Stock Code：2636

台驊國際投資控股股份有限公司
T3EX Global Holdings Corp.

2017 Annual Report

Printed on 05 30, 2018

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders’ meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System：http://newmops.tse.com.tw
T3EX Annual Report is available at：http://www.t3ex-group.com/Investor Relations

Spokesperson
Name: Echo Wan
Title: General Manager of T3EX Holdings
Tel: 886-2-2753-2093
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Deputy Spokesperson
Name: Jack Lai
Title: CEO of THI Group Ocean Business
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E-mail:jacklai@t3ex-group.com

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Address: Capital Center, No.101, Songren Rd., Xinyi Dist., Taipei City 11073, Taiwan, R.O.C.
Tel: 886-2-2703-5000
Website: http://www.capital.com.tw

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KPMG Accounting Firm
Auditors: Peggy Chen, HENG- SHENG LIN
Address: 68F, TAIPEI 101 TOWER, No. 7, Sec. 5, Xinyi Road, Taipei, 11049, Taiwan, R.O.C.
Tel.: 886-2-8101-6666
Website: http://www.kpmg.com.tw

Overseas Securities Exchange: None

Corporate Website
http://www.t3ec-group.com

Headquarters, Branches and Plant
Headquarters
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Tel: 886-2- 2753-2093

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VII. Review of Financial Conditions, Operating Results, and Risk Management

VIII. Special Disclosure

Letter to Shareholders

Now, I hereby thanks to every shareholders on behalf of T3EX group for your cares and supports. The Company still keeps the strong business foundation and sensitive market insight to expand the business scale and increase global operating locations including Taiwan, Hong Kong, China, Japan, Korea, Vietnam, Thailand, Cambodia, Singapore, Malaysia, and Indonesia. By effective group resource integration, the Company not only provide an international logistics services but also provide comprehensive logistics such as customs declaration, warehousing, delivering, and supply-chain management. Via deep local culture cultivation and more potential markets development, the Company anticipates that the brand will step to a level of global market leader.

2017 Review

Expressed in thousands of New Taiwan Dollars	2017	2016	YoY
Revenue	10,537,008	9,744,113	8.14%
Gross Profit	1,924,035	1,794,218	7.24%
Gross Margin	18.26%	18.41%	-0.15%
Operating income	396,445	193,165	105%
Profit after tax	252,737	121,176	108%
EPS(Dollars)	2.07	1.11	86%

The rise of ocean and air freight resulted in the company's year 2017 revenue increased 8.14% compared to year 2016. And through a strong expense control execution, the company's operating expense decreased 4.6% compared to year 2016. The year 2017 profit after tax reached NT$ 252,737 thousands, increased by 108% over the same period last year. The year 2017 EPS reached NT$2.07(YoY 86% growth).

On the performance results of various products, ocean revenue was NT$5.905 billion, increased by 5.95% over the same period last year. The gross profit reached NT$ 1.132 billion, increased by 1.41% over the same period last year. In year 2017, the turnaround of global economic increased ocean trade activities, so the Company's ocean freight volume increased by 4.09% over the same period last year. About the ocean freight, because the shipping capacity was nearly equal to cargo demand, the ocean freight was risen compared to last year, the freight growth rate in USWC, USEC and Europe respectively was 21%, 22%, 12%.

Air revenue in year 2017 was NT$ 3.03 billion, increased by 18.95% over the same period last year. The gross profit reached NT$ 0.427 billion, increased by 8.01% over the same period last year. In year 2017, the global electronical industry grew up fast, such as global vehicle electronics investment, the release of consumer electronical product, the surge of global virtual currency, the spread of global game competition, which enhanced the volume of cross-border air cargo from electronical supply chain. The speedy development of global cross border e-commerce also resulted the high demand of air cargo. The company's air freight volume increased by 13.63% over the same period last year. However, the air space didn't expand to meet the growth of air cargo, the air freight was risen up since the start of the year. Especially in 4Q 2017, the oil price surged and the air freight also reached the historic hike in this two years.

Logistics revenue in year 2017 was NT$ 1.629 billion, down by 1.04% over the same period last year. The gross profit was NT$ 0.365 billion, increased by 29.15% over the same period last year. The decrease of logistics revenue as a result of the downgrade of China last-mile logistics service and the reduction of the low profit orders. The company's logistics revenue decreased but profit increased.

2018 Outlook

In 1Q 2018, the global economic is growing stably. The company's revenue was NT$ 2.439 billion, merely increased 0.07% than last year, but the profit grew 122% compared to the same period last year. The main reason were the growth of freight volume and the efficiency of custom structured adjustment.

Looking forward this year, about the international freight, the Company expect the shipping capacity is still oversupply, and the ocean freight should depend on the shipping capacity adjustment from shipping companies. The air freight would rise by international oil price soaring. For the cargo demand, the Company expect the global trade activities is still strong, the freight volume could grow. However, the US-China trade war is still unclear, and it would affect the future global trade. About the China logistics market, the domestic consumption is still sharply growing, the Company expect the import cargo will grow speedily, the import supply-chain logistics services is the next growth momentum.

Future operating strategy and development plan

Thanks to the fast growth of cross-border e-commerce, logistics become the key role of integration of virtual and actual economic. The logistics service providers should transform labor-intensive module to supply-chain service providers.

The Company will continue to integrate internal resource with the asset-light strategy. The below are the main operating strategy and development plan in this year:

1. Expand the China-Russia-Europe Railway Service.
2. Through B2B2C warehouse system combination and logistics platform cooperation provide total the logistics total solution services of warehouse-truck transport-express.
3. Combination overseas locations and agents with China warehouse and transportation service to develop import logistics.
4. Develop cross border e-commerce logistics including Inter-Asia, USA and Europe area.

We will continue to strengthen our expertise and create greater values for our shareholders.

Chairman: David Yen

I. Company Profile

2.1 Date of Incorporation: 02 04, 1987

The date of foundation：T.H.I. Group was set up on 02 04, 1987. In August 2012, the Company changed its name- T3EX Global Holdings Corp.

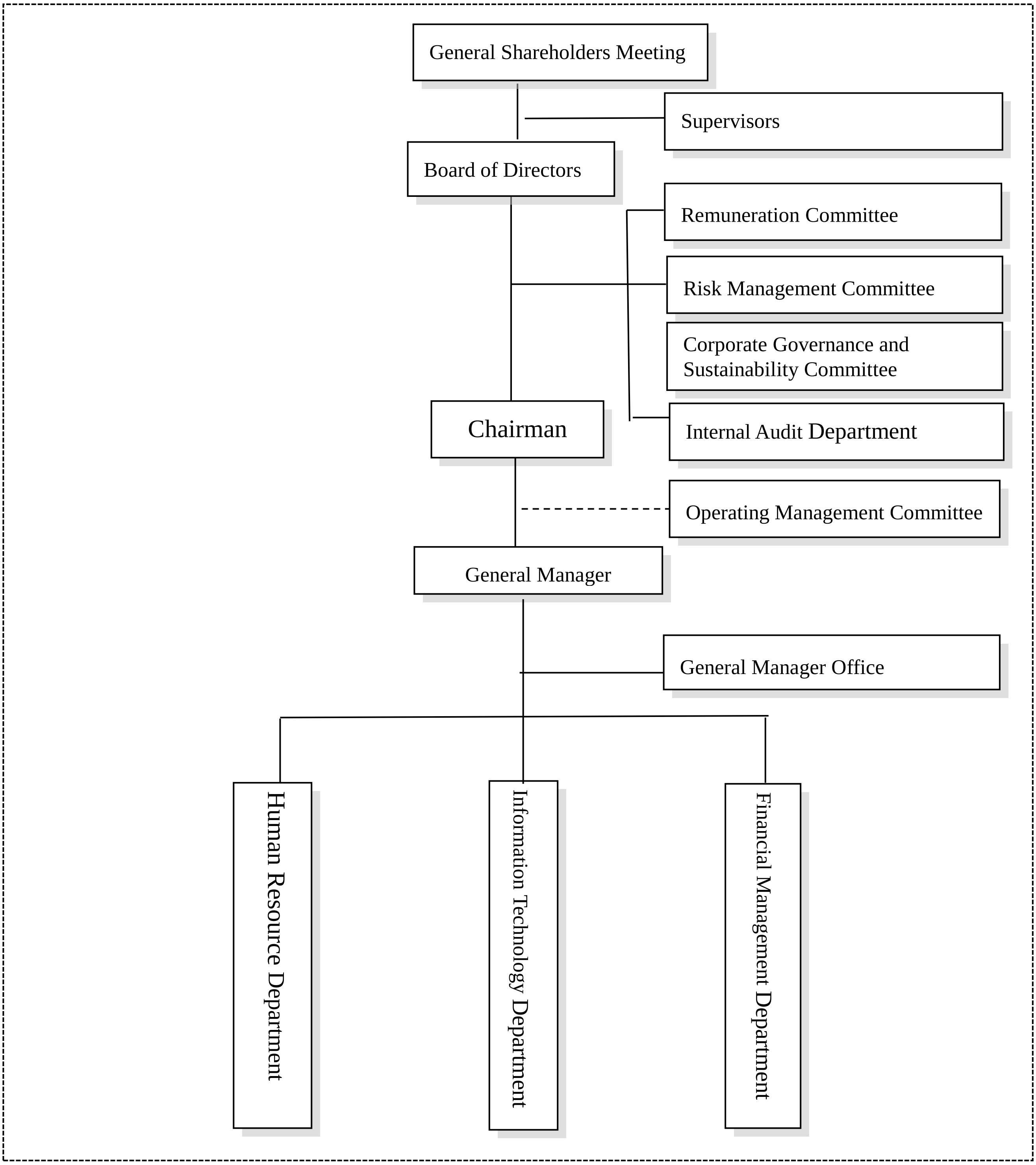
2.2 Company History

MM, Year	Milestones
08, 2012	The Company transformed into holdings company and changed its company name- T3EX Global Holdings Corp through Special Shareholders' Meeting.
02, 2013	The Company invested 30% shares of Joint venture in Indonesia-PT. Dexter Eurekatama.
10, 2013	The Company set up T.H.I. Online, entering into e-commerce business.
01, 2014	The logistics e-commerce platform T.H.I. Online was built by adopting an O2O logistics business model.
01, 2014	The Company issued NTD 300,000,000 convertible bond to reimburse debts.
03,2014	The Company finished par value NTD 100,000,000 fundraising to increase operating capital.
01,2015	The company established T.H.I. GROUP SINGAPORE PTE LTD, the operating headquarters in Southeast Asia.
03,2015	The company raised our shareholdings in THI & Maruzen Inc. to 51%.
08,2015	To reinforce ASEAN plus three regional deployment, the company acquired a 30% stake in Korean logistics company- LOGI International Co., Ltd.
11,2015	To step into e-commerce logistics, the Company acquired 68% shares of Shanghai EXer Logistics Co.,Ltd.
12,2015	To deeply develop warehousing and transportation services in China, we acquired 60% shares of T-Cube Global Logistics Co., Ltd.
04,2016	The company established THI Logistics (Malaysia) SDN BHD, the operating headquarters in Southeast Asia.
12,2016	The company changed its listing from GreTai Securities Market to the Taiwan Stock Exchange.
6,2017	To expand New Zealand and Australia business, the company invested Shanghai Moorluk International Shipping Co.,Ltd.

II. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Functions

Department	Functions
Remuneration Committee	To make recommendations to the Board on the Company's policy and structure for all Directors, and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.
Risk Management Committee	The company entire risk management structure covers the board of directors, the audit committee, upper management, risk management units and other business units. The board of directors holds ultimate responsibility. Its major goal is promoting and implementing the company's overall risk management.
Corporate Governance and Sustainability Committee	To assist the board to supervises the progress of corporate governance and CSR and to report regularly.
Operating Management Committee	The board of directors holds ultimate responsibility. It major goal is assisting group to deal with the big issue and reporting to president and the Board.
Internal Audit Department	To identify deficiencies in the internal control system, assess the effectiveness and efficiency of operations, and provide appropriate improvement suggestions to ensure the effectiveness of the internal control system as well as for continuous improvement.
Financial Management Department	Responsible for the summarization and supply of accounting information, management and operation of finance and investment, annual budgeting, credit control.
Human Resource Department	Responsible for the planning and execution of human resource management, and planning and execution of general affairs.
Information Technology Department	Responsible for the planning, controlling, design, and implementation of the data processing.
General Manager Office	Responsible for holding the board of meetings, shareholders meetings and others functional meeting, maintaining the public relations, investor relations, company branding and stock affairs, and executing the corporate governance and CSR.

