SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2019 AND 2018

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

SYNNEX TECHNOLOGY INTERNATIONAL

CORPORATION AND ITS SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2019, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Matthew Miau Feng Chiang

SYNNEX TECHNOLOGY INTERNATIONAL

CORPORATION AND ITS SUBSIDIARIES

March 13, 2020

<u>Report of Independent Accountant Translated From Chinese</u>

PWCR19000409

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

Opinion

We have audited the accompanying consolidated balance sheets of Synnex Technology International Corporation and subsidiaries (the "Group") as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit and the reports of other auditors (see information disclosed in the *Other Matter - Scope of the Audit* section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants”, "Rule No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020” and generally accepted auditing standards in the Republic of China (ROC GAAS); and in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and ROC GAAS for our audit of the consolidated financial statements as of and for the year ended December 31, 2018. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Group’s consolidated financial statements are stated as follows:

Key audit matter–Assessment of allowance for uncollectible accounts

Description

Please refer to Note 4(10) & (11) for accounting policies adopted for accounts receivable. Please refer to Note 5(2), for critical accounting estimates and key sources of assumption uncertainty of loss allowance for accounts receivable. Please refer to Note 6(5) for details of accounts receivable.

The Group is primarily engaged in the sale of communication products, consumer electronic products, electronic products and components. The Group manages the collection of accounts receivable from customers and bears the associated credit risk. The Group assesses impairment of accounts receivable in accordance with IFRS 9, 'Financial instruments'. The management categorized the accounts receivable assessment into individual provision and group provison. For individually assessed accounts receivable, loss allowance is recognised on a case by case basis. The assessment process is affected by management's judgement on various factors: customers' financial conditions, internal credit ratings, historical transaction records, current economic conditions, etc. For group assessed accounts receivable, assessment process is affected by management's judgement on historical uncollectible records, and current economic conditions and the forecastability information to assess the default possibility of uncollectible accounts. As management's judgement on determining allowance for uncollectible accounts is relatively subjective and the estimated amount is material to the financial statements, therefore, we indicated that the assessment of allowance for uncollectible accounts as one of the key audit matters.

How our audit addressed the matter

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

1. The credit quality of the Group's customers, assessed the reasonableness of classification of accounts receivable, the policies and the procedures applied in loss allowance provision.
2. For individually assessed accounts, selected and verified samples of managements' impairment evaluation. Discussed with management the assessment results and evaluated the adequacy of the provision.

3. For accounts assessed as a group, considered historical uncollectible records and the management's forecastability adjustment information to determine whether the provision ratio of allowance for uncollectible accounts is reasonable. For significant accounts, examined subsequent collections after balance sheet date.

Key audit matter – Assessment of allowance for valuation of inventory

Please refer to Note 4(14) for description of accounting policies on allowance for inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty. Please refer to Note 6(8) for details of inventory items.

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

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

<u>How our audit addressed the matter</u>

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

1. Obtained the Group's policy applied to the assessment of allowance for valuation of inventory loss. Assessed whether the allowance recognition policy is applied in a manner consistent between comparative and current periods of the financial statements.

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

Key audit matter – Assessment of purchase rebate

Description

Please refer to Note 4(14) for accounting policies adopted for the recognition of purchase rebate. Please refer to Note 5(2) for critical accounting estimates and assumptions applied in the accounting policy for the recognition of purchase rebate.

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

How our audit addressed the matter

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

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

Other matters–Scope of the Audit

We did not audit the financial statements of certain consolidated subsidiaries. The financial statements of these subsidiaries were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, in so far as it relates to the amounts and the information disclosed in Note 13 included in these financial statements, is based solely on the reports of the other auditors. The subsidiaries held assets of $1,162,242 thousand and $1,113,086 thousand, constituting 1% and 1% of the total consolidated assets as of December 31, 2019 and 2018, respectively, and generated net operating income of $0, constituting 0% of the total consolidated net operating income for both the years then ended. Furthermore, information disclosed in Note 6(9) relative to investments accounted for under equity method and information on certain investees disclosed in Note 13 for the years ended December 31, 2019 and 2018 is based solely on the reports of the other auditors. Additionally, for certain investees financial reports that were prepared under different accounting standards, we have performed required additional auditing procedures and adjusted these reports in conformity with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission. The related investment income before adjustments (including share of profit or loss of associates accounted for using equity method) was $1,942,377 thousand and $1,843,352 thousand for the years ended December 31, 2019 and 2018, respectively, constituting 27% and 27% of the consolidated total net operating income for the years then ended, respectively. The comprehensive income recognised for these investments accounted for using equity method was $1,610,154 thousand and $2,034,333 thousand, constituting 27% and 35% of consolidated total comprehensive income for the years ended December 31, 2019 and 2018, respectively. The balance of related long-term equity investments amounted to $14,071,336 thousand and $14,422,245 thousand, constituting 10% and 10% of the total consolidated assets as of December 31, 2019 and 2018, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion with other matter paragraphs on the parent company only financial statements of Synnex Technology International Corporation as at and for the years ended December 31, 2019 and 2018.

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

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

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

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

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

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

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

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

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

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

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

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

Yeh, Tsui Miao Wu, Yu-Lung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2020

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

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

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

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

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

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

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

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

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

	Items	Notes	2019 Amount	2019 %	2018 Amount	2018 %
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial losses on defined benefit plans		($ 13,071)	-	($ 9,075)	-
8316	Unrealized gains (losses) on financial assets at fair value through comprehensive income	6(3)	1,611,296	1	(253,164)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(9)(24)	(2,853)	-	(3,472)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	3,301	-	7,668	-
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**		1,598,673	1	(258,043)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(24)	(2,446,898)	(1)	(953,956)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for uner equity method	6(9)(24)	(329,370)	-	194,453	-
8360	**Components of other comprehensive loss that will be reclassified to profit or loss**		(2,776,268)	(1)	(759,503)	-
8300	**Total other comprehensive loss for the year**		($ 1,177,595)	-	($ 1,017,546)	-
8500	**Total comprehensive income for the year**		$ 6,041,455	2	$ 5,895,114	2
	Profit, attributable to:					
8610	Owners of the parent		$ 6,815,243	2	$ 6,607,404	2
8620	Non-controlling interest		403,807	-	305,256	-
	Profit		$ 7,219,050	2	$ 6,912,660	2
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 5,692,657	2	$ 5,689,430	2
8720	Non-controlling interest		348,798	-	205,684	-
	Total comprehensive income for the year		$ 6,041,455	2	$ 5,895,114	2
	Earnings per share					
9750	**Basic earnings per share**	6(32)	$ 4.09		$ 3.96	
9850	**Diluted earnings per share**	6(32)	$ 4.09		$ 3.96	

