ 340,678	($ 56,341)	$ 228,445	$ 14,139,722

	2014				
	Share premium	Treasury share transactions	Changes in equity of associates and joint ventures	Stock options	Total
At January 1	$ 13,626,940	$ 340,678	$ 68,569	$ 228,445	$ 14,264,632
Changes in equity of associates and joint ventures	-	-	67,225	-	67,225
At December 31	$ 13,626,940	$ 340,678	$ 135,794	$ 228,445	$ 14,331,857

(22) 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) 30% to 100% of the remaining portion (plus the retained earnings carried over from the last fiscal year as permitted by the Company Law) shall be distributed as dividends to all stockholders in proportion to their individual holdings as proposed by the Board of Directors and approved at the stockholders' meeting. No less than 15% of total stockholders' dividends may be distributed in the form of cash dividends.

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

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

D. (a) The appropriation of 2014 and 2013 earnings had been resolved at the stockholders' meeting on June 12, 2015 and June 11, 2014, respectively. Details are summarized below:

	Years ended December 31,			
	2014		2013	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 502,409	$ -	$ 527,400	$ -
Special reserve	(1,965,774)	-	295,146	-
Cash dividends	5,242,119	3.30	4,447,860	2.80

(b) The appropriation of 2015 earnings had been proposed at the Board of Directors' meeting on March 14, 2016. Details are summarized below:

	Year ended December 31, 2015	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 318,600	$ -
Special reserve	126,513	-
Cash dividends	2,382,781	1.50
Stock dividends	794,260	0.50

E. For information relating to employees' remuneration (bonus) and directors' and supervisors' remuneration, please refer to Note 6(29).

(23) Other equity items

	Currency translation	Available-for-sale investments	Total
At January 1, 2015	$ 65,918	$ 57,971	$ 123,889
Transfer out for provision of impairment	-	85,000	85,000
Revaluation:			
–Group	-	(201,226)	(201,226)
–Associates	-	(1,260)	(1,260)
Currency translation differences:			
–Group	(27,507)	-	(27,507)
–Associates	(105,409)	-	(105,409)
At December 31, 2015	($ 66,998)	($ 59,515)	($ 126,513)

	Currency translation	Available-for-sale investments	Total
At January 1, 2014	($ 2,221,534)	$ 255,759	($ 1,965,775)
Revaluation:			
–Group	-	(197,766)	(197,766)
–Associates	-	(22)	(22)
Currency translation differences:			
–Group	2,408,831	-	2,408,831
–Associates	(121,379)	-	(121,379)
At December 31, 2014	$ 65,918	$ 57,971	$ 123,889

(24) Operating revenue

	Years ended December 31, 2015	Years ended December 31, 2014
Sales revenue	$ 321,650,942	$ 331,075,176
Service revenue	482,510	457,418
Total	$ 322,133,452	$ 331,532,594

(25) Other income

	Years ended December 31, 2015	Years ended December 31, 2014
Rental revenue	$ 528,059	$ 479,023
Interest income:		
Interest income from bank deposits	930,379	668,601
Other interest income	97,121	107,732
Dividend income	124,749	112,929
Others	229,321	274,156
Total	$ 1,909,629	$ 1,642,441

(26) Other gains and losses

	Years ended December 31, 2015	Years ended December 31, 2014
Net gains on financial assets at fair value through profit or loss	$ 18,437	$ 32,785
Net currency exchange losses	(2,418,535)	(35,240)
Losses on disposal of property, plant and equipment and investment property	(12,739)	(1,284)
Related expense charges on investment property	(192,348)	(186,720)
Impairment loss	(85,000)	-
Others	(3,541)	(106,690)
Total	($ 2,693,726)	($ 297,149)

(27) Finance costs

	Years ended December 31,	
	2015	2014
Interest expense:		
Bank borrowings	$ 760,813	$ 640,754
Short-term notes and bills payable	70,332	63,023
Convertible bonds	-	2,785
Finance costs	$ 831,145	$ 706,562

(28) Expenses by nature

	Years ended December 31,	
	2015	2014
Employee benefit expense	$ 3,978,903	$ 4,158,368
Depreciation charges on property, plant and equipment	310,258	288,546
Amortisation charges on intangible assets	31,981	31,467
	$ 4,321,142	$ 4,478,381

(29) Employee benefit expense

	Years ended December 31,	
	2015	2014
Wages and salaries	$ 3,395,968	$ 3,461,834
Labor and health insurance fees	207,484	237,361
Pension costs	300,300	302,369
Other personnel expenses	75,151	156,804
	$ 3,978,903	$ 4,158,368

A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall set aside at least 0.01% and no more than 10% of the net income as employees' bonus.