3.2 Directors, Supervisors and Management Team

3.2.1 Directors and Supervisors

05 30, 2018

Title	Nationality/ Country of Origin	Name	Sex	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	R.O.C.	David Yen	Male	05.31. 2016	3	01.16 1993	1,225,197	1.05	796,490	0.67	0	0	3,339,143 (Hope Ocean)	2.82	➢ The founder of T3EX group ➢ Shipping & Transportation Management in NTOU	➢ Group chairman of T3EX The board of director: Dynamic Ocean Group, T.H.I. logistic, T-Cube logistics, T.H.I. & Maruzen, Hope Ocean, Taiwan Express, and EXer logistics, Moorluk International Shipping. ➢ Chairman: THI Logistics, THI group (Shanghai), and YHI International, THI logistics	None	None	None

Director	R.O.C.	Jack Lai	Male	05.31.2016	3	05.31.2016	1,865,566	1.60	1,917,552	1.62	491,154	0.41	0	0	➢ The associate vice president of T3EX ➢ DBA in National Taipei University.	➢ The CEO of THI Group ocean business. ➢ The board of director: PT. Dexter Eurekatama, THI group (Shanghai), THI Logistics,YHI International, THI Malaysia, T.H.I. Singapore., LOGI International, THI HK , and THI Vietnam, EXer logistics, Moorluk International Shipping. ➢ The chairman and board of director of T-Cube logistics.	None	None	None
Director	R.O.C.	Tony Lin	Male	05.31.2016	3	05.31.2016	1,258,116	1.08	1,290,728	1.09	0	0	0	-	➢ EMBA in NUS ➢ DBA in TIAS ➢ The GM of DIMERCO	➢ The CEO of THI Group Air business ➢ The board of director: T-Cube logistics, T.H.I. & Maruzen, LOGI International., THI Singapore, THI Group (Shanghai), Taiwan Express., EXer Logistics., THI Logistics, YHI International, Fresh beauty enterprise	None	None	None
Director	BVI	Hope Ocean International Ltd		06.17.2013	3	05.31.2016	2,849,003	3.92	3,273,798	2.82	0	0	0	0	-	-	None	None	None
	R.O.C.	Representative: Ji-Zhi Hsieh	Male				0	0	0	0	0	0	0	0	Major in CCU Natural Resource.	➢ The GM and board of director of Mei-Ton Rubber. ➢ The president of CHIEF OVERSEA Trading. ➢ The board of director of Cambodia Asia Flour Mill Corp. ➢ THI Logistics board director	None	None	None
Director	Samoa	Dynamic Ocean Group Limited		05.31.2016	3	06.20 2007	5,086,865	4.37	3,912,398	3.30	0	0	0	0	-	-	None	None	None

	R.O.C.	Representative: Carl Wei	Male				143,484	0.12	146,347	0.12	0	0	0	0	➢ DBA in Fu Jen Catholic University ➢ The CEO of THI Logistics Sea business.. ➢ Manager of JI YE Shipping ➢ Manager of Taiming Shipping Agent ➢ The vice president of Kuang Ming Shipping Corp. ➢ The senior vice president of YANG MING MARINE TRANSPORT CORP.	The director of Moorluk International Shipping.	None	None	None
Director	R.O.C.	Benison Hsu	Male	05.31. 2016	3	06.28 2011	1,153,734	0.99	1,191,762	1.00	0	0	0	0	➢ MBA in Tulane University. ➢ The founder of Taiwan Express	➢ The president of Taiwan Express. ➢ The board of director: THI logistics, TEC logistics (Shenzhen), TEC logistics (Hong Kong), TEC logistics (USA), Taiwan Express (USA), Hiview Logistics, Central Taiwan Science Park Logistics., and GGA Corp., INMAX SDN. BHD. ➢ The supervisor of Orient Air General Sales Agent.	None	None	None

Director	R.O.C.	Li-Chiu Chang	Male	05.31.2016	3	06.17.2013	0	0	0	0	0	0	0	0	➢ Master of insurance in NCU. ➢ Financial Supervisory Commission ➢ The president of Yuanta Securities. ➢ The GM of Dahwa Securities. ➢ The auditor, chief, and leader of Financial Supervisory Commission ➢ The auditor of National Taxation Bureau of Taipei	➢ Chairman: FOCI Fiber Optic Communications, Panion & BF Biotec Inc., Herbiotek Co., Ltd, ➢ Board of Independent director : TA YA ELECTRIC WIRE & CABLE, ACME Electronics, Tanvex BioPharma, Inc.. ➢ The CEO of Sun Ten Group. ➢ The highest consultant of Yuanta Securities ➢ Board of director: Sun Ten International,, SHIDING Venture Capital.	None	None	None
Director	R.O.C.	Ming-Hsu Tsai	Male	05.31.2016	3	05.31.2016	0	0	0	0	0	0	0	0	➢ Master of Public Administration in NCU. ➢ The senior vice president of YANG MING MARINE TRANSPORT CORP. ➢ The chairman of Kuang Ming Shipping Corp.	The independent director of YANG MING MARINE TRANSPORT CORP.	None	None	None
Supervisor	R.O.C.	YI-WEI INVESTMENT		05.31.	3	06.17.2013	411,192	0.57	1,296,889	1.11	0	0	0	0			None	None	None

	R.O.C.	Representative: Chin-Chou Hsu	Male				63,256	0.05	64,518	0.05	0	0	0	0	➢ Master of Economics in NTU. ➢ Master of Economic in Unites State John Hopkins University. ➢ The director of Department of International Affairs of FSC. ➢ The deputy chief of Insurance Bureau of FSC. ➢ The chairman of SinoPac Venture Capital.	➢ The independent director of ALLIED CIRCUIT Co, Ltd. ➢ The independent director of Polaris Pharma Co, Ltd.	None	None	None
Supervisor	R.O.C.	BAO-JYUE INVESTMENT		05.31. 2016	3	05.31. 2016	514,323	0.44	524,588	0.44		0	0	0			None	None	None
	R.O.C.	Representative: Mao-Jen Chen	Male				0	0	0	0	0	0	0	0	➢ MBA in Tulane University. ➢ Mechanical Engineering in NCKU. ➢ The business minister of Chin Fong Machine Industrial.	The president of CHUN-DI Corp.	None	None	None
Supervisor	R.O.C.	Shen-Li Liao	Male	05.31. 2016	2	06.04 2014	0	0	0	0	0	0	0	0	➢ MBA in NCU. ➢ The supervisor of Amazing Microelectronic Corp.	➢ The partner of Candor Taiwan CPAs ➢ The supervisor of Taiwan Express. ➢ The supervisor of SolidPro Technology.	None	None	None

Major shareholders of the institutional shareholders

05,30, 2018

Name of Institutional Shareholders	Major Shareholders
DYNAMIC OCEAN GROUP LIMITED	David Yen (33.43%), Mark Richard Laufer (66.57%)
Hope Ocean International Ltd	David Yen (100%)
BAO-JYUE INVESTMENT	SIOU-JIN WANG (100%)
YI-WEI INVESTMENT Ltd	JIN-CIN YANG (31.70%), HUA-MEI HUNG HSU (23.05%) SHU- HUA YANG (6.92%), JIN-YI YANG (6.92%), SHU-HUEI PEN (6.92%), SHU- FEN YAN (6.92%), YONG-CHANG LI (6.92%), CHUN- CHIEH CHANG (10.66%)

Major shareholders of the Company’s major institutional shareholders: None

Professional qualifications and independence analysis of directors and supervisors

05 30, 2018

Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	
David Yen	-	-	✓	-	-	-	✓	-	✓	✓	✓	✓	✓	None
Jack Lai	-	-	✓				✓	✓	✓	✓	✓	✓	✓	None
Hope Ocean International Ltd Representative: Ji-Zhi Hsieh	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	None
Dynamic Ocean Group Limited Representative: Carl Wei	-	-	✓			✓	✓	✓	✓	✓	✓	✓	-	None
Tony Lin	-	-	✓				✓	✓	✓	✓	✓	✓	✓	None
Benison Hsu	-	-	✓				✓		✓	✓	✓	✓	✓	None
Li-Chiu Chang	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Ming-Hsu Tsai	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
YI-WEI INVESTMENT	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	None
Representative: Chin-Chou Hsu	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	2

BAO-JYUE INVESTMENT Representative: Mao-Jen Chen	-	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	None
Shen-Li Liao	-	-	✓				✓	✓	✓	✓	✓	✓	✓	None

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company.
7. Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. These restrictions do not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies whose Stock is Listed on the TWSE or Traded on the TPEx".
8. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
9. Not been a person of any conditions defined in Article 30 of the Company Law.
10. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

3.2.2 Management Team

Title	Nationality/ Country of Origin	Name	Sex	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
General Manager & Spokesman	R.O.C.	Echo Wan	Female	05,31 2016	92,000	0.08	576	0	0	0	➢ The CAO of T3EX. ➢ Senior manager of SinoPac securities underwriting department. ➢ MBA of NCU ➢ Major Accounting in Fu Jen Catholic	None	None	None	None
Vice President	R.O.C.	Allen Hou	Male	03,26, 2013	14,790	0.01	0	0	0	0	➢ The CFO of massage chairs group of Johnson Health Tech. ➢ The CFO of GRAND HALL ENTERPRISE. ➢ The CFO of Avalue Technology. ➢ Major in NTU Economics. ➢ MBA in CUNY	➢ The CFO of T3EX Global Holdings and Taiwan Express. ➢ The board of directors of THI logistics, Taiwan Express, and T.H.I. & Maruzen Co., Ltd.	None	None	None
Senior Manager	R.O.C.	Melonie Lin	Female	03,14, 2016	144,145	0.12	0	0	0	0	➢ National Taipei University of Business ➢ Manager of Operator Department of THI Logistics. ➢ Manager of Administrative Department of THI	➢ The supervisor of Hiview Logistics. ➢ Manager of Internal Audit Department	None	None	None

3.2.3 Remuneration of Directors, Supervisors, President, and Vice President

<u>Remuneration of Directors</u>

Year 2017 Unit: NT$ thousands

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="8">Remuneration</th><th colspan="2" rowspan="2">Ratio of Total Remuneration (A+B+C+D) to Net Income (%)</th><th colspan="8">Relevant Remuneration Received by Directors Who are Also Employees</th><th colspan="2" rowspan="2">Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)</th><th rowspan="4">Compensation Paid to Directors from an Invested Company Other than the Company’s Subsidiary</th></tr>
<tr><th colspan="2">Base Compensation (A)</th><th colspan="2">Severance Pay (B)</th><th colspan="2">Bonus to Directors (C)</th><th colspan="2">Allowances (D)</th><th colspan="2">Salary, Bonuses, and Allowances (E)</th><th colspan="2">Severance Pay (F)</th><th colspan="4">Profit Sharing- Employee Bonus (G)</th></tr>
<tr><th rowspan="2">The company</th><th rowspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th colspan="2">The company</th><th colspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th></tr>
<tr><th></th><th></th><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>President</td><td>David Yen</td><td rowspan="9">0</td><td rowspan="9">0</td><td rowspan="9">0</td><td rowspan="9">0</td><td rowspan="9">5,642</td><td rowspan="9">5,642</td><td rowspan="9">1,200</td><td rowspan="9">1,200</td><td rowspan="9">2.85</td><td rowspan="9">2.85</td><td rowspan="9">0</td><td rowspan="9">29,133</td><td rowspan="9">0</td><td rowspan="9">890</td><td rowspan="9">600</td><td rowspan="9">0</td><td rowspan="9">600</td><td rowspan="9">0</td><td rowspan="9">3.09</td><td rowspan="9">15.60</td><td rowspan="9">0</td></tr>
<tr><td>Directors</td><td>Tony Lin</td></tr>
<tr><td>Directors</td><td>Jack Lai</td></tr>
<tr><td>Director</td><td>Hope Ocean International Ltd Representative: Ji-Zhi Hsieh</td></tr>
<tr><td>Director</td><td>Dynamic Ocean Group Limited Representative: Carl Wei</td></tr>
<tr><td>Director</td><td>PCL TRANSASIA INTERNATIONAL LTD Representative: Eric Lin (Note1)</td></tr>
<tr><td>Director</td><td>Li-Chiu Chang</td></tr>
<tr><td>Director</td><td>Ming-Hsu Tsai (Note 1)</td></tr>
<tr><td>Director</td><td>Benison Hsu</td></tr>
</table>

Director	PCL TRANSASIA INTERNATIONAL LTD Representative: Peggy Lin (Note2)																					

Note1: 2017/02/10 on board.