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

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

				Retained earnings			Other equity interest					
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	Total	Non-controlling interest	Total equity
Year 2018												
Balance at January 1, 2018		$ 16,679,470	$ 14,364,858	$ 6,903,070	$ 2,837,318	$ 9,207,169	($ 5,249,825)	$ -	$ 429,277	$ 45,171,337	$ 1,590,493	$ 46,761,830
Effects of retrospective application and retrospective restatement		-	-	-	-	324,942	-	(15,626)	(429,277)	(119,961)	1,393	(118,568)
Balance at January 1 after adjustments		16,679,470	14,364,858	6,903,070	2,837,318	9,532,111	(5,249,825)	(15,626)	-	45,051,376	1,591,886	46,643,262
Net income for 2018		-	-	-	-	6,607,404	-	-	-	6,607,404	305,256	6,912,660
Other comprehensive loss for 2018	6(24)	-	-	-	-	(6,418)	(653,194)	(258,362)	-	(917,974)	(99,572)	(1,017,546)
Total comprehensive (loss) income		-	-	-	-	6,600,986	(653,194)	(258,362)	-	5,689,430	205,684	5,895,114
Appropriations of 2017 earnings	6(23)											
Provision for legal reserve		-	-	611,490	-	(611,490)	-	-	-	-	-	-
Provision for special reserve		-	-	-	1,983,231	(1,983,231)	-	-	-	-	-	-
Distribution of cash dividend		-	-	-	-	(3,669,483)	-	-	-	(3,669,483)	-	(3,669,483)
Change in net assets of the associate and joint ventures accounted for under the equity method	6(22)	-	480,615	-	-	17,295	-	-	-	497,910	-	497,910
Difference between consideration and carrying amount of subsidiaries disposed	6(23)	-	6	-	-	-	-	-	-	6	(8,216)	(8,210)
Capital surplus transferred from unclaimed dividends	6(22)	-	1,307	-	-	-	-	-	-	1,307	-	1,307
Balance at December 31, 2018		$ 16,679,470	$ 14,846,786	$ 7,514,560	$ 4,820,549	$ 9,886,188	($ 5,903,019)	($ 273,988)	$ -	$ 47,570,546	$ 1,789,354	$ 49,359,900
Year 2019												
Balance at January 1, 2019		$ 16,679,470	$ 14,846,786	$ 7,514,560	$ 4,820,549	$ 9,886,188	($ 5,903,019)	($ 273,988)	$ -	$ 47,570,546	$ 1,789,354	$ 49,359,900
Net income for 2019		-	-	-	-	6,815,243	-	-	-	6,815,243	403,807	7,219,050
Other comprehensive (loss) income for 2019	6(24)	-	-	-	-	(4,582)	(2,723,375)	1,605,371	-	(1,122,586)	(55,009)	(1,177,595)
Total comprehensive (loss) income		-	-	-	-	6,810,661	(2,723,375)	1,605,371	-	5,692,657	348,798	6,041,455
Appropriations of 2018 earnings	6(23)											
Provision for legal reserve		-	-	660,740	-	(660,740)	-	-	-	-	-	-
Provision for special reserve		-	-	-	1,356,458	(1,356,458)	-	-	-	-	-	-
Distribution of cash dividend		-	-	-	-	(3,335,894)	-	-	-	(3,335,894)	-	(3,335,894)
Change in net assets of the associate and joint ventures accounted for under the equity method	6(22)	-	(104,382)	-	-	(9,532)	-	-	-	(113,914)	-	(113,914)
Difference between consideration and carrying amount of subsidiaries disposed	6(23)	-	377	-	-	-	-	-	-	377	(6,767)	(6,390)
Capital surplus transferred from unclaimed dividends	6(22)	-	515	-	-	-	-	-	-	515	-	515
Balance at December 31, 2019		$ 16,679,470	$ 14,743,296	$ 8,175,300	$ 6,177,007	$ 11,334,225	($ 8,626,394)	$ 1,331,383	$ -	$ 49,814,287	$ 2,131,385	$ 51,945,672

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

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

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

(Continued)

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

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

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

SYNNEX TECHNOLOGY INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

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

A. Assembly and sale of computers and computer peripherals;

B. Sale of communication products;

C. Sale of consumer electronic products;

D. Sale of electronic products and components;

E. Warehouse and logistics services; and

F. Maintenance and technical services for the products mentioned above.

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 13, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, ‘Prepayment features with negative compensation’	January 1, 2019
IFRS 16, ‘Leases’	January 1, 2019

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’	January 1, 2019
Amendments to IAS 28, ‘Long-term interests in associates and joint ventures’	January 1, 2019
IFRIC 23, ‘Uncertainty over income tax treatments’	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

IFRS 16, ‘Leases’

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

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

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

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

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

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

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

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

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

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

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

(b) Financial assets and liabilities at fair value through other comprehensive income.

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

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

B. Subsidiaries included in the consolidated financial statements:

December 31, 2019 and 2018:

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

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

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

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

Note 1: The Group's subsidiary - PT. Synnex Metrodata Indonesia acquired 100% of the share capital of PT. Icon Technology (MIT) for $16,149, and recognized goodwill of $10,213. Therefore, MIT was started to be included in the consolidated financial statements from the acquisition date.

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

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

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

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

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

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

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

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

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost and lease receivables, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

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

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

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

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

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

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

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

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor’s net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

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

(14) Inventories

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

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

(15) Investments accounted for using equity method / associates

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

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

C. When changes in an associate's equity do not arise from in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. When the Group disposes its investment in an associate, and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

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

(16) Property, plant and equipment

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

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

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

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

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

Buildings	20 - 50 years
Utilities equipment	7 - 15 years
Computer equipment	3 - 7 years
Transportation equipment	10 years
Furniture and fixtures	5 years
Machinery and equipment	5 - 20 years
Leasehold improvements	3 years

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

Effective 2019

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

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

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

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

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

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

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

(18) Leased assets/operating leases (lessee)

Prior to 2019

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

(19) Investment property

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

Buildings	20 - 50 years
Utilities equipment	7 - 15 years

(20) Intangible assets

A. Computer software

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

B. Goodwill

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

(21) Impairment of non-financial assets

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

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

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

(22) Borrowings

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

(23) Notes and accounts payable

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

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

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

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

(a) Hybrid (combined) contracts; or

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

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

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

(25) Derecognition of financial liabilities

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

(26) Offsetting financial instruments

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

(27) Non-hedging and embedded derivatives

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

(28) Provisions

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

(29) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

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

C. Termination benefits

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

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequemtly actual distributed amounts is accounted for as changes in etimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(30) Income tax

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

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

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

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

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

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(31) Share capital

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

(32) Dividends

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

(33) Revenue recognition

A. Sales of goods

(a) The Group sells information, communication, electronic and consumer electronic products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales return, volume discounts, sales discounts and allowances. The estimated volume discounts, sales discounts and allowances given to customers are based on the expected purchase volume and accumulated experience. A refund liability is recognised for expected sales return, volume discounts, sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date.

(c) The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.

(d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Service revenue

The Group provides services of inventory management, installation and maintenance services. Revenue from providing services is recognised in the accounting period in which the services are rendered.

C. Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(34) Business combinations

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

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquire recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(35) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

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

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

Revenue recognition on a net/gross basis

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

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

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

B. The Group bears inventory risk;

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

(2) Critical accounting estimates and assumptions

A. Assessment of allowance for uncollectible accounts receivable

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

B. Evaluation of inventories

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

C. Accrual of inventory purchase rebate

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

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

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

B. For information regarding cash and cash equivalents pledged as collateral and is reclassified to Financial assets at amortised cost, please refer to Notes 6(4) and 8.

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

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

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

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

Foreign exchange forward

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

		December 31, 2018			
The subsidiaries	Items	Book Value		Nominal Principal (in thousands)	
Synnex New Zealand	Buy USD sell NZD	$	858	USD	1,330
Synnex New Zealand	Buy AUD sell NZD		7	AUD	1,400
PT. Synnex Metrodata Indonesia	Buy USD sell IDR	(	3,282)	USD	1,704
		($	2,417)		

In 2019 and 2018, the subsidiaries of the Group undertook forward exchange contracts with local banks to hedge risks put to foreign currency assets and liabilities arising from fluctuations in exchange rates. The Group recognised (loss) gain on valuation amounting ($2,293) and ($1,385), respectively, for the years ended December 31, 2019 and 2018.

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

D. Information relating to credit risk is provided in Note 12(2).

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

Items	December 31, 2019	December 31, 2018
Current items:		
Equity instruments		
Listed stocks	$ 820,687	$ 820,687
Non-listed (TSE and OTC) stocks	272,050	272,050
	1,092,737	1,092,737
Valuation adjustment	61,472	(69,029)
Total	$ 1,154,209	$ 1,023,708
Non-current items:		
Equity instruments		
Emerging stocks	$ -	$ 1,571,898
Non-listed (TSE and OTC) stocks	1,756,562	188,695
	1,756,562	1,760,593
Valuation adjustment	1,269,744	(199,055)
Total	$ 3,026,306	$ 1,561,538

A. The Group has elected to classify share investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $4,180,515 and $2,585,246, respectively, as at December 31, 2019 and 2018.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

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

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

(4) Financial assets at amortised cost

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

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

(5) Notes, accounts and overdue receivable

	December 31, 2019	December 31, 2018
Notes receivable	$ 6,189,695	$ 8,790,584
Less: Allowance for bad debts	(19,791)	(25,918)
	$ 6,169,904	$ 8,764,666
Accounts receivable	$ 45,362,385	$ 48,648,319
Accounts receivable due from related party	223,007	340,215
Lease payments receivable (expiring within one year)	115,545	46,554
	45,700,937	49,035,088
Less: Allowance for bad debts	(59,517)	(93,915)
	45,641,420	48,941,173
Overdue receivables (recorded as other non-current assets)	3,130,224	3,155,205
Less: Allowance for bad debts	(2,035,766)	(2,192,860)
	1,094,458	962,345
	$ 46,735,878	$ 49,903,518

Overdue receivables consist primarily of amounts due from customers under bankruptcy proceedings and are stated at their estimated net realizable value. As of December 31, 2019 and 2018, the Group received certain security for a portion of the amounts due.

A. The ageing analysis of notes receivable and accounts receivable is as follows:

	December 31, 2019			
	Notes receivable	Accounts receivable	Overdue receivables	Total
Not past due	$ 6,189,695	$ 40,404,721	$ 6,572	$ 46,600,988
Up to 60 days past due	-	4,936,787	20,012	4,956,799
61-120 days past due	-	229,037	17,862	246,899
121-180 days past due	-	47,855	16,408	64,263
More than 181 days past due	-	82,537	3,069,370	3,151,907
	$ 6,189,695	$ 45,700,937	$ 3,130,224	$ 55,020,856

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

The above ageing analysis was based on past due date.

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

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

D. Lease payments receivable

Prior to 2019

The Group leases computers and computer peripheral assets to others under finance lease. The lease terms are later than three years, and the Group expects all lease payments would be collected on schedule. The gross investments in those leases and present value of total minimum lease payments receivable as at December 31, 2018 is as follows:

	December 31, 2018		
	Total lease payments receivable	Unearned finance income	Net lease payments receivable
Current			
Not later than one year (recorded as net accounts receivable)	$ 56,446	($ 9,892)	$ 46,554
Non-current			
Later than one year but not later than five years (recorded as other non-current assets)	188,058	(24,333)	163,725
	$ 244,504	($ 34,225)	$ 210,279

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

(6) Transfer of financial assets

Transferred financial assets that are derecognised in their entirety

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

(Unit: USD thousand)

December 31, 2019			
Accounts receivable transferred	Amount derecognized	Facilities	Amount advanced
The Group			
$424,430	$424,430	US$103,500	$424,430
(US$14,018)	(US$14,018)		(US$14,018)
Subsidiaries			
$1,167,205	$1,167,205	US$122,000	$1,167,205
(US$38,868)	(US$38,868)		(US$38,868)

(Unit: USD thousand)

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

(7) Other receivables

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

(8) Inventories

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

	December 31, 2018		
	Cost	Allowance for Valuation loss	Book value
Merchandise inventories	$ 41,234,740	($ 683,495)	$ 40,551,245
Inventory in transit	248,691	-	248,691
Total	$ 41,483,431	($ 683,495)	$ 40,799,936

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

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

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

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

(9) Investments accounted for under equity method

A. The details are as follows:

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

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

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

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

Note 1: The Group disposed 349 thousand shares of Synnex Corporation on January 18, 2018. The proceeds of disposal was $1,372,999 (USD 45,474 thousand) and the Group recognized gain on disposal of investment accounted for under equity method of $741,035 (USD 24,543 thousand).

Note 2: On September 11, 2017, the Board of Directors resolved to acquire 47% equity of a Vietnamese 3C distributor through the Group's subsidiary, King's Eye Investments Ltd., aiming to enter into the Vietnamese market and raise competitive edge. The investment is $1,041,043 (VND 792.7 billion) in total under the agreement. The Group has paid $922,145 (VND 702.1 billion) and completed equity settlement in November 2017. The outstanding payment was made in March 2019 due to the fulfilment of contract terms.

C. Associates

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

Group name	Principal place of business	Nature of relationship	Methods of measurement
Synnex Corporation	USA	Financial investment	Equity method

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

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

Balance sheet

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

Statement of comprehensive income

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

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

As of December 31, 2019 and 2018, the carrying amount of the Group's individually immaterial associates amounted to $6,949,020 and $6,448,107, respectively.