However, in accordance with the Company Act amended in May 20, 2015, a company shall distribute employee compensation, based on the distributable profit of the current year, in a fixed amount or a ratio of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation.

The Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on November 9, 2015. The following amended articles will be resolved in the shareholders' meeting in 2016:

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

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

B. For the years ended December 31, 2015 and 2014, employees' compensation (bonus) was accrued at $600; directors' and supervisors' remuneration was accrued at $7,600. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 0.02% and 0.2% of distributable profit of current year for the year ended December 31, 2015. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $600 and $6,000, and will be distributed in the form of cash. Where 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 are accounted for as changes in estimates.

The expenses recognised for the year of 2014 were accrued based on the net income of 2014 and certain percentages (prescribed by the Company's Articles of Incorporation) for employees and directors/supervisors, taking into account other factors such as legal reserve. Where 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 are accounted for as changes in estimates. Employees' bonus and directors' and supervisors' remuneration of 2014 as resolved by the shareholders at the shareholders' meeting were in agreement with those amounts recognised in the profit or loss of 2014.

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

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2015	2014
Current tax:		
Current tax liabilities	$ 1,229,110	$ 978,815
Current tax assets	(172,509)	(40,047)
Tax payable from prior years	(604,567)	(426,437)
Current tax on profits for the period	452,034	512,331
(Over) underestimation of prior year's income tax	(78,865)	16,250
Prepaid income tax	631,342	540,179
Additional 10% tax on undistributed earnings	(125,518)	(1,312)
Total current tax	878,993	1,067,448
Deferred tax:		
Origination and reversal of temporary differences	(685,636)	(106,723)
Total deferred tax	(685,636)	(106,723)
Others:		
Additional 10% tax on undistributed earnings	125,518	1,312
Income tax expense	$ 318,875	$ 962,037

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

	Years ended December 31,	
	2015	2014
Remeasurement of defined benefit obligations	$ 1,563	($ 2,014)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2015	2014
Tax calculated based on profit before tax and statutory tax rate	$ 667,824	$ 1,480,091
Effects from items disallowed by tax regulation	(395,602)	(535,616)
Additional 10% tax on undistributed earnings	125,518	1,312
(Over) underestimation of prior year's income tax	(78,865)	16,250
Income tax expense	$ 318,875	$ 962,037

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

	Year ended December 31, 2015				
	January 1,	Recognized in profit or loss	Recognized in other comprehensive income	Effects on exchange rate	December 31,
Temporary differences:					
-Deferred tax assets:					
Unrealized bad debts	$ 274,523	$ 119,821	$ -	($ 19,128)	$ 375,216
Unrealized loss on inventory value decline	84,115	(5,282)	-	(3,824)	75,009
Depreciation	17,353	171	-	(850)	16,674
Unrealised exchange loss	8,362	(227)	-	(395)	7,740
Unused compensated absences	43,461	(601)	-	(1,669)	41,191
Accrued pensions	40,645	(645)	1,563	805	42,368
Unrealized accrued expenses	78,072	58,751	-	(6,637)	130,186
Loss carryforward	51,379	473,914	-	(25,480)	499,813
Subtotal	$ 597,910	$ 645,902	$ 1,563	($ 57,178)	$ 1,188,197
-Deferred tax liabilities:					
Unrealised purchase discount	($ 132,851)	$ 66,919	$ -	$ 3,087	($ 62,845)
Others	(24,361)	(27,185)	-	2,412	(49,134)
Subtotal	($ 157,212)	$ 39,734	$ -	$ 5,499	($ 111,979)
Total	$ 440,698	$ 685,636	1,563	($ 51,679)	$ 1,076,218