Note2:2017/02/10 quit.

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Under NT$ 2,000,000	David Yen, Jack Lai, Benison Hsu, Peggy Lin, Tony Lin, Li-Chiu Chang, Ming-Hsu Tsai、Carl Wei、Ji-Zhi Hsieh、Eric Lin	David Yen, Jack Lai, Benison Hsu, Peggy Lin, Tony Lin, Li-Chiu Chang, Ming-Hsu Tsai、Carl Wei、 Ji-Zhi Hsieh, Eric Lin	David Yen, Jack Lai, Benison Hsu, Peggy Lin, Tony Lin, Li-Chiu Chang, Ming-Hsu Tsai、Carl Wei、 Ji-Zhi Hsieh, Eric Lin	Peggy Lin, Li-Chiu Chang, Ming-Hsu Tsai、Carl Wei, Ji-Zhi Hsieh, Eric Lin
NT$2,000,001 ~ NT$5,000,000	0	0	0	Jack Lai,
NT$5,000,001 ~ NT$10,000,000	0	0	0	Benison Hsu, Tony Lin
NT$10,000,001 ~ NT$15,000,000	0	0	0	David Yen
NT$15,000,001 ~ NT$30,000,000	0	0	0	0
NT$30,000,001~ NT$50,000,000	0	0	0	0
NT$50,000,001 ~ NT$100,000,000	0	0	0	0
Over NT$100,000,000	0	0	0	0
Total	10	10	10	10

Remuneration of Supervisors

Year 2017 Unit: NT$ thousands

Title	Name	Remuneration						Ratio of Total Remuneration (A+B+C) to Net Income (%)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Bonus to Supervisors (B)		Allowances (C)				
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	
Supervisors	YI-WEI INVESTMENT Representative: Chin-Chou Hsu	-	-	627	627	120	120	0.311	0.311	None
Supervisors	Shen-Li Liao	-	-	627	627	120	120	0.311	0.311	None
Supervisors	BAO-JYUE INVESTMENT Representative: Mao-Jen Chen	-	-	627	627	120	120	0.311	0.311	None

Range of Remuneration	Name of Supervisors	
	Total of (A+B+C)	
	The company	Companies in the consolidated financial statements
Under NT$ 2,000,000	Shen-Li Liao, YI-WEI INVESTMENT Representative: Chin-Chou Hsu BAO-JYUE INVESTMENT Representative: Mao-Jen Chen	Shen-Li Liao, YI-WEI INVESTMENT Representative: Chin-Chou Hsu BAO-JYUE INVESTMENT Representative: Mao-Jen Chen
NT$2,000,001 ~ NT$5,000,000	0	0

NT$5,000,001 ~ NT$10,000,000	0	0
NT$10,000,001 ~ NT$15,000,000	0	0
NT$15,000,001 ~ NT$30,000,000	0	0
NT$30,000,001 ~ NT$50,000,000	0	0
NT$50,000,001 ~ NT$100,000,000	0	0
Over NT$100,000,000	0	0
Total	3	3

Remuneration of the President and Vice President

Year 2017 Unit: NT$ thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
General Manager	Echo Wan	4,852	6,912	210	282	1,207	1,667	300	0	300	0	2.74	3.82	None
Vice President	Allen Hou													
Vice President	Leo Liu													

Range of Remuneration		
	The company	Companies in the consolidated financial statements
Under NT$ 2,000,000	Leo Liu,	-
NT$2,000,001 ~ NT$5,000,000	Echo Wan, Allen Hou	Leo Liu, Echo Wan, Allen Hou
NT$5,000,001 ~ NT$10,000,000		-
NT$10,000,001 ~ NT$15,000,000	-	-
NT$15,000,001 ~ NT$30,000,000	-	-
NT$30,000,001 ~ NT$50,000,000	-	-
NT$50,000,001 ~ NT$100,000,000	-	-
Over NT$100,000,000	-	-
Total	3	3

Unit: NT$ thousands

	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	General Manager	Echo Wan	0	400	400	0.17
	Vice President	Leo Liu				
	Vice President	Allen Hou				
	Senior Manager	Melonie Lin				

3.2.4 Comparison of Remuneration for Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents

A. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, presidents and vice presidents of the Company, to the net income.

Year	2017		2016	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Total remuneration paid to directors and supervisors.	9,683	39,706	10,379	46,218
Ratio of total remuneration paid to directors and supervisors to net income (%).	4.03	16.54	7.95	35.42
Total remuneration paid to presidents and vice presidents.	6,569	9,161	14,076	20,582
Ratio of total remuneration paid to presidents and vice presidents to net income (%).	2.74	3.82	10.79	15.77

A. Comparing to 2016, the decline of the ratio of total remuneration paid to directors, supervisors, president, and vice president to net income in 2017 was caused by of increasing income profit of 2017 and part of executive of director's resignation since 31 May, 2016.

B. According to the Company's Article of Incorporation, more than 0.5% of profit of the current year distributable as employees' compensation and less than 0.3% of the current year distributable as directors and supervisors' compensation shall be definitely specified in the Articles of Incorporation. However, the company's accumulated losses shall have been covered.

C. The remuneration of presidents and vice presidents shall be propose by the Remuneration Committee which evaluated and determined in accordance with the individual performance, achievements and the market trends, and submitted to Board of Directors for discussion before sent to the shareholders' meeting for resolution.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors

A total of 8(A) meetings of the Board of Directors were held in 2017/1/1 to 2018/5/31.

The attendance of directors were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	David Yen	8	0	100.00	
Director	Hope Ocean International Ltd Representative: Ji-Zhi Hsieh	7	1	87.50	
Director	Benison Hsu	8	0	100.00	

Director	Dynamic Ocean Group Limited Representative: Carl Wei	7	1	87.50	
Director	Jack Lai	7	1	87.50	
Director	Tony Lin	8	0	100.00	
Director	PCL TRANSASIA INTERNATIONAL LTD Representative: Eric Lin	4	0	80.00	2017.2.10 on board 2018.3.16 resignation
Independent director	PCL TRANSASIA INTERNATIONAL LTD Representative: Peggy Lin	0	0	0.00	2017.2.10 resignation
Independent director	Li-Chiu Chang	6	2	75.00	
Chairman	Ming-Hsu Tsai	8	0	100.00	

Other mentionable items:

1. If there are circumstances referred to in Article 14-3 of the Securities and Exchange Act and resolutions of the directors' meetings objected to by independent directors or subject to qualified opinion and recorded or declared in writing, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

Board Meeting Date	Contents of Motion	Independent director's opinions and company's response	Resolution	Article 14-3 of Securities
2017/3/20 (First Meeting in 2017)	Amendment to the Operational procedures for Acquisition and Disposal of Assets.	No opinion	Pass	V
	Evaluation of 2017 the Company's audit fee and independence.	No opinion	Pass	V
	Approval of endorsement and guarantee to the bank loan contracts for the Company's subsidiary-T-Cube logistics.	No opinion	Pass	V
2017/5/5 (Second Meeting in 2017)	Approval of loaning funds to the Company's subsidiary- EXer Logistics from the Company's subsidiary- THI (Shanghai) group.	The board agreed that this case is the final fundraising	Pass	V
	Approval of loaning funds to the Company's subsidiary-	No opinion	Pass	V

	Taiwan Express.			
	Approval of endorsement and guarantee to the bank loan contracts for the Company’s subsidiary-EXer logistics.	No opinion	Pass	V
2017/8/11 (Third Meeting in 2017)	Approval of investing the private placement shares of YANG MING MARINE TRANSPORT CORP.	No opinion	Pass	V
	Approval of investing the fundraising of YANG MING MARINE TRANSPORT CORP.	No opinion	Pass	V
	Approval of endorsement and guarantee to the bank loan contracts for the Company’s subsidiary-THI Shanghai logistics and YaoHwa International Forwarder.	No opinion	Pass	V
	Approval of endorsement and guarantee to the bank loan contracts for the Company’s subsidiary-EXer logistics.	No opinion	Pass	V
	Approval of the contract of Forward Exchange Agreement	No opinion	Pass	V
2017/11/8 (Forth Meeting in 2017)	Approval of loaning funds to the Company’s subsidiary-EXer Logistics from the Company’s subsidiary- THI (Shanghai) group.	The board agreed to delete the content of quarantine clause	Pass	V
	Approval of loaning funds to the Shanghai Moorluk International Shipping Co.,Ltd. from the Company’s subsidiary- THI (Shanghai) group.	No opinion	Pass	V
2017/12/14 (Fifth Meeting in	Approval of loaning funds to the Company’s subsidiary-	No opinion	Pass	V

2017)	Taiwan Express.			
2018/3/26 (First Meeting in 2018)	Amendment to the Operational procedures for Acquisition and Disposal of Assets.	No opinion	Pass	V
	Amendment to the "Operational Procedures for Endorsements and Guarantees".	No opinion	Pass	V
	Amendment to the Operational procedures for Acquisition and Disposal of Assets.	No opinion	Pass	V
	Approval of endorsement and guarantee to the bank loan contracts for the Company's subsidiary-T-Cube logistics.	No opinion	Pass	V
2018/5/7 (Second Meeting in 2018)	Approval for the EXer logistics fundraising from THI shanghai logistics.	No opinion	Pass	V
	Approval of the auditor's assignment.	No opinion	Pass	V
	Approval of loaning funds to the Company's subsidiary-Taiwan Express.	No opinion	Pass	V
	Approval of the contract of Forward Exchange Agreement	No opinion	Pass	V
	Approval of the Company's endorsement and guarantee.	No opinion	Pass	V

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.
3. 3. Measures taken to strengthen the functionality of the board: The Company has followed the " Rules and Procedures of Board of Directors " , disclosed the related information at website and established the IR Contact institute to maintain shareholders' relations. Besides, the Board of Directors also has established a Remuneration Committee to assist the board in carrying out its various duties.

3.3.2 Attendance of Supervisors at Board Meetings

A total of 8 (A) meetings of the Board of Directors were held in 2017/1/1 to 2018/5/31. The attendance of directors were as follows:

Title	Name	Attendance in Person (B)	Attendance Rate (%) 【B/A】	Remarks
Supervisor	YI-WEI INVESTMENT Representative: Chin-Chou Hsu	8	100.00	
Supervisor	BAO-JYUE INVESTMENT Representative: Mao-Jen Chen	7	87.50	
Supervisor	Shen-Li Liao	7	87.50	

Other mentionable items:

1. Composition and responsibilities of supervisors:

(1) Communications between supervisors and the Company's employees and shareholders (e.g. communication channels and methods, etc.): The Company has set up a supervisor’s mailbox: supervisor@t3ex-group.com.tw, so that employees and shareholders have adequate access to the supervisors for communications.

(2) Communications between supervisors and the Company's chief internal auditor and CPA (e.g. items, methods and results of the audits of corporate finance or operations, etc.):

A. Communications with the chief internal auditor: Supervisors hold the supervisors meeting each quarter and maintain minutes of the meetings. The directors, president and the Company's top management are then notified of important discussions and resolutions. All supervisors had attended on each occasion, and the chief internal auditor was also present at the meetings to report on audit operations and major internal auditing matters, including execution, reporting, and monitoring of the supervisors’ instructions. In addition, supervisors obtained audit reports on a monthly basis, which were submitted by the chief internal auditor.

B. Communications with the CPA: Supervisors have held supervisors examination meeting and have obtained the examined reports. All supervisors attended on each occasion, and the CFO, chief internal auditor and CPAs were also present at the meetings to discuss related subjects, including execution, reporting and monitoring of the supervisors’ instructions.

