

**SYNNEX TECHNOLOGY INTERNATIONAL
CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2017 AND 2016**

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, 2017, 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 International Financial Reporting Standard 10. If relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Matthew Miao Feng Chiang

SYNNEX TECHNOLOGY INTERNATIONAL
CORPORATION AND ITS SUBSIDIARIES

March 19, 2018



資誠

Report of Independent Accountant Translated From Chinese

PWCR17000321

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

Opinion

We have audited the accompanying consolidated balance sheets of Synnex Technology International Corporation and its subsidiaries (the “Group”) as at December 31, 2017 and 2016, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit and the reports of other independent accountants (see information disclosed in the Other Matter - Scope of the Audit section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparations of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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



Key audit matters

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

The key audit matters in relation to the consolidated financial statements for the year ended December 31, 2017 are outlined as follows:

Key audit matter – Assessment of allowance for uncollectible accounts

Description

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

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

How our audit addressed the matter

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

1. Obtained the Group's policy applied to assessment of allowance for uncollectible accounts. Assessed whether the allowance for uncollectible accounts policy is applied in a manner consistent between comparative and current periods of the financial statements.
2. For individually assessed accounts, selected and verified samples of managements' impairment evaluation. Discussed with management the assessment results and evaluated the adequacy of the provision.
3. For accounts assessed as a group, considered historical uncollectible records to determine whether the provision ratio of allowance for uncollectible accounts is reasonable. For significant accounts, examined subsequent collections after balance sheet date.

Key audit matter – Assessment of allowance for valuation of inventory

Please refer to Note 4(13) for description of accounting policies on allowance for inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty. Please refer to Note 6(9) for details of inventory items.

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

Considering that the Group's allowance for inventory valuation losses are mainly caused by loss on decline in market value, the valuation involves subjective judgement and since the amount is material to the financial statements, therefore, we indicated the estimates of the allowance for inventory valuation as one of the key audit matters for this fiscal year.



How our audit addressed the matter

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

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

Key audit matter – Assessment of purchase rebate

Description

Please refer to Note 4(13) for accounting policies adopted for the recognition of purchase rebate. Please refer to Note 5(2) for critical accounting estimates and assumptions applied in the accounting policy for the recognition of purchase rebate.

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

How our audit addressed the matter

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

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

Other matters – Scope of the Audit

We did not audit the financial statements of certain consolidated subsidiaries. The financial statements of these subsidiaries were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, in so far as it relates to the amounts and the information disclosed in Note 13 included in these financial statements, is based solely on the reports of the other independent accountants. The subsidiaries held assets of \$1,353,876 thousand and \$1,388,665 thousand, constituting 1% and 1% of the total consolidated assets as of December 31, 2017 and 2016, respectively, and generated net operating income of \$0, constituting 0% of the total consolidated net operating income for both the years then ended. Furthermore, information disclosed in Note 6(10) relative to investments accounted for under equity method and information on certain investees disclosed in Note 13 for the years ended December 31, 2017 and 2016 is based solely on the reports of the other independent accountants. Additionally, for certain investees financial

reports that were prepared under different accounting standards, we have performed required additional auditing procedures and adjusted these reports in conformity with “Rules Governing the Preparation of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission. The related investment income before adjustments (including share of profit or loss of associates accounted for using equity method) was \$1,755,032 thousand and \$1,457,700 thousand for the years ended December 31, 2017 and 2016, respectively, constituting 27% and 28% of the consolidated total net operating income for the years then ended, respectively. The comprehensive income recognised for these investments accounted for using equity method was \$1,672,262 thousand and \$1,277,236 thousand, constituting 39% and 53% of consolidated total comprehensive income for the years ended December 31, 2017 and 2016, respectively. The balance of related long-term equity investments amounted to \$12,963,234 thousand and \$11,063,339 thousand, constituting 9% and 9% of the total consolidated assets as of December 31, 2017 and 2016, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Synnex Technology International Corporation as at and for the years ended December 31, 2017 and 2016.

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

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

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

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

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

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

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

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



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

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

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



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

Yeh, Tsui Miao

Wu, Yu-Lung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 19, 2018

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2017 AND 2016

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2017		December 31, 2016	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 5,714,960	4	\$ 7,474,322	6
1110	Financial assets at fair value through profit or loss-current	6(2)	609,254	1	534,178	1
1125	Available-for-sale financial assets-current	6(3)	1,351,569	1	1,506,147	1
1150	Notes receivable-net	6(5)	7,813,861	6	7,685,827	6
1160	Notes receivable-related parties	7	8,813	-	240	-
1170	Accounts receivable-net	6(6), 8	48,195,050	35	40,830,646	32
1180	Accounts receivable-related parties	7	224,600	-	384,225	-
1200	Other receivables	6(8)	7,228,657	5	7,344,037	6
1210	Other receivables-related parties	7	210	-	590	-
1220	Current tax assets	6(29)	34,053	-	222,828	-
130X	Inventories, net	6(9), 8	36,259,016	26	33,648,105	26
1410	Prepayments		3,143,821	2	2,394,068	2
1470	Other current assets	8	76,719	-	158,110	-
11XX	Current assets		<u>110,660,583</u>	<u>80</u>	<u>102,183,323</u>	<u>80</u>
Non-current assets						
1523	Available-for-sale financial assets-noncurrent	6(3)	48,861	-	51,269	-
1543	Financial assets measured at cost-noncurrent	6(4)	1,721,020	1	1,723,497	1
1550	Investments accounted for under the equity method	6(10)	13,031,738	9	11,132,423	9
1600	Property, plant and equipment, net	6(11)	6,857,063	5	6,835,286	5
1760	Investment property, net	6(12)	1,247,092	1	1,331,010	1
1780	Intangible assets	6(13)	641,440	-	702,559	1
1840	Deferred income tax assets	6(29)	823,130	1	1,307,316	1
1900	Other non-current assets	and 8	3,770,341	3	2,564,487	2
15XX	Non-current assets		<u>28,140,685</u>	<u>20</u>	<u>25,647,847</u>	<u>20</u>
1XXX	Total assets		<u>\$ 138,801,268</u>	<u>100</u>	<u>\$ 127,831,170</u>	<u>100</u>

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SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2017 AND 2016

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2017		December 31, 2016	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(15)	\$ 36,080,920	26	\$ 38,687,813	30
2110	Short-term notes and bills payable	6(16)	8,580,000	6	5,420,000	4
Financial liabilities at fair value through profit or loss						
2120	-current	6(2)	645	-	-	-
2150	Notes payable		3,268,210	3	1,564,010	1
2160	Notes payable - related parties	7	97	-	-	-
2170	Accounts payable		34,553,760	25	29,540,632	23
2180	Accounts payable-related parties	7	20,745	-	-	-
2200	Other payables	6(17)	7,288,832	5	6,749,042	6
2220	Other payables-related parties	7	3,440	-	3,953	-
2230	Current income tax liabilities	6(29)	1,230,772	1	1,043,353	1
2300	Other current liabilities		318,552	-	314,517	-
21XX	Current liabilities		<u>91,345,973</u>	<u>66</u>	<u>83,323,320</u>	<u>65</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(29)	164,299	-	144,304	-
2600	Other non-current liabilities	6(18)	529,166	-	481,050	1
25XX	Non-current liabilities		<u>693,465</u>	<u>-</u>	<u>625,354</u>	<u>1</u>
2XXX	Total liabilities		<u>92,039,438</u>	<u>66</u>	<u>83,948,674</u>	<u>66</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital-common stock	6(19)	16,679,470	12	16,679,470	13
Capital surplus						
3200	Capital surplus	6(20)	14,364,858	11	14,196,063	11
Retained earnings						
3310	Legal reserve	6(21)	6,903,070	5	6,415,402	5
3320	Special reserve		2,837,318	2	126,513	-
3350	Unappropriated retained earnings		9,207,169	7	7,992,064	6
Other equity interest						
3400	Other equity interest	6(22)	(4,820,548)	(4)	(2,837,318)	(2)
31XX	Equity attributable to owners of the parent		<u>45,171,337</u>	<u>33</u>	<u>42,572,194</u>	<u>33</u>
36XX	Non-controlling interest		<u>1,590,493</u>	<u>1</u>	<u>1,310,302</u>	<u>1</u>
3XXX	Total equity		<u>46,761,830</u>	<u>34</u>	<u>43,882,496</u>	<u>34</u>
Significant contingent liabilities and unrecognized contract commitments						
3X2X	Significant events after the balance sheet date	9				
	Total liabilities and equity	11	<u>\$ 138,801,268</u>	<u>100</u>	<u>\$ 127,831,170</u>	<u>100</u>

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2017 AND 2016

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

		Years ended December 31,				
		2017		2016		
	Notes	Amount	%	Amount	%	
4000	Sales revenue	6(23) and 7	\$ 364,207,877	100	\$ 342,696,453	100
5000	Operating costs	6(9)	(351,346,513)	(97)	(330,565,489)	(97)
5950	Net operating margin		<u>12,861,364</u>	<u>3</u>	<u>12,130,964</u>	<u>3</u>
	Operating expenses	6(18)(27) (28)				
6100	Selling expenses		(5,290,902)	(1)	(4,301,741)	(1)
6200	General and administrative expenses		(2,638,898)	(1)	(3,559,991)	(1)
6000	Total operating expenses		<u>(7,929,800)</u>	<u>(2)</u>	<u>(7,861,732)</u>	<u>(2)</u>
6900	Operating profit		<u>4,931,564</u>	<u>1</u>	<u>4,269,232</u>	<u>1</u>
	Non-operating income and expenses					
7010	Other income	6(24)	1,268,516	-	1,297,200	-
7020	Other gains and losses	6(25)	498,585	-	(647,223)	-
7050	Finance costs	6(26)	(578,518)	-	(656,692)	-
7060	Share of profit of associates and joint ventures accounted for under the equity method	6(10)	<u>1,759,191</u>	<u>1</u>	<u>1,462,960</u>	<u>1</u>
7000	Total non-operating income and expenses		<u>2,947,774</u>	<u>1</u>	<u>1,456,245</u>	<u>1</u>
7900	Profit before income tax		7,879,338	2	5,725,477	2
7950	Income tax expense	6(29)	(1,465,099)	-	(600,741)	-
8200	Profit for the year		<u>\$ 6,414,239</u>	<u>2</u>	<u>\$ 5,124,736</u>	<u>2</u>

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SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2017 AND 2016

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

		Years ended December 31,			
		2017		2016	
	Notes	Amount	%	Amount	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311					
		(\$ 19,769)	-	(\$ 22,502)	-
8349					
	6(29)	<u>3,630</u>	-	<u>3,785</u>	-
8310					
		<u>(16,139)</u>	-	<u>(18,717)</u>	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361					
	6(22)	(2,239,494)	(1)	(2,788,753)	(1)
8362					
	6(3)(22)	219,629	-	263,666	-
8370					
	6(10)(22)	<u>(82,770)</u>	-	<u>(180,463)</u>	-
8360					
		<u>(2,102,635)</u>	<u>(1)</u>	<u>(2,705,550)</u>	<u>(1)</u>
8300					
		<u>(\$ 2,118,774)</u>	<u>(1)</u>	<u>(\$ 2,724,267)</u>	<u>(1)</u>
8500					
		<u>\$ 4,295,465</u>	<u>1</u>	<u>\$ 2,400,469</u>	<u>1</u>
Profit, attributable to:					
8610					
		\$ 6,114,896	2	\$ 4,876,679	2
8620					
		<u>299,343</u>	-	<u>248,057</u>	-
		<u>\$ 6,414,239</u>	<u>2</u>	<u>\$ 5,124,736</u>	<u>2</u>
Comprehensive income attributable to:					
8710					
		\$ 4,115,116	1	\$ 2,147,157	1
8720					
		<u>180,349</u>	-	<u>253,312</u>	-
		<u>\$ 4,295,465</u>	<u>1</u>	<u>\$ 2,400,469</u>	<u>1</u>
Earnings per share					
			<u>3.67</u>		<u>2.92</u>
9750					
	6(30)				
9850					
	6(30)		<u>3.67</u>		<u>2.92</u>

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Retained earnings					Other equity interest			Total	Non-controlling interest	Total equity
		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				
<u>2016</u>												
Balance at January 1, 2016		\$ 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	
Appropriations of 2015 earnings	6(21)											
Provision for legal reserve		-	-	318,600	-	(318,600)	-	-	-	-	-	
Provision for special reserve		-	-	-	126,513	(126,513)	-	-	-	-	-	
Distribution of cash dividend		-	-	-	-	(2,382,781)	-	-	(2,382,781)	-	(2,382,781)	
Distribution of stock dividend		794,261	-	-	-	(794,261)	-	-	-	-	-	
Change in net assets of the associate and joint ventures accounted for under the equity method		-	56,341	-	-	(66,825)	-	-	(10,484)	-	(10,484)	
Other comprehensive (loss) income for 2016	6(22)	-	-	-	-	(18,717)	(2,977,178)	266,373	(2,729,522)	5,255	(2,724,267)	
Net income for 2016		-	-	-	-	4,876,679	-	-	4,876,679	248,057	5,124,736	
Balance at December 31, 2016		<u>\$ 16,679,470</u>	<u>\$ 14,196,063</u>	<u>\$ 6,415,402</u>	<u>\$ 126,513</u>	<u>\$ 7,992,064</u>	<u>(\$ 3,044,176)</u>	<u>206,858</u>	<u>\$ 42,572,194</u>	<u>\$ 1,310,302</u>	<u>\$ 43,882,496</u>	
<u>2017</u>												
Balance at January 1, 2017		\$ 16,679,470	\$ 14,196,063	\$ 6,415,402	\$ 126,513	\$ 7,992,064	(\$ 3,044,176)	\$ 206,858	\$ 42,572,194	\$ 1,310,302	\$ 43,882,496	
Appropriations of 2016 earnings	6(21)											
Provision for legal reserve		-	-	487,668	-	(487,668)	-	-	-	-	-	
Provision for special reserve		-	-	-	2,710,805	(2,710,805)	-	-	-	-	-	
Distribution of cash dividend		-	-	-	-	(1,667,947)	-	-	(1,667,947)	-	(1,667,947)	
Change in net assets of the associate and joint ventures accounted for under the equity method		-	167,496	-	-	(61)	-	-	167,435	-	167,435	
Difference between consideration and carrying amount of subsidiaries disposed	6(31)	-	-	-	-	(17,171)	461	(50)	(16,760)	99,842	83,082	
Capital surplus transferred from unclaimed dividends		-	1,299	-	-	-	-	-	1,299	-	1,299	
Other comprehensive (loss) income for 2017	6(22)	-	-	-	-	(16,139)	(2,206,110)	222,469	(1,999,780)	(118,994)	(2,118,774)	
Net income for 2017		-	-	-	-	6,114,896	-	-	6,114,896	299,343	6,414,239	
Balance at December 31, 2017		<u>\$ 16,679,470</u>	<u>\$ 14,364,858</u>	<u>\$ 6,903,070</u>	<u>\$ 2,837,318</u>	<u>\$ 9,207,169</u>	<u>(\$ 5,249,825)</u>	<u>\$ 429,277</u>	<u>\$ 45,171,337</u>	<u>\$ 1,590,493</u>	<u>\$ 46,761,830</u>	

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Years ended December 31,	
	Notes	2017	2016
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before income tax for the year		\$ 7,879,338	\$ 5,725,477
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(11)(27)	340,836	347,261
Amortization	6(13)(27)	59,349	57,596
Amortization of land use rights	6(14)	19,886	21,610
Provision for bad debts expense	6(5)(6)	293,574	379,780
Net gain on financial assets/liabilities at fair value through profit or loss	6(2)(25)	(30,909)	(103,820)
(Gain from reversal of) decline in market value and loss for obsolete and slow-moving inventories	6(9)	(119,452)	13,408
Loss on obsolescence	6(9)	-	5,941
Interest expense	6(26)	578,518	656,692
Interest income	6(24)	(373,526)	(429,641)
Dividend income	6(24)	(151,777)	(143,936)
Share of profit of associates and joint ventures accounted for under the equity method	6(10)	(1,759,191)	(1,462,960)
Cash dividends on investments accounted for under the equity method		407,166	302,920
Impairment loss on financial assets	6(25)	-	40,000
(Gain) loss on disposal of property, plant and equipment and investment property	6(25)	(2,097)	303
Depreciation of investment property	6(12)	57,782	62,411
Loss on remeasurement recognition of investments accounted for under the equity method at fair value	6(25)(32)	-	42,359
Gain on disposal of financial asset investments	6(25)	(357,363)	(135,699)
Gain on disposal of investments accounted for under the equity method		-	(127,709)
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		(43,522)	(13,934)
Notes and accounts receivable		(7,383,841)	(545,345)
Inventories		(2,491,459)	2,210,520
Prepayments		(749,753)	393,035
Other receivables		154,248	483,004
Other current assets		88,274	334,430
Overdue receivables		(284,249)	(71,577)
Long-term lease and installment receivables		(33,364)	22,988
Net changes in liabilities relating to operating activities			
Notes and accounts payable		6,738,170	438,042
Other payables		447,104	730,522
Other current liabilities		4,035	52,330
Other non-current liabilities		46,292	36,557
Cash inflow (outflow) generated from operations		3,334,069	9,322,565
Interest paid		(561,897)	(667,896)
Interest received		373,526	429,641
Dividend received		151,777	143,936
Income tax paid		(595,035)	(972,001)
Net cash provided by operating activities		2,702,440	8,256,245

(Continued)

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		<u>Years ended December 31,</u>	
	<u>Notes</u>	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of available-for-sale financial assets		\$ 733,492	\$ 232,517
Proceeds from capital reduction of financial assets carried at cost		-	114,827
Proceeds from disposal of investments accounted for using equity method		-	250,357
Acquisition of investments accounted for using equity method		(922,145)	-
Net cash flow from acquisition of subsidiaries	6(32)	-	(945,088)
Acquisition of property, plant and equipment	6(34)	(497,298)	(513,982)
Increase in investment property		(2,119)	(438)
Proceeds from disposal of property, plant and equipment and investment property		7,336	7,780
Acquisition of intangible assets	6(34)	(41,072)	(86,271)
Increase in refundable deposits		(98,160)	(465,345)
(Increase) decrease in restricted time deposits		(1,136,323)	799,858
Decrease (increase) in other non-current assets		<u>106,101</u>	<u>(132,281)</u>
Net cash used in investing activities		<u>(1,850,188)</u>	<u>(738,066)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans		(2,606,893)	(9,216,677)
Decrease (increase) in short-term notes and bills payable		3,160,000	(180,000)
Increase (decrease) in guarantee deposits received		1,824	(31,642)
Payment of cash dividends	6(21)	(1,667,947)	(2,382,781)
Proceeds from disposal of subsidiaries (retained control)		<u>83,082</u>	<u>-</u>
Net cash used in financing activities		<u>(1,029,934)</u>	<u>(11,811,100)</u>
Effects of changes in foreign exchange rates		<u>(1,581,680)</u>	<u>(2,131,414)</u>
Decrease in cash and cash equivalents		(1,759,362)	(6,424,335)
Cash and cash equivalents at beginning of the year		<u>7,474,322</u>	<u>13,898,657</u>
Cash and cash equivalents at end of the year		<u>\$ 5,714,960</u>	<u>\$ 7,474,322</u>

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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

1. HISTORY AND ORGANISATION

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

- A. Assembly and sale of computers and computer peripherals;
- B. Sale of communication products;
- C. Sale of consumer electronic products;
- D. Sale of electronic products and components; and
- E. Maintenance services for the products mentioned above.