	Year ended December 31, 2014				
	January 1,	Recognized in profit or loss	Recognized in other comprehensive income	Effects on exchange rate	December 31,
Temporary differences:					
-Deferred tax assets:					
Unrealized bad debts	$ 179,477	$ 97,897	$ -	($ 2,851)	$ 274,523
Unrealized loss on inventory value decline	73,924	11,065	-	(874)	84,115
Depreciation	16,566	967	-	(180)	17,353
Unrealised exchange loss	28,017	(19,568)	-	(87)	8,362
Unused compensated absences	42,870	1,042	-	(451)	43,461
Accrued pensions	42,609	50	(2,014)	-	40,645
Unrealized accrued expenses	70,538	8,345	-	(811)	78,072
Loss carryforward	46,494	5,419	-	(534)	51,379
Subtotal	$ 500,495	$ 105,217	($ 2,014)	($ 5,788)	$ 597,910
-Deferred tax liabilities:					
Unrealised purchase discount	($ 145,982)	$ 11,752	$ -	$ 1,379	($ 132,851)
Others	(14,368)	(10,246)	-	253	(24,361)
Subtotal	($ 160,350)	$ 1,506	$ -	$ 1,632	($ 157,212)
Total	$ 340,145	$ 106,723	($ 2,014)	($ 4,156)	$ 440,698

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

	December 31, 2015	December 31, 2014
Deductible temporary differences	$ 79,922	$ 79,922

E. The subsidiaries' losses are allowed to be carried forward from 2020 to 2022.

F. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2015 and 2014, the amounts of temporary difference unrecognised as deferred tax liabilities were $7,089,038 and $6,655,433, respectively.

G. As of December 31, 2015, the Company's income tax returns through 2013 have been assessed and approved by the Tax Authority.

H. Unappropriated retained earnings:

	December 31, 2015	December 31, 2014
Earnings generated in and after 1998	$ 6,823,082	$ 7,425,704

I. As of December 31, 2015 and 2014, the balance of the imputation tax credit account was $204,682 and $179,704, respectively. The creditable tax rate was 3.22% for 2014 and is estimated to be 4.79% for 2015.

(31) Earnings per share

	Year ended December 31, 2015		
	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	$ 3,185,995	1,588,521	$ 2.01
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	3,185,995	1,588,521	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	31	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 3,185,995	1,588,552	$ 2.01

	Year ended December 31, 2014		
	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	$ 5,024,099	1,588,521	$ 3.16
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	5,024,099	1,588,521	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	20	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 5,024,099	1,588,541	$ 3.16

(32) Operating leases

The Group leases office buildings to others under non-cancellable operating lease agreements. For the years ended December 31, 2015 and 2014, the Group recognised rental revenue of $528,059 and $479,023, respectively. The Group has leased a series of operating leases to several companies, and these leases have terms expiring between 2015 and 2022, 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, 2015	December 31, 2014
Not later than one year	$ 85,069	$ 71,283
Later than one year but not later than five years	228,909	208,873
Later than five years	48,954	75,597
	$ 362,932	$ 355,753

(33) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2015	2014
Purchase of property, plant and equipment	$ 927,750	$ 1,015,750
Add: opening balance of payable on equipment	95,253	59,152
Less: ending balance of payable on equipment	(53,078)	(95,253)
Effects on exchange rate	986	4,546
Cash paid during the period	$ 970,911	$ 984,195

	Years ended December 31, 2015	Years ended December 31, 2014
Purchase of intangible assets	$ 56,861	$ 18,675
Add: opening balance of other payables	8,182	49,195
Less: ending balance of other payables	(33,756)	(8,182)
Cash paid during the period	$ 31,287	$ 59,688

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions and balances

A. Operating revenue

	Years ended December 31, 2015	Years ended December 31, 2014
Sales of goods:		
－Associates	$ 211,313	$ 167,824
－Other related parties	590,804	879,260
	$ 802,117	$ 1,047,084

Goods are sold based on the price lists in force and terms that would be available to third parties. The collection term for related parties is within 30 ~ 130 days of the date of statement. The collection term for third parties is within 30 ~ 160 days of the date of statement.

B. Purchases of goods

	Years ended December 31, 2015	Years ended December 31, 2014
Purchases of goods:		
－Associates	$ 435,248	$ 219,287
－Other related parties	1,627	69,303
	$ 436,875	$ 288,590

Goods and services are bought from associates on normal commercial terms and conditions. The collection term for related parties is within 60 days of the date of statement. The collection term for third parties is within 7~45 days after receipt of goods or 30 ~ 60 days from the first day of the month following the month of the receipt.