2. If a supervisor expresses an opinion during a meeting of the Board of Directors, the dates of the meetings, sessions, contents of motion, resolutions of the directors’ meetings and the company’s response to the supervisor’s opinion should be specified: The board of directors have followed the supervisor’s suggestion to execute the related issues.

3.3.3 Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has established the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies". The information has been disclosed on the Company's website.	None
2. Shareholding structure & shareholders' rights				None
(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		In addition to the existing hotline and email channels, the Company has established an internal operating procedure, and has designated appropriate departments, such as Investor Relations, Public Relations, and stock affairs to handle shareholders' suggestions, doubts, disputes and litigation.	
(2) Does the company possess the list of its major shareholders as well as the ultimate	V		The CEO office is responsible for collecting the updated information of major shareholders and the list of ultimate owners of those shares.	

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
owners of those shares?				
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		Rules are made to strictly regulate the activities of trading, endorsement and loans between the Company and its affiliates. In addition, the "Criteria of Internal Control Mechanism for a Public Company", outlined by the Financial Supervisory Commission when drafting the guidelines for the "Supervision and Governance of Subsidiaries", was followed in order to implement total risk control with respect to subsidiaries.	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		To protect shareholders' rights and fairly treat shareholders, the Company has established the internal rules to forbid insiders trading on undisclosed information. The Company has also strongly advocated these rules in order to prevent any violations.	
3. Composition and Responsibilities of the Board of Directors				None
(1) Does the Board develop and implement a diversified policy for the composition of its members?	V		Member diversification is considered by the Board members. Factors taken into account include, but are not limited to gender, age, cultures, educational background, race, professional experience, skills, knowledge	

Evaluation Item	Implementation Status [1]			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			and terms of service. The Board objectively chooses candidates to meet the goal of member diversification.	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?			In order for the sound supervision and reinforcement of management, the Company established the Nomination and Risk Management Committee in addition to the Remuneration Committee. These functional committees shall be responsibilities for the Board of Directors.	
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?	V		The board of directors shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities: 1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to conduct management administration. 4. Ability to conduct crisis management. 5. Knowledge of the industry. 6. An international market perspective.	

Evaluation Item	Implementation Status [1]			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?	V		7. Ability to lead. 8. Ability to make policy decisions. The Company evaluates the independence of CPAs annually, ensuring that that they are not stakeholders such as a Board member, supervisor, shareholder or person paid by the Company.	
4. Does the Company established a full- (or part-) time corporate governanceunit or personnel to be in charge of corporate governance affairs (including but not limited to furnish information required for business execution by directors, handle matters relating to board meetings and shareholders’ meetings according to laws, handle corporate registration and amendment registration, record minutes of board meetings and shareholders meetings, etc.)?	V		The Chairman appointed the current General Manager as the Company’s Board secretariat. The board secretariat is in charge of assisting in related affairs, including furnishing information required for business decisions by Directors, handling matters relating to Board meetings, Committees meetings and Shareholders’ meetings and recording minutes of relevant meetings, handling corporate registration and amendment registration, communicating with investors and handing shareholders meetings,etc..	None
5. Does the company establish a communication	V		The Company provides detailed contact information, including telephone	

Evaluation Item	Implementation Status[1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?			numbers and email addresses in the "IR Relations" section of the corporate website. In addition, personnel are in place to exclusively deal with issues of social responsibility, ensuring that various interested parties have channels to communicate with the Company.	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company designates CAPITAL SECURITIES CORP. to deal with shareholder affairs.	None
7. Information Disclosure				None
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		The Company has set up a Chinese/English website (www.t3ex-group.com.tw) to disclose information regarding the Company's financials, business and corporate governance status.	
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system,	V		The Company has assigned an appropriate person to handle information collection and disclosure. Contact person: Linda Hsu, TEL: +886-2-2753-2093 The Company has established a spokesman system. Investor conference information is disclosed on the corporate website.	

Evaluation Item	Implementation Status[1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
webcasting investor conferences)?				
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		Employee rights and wellness are stated in internal policies as required by relevant laws and regulations. The Company maintains good relationship with customers and suppliers and fulfills its duties as a responsible corporate citizen. Internal control, auditing and self-evaluation procedures are in place, while the Company also purchases insurance coverage for its directors.	None
9. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange. The Company was ranked in top 21%~35% in Corporate Governance Evaluation in 2017. The implementation status is improving.				

3.3.4 Composition, Responsibilities and Operations of the Remuneration Committee

The Remuneration Committee assists the Board in discharging its responsibilities relating to the Company's compensation and benefits policies, plans and programs, and the evaluation of the directors' and executives' compensation.

The Chairman of the Remuneration Committee convened four regular meetings in 2015. The Remuneration Committee Charter is available on the Company's corporate website.

A. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Criteria / Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note)								Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remarks
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8		
Independent director	Li-Chiu Chang			V	V	V	V	V	V	V	V	V	2	
Independent director	Ming-Hsu Tsai			V	V	V	V	V	V	V	V	V	1	
Other	Guo-Yuan Chen			V	V	V	V	V	V	V	V	V	None	

Note: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of affiliated companies. Not applicable in cases where the person is an independent director of the parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranking in the top 10 in holdings.

4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three sub-paragraphs.
5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company, or who holds shares ranking in the top five holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution which has a financial or business relationship with the Company.
7. Not a professional individual, who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
8. Not a person of any conditions defined in Article 30 of the Company Law.

B. Attendance of Members at Remuneration Committee Meetings

There are 3 members in the Remuneration Committee.

A total of 3 (A) meetings of the Remuneration Committee were held in 2017/1/1 to 2018/5/30. The attendance of directors were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Convener	Li-Chiu Chang	3	0	100	
Committee Member	Ming-Hsu Tsai	3	0	100	
Committee Member	Guo-Yuan Chen	3	0	100	

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company’s response to the remuneration committee’s opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members’ opinions and the response to members’ opinion should be specified: None.

3.3.5 Corporate Social Responsibility

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
1. Corporate Governance Implementation (1) Does the company declare its corporate social responsibility policy and examine the results of the implementation?	V		CSR management system has been established to oversee the Company's corporate social responsibility, environmental and occupational health, and implementation of safety measures. Based on the management system, CSR, environmental, safety, and health issues can be monitored and addressed. The Company not only sets up CSR objectives and targets, but also performs internal & external audits. After each audit, proposals containing corrective and preventive actions are reviewed by the management to ensure compliance.	None
(2) Does the company provide educational training on corporate social responsibility on a regular basis?	V		The Company carries out regular trainings sessions and propaganda on corporate social responsibility with its employees every year. For new employees, training on personnel rules, management systems, business ethics, morals, and all other CSR-related subjects are carried out on their first working day to clarify their due responsibilities and obligations.	None
(3) Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in	V		Under the hands-on leadership of our company Chairman and first-line managers, we have designated dedicated personnel, striven to internalize CSR as part of T3EX group employees'	None

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
charge of proposing the corporate social responsibility policies and reporting to the board?			DNA, and embraced international standards in an effort to become model international corporate citizens.	
(4) Does the company declare a reasonable salary remuneration policy, and integrate the employee performance appraisal system with its corporate social responsibility policy, as well as establish an effective reward and disciplinary system?	V		For 2014, the salary remuneration policy has been instituted. In order to focus our employees on improving their performance and enhancing the value of T3EX Group, the objective of the remuneration policy is to ensure that a competitive remuneration package is maintained and benchmarked with others. In addition, T3EX Group recently established a new reward and disciplinary system based on the employee performance appraisal system which includes our corporate social responsibility policy as one of the most important criteria for evaluation.	None
2. Sustainable Environment Development (1) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		The major business of the company is international logistics forwarding which has low impact on environment. At the same time, the company still focus on enhancing the utilization of resource and increasing the efficient of trucks and warehouses through developing smart logistics.	None
(2) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		The company has utilized the smart technology to develop smart logistics. In order to increase the efficient of the trucks and warehouses and reduce the emission of the CO2.	None
(3) Does the company monitor the impact of	V		The company is the logistics services industry so the impact of	None

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
climate change on its operations and conduct greenhouse gas inspections, as well as establish company strategies for energy conservation and carbon reduction?			climate change would not have important impact on it. The company still has strictly controlled the electricity and water utilization and energy conservation.	
3. Preserving Public Welfare (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		T3EX group not only complies with local regulations but also upholds the internationally-recognized human rights of workers and respects the United Nations Universal Declaration on Human Rights, and the International Labor Organization's fundamental conventions on core labor standards. T3EX group hires all employees equally based on his or her job qualifications regardless of gender, religion, race, nationality or political affiliation.	None
(2) Has the company set up an employee hotline or grievance mechanism to handle complaints with appropriate solutions?	V		T3EX Group offers an Employee Relations Hotline on website that provides a channel for employees to express their opinions regarding their work and the overall work environment. The employee relations team ensures all cases are handled with care under the supervision of the first-line managers.	None
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		The company has provided a healthy and safe working environment and organize training on health and safety for employees. The subsidiary also award the AEO certification which stands for the quality of working environment.	None

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
(4) Does the company setup a communication channel with employees on a regular basis, as well as reasonably inform employees of any significant changes in operations that may have an impact on them?	V		T3EX Group values two-way communications and is committed to keeping the communication channels between the management level and their subordinates, as well as among peers, open and transparent. To ensure that employees' opinions and voices are heard, and their issues are addressed effectively, impartial submission mechanisms, including quarterly labor-management communication meetings, are in place to provide timely support. Continuous efforts are made to reinforce mutual and timely employee communications, based on multiple channels and platforms, which, in turn, fosters harmonious labor relations and creates a win-win situation for the Company and its employees. At the same time, efforts are made to ensure that employees are informed of current policies.	None
(5) Does the company provide its employees with career development and training sessions?	V		T3EX Group not only assesses and provides feedback on employees' skills and interests, but also offers training and development activities that match their career development objectives and job needs.	None
(6) Does the company establish any consumer protection mechanisms and appealing procedures regarding research development, purchasing, producing, operating and service?	V		The company set up the stakeholder area on www.t3ex-group.com which can provide the appealing channel for the customers. At the same time, the company also build an online service team, THI ONLINE platform to serve customers.	None

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
(7) Does the company advertise and label its goods and services according to relevant regulations and international standards?	V		When labeling and advertising its products worldwide, T3EX Group consistently honors regional and national regulations without misleading its customers by exaggerating the information provided.	None
(8) Does the company evaluate the records of suppliers' impact on the environment and society before taking on business partnerships?	V		The Company has hundreds of suppliers in different regions, and engages in mutual learning for common progress in the areas of social and environmental matters, such as hazardous substance control, environmental protection, labor safety and health, human rights, conflict metals, and carbon footprint. At the same time, suppliers are required to voluntarily inform the Company of any violations against the corporate social responsibility policy.	None
(9) Do the contracts between the company and its major suppliers include termination clauses which come into force once the suppliers breach the corporate social responsibility policy and cause appreciable impact on the environment and society?	V		The employees will follow the supplier management policy of the company when signing contracts with suppliers. If suppliers breach the corporate social responsibility policy and cause appreciable impact on the environment and society, T3EX Group may terminate any agreements depend on the supplier management policy.	none
4. Enhancing Information Disclosure (1) Does the company disclose relevant and reliable information regarding its corporate social responsibility on its	V		The company set up the stakeholder area on www.t3ex-group.com which disclosed the relevant and reliable information regarding the corporate social responsibility.	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status [1]</th><th rowspan="2">Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation [2]</th></tr>
<tr><td>website and the Market Observation Post System (MOPS)?</td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="5">5. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies”, please describe any discrepancy between the Principles and their implementation: None</td></tr>
<tr><td colspan="5">6. Other important information to facilitate better understanding of the company’s corporate social responsibility practices：
A. Since 2013, T3EX Group has been committed to joining the social contributions through cnYES for the disadvantage group.
B. The colleagues of T3EX Group helped the intellectually disabled children to sell cookies in one day for showing their caring.
C. The subsidiary, Taiwan Express, donated the funds for making angel cakes with Sunny Hills. The funds will help the disadvantage children to finish their study.
D. The company sponsored YANG MING CULTURAL FOUNDATION to hold the 2017&2018 Keelung Child Artist Festival.
E. THI logistics Zhengzhou branch donated 50% of reward to Zhengzhou Orphanage in year 2015 to 2016.</td></tr>
</table>

7. A clear statement shall be made below if the corporate social responsibility reports were verified by external certification institutions: None.