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

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

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

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(10) Property, plant and equipment

	2019															
		Buildings and structures			Utilities equipment			Computer equipment	Transportation equipment	Furniture and fixtures	Tools			Leasehold improvements	Construction in progress and equipment to be inspected	
	Land	Owner -occupied	Lease	Subtotal	Owner -occupied	Lease	Subtotal	Owner -occupied	Owner -occupied	Owner -occupied	Owner -occupied	Lease	Subtotal	Owner -occupied	Owner -occupied	Total
At January 1																
Cost	$ 1,064,364	$ 4,528,378	$ 895,471	$ 5,423,849	$ 473,082	$ 69,420	$ 542,502	$ 388,278	$ 189,613	$ 79,188	$ 695,303	$ 2,014	$ 697,317	$ 140,283	$ 389,301	$ 8,914,695
Accumulated depreciation	-	(876,944)	(124,808)	(1,001,752)	(249,121)	(27,262)	(276,383)	(207,735)	(86,829)	(49,263)	(329,664)	(198)	(329,862)	(43,532)	-	(1,995,356)
	$ 1,064,364	$ 3,651,434	$ 770,663	$ 4,422,097	$ 223,961	$ 42,158	$ 266,119	$ 180,543	$ 102,784	$ 29,925	$ 365,639	$ 1,816	$ 367,455	$ 96,751	$ 389,301	$ 6,919,339
Opening net book amount	$ 1,064,364	$ 3,651,434	$ 770,663	$ 4,422,097	$ 223,961	$ 42,158	$ 266,119	$ 180,543	$ 102,784	$ 29,925	$ 365,639	$ 1,816	$ 367,455	$ 96,751	$ 389,301	$ 6,919,339
Additions	-	48,743	369	49,112	6,427	136	6,563	18,957	4,629	9,610	23,325	154	23,479	13,438	148,025	273,813
Disposals	-	(3,652)	-	(3,652)	(1,416)	-	(1,416)	(4,432)	(4,892)	(334)	(1,223)	-	(1,223)	(1,462)	-	(17,411)
Reclassifications	-	36,993	(298,051)	(261,058)	11,807	(14,758)	(2,951)	(36)	-	(2,528)	(1,840)	-	(1,840)	(25,998)	(23,936)	(318,347)
Depreciation charge	-	(113,899)	(14,546)	(128,445)	(35,461)	(3,505)	(38,966)	(55,028)	(20,827)	(15,512)	(34,760)	(423)	(35,183)	(30,078)	-	(324,039)
Net exchange differences	(8,577)	(113,024)	(20,434)	(133,458)	(8,063)	(1,075)	(9,138)	(860)	(361)	23	(9,235)	-	(9,235)	(975)	(21,410)	(183,991)
Closing net book amount	$ 1,055,787	$ 3,506,595	$ 438,001	$ 3,944,596	$ 197,255	$ 22,956	$ 220,211	$ 139,144	$ 81,333	$ 21,184	$ 341,906	$ 1,547	$ 343,453	$ 51,676	$ 491,980	$ 6,349,364
At December 31																
Cost	$ 1,055,787	$ 4,479,285	$ 528,348	$ 5,007,633	$ 429,127	$ 42,841	$ 471,968	$ 290,291	$ 205,486	$ 73,366	$ 499,528	$ 2,168	$ 501,696	$ 90,622	$ 491,980	$ 8,188,829
Accumulated depreciation	-	(972,690)	(90,347)	(1,063,037)	(231,872)	(19,885)	(251,757)	(151,147)	(124,153)	(52,182)	(157,622)	(621)	(158,243)	(38,946)	-	(1,839,465)
	$ 1,055,787	$ 3,506,595	$ 438,001	$ 3,944,596	$ 197,255	$ 22,956	$ 220,211	$ 139,144	$ 81,333	$ 21,184	$ 341,906	$ 1,547	$ 343,453	$ 51,676	$ 491,980	$ 6,349,364

	2018									
	Land	Buildings and structures	Utilities equipment	Computer equipment	Transportation equipment	Furniture and fixtures	Tools	Leasehold improvements	Construction in progress and equipment to be inspected	Total
At January 1										
Cost	$ 1,095,921	$ 5,224,164	$ 633,772	$ 558,994	$ 205,465	$ 86,542	$ 711,262	$ 152,530	$ 351,784	$ 9,020,434
Accumulated depreciation	-	(892,435)	(331,255)	(358,256)	(115,739)	(47,662)	(339,533)	(78,491)	-	(2,163,371)
	$ 1,095,921	$ 4,331,729	$ 302,517	$ 200,738	$ 89,726	$ 38,880	$ 371,729	$ 74,039	$ 351,784	$ 6,857,063
Opening net book amount	$ 1,095,921	$ 4,331,729	$ 302,517	$ 200,738	$ 89,726	$ 38,880	$ 371,729	$ 74,039	$ 351,784	$ 6,857,063
Additions	-	54,527	7,826	54,405	36,710	9,110	33,805	58,257	304,339	558,979
Acquired from business combinations	-	56	-	-	-	255	288	-	-	599
Disposals	-	(3,681)	(1,493)	(1,783)	(606)	(800)	(3,095)	(2,204)	(575)	(14,237)
Reclassifications	-	260,607	(110)	3,532	-	18	19,104	(4,075)	(257,274)	21,802
Depreciation charge	-	(124,129)	(37,487)	(75,007)	(21,905)	(16,477)	(34,473)	(28,910)	-	(338,388)
Net exchange differences	(31,557)	(97,012)	(5,134)	(1,342)	(1,141)	(1,061)	(19,903)	(356)	(8,973)	(166,479)
Closing net book amount	$ 1,064,364	$ 4,422,097	$ 266,119	$ 180,543	$ 102,784	$ 29,925	$ 367,455	$ 96,751	$ 389,301	$ 6,919,339
At December 31										
Cost	$ 1,064,364	$ 5,423,849	$ 542,502	$ 388,278	$ 189,613	$ 79,188	$ 697,317	$ 140,283	$ 389,301	$ 8,914,695
Accumulated depreciation	-	(1,001,752)	(276,383)	(207,735)	(86,829)	(49,263)	(329,862)	(43,532)	-	(1,995,356)
	$ 1,064,364	$ 4,422,097	$ 266,119	$ 180,543	$ 102,784	$ 29,925	$ 367,455	$ 96,751	$ 389,301	$ 6,919,339

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

Note 2: The Group has no capitalisation of interest on property, plant and equipment for the years ended December 31, 2019 and 2018.