C. Receivables from related parties

	December 31, 2015	December 31, 2014
Receivables from related parties:		
－Associates	$ 32,138	$ 52,074
－Other related parties	72,037	211,221
	$ 104,175	$ 263,295

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

D. Payable to related parties

	December 31, 2015	December 31, 2014
Accounts payable:		
－Associates	$ 8,935	$ 116,056
－Other related parties	3,261	60,325
	$ 12,196	$ 176,381

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

E. Other transactions

The details of other receivables, dividend receivable/dividend revenue and other payables arising from information management services that the Group provides to related parties are as follows:

	December 31, 2015		December 31, 2014	
	Other receivables	Other payables	Other receivables	Other payables
Associates	$ 17,746	$ 5,300	$ 17,254	$ 340
Other related parties	44,972	3,509	-	3,376
	$ 62,718	$ 8,809	$ 17,254	$ 3,716

	Years ended December 31,	
	2015	2014
Other income		
－Associates	$ 34,067	$ 32,471
－Other related parties	123,313	114,304
	$ 157,380	$ 146,775

(2)Key management compensation

	Years ended December 31,	
	2015	2014
Salaries and other short-term employee benefits	$ 65,540	$ 97,668
Post-employment benefits (Note)	4,616	5,987
Total	$ 70,156	$ 103,655

Note: Benefits are provisions that are not actually distributed.

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2015	December 31, 2014	Purpose
Accounts receivable	$ 1,486,160	$ 2,211,829	Pledged for short-term borrowings
Inventories	1,411,021	1,877,190	Pledged for short-term borrowings
Other non-current assets:			
Pledged time deposits	1,060,420	858,023	Guarantees for purchases; short-term secured loans and promissory notes.
Property, plant and equipment:			
Land and buildings	238,390	261,868	Guarantees for secured loans of Fortune Ideal Ltd. (Actual but not used)
	$ 4,195,991	$ 5,208,910	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1)Contingencies

A. As of December 31, 2015 and 2014, the Group issued promissory notes to guarantee the suppliers' credit limit amounting to $713,960 and $718,900, respectively, for inventory purchases.

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

(2)Commitments

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

	December 31, 2015	December 31, 2014
Property, plant and equipment	$ 140,668	$ 169,465

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, 2015	December 31, 2014
Not later than one year	$ 312,262	$ 268,811
Later than one year but not later than five years	373,471	462,973
Later than five years	89	-
Total	$ 685,822	$ 731,784

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1)In order to expand the operation and further extend the synergy of economies of scale, the Board of Directors has resolved to acquire Bestcom Infotech Corporation, the Company's investment accounted for using equity method, through a tender offer. The expected minimum acquisition amount is 20,640,659 shares and maximum amount is 61,036,519 shares, which constitute 20%~59.14% of Bestcom Infotech Corporation's issued shares. If the Company successfully acquire the maximum amount of shares, Bestcom Infotech Corporation will become the Company's wholly-owned subsidiary. The tender offer is paid using cash consideration. The acquisition price is NT$18 per share.

(2)The appropriations of 2015 earnings had been proposed at the Board of Directors' meeting on March 14, 2016 please refer to Note 6(22)D.

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 2015, the Group's strategy was unchanged from 2014. The gearing ratios at December 31, 2015 and 2014 were 67% and 66%, 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, 2015	
	Book value	Fair value
Financial assets:		
Other financial assets (shown as other non-current assets)	$ 1,283,690	$ 1,283,690
Financial liabilities:		
Deposits received (shown as other non-current liabilities)	$ 169,975	$ 169,975

	December 31, 2014	
	Book value	Fair value
Financial assets:		
Other financial assets (shown as other non-current assets)	$ 1,100,914	$ 1,100,914
Financial liabilities:		
Deposits received (shown as other non-current liabilities)	$ 238,847	$ 238,847

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, 2015		
	Foreign Currency Amount (In thousands) (Note 2)	Exchange Rate	Book Value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 91,924	32.88	$ 3,022,461
USD:HKD (Note 1)	144,507	7.75	4,749,677
USD:AUD (Note 1)	5,113	1.37	168,125
Non-monetary items			
INR:USD (Note 1)	$ 6,348,564	0.0151	$ 3,151,986
THB:USD (Note 1)	909,387	0.0285	852,169
Financial liabilities			
Monetary items			
USD:NTD	$ 43,107	32.88	$ 1,417,353
USD:HKD (Note 1)	253,148	7.75	8,320,523
USD:AUD (Note 1)	4,405	1.37	144,844
USD:RMB (Note 1)	983,095	0.15	32,324,160