3.3.6 Ethical Corporate Management

Evaluation Item	Implementation Status [1]			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				None
(1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	V		The Company's Ethical Corporate Management Best-Practice Principles is a guideline to provide high ethical standards for all employees. The principles are disclosed in the annual report and on the company website. The Board of Directors and the management place the greatest importance in adopting the highest standards of integrity and ethics in corporate management and employee work conduct. Bribery, corruption, deception, and all other forms of improper conduct are prohibited.	
(2) Does the company establish policies to prevent unethical conduct with clear statements	V		The Company's Ethical Corporate Management Best-Practice Principles have established	

Evaluation Item	Implementation Status [1]			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?			preventive measures against the following: (a) offering and accepting bribes; (b) illegal political donations; (c) improper charitable donations or sponsorship; (d) Offering or accepting unreasonable gifts or hospitality, or other inappropriate benefits. The aforementioned principles and related regulations were announced and disseminated to employees, managers and Board of Directors to enhance integrity and self-discipline.	
(3) Does the company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate			In order to prevent any unethical conduct, all employees must disclose any matters that have or may have the appearance of undermining the Principle, such as any actual or potential conflict	

Evaluation Item	Implementation Status [1]			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
Management Best-Practice Principles for TWSE/TPEx Listed Companies?			of interest.	
2. Fulfill operations integrity policy (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts? (2) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?	 V V		 The Company holds annual business meetings, conveying our integrity requirements to all our business partners. In addition, an ethic-related clause is included in every business contract. If there is any breach of the clause, the Company may terminate the partnership at any time without any further obligation or compensation. The Company assigned CEO office under the Board's supervision and submits reports to the Board of Directors.	None

Evaluation Item	Implementation Status [1]			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		The Company follows the Company Act, the Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Law Against Accepting Bribes Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest and other relevant regulations for listed companies. The Company also conducts due diligence before trading with upstream and downstream companies to minimize the risks. At the same time, the Company has made a hotline available for submissions of regarding conflicts of interest.	
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are	V		The Company has established accounting and internal control systems to ensure integrity in our operations. After internal auditors have analyzed	

Evaluation Item	Implementation Status [1]			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
they audited by either internal auditors or CPAs on a regular basis?			and reviewed the annual audit program according to the risk evaluation results, the Company will compiles them into an audit report.	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		The Company carries out regular training for employees every quarter. For new employees, training on ethical rules, conflicts of interest, business morals, and all other related subjects are carried out during their first week of work. All employees are required to receive integrity training for at least two hours each year.	
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an	V		The Company establishes various reporting channels so that employees and relevant people can report improper business behaviors through	None

Evaluation Item	Implementation Status [1]			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
appropriate person for follow-up?			the system. After a confidential investigation, anyone who violates the regulations on operational integrity will be punished according to the Company's regulations on reward and punishment. In cases of illegal conduct, legal actions will be taken as well.	
(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	V		The Company has in place SOPs authorized by the Board which could be applied on any confidential investigations on such cases.	
(3) Does the company provide proper whistleblower protection?	V		The Company takes whistleblower protection seriously since the core purpose is protection from unlawful reprisal for diligent employees who step forward to identify potential wrongdoing. The	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status [1]</th><th rowspan="2">Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>Company has a dedicated hotline for whistleblower protection whether first-line managers and the Board if necessary, can directly review and determine appropriate actions against reprisal of complaints.</td><td></td></tr>
<tr><td>4. Strengthening information disclosure
(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</td><td>V</td><td></td><td>The Company’s Ethical Corporate Management Best-Practice Principles and the results of our implementation have been posted on the Company’s Chinese / English website and MOPS.</td><td>None</td></tr>
<tr><td colspan="5">5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation.
There have been no differences.</td></tr>
<tr><td colspan="5">6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).None.</td></tr>
</table>

Note: Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation.

3.3.7 Corporate Governance Guidelines and Regulations:

Please refer to the Company's website at www. t3ex-group.com.

3.3.8 Other Important Information Regarding Corporate Governance

1. The board approved to establish the Corporate Governance & Sustainability Committee on 26, March 2018. To assist the board to supervise the company's progress of corporate governance and sustainable plan.

2. The Company instituted the Procedures for Handling Material Inside Information.

3.3.9 Internal Control Systems

- Statement of Internal Control System:

T3EX Global Holdings Corp

Statement of Internal Control System

Date: March 26, 2018

Based on the findings of self-assessment, T3EX Global Holding Corp states the following with regard to its internal control system in 2017:

1. T3EX is fully aware that establishing, operating and maintaining an internal control system are the responsibilities of its Board of Directors and management. The aim of the internal control system is to provide reasonable assurance to operating effectiveness and efficiency (including profitability, performance and safeguarding of assets), reliability of financial reporting and compliance of applicable laws and regulations.

2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the aforementioned three objectives. Moreover, the effectiveness of an internal control system may be subject to changes of environmental or circumstances. Nevertheless, the internal control system of T3EX contains self-monitoring mechanism and T3EX takes corrective actions whenever a deficiency is identified.

3. T3EX evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control System by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Each component further contains several items. Please refer to the Regulations for details.

4. T3EX has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.

5. Based on the findings of the evaluation mentioned in the preceding paragraph, T3EX believes that, as of December 31, 2017, its internal control system (including its supervision and management of subsidiaries), as well as its internal controls to monitor the achievement of its objectives concerning operational effectiveness and efficiency, reliability of financial reporting, and compliance with the

applicable laws and regulations, were effective in design and operation, and reasonably assured achievement of the above-stated objectives.

6. This Statement will be integral part of T3EX's Annual Report for the year 2017, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Law.

7. This Statement has been passed by the Board of Directors in their meeting held on March 26, 2018 with zero of night attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

T3EX Global Holdings Corp.

David Yen

Chairman

Echo Wan

General Manager

- If the Company is requested by the SEC to retain CPA's service for examining internal control system, the Independent Auditor's Report must be disclosed: None

3.3.10 Major Resolutions of Shareholders' Meeting and Board Meetings

- Shareholders' meeting:

Date	Major resolutions	Implementation of Resolutions
06,19,2017	1. Approval of the 2016 business report and financial statements. 2. Approval of the proposal for distribution of 2016 profits 3. Approval of the amendment of the Operational procedures for Acquisition and Disposal of Assets.	All resolutions of the Shareholders' Meeting have been implemented in accordance with the resolutions.

- Board meeting:

Date:	Major resolutions
02,06,2017	Approval of investing the private placement shares of YANG MING MARINE TRANSPORT CORP.
03,20,2017	1. Approval of the 2016financial statements. 2. Approval of the 2016 audited financial statements. 3. Approval of the distribution of the 2016 compensation of directors and supervisors and employee bonus. 4. Approval of the distribution of 2016 retained earnings. 5. Proposal for 0 payout ratio of major subsidiaries' 2016 earnings. 6. Approval of cancellation of the Company's subsidiary- Wai Hung Cargo Transport Co., Ltd 7. Approval of the Company's "Statement of Internal Control System".

	8. Proposal of the sixth share buyback cancellation. 9. Amendment to the Operational procedures for Acquisition and Disposal of Assets. 10. Amendment to the Corporate Governance Best Practice Principles. 11. Amendment to the Corporate Social Responsibility Best Practice Principles. 12. Approved the scheduling of 2017 annual general shareholders' meeting. 13. Evaluation of 2017 the Company's audit fee and independence. 14. Approval of endorsement and guarantee to the bank loan contracts for the Company's subsidiary-T-Cube logistics. 15. Approval of the bank financial contracts.
05,05,2017	1. Approval of loaning funds to the Company's subsidiary- EXer Logistics from the Company's subsidiary- THI (Shanghai) group. 2. Amendment to the "Rule of Manager Retirement". 3. Approval of loaning funds to the Company's subsidiary- Taiwan Express. 4. Approval of endorsement and guarantee to the bank loan contracts for the Company's subsidiary-EXer logistics. 5. Approval of the bank financial contracts.
08,11,2017	1. Approval of Release the Prohibition on Directors from Participation in Competitive Business. 2. Approval of investing the private placement shares of YANG MING MARINE TRANSPORT CORP. 3. Approval of investing the fundraising of YANG MING MARINE TRANSPORT CORP. 4. Purchase D&O insurance for directors and supervisors. 5. Approval of the amendment of the company's subsidiaries of the Operational procedures for Acquisition and Disposal of Assets. 6. Approval of the bank financial contracts. 7. Approval of endorsement and guarantee to the bank loan contracts for the Company's subsidiary-THI Shanghai logistics and YaoHwa International Forwarder. 8. Approval of endorsement and guarantee to the bank loan contracts for the Company's subsidiary-EXer logistics. 9. Approval of the contract of Forward Exchange Agreement.
11,08,2017	1. The assignment of deputy spokesman. 2. The assignment of the subsidiaries' board of directors. 3. Approval of the amendment of the Rules of Procedure for Board

	of Directors Meetings. 4. Approval of the Rules of the Scope of Powers of Independent Directors 5. Approval of the downsizing plan of EXer logistics. 6. Approval of loaning funds to the Company's subsidiary- EXer Logistics from the Company's subsidiary- THI (Shanghai) group. 7. Approval of loaning funds to the Shanghai Moorluk International Shipping Co.,Ltd. from the Company's subsidiary- THI (Shanghai) group. 8. Approval of the bank financial contracts. 9. Approval of the distribution of T.H.I. GROUP VIETNAM CO., LTD's retained earnings.
12,14,2017	1. Approval of the Year 2018 business plan and financial budget. 2. Approval of the Year 2018 internal audit plan. 3. Approval of loaning funds to the Company's subsidiary- Taiwan Express. 4. Approval of the bank financial contracts.
03,26,2018	1. Approval of the distribution of the 2017 compensation of directors and supervisors and employee bonus. 2. Approval of the 2017 financial statements. 3. Approval of the 2017 audited financial statements. 4. Approval of the distribution of 2017 retained earnings. 5. Approval for cash distribution out of capital surplus 6. The subsidiaries' earnings distribution of 2017. 7. Proposal for 0 payout ratio of major subsidiaries' 2017 earnings. 8. Approval of the Company's "Statement of Internal Control System". 9. Amendment to the Operational procedures for Acquisition and Disposal of Assets 10. Amendment to the "Procedures for Ethical Management and Guidelines for Conduct" 11. Amendment to the "Operational Procedures for Endorsements and Guarantees". 12. Institute the standard to measure the performance of the Board. 13. Approved the scheduling of 2018annual general shareholders' meeting. 14. Evaluation of 2018 the Company's audit fee and independence. 15. Approved the assignment of the subsidiaries of board of directors. 16. Instituted the Corporate Governance and Sustainability Committee and approved the 2017 CSR report project.

	17. Approval of the bank financial contracts. 18. Approval of endorsement and guarantee to the bank loan contracts for the Company's subsidiary-T-Cube logistics.
05,07,2018	1. Approval for the EXer logistics fundraising from THI shanghai logistics. 2. Approval of the assignment of Shanghai Moorluk International Shipping Co.,Ltd board of directors. 3. Approval of the auditor's assignment. 4. Approval of the scope and outline of 2017 CSR report. 5. Approval of loaning funds to the Company's subsidiary- Taiwan Express. 6. Approval of the bank financial contracts. 7. Approval of the Company's endorsement and guarantee. 8. Approval of the contract of Forward Exchange Agreement.

3.3.11 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

3.3.12 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D: None

3.4 Information Regarding the Company's Audit Fee and Independence

3.4.1 Audit Fee

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Remarks
KPMG Accounting Firm	Peggy Chen & HENG- SHENG LIN	2017.01.01~2017.12.31	

Note: If the Company has changed CPA or Accounting Firm during the current fiscal year, the company shall report the information regarding the audit period covered by each CPA and the replacement reason.

Unit: NT$ thousands

Fee Range \ Fee Items		Audit Fee	Non-audit Fee	Total
1	Under NT$ 2,000,000		709	709
2	NT$2,000,001 ~ NT$4,000,000			
3	NT$4,000,001 ~ NT$6,000,000	4,530		4,530
4	NT$6,000,001 ~ NT$8,000,000			
5	NT$8,000,001 ~ NT$10,000,000			
6	Over NT$100,000,000			

Unit: NT$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resource	Others	Subtotal		
KPMG Accounting Firm	Peggy Chen HENG-SHENG LIN	4,530	-	-	-	709	709	2017/1/1~2017/12/31	None-Audit Fee Others: TP Fee, Audit report translation.