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 13, 2018.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by FSC effective from 2017 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10, IFRS 12 and IAS 28, ‘Investment entities: applying the consolidation exception’	January 1, 2016
Amendments to IFRS 11, ‘Accounting for acquisition of interests in joint operations’	January 1, 2016

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Amendments to IAS 1, 'Disclosure initiative'	January 1, 2016
Amendments to IAS 16 and IAS 38, 'Clarification of acceptable methods of depreciation and amortisation'	January 1, 2016
Amendments to IAS 16 and IAS 41, 'Agriculture: bearer plants'	January 1, 2016
Amendments to IAS 19, 'Defined benefit plans: employee contributions'	July 1, 2014
Amendments to IAS 27, 'Equity method in separate financial statements'	January 1, 2016
Amendments to IAS 36, 'Recoverable amount disclosures for non-financial assets'	January 1, 2014
Amendments to IAS 39, 'Novation of derivatives and continuation of hedge accounting'	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Annual improvements to IFRSs 2010-2012 cycle	July 1, 2014
Annual improvements to IFRSs 2011-2013 cycle	July 1, 2014
Annual improvements to IFRSs 2012-2014 cycle	January 1, 2016
The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.	

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

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

IFRS 9, 'Financial instruments'

A. Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

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

When adopting the new standards endorsed by the FSC effective from 2018, the Group will apply the new rules under IFRS 9 retrospectively from January 1, 2018, with the practical expedients permitted under the statement. The significant effects of applying the standard as of January 1, 2018 are summarised below.

Consolidated balance sheet <u>Affected items</u> <u>January 1, 2018</u>	2017 version IFRSs amount	Effect of adoption of new standards	2018 version IFRSs amount
Financial assets at fair value through profit or loss	\$ 609,254	\$ 100,192	\$ 709,446
Available-for-sale financial assets	1,400,430	(1,400,430)	-
Financial assets at fair value through other comprehensive income	-	2,879,124	2,879,124
Financial assets at cost	1,721,020	(1,721,020)	-
Total affected assets	<u>\$ 3,730,704</u>	<u>(\$ 142,134)</u>	<u>\$ 3,588,570</u>
Retained earnings	\$ 9,207,169	\$ 311,712	\$ 9,518,881
Other equity interest	(4,820,548)	(453,846)	(5,274,394)
Total affected equity	<u>\$ 4,386,621</u>	<u>(\$ 142,134)</u>	<u>\$ 4,244,487</u>

Explanation:

In accordance with IFRS 9, the Group expects to reclassify available-for-sale financial assets and financial assets at cost in the amounts of \$1,400,430 and \$1,721,020. The Group expects to increase financial assets at fair value through other comprehensive income by \$2,879,124 by making an irrevocable election for equity instruments not held for dealing or trading purpose and financial assets at fair value through profit or loss by \$100,192 for equity instruments held for dealing or trading purpose. Meanwhile, the Group expects to increase retained earnings by \$311,712 and decrease other equity interest by \$453,846.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 16, 'Leases'	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

IFRS 16, 'Leases'

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1)Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2)Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Available-for-sale financial assets measured at fair value.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(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, 2017 and 2016:

Name of investor	Name of subsidiary	Main business Activities	Ownership (%)		Description
			December 31, 2017	December 31, 2016	
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 Technology International Corporation	Synergy Intellingent Logistics corporation (Note)	Freight forwarders	100	100	PwC
Synnex Technology International Corporation	Bestcom Infotech Corp.	Sales of computers and computer peripherals	94.09	100	PwC
Bestcom Infotech Corp.	Bizwave Tech Co., Ltd.	Retailing of computer software, accreditation service and consulting services	100	100	PwC

Name of investor	Name of subsidiary	Main business Activities	Ownership (%)		Description
			December 31, 2017	December 31, 2016	
Bestcom Infotech Corp.	Bestcom Infotech Holdings Ltd.	Investment holding company	100	100	PwC
Bestcom Infotech Holding Ltd.	Bestcom International Ltd.	Investment holding company	100	100	PwC
Bestcom International Ltd.	Bestcom Infotech Shanghai Ltd.	Sales of computers and computer peripherals, maintenance and consulting services	100	100	PwC
Synnex Global Ltd.	King's Eye Investments Ltd.	Investment holding 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.	Investment holding company	100	100	PwC
King's Eye Investments Ltd.	Laser Computer Holdings Ltd.	Investment holding company	100	100	PwC
King's Eye Investments Ltd.	Synnex Australia Pty. Ltd.	Sales of computers and computer peripherals	100	100	PwC
King's Eye Investments Ltd.	Synnex New Zealand Ltd.	Sales of computers and computer peripherals	100	100	PwC
King's Eye Investments Ltd.	Synnex Electronics Hong Kong Ltd.	Sales of electronic components	100	100	PwC
King's Eye Investments Ltd.	Syntech Asia Ltd.	Sales of electronic components	100	100	PwC
King's Eye Investments Ltd.	Fortune Ideal Ltd.	Real estate investments	100	100	Other
King's Eye Investments Ltd.	Golden Thinking Ltd.	Real estate investments	100	100	Other
King's Eye Investments Ltd.	PT. Synnex Metrodata Indonesia	Sales of computers and computer peripherals	50.3	50.3	PwC
Laser Computer Holdings Ltd.	Laser Computer (China) Ltd.	Sales of computers and computer peripherals	100	100	PwC

Name of investor	Name of subsidiary	Main business Activities	Ownership (%)		Description
			December 31, 2017	December 31, 2016	
Laser Computer Holdings Ltd.	Synnex Technology International (HK) Ltd. and subsidiary	Sales of computers and computer peripherals	100	100	PwC
Peer Developments Ltd.	LianXiang Technology (Shenzhen) Ltd.	Sales of electronic components	100	100	PwC
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
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

Name of investor	Name of subsidiary	Main business Activities	Ownership (%)		Description
			December 31, 2017	December 31, 2016	
Synnex Investments (China) Ltd.	Synnex (Hefei) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Nanchang) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Harbing) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Chongqing) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex (Xiamen) Ltd.	Sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Yude (Shanghai) Warehouse Co., Ltd.	Warehouse services	80	80	PwC
Synnex Investments (China) Ltd.	YD Information Technology (SH) LTD.	Information technology service and sale of computers and computer peripherals	100	100	PwC
Synnex Investments (China) Ltd.	Synnex Technology Development (Beijing) Ltd.	Sale of computers and computer peripherals	100	100	PwC

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

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

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

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5)Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6)Cash equivalents

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

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

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

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

(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, 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/operating leases (lessor)

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

- (a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as 'unearned finance income of finance lease'.

- (b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.
 - (c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.
- B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

- A. Cost of inventory purchase includes purchasing price, import taxes and all the related costs involved in the process of obtaining inventory. Discounts, allowances and etc. shall be deducted from the cost of inventory purchases.
- B. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the the moving-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. When the Group disposes its investment in an associate, and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- G. When the Group disposes its investment in an associate, and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(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 financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings	5 - 55 years
Utilities equipment	5 - 24 years
Computer equipment	3 - 13 years
Transportation equipment	7 - 12 years
Furniture and fixtures	3 - 8 years
Machinery and equipment	3 - 28 years
Leasehold improvements	3 - 7 years

(16) Leased assets/operating leases (lessee)

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

(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	3 - 47 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 1 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) 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.

(26) 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.

(27) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

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

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

C. Termination benefits

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

D. Employees' compensation and directors' and supervisors' remuneration

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

(28) 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.

(29) Dividends

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

(30) Revenue recognition

Sales of goods

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

(31) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(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. Revenue recognition on a net/gross basis

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

The following characteristics of a principal are used as indicators to determine whether the Group shall recognise revenue on a gross basis:

- (a) The Group has primary responsibilities for the goods or services it provides;
- (b) The Group bears inventory risk;
- (c) The Group has the latitude in establishing prices for the goods or services, either directly or indirectly; and
- (d) The Group bears credit risk of customers.

B. Financial assets measured at cost

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

(2)Critical accounting estimates and assumptions

A. Assessment of allowance for uncollectible accounts receivable

During the assessment process of allowance for uncollectible accounts receivable, the Group has to use assessment and judgement to determine the future recoverable amount of accounts receivable. The future recoverable amount is affected by various factors such as customers' financial conditions, Group's internal credit ratings, historical transaction records, current economic conditions and other factors that could affect customers' paying ability. If there is a concern regarding accounts receivable collectability, the Group shall assess each individual account's collectability and recognize appropriate allowances. Management make critical assumptions and estimates concerning future events as of balance sheet date. Assumptions and estimates may differ from the actual results, thus, there might be material changes to the assessment.

B. Evaluation of inventories

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

C. Accrual of inventory purchase rebate

Accrual of inventory purchase rebate is based on contract terms and expected achievement rate. However, contract terms for rebate could be in various types, with complicated calculations and entered into with different counterparties. Therefore, a substantial volume of purchase and sale information has to be matched with individual merchandise item numbers manually in order to calculate the rebate. Management makes critical assumptions and estimates concerning future events as of balance sheet date. Assumptions and estimates may differ from the actual results, thus, there might be material changes to the assessment.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Cash on hand and revolving funds	\$ 1,319	\$ 1,490
Checking accounts and demand deposits	4,171,222	3,239,594
Time deposits	<u>1,542,419</u>	<u>4,233,238</u>
	<u>\$ 5,714,960</u>	<u>\$ 7,474,322</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. For information regarding cash and cash equivalents pledged as collateral and is reclassified to other current and other non-current assets, please refer to Note 8.

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Financial assets held for trading		
Listed (TSE and OTC) stocks	\$ 435,838	\$ 396,820
Valuation adjustment of financial assets held for trading	173,416	137,266
Non-hedging derivatives-foreign exchange forward	<u>-</u>	<u>92</u>
Total	<u>\$ 609,254</u>	<u>\$ 534,178</u>
Financial liabilities held for trading		
Non-hedging derivatives-foreign exchange forward	<u>\$ 645</u>	<u>\$ -</u>

- A. The Group recognised net (loss) gain of \$30,909 and \$103,820 on financial assets held for trading for the years ended December 31, 2017 and 2016, respectively,
- B. The related information of derivative financial instruments of the subsidiaries is as follows:

Foreign exchange forward

		<u>December 31, 2017</u>	
<u>The subsidiaries</u>	<u>Items</u>	<u>Book Value</u>	<u>Nominal Principal (in thousands)</u>
Synnex New Zealand	Buy USD sell NZD	(\$ 628)	USD 1,230
Synnex New Zealand	Buy AUD sell NZD	(17)	AUD 1,550
		<u>(\$ 645)</u>	
		<u>December 31, 2016</u>	
<u>The subsidiaries</u>	<u>Items</u>	<u>Book Value</u>	<u>Nominal Principal (in thousands)</u>
Synnex New Zealand	Buy USD sell NZD	\$ 321	USD 1,900
Synnex New Zealand	Buy AUD sell NZD	(229)	AUD 1,430
		<u>\$ 92</u>	

In 2017 and 2016, the subsidiaries of the Company undertook forward exchange contracts with local banks to hedge risks put to foreign currency assets and liabilities arising from fluctuations in exchange rates. The Group recognised (loss) gain on valuation amounting to \$5,641 and (\$6,461) for the years ended December 31, 2017 and 2016, respectively.

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

(3)Available-for-sale financial assets

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Current items:		
Listed (TSE and OTC) stocks	\$ 817,498	\$ 1,193,627
Non-listed (TSE and OTC) stocks	<u>272,050</u>	<u>272,050</u>
Subtotal	1,089,548	1,465,677
Valuation adjustment of available-for-sale financial assets	403,903	182,352
Accumulated impairment - available-for-sale financial assets	(<u>141,882</u>)	(<u>141,882</u>)
Total	<u>\$ 1,351,569</u>	<u>\$ 1,506,147</u>
Non-current items:		
Listed (TSE and OTC) stocks	\$ 4,846	\$ 5,250
Non-listed (TSE and OTC) stocks	24,712	24,712
Valuation adjustment of available-for-sale financial assets	22,021	24,025
Accumulated impairment - available-for-sale financial assets	(<u>2,718</u>)	(<u>2,718</u>)
Total	<u>\$ 48,861</u>	<u>\$ 51,269</u>

- A. The Group recognised \$627,411 and \$317,765 in other comprehensive income for fair value change for the years ended December 31, 2017 and 2016, respectively. Due to the recognised impairment loss, the amount reclassified from equity to current periods' profit (loss) is \$0 and (\$40,000), respectively. Due to the sale of equity investments, the amount reclassified from equity to current periods' profit (loss) was \$407,864 and \$94,099, respectively.
- B. The Group recognised impairment loss for equity investment after an assessment. As of December 31, 2017 and 2016, the available-for-sale financial assets that were impaired were both \$144,600.
- C. The fair value of the Group's unlisted shares declined significantly below its initial investment cost. The Group therefore recognised impairment loss of \$40,000 on equity investments for the year ended December 31, 2016.
- D. As of December 31, 2017 and 2016, no available-for-sale financial assets held by the Group were pledged to others.

(4) Financial assets measured at cost

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Non-current items:		
Non-listed (TSE and OTC) stocks	\$ 1,791,936	\$ 1,808,042
Accumulated impairment-financial assets measured at cost	(70,916)	(84,545)
Total	<u>\$ 1,721,020</u>	<u>\$ 1,723,497</u>

- 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, 2017 and 2016, no financial assets measured at cost held by the Group were pledged to others.

(5) Notes receivable

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Notes receivable	\$ 7,842,951	\$ 7,713,819
Less: Allowance for bad debts	(29,090)	(27,992)
	<u>\$ 7,813,861</u>	<u>\$ 7,685,827</u>

- 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, 2017 and 2016, the Group's notes receivable that were impaired amounted to \$29,090 and \$27,992, respectively.
- (b) Movements on the Group's provision for impairment of notes receivable are as follows:

	<u>2017</u>		
	<u>Individual</u>	<u>Group</u>	<u>Total</u>
	<u>provision</u>	<u>provision</u>	
At January 1	\$ -	\$ 27,992	\$ 27,992
Provision for impairment	-	1,642	1,642
Net exchange differences	-	(544)	(544)
At December 31	<u>\$ -</u>	<u>\$ 29,090</u>	<u>\$ 29,090</u>

	2016		
	Individual provision	Group provision	Total
At January 1	\$ -	\$ 30,181	\$ 30,181
Provision for impairment	-	230	230
Net exchange differences	-	(2,419)	(2,419)
At December 31	<u>\$ -</u>	<u>\$ 27,992</u>	<u>\$ 27,992</u>

(6) Accounts receivable and overdue receivables

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Accounts receivable	\$ 48,209,393	\$ 40,807,815
Lease payments receivable (current portion)	131,614	127,431
Less: Allowance for bad debts	(145,957)	(104,600)
	<u>48,195,050</u>	<u>40,830,646</u>
Overdue receivables (recorded as other non-current assets)	2,013,874	2,194,573
Less: Allowance for bad debts	(1,503,369)	(1,773,204)
	<u>510,505</u>	<u>421,369</u>
	<u>\$ 48,705,555</u>	<u>\$ 41,252,015</u>

Overdue receivables consist primarily of amounts due from customers under bankruptcy proceedings and are stated at their estimated net realizable value. As of December 31, 2017 and 2016, 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:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Not past due	\$ 42,390,485	\$ 35,102,535
Up to 60 days past due	5,234,288	4,957,445
61-120 days past due	393,942	352,822
121-180 days past due	114,748	152,483
More than 181 days past due	<u>572,092</u>	<u>686,730</u>
	<u>\$ 48,705,555</u>	<u>\$ 41,252,015</u>

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, 2017 and 2016, the Group's accounts receivable that were impaired amounted to \$1,649,326 and \$1,877,804, respectively.