	December 31, 2014		
	Foreign Currency Amount (In thousands) (Note 2)	Exchange Rate	Book Value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 64,625	31.70	$ 2,048,613
USD:HKD (Note 1)	349,478	7.75	11,080,340
USD:AUD (Note 1)	13,151	1.22	416,901
Non-monetary items			
INR:USD (Note 1)	$ 5,537,846	0.0158	$ 2,773,685
THB:USD (Note 1)	833,585	0.0312	824,449
Financial liabilities			
Monetary items			
USD:NTD	$ 64,097	31.70	$ 2,031,876
USD:HKD (Note 1)	480,872	7.75	15,242,440
USD:AUD (Note 1)	11,039	1.22	349,948
USD:RMB (Note 1)	1,175,455	0.16	37,261,914

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

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

iv. Total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2015 and 2014, amounted to ($2,418,535) and ($35,240), respectively.

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

	Year ended December 31, 2015		
	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%	$ 30,225	$ -
USD:HKD (Note)	1%	47,497	-
USD:AUD (Note)	1%	1,681	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 14,174	$ -
USD:HKD (Note)	1%	83,205	-
USD:AUD (Note)	1%	1,448	-
USD:RMB (Note)	1%	323,242	-

	Year ended December 31, 2014		
	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%	$ 20,486	$ -
USD:HKD (Note)	1%	110,803	-
USD:AUD (Note)	1%	4,169	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 20,319	$ -
USD:HKD (Note)	1%	152,424	-
USD:AUD (Note)	1%	3,499	-
USD:RMB (Note)	1%	372,619	-

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

Price risk

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

The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2015 and 2014 would have increased/decreased by $4,241 and $109, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $14,333 and $16,343, 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, 2015 and 2014, the Group's borrowings at variable rate were denominated in the NTD, USD and AUD.

ii. At December 31, 2015 and 2014, if interest rates on borrowings had been 1% higher with all other variables held constant, post-tax profit for the years ended December 31, 2015 and 2014 would have been $10,191 and $9,073 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 Note 6 (6).

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

v. The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial assets 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, 2015	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Short-term borrowings	$ 47,699,527	$ -	$ -	$ 47,699,527
Short-term notes and bills payable	5,301,488	-	-	5,301,488
Financial liabilities				
Notes payable (including related parties)	1,252,099	-	-	1,252,099
Accounts payable (including related parties)	28,778,274	17,142	161	28,795,577
Other payables (including related parties)	5,845,662	1,989	3,329	5,850,980
Deposits received	-	169,975	-	169,975

Non-derivative financial liabilities:

December 31, 2014	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Short-term borrowings	$ 40,006,380	$ -	$ -	$ 40,006,380
Short-term notes and bills payable	6,433,093	-	-	6,433,093
Financial liabilities				
Notes payable (including related parties)	950,991	-	-	950,991
Accounts payable (including related parties)	29,729,996	18,290	-	29,748,286
Other payables (including related parties)	6,364,834	77,030	150,990	6,592,854
Deposits received	-	238,847	-	238,847
Long-term borrowings	2,888	-	4,041,750	4,044,638

Derivative financial liabilities:				
December 31, 2015	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Forward exchange contracts	$ 7,684	$ -	$ -	$ 7,684

Derivative financial liabilities:				
December 31, 2014	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Forward exchange contracts	$ 4,226	$ -	$ -	$ 4,226

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

(3)Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(11).

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

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

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

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

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2015 and 2014 is as follows:

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 424,108	$ -	$ -	$ 424,108
Available-for-sale financial assets				
Equity securities	1,288,640	56,029	88,630	1,433,299
Total	$ 1,712,748	$ 56,029	$ 88,630	$ 1,857,407
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 7,684	$ -	$ 7,684

December 31, 2014	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 10,893	$ -	$ -	$ 10,893
Available-for-sale financial assets				
Equity securities	1,405,851	56,029	172,453	1,634,333
Total	$ 1,416,744	$ 56,029	$ 172,453	$ 1,645,226
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 4,226	$ -	$ 4,226

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) For the instruments the Group used market quoted prices as their fair values (that is, Level 1), listed shares use closing price at the balance sheet date.