3.4.2 Replacement of CPA: None

A. Regarding the former CPA

<table>
<tr><td>Replacement Date</td><td colspan="3">May 7, 2018</td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="3">KPMG Accounting Firm internal rotation.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPA did not accept the appointment</td><td>Parties / Status</td><td>CPA</td><td>The Company</td></tr>
<tr><td>Termination of appointment</td><td>None</td><td>None</td></tr>
<tr><td>No longer accepted (continued) appointment</td><td>None</td><td>None</td></tr>
<tr><td>Other issues (except for unqualified issues) in the audit reports within the last two years</td><td colspan="3">None</td></tr>
<tr><td rowspan="6">Differences with the company</td><td rowspan="4">Yes</td><td>-</td><td>Accounting principles or practices</td></tr>
<tr><td>-</td><td>Disclosure of Financial Statements</td></tr>
<tr><td>-</td><td>Audit scope or steps</td></tr>
<tr><td>-</td><td>Others</td></tr>
<tr><td>None</td><td colspan="2">✓</td></tr>
<tr><td colspan="3">Remarks/specify details:</td></tr>
<tr><td>Other Revealed Matters</td><td colspan="3">None</td></tr>
</table>

B. Regarding the successor CPA

Name of accounting firm	KPMG Accounting Firm
Name of CPA	WistonYu and MeganWu
Date of appointment	May 07, 2018
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

3.4.3 Audit Independence

The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2017.

3.5 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit: Shares

Title	Name	2017		As of May.30, 2018	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	David Yen	15,000	-	-	-
Director	Tony Lin	-	-	-	-
Director	Jack Lai	-	-	-	-
Director	Hope Ocean International Ltd	-	-	-	-
	Representative: Ji-Zhi Hsieh	-	-	-	-
Director	Dynamic Ocean Group Limited	-	-	-	-
	Representative: Carl Wei	(3,000)	-	-	-
Independent Director	Li-Chiu Chang	-	-	-	-
Independent Director	Ming-Hsu Tsai	-	-	-	-
Director	Benison Hsu	-	-	-	-
Director	PCL TRANSASIA INTERNATIONAL LTD(03,16,2018 dismissed)	-	-	-	-
	Representative: Peggy Lin (02,10,2017 dismissed)	-		None	
	Representative: Eric Lin (03,16,2018 dismissed)	-	-	-	-
Supervisor	YI-WEI INVESTMENT	-	-	-	1,296,000
	Representative: Chin-Chou Hsu	-	-	-	-
Supervisor	BAO-JYUE INVESTMENT	-	-	-	-
	Representative: Mao-Jen Chen	-	-	-	-

Title	Name	2017		As of May.30, 2018	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Supervisor	Shen-Li Liao	-	-	-	-
Vice President	Leo Liu(08,31,2017 dismissed)	-	-	None	
Vice President	Allen Hou	(3,000)	-	-	-
General Manager	Echo Wan	(38,119)	-	-	-
Manager of The Internal Audit Department	Melonie Lin	-	-	-	-

3.5.1 Shares Trading with Related Parties: None.

3.5.2 Shares Pledge with Related Parties: None.

3.6 Relationship among the Top Ten Shareholders

As of 04/28/2018 Unit: shares/ %

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	Shares	Shares	%	Shares	%	Name	Relationship	
Dynamic Ocean Group Limited	3,912,398	3.30	-	-	-	-	Hope Ocean International Ltd	Same Representative	-
Representative: David Yen	796,490	0.67							-
Hope Ocean International Ltd	3,339,143	2.82	-	-	-	-	Dynamic Ocean Group Limited	Same Representative	-
Representative: David Yen	796,490	0.67	-	-	-	-			-
YOU-YI Ltd	3,225,000	2.72	–	–	–	–	None	None	-
Representative: GUO-YAN LIAO	1,420,000	1.20	–	–	–	–			-
CHANG-JIE International	3,078,969	2.60	-	-	-	-	PEI-SI LIMITED	Spouses with the representative.	-
Representative: Benison Hsu	1,191,762	1.01							
Yu-Lian Zeng Li	2,552,000	2.15	–	–	–	–	None	None	-
CING-LAI YANG	2,061,798	1.74	–	–	–	–	None	None	-
Custodian Bank of Taiwan Investment Account of Global Flexible International Parners	2,054,565	1.73	–	–	–	–	None	None	-
Long Ying investment Ltd	1,938,229	1.63	–	–	–	–	None	None	-
Representative: Hsiao-Hui Chiu	-	-	–	–	–	–	None	None	-
Jack Lai	1,917,552	1.61	-	-	-	-	None	None	-
PEI-SI LIMITED	1,792,611	1.51	-	-	-	-	CHANG-JIE International	Spouses with the representative	-
Representative: TSAI- CHUAN Liu	-	-							

3.7 Ownership of Shares in Affiliated Enterprises

Unit: shares/ %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
T.H.I. Group Ltd(in BVI)	1,000,000	100	0	0	1,000,000	100
Greatline International Limited	4,050,000	100	0	0	4,050,000	100
T.H.I. GROUP VIETNAM CO.,LTD	4,950,000,000	99	0	0	99	51
T.H.I. GROUP (BANGKOK) CO., LTD.	0	49	0	0	0	49
THI & Maruzen Co., Ltd.	0	51	0	0	0	51
T.H.I. GROUP SINGAPORE PTE. LTD.	850,000	91.40	0	0	850,000	91.40
THI Logistics (Malaysia) SDN BHD	180,000	90	0	0	180,000	90
Fresh Beauty Enterprise Ltd.	60	60	0	0	60	60
Eastern union holdings limited	0	60	0	0	0	60
LOGI International Co., Ltd.	16,285	30	0	0	16,285	30
Taiwan Express Logistic Co., Ltd.	35,958,400	100	0	0	35,958,400	100
T.H.I. Logistics Ltd	13,000,000	100	0	0	13,000,000	100
T.H.I. GROUP (CAMBODIA) CO., LTD.	0	100	0	0	0	100
PT. Dexter Eurekatama	12,000	30	0	0	12,000	30
T.H.I. Group Ltd(in HK)	12,480,000	100	0	0	12,480,000	100
T.H.I. Group (Shanghai) Ltd.	0	100	0	0	0	100
Shanghai Yaohwa International Forwarder Co., Ltd.	0	100	0	0	0	100
Shanghai Moorluk International Shipping Co.,Ltd.	0	30	0	0	0	30
Taiwan Express (HK) Co., Ltd.	0	100	0	0	0	100
EXer Logistics Co.,Ltd.	0	84.195	0	0	0	84.195

T-Cube Global Logistics Co., Ltd	0	60	0	0	0	60
TEC Logistics Co., Ltd	1,000,000	100	0	0	1,000,000	100
Orient Air General Sales Agent Co.,	60,000	30	0	0	60,000	30
Hiview Logistics Co., Ltd	5,000,000	97.51%	0	0	5,000,000	97.51
Taiwan Express (USA) INC.	100,000	100	0	0	100,000	100
TEC LOGISTICS(USA), INC	200	100	0	0	200	100
TEC Logistics (Shenzhen) Co., Ltd.	0	100	0	0	0	100

IV. Capital Overview
4.1 Capital and Shares
4.1.1 Source of Capital
A. Issued Shares

As of 04/28/2018

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT$ thousands)	Shares	Amount (NT$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
04,2015	10	120,000	1,200,000	101,477	1,014,755	Issuing new shares for conversion of Convertible bond NT$74,310 thousand and issuing employee stock option NT$300thousand.	none	04/02/2015 Jin So Son Tzi No.10401056120
08,2015	10	120,000	1,200,000	111,478	1,114,776	Issuing new shares for capital fundraising NT$100,000 thousand.	none	08/19/2015 Jin So Son Tzi No.10401172110
09,2015	10	120,000	1,200,000	115,107	1,151,067	Issuing new shares for earnings capitalization NT$36,291 thousand.	none	09/25/2015 Jin So Son Tzi No.10401199780
12,2015	10	120,000	1,200,000	116,042	1,160,421	Issuing new shares for conversion of Convertible bond NT$6,049 thousand and issuing employee stock option NT$3,305thousand.	none	12/01/2015 NO.10401250280
08,2016	10	120,000	1,200,000	118,335	1,183,347	Issuing new shares for earnings capitalization NT$22,927 thousand.	none	08/17/2016 Jin So Son Tz No.10501198620
11,2016	10	120,000	1,200,000	118,972	1,189,723	Issuing new shares for conversion of Convertible bond NT$2,296 thousand and issuing employee stock option NT$4,080thousand.	none	11/25/2016 Jin So Son Tz NO.10501272680
04,2017	10	120,000	1,200,000	118,565	1,185,654	Issuing new shares for conversion of Convertible bond NT$19,296 thousand,	none	04/17/2017 Jin So Son Tz No.10601043760

						issuing employee stock option NT$275thousand, and cancelling buy back shares NT$23,640thousand.		

B. Type of Stock

Share Type	Authorized Capital				Remarks
	Issued Shares		Un-issued Shares	Total Shares	
	Public Shares	Private Shares Note1			
Common Share	118,565,402	0	1,434,598	120,000,000	

C. Information for Shelf Registration: None.

4.1.2 Status of Shareholders

As of 04/28/2018

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	1	167	22,090	63	22,321
Shareholding (shares)	0	100,000	21,901,863	76,065,767	20,497,772	118,565,402
Percentage (%)	0	0.08	18.47	64.16	17.29	100.00

4.1.3 Shareholding Distribution Status

A. Common Shares

As of 4/28/2018

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	14,524	508,730	0.43
1,000 ~ 5,000	5,467	11,197,612	9.44
5,001 ~ 10,000	1,104	8,153,672	6.88
10,001 ~ 15,000	426	5,082,438	4.29
15,001 ~ 20,000	215	3,857,952	3.25
20,001 ~ 30,000	193	4,690,905	3.96
30,001 ~ 40,000	95	3,259,880	2.75
40,001~50,000	50	2,293,134	1.93
50,001 ~ 100,000	132	9,424,364	7.95
100,001 ~ 200,000	55	7,868,565	6.64
200,001 ~ 400,000	19	5,404,832	4.56
400,001 ~ 600,000	8	3,969,664	3.35
600,001 ~ 800,000	7	5,227,103	4.41
800,001 ~ 1,000,000	1	929,564	0.78
1,000,001 or over	25	46,696,987	39.39
Total	22,321	118,565,402	100.00

B. Preferred Shares: The Company did not issue any preferred shares.

4.1.4 List of Major Shareholders

As of 4/28/2018

Shareholder's Name	Shareholding	
	Shares	Percentage
Dynamic Ocean Group Limited	3,912,398	3.30
Hope Ocean International Ltd	3,339,143	2.82
YOU-YI Ltd	3,225,000	2.72
CHANG-JIE International	3,078,969	2.60
Yu-Lian Zeng Li	2,552,000	2.15
CING-LAI YANG	2,061,798	1.74
Custodian Bank of Taiwan Investment Account of Global Flexible International Parners	2,054,565	1.73
Long Ying investment Ltd	1,938,229	1.63
Jack Lai	1,917,552	1.62
PEI-SI LIMITED	3,474,611	1.51

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$

Items	2016	2017	01/01/2018-05/30/2018
Market Price per Share			
Highest Market Price	30.30	27.70	26.20
Lowest Market Price	19.00	20.10	21.50
Average Market Price	23.29	22.77	23.80
Net Worth per Share			
Before Distribution	18.90	19.23	20.03
After Distribution	17.86	—	—
Earnings per Share			
Weighted Average Shares (thousand shares)	117,184	115,867	115,796
Diluted Earnings Per Share	1.11	2.07	0.54
Adjusted Diluted Earnings Per Share	—	—	—
Dividends per Share			
Cash Dividends	0.8	1.4（Note 4）	—
Stock Dividends			
• Dividends from Retained Earnings	—	—	—
• Dividends from Capital Surplus	—	—	—

Accumulated Undistributed Dividends	—	—	—
Return on Investment			
Price / Earnings Ratio (Note 1)	20.98	11	—
Price / Dividend Ratio (Note 2)	29.11	16.26	—
Cash Dividend Yield Rate (Note 3)	3.43%	6.15%	—

Note 1: Price / Earnings Ratio = Average Market Price / Earnings per Share
Note 2: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
Note 3: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price
Note 4: Earning Distribution was already approved by the Company's board of director on 03/26/2018 but not be approved by shareholders' meeting.