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

	2017		
	Individual	Group	Total
	provision	provision	
At January 1	\$ 1,773,204	\$ 104,600	\$ 1,877,804
Provision for impairment	248,076	43,856	291,932
Write off of uncollectibles	(464,948)	-	(464,948)
Net exchange differences	(52,963)	(2,499)	(55,462)
At December 31	<u>\$ 1,503,369</u>	<u>\$ 145,957</u>	<u>\$ 1,649,326</u>
	2016		
	Individual	Group	Total
	provision	provision	
At January 1	\$ 2,090,718	\$ 103,286	\$ 2,194,004
Provision for impairment	365,198	14,352	379,550
Write off of uncollectibles	(587,137)	(28,379)	(615,516)
Effect of business combination	14,823	29,133	43,956
Net exchange differences	(110,398)	(13,792)	(124,190)
At December 31	<u>\$ 1,773,204</u>	<u>\$ 104,600</u>	<u>\$ 1,877,804</u>

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. The computer and computer peripherals were leased under finance lease and leasing period is over 3 years. The Group expects all lease payments would be collected on schedule. The gross investments in those leases and present value of total minimum lease payments receivable as at December 31, 2017 and 2016 was as follows:

	December 31, 2017		
	Total lease payments receivable	Unearned finance income	Net lease payments receivable
<u>Current</u>			
Not later than one year (recorded as accounts receivable-net)	\$ 156,169	(\$ 24,555)	\$ 131,614
<u>Non-current</u>			
Later than one year but not later than five years (recorded as other non -current assets)	155,561	(21,220)	134,341
	<u>\$ 311,730</u>	<u>(\$ 45,775)</u>	<u>\$ 265,955</u>
	December 31, 2016		
	Total lease payments receivable	Unearned finance income	Net lease payments receivable
<u>Current</u>			
Not later than one year (recorded as accounts receivable-net)	\$ 149,044	(\$ 21,613)	\$ 127,431
<u>Non-current</u>			
Later than one year but not later than five years (recorded as other non -current assets)	115,277	(14,300)	100,977
	<u>\$ 264,321</u>	<u>(\$ 35,913)</u>	<u>\$ 228,408</u>

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

(7) Transfer of financial assets

Transferred financial assets that are derecognised in their entirety

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

(Unit: USD thousand)

December 31, 2017

Accounts receivable			
<u>transferred</u>	<u>Amount derecognized</u>	<u>Facilities</u>	<u>Amount advanced</u>
<u>The Company</u>			
\$1,359,857	\$1,359,857	US\$98,500	\$1,359,857
(US\$45,187)	(US\$45,187)		(US\$45,187)
<u>Subsidiaries</u>			
\$1,348,077	\$1,348,077	US\$102,000	\$1,348,077
(US\$45,861)	(US\$45,861)		(US\$45,861)

(Unit: USD thousand)

December 31, 2016

Accounts receivable			
<u>transferred</u>	<u>Amount derecognized</u>	<u>Facilities</u>	<u>Amount advanced</u>
<u>The Company</u>			
\$371,896	\$371,896	US\$98,500	\$371,896
(US\$11,688)	(US\$11,688)		(US\$11,688)
<u>Subsidiaries</u>			
\$1,602,900	\$1,602,900	US\$102,000	\$1,602,900
(US\$49,626)	(US\$49,626)		(US\$49,626)

(8) Other receivables

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Rebate receivable from suppliers	\$ 5,431,589	\$ 5,271,900
Refund receivable from suppliers	415,745	499,929
Tax refund receivable–business tax	452,803	560,360
Other non-operating receivables, others	928,520	1,011,848
	<u>\$ 7,228,657</u>	<u>\$ 7,344,037</u>

(9) Inventories

	<u>December 31, 2017</u>		
	<u>Cost</u>	<u>Allowance for Valuation loss</u>	<u>Book value</u>
Merchandise inventories	\$ 35,982,556	(\$ 495,797)	\$ 35,486,759
Inventory in transit	772,257	-	772,257
Total	<u>\$ 36,754,813</u>	<u>(\$ 495,797)</u>	<u>\$ 36,259,016</u>

	December 31, 2016		
	Cost	Allowance for Valuation loss	Book value
Merchandise inventories	\$ 33,933,503	(\$ 638,876)	\$ 33,294,627
Inventory in transit	<u>353,478</u>	<u>-</u>	<u>353,478</u>
Total	<u>\$ 34,286,981</u>	<u>(\$ 638,876)</u>	<u>\$ 33,648,105</u>

The cost of inventories recognised as expense for the period:

	Years ended December 31,	
	2017	2016
Cost of inventories sold	\$ 351,465,965	\$ 330,546,140
(Gain on reversal of) loss on decline in market value	(119,452)	13,408
Loss on retirement	<u>-</u>	<u>5,941</u>
	<u>\$ 351,346,513</u>	<u>\$ 330,565,489</u>

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

(10) Investments accounted for under equity method

A. The details are as follows:

	December 31, 2017		December 31, 2016	
	Balance	Percentage ownership	Balance	Percentage ownership
Associates:				
Synnex Corporation	\$ 7,304,534	10.61%	\$ 6,667,079	10.31%
Redington (India) Ltd.	3,597,652	23.56%	3,498,088	23.58%
Synnex FPT Joint Stock Company (Note 1)	1,064,321	47.00%	-	-
Synnex (Thailand) Public Company Ltd.	996,727	40.00%	901,561	40.00%
Other	<u>68,504</u>	20%~40%	<u>65,695</u>	20%~40%
	<u>\$ 13,031,738</u>		<u>\$ 11,132,423</u>	

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,	
	2017	2016
Synnex Corporation	\$ 964,678	\$ 785,075
Redington (India) Ltd.	541,933	505,017
Synnex (Thailand) Public Company Ltd.	224,331	153,042
Synnex FPT Joint Stock Company (Note 1)	24,090	-
Bestcom Infotech Corporation (Note 2)	-	17,844
Other	4,159	1,982
	<u>\$ 1,759,191</u>	<u>\$ 1,462,960</u>
	Share of other comprehensive income of associates	
	Years ended December 31,	
	2017	2016
Synnex Corporation	101,178	(\$ 126,289)
Redington (India) Ltd.	(186,788)	(56,989)
Synnex (Thailand) Public Company Ltd.	2,840	2,814
	<u>(\$ 82,770)</u>	<u>(\$ 180,464)</u>

Note 1: On September 11, 2017, the Board of Directors resolved to acquire 47% equity of Vietnamese 3C distributor through the Group's subsidiary, King's Eye Investments Ltd., aiming to enter into Vietnamese market and raise competitive edge. The investment is \$1,041,043 (VND 792.7 billion) in total under the agreement. The Group has paid \$922,145 (VND 702.1 billion) and completed equity settlement in November 2017. The outstanding payment depends on the fulfillment of contract terms.

Note 2: Bestcom Infotech Corporation has been included in the consolidated financial statements as of April 7, 2016.

C. Associates

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

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

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

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

Balance sheet

	<u>Synnex Corporation</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Current assets	\$ 171,102,782	\$ 129,070,574
Non-current assets	58,484,178	39,708,327
Current liabilities	(120,468,381)	(80,033,844)
Non-current liabilities	(40,947,731)	(24,859,275)
Total net assets	<u>\$ 68,170,848</u>	<u>\$ 63,885,782</u>
Share in associate's net assets	\$ 7,236,982	\$ 6,593,884
Goodwill	<u>67,552</u>	<u>73,195</u>
Carrying amount of the associate	<u>\$ 7,304,534</u>	<u>\$ 6,667,079</u>

Statement of comprehensive income

	<u>Synnex Corporation</u>	
	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Revenue	<u>\$ 519,576,783</u>	<u>\$ 454,337,953</u>
Profit for the period from continuing operations	9,066,523	7,455,608
Other comprehensive income (loss), net of tax	<u>950,928</u>	<u>(1,223,870)</u>
Total comprehensive income	<u>\$ 10,017,451</u>	<u>\$ 6,231,738</u>
Dividends received from associates	<u>\$ 96,220</u>	<u>\$ 83,028</u>

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

As of December 31, 2017 and 2016, the carrying amount of the Group's individually immaterial associates amounted to \$5,727,204 and \$4,465,344, respectively.

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Profit for the period from continuing operations	\$ 794,513	\$ 677,885
Other comprehensive loss, net of tax	<u>(183,948)</u>	<u>(54,175)</u>
Total comprehensive income	<u>\$ 610,565</u>	<u>\$ 623,710</u>

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Significant associates:		
Synnex Corporation	<u>\$ 17,057,234</u>	<u>\$ 16,452,333</u>
Individual insignificant associates:		
Redington (India) Ltd.	<u>\$ 7,662,488</u>	<u>\$ 4,248,975</u>
Synnex (Thailand) Public Company Ltd.	<u>\$ 4,355,157</u>	<u>\$ 2,036,780</u>

(11) Property, plant and equipment

	Land	Buildings and structures	Utilities equipment	Computer equipment	Transportation equipment	Furniture and fixtures	Tools	Leasehold improvements	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2017</u>										
Cost	\$ 1,108,465	\$ 5,028,226	\$ 621,652	\$ 506,631	\$ 202,193	\$ 81,247	\$ 953,378	\$ 156,538	\$ 385,995	\$ 9,044,325
Accumulated depreciation	-	(784,744)	(303,422)	(313,186)	(114,334)	(38,623)	(555,146)	(99,584)	-	(2,209,039)
	<u>\$ 1,108,465</u>	<u>\$ 4,243,482</u>	<u>\$ 318,230</u>	<u>\$ 193,445</u>	<u>\$ 87,859</u>	<u>\$ 42,624</u>	<u>\$ 398,232</u>	<u>\$ 56,954</u>	<u>\$ 385,995</u>	<u>\$ 6,835,286</u>
<u>2017</u>										
Opening net book amount	\$ 1,108,465	\$ 4,243,482	\$ 318,230	\$ 193,445	\$ 87,859	\$ 42,624	\$ 398,232	\$ 56,954	\$ 385,995	\$ 6,835,286
Additions	-	23,533	17,221	70,259	22,022	15,870	23,273	41,459	258,676	472,313
Disposals	-	(540)	(587)	(536)	(284)	(473)	(1,292)	(98)	(1,429)	(5,239)
Reclassifications	-	259,954	16,236	11,508	-	-	-	428	(280,478)	7,648
Depreciation charge	-	(121,974)	(42,242)	(73,077)	(19,331)	(16,674)	(45,261)	(22,277)	-	(340,836)
Net exchange differences	(12,544)	(72,726)	(6,341)	(861)	(540)	(2,467)	(3,223)	(2,427)	(10,980)	(112,109)
Closing net book amount	<u>\$ 1,095,921</u>	<u>\$ 4,331,729</u>	<u>\$ 302,517</u>	<u>\$ 200,738</u>	<u>\$ 89,726</u>	<u>\$ 38,880</u>	<u>\$ 371,729</u>	<u>\$ 74,039</u>	<u>\$ 351,784</u>	<u>\$ 6,857,063</u>
<u>At December 31, 2017</u>										
Cost	\$ 1,095,921	\$ 5,224,164	\$ 633,772	\$ 558,994	\$ 205,465	\$ 86,542	\$ 711,262	\$ 152,530	\$ 351,784	\$ 9,020,434
Accumulated depreciation	-	(895,435)	(331,255)	(358,256)	(115,739)	(47,662)	(339,533)	(78,491)	-	(2,166,371)
	<u>\$ 1,095,921</u>	<u>\$ 4,328,729</u>	<u>\$ 302,517</u>	<u>\$ 200,738</u>	<u>\$ 89,726</u>	<u>\$ 38,880</u>	<u>\$ 371,729</u>	<u>\$ 74,039</u>	<u>\$ 351,784</u>	<u>\$ 6,854,063</u>

	Land	Buildings and structures	Utilities equipment	Computer equipment	Transportation equipment	Furniture and fixtures	Tools	Leasehold improvements	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2016</u>										
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)
	<u>\$ 973,906</u>	<u>\$ 4,363,260</u>	<u>\$ 360,014</u>	<u>\$ 214,437</u>	<u>\$ 70,428</u>	<u>\$ 33,913</u>	<u>\$ 447,664</u>	<u>\$ 39,476</u>	<u>\$ 557,740</u>	<u>\$ 7,060,838</u>
<u>2016</u>										
Opening 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
Additions	148,291	5,558	10,679	52,031	33,804	23,405	19,853	34,817	179,038	507,476
Acquired from business combinations	-	-	-	12,023	-	-	2,501	6,008	-	20,532
Disposals	-	(1,527)	(7)	(5,507)	(165)	(208)	(97)	(184)	(388)	(8,083)
Reclassifications	-	275,705	17,088	(847)	-	-	-	-	(311,106)	(19,160)
Depreciation charge	-	(120,250)	(43,657)	(75,707)	(15,591)	(13,639)	(57,302)	(21,115)	-	(347,261)
Net exchange differences	(13,732)	(279,264)	(25,887)	(2,985)	(617)	(847)	(14,387)	(2,048)	(39,289)	(379,056)
Closing net book amount	<u>\$ 1,108,465</u>	<u>\$ 4,243,482</u>	<u>\$ 318,230</u>	<u>\$ 193,445</u>	<u>\$ 87,859</u>	<u>\$ 42,624</u>	<u>\$ 398,232</u>	<u>\$ 56,954</u>	<u>\$ 385,995</u>	<u>\$ 6,835,286</u>
<u>At December 31, 2016</u>										
Cost	\$ 1,108,465	\$ 5,028,226	\$ 621,652	\$ 506,631	\$ 202,193	\$ 81,247	\$ 953,378	\$ 156,538	\$ 385,995	\$ 9,044,325
Accumulated depreciation	-	(784,744)	(303,422)	(313,186)	(114,334)	(38,623)	(555,146)	(99,584)	-	(2,209,039)
	<u>\$ 1,108,465</u>	<u>\$ 4,243,482</u>	<u>\$ 318,230</u>	<u>\$ 193,445</u>	<u>\$ 87,859</u>	<u>\$ 42,624</u>	<u>\$ 398,232</u>	<u>\$ 56,954</u>	<u>\$ 385,995</u>	<u>\$ 6,835,286</u>

Note 1: The significant components of buildings include office buildings and warehouse with main buildings and improvements, which are depreciated over 15~55 and 5~35 years, respectively.

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

Note 3: The Group has no interest capitalization for the years ended December 31, 2017 and 2016.

(12) Investment property

	<u>Buildings and structures</u>	<u>Utilities equipment</u>	<u>Total</u>
<u>At January 1, 2017</u>			
Cost	\$ 1,425,748	\$ 253,651	\$ 1,679,399
Accumulated depreciation	(193,811)	(154,578)	(348,389)
	<u>\$ 1,231,937</u>	<u>\$ 99,073</u>	<u>\$ 1,331,010</u>
<u>2017</u>			
Opening net book amount	\$ 1,231,937	\$ 99,073	\$ 1,331,010
Additions	1,877	242	2,119
Depreciation charge	(32,358)	(25,424)	(57,782)
Net exchange differences	(25,788)	(2,467)	(28,255)
Closing net book amount	<u>\$ 1,175,668</u>	<u>\$ 71,424</u>	<u>\$ 1,247,092</u>
<u>At December 31, 2017</u>			
Cost	\$ 1,398,422	\$ 248,675	\$ 1,647,097
Accumulated depreciation	(222,754)	(177,251)	(400,005)
	<u>\$ 1,175,668</u>	<u>\$ 71,424</u>	<u>\$ 1,247,092</u>
	<u>Buildings and structures</u>	<u>Utilities equipment</u>	<u>Total</u>
<u>At January 1, 2016</u>			
Cost	\$ 1,549,896	\$ 275,297	\$ 1,825,193
Accumulated depreciation	(174,332)	(139,309)	(313,641)
	<u>\$ 1,375,564</u>	<u>\$ 135,988</u>	<u>\$ 1,511,552</u>
<u>2016</u>			
Opening net book amount	\$ 1,375,564	\$ 135,988	\$ 1,511,552
Additions	-	438	438
Reclassifications	86	-	86
Depreciation charge	(34,879)	(27,562)	(62,441)
Net exchange differences	(108,834)	(9,791)	(118,625)
Closing net book amount	<u>\$ 1,231,937</u>	<u>\$ 99,073</u>	<u>\$ 1,331,010</u>
<u>At December 31, 2016</u>			
Cost	\$ 1,425,748	\$ 253,651	\$ 1,679,399
Accumulated depreciation	(193,811)	(154,578)	(348,389)
	<u>\$ 1,231,937</u>	<u>\$ 99,073</u>	<u>\$ 1,331,010</u>

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

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Rental income from the lease of the investment property	<u>\$ 481,002</u>	<u>\$ 477,562</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 160,433</u>	<u>\$ 178,063</u>

B. The fair value of the investment property held by the Group as of December 31, 2017 and 2016 was \$3,186,633 and \$2,803,345, respectively, which is based on the present value of rental revenue for the next 10 years and disposal value, which is categorized within level 3 in the fair value hierarchy. The growth rates used are consistent with the forecasts included in market quotation reports and historical experiences. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

(13) Intangible assets

	<u>Computer software cost</u>	<u>Goodwill</u>	<u>Total</u>
<u>At January 1, 2017</u>			
Cost	\$ 285,653	\$ 560,246	\$ 845,899
Accumulated amortisation	(143,340)	-	(143,340)
	<u>\$ 142,313</u>	<u>\$ 560,246</u>	<u>\$ 702,559</u>
<u>2017</u>			
Opening net book amount	\$ 142,313	\$ 560,246	\$ 702,559
Additions-acquired separately	23,158	-	23,158
Amortisation charge	(59,349)	-	(59,349)
Net exchange differences	(200)	(24,728)	(24,928)
Closing net book amount	<u>\$ 105,922</u>	<u>\$ 535,518</u>	<u>\$ 641,440</u>
<u>At December 31, 2017</u>			
Cost	\$ 293,909	\$ 535,518	\$ 829,427
Accumulated amortisation	(187,987)	-	(187,987)
	<u>\$ 105,922</u>	<u>\$ 535,518</u>	<u>\$ 641,440</u>

	<u>Computer software cost</u>	<u>Goodwill</u>	<u>Total</u>
<u>At January 1, 2016</u>			
Cost	\$ 234,838	\$ 326,527	\$ 561,365
Accumulated amortisation	(111,524)	-	(111,524)
	<u>\$ 123,314</u>	<u>\$ 326,527</u>	<u>\$ 449,841</u>
<u>2016</u>			
Opening net book amount	\$ 123,314	\$ 326,527	\$ 449,841
Additions-acquired separately	70,672	-	70,672
Acquired through business combinations	7,114	239,479	246,593
Amortisation charge	(57,596)	-	(57,596)
Net exchange differences	(1,191)	(5,760)	(6,951)
Closing net book amount	<u>\$ 142,313</u>	<u>\$ 560,246</u>	<u>\$ 702,559</u>
<u>At December 31, 2016</u>			
Cost	\$ 285,653	\$ 560,246	\$ 845,899
Accumulated amortisation	(143,340)	-	(143,340)
	<u>\$ 142,313</u>	<u>\$ 560,246</u>	<u>\$ 702,559</u>

- A. Amortization charges on intangible assets were recognised as administrative expenses amounting to \$59,349 and \$57,596 for the years ended December 31, 2017 and 2016, respectively.
- B. Goodwill is allocated as follows to the Group's cash-generating units identified according to operating segment:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Taiwan	\$ 239,479	\$ 239,479
Hong Kong/China	296,039	320,767
	<u>\$ 535,518</u>	<u>\$ 560,246</u>

C. Impairment of non-financial assets

Goodwill is allocated to the Group's cash-generating units identified according to operation segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are consideration into gross margin, growth rate and discount rate.