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

(11) Lease transactions-lessee

Effective 2019

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

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

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

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

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

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

(12) Leasing arrangements-lessor

Effective 2019

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

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

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

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

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

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

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

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

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

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

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

(13) Investment property

	2019		
	Buildings and structures	Utilities equipment	Total
At January 1			
Cost	$ 1,375,294	$ 237,509	$ 1,612,803
Accumulated depreciation	(250,872)	(189,517)	(440,389)
	$ 1,124,422	$ 47,992	$ 1,172,414
Opening net book amount	$ 1,124,422	$ 47,992	$ 1,172,414
Additions	468	551	1,019
Reclassifications	300,127	15,045	315,172
Depreciation charge	(38,034)	(18,893)	(56,927)
Net exchange differences	(58,886)	(1,928)	(60,814)
Closing net book amount	$ 1,328,097	$ 42,767	$ 1,370,864
At December 31			
Cost	$ 1,647,723	$ 158,129	$ 1,805,852
Accumulated depreciation	(319,626)	(115,362)	(434,988)
	$ 1,328,097	$ 42,767	$ 1,370,864

	2018		
	Buildings and structures	Utilities equipment	Total
At January 1			
Cost	$ 1,398,422	$ 248,675	$ 1,647,097
Accumulated depreciation	(222,754)	(177,251)	(400,005)
	$ 1,175,668	$ 71,424	$ 1,247,092
Opening net book amount	$ 1,175,668	$ 71,424	$ 1,247,092
Additions	1,732	703	2,435
Reclassifications	-	1,631	1,631
Depreciation charge	(32,965)	(24,872)	(57,837)
Net exchange differences	(20,013)	(894)	(20,907)
Closing net book amount	$ 1,124,422	$ 47,992	$ 1,172,414
At December 31			
Cost	$ 1,375,294	$ 237,509	$ 1,612,803
Accumulated depreciation	(250,872)	(189,517)	(440,389)
	$ 1,124,422	$ 47,992	$ 1,172,414

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

	Years ended December 31,	
	2019	2018
Rental income from the lease of the investment property	$ 483,873	$ 516,038
Direct operating expenses arising from the investment property that generated rental income during the year	$ 156,085	$ 163,404

B. The fair value of the investment property held by the Group as of December 31, 2019 and 2018 was $3,155,517 and $3,172,067, respectively, which is based on the present value of rental revenue for the next 10 years and disposal value, which is categorized within level 3 in the fair value hierarchy. The growth rates used are consistent with the forecasts included in market quotation reports and historical experiences. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

(14) Intangible assets

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

	2018		
	Computer software cost	Goodwill	Total
At January 1			
Cost	$ 293,909	$ 535,518	$ 829,427
Accumulated amortisation	(187,987)	-	(187,987)
	$ 105,922	$ 535,518	$ 641,440
Opening net book amount	$ 105,922	$ 535,518	$ 641,440
Acquired through business	-	10,213	10,213
Additions-acquired separately	57,639	-	57,639
Reclassifications	(21,429)	-	(21,429)
Amortisation charge	(63,310)	-	(63,310)
Net exchange differences	(1,850)	9,480	7,630
Closing net book amount	$ 76,972	$ 555,211	$ 632,183
At December 31			
Cost	$ 325,832	$ 555,211	$ 881,043
Accumulated amortisation	(248,860)	-	(248,860)
	$ 76,972	$ 555,211	$ 632,183

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

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

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

C. Impairment of non-financial assets

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

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

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

(15) Other non-current assets

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

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

B. The above long-term prepaid rent was mainly due to the Group signing a land use right contract for use of the land in the People's Republic of China. All rentals had been paid on the contract date. The Group recognised rental expense of $20,190 for the year ended December 31, 2018.

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

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

(16) Short-term borrowings

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

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

(17) Short-term notes and bills payable

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

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

(18) Other payables

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

(19) Other current liabilities

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

(20) Pensions

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

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

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	($ 536,799)	($ 639,430)
Fair value of plan assets	137,432	250,170
Net defined benefit liability (recorded as other non-current liabilities)	($ 399,367)	($ 389,260)

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

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

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

(d) The Bank of Taiwan was commissioned to manage the Fund of the Group's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Group has no right to participate in managing and operating that fund and hence the Group is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

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

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

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

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2018				
Effect on present value of defined benefit obligation	$ 14,185	($ 14,720)	($ 13,082)	$ 12,698

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

The method and assumptions used for the preparation of sensitivity analysis during 2019 and during 2018 are the same, except the actuarial assumption of discount rate and future salary increases.

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

	2019	2018
Discount rate	8.00%	8.50%
Future salary increases	9.00%	9.00%

Future mortality rate was estimated based on TMI 13 issued by Insurance Council of Indonesia.

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

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

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

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

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

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

(b) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2019 and 2018 were $67,125 and $71,142, respectively.

(c) No pension plan is established for certain overseas investment holding companies since these companies are not required to have an employee pension plan in accordance with the local legislation. Except for the above, other consolidated overseas subsidiaries have established a funded defined contribution pension plan and therefore, contribute monthly a certain percentage of the employees' monthly salaries and wages to the retirement fund. Except for monthly contributions to the retirement fund, these companies have no further obligations. The pension costs under the defined contribution pension plan for the years ended December 31, 2019 and 2018 were $253,112 and $263,200, respectively.

(21) Share capital

A. As of December 31, 2019, the Group's authorised capital was $22,000,000 (including $500,000 reserved for the conversion of employees' stock options which have not been issued). The total number of shares of common stock, at $10 (in dollars) par value per share, issued and outstanding, was 1,667,946,968 shares. All proceeds from shares issued have been collected.

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

	2019	2018
At January 1 (At December 31)	1,667,946,968	1,667,946,968

B. The Group issued common stock (Deposited Shares) through global depository shares (GDSs) in Europe, Asia and the USA in 1997 and 1999. Each GDS represents 4 Deposited Shares. The GDSs may not be offered, sold or delivered, directly or indirectly, in the R.O.C. As of December 31, 2019, the total number of GDSs outstanding was 935,524 units, representing 3,742,108 shares of common stock. The main terms and conditions of the GDSs are as follows:

(a) Voting

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

(b) Sale and withdrawal of GDSs

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

(c) Dividends

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

(22) Capital surplus

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

	2019					
	Share premium	Treasury share transactions	Changes in equity of associates and joint ventures	Stock options	Others	Total
At January 1	$ 13,626,940	$ 340,678	$ 648,117	$ 228,445	$ 2,606	$ 14,846,786
Changes in equity of associates and joint ventures	-	-	(104,382)	-	-	(104,382)
Difference between consideration and carrying amount of subsidiaries acquired	-	-	377	-	-	377
Unclaimed dividends	-	-	515	-	-	515
At December 31	$ 13,626,940	$ 340,678	$ 544,627	$ 228,445	$ 2,606	$ 14,743,296

	2018					
	Share premium	Treasury share transactions	Changes in equity of associates and joint ventures	Stock options	Others	Total
At January 1	$ 13,626,940	$ 340,678	$ 167,496	$ 228,445	$ 1,299	$ 14,364,858
Changes in equity of associates and joint ventures	-	-	480,615	-	-	480,615
Difference between consideration and carrying amount of subsidiaries disposed	-	-	6	-	-	6
Unclaimed dividends	-	-	-	-	1,307	1,307
At December 31	$ 13,626,940	$ 340,678	$ 648,117	$ 228,445	$ 2,606	$ 14,846,786