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy

The distribution of the dividends of the Company will coordinate with the surplus of that year based on the principle of stabilization. The board of directors shall propose the allocation ratio and propose it at the shareholders' meeting. The appropriated earnings shall more than 50% of the current year after tax profit. If the earnings available for appropriation less than the current year after tax profit, it shall be allocated in earnings available for appropriation. Cash dividends shall not be less 10% of total shareholder dividends.

B. Proposed Distribution of Dividend

The proposal for the distribution of 2017 profits was passed at the meeting of the board of directors on 03 26, 2018. The Company had a proposal for withdrawing NT$ 104,216,762 from distributable earnings for cash dividends, and the Company also had a proposal for distributing NT$46,318,561 from capital surplus. It will be discussed at the annual shareholders' meeting.

4.1.7The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate:

Pursuant to Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company don't disclose financial forecast. It does not apply.

4.1.8 Employee and Directors' and Supervisors' Remuneration：

A. Information Relating to Employee Bonus and Directors' and Supervisors' Remuneration in the Articles of Incorporation:

More than 0.5% of profit of the current year distributable as employees' compensation and less than 0.3% of the current year distributable as directors and supervisors' compensation shall be definitely specified in the Articles of Incorporation. However, the company's accumulated losses shall have been covered.

B. The Estimated Basis for Calculating the Employee Bonus and Directors' and Supervisors' Remuneration

I. 0.5% of profit before tax for employees' compensation and 3% of profit before tax for directors and supervisors' compensation.

II. Shall there be any difference between the actual amount of dividend approved by Board of Directors Meeting and that of the estimation, it will be deemed as the changes in accounting estimates and will be recognized in the profit and loss account of the distributing year.

C. Profit Distribution for Employee and Directors' and Supervisors' Remuneration for 2017 Approved in Board of Directors Meeting:

I. Proposed distribution of cash dividend to employees and remuneration to directors.

The proposal for the distribution of 2017 remuneration was passed at the meeting of the board of directors on 03 26, 2018.

a. Employee Remuneration – in Cash: NT$1,253,737

b. Directors' and Supervisors' Remuneration: NT$ 7,522,416

II. Proposed stock dividend to employees and its ratio to total net income and total dividend to employees: None.

4.1.8 The Actual Distribution of the Employee and Directors' and Supervisors' Remuneration in Last Year：

Item	Actual Distribution	Income Statement	Variation	Resolution
Employee Remuneration – in Cash	691,803	691,803	0	None
Directors' and Supervisors' Remuneration	4,150,809	4,150,809	0	

4.1.9 Buyback of Treasury Stock

Treasury stocks: Batch Order	4th Batch	5th Batch	6th Batch (Note)	7th Batch
Purpose of buy-back	Transfer to employee	Transfer to employee	Maintain the company's credit and shareholders' rights and interests.	Transfer to employee
Timeframe of buy-back	2015/09/09~ 2015/09/11	2015/12/22~ 2016/02/16	2016/12/14~ 2017/01/11	2017/01/23~ 2017/02/10
Price range	18.00~39.00 per share	21.00~33.00 per share	15.00~25.00 per share	15.00~25.00 per share
Class, quantity of shares bought back	220,000 shares	1,188,000 shares	2,364,000 shares	1,361,000 shares
Value of shares bought-back (in NT$ thousands)	5,697,700	32,846,365	51,610,776	28,785,357
Shares sold/transferred	0	0	2,364,000 shares cancelled	0
Accumulated number of company shares held	220,000 shares	1,408,000 shares	1,408,000 shares	2,769,000 shares
Percentage of total company shares held (%)	0.19%	1.19%	1.19%	2.34%

4.2 Bonds

4.2.1 Corporate Bonds

Corporate Bond Type	3rd Domestic Unsecured Convertible Bond
Issue date	June 9, 2015
Denomination	NT$10,000,000
Issuing and transaction location	Taipei Exchange
Issue price	Issue by denomination
Total price	NT$300,000,000

Coupon rate		0%
Tenor		3 years Maturity: June 9, 2018
Guarantee agency		None
Consignee		E.SUN Bank
Underwriting institution		KGI SECURITIES
Certified lawyer		Handsome Attomeys-at-law, YA-WEN CHIU
CPA		KPMG Accounting Firm Peggy Chen & HENG- SHENG LIN
Repayment method		Unless previously redeemed, repurchased and cancelled or converted, the bonds will be repay in lump sum upon maturity with cash.
Outstanding principal		NT$232,300,000
Terms of redemption or advance repayment		Pursuant on the Rules of 3rd Domestic Unsecured Convertible Bond
Restrictive clause		Pursuant on the Rules of 3rd Domestic Unsecured Convertible Bond
Name of credit rating agency, rating date, rating of corporate bonds		None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	The bond has converted 16,835 shares.
	Issuance and conversion (exchange or subscription) method	Pursuant on the Rules of 3rd Domestic Unsecured Convertible Bond
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None
Transfer agent		None

4.2.2 Convertible Bonds

Corporate bond type		3rd Domestic Unsecured Convertible Bond	
Item \ Year		2017	2018/1/1~2018/5/30
Market price of the convertible bond	Highest	112.00	106.00
	Lowest	100.65	99.60
	Average	106.97	100.96
Convertible Price		NT$25.9	NT$25.9

per share		
Issue date and conversion price at issuance	Issue Date: 2015/6/9 Conversion price at issuance: NT$32.6/share	
Conversion methods	Issuing of new stocks	

4.2.3 Exchangeable Bonds: None

4.2.4 Shelf Registration for Issuing Bonds: None

4.2.5 Corporate Bonds with Warrants: None

4.3 Global Depository Receipts: None

4.4 Employee Stock Options: None

4.4.1 Issuance of Employee Stock Options: None

4.4.2 List of Executives Receiving Employee Stock Options and the Top Ten Employees with Stock Options: None

4.4.3 Issuance of New Restricted Employee Shares: None.

4.4.4 List of Executives Receiving New Restricted Employee Shares and the Top Ten Employees with New Restricted Employee Shares: None.

4.5 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

4.6 Financing Plans and Implementation

In the Company's past three years and as of the date the annual report is printed, for the previous capital increase plans which have not been completed, or the implementation completion dates of which are less than three years away from the reporting (application) dates, the relevant plan contents and implementation status are explained as follows:

4.6.1. Capital increase plan in 2015 and the 3rd domestic unsecured convertible bond:

1. Total funds required for the plan: NT$600.6 million
2. Source of funds:
   (1) 10,000,000 ordinary shares for capital increase were issued with a par value of NT$10 each and an issuing price of NT$25. The expected amount to be raised was NT$250 million. The case was declared to the FSC and effective based on the FSC's letter dated May 13, 2015 ref. Jin-Guan-Zheng-Fa No. 1040014509.
   (2) 3,000 3rd domestic unsecured convertible bonds were issued with a par value of NT$100,000 each and a same issuing price as the par value. The expected amount to be raised was NT$300 million with a duration of three years and a coupon rate of 0%. The case was declared to the FSC and effective based on the FSC's letter dated May 13, 2015 ref. Jin-Guan-Zheng-Fa No. 10400145091.
3. The Plan and Progress Schedule ：

Unit: NT$ thousands

Item	The End of Projected Date	Total Amount	Progress Schedule
			2Q 2015

Repayment Bank Debt	2Q 2015	250,000	520,000
The Projected Benefits	The Company in the financing projects expects to use NT$250 million for the repayment of bank loans to reduce the interest burden of borrowing from financial institutions. It is expected that the interest expense can be reduced by about NT$5,177,000 which will appropriately alleviate the financial burden of the Company and enhance the solvency, as well make the financial structure sound to facilitate the Company's overall operation development and reduce liquidity risks		

Unit: NT$ thousands

Item	The End of Projected Date	Total Amount	Progress Schedule				
			2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016
Operation Capital Increasing	2Q 2016	350,600	40,000	175,000	45,000	45,000	45,600
The Projected Benefits	In the project NT$350.6 million will be used to replenish working capital. According to the Company's average short-term bank borrowing rate of 1.30%, it is expected that the interest expense can be reduced by about NT$1,899,000 in 2015 and NT$4,558,000 in each of the following years.						

1. The implementation of finance plan：

Unit: NT$ thousands

Item	Total Amount	Implementation	Accumulated 4Q 2015		1Q 2016		Accumulated 1Q2015		The Reason of Ahead or Behind of Schedule
Repayment Bank Debt	250,000	Amount	Projected	250,000	-	-	Projected	250,000	
			Actual	250,000	-	-	Actual	250,000	
		Executive Progress (%)	Projected	100%	-	-	Projected	100%	
			Actual	100%	-	-	Actual	100%	
Operation Capital Increasing	350,600	Amount	Projected	260,000	Projected	45,000	Projected	305,000	The expense expenditure was higher
			Actual	302,156	Actual	48,444	Actual	350,600	
		Executive	Projected	74.16%	Projected	12.84%	Projected	86.99%	

		Progress (%)	Actual	86.18%	Actual	13.82%	Actual	100%	than projected plan.
Total	600,600	Amount	Projected	510,000	Projected	45,000	Projected	555,000	
			Actual	552,156	Actual	48,444	Actual	600,600	
		Executive Progress (%)	Projected	84.91%	Projected	7.49%	Projected	92.40%	
			Actual	91.93%	Actual	8.07%	Actual	100%	

2. This financing project (capital increase +CB) is mainly for repayment of bank loans and increase operating capital to improve the financial structure and enhance the competitiveness of the Company's operation:

Note:	Current Ratio	Total Liabilities/Total Assets
Before Fundraising (Year 2014)	138.36	56.18
After Fundraising (Year 2015)	206.67	46.77

Note: Audited Financial Report

I. Operational Highlights

5.1 Business Activities

With the fast pace of development, today the business scope of the Company and its subsidiaries includes ocean freight, air freight, customs declaration, warehousing, inland transportation, supply chain management, e-commerce, logistics and other integrated logistics services. There are global operating locations throughout Taiwan, China, Northeast Asia, Southeast Asia and other areas. As a professional integrated logistics service provider, in addition to actively expand overseas strongholds, it works with strategic alliance partners both at home and abroad to enhance its competitive advantage. Internally the Company adopts professional information management and strictly requires the operation norm of staff and services to provide customers with a full range of logistic services.

5.1.1 Business Scope

(1)The main content of business:

A. International freight:

a. Ocean freight.

b. Air freight.

c. Cross Border China-Europe Rail Transport.

B. Domestic logistics:

a. Customs declaration.

b. Warehousing.

c. Inland transportation.

C. Supply chain management and customize services.

D.E-commerce logistics.

E. The design and plan of logistics

F. The logistics related investments.

(2) Revenue distribution:

Unit；NT$ thousands

Main Business	2015		2016		2017		2018Q1	
	Sales	%	Sales	%	Sales	%	Sales	%
International Ocean Freight	5,932,345	60.93	5,573,415	57.20	5,904,952	56.04	1,408,822	57.75
International Air Freight	2,538,009	26.07	2,524,980	25.91	3,003,392	28.50	660,773	27.09
Logistics	1,266,558	13.00	1,645,718	16.89	1,628,664	15.46	369,837	15.16
Total	9,736,912	100.00	9,744,113	100.00	10,537,008	100.00	2,439,432	100.00

(3) Main products:

A. Ocean freight

The Company and its subsidiaries have flexible price and cargo space abilities and decades of stable cooperation with shipping companies and agents with a NVOCC business certificate. In the China Freight Industry Awards sponsored by China Shipping Weekly which is regarded by the industry as the "Oscar for the shipping industry", the subsidiary T.H.I. group (Shanghai) Ltd. received a top 10 award on integrated freight forwarding services and top three on network coverage, and has cargo space contracts with 2M Alliance、Ocean Alliance 及 THE Alliance. The focus is mainly the Transpacific Coast lines, and it constantly opens up new lines in North Continental Port, Middle East, South America, Eastern Mediterranean and Southeast Asia. Based on its dense service locations in Greater China and the Asia Pacific region, combined with cooperative agencies throughout the world, the Company provides customers with Less than full container load (LCL) single container order services, Full container load (FCL) services, Special container transport, Door-to-door services, Sea-air transport service , and Sea-air-land transport services.