Management determined budgeted gross margin based on past performance and its expectations of market development. The growth rates used are consistent with the forecasts included in market quotation reports and historical experiences. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

(14) Other non-current assets

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Refundable deposits	\$ 794,690	\$ 696,530
Long-term notes and overdue receivables	510,505	421,369
Long-term prepaid rent	835,481	873,626
Pledged time deposits	1,390,002	260,562
Long-term lease and installment receivables	134,341	100,977
Others	<u>105,322</u>	<u>211,423</u>
	<u>\$ 3,770,341</u>	<u>\$ 2,564,487</u>

A. The above long-term prepaid rent was mainly due to the Group signing a land use right contract for use of the land in the People's Republic of China. All rentals had been paid on the contract date. The Group recognised rental expenses of \$19,886 and \$21,610 and for the years ended December 31, 2017 and 2016, respectively.

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

(15) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2017</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 44,119	5.5%	Accounts receivable and inventories
Unsecured borrowings	<u>36,036,801</u>	0.9%~2.84%	None
	<u>\$ 36,080,920</u>		
<u>Type of borrowings</u>	<u>December 31, 2016</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 38,687,813</u>	0.933%~5.58%	None

(16) Short-term notes and bills payable

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Commercial paper payable	<u>\$ 8,580,000</u>	<u>\$ 5,420,000</u>
Interest rate range	<u>0.848%~1.148%</u>	<u>0.868%~1.168%</u>

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

(17) Other payables

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Dealers' bonus payable	\$ 2,425,458	\$ 2,172,733
Temporary receipt of suppliers' payment on behalf of others	2,029,695	1,761,165
Salary payable and bonus	772,365	813,298
Accrued expenses-others	797,265	651,789
Other payables-others	1,264,049	1,350,057
	<u>\$ 7,288,832</u>	<u>\$ 6,749,042</u>

(18) 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 contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March. The subsidiary, PT. Synnex Metrodata Indonesia, adopted a defined benefit plan.

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Present value of defined benefit obligations	(\$ 619,801)	(\$ 598,817)
Fair value of plan assets	(252,608)	257,523
Net defined benefit liability (recorded as other non-current liabilities)	<u>(\$ 367,193)</u>	<u>(\$ 341,294)</u>

(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, 2017			
Balance at January 1	(\$ 598,817)	\$ 257,523	(\$ 341,294)
Current service cost	(8,014)	-	(8,014)
Interest (expense) income	(11,183)	3,597	(7,586)
	<u>(618,014)</u>	<u>261,120</u>	<u>(356,894)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(988)	(988)
Change in demographic assumptions	(210)	-	(210)
Exchange differences from translation	3,939	-	3,939
Change in financial assumptions	(23,346)	-	(23,346)
Experience adjustments	2,241	-	2,241
	<u>(17,376)</u>	<u>(988)</u>	<u>(18,364)</u>
Pension fund contribution	-	7,820	7,820
Paid pension	15,588	(15,343)	245
Balance at December 31	<u><u>(\$ 619,802)</u></u>	<u><u>\$ 252,609</u></u>	<u><u>(\$ 367,193)</u></u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2016			
Balance at January 1	(\$ 484,066)	\$ 198,503	(\$ 285,563)
Acquired from business combination	(68,746)	48,150	(20,596)
Current service cost	(9,625)	-	(9,625)
Interest (expense) income	(11,660)	4,222	(7,438)
	<u>(574,097)</u>	<u>250,875</u>	<u>(323,222)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(2,016)	(2,016)
Change in demographic assumptions	(239)	-	(239)
Exchange differences from translation	(81)	-	(81)
Change in financial assumptions	(18,772)	-	(18,772)
Experience adjustments	(5,812)	-	(5,812)
	<u>(24,904)</u>	<u>(2,016)</u>	<u>(26,920)</u>
Pension fund contribution	-	8,664	8,664
Paid pension	184	-	184
Balance at December 31	<u><u>(\$ 598,817)</u></u>	<u><u>\$ 257,523</u></u>	<u><u>(\$ 341,294)</u></u>

(d)The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2017 and 2016 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

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

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Discount rate	<u>1.10%~1.25%</u>	<u>1.375%~1.40%</u>
Future salary increases	<u>3.00%~4.00%</u>	<u>3.00%~4.00%</u>

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

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

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2017				
Effect on present value of defined benefit obligation	<u>\$ 14,223</u>	<u>(\$ 14,772)</u>	<u>(\$ 13,147)</u>	<u>\$ 12,750</u>
December 31, 2016				
Effect on present value of defined benefit obligation	<u>\$ 14,626</u>	<u>(\$ 15,124)</u>	<u>(\$ 13,568)</u>	<u>\$ 13,143</u>

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

The method and assumptions used for the preparation of sensitivity analysis during 2017 and during 2016 are the same, except the actuarial assumption of discount rate and future salary increases.

ii. The principal actuarial assumptions used for foreign subsidiaries were as follows:

	<u>2017</u>	<u>2016</u>
Discount rate	<u>7.25%</u>	<u>8.50%</u>
Future salary increases	<u>9.00%</u>	<u>9.00%</u>

Future mortality rate was estimated based on TMI 3 issued by Insurance Council of Indonesia.

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

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
December 31, 2017				
Effect on present value of defined benefit obligation	\$ <u>6,175</u>	(\$ <u>7,354</u>)	(\$ <u>7,384</u>)	\$ <u>6,313</u>
December 31, 2016				
Effect on present value of defined benefit obligation	\$ <u>4,962</u>	(\$ <u>5,901</u>)	(\$ <u>6,002</u>)	\$ <u>5,128</u>

(f) As of December 31, 2017, the weighted average duration of that retirement plan is 11~17.69 years.

(g) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2018 amounts to \$10,092.

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, 2017 and 2016 were \$76,136 and \$60,773, respectively.

(c) No pension plan is established for Synnex Global Ltd., King's Eye Investments Ltd., Peer Developments Ltd., Synnex China Holdings Ltd., Synnex Mauritius Ltd., Laser Computer Holdings Ltd., and Trade Vanguard Global 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, 2017 and 2016 were \$242,258 and \$242,689, respectively.

(19) Share capital

A. As of December 31, 2017, the Company's authorised capital was \$22,000,000 (including \$500,000 reserved for the conversion of employees' stock options which have not been issued). The total number of shares of common stock, at \$10 (in dollars) par value per share, issued and outstanding, was 1,667,946,968 shares. All proceeds from shares issued have been collected.

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

	<u>2017</u>	<u>2016</u>
At January 1	1,667,946,968	1,588,520,922
Stock dividends	-	79,426,046
At December 31	<u>1,667,946,968</u>	<u>1,667,946,968</u>

B. The Company issued common stock (Deposited Shares) through global depository shares (GDSs) in Europe, Asia and the USA in 1997 and 1999. Each GDS represents 4 Deposited Shares. The GDSs may not be offered, sold or delivered, directly or indirectly, in the R.O.C. As of December 31, 2017, the total number of GDSs outstanding was 948,893 units, representing 3,795,584 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 Depository to vote in the same direction in respect of one or more resolutions to be proposed at the meeting.

(b) Sale and withdrawal of GDSs

Commencing three months after the initial issuance of GDSs, a holder of GDSs may, provided that the Company has delivered to the custodian physical share certificates in respect of the Deposited Shares, request the Depository to sell or cause to be sold on behalf of such holder the shares represented by such GDSs.

(c) Dividends

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

(20) 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.

	2017					
	Share premium	Treasury share transactions	Changes in equity of associates and joint ventures	Stock options	Others	Total
At January 1	\$ 13,626,940	\$ 340,678	\$ -	\$ 228,445	\$ -	\$ 14,196,063
Changes in equity of associates and joint ventures	-	-	167,496	-	-	167,496
Unclaimed dividends	-	-	-	-	1,299	1,299
At December 31	<u>\$ 13,626,940</u>	<u>\$ 340,678</u>	<u>\$ 167,496</u>	<u>\$ 228,445</u>	<u>\$ 1,299</u>	<u>\$ 14,364,858</u>
	2016					
	Share premium	Treasury share transactions	Changes in equity of associates and joint ventures	Stock options	Others	Total
At January 1	\$ 13,626,940	\$ 340,678	(\$ 56,341)	\$ 228,445	\$ -	\$ 14,139,722
Changes in equity of associates and joint ventures	-	-	56,341	-	-	56,341
At December 31	<u>\$ 13,626,940</u>	<u>\$ 340,678</u>	<u>\$ -</u>	<u>\$ 228,445</u>	<u>\$ -</u>	<u>\$ 14,196,063</u>

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

- A. The Company's Articles of Incorporation provide that current year's net income, after recovering any past losses and deducting all taxes in accordance with the law, shall be distributed in the following order: (a) set aside 10% of the net income as legal reserve, (b) set aside the special reserve in the amount of the net reduction of adjustments under the stockholders' equity for the current year related mainly to cumulative translation adjustments and unrealized loss on long-term investments, (c) 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 2016 and 2015 earnings had been resolved at the stockholders' meeting on June 7, 2017 and June 8, 2016, respectively. Details are summarized below:

	Years ended December 31,			
	2016		2015	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 487,668	\$ -	\$ 318,600	\$ -
Special reserve	2,710,805	-	126,513	-
Cash dividends	1,667,947	1.00	2,382,781	1.50
Stock dividends	-	-	794,260	0.50

- (b) The appropriation of 2017 earnings had been proposed at the Board of Directors' meeting on March 13, 2018. Details are summarized below:

	Year ended December 31, 2017	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 611,490	\$ -
Special reserve	1,983,231	-
Cash dividends	3,669,483	2.20

- E. For information relating to employees' remuneration (bonus) and directors' and supervisors' remuneration, please refer to Note 6(28).

(22) Other equity items

	<u>Currency translation</u>	<u>Available-for-sale investments</u>	<u>Total</u>
At January 1, 2017	(\$ 3,044,176)	206,858	(\$ 2,837,318)
Transfer out for revaluation	-	(407,864)	(407,864)
Revaluation:			
–Group	-	627,443	627,443
–Associates	-	2,840	2,840
Currency translation differences:			-
–Group	(2,120,039)	-	(2,120,039)
–Associates	(85,610)	-	(85,610)
At December 31, 2017	<u>(\$ 5,249,825)</u>	<u>\$ 429,277</u>	<u>(\$ 4,820,548)</u>
	<u>Currency translation</u>	<u>Available-for-sale investments</u>	<u>Total</u>
At January 1, 2016	(\$ 66,998)	(\$ 59,515)	(\$ 126,513)
Transfer out for provision of impairment	-	40,000	40,000
Transfer out for revaluation	-	(94,099)	(94,099)
Revaluation:			
–Group	-	317,765	317,765
–Associates	-	2,707	2,707
Currency translation differences:			-
–Group	(2,794,008)	-	(2,794,008)
–Associates	(183,170)	-	(183,170)
At December 31, 2016	<u>(\$ 3,044,176)</u>	<u>\$ 206,858</u>	<u>(\$ 2,837,318)</u>

(23) Operating revenue

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Sales revenue	\$ 363,386,723	\$ 342,085,713
Other revenue	821,154	610,740
Total	<u>\$ 364,207,877</u>	<u>\$ 342,696,453</u>

(24) Other income

	Years ended December 31,	
	2017	2016
Rental revenue	\$ 545,763	\$ 577,169
Interest income:		
Interest income from bank deposits	247,440	294,035
Other interest income	126,086	135,606
Dividend income	151,777	143,936
Others	<u>197,450</u>	<u>146,454</u>
Total	<u>\$ 1,268,516</u>	<u>\$ 1,297,200</u>

(25) Other gains and losses

	Years ended December 31,	
	2017	2016
Net gains on financial assets at fair value through profit or loss	\$ 30,909	\$ 103,820
Net currency exchange gains (losses)	410,159	(700,965)
Gains on disposal of invested financial assets	357,363	135,699
Impairment loss on financial assets	-	(40,000)
Gain on disposal of investments accounted for using equity method	-	127,709
Gain (loss) on disposal of property, plant and equipment and investment property	2,097	(303)
Related expense charges on investment property	(160,433)	(178,063)
Losses on revaluation of investments accounted for using equity method	-	(42,359)
Others	<u>(141,510)</u>	<u>(52,761)</u>
Total	<u>\$ 498,585</u>	<u>(\$ 647,223)</u>

(26) Finance costs

	Years ended December 31,	
	2017	2016
Interest expense:		
Bank borrowings	\$ 512,274	\$ 601,847
Short-term notes and bills payable	<u>66,244</u>	<u>54,845</u>
Finance costs	<u>\$ 578,518</u>	<u>\$ 656,692</u>

(27) Expenses by nature

	Years ended December 31,	
	2017	2016
Employee benefit expense	\$ 4,766,489	\$ 4,609,129
Depreciation charges on property, plant and equipment	340,836	347,261
Amortisation charges on intangible assets	59,349	57,596
	<u>\$ 5,166,674</u>	<u>\$ 5,013,986</u>

(28) Employee benefit expense

	Years ended December 31,	
	2017	2016
Wages and salaries	\$ 4,033,957	\$ 3,901,637
Labor and health insurance fees	311,855	295,545
Pension costs	333,994	320,525
Other personnel expenses	86,683	91,422
	<u>\$ 4,766,489</u>	<u>\$ 4,609,129</u>

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

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

B. For the years ended December 31, 2017 and 2016, employees' compensation (bonus) was accrued at \$600; directors' and supervisors' remuneration was accrued at \$6,000. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 0.010% and 0.10% of distributable profit of current year for the year ended December 31, 2017. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$700 and \$7,500, and will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration of 2016 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2016 financial statements.

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

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2017	2016
Current tax:		
Current tax on profits for the year	\$ 329,661	\$ 107,850
Prior year income tax over estimation	(14,793)	(39,335)
Prepaid income tax	656,361	676,933
Gain on business combinations	-	(9,523)
Additional 10% tax on undistributed earnings	(1,026)	-
Total current tax	<u>970,203</u>	<u>735,925</u>
Deferred tax:		
Origination and reversal of temporary differences	493,870	(135,184)
Total deferred tax	<u>493,870</u>	<u>(135,184)</u>
Others:		
Additional 10% tax on undistributed earnings	1,026	-
Income tax expense	<u>\$ 1,465,099</u>	<u>\$ 600,741</u>

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

	Years ended December 31,	
	2017	2016
Remeasurement of defined benefit obligations	<u>\$ 3,630</u>	<u>\$ 3,785</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2017	2016
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 2,720,900	\$ 1,483,667
Effects from items disallowed by tax regulation	(605,594)	(290,131)
Tax exempt income by tax regulation	(61,453)	(66,908)
Temporary differences not recognised as deferred tax liabilities	(868,876)	(714,903)
Taxable loss not recognised as deferred tax assets	293,889	228,351
Additional 10% tax on undistributed earnings	1,026	-
Prior year income tax over estimation	(14,793)	(39,335)
Income tax expense	<u>\$ 1,465,099</u>	<u>\$ 600,741</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

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

	Year ended December 31, 2017					
	January 1,	Acquired from business combinations	Recognized in profit or loss	Recognized in other comprehensive income	Effects on exchange rate	December 31,
Temporary differences:						
-Deferred tax assets:						
Unrealized bad debts	\$ 437,379	\$ -	(\$ 50,326)	\$ -	(\$ 5,671)	\$ 381,382
Unrealized loss on inventory value decline	99,763	-	(17,640)	-	(1,201)	80,922
Depreciation	17,576	-	344	-	(44)	17,876
Unrealised exchange loss	(15,792)	-	40,439	-	907	25,554
Unused compensated absences	35,344	-	7,673	-	(7,065)	35,952
Accrued pensions	61,529	-	1,641	3,630	(156)	66,644
Unrealized accrued expenses	50,375	-	(3,731)	-	(327)	46,317
Loss carryforward (Note)	621,142	-	(452,471)	-	(952)	167,719
Others	-	-	766	-	(2)	764
Subtotal	<u>\$ 1,307,316</u>	<u>\$ -</u>	<u>(\$ 473,305)</u>	<u>\$ 3,630</u>	<u>(\$ 14,511)</u>	<u>\$ 823,130</u>
-Deferred tax liabilities:						
Unrealised purchase discount	(\$ 105,851)	\$ -	(\$ 31,166)	\$ -	\$ 298	(\$ 136,719)
Unrealised exchange gain	(1,030)	-	851	-	-	(179)
Others	(37,423)	-	9,750	-	272	(27,401)
Subtotal	<u>(\$ 144,304)</u>	<u>-</u>	<u>(\$ 20,565)</u>	<u>\$ -</u>	<u>\$ 570</u>	<u>(\$ 164,299)</u>
Total	<u>\$ 1,163,012</u>	<u>\$ -</u>	<u>-\$ 493,870</u>	<u>\$ 3,630</u>	<u>(\$ 13,941)</u>	<u>\$ 658,831</u>

Year ended December 31, 2016

	January 1,	Acquired from business combinations	Recognized in profit or loss	Recognized in other comprehensive income	Effects on exchange rate	December 31,
Temporary differences:						
-Deferred tax assets:						
Unrealized bad debts	\$ 375,216	\$ 1,185	\$ 82,817	\$ -	(\$ 21,839)	\$ 437,379
Unrealized loss on inventory value decline	75,009	9,081	20,654	-	(4,981)	99,763
Depreciation	16,674	-	1,779	-	(877)	17,576
Unrealised exchange loss	7,740	-	(23,696)	-	164	(15,792)
Unused compensated absences	41,191	1,196	3,343	-	(1,705)	35,344
Accrued pensions	42,368	4,733	1,745	3,785	217	61,529
Unrealized accrued expenses	130,186	572	(77,868)	-	(2,515)	50,375
Loss carryforward (Note)	499,813	680	165,551	-	(44,902)	621,142
Subtotal	<u>\$ 1,188,197</u>	<u>\$ 17,447</u>	<u>\$ 174,325</u>	<u>\$ 3,785</u>	<u>(\$ 76,438)</u>	<u>\$ 1,307,316</u>
-Deferred tax liabilities:						
Unrealised purchase discount	(\$ 62,845)	\$ -	(\$ 48,039)	\$ -	\$ 5,033	(\$ 105,851)
Unrealised exchange gain	-	(45)	(985)	-	-	(1,030)
Others	(49,134)	-	9,883	-	1,828	(37,423)
Subtotal	<u>(\$ 111,979)</u>	<u>(\$ 45)</u>	<u>(\$ 39,141)</u>	<u>\$ -</u>	<u>\$ 6,861</u>	<u>(\$ 144,304)</u>
Total	<u>\$ 1,076,218</u>	<u>\$ 17,402</u>	<u>\$ 135,184</u>	<u>\$ 3,785</u>	<u>(\$ 69,577)</u>	<u>\$ 1,163,012</u>

Note: Realised but unused loss carryforward from expected future taxable profits.