(23) Retained earnings

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

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

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

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

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

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

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

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

(24) Other equity items

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

	Currency translation	Unrealised gains (losses) on Valuation	Total
At January 1, 2018	($ 5,249,825)	$ 429,277	($ 4,820,548)
Effects of retrospective application and retrospective restatement	-	(444,903)	(444,903)
Balance at January 1, 2018 after retrospective adjustments	(5,249,825)	(15,626)	(5,265,451)
Revaluation:			
–Group	-	(254,890)	(254,890)
–Associates	-	(3,472)	(3,472)
Currency translation differences:			
–Group	(847,646)	-	(847,646)
–Associates	194,452	-	194,452
At December 31, 2018	($ 5,903,019)	($ 273,988)	($ 6,177,007)

(25) Operating revenue

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following:

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

(26) Other income

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

(27) Other gains and losses

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

(28) Finance costs

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

(29) Expenses by nature

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

(30) Employee benefit expense

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

A. The Company's net income before tax before deducting remuneration to employees and Directors and after covering for losses in the current fiscal year, should be applied to pay remuneration to employees in an amount not exceeding 10% and not less than 0.01% of the balance, and to Directors for an amount not more than 1% of the balance. Employee remuneration may be distributed in stock or cash and director remuneration may be distributed in cash subject to a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors.

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

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

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

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

   Information about employees’ compensation and directors’ and supervisors’ remuneration of the Group as resolved by the Board of Directors and resolred by shareholders in the meeting will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(31) Income tax

A. Income tax expense

(a) Components of income tax expense:

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

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

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

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

B. Reconciliation between income tax expense and accounting profit

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

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

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

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

	2018				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effects on exchange rate and others	December 31
Temporary differences:					
-Deferred tax assets:					
Unrealized bad debts	$ 381,382	$ 188,120	$ -	($ 7,106)	$ 562,396
Unrealized loss on inventory value decline	80,922	10,425	-	(1,089)	90,258
Depreciation	17,876	(5,017)	-	(130)	12,729
Unrealised exchange loss	25,554	(25,554)	-	-	-
Unused compensated absences	35,952	7,755	-	(593)	43,114
Accrued pensions	66,644	6,249	7,668	(77)	80,484
Unrealized accrued expenses	46,317	3,523	-	(291)	49,549
Loss carryforward	167,719	211,515	-	(10,667)	368,567
Others	764	19,789	-	(10)	20,543
Subtotal	$ 823,130	$ 416,805	$ 7,668	($ 19,963)	$ 1,227,640
-Deferred tax liabilities:					
Unrealised purchase discount	($ 136,719)	($ 28,806)	$ -	$ 2,295	($ 163,230)
Unrealised exchange gain	(179)	(56,376)	-	784	(55,771)
Others	(27,401)	575	-	371	(26,455)
Subtotal	($ 164,299)	($ 84,607)	$ -	$ 3,450	($ 245,456)
Total	$ 658,831	$ 332,198	$ 7,668	($ 16,513)	$ 982,184

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

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

December 31, 2018				
Year incurred	Amount filed /assessed	Unused amount	Deferred tax assets	Expiry year
2012~2018	$ 3,181,181	$ 3,181,181	$ 1,412,170	2018~2028

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

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

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

H. The Group's income tax returns through 2017 have been assessed and approved by the Tax Authority.

I. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(32) Earnings per share

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 6,815,243	1,667,947	$ 4.09
Diluted earnings per share			
Profit attributable to ordinary shareholders	6,815,243	1,667,947	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	39	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 6,815,243	1,667,986	$ 4.09

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 6,607,404	1,667,947	$ 3.96
Diluted earnings per share			
Profit attributable to ordinary shareholders	6,607,404	1,667,947	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	26	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 6,607,404	1,667,973	$ 3.96

(33) Transactions with non-controlling interests

Acquisition of additional equity interest in a subsidiary

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

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

(34) Business combinations

A. To expand the scale of entire operation and exert synergy of economic of scale, on May 2, 2018, the Group acquired 100% of the share capital of PT My Icon Technology (MIT) for $16,149, and obtained the control.

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

	May 2, 2018
Purchase consideration	
Cash	$ 16,149
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	7,917
Accounts receivable	12,657
Inventories	204
Prepayments	5,014
Property, plant and equipment	599
Other current assets	541
Accounts payable	(11,916)
Other payables	(2,484)
Guarantee deposits received	(6,596)
Total identifiable net assets	5,936
Goodwill	$ 10,213

C. The operating revenue included in the consolidated statement of comprehensive income since May 2, 2018 contributed by MIT was $228,277. MIT also contributed profit before income tax of $10,387 over the same period. Had MIT been consolidated from January 1, 2018, the consolidated statement of comprehensive income would increase operating revenue of $15,139 and profit before income tax of $15,139 and ($2,585) for the year ended December 31, 2018.

(35) Operating leases

Prior to 2019

The Group leases office buildings to others under non-cancellable operating lease agreements. For the year ended December 31, 2018, the Group recognised rental revenue of $588,824. The Group has leased a series of operating leases to several companies, and these leases have terms expiring between 2018 and 2024, and some leases are renewable at the end of the lease period. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	December 31, 2018
Not later than one year	$ 390,632
Later than one year but not later than five years	638,357
Later than five years	18,293
	$ 1,047,282

(36) Supplemental cash flow information

Investing activities with partial cash payments:

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

(37) Changes in liabilities from financing activities

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

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

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

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

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

(2) Significant related party transactions and balances

A. Operating revenue

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

Goods are sold based on the price lists in force and terms that would be available to third parties. The collection term for related parties is within 30~120 days of the date of statement. The collection term for third parties is within 3~60 days after receipt of goods or 20~150 days of the date of statement.

B. Receivables from related parties

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

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

C. Purchases of goods

	Years ended December 31,	
	2019	2018
Purchases of goods:		
－Other related parties	$ 212,895	$ 250,326

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

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

D. Payables to related parties

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

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

E. Other transactions

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

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

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

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

Other income mainly arose from dividend revenue.

(3) Key management compensation

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

Note: Benefits are provisions that are not actually distributed.

8. PLEDGED ASSETS

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

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

A. As of December 31, 2019 and 2018, the Group issued promissory notes to guarantee the suppliers' credit limit amounting to $952,593 and $1,639,147, respectively, for inventory purchases.

B. On November 24, 2015, Kunshan Kunhao Electromechanical Co.Ltd. (Kunhao) filed a lawsuit against Syntech Asia Ltd. (SAL), the Group's indirect wholly-owned subsidiary, in the Hong Kong High Court for breach of oral contract of sales on July 7, 2014 and requested SAL to compensate Kunhao for its losses amounting to USD 2,964 thousand. SAL disagreed with the request and raised an appeal in accordance with Hong Kong laws. SAL submitted an application to the Hong Kong High Court in February 1, 2016 and requested the Hong Kong High Court to deny the claim of Kunhao. The Hong Kong High Court has not yet begun formal court hearings on the lawsuit, so the result of the litigation is uncertain. Therefore, the Group has not estimated the potential losses in the financial statements.