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

(c) When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

(e) Forward exchange contracts are usually valued based on the current forward exchange rate.

(f) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. For the years ended December 31, 2015 and 2014, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2015 and 2014:

	2015	2014
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	$ 172,453	$ 161,805
Losses recognised in profit or loss	(85,000)	-
Gains and losses recognised in other comprehensive income	1,177	10,648
At December 31	$ 88,630	$ 172,453

G. For the years ended December 31, 2015 and 2014, there was no transfer into or out from Level

3.

H. Financial quality management segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2015	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 88,630	Market comparable companies	Discount for lack of marketability	0.7	The higher the discount for lack of marketability, the lower the fair value

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in difference measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2015			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	± 1%	$ -	$ -	$ 886	$ 886

			December 31, 2014			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	± 1%	$ -	$ -	$ 1,725	$ 1,725

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

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: Please refer to table 4.

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

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

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

14. SEGMENT INFORMATION

(1)General information

The Group is primarily engaged in the sale of communication, computers and computer peripherals, electronic components and consumer electronic products. The Group operates business by geographic areas. The Board of Directors and management team set up operating strategies and allocate resources based on the operating performance of each area of sales.

(2)Measurement of segment information

The accounting policies of operating segments are the same as those in Note 4. The chief operating decision-maker assesses the performance of operating segments based on operating income (loss).

(3)Information about segment

The segment information provided to the chief operating decision-maker for the reportable segments for the years ended December 31, 2015 and 2014 was as follows:

Year ended December 31, 2015

	Taiwan	Asia	Australia and New Zealand	Reconciliation	Total
Revenue from external customers	$ 47,932,451	$ 221,543,788	$ 52,657,213	$ -	$ 322,133,452
Inter-segment revenue	2,647,796	51,540,462	152,528	(54,340,786)	-
Segment revenue	$ 50,580,247	$ 273,084,250	$ 52,809,741	($ 54,340,786)	$ 322,133,452
Segment profit	$ 537,168	$ 2,822,851	$ 588,552	$ -	$ 3,948,571
Segment assets	$ 18,124,356	$ 93,656,012	$ 23,007,150	$ -	$ 134,787,518

Year ended December 31, 2014

	Taiwan		Asia		Australia and New Zealand		Reconciliation		Total
Revenue from external customers	$	44,747,873	$	233,549,980	$	53,234,741	$	-	$ 331,532,594
Inter-segment revenue		2,873,521		84,407,288		111,949	(	87,392,758)	-
Segment revenue	$	47,621,394	$	317,957,268	$	53,346,690	($	87,392,758)	$ 331,532,594
Segment profit	$	327,072	$	3,209,598	$	913,009	$	-	$ 4,449,679
Segment assets	$	17,466,662	$	97,119,958	$	21,329,558	$	-	$ 135,916,178

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, 2015 and 2014 is provided as follows:

	Year ended December 31, 2015	Year ended December 31, 2014
Reportable segment profit	$ 3,948,571	$ 4,449,679
Total non-operating revenue and expenses	(211,019)	1,767,554
Income before income tax	$ 3,737,552	$ 6,217,233

B. The amounts provided to the chief operating decision-maker with respect to total assets are measured in a manner consistent with that of the financial statements. The reconciliation and offset of the reportable segments' assets are provided in Note 14(3).

(5)Information on products and services

	Year ended December 31, 2015	Year ended December 31, 2014
Product revenue	$ 321,650,942	$ 331,075,176
Others	482,510	457,418
Total	$ 322,133,452	$ 331,532,594

(6)Geographical information

The external revenue is grouped according to the locations of the customers, and the non-current assets are grouped according to the locations of the non-current assets. Breakdown of revenue and non-current assets by geographic area is as follows:

	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 47,932,451	$ 1,357,429	$ 44,747,873	$ 1,388,269
China and Hong Kong	221,543,788	6,722,186	233,549,980	6,507,870
Australia	49,662,865	1,497,424	50,308,063	1,484,824
Others	2,994,348	424,967	2,926,678	400,622
Total	$ 322,133,452	$ 10,002,006	$ 331,532,594	$ 9,781,585

(7)Major customer information

In 2015 and 2014, no single customer accounted for more than 10% of net operating revenue. Accordingly, no major customer information is presented.