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

December 31, 2017				
Year incurred	Amount filed /assessed	Unused amount	Deferred tax assets	Expiry year
2012~2017	<u>\$ 2,306,059</u>	<u>\$ 2,306,059</u>	<u>\$ 1,277,165</u>	2017~2022
December 31, 2016				
Year incurred	Amount filed /assessed	Unused amount	Deferred tax assets	Expiry year
2012~2016	<u>\$ 3,750,405</u>	<u>\$ 3,750,405</u>	<u>\$ 1,333,165</u>	2017~2022

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

	December 31, 2017	December 31, 2016
Deductible temporary differences	<u>\$ 15,935</u>	<u>\$ 15,935</u>

F. The subsidiaries' losses are allowed to be carried forward from 2017 to 2022.

G. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2017 and 2016, the amounts of temporary difference unrecognised as deferred tax liabilities were \$7,819,098 and \$7,296,663, respectively.

H. As of December 31, 2017, the Company's income tax returns through 2015 have been assessed and approved by the Tax Authority.

I. Unappropriated retained earnings:

	<u>December 31, 2016</u>
Earnings generated in and after 1998	<u>\$ 7,992,064</u>

J. As of December 31, 2016, the balance of the imputation tax credit account was \$232,750. The creditable tax rate was 4.19% for the year ended December 31, 2016.

K. With the abolishment of the imputation tax system under the amendments to the Income Tax Act promulgated by the President of the Republic of China in February, 2018, the information on unappropriated retained earnings and the balance of the imputation credit account as of December 31, 2017, as well as the estimated creditable tax rate for the year ended December 31, 2017 is no longer disclosed.

(30) Earnings per share

	<u>Year ended December 31, 2017</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 6,114,896	1,667,947	\$ 3.67
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	6,114,896	1,667,947	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	18	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 6,114,896</u>	<u>1,667,965</u>	<u>\$ 3.67</u>

	Year ended December 31, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 4,876,679	1,667,947	\$ 2.92
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	4,876,679	1,667,947	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	28	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 4,876,679	1,667,975	\$ 2.92

(31) Transactions with non-controlling interests

Disposal of equity interest in a subsidiary (that did not result in a loss of control)

The Group disposed 5.91% equity of Bestcom Infotech Corp. that was previously wholly owned by the Group for a consideration of \$83,082. The disposal resulted in an increase in non-controlling interests by \$99,842 and a decrease in equity attributable to owners of parent by \$16,760. The changes in equity of the Company affected the equity attributable to owners of parent as follows:

	Year ended December 31, 2017
Consideration received from non-controlling interest	\$ 83,082
Carrying amount of non-controlling interest	(99,842)
Other equity - Currency translation differences	(461)
Other equity - Unrealised gain on valuation of available-for-sale financial assets	50
Retained earnings	(\$ 17,171)

(32) Business combinations

A. To expand the scale of entire operation and exert synergy of economic of scale, on April 7, 2016, the Group acquired 55.41% of the share capital of Bestcom Infotech Corp for \$1,029,289, and also acquired 3.73% of the share capital for \$69,369 through Section 30 of the Business Mergers And Acquisitions Act, and with 40.86% of the share capital it already held, the Group now had 100% of the share capital and obtained the control.

B. The following table summarizes the consideration paid for Bestcom Infotech Corp and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

	<u>April 7, 2016</u>
Purchase consideration – cash paid	\$ 1,098,658
Fair value of equity interest in Bestcom Infotech Corp held before the business combination	<u>759,002</u>
	<u>1,857,660</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	153,570
Notes receivable	76,668
Accounts receivable (including lease payments receivable)	1,867,428
Other receivables	40,842
Inventories	619,293
Other current assets	43,708
Non-current available-for-sale financial assets	31,466
Investments accounted for using equity method	63,755
Property, plant and equipment	20,532
Intangible assets	7,114
Other non-current assets	149,328
Short-term borrowings	(250,389)
Short-term notes and bills payable	(300,000)
Notes payable	(60,548)
Accounts payable	(558,376)
Other payable	(229,940)
Current tax liabilities	(28,598)
Other current liabilities	(7,031)
Other non-current liabilities	(<u>20,641</u>)
Total identifiable net assets	<u>1,618,181</u>
Goodwill	<u>\$ 239,479</u>

C. The Group recognised a loss of \$42,359 as a result of measuring at fair value its 40.86% equity interest in Bestcom Infotech Corp held before the business combination.

D. The operating revenue included in the consolidated statement of comprehensive income since April 7, 2016 contributed by Bestcom Infotech Corp was \$9,135,149. Bestcom Infotech Corp also contributed profit before income tax of \$196,432 over the same period. Had Bestcom Infotech Corp been consolidated from January 1, 2016, the consolidated statement of comprehensive income would increase operating revenue of \$2,301,849 and profit before income tax of \$33,522.

(33) Operating leases

The Group leases office buildings to others under non-cancellable operating lease agreements. For the years ended December 31, 2017 and 2016, the Group recognised rental revenue of \$545,763 and \$577,169, respectively. The Group has leased a series of operating leases to several companies, and these leases have terms expiring between 2018 and 2024, and some leases are renewable at the end of the lease period. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Not later than one year	\$ 402,946	\$ 367,490
Later than one year but not later than five years	807,435	908,578
Later than five years	<u>8,617</u>	<u>131,490</u>
	<u>\$ 1,218,998</u>	<u>\$ 1,407,558</u>

(34) Supplemental cash flow information

A. Investing activities with partial cash payments:

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Purchase of property, plant and equipment	\$ 472,313	\$ 507,476
Add: Opening balance of payable on equipment	43,626	53,078
Less: Ending balance of payable on equipment	(18,178)	(43,626)
Effects on exchange rate	<u>(463)</u>	<u>(2,946)</u>
Cash paid during the period	<u>\$ 497,298</u>	<u>\$ 513,982</u>
	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Purchase of intangible assets	\$ 23,158	\$ 70,672
Add: Opening balance of other payables	17,899	33,756
Less: Ending balance of other payables	-	(17,899)
Effects on exchange rate	<u>15</u>	<u>(258)</u>
Cash paid during the period	<u>\$ 41,072</u>	<u>\$ 86,271</u>

B. The Group acquired 100% of the share capital of Bestcom Infotech Corp. on April 7, 2016. For the summary of the consideration paid for Bestcom Infotech Corp. and the fair values of the assets acquired and liabilities, please refer to Note 6(32).

C. The Group disposed 5.91% equity of Bestcom Infotech Corp. on April 6, 2017. Please refer to Note 6(31) for the consideration's effect on cash flows.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
<u>Associates:</u>	
Synnex (Thailand) Public Company Ltd. and its Subsidiaries (Synnex Thailand)	King's Eye's investee accounted for using equity method
Asgard System, Inc.	Indirect investee of Bestcom Infotech Corp.
Inforcom Technology Inc.	Indirect investee of Bestcom Infotech Corp.
Din Yen Technology Inc.	Indirect investee of Bestcom Infotech Corp.
Xvizion Taiwan Limited	Indirect investee of Bestcom Infotech Corp.
Udar Digital Inc.	Indirect investee of Bestcom Infotech Corp.
<u>Other related parties:</u>	
Mitac Information Technology Corporation	The Company's chairperson is the related party's vice chairperson
Mitac International Corporation	The Company's chairperson is the related party's chairperson
Lien-Hwa Industrial Corporation	The Company's chairperson is the related party's chairperson
Mitac Computing Technology Corporation	The Company's chairperson is the related party's director
Getac Technology Corporation	The Company's chairperson is the related party's director
Mitac Incorporated	The Company's chairperson is the related party's chairperson
Union Petrochemical Corporation	The Company's chairperson is the related party's chairperson
Harbinger Venture Capital Corporation	The Company's chairperson is the related party's chairperson
Tong Da Investment Corporation	The Company's chairperson is the related party's chairperson
Mitac Communication Co., Ltd.	The related party's director is the second-degree relative of the Company's chairperson

Names of related parties	Relationship with the Group
Shunda Computer Factory Co., Ltd.	The related party's chairperson is the director of MiTAC Computing Technology Corp.
Digitimes Corp.	The Company is the related party's director
Ho Li Investment Co., Ltd. (Ho Li)	Subsidiary of other related party Mitac International Corp.
Mei-An Investment Corporation (Mei-An)	The Company's director is the related party's director
PT. Mitra Integrasi Informatika (MII)	Entity controlled by SMI's shareholders
PT. My Icon Technology (MIT)	Entity controlled by SMI's shareholders
PT. Metrodata Electronics, Tbk (MTDL)	SMI's director
PT. Logicalis Metrodata Indonesia (LMI)	Entity controlled by SMI's shareholders
PT. Soltius Indonesia (SI)	Entity controlled by SMI's shareholders
PT. Metro Mobile Indonesia (MMI)	Entity controlled by SMI's shareholders

(2) Significant related party transactions and balances

A. Operating revenue

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Sales of goods:		
– Associates	\$ 302,370	\$ 158,176
– Other related parties	<u>1,229,936</u>	<u>1,087,982</u>
	<u>\$ 1,532,306</u>	<u>\$ 1,246,158</u>

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

The collection term for related parties is within 30~120 days of the date of statement. The collection term for third parties is within 7~165 days of the date of statement.

B. Receivables from related parties

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Receivables from related parties:		
– Associates	\$ 60,811	\$ 54,551
– Other related parties	<u>172,602</u>	<u>329,914</u>
	<u>\$ 233,413</u>	<u>\$ 384,465</u>

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

C. Purchases of goods

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Purchases of goods:		
— Associates	\$ -	\$ 5,775
— Other related parties	<u>29,881</u>	<u>653</u>
	<u>\$ 29,881</u>	<u>\$ 6,428</u>

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

The collection term for related parties is within 30~40 days of the date of statement. The collection term for third parties is within 1~120 days after receipt of goods or 10 ~ 120 days from the first day of the month following the month of the receipt.

D. Payables to related parties

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Accounts payable:		
— Other related parties	<u>\$ 20,842</u>	<u>\$ -</u>

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

E. Other transactions

(a) The details of other receivables, other payables, dividend receivables and dividend revenue arising from rental service that the Group provides to related parties are as follows:

	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Other receivables		
Associates	<u>\$ 210</u>	<u>\$ 590</u>
	<u>Years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Other payables		
Associates	\$ 1,438	\$ 988
Other related parties	<u>2,002</u>	<u>2,965</u>
	<u>\$ 3,440</u>	<u>\$ 3,953</u>

	Years ended December 31,	
	2017	2016
Other income		
— Associates	\$ 1,158	\$ 10,984
— Other related parties	<u>118,929</u>	<u>106,582</u>
	<u>\$ 120,087</u>	<u>\$ 117,566</u>

(b) Disposal of financial assets

Counterparty	Recorded items	No. of shares	Disposed assets	Year ended December 31, 2017	
				Disposal proceeds	(Loss) gain on disposal
Mitac International Corporation, Mitac Incorporated, Ho Li, Mei-An	Current available-for-sale financial assets	24,449,836	Lien-Hwa Industrial Corporation -common shares	<u>\$ 639,353</u>	<u>\$ 311,498</u>

The total proceeds of disposal has been collected as of December 31, 2017. There was no disposal of financial assets with related parties for the year ended December 31, 2016.

(3) Key management compensation

	Years ended December 31,	
	2017	2016
Short-term employee benefits	\$ 96,000	\$ 66,480
Post-employment benefits (Note)	<u>3,320</u>	<u>3,440</u>
Total	<u>\$ 99,320</u>	<u>\$ 69,920</u>

Note: Benefits are provisions that are not actually distributed.

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2017	December 31, 2016	
Accounts receivable	\$ 335,028	\$ -	Pledged for short-term borrowings
Inventories	335,027	-	Pledged for short-term borrowings
Other current assets:			
Pledged time deposits	26,898	20,015	Secured loans and warranty guarantees
Other non-current assets:			
Pledged time deposits	1,390,002	260,562	Guarantees for purchases; short-term secured loans and promissory notes.
Property, plant and equipment:			
Land and buildings	-	225,353	Guarantees for secured loans of Fortune Ideal Ltd. (Actual but not used)
	<u>\$ 2,086,955</u>	<u>\$ 505,930</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

- A. As of December 31, 2017 and 2016, the Group issued promissory notes to guarantee the suppliers' credit limit amounting to \$1,815,512 and \$2,130,210, 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 submitted an application to the Hong Kong High Court in February 1, 2016 and requested the Hong Kong High Court to deny the claim of Kunhao. The Hong Kong High Court has not yet begun formal court hearings on the lawsuit, so the result of the litigation is uncertain. Therefore, the Group has not estimated the potential losses in the financial statements.
- C. On December 22, 2014, Fairchild Semiconductor International, Inc. and Fairchild Semiconductor Corporation filed a third party lawsuit against the Company and Synnex Electronic Hong Kong Ltd, in United States District Court for Massachusetts for breach of agency contract since the Company and Synnex Electronic Hong Kong Ltd did not state the limit of warranty liability. This caused Fairchild to bear a significant amount of warranty liability that Fairchild requested the Company and Synnex Electronic Hong Kong Ltd to compensate for its losses amounting to USD 30,000 thousand. For this lawsuit, the Company and Synnex Electronic Hong Kong Ltd advocated that Fairchild breached the personal jurisdiction and had insufficient reason to prosecute. The United States District Court agreed with the Company and Synnex Electronic Hong Kong Ltd and dismissed the lawsuit by Fairchild on June 18, 2015. In the first quarter of 2016, Fairchild Semiconductor Hong Kong Limited filed a lawsuit against the Company again in Hong Kong International Arbitration Centre. The Hong Kong International Arbitration Centre 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.
- D. Unisplendour Digital (Suzhou) Group Co. Ltd. (the "Plaintiff") has brought a sales dispute against Synnex Distributions (China) Ltd. (the "Defendant") to Suzhou Xiangcheng People's Court in China on November 13, 2017. In the complaint, the Plaintiff claimed a return of payment totaling RMB \$51,921 thousand from the Defendant. On the ground that law enforcement has initiated investigation, the Court dismissed the complaint on January 22, 2018.

(2) Commitments

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Property, plant and equipment	\$ 648,181	\$ 512,989

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:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Not later than one year	\$ 408,916	\$ 377,077
Later than one year but not later than five years	574,150	199,963
Later than five years	<u>40,857</u>	<u>591</u>
Total	<u>\$ 1,023,923</u>	<u>\$ 577,631</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1) The appropriations of 2017 earnings had been proposed at the Board of Directors' meeting on March 17, 2018, please refer to Note 6(21).
- (2) Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate will be raised from 17% to 20% effective from January 1, 2018. This will increase the Company's deferred tax assets and deferred tax liabilities by \$22,185 and \$32, respectively, which will be adjusted in the first quarter of 2018.
- (3) The liquidator of Dick Smith Electronics Pty Ltd. ("DSC") issued a letter of demand to Synnex Australia Pty Ltd. ("Synnex AUS") indicating an unfair preference payment was made by DSC to Synnex AUS. On behalf of Synnex AUS, the lawyers are preparing the response to contend that the payment was related to the shipment of goods in the regular course of business of Synnex AUS. The case is still ongoing and the result is undeterminable.

12. OTHERS

(1) Capital management

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

During 2017, the Group's strategy was unchanged from 2016. The gearing ratios at December 31, 2017 and 2016 were 66%.

(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 borrowing, 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).

	<u>December 31, 2017</u>	
	<u>Book value</u>	<u>Fair value</u>
Financial assets:		
Other financial assets (shown as other non-current assets)	<u>\$ 2,184,692</u>	<u>\$ 2,184,692</u>
Financial liabilities:		
Deposits received (shown as other non-current liabilities)	<u>\$ 140,157</u>	<u>\$ 140,157</u>
	<u>December 31, 2016</u>	
	<u>Book value</u>	<u>Fair value</u>
Financial assets:		
Other financial assets (shown as other non-current assets)	<u>\$ 957,092</u>	<u>\$ 957,092</u>
Financial liabilities:		
Deposits received (shown as other non-current liabilities)	<u>\$ 138,333</u>	<u>\$ 138,333</u>

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, 2017

	Foreign currency amount (In thousands) (Note 2)		Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$	101,060	29.81	\$	3,012,599
USD:HKD (Note 1)		143,676	7.81		4,282,982
USD:AUD (Note 1)		14,500	1.28		432,245
<u>Non-monetary items</u>					
INR:USD (Note 1)	\$	7,729,846	0.0156	\$	3,597,652
THB:USD (Note 1)		1,093,037	0.0306		996,727
VND:USD (Note 1)		811,442,695	0.000044		1,064,321
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	\$	5,506	29.81	\$	164,134
USD:HKD (Note 1)		172,188	7.81		5,132,924
USD:AUD (Note 1)		8,813	1.28		262,716
USD:RMB (Note 1)		340,093	6.53		10,138,172
RMB:HKD (Note 1)		9,393	1.20		42,853

December 31, 2016				
Foreign currency				
amount				
(In thousands)				
(Note 2)		Exchange rate	Book value	
(Note 2)		Exchange rate	(NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	198,058	32.30	\$ 6,397,273
USD:HKD (Note 1)		123,346	7.75	3,984,153
USD:AUD (Note 1)		4,779	1.39	154,358
<u>Non-monetary items</u>				
INR:USD (Note 1)	\$	7,367,343	0.0147	\$ 3,498,088
THB:USD (Note 1)		975,948	0.0286	901,561
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	71,879	32.30	\$ 2,321,685
USD:HKD (Note 1)		166,392	7.75	5,374,552
USD:AUD (Note 1)		4,397	1.39	142,019
USD:RMB (Note 1)		312,781	6.93	10,099,654

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, 2017 and 2016, amounted to \$410,159 and (\$700,965), respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2017

Sensitivity analysis

	Degree of variation		Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	1%	\$	30,126	\$	-
USD:HKD (Note)	1%		42,830		-
USD:AUD (Note)	1%		4,322		-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	1%	\$	1,641	\$	-
USD:HKD (Note)	1%		51,329		-
USD:AUD (Note)	1%		2,627		-
USD:RMB (Note)	1%		101,382		-
RMB:HKD (Note)	1%		429		-