C. On December 22, 2014, Fairchild Semiconductor International, Inc. and Fairchild Semiconductor Corporation filed a third party lawsuit against the Company and Synnex Electronic Hong Kong Ltd, in United States District Court for Massachusetts for breach of agency contract since the Company and Synnex Electronic Hong Kong Ltd did not state the limit of warranty liability. This caused Fairchild to bear a significant amount of warranty liability that Fairchild requested the Company and Synnex Electronic Hong Kong Ltd to compensate for its losses amounting to USD 30,000 thousand. For this lawsuit, the Company and Synnex Electronic Hong Kong Ltd advocated that Fairchild breached the personal jurisdiction and had insufficient reason to prosecute. The United States District Court agreed with the Company and Synnex Electronic Hong Kong Ltd and dismissed the lawsuit by Fairchild on June 18, 2015. In the first quarter of 2016, Fairchild Semiconductor Hong Kong Limited filed another lawsuit against the Company in Hong Kong International Arbitration Centre, and the Company lost the lawsuit in the third quarter of 2018. However, the possibility of the litigation is dependent upon the verdict of the third party lawsuit. Fairchild won the third party lawsuit in accordance with the judgement made by the United States District Court in the first stance (no compensation would be paid to the third party). Subsequently, the third party filed an appeal to the Court of Second Instance, which remanded the case to the district court for a new trial. The result of the litigation is uncertain; however, the Company has estimated and provided for the potential losses in the financial statements.

(2) Commitments

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

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

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

B. Operating lease agreements

Prior to 2019

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

	December 31, 2018
Not later than one year	$ 322,229
Later than one year but not later than five years	853,795
Later than five years	135
Total	$ 1,176,159

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

12. OTHERS

(1) Capital management

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

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

(2) Financial instruments

A. Financial instruments by category

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

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

B. Financial risk management policies

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

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group’s operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

iii. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, transacted with Group treasury. However, these contracts are not accounted for under hedge accounting. The accounts are recorded as financial assets or financial liabilities at fair value through profit or loss. Please refer to Note 6(2).

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

	December 31, 2019				
		Foreign currency amount (In thousands) (Note 2)	Exchange rate		Book value (NTD)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	194,533	30.03	$	5,841,826
USD:HKD (Note 1)		213,497	7.79		6,411,315
USD:AUD (Note 1)		6,231	1.43		187,117
AUD:NTD (Note 1)		8,217	21.05		172,976
NZD:USD (Note 1)		9,800	0.67		197,177
RMB:HKD (Note 1)		367,564	1.11		1,576,807
USD:IDR (Note 1)		9,272	13,888.89		278,438
Non-monetary items					
INR:USD (Note 1)	$	9,935,184	0.014023	$	4,183,812
THB:USD (Note 1)		1,270,179	0.033445		1,275,708
VND:USD (Note 1)		1,098,729,768	0.000043		1,418,779
Financial liabilities					
Monetary items					
USD:NTD	$	65,200	30.03	$	1,957,956
USD:HKD (Note 1)		247,618	7.79		7,435,969
USD:AUD (Note 1)		23,326	1.43		700,480
USD:RMB (Note 1)		667,576	7.00		20,047,305
AUD:USD (Note 1)		2,456	0.70		51,628
USD:IDR (Note 1)		14,506	13,888.89		435,615
RMB:HKD (Note 1)		219,450	1.11		941,415
NTD:RMB (Note 1)		88,092	0.23		88,092
AUD:NID (Note 1)		394,046	1.04		8,295,083

	December 31, 2018			
	Foreign currency amount (In thousands) (Note 2)	Exchange rate		Book value (NTD)
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	$ 187,342	30.77	$	5,764,513
USD:HKD (Note 1)	137,572	7.83		4,232,403
USD:AUD (Note 1)	11,829	1.42		363,919
AUD:USD (Note 1)	10,174	0.71		222,268
AUD:NTD (Note 1)	8,681	21.70		188,419
NZD:USD (Note 1)	10,970	0.67		226,156
RMB:HKD (Note 1)	1,133,803	1.14		5,082,458
Non-monetary items				
IDR:USD (Note 1)	$ 8,959,455	0.014267	$	3,932,522
THB:USD (Note 1)	1,217,806	0.030826		1,154,921
VND:USD (Note 1)	977,387,455	0.000043		1,292,981
Financial liabilities				
Monetary items				
USD:NTD	$ 16,064	30.77	$	494,289
USD:HKD (Note 1)	204,881	7.83		6,303,164
USD:AUD (Note 1)	6,398	1.42		196,834
USD:RMB (Note 1)	353,520	6.86		10,876,043
AUD:USD (Note 1)	4,113	0.71		89,855
USD:IDR (Note 1)	11,470	14,492.75		352,932
RMB:HKD (Note 1)	1,124,603	1.14		5,041,218

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

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

v. Total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2019 and 2018, amounted to $56,544 and ($179,646), respectively.

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

	Year ended December 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 58,418	$ -
USD:HKD (Note)	1%	64,113	-
USD:AUD (Note)	1%	1,871	-
AUD:NTD (Note)	1%	1,730	-
NID:USD (Note)	1%	1,972	-
RMB:HKD (Note)	1%	15,768	-
USD:IDR (Note)	1%	2,784	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 19,580)	$ -
USD:HKD (Note)	1%	(74,360)	-
USD:AUD (Note)	1%	(7,005)	-
USD:RMB (Note)	1%	(200,473)	-
AUD:USD (Note)	1%	(516)	-
USD:IDR (Note)	1%	(4,356)	-
RMB:HKD (Note)	1%	(9,414)	-
NTD:RMB (Note)	1%	(881)	-
AUD:NID (Note)	1%	(82,951)	-

	Year ended December 31, 2018		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 57,645	$ -
USD:HKD (Note)	1%	42,324	-
USD:AUD (Note)	1%	3,639	-
AUD:USD (Note)	1%	2,223	-
AUD:NTD (Note)	1%	1,884	-
USD:RMB (Note)	1%	2,262	-
RMB:HKD (Note)	1%	50,825	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 4,943)	$ -
USD:HKD (Note)	1%	(63,032)	-
USD:AUD (Note)	1%	(1,968)	-
USD:RMB (Note)	1%	(108,760)	-
AUD:USD (Note)	1%	(899)	-
USD:IDR (Note)	1%	(3,529)	-
RMB:HKD (Note)	1%	(50,412)	-

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

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group’s investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by $91,573 and $7,380, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $11,542 and $10,237, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

<u>Cash flow and fair value interest rate risk</u>

i. The Group’s interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the years ended December 31, 2019 and 2018, the Group’s borrowings at variable rate were denominated in the NTD, USD and AUD.

ii. The Company’s borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. At December 31, 2019 and 2018, if interest rates on borrowings had been 1% higher with all other variables held constant, post-tax profit for the years ended December 31, 2019 and 2018 would have been $5,340 and $7,748 lower, respectively, mainly as a result of higher borrowing interest expense on floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through profit or loss.

ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits. The utilisation of credit limits is regularly monitored.

iii. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition after taking into consideration the historical experiences.

iv. In accordance with historical collections and customers' credit rating levels, the default occurs when the contract payments are past due over certain periods classified based on the credit rating of customers.

v. The Group classifies customers' notes and accounts receivable in accordance with the credit rating of customers. The Group applies the modified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.

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

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

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

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

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

vii. The Group will continue executing the recourse procedures to secure their rights on those defaulted financial assets. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of notes receivable (including related parties), accounts receivable (including related parties) and overdue receivables. As of December 31, 2019 and 2018, the assessment is as follows:

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

	Group provision	Individual provision			Total
		Group A	Group B	Group C	
December 31, 2018					
Rate	0.001%~0.3%	15%	50%	100%	
Total book value	$ 57,825,672	$ 9,002	$ 1,958,597	$ 1,194,345	$ 60,987,616
Loss allowance	$ 119,833	$ 1,350	$ 1,003,904	$ 1,194,345	$ 2,319,432

ix. Movements in relation to the Group applying the modified approach to provide loss allowance for notes receivable (including related parties), accounts receivables (including related parties) and overdue receivable are as follows:

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

	Year ended December 31, 2018				
	Notes receivable	Accounts receivable	Overdue receivables	Other receivables	Total
At January 1_IAS 39	$ 29,090	$ 145,957	$ 1,503,369	$ -	$ 1,678,416
Adjustments under new standards	-	(23,565)	-	-	(23,565)
At January 1_IFRS 9	29,090	122,392	1,503,369	-	1,654,851
Provision for (reversal of) impairment loss	(2,711)	(18,438)	856,183	6,845	841,879
Write-offs	-	(7,818)	(134,999)	-	(142,817)
Impact of changes in foreign exchange rate	(461)	(2,221)	(31,693)	(106)	(34,481)
At December 31	$ 25,918	$ 93,915	$ 2,192,860	$ 6,739	$ 2,319,432

(c) Liquidity risk

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

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

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

Non-derivative financial liabilities:

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

Non-derivative financial liabilities:

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

Derivative financial liabilities:

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

Derivative financial liabilities:

December 31, 2018	Less than 1 year	1 year to 2 years	Over 2 years	Book value
Forward exchange contracts	$ 2,417	$ -	$ -	$ 2,417

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

(3) Fair value information

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

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

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

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

B. Fair value information of investment property at cost is provided in Note 6(13).

C. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), other non-current receivables-guarantee deposits paid, other non-current assets-long-term overdue accounts and notes receivables, other non-current assets-pledged time deposits, other non-current assets-long-term lease payment receivable, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable (including related parties), other payables (including related parties), lease liability and other non-current liabilities-guarantee deposits received) are approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities as at December 31, 2019 and 2018 is as follows:

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

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

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 738,004	$ -	$ -	$ 738,004
Financial assets at fair value through other comprehensive income-current				
Equity securities	839,903	104,816	78,989	1,023,708
Financial assets at fair value through other comprehensive income-non-current				
Equity securities	-	1,391,666	169,872	1,561,538
Total	$ 1,577,907	$ 1,496,482	$ 248,861	$ 3,323,250
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 2,417	$ -	$ 2,417

(b) The methods and assumptions the Group used to measure fair value are as follows:

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

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

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

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

v. Forward exchange contracts are usually valued based on the current forward exchange rate.

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

E. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2019 and 2018:

	2019	2018
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	$ 248,861	$ 108,891
Gains and losses recognised in other comprehensive income		
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	361,513	(56,294)
Transfer out from level 3	2,608,257	(30,937)
Translation adjustments under IFRS9	-	267,911
Effect of exchange rate changes	(681)	900
Capital deducted by returning cash	(15,343)	(41,610)
At December 31	$ 3,202,607	$ 248,861

G. Because Mitac International Corporation ceased to be traded over the counter as resolved by the Board of Directors in March 2019, and there is insufficient observable market information available, the Group has transferred the fair value from Level 2 into Level 3 at the end of the month when the event occurred. Additionally, because Jetwell Computer Co., Ltd. has been listed since May 2018, and there is sufficient observable market information available, the Group has transferred the fair value from Level 3 into Level 1 at the end of the month when the event occurred.

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

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

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 176,301	Market comparable companies	Discount for lack of marketability	0.7	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	3,026,306	Net assets value	Not applicable	-	Not applicable
	$ 3,202,607				

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 78,989	Market comparable companies	Discount for lack of marketability	0.7	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	169,872	Net assets value	Not applicable	-	Not applicable
	$ 248,861				

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

			December 31, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	± 10%	$ -	$ -	$ 17,630	($ 17,630)
Equity instrument	Net assets value	± 1%	$ -	$ -	$ 30,263	($ 30,263)

			December 31, 2018			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	± 10%	$ -	$ -	$ 7,899	($ 7,899)
Equity instrument	Net assets value	± 1%	$ -	$ -	$ 1,699	($ 1,699)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

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

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

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Group’s paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

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

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

J. Significant inter-Group transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

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

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14. SEGMENT INFORMATION

(1) General information

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

(2) Measurement of segment information

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

(3) Information about segments

The segment information provided to the Chief Operating Decision-Maker for the reportable segments for the years ended December 31, 2019 and 2018 was as follows:

Year ended December 31, 2019

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

Year ended December 31, 2018

	Taiwan	Hong Kong/China	Australia and New Zealand/Indonesia	Reconciliation	Total
Revenue from external customers	$ 59,138,208	$ 244,673,541	$ 79,383,190	$ -	$ 383,194,939
Inter-segment revenue	3,135,937	45,150,411	52,737	(48,339,085)	-
Segment revenue	$ 62,274,145	$ 289,823,952	$ 79,435,927	($ 48,339,085)	$ 383,194,939
Segment profit	$ 523,397	$ 2,829,801	$ 2,059,050	$ -	$ 5,412,248
Segment profit, including depreciation	$ 97,435	$ 211,865	$ 86,925	$ -	$ 396,225
Segment assets	$ 20,892,122	$ 99,624,664	$ 27,001,583	$ -	$ 147,518,369

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

(4) Reconciliation for segment income (loss)

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

A reconciliation of reportable segment profit to the income before income tax for the years ended December 31, 2019 and 2018 is provided as follows:

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

B. The amounts provided to the Chief Operating Decision-Maker with respect to total assets are measured in a manner consistent with that of the financial statements.

(5) Information on products and services

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

(6) Geographical information

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

	Years ended December 31,			
	2019		2018	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 57,492,507	$ 4,190,158	$ 59,138,208	$ 1,478,916
China and Hong Kong	205,813,461	6,162,273	244,673,541	5,971,130
Australia, New Zealand and Indonesia	76,688,698	2,087,439	79,383,190	2,074,928
Total	$ 339,994,666	$ 12,439,870	$ 383,194,939	$ 9,524,974

(7) Major customer information

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