Year ended December 31, 2016					
Sensitivity analysis					
	Degree of variation		Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	1%	\$	63,973	\$	-
USD:HKD (Note)	1%		39,842		-
USD:AUD (Note)	1%		1,544		-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	1%	\$	23,217	\$	-
USD:HKD (Note)	1%		53,746		-
USD:AUD (Note)	1%		1,420		-
USD:RMB (Note)	1%		100,997		-

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, 2017 and 2016 would have increased/decreased by \$6,093 and \$5,342, 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 \$14,004 and \$15,574, 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, 2017 and 2016, the Group's borrowings at variable rate were denominated in the NTD, USD and AUD.
- ii. At December 31, 2017 and 2016, if interest rates on borrowings had been 1% higher with all other variables held constant, post-tax profit for the years ended December 31, 2017 and 2016 would have been \$9,230 and \$6,227 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. For the years ended December 31, 2017 and 2016, 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 asset in Note 6.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. 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, 2017	<u>Less than 1 year</u>	<u>1 year to 2 years</u>	<u>Over 2 years</u>	<u>Book value</u>
Short-term borrowings	\$ 36,115,932	\$ -	\$ -	\$ 36,115,932
Short-term notes and bills payable	8,581,266	-	-	8,581,266
Notes payable (including related parties)	3,268,307	-	-	3,268,307
Accounts payable (including related parties)	34,560,125	6,113	8,267	34,574,505
Other payables (including related parties)	7,280,459	5,697	6,116	7,292,272
Deposits received	-	140,157	-	140,157

Non-derivative financial liabilities:

December 31, 2016	<u>Less than 1 year</u>	<u>1 year to 2 years</u>	<u>Over 2 years</u>	<u>Book value</u>
Short-term borrowings	\$ 38,714,455	\$ -	\$ -	\$ 38,714,455
Short-term notes and bills payable	5,422,551	-	-	5,422,551
Notes payable (including related parties)	1,564,010	-	-	1,564,010
Accounts payable (including related parties)	29,514,212	21,767	4,653	29,540,632
Other payables (including related parties)	6,726,615	10,878	15,502	6,752,995
Deposits received	-	138,333	-	138,333

Derivative financial liabilities:

December 31, 2017	<u>Less than 1 year</u>	<u>1 year to 2 years</u>	<u>Over 2 years</u>	<u>Book value</u>
Forward exchange contracts	\$ 645	\$ -	\$ -	645

Derivative financial liabilities:

December 31, 2016	<u>Less than 1 year</u>	<u>1 year to 2 years</u>	<u>Over 2 years</u>	<u>Book value</u>
Forward exchange contracts	\$ -	\$ -	\$ -	-

- 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(12).
- 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, 2017 and 2016 is as follows:

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 609,254	\$ -	\$ -	\$ 609,254
Available-for-sale financial assets				
Equity securities	<u>1,235,510</u>	<u>56,029</u>	<u>108,891</u>	<u>1,400,430</u>
Total	<u>\$ 1,844,764</u>	<u>\$ 56,029</u>	<u>\$ 108,891</u>	<u>\$ 2,009,684</u>

Liabilities:

Recurring fair value measurements

Financial liabilities at fair value through profit or loss

Forward exchange contracts	<u>\$ -</u>	<u>\$ 645</u>	<u>\$ -</u>	<u>\$ 645</u>
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December 31, 2016	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 534,086	\$ -	\$ -	\$ 534,086
Forward exchange contracts	-	92	-	92
Available-for-sale financial assets				
Equity securities	<u>1,393,984</u>	<u>56,029</u>	<u>107,403</u>	<u>1,557,416</u>
Total	<u>\$ 1,928,070</u>	<u>\$ 56,121</u>	<u>\$ 107,403</u>	<u>\$ 2,091,594</u>

Liabilities:

Recurring fair value measurements

Financial liabilities at fair value through profit or loss

Forward exchange contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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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, 2017 and 2016, 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, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	\$ 107,404	\$ 88,630
Losses recognised in profit or loss	-	(40,000)
Gains and losses recognised in other comprehensive income (Note)	<u>1,486</u>	<u>58,774</u>
At December 31	<u>\$ 108,890</u>	<u>\$ 107,404</u>

Note: Shown as unrealised gain (loss) on available-for-sale financial assets.

G. The Group acquired Bestcom Infotech Corp. which was classified as Level 3 through a merger launched on April 7, 2016. Hence, there was no transfer into or out from Level 3 for the year ended December 31, 2017.

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

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

	Fair value at December 31, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 108,890	Market comparable companies	Discount for lack of marketability	0.7	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 107,404	Market comparable companies	Discount for lack of marketability	0.7	The higher the discount for lack of marketability, the lower the fair value

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

			December 31, 2017			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Unfavourable		Unfavourable	
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>change</u>	<u>Favourable change</u>	<u>change</u>
Financial assets						
Equity instrument	Discount for lack of marketability	± 10%	\$ _____	\$ _____	\$ 10,889	(\$ 10,889)
			December 31, 2016			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Unfavourable		Unfavourable	
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>change</u>	<u>Favourable change</u>	<u>change</u>
Financial assets						
Equity instrument	Discount for lack of marketability	± 10%	\$ _____	\$ _____	\$ 10,740	(\$ 10,740)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

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

14. SEGMENT INFORMATION

(1) General information

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

(2) Measurement of segment information

The accounting policies of operating segments are the same as those in Note 4. The Chief Operating Decision-Maker assesses the performance of operating segments based on operating income (loss).

(3) Information about segments

The segment information provided to the Chief Operating Decision-Maker for the reportable segments for the years ended December 31, 2017 and 2016 was as follows:

Year ended December 31, 2017

	<u>Taiwan</u>	<u>Hong Kong/China</u>	<u>Australia and New Zealand/Indonesia</u>	<u>Reconciliation</u>	<u>Total</u>
Revenue from external customers	\$ 60,229,109	\$ 229,592,881	\$ 74,385,887	\$ -	\$ 364,207,877
Inter-segment revenue	3,085,790	66,652,005	59,518	(69,797,313)	-
Segment revenue	<u>\$ 63,314,899</u>	<u>\$ 296,244,886</u>	<u>\$ 74,445,405</u>	<u>(\$ 69,797,313)</u>	<u>\$ 364,207,877</u>
Segment profit	<u>\$ 559,441</u>	<u>\$ 2,677,909</u>	<u>\$ 1,694,214</u>	<u>\$ -</u>	<u>\$ 4,931,564</u>
Segment profit, including depreciation	<u>\$ 104,086</u>	<u>\$ 148,507</u>	<u>\$ 88,243</u>	<u>\$ -</u>	<u>\$ 340,836</u>
Segment assets	<u>\$ 21,610,827</u>	<u>\$ 90,220,593</u>	<u>\$ 26,969,848</u>	<u>\$ -</u>	<u>\$ 138,801,268</u>

Year ended December 31, 2016

	Taiwan	Hong Kong/China	Australia and New Zealand/Indonesia	Reconciliation	Total
Revenue from external customers	\$ 57,162,715	\$ 213,537,633	\$ 71,996,105	\$ -	\$ 342,696,453
Inter-segment revenue	2,693,842	33,355,487	160,157	(36,209,486)	-
Segment revenue	<u>\$ 59,856,557</u>	<u>\$ 246,893,120</u>	<u>\$ 72,156,262</u>	<u>(\$ 36,209,486)</u>	<u>\$ 342,696,453</u>
Segment profit	<u>\$ 744,810</u>	<u>\$ 2,011,641</u>	<u>\$ 1,512,781</u>	<u>\$ -</u>	<u>\$ 4,269,232</u>
Segment profit, including depreciation	<u>\$ 111,681</u>	<u>\$ 154,990</u>	<u>\$ 80,590</u>	<u>\$ -</u>	<u>\$ 347,261</u>
Segment assets	<u>\$ 21,859,504</u>	<u>\$ 80,802,246</u>	<u>\$ 25,169,420</u>	<u>\$ -</u>	<u>\$ 127,831,170</u>

Note: Consolidated liabilities are not disclosed because it is not provided to the Chief Operating Decision-Maker.

(4) Reconciliation for segment income (loss)

A. The operating income (loss) of each area reported to the Chief Operating Decision-Maker is measured in a manner consistent with revenues and expenses in the statement of comprehensive income.

A reconciliation of reportable segment profit to the income before income tax for the years ended December 31, 2017 and 2016 is provided as follows:

	Year ended <u>December 31, 2017</u>	Year ended <u>December 31, 2016</u>
Reportable segment profit	\$ 4,931,564	\$ 4,269,232
Total non-operating revenue and expenses	<u>2,947,774</u>	<u>1,456,245</u>
Income before income tax	<u>\$ 7,879,338</u>	<u>\$ 5,725,477</u>

B. The amounts provided to the Chief Operating Decision-Maker with respect to total assets are measured in a manner consistent with that of the financial statements. 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, 2017	Year ended December 31, 2016
Product revenue	\$ 363,386,722	\$ 342,085,713
Others	821,155	610,740
Total	<u>\$ 364,207,877</u>	<u>\$ 342,696,453</u>

(6) Geographical information

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

	Years ended December 31,			
	2017		2016	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 60,229,109	\$ 1,491,833	\$ 57,162,715	\$ 1,543,314
China and Hong Kong	229,592,881	6,379,135	213,537,633	6,461,041
Australia, New Zealand and Indonesia	74,385,887	1,710,108	71,996,105	1,738,126
Total	<u>\$ 364,207,877</u>	<u>\$ 9,581,076</u>	<u>\$ 342,696,453</u>	<u>\$ 9,742,481</u>

(7) Major customer information

In 2017 and 2016, no single customer accounted for more than 10% of net operating revenue. Accordingly, no major customer information is presented.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

Loans to others

Year ended December 31, 2017

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower (Note 7)	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2017 (Note 9)	Balance at December 31, 2017 (Note 9)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transaction s with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	Synnex Technology International Corporation	Seper Marketing Corporation	Other receivables	Y	\$ 1,000,000	\$ 1,000,000	\$ 75,970	0%~1.08%	(Note 1)	\$ -	Operating turnover	\$ -	-	\$ -	\$ 18,068,535	\$ 18,068,535	(Note 2)
0	Synnex Technology International Corporation	Synnex Global Ltd.	Other receivables	Y	4,570,500	4,471,500	2,981,000	1.39%~1.94%	(Note 1)	-	Operating turnover	-	-	-	18,068,535	18,068,535	(Note 2)
1	Synnex Global Ltd.	Synnex Technology International Corporation	Other receivables	Y	1,615,000	-	-	-	(Note 1)	-	Operating turnover	-	-	-	6,360,208	6,360,208	(Note 3)
1	Synnex Global Ltd.	Synnex Investments (China) Ltd.	Other receivables	Y	484,500	447,150	-	2.35%~2.84%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex Technology International (H.K.) Ltd.	Other receivables	Y	9,690,000	8,943,000	-	-	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex Distributions (China) Ltd.	Other receivables	Y	8,188,050	7,556,835	4,575,835	5.35%~5.84%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex (Shanghai) Ltd.	Other receivables	Y	1,065,900	983,730	983,730	5.35%~5.84%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex (Chengdu) Ltd.	Other receivables	Y	242,250	223,575	214,104	2.35%~2.84%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex (Nanjing) Ltd.	Other receivables	Y	242,250	223,575	130,314	5.35%~5.84%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex (Shenyang) Ltd.	Other receivables	Y	96,900	89,430	89,430	2.35%~2.84%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex (Beijing) Ltd.	Other receivables	Y	96,900	89,430	89,430	2.42%~2.84%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex (Xi'an) Ltd.	Other receivables	Y	129,200	119,240	92,560	2.35%~2.84%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex (Hangzhou) Ltd.	Other receivables	Y	16,150	14,905	14,905	5.35%~5.84%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex (Tianjin) Ltd.	Other receivables	Y	25,840	23,848	21,114	2.42%~2.84%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex (Qingdao) Ltd.	Other receivables	Y	161,500	149,050	35,772	2.35%~2.84%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex (Jinan) Ltd.	Other receivables	Y	242,250	223,575	223,575	2.35%~2.84%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex (ZhenZhou) Ltd.	Other receivables	Y	242,250	223,575	92,411	2.35%~5.35%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex (Wuhan) Ltd.	Other receivables	Y	161,500	149,050	23,848	7.35%~7.84%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex(Hefei) Ltd.	Other receivables	Y	197,030	181,841	145,145	2.35%~2.84%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex (Harbing) Ltd.	Other receivables	Y	242,250	223,575	223,575	2.35%~2.84%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex (Nanchang) Ltd.	Other receivables	Y	129,200	119,240	119,240	2.35%~2.84%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex(Ningbo) Ltd.	Other receivables	Y	129,200	119,240	119,240	2.35%~2.84%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)

No.	Creditor	Borrower (Note 7)	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2017 (Note 9)	Balance at December 31, 2017 (Note 9)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transaction s with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Synnex Global Ltd.	Synnex(Xiamen) Ltd.	Other receivables	Y	\$ 290,700	\$ 268,290	\$ 52,704	2.35%~2.84%	(Note 1)	\$ -	Operating turnover	\$ -	-	\$ -	\$ 44,521,455	\$ 63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex(Changsha) Ltd.	Other receivables	Y	129,200	119,240	119,240	2.35%~2.84%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex Australia Pty. Ltd.	Other receivables	Y	1,205,250	1,164,100	-	-	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex New Zealand Ltd.	Other receivables	Y	424,200	424,200	271,488	4.77%~4.8%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	King's Eye Investments Ltd.	Other receivables	Y	751,125	745,250	616,839	-	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Synnex China Holdings Ltd.	Other receivables	Y	3,230,000	2,981,000	2,974,983	-	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	Synnex Global Ltd.	Syntech Asia Ltd.	Other receivables	Y	9,690,000	8,943,000	3,972,570	1.48%~1.94%	(Note 1)	-	Operating turnover	-	-	-	44,521,455	63,602,078	(Note 3)
1	E-Fan Investments CO., LTD.	Seper Marketing Corporation	Other receivables	Y	200,000	-	-	1.21	(Note 1)	-	Operating turnover	-	-	-	226,985	226,985	(Note 4)
2	Synnex Investments (China) Ltd.	Synnex (Beijing) Ltd.	Other receivables	Y	319,347	319,347	205,295	3.26%	(Note 1)	-	Operating turnover	-	-	-	88,927,628	8,927,628	(Note 5)
3	Synnex Investments (China) Ltd.	Synnex (Jinan) Ltd.	Other receivables	Y	69,843	68,432	68,432	3.26%	(Note 1)	-	Operating turnover	-	-	-	88,927,628	8,927,628	(Note 5)
3	Synnex Investments (China) Ltd.	Synnex (Harbing) Ltd.	Other receivables	Y	82,118	82,118	63,869	3.26%	(Note 1)	-	Operating turnover	-	-	-	88,927,628	8,927,628	(Note 5)
3	Synnex Investments (China) Ltd.	Synnex (Nanchang) Ltd.	Other receivables	Y	109,490	109,490	100,366	3.26%	(Note 1)	-	Operating turnover	-	-	-	88,927,628	8,927,628	(Note 5)
3	Synnex Investments (China) Ltd.	Synnex(Ningbo) Ltd.	Other receivables	Y	61,588	61,588	47,902	3.26%	(Note 1)	-	Operating turnover	-	-	-	88,927,628	8,927,628	(Note 5)
3	Synnex Investments (China) Ltd.	Synnex(Changsha) Ltd.	Other receivables	Y	127,739	127,739	109,490	3.26%	(Note 1)	-	Operating turnover	-	-	-	88,927,628	8,927,628	(Note 5)
3	Synnex Investments (China) Ltd.	Synnex Distributions (China) Ltd.	Other receivables	Y	5,474,520	5,474,520	4,105,890	3.26%	(Note 1)	-	Operating turnover	-	-	-	88,927,628	8,927,628	(Note 5)
3	Synnex Investments (China) Ltd.	Yude (Shanghai) Warehouse Co., Ltd.	Other receivables	Y	6,984	6,984	5,475	0%~4.35%	(Note 1)	-	Operating turnover	-	-	-	3,571,051	3,571,051	(Note 5)
4	Trade Vanguard Global Ltd	Synnex Distributions (China) Ltd.	Other receivables	Y	5,913,374	5,793,867	5,793,867	3.26%~4.35%	(Note 1)	-	Operating turnover	-	-	-	13,869,391	13,869,391	(Note 6)

Note 1: Short-term financing.

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

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

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

- a) Limit on loans granted to a single party is 70% of the net assets value per the latest audited or reviewed financial statements of Synnex Technology International Corporation - ultimate parent company of Synnex Global Ltd.
- b) Ceiling on total loans granted to all direct or indirect wholly-owned non-Taiwan subsidiaries of Synnex Technology International Corporation- ultimate parent company is 200% of the net assets based on the latest audited or reviewed financial statements of Synnex Technology Internatio Corporation.

Note 4: Limit on loans granted to a single party by E-Fan Investments CO., LTD. and limit on total loans granted:

- a) Limit on loans granted to a single party is 40% of the net assets value per the latest audited or reviewed financial statements of E-Fan Investments CO., LTD. Thus, ceiling on total loans granted to all those parties is \$567,462.
- b) Ceiling on total loans granted to all parties is 40% of the net assets value per the latest audited or reviewed financial statements of E-Fan Investments CO., LTD. Thus, ceiling on total loans granted to all those parties is \$567,462.

Note 5: Limit on loans granted to a single party by Synnex Investments (China) Ltd. and limit on total loans granted:

- a) Ceiling on loans granted to parties whose voting rights are directly and indirectly held by the Company's parent company and which are located outside Taiwan is 200% of the net assets value per the latest audited or reviewed financial statements of the parent company. Limit on loans granted to a single party is 70% of the net assets value per the latest audited or reviewed financial statements of the parent company.

b) Ceiling on loans granted to subsidiaries whose 80% of share capital is directly and indirectly held by the Company's parent company is 40% of the net assets value per the latest audited or reviewed financial statements of the parent company. Limit on loans granted to a single party is 5% of the net assets value per the latest audited or reviewed financial statements of the parent company.

c) Ceiling on loans granted to subsidiaries whose share capital of less than 80% is directly and indirectly held by the Company's parent company is 20% of the net assets value per the latest audited or reviewed financial statements of the parent company. Limit on loans granted to a single party is 5% of the net assets value per the latest audited or reviewed financial statements of the parent company.

Note 6: Limit on loans granted to a single party by Trade Vanguard Global Ltd. and limit on total loans granted:

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

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

Note 7: All the borrowers and the lenders are the Company's direct or indirect wholly-owned subsidiaries.

Note 8: Translated into New Taiwan Dollars using the year-end exchange rates of US: NT=1:29.81.

Note 9: The limit on loans balance are resolved by the Board of Directors.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2017

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2017	Outstanding endorsement/ guarantee amount at December 31, 2017	Actual amount drawn down	Amount of endorsement s/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 1)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	Synnex Technology International Corporation	Synnex Global Ltd.	Direct wholly-owned subsidiary	\$ 45,171,337	\$ 33,301,300	\$ 28,200,260	\$ 3,656,691	\$ -	62	\$ 90,342,674	Y	N	N	(Note 2)
0	Synnex Technology International Corporation	Synnex Australia Pty. Ltd.	Indirect wholly-owned subsidiary	45,171,337	4,600,572	4,600,572	3,305,204	-	11	90,342,674	Y	N	N	(Note 2)
0	Synnex Technology International Corporation	Synnex Technology International (H.K.) Ltd.	Indirect wholly-owned subsidiary	45,171,337	11,887,250	8,031,607	5,634,543	-	18	90,342,674	Y	N	N	(Note 2)
0	Synnex Technology International Corporation	Synnex New Zealand Ltd.	Indirect wholly-owned subsidiary	45,171,337	481,720	455,079	347,037	-	1	90,342,674	Y	N	N	(Note 2)
0	Synnex Technology International Corporation	Seper Marketing Corporation	Direct wholly-owned subsidiary	45,171,337	1,500,000	1,500,000	798,821	-	3	90,342,674	Y	N	N	(Note 2)
0	Synnex Technology International Corporation	Syntech Asia Ltd.	Indirect wholly-owned subsidiary	45,171,337	8,142,195	8,108,320	4,238,370	-	19	90,342,674	Y	N	N	(Note 2)
0	Synnex Technology International Corporation	Laser Computer (Macau) Ltd.	Indirect wholly-owned subsidiary	45,171,337	96,900	89,430	-	-	-	90,342,674	Y	N	N	(Note 2)
0	Synnex Technology International Corporation	Synnex Distributions (China) Ltd.	Indirect wholly-owned subsidiary	45,171,337	4,442,704	2,523,475	1,880,128	-	6	90,342,674	Y	N	Y	(Note 2)
1	Bestcom Infotech Corp	Bizwave Tech Co., Ltd.	Direct wholly-owned subsidiary	\$ 809,900	\$ 100,000	\$ 100,000	\$ -	\$ -	6	\$ 809,900	Y	N	N	(Note 3)
1	Bestcom Infotech Corp	Bestcom Infotech Shanghai Ltd.	Indirect wholly-owned subsidiary	809,900	200,000	200,000	-	-	12	809,900	Y	N	Y	(Note 3)

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

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

Note 3: Limit on endorsements and guarantees provided for Bestcom Infotech Corp. is 50% of the assets value per the latest audited or reviewed financial statements of the Company. Limit on endorsements and guarantees provided for a single entity (directly or indirectly controlled over 50% ownership by the Group is not limited to the 50% limit) is 30% of assets value or lower of 5% of assets value per the latest audited or reviewed financial statements of the Company. In addition to the aforementioned rules, limit on endorsements and guarantees provided for Bestcom Infotech Corp. is lower of most recent transaction amount recent year (transaction amount represents the net amount of purchase and sales). For the year ended December 31, 2017, Bestcom Infotech Corp.'s assets value per audited amounted to \$1,619,800

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2017

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2017				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Synnex Technology International Corporation	Union Petrochemical Corporation	Board chairman is the same as the company	Available-for-sale financial assets – current	62,034,851	\$ 1,166,255	5.17%	\$ 1,166,255	
"	Lien-Hwa Industrial Corporation	"	"	1,402,491	51,331	0.15%	51,331	
"	Mitac Information Technology Corporation	"	"	13,770,810	77,954	9.18%	77,954	
"	Tong Da Investment Corporation	-	"	4,848,125	<u>56,029</u>	19.99%	<u>56,029</u>	
Total available-for-sale financial assets-current					<u>\$ 1,351,569</u>		<u>\$ 1,351,569</u>	
Synnex Technology International Corporation	Mitac International Corporation	Board chairman is the same as the company	Financial assets carried at cost - non-current	55,862,341	\$ 1,571,898	18.36%	\$ 1,571,898	(Note 1)
"	Harbinger Venture Capital Corporation	"	"	4,436,830	-	13.05%	-	(Note 2)
"	Harbinger III Venture Capital Corporation	"	"	4,180,000	28,800	19.00%	28,800	
"	Lien Yuan Investment Corp.	-	"	9,217,196	87,969	19.99%	87,969	
"	Taiwan Paging Network Inc.	-	"	1,450,000	-	3.58%	-	(Note 2)
"	Digitimes Corp.	Board member is the same as the company	"	720,000	2,393	2.68%	2,393	
"	Harbinger Capital Management Co., Ltd.	Board chairman is the same as the company	"	862,922	<u>299</u>	19.99%	<u>299</u>	
Total financial assets carried at cost-non-current					<u>\$ 1,691,359</u>		<u>\$ 1,691,359</u>	
Bestcom Infotech Corp	Asianet Technologies Company Limited	-	Available-for-sale financial assets – non-current	277,311	\$ -	13.59%	\$ -	(Note 2)
"	Jetwell Computer Co., Ltd.	-	"	2,931,280	<u>30,937</u>	9.77%	<u>30,937</u>	(Note 1)
Total available-for-sale financial assets-non-current					<u>\$ 30,937</u>		<u>\$ 30,937</u>	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2017				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Synnex Global	Budworth Investment Ltd.	-	Financial assets carried at cost - non-current	796,320	\$ -	13.83%	\$ -	(Note 2)
"	Global Strategic Investment Inc.	-	"	245,000	1,341	1.26%	1,341	
"	Pilot View Ltd.	-	"	84,457	-	1.21%	-	(Note 2)
Total financial assets carried at cost- non-current					<u>\$ 1,341</u>		<u>\$ 1,341</u>	
E-Fan Investments CO., LTD.	Listed common stock	-	Financial assets at fair value through profit or loss - current	9,918,297	\$ 448,307	1.80%	\$ 448,307	
"	Listed common stock	-	"	3,665,000	144,401	0.20%	144,401	
Total financial assets at fair value through profit or loss-current					<u>\$ 592,708</u>		<u>\$ 592,708</u>	
King's Eye Investements Ltd.	Hi Food Co., Ltd	-	Financial assets carried at cost - non-current	2,150,000	<u>\$ 28,320</u>	10.00%	<u>\$ 28,320</u>	
"	Listed common stock	-	Available-for-sale financial assets - non - current	12,552,403	<u>\$ 17,924</u>	0.51%	<u>\$ 17,924</u>	
"	Listed common stock	-	Financial assets at fair value through profit or loss - current	2,268,100	<u>\$ 16,546</u>	0.65%	<u>\$ 16,546</u>	

Note 1: An emerging stock Company.

Note 2: Because there was objective evidence that the financial asset was impaired, the Group had recognised full impairment loss.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
Year ended December 31, 2017

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty (Note 1)	Relationship with the investor	Balance as at January 1, 2017 (Note 2)		Addition		Disposal				Others (Note 2)	Balance as at December 31, 2017	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Amount	Number of shares	Amount
Synnex Technology International Corporation	Lien-Hwa Industrial Corporation	Available-for-sale financial assets – current	Other related party and non-related party	Board chairman is the same as the company	28,049,836	\$ 618,499	\$ 1,402,491	\$ -	28,049,836	\$ 733,492	\$ 376,129	\$ 357,363	\$ 166,324	1,402,491	\$ 51,331
							(Note 1)						(Note 2)		
King's Eye Investments Ltd.	Synnex FPT Joint Stock Company	Investments accounted for using equity method	Synnex FPT Joint Stock Company	Non-related party	-	-	39,018,800	1,041,043	-	-	-	-	23,278	39,018,800	1,064,321
													(Note 3)		

Note 1: The shares were acquired from Lien-Hwa Industrial Corporation's issuance of new shares through capitalisation of earnings.

Note 2: It refers to valuation adjustments.

Note 3: It included profit or loss on investments accounted for using equity method and equity adjustments.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

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

Year ended December 31, 2017

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Synnex Technology International Corporation	Syntech Asia Ltd.	Indirect wholly-owned subsidiary	(Sales)	(\$ 2,399,686)	(5%)	60 days	Standard selling price and collection terms	Insignificant difference	\$ 8,345	-	
Synnex Technology International Corporation	Bestcom Infotech corporation	Subsidiary whose 94.09% ownership owned by the Company	(Sales)	(238,858)	(1%)	60 days	Standard selling price and collection terms	Insignificant difference	79,926	1%	
Synnex Technology International Corporation	Bestcom Infotech corporation	Subsidiary whose 94.09% ownership owned by the Company	Purchases	103,480	-	60 days	Standard purchasing price and payment terms	Insignificant difference	(52,254)	(1%)	
Synnex Technology International Corporation	Syntech Asia Ltd.	Indirect wholly-owned subsidiary	Purchases	7,123,883	16%	60 days	Standard purchasing price and payment terms	Insignificant difference	(103,135)	(2%)	
Bestcom Infotech corporation	Synnex Technology International Corporation	Ultimate parent company	Purchases	238,858	2%	60 days	Standard purchasing price and payment terms	Insignificant difference	(79,926)	(7%)	
Bestcom Infotech corporation	Synnex Technology International Corporation	Ultimate parent company	(Sales)	(103,480)	(1%)	60 days	Standard selling price and collection terms	Insignificant difference	52,254	2%	
Bestcom Infotech corporation	Bizwave Tech Co., Ltd.	Direct wholly-owned subsidiary	(Sales)	(141,906)	(1%)	70 days	Standard selling price and collection terms	Insignificant difference	56,418	2%	
Bestcom Infotech corporation	Inforcom Technology Inc.	Associates	(Sales)	(142,376)	(1%)	60 days	Standard selling price and collection terms	Insignificant difference	9,959	-	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Bizwave Tech Co., Ltd.	Bestcom Infotech corporation	Parent company	Purchases	\$ 141,906	84%	70 days	Standard purchasing price and payment terms	Insignificant difference	(\$ 56,418)	(66%)	
Synnex Technology International (HK) Ltd. and its subsidiaries	Synnex Distributions (China) Ltd.	An affiliate	(Sales)	(28,146,912)	(45%)	30 days	Standard selling price and collection terms	Insignificant difference	33,144	1%	
Syntech Asia Ltd.	Synnex Technology International Corporation	Ultimate parent company	(Sales)	(7,123,883)	(7%)	60 days	Standard selling price and collection terms	Insignificant difference	103,135	1%	
Syntech Asia Ltd.	Synnex Technology International Corporation	Ultimate parent company	Purchases	2,399,686	2%	60 days	Standard purchasing price and payment terms	Insignificant difference	(8,345)	-	
Syntech Asia Ltd.	MiTAC Computing Technology Corporation	Other related parties	(Sales)	(173,042)	-	90 days	Standard selling price and collection terms	Insignificant difference	35,048	-	
Synnex Distributions (China) Ltd.	Synnex Technology International (HK) Ltd. and its subsidiaries	An affiliate	Purchases	28,146,912	27%	30 days	Standard purchasing price and payment terms	Insignificant difference	(33,144)	(1%)	
PT. Synnex Metrodata Indonesia	PT Mitra Intergrasi Informatika	Other related parties	(Sales)	(561,564)	(3%)	30 days	Standard selling price and collection terms	Insignificant difference	11,831	-	
PT. Synnex Metrodata Indonesia	PT. Logicalis Metrodata Indonesia	Other related parties	(Sales)	(107,593)	(1%)	60 days	Standard selling price and collection terms	Insignificant difference	21,286	1%	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Synnex (Shanghai) Ltd.	LianXiang Technology (Shenzhen) Ltd.	An affiliate	(Sales)	(145,045)	(100%)	60 days	Standard selling price and collection terms	Insignificant difference	311	100%	
LianXiang Technology (Shenzhen) Ltd.	Synnex (Shanghai) Ltd.	An affiliate	Purchases	145,045	34%	60 days	Standard purchasing price and payment terms	Insignificant difference	(311)	-	

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2017

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2017	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for creditor counterparty doubtful accounts
					Amount	Action taken		
Synnex Technology International Corporation	Synnex Australia Pty. Ltd.	Indirect wholly-owned subsidiary	\$ 186,701 (Note 1)	-	\$ -	-	\$ -	\$ -
Synnex Technology International Corporation	Synnex Global Ltd.	Direct wholly-owned subsidiary	215,762 (Note 5)	-	-	-	215,762	-
Synnex Technology International Corporation	Synnex Distributions (China) Ltd.	Indirect wholly-owned subsidiary	115,086 (Note 1)	-	-	-	-	-
Syntech Asia Ltd.	Synnex Technology International Corporation	Parent company	103,135	12.28	-	-	103,135	-
Synnex Global Ltd.	Synnex Distributions (China) Ltd.	Indirect wholly-owned subsidiary	130,560 (Note 1)	-	-	-	130,560	-
Synnex Global Ltd.	Synnex Investments (China) Ltd.	Indirect wholly-owned subsidiary	165,257 (Note 1)	-	-	-	165,257	-
Trade Vanguard Global Ltd.	Synnex Distributions (China) Ltd.	An affiliate	113,096 (Note 1)	-	-	-	113,096	-
Laser Computer (China) Ltd.	Synnex Technology International (HK) Ltd. and its subsidiaries	An affiliate	1,587,227 (Note 4)	-	-	-	64,996	-
Synnex Technology International (HK) Ltd. and its subsidiaries	Synnex Distributions (China) Ltd.	An affiliate	786,766 (Note 4)	-	-	-	786,766	-
Synnex Distributions (China) Ltd.	Laser Computer (China) Ltd.	An affiliate	900,252 (Note 4)	-	-	-	-	-
Synnex Investments (China) Ltd.	Synnex Distributions (China) Ltd.	Indirect wholly-owned subsidiary	3,591,569 (Note 4)	-	-	-	3,591,569	-
Synnex Technology Development (Beijing) Ltd.	Synnex Distributions (China) Ltd.	An affiliate	239,840 (Note 4)	-	-	-	46,251	-

Note 1: Represents technical service receivables and interest receivables.

Note 2: It refers to dividends receivable from related parties.

Note 3: Receivables from related parties arising on financing, please refer to table 1. Lending to others.

Note 4: Transactions with subsidiaries.

Note 5: The Group controls its capital as a whole and collects/ pays for amounts denominated in foreign currencies.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

Year ended December 31, 2017

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Company name	Counterparty	Relationship	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
0	Synnex Technology International Corporation	Syntech Asia Ltd.	Parent company to indirectly wholly-owned subsidiary	Sales	\$ 2,399,686	The same with third parties	1%
0	Synnex Technology International Corporation	Bestcom Infotech Corp	Parent company to directly wholly-owned subsidiary	Sales	238,858	The same with third parties	0%
0	Synnex Technology International Corporation	Synnex Australia Pty. Ltd.	Parent company to indirectly wholly-owned subsidiary	Other receivables	186,701	Note 5	-
0	Synnex Technology International Corporation	Synnex Global Ltd.	Parent company to directly wholly-owned subsidiary	Other receivables	215,762	Note 9	-
0	Synnex Technology International Corporation	Synnex Distributions (China) Ltd.	Parent company to indirectly wholly-owned subsidiary	Other receivables	115,086	Note 5	-
0	Synnex Technology International Corporation	Synnex Australia Pty. Ltd.	Parent company to indirectly wholly-owned subsidiary	Other income	184,551	Note 11	-
0	Synnex Technology International Corporation	Syntech Asia Ltd.	Parent company to indirectly wholly-owned subsidiary	Other income	146,389	Note 11	-
0	Synnex Technology International Corporation	Synnex Distributions (China) Ltd.	Parent company to indirectly wholly-owned subsidiary	Other income	115,086	Note 11	-
1	Synnex Technology International (H.K.) Ltd. and its subsidiaries	Synnex Distributions (China) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Sales	28,146,912	The same with third parties	8%
1	Synnex Technology International (H.K.) Ltd. and its subsidiaries	Synnex Distributions (China) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	786,766	The same with third parties	1%

Number	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
2	Syntech Asia Ltd.	Synnex Technology International Corporation	Indirectly wholly-owned subsidiary to parent company	Sales	7,123,883	The same with third parties	2%
2	Syntech Asia Ltd.	Synnex Technology International Corporation	Indirectly wholly-owned subsidiary to parent company	Accounts receivable	103,135	The same with third parties	-
3	Synnex Global Ltd.	Synnex Distributions (China) Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	130,560	Note 5	-
3	Synnex Global Ltd.	Synnex Investments (China) Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	165,257	Note 5	-
3	Synnex Global Ltd.	Synnex Australia Pty. Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other income	219,366	Note 10	-
3	Synnex Global Ltd.	Synnex Distributions (China) Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other income	260,687	Note 10	-
3	Synnex Global Ltd.	Synnex Investments (China) Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other income	323,881	Note 10	-
4	Trade Vanguard Global Ltd.	Synnex Distributions (China) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	113,096	Note 5	-
4	Trade Vanguard Global Ltd.	Synnex Distributions (China) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other income	220,540	Note 10	-
5	Laser Computer (China) Ltd.	Synnex Technology International (H.K.) Ltd. and its subsidiaries	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	1,587,227	Note 9	1%

Number	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
6	Synnex Distributions (China) Ltd.	Laser Computer (China) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	\$ 900,252	Note 9	1%
7	Synnex Investments (China) Ltd.	Synnex Distributions (China) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	3,591,569	Note 9	3%
7	Synnex Investments (China) Ltd.	LianXiang Technology (Shenzhen) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Sales	145,045	The same with third parties	-
8	Synnex Technology Development (Beijing) Ltd.	Synnex Distributions (China) Ltd.	Indirectly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Other receivables	239,840	Note 9	-
9	Bestcom Infotech Corp	Synnex Technology International Corporation	Subsidiary to parent company	Sales	103,480	The same with third parties	-
9	Bestcom Infotech Corp	Bizwave Tech Co., Ltd.	Directly wholly-owned subsidiary to indirectly wholly-owned subsidiary	Sales	141,906	The same with third parties	-

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

Note 5: Represents technical service receivable and interest receivable.

Note 6: It refers to dividends receivable from related parties.

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

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

Note 9: Inter-company transactions between subsidiaries.

Note 10: Represents interest revenue from the Company's provision of loans to related parties.

Note 11: Represents technical service revenue from the Company's provision of technical service to related parties.

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

Information on investees
Year ended December 31, 2017

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2017			Net profit (loss) of the investee for the year ended December 31, 2017	Investment income(loss) recognised by the Company for the year ended December 31, 2017	Footnote
				Balance as at December 31, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value			
Synnex Technology International Corporation	Synnex Global Ltd.	British Virgin Islands	Investment holding company	\$ 17,607,381	\$ 17,607,381	548,250,000	100.00%	\$ 63,602,078	\$ 5,111,034	\$ 5,111,034	
Synnex Technology International Corporation	Bestcom Infotech Corp	Taiwan	Sales of computers and computer peripherals	1,572,281	1,572,281	97,103,296	94.09%	1,749,395	219,300	209,147	
Synnex Technology International Corporation	E-Fan Investments CO., LTD.	Taiwan	Investment company	1,145,384	1,145,384	22,500,000	100.00%	567,462	62,752	62,752	
Synnex Technology International Corporation	Synergy Intelligent Logistics Corporation	Taiwan	Freight forwarder	50,000	50,000	5,000,000	100.00%	47,118	(2,557)	(2,557)	
Synnex Technology International Corporation	Seper Marketing Corporation	Taiwan	Sales of computers and computer peripherals	1,426	1,426	100,000	100.00%	95,575	92,143	92,143	
Synnex Global Ltd.	Peer Developments Ltd.	British Virgin Islands	Investment holding company	933,053	933,053	30,200,001	100.00%	7,851,212	931,482	-	Note 1
Synnex Global Ltd.	King's Eye Investments Ltd.	British Virgin Islands	Investment holding company	1,862,439	1,862,439	62,477,000	100.00%	11,626,306	2,264,969	-	Note 1
Synnex Global Ltd.	Synnex China Holdings Ltd.	British Virgin Islands	Investment holding company	2,986,962	2,986,962	100,200,000	100.00%	5,952,710	491,415	-	Note 1
Synnex Global Ltd.	Synnex Mauritius Ltd.	Mauritius	Investment holding company	715,440	715,440	24,000,000	100.00%	3,687,306	534,384	-	Note 1
Synnex Global Ltd.	Trade Vanguard Global Ltd.	British Virgin Islands	Investment holding company	5,962,000	5,962,000	200,000,001	100.00%	6,304,269	185,784	-	Note 1
King's Eye Investments Ltd.	Laser Computer Holdings Ltd.	British Virgin Islands	Sales of computers and computer peripherals	1,098,409	1,098,409	36,850,001	100.00%	2,935,183	578,312	-	Note 1
King's Eye Investments Ltd.	Synnex Australia Pty. Ltd.	Australia	Sales of computers and computer peripherals	884,910	884,910	33,250,000	100.00%	2,769,430	326,259	-	Note 1

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2017			Net profit (loss) of the investee for the year ended December 31, 2017	Investment income(loss) recognised by the Company for the year ended December 31, 2017	Footnote
				Balance as at December 31, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value			
Synnex Global Ltd.	Synnex Australia Pty. Ltd.	Australia	Sales of computers and computer peripherals	\$ 5,835,308	\$ 5,380,705	-	-	\$ 5,853,308	\$ -	-	Note 2
King's Eye Investments Ltd.	Synnex New Zealand Ltd.	New Zealand	Sales of computers and computer peripherals	30,466	30,466	1,500,000	100.00%	68,248	1,761	-	Note 1
Synnex Global Ltd.	Synnex New Zealand Ltd.	New Zealand	Sales of computers and computer peripherals	214,781	207,180	-	-	214,781	-	-	Note 2
King's Eye Investments Ltd.	Synnex Electronics Hong Kong Ltd.	Hong Kong	Sales of electronic components	8,943	8,943	299,999	100.00%	71,783	(762)	-	Note 1
King's Eye Investments Ltd.	Syntech Asia Ltd.	Hong Kong	Sales of electronic components	8,943	8,943	300,000	100.00%	3,129,496	969,604	-	Note 1
King's Eye Investments Ltd.	Synnex (Thailand) Public Company Ltd.	Thailand	Sales of computers and computer peripherals	279,454	279,454	308,126,830	40.00%	996,727	560,825	-	Note 1
King's Eye Investments Ltd.	Synnex FPT Joint Stock Company	Vietnam	Sales of computers and computer peripherals	922,145	-	39,018,800	47.00%	1,064,321	410,045	-	Note 1
King's Eye Investments Ltd.	Fortune Ideal Ltd.	Hong Kong	Real estate	55,321	55,321	14,500,000	100.00%	129,078	20,433	-	Note 1
Synnex Global Ltd.	Fortune Ideal Ltd.	Hong Kong	Real estate	190,231	175,411	-	-	190,231	-	-	Note 2
King's Eye Investments Ltd.	Golden Thinking Ltd.	Hong Kong	Real estate	106,827	106,827	28,000,000	100.00%	28,075	11,755	-	Note 1
Synnex Global Ltd.	Golden Thinking Ltd.	Hong Kong	Real estate	1,185,734	1,093,359	-	-	1,185,734	-	-	Note 2
Synnex Global Ltd.	Synnex Investments (China) Ltd.	China	Sales of computers and computer peripherals	12,520,200	-	-	-	12,520,200	-	-	Note 2
King's Eye Investments Ltd.	PT. Synnex Metrodata Indonesia	Indonesia	Sales of computers and computer peripherals	330,891	330,891	150,000	50.30%	1,483,249	579,884	-	Note 1
Peer Developments Ltd.	Synnex Corporation	USA	Sales of computers and computer peripherals	675,375	675,375	4,208,888	10.61%	7,304,534	9,066,523	-	Note 1
Synnex Mauritius Ltd.	Redington (India) Ltd.	India	Sales of computers and computer peripherals	612,238	612,238	94,295,940	23.56%	3,597,652	2,298,272	-	Note 1

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2017			Net profit (loss) of the investee for the year ended December 31, 2017	Investment income(loss) recognised by the Company for the year ended December 31, 2017	Footnote
				Balance as at December 31, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value			
Laser Computer Holdings Ltd.	Laser Computer (China) Ltd.	Malaysia	Sales of computers and computer peripherals	\$ 30	\$ 30	7,800	100.00%	\$ 501,953	(\$ 104,718)	-	Note 1
Laser Computer Holdings Ltd.	Synnex Technology International (HK) Ltd.	Hong Kong	Sales of computers and computer peripherals	228,914	228,914	60,000,000	100.00%	1,572,372	831,169	-	Note 1
Bestcom Infotech Corp	Bestcom Infotech Holdings Ltd.	British Virgin Islands	Investment holding company	80,487	80,487	2,700,000	100.00%	72,571	7,923	-	Note 1
Bestcom Infotech Corp	Inforcom Technology Inc.	Taiwan	Wholesale of computer software and hardware. Computer information system planning, analysis and design.	19,977	19,977	3,343,574	22.94%	42,390	13,375	-	Note 1
Bestcom Infotech Corp	Bizwave Tech Co., Ltd.	Taiwan	Wholesale and retailing of computer software and hardware. Accreditaion and consulting services.	19,940	19,940	2,000,000	100.00%	24,964	3,945	-	Note 1
Bestcom Infotech Corp	Asgard System, Inc.	Taiwan	Wholesale of computer software and hardware. Computer information system planning, analysis and design.	19,956	19,956	2,000,000	20.00%	24,065	5,552	-	Note 1
Bestcom Infotech Corp	XVIZION TAIWAN LIMITED	Taiwan	Wholesale, retailing and consulting services of computer software and hardware.	8,245	8,245	490,000	33.45%	2,049	163	-	Note 1
Bestcom Infotech Corp	I-direction Co., Ltd.	Taiwan	Wholesale and retailing of computers. Information system provider.	8,000	8,000	800,000	40.00%	-	-	-	Note 1
Bestcom Infotech Holdings Ltd.	Bestcom International Ltd.	Mauritius	Investment holding company	80,487	80,487	2,700,000	100.00%	72,488	7,923	-	Note 1

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

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2017

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 13)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2017 (Note 13)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017	Net income of investee as of December 31, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2017	Book value of investments in Mainland China as of Book value of investments in Mainland China as of December 31, 2017	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2017	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Laser Computer (Beijing) Company Ltd.	Sales of computers and computer peripherals	\$ 4,472	2	\$ 4,472	\$ -	\$ -	\$ 4,472	\$ -	100	\$ -	\$ -	\$ -	(Note 2) (Note 4) (Note 5)
Laser International Trading (Shanghai) Company Ltd.	International trade	29,810	2	29,810	-	-	29,810	172,962	100	172,962	167,349	-	(Note 2) (Note 6)
Hi Food (Shanghai) Company Ltd.	Manufacture and sales of food	596,200	2	53,658	-	-	53,658	-	10	-	53,658	-	(Note 2) (Note 7)
Synnex Investments (China) Ltd.	Investment holding company	5,962,000	2	4,560,930	-	-	4,560,930	1,251,787	100	1,251,787	8,927,628	-	(Note 2) (Note 8)
Synnex Distributions (China) Ltd.	Sales of computers and computer peripherals	6,856,300	2	6,856,300	-	-	6,856,300	461,741	100	461,741	8,868,145	-	(Note 2) (Note 8)
Synnex (Shanghai) Ltd.	Sales of computers and computer peripherals	655,820	2	655,820	-	-	655,820	238,697	100	238,697	1,140,074	-	(Note 2) (Note 8)
Synnex (Beijing) Ltd.	Sales of computers and computer peripherals	268,290	2	268,290	-	-	268,290	(9,322)	100	(9,322)	308,601	-	(Note 2) (Note 8)
Synnex (Nanjing) Ltd.	Sales of computers and computer peripherals	149,050	2	149,050	-	-	149,050	10,012	100	10,012	177,587	-	(Note 2) (Note 8)
Synnex (Chengdu) Ltd.	Sales of computers and computer peripherals	149,050	2	149,050	-	-	149,050	15,228	100	15,228	160,086	-	(Note 2) (Note 8)
Synnex (Shenyang) Ltd.	Sales of computers and computer peripherals	89,430	2	89,430	-	-	89,430	10,002	100	10,002	98,969	-	(Note 2) (Note 8)

Investee in Mainland China	Main business activities	Paid-in capital (Note 13)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2017 (Note 13)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017	Net income of investee as of December 31, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2017	Book value of investments in Mainland China as of Book value of investments in Mainland China as of December 31, 2017	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2017	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Synnex (Tianjin) Ltd.	Sales of computers and computer peripherals	\$ 134,145	2	\$ 134,145	\$ -	\$ -	\$ 134,145	(\$ 5,249)	100	(\$ 5,249)	\$ 116,207	\$ -	(Note 2) (Note 8)
Synnex (Hangzhou) Ltd.	Sales of computers and computer peripherals	149,050	2	149,050	-	-	149,050	8,873	100	8,873	180,734	-	(Note 2) (Note 8)
Synnex (Qingdao) Ltd.	Sales of computers and computer peripherals	149,050	2	149,050	-	-	149,050	(2,266)	100	(2,266)	137,917	-	(Note 2) (Note 8)
Synnex (Guangzhou) Ltd.	Sales of computers and computer peripherals	357,750	2	357,720	-	-	357,720	7,099	100	7,099	366,660	-	(Note 2) (Note 8)
Synnex (Xi'an) Ltd.	Sales of computers and computer peripherals	119,240	2	119,240	-	-	119,240	12,413	100	12,413	130,331	-	(Note 2) (Note 8)
Synnex (Suzhou) Ltd.	Sales of computers and computer peripherals	178,860	2	178,860	-	-	178,860	(2,182)	100	(2,182)	167,750	-	(Note 2) (Note 8)
Synnex (Wuhan) Ltd.	Sales of computers and computer peripherals	149,050	2	149,050	-	-	149,050	3,430	100	3,430	157,015	-	(Note 2) (Note 8)
Synnex (Jinan) Ltd.	Sales of computers and computer peripherals	149,050	2	149,050	-	-	149,050	66,046	100	66,046	165,698	-	(Note 2) (Note 8)
Synnex (Zhengzhou) Ltd.	Sales of computers and computer peripherals	149,050	2	149,050	-	-	149,050	(754)	100	(754)	120,420	-	(Note 2) (Note 8)
Synnex (Changsha) Ltd.	Sales of computers and computer peripherals	119,240	2	119,240	-	-	119,240	(4,420)	100	(4,420)	86,387	-	(Note 2) (Note 8)
Synnex (Ningbo) Ltd.	Sales of computers and computer peripherals	119,240	2	119,240	-	-	119,240	(6,604)	100	(6,604)	74,638	-	(Note 2) (Note 8)

Investee in Mainland China	Main business activities	Paid-in capital (Note 13)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2017 (Note 13)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017	Net income of investee as of December 31, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2017	Book value of investments in Mainland China as of Book value of investments in Mainland China as of December 31, 2017	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2017	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Synnex (Hefei) Ltd.	Sales of computers and computer peripherals	\$ 181,841	2	\$ 181,841	\$ -	\$ -	\$ 181,841	(\$ 3,068)	100	(\$ 3,068)	\$ 126,226	\$ -	(Note 2) (Note 8)
Synnex (Nanchang) Ltd.	Sales of computers and computer peripherals	119,240	2	119,240	-	-	119,240	(5,695)	100	(5,695)	80,871	-	(Note 2) (Note 8)
Synnex (Harbing) Ltd.	Sales of computers and computer peripherals	149,050	2	149,050	-	-	149,050	(8,800)	100	(8,800)	68,529	-	(Note 2) (Note 8)
Synnex (Chongqing) Ltd.	Sales of computers and computer peripherals	17,886	2	17,886	-	-	17,886	(855)	100	(855)	17,868	-	(Note 2) (Note 8)
Synnex (Xiamen) Ltd.	Sales of computers and computer peripherals	178,860	2	178,860	-	-	178,860	(3,515)	100	(3,515)	143,825	-	(Note 2) (Note 8)
Synnex Technology Development (Beijing) Ltd.	Sales of computers and computer peripherals	228,107	2	-	-	-	-	(4,181)	100	(4,181)	277,505	-	(Note 2) (Note 9)
LianXiang Technology (Shenzhen) Ltd.	Sales of electronic Components	5,962	2	5,962	-	-	5,962	(2,337)	100	(2,337)	84,835	-	(Note 2) (Note 10)
Yude (Shanghai) Warehouse Co., Ltd.	Warehouse service	10,949	2	-	-	-	-	(3,756)	80	(3,005)	(10,559)	-	(Note 2) (Note 8)
YD Information Technology (SH) LTD.	Information technology service and sale of computers and computer peripherals	-	2	-	-	-	-	16,484	100	16,484	8	-	(Note 2) (Note 11)

Investee in Mainland China	Main business activities	Paid-in capital (Note 13)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2017 (Note 13)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017	Net income of investee as of December 31, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2017	Book value of investments in Mainland China as of Book value of investments in Mainland China as of December 31, 2017	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2017	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Bestcom Infotech Shanghai Ltd.	Sale, maintenance and consulting services of computer and computer peripherals	\$ 80,487	2	\$ 80,487	\$ -	\$ -	\$ 80,487	\$ 8,100	100	\$ 8,100	\$ 71,506	\$ -	(Note 2) (Note 12)
	Total			\$ 15,323,831	\$ -	\$ -	\$ 15,323,831						

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

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others.

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

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

Note 4: The net asset value of the subsidiaries was negative and its operations were discontinued.

Note 5: The above company, located in Mainland China, is a 100% owned subsidiary of Synnex Technology International (HK) Ltd.. Laser Computer (Beijing) Company Ltd. is an indirect wholly-owned subsidiary of the Company. Total membership contribution is US\$150 thousand.

Note 6: The above companies, located in Mainland China, are 100% owned subsidiaries of Groupware Solutions Ltd., which is a wholly-owned subsidiary of Synnex Technology International (HK) Ltd. Synnex Technology International (HK) Ltd. is an indirect wholly-owned subsidiary of the Company. Total membership contribution is US\$1,000 thousand.

Note 7: The above company, located in Mainland China, is a 10% owned invested company of Hi Food Co., Ltd. Hi Food Co., Ltd. is an indirect owned by the Company accounted for under the cost method. Total membership contribution is US\$1,800 thousand.

Note 8: The above company, located in Mainland China, Synnex Investments (China) Ltd. is 100% owned subsidiaries of Synnex China Holdings Ltd. Synnex China Holdings Ltd. is an indirect wholly-owned subsidiary of the Company. Total membership contribution is US\$200,000 thousand. Additionally, Synnex Investments (China) Ltd. reinvested in other subsidiaries in Mainland China. Total membership contribution is translated into New Taiwan Dollars using the year-end exchange rate of US\$1:NT\$29.81.

Note 9: The above company, located in Mainland China, is a 100% owned subsidiary of Synnex Distributions (China) Ltd.. Synnex Technology Development (Beijing) Ltd. is an indirect wholly-owned subsidiary of the Company. Total membership contribution is RMB\$50,000 thousand.

Note 10: The above company, located in Mainland China, is a 100% owned subsidiary of Peer Developments Ltd.. LianXiang Technology (Shenzhen) Limited is an indirect wholly-owned subsidiary of the Company. Total membership contribution is USD\$200 thousand.

Note 11: The above company, located in Mainland China, is a 100% owned subsidiary of Synnex Investments (China) Ltd. YD Information Technology (SH) Ltd. is an indirect wholly-owned subsidiary of the Company. As of December 31, 2017, the investment has not yet been fully remitted.

Note 12: The above company, located in Mainland China, is a 100% owned subsidiary of Bestcom International Ltd.. Shanghai Bestcom Infotech Corp. is an indirect wholly-owned subsidiary of the Company. Total membership contribution is USD\$2,700 thousand.

Note 13: Translated into New Taiwan Dollars using the year-end exchange rate of US\$1:NT\$29.81 and RMB\$1:NT\$4.5621.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Synnex Technology International Corporation(Note)	\$ 15,243,344	\$ 15,341,717	\$ 28,057,098
Bestcom Infotech Corp(Note)	97,896	97,896	971,880

Note: The ceiling is calculated based on the Tai-Tsai-Tseng (1) Letter No. 006130 issued by the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan (90), effective November 6, 2001.