B. Air freight:

The Company and its subsidiaries provide transnational corporate service and customized cargo transportation planning capability, are issued Class I and II air accreditation certificates by Civil Aviation Administration of China. The Company’s subsidiary-Taiwan Express acquired “Hala Certification” which issued by JAKIM. The Company’s subsidiaries also received air freight agent qualification from major global airlines such as EVA, China Airlines (CI), Cathay Pacific (CX), China Eastern Airlines (MU), Air China(CA), XIAMEN Airlines (MF), Hong Kong Aviation (HX), Air Canada(AC), ANA(NH), Turkish Airlines(TK), Thai Airways(TG), British Airways(BA), LATAM Chile(LA), Air Asia(D7), Qatar Airways(QR), KLM Royal Dutch Airlines(KLM), Korean Air(KE),Vietnam Airlines(VN), Asiana Airlines, etc., as well as the freight agent qualification in Taiwan area from Air New Zealand (NZ), Russian Aviation (RU), Iceland Air (FI), Tampa La (TA) and Brunei Airlines (BI). The Company cooperates with global agents to provide global transportation arrangements, Less than full container load (LCL) services, combined land, sea and air multimodal transport, import transportation, bill of lading production and goods packaging services, special cargo export arrangements, commodity inspection, sanitation inspection and animal and plant quarantine service.

C. Domestic logistics:

a. Customs declaration: The Company is the top 5 customs broker in Taiwan and also an AA grade customs broker in China with locations in major ports and airports. It has set up customs departments to provide enterprises of all types with inspection, customs clearance/declaration, customs inspection, checking and other services, and according to the customer's business nature customizes logistic solutions in special customs-supervised areas.

b. Warehousing services: With the support of advanced WMS system, the Company's warehousing management team has advanced management and application equipment, is equipped with an upscale safety control system and obtained ISO9001 2008 international quality management system certification to provide versatile storage management services. The Company has its own warehouses in major locations, and cooperates with local warehousing and storage vendors in other service locations to provide customers with a base for transit.

c. Inland transportation: The Company's customized delivery team is supported with a TMS system and full cargo transportation tracking mechanism (GPS), has formed vehicle fleets in the operations locations in Taiwan, Hong Kong, Shenzhen, Guangzhou and Shanghai, and cooperates with local transportation vendors in other locations. The modes of transportation include roads and railways, and the distribution objects cover factories, dealers, shopping malls and supermarkets.

d. E-commerce logistics: The Company provides customers with comprehensive logistics warehousing distribution solutions, integrating the group resources, and customized terminal delivery services which truly solve the customer's logistics, capital flow, and information flow problems.

D. Cross Border China-Europe Rail Transport:

The Company has more than 30 offices in China and the long-term cooperation of dozens of agencies in Europe and Asia. It provides door-to-door domestic transportation, transit, and bonded warehouse arrangements.

E. Supply chain management：

The Company uses the Group’s sea, air and land resources and global cooperative agents to provide customers with services for procurement of raw materials, warehousing management of raw materials and finished products in the production process, packaging, sorting, labeling, inspection, transit and distribution, as well as helping customers in marketing channel establishment and maintenance. The Company provides a full range of logistics management services for customer relationship management and maintenance and information feedback.

F. Customized services：

a. With the customized sea and air transport, sea and river transport, sea and railway transport and joint sea transport, the Company provides cross-border logistic services via sea, air, road and rail transport to connect Chinese inland with Southeast Asia, Central Asia and European inland.

b. Reverse logistic services: After delivering customer goods to the destination, the Company provides disposal, recycling and recovery related transport services for second-hand assets to save operating expenses for customers.

c. Cold chain logistics: The Company develops specialized logistic transport of chemicals, agricultural and marine products and biotechnological products to provide consumers, suppliers and retailers with a cold chain logistics model for integrated demands.

d. Cargo insurance broker: The Company is awarded a license for the cargo insurance brokerage business by the China Insurance Regulatory Commission, and provides customer cargo insurance, acts as an agent for customers to make claims to insurance companies, and acts on behalf of insurance companies to issue original insurance certificates.

G. Logistics information services:

Through the Group’s information system, the Company provides booking information, bill of lading information query, status of the global cargo tracking system and statistical reports. The Company provides information services for every link from order taking to cargo delivery to the destination, and gives rapid and timely information feedback.

H. Introduce the AEO (Authorized Economic operator) system：

To provide customers with safer, faster and more convenient services, the Company’s subsidiary T.H.I. Logistics and Taiwan Express introduced the AEO supply chain security management system and passed the certification. This system emphasizes that every link in the entire cargo process shall comply with safety regulations to ensure reduction of human errors, sabotages and information leakage in the supply chain system which may result in a risk of damage to the cargo. In particular, European and American countries attach considerable importance to the security of supply chain management, and this system will be promoted to the whole world. Enterprises which are AEO certified will enjoy at the customs clearance of all countries preferential treatments, such as a lower cargo sample testing rate and a shortened testing process, to improve market competitiveness and provide customers with better protection.

I. The logistics service planform of T3EX group:

(4) Plans to develop new products (services):

A**. Construction of business to business (B2B2C) warehousing services**

Under the traditional model, the products of the same brand are stored in the B2B warehouse and B2C warehouse separately for sales in physical stores and sales on e-commerce platforms. In other words, it is the stock separation model. To improve the logistics efficiency for the customer effectively, it plans to integrate the B2B warehousing management ability of Shanghai T-cube logistics Co., Ltd, the sub-subsidiary of the Company, and the B2C warehousing management ability of Shanghai EXer Logistics Co., Ltd., so as to link up with the B2B and B2C warehousing systems through the information system. In this way, it achieves the inventory sharing model, and performs distribution and delivery operations under the same warehousing system. Then the products are delivered through the collaborative warehouse model of "professional warehouse+ express service". It aims to link up with the online and offline inventories to reduce the overall stock and the second transportation cost effectively, improve the turnover efficiency of the supply chain, increase the turnover rate of the inventory, and even help the operators obtain more complete data in the entire supply chain.

B. Financial supply chain services

It is quite hard for Chinese SMEs to apply for bank loans due to their small scale. In the sales and purchasing cycles, these enterprises will encounter the requirements of raw material purchasing and inventory management capital, as well as the delay of collection of receivables. It will result in an inadequate capital chain, and even affect the balance of the entire supply chain.

The Company plans to provide funds to the upstream and downstream of the supply chain by taking its own credit as the guarantee in the bank. This may create more logistics businesses, and improve the market competitiveness. Moreover, it may break through the current situation of freight forwarding price competition and establish strategic partnership with the customer in the long term. The logistics plays the main role, while finance plays a supplementary role, so as to realize the integration of logistics, information flow, capital flow and business flow.

5.1.2 Industry Overview

(1) Current Industry Status and Development

The Company is an investment holding company of the logistics industry. Its main businesses include comprehensive logistics services such as ocean freight, air freight, customs declaration, warehousing, inland transportation, supply chain management and e-commerce logistics, with its global operations offices located in Taiwan, China, Northeast Asia and Southeast Asia. The trend of the global logistics management model and the advent of a regional logistics era have led to a huge demand for global logistics services, and the freight forwarding industry therefore must also go global. With the fact that international giants with global logistics and transportation capacities are snatching the Asian market, ocean shipper alliances are reshuffling, the One Belt One Road program is bringing about cross-border competition within the logistics industry and a change in global trade activities, the Company plans to continue seeking domestic and international strategic alliance partners to enhance its competitive advantage, provide customers with comprehensive and all-round logistics services and embed them in the global supply chain systems. An overview of the industries which the Company is in, including the ocean freight market, the air freight market and the logistics market, are described respectively as follows:

A. Ocean Freight Market Overview

The shipping industry was revitalized since the 4th quarter of 2016, with the freight rate increased continuously. In 2017, the freight rate of lines in the east of America even reached US$3,000 (FEU). However, since the second half of 2017, the new ships were put into use successively. According to the statistics of Alphaliner, a shipping information institution, as of the end of 2017, the number of the global container ships is 5,177, with the TEU of 21,100,000, achieving a growth rate of 3.7% if compared with the same period in the last year. The new global shipping capacity reached as high as 671,641 TEU, with an increase rate of 140% if compared with that in 2016. Since the shipping companies are optimistic towards the shipping market during 2019~2020, the shipping capacity of the new container ships to be delivered in 2018 will reach 1,400,000 TEU. It is estimated that the shipping capacity of the carrier fleet will be increased by 6%, which is reflected in the trend of freight rate, as shown in the table below. With the expansion of the new shipping capacity, the freight rate started to decline since 2017. It is estimated that the freight rate this year still needs to be determined based on the situation of shipping capacity as adjusted by the shipping companies.

YoY	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1
USWC	55%	77%	22%	-22%	-22%
USEC	49%	37%	33%	-21%	-20%
Europe	11%	68%	0.6%	-10%	-4%

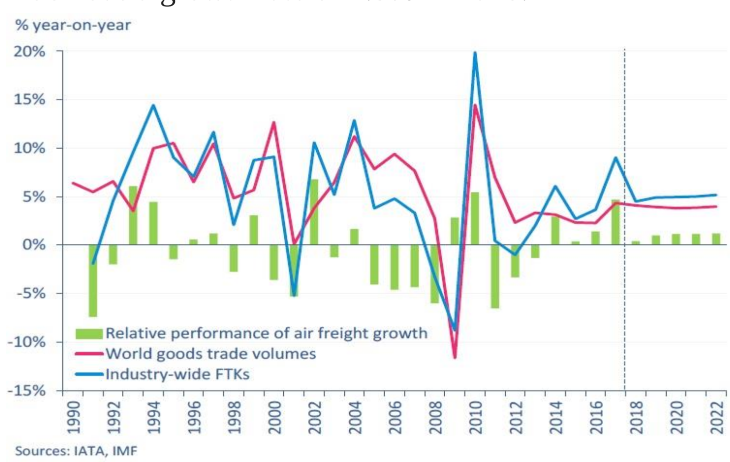
Source: The Company.

In terms of the demands, the global economy grows slowly in 2018. As predicted by Marsoft, a shipping advisory institution, the shipping demands in 2018 are 5.3% on average. The supply-demand balance in the shipping market will be achieved in 2019. In addition, according to the sulfur limit requirements announced by International Maritime Organization (IMO) which is confirmed to take effect in 2020, the ships with fuel containing more than 0.5% sulfur will be restricted from sailing. The shipping companies will renew the old ships successively. In the middle and long terms, the container supply and demand will be relatively balanced.

B. Air Freight Market Overview

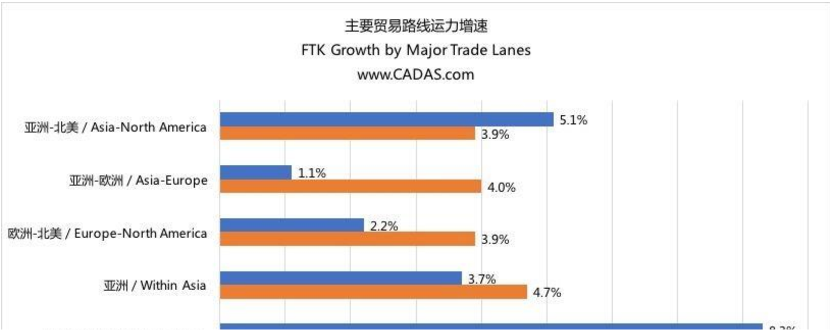
As shown by the data of International Air Transport Association (IATA), the global air freight demands in 2017 (if calculated based on the FTK) was increased by 9.0% if compared with that in the previous year. It is double of the annual growth rate in 2016 (3.6%). In terms of capacity, the global transportation capacity (if calculated based on the available FTK) is only increased by 3%, while the growth of demand is three times the growth of transportation capacity. It is reflected in the freight rate in 2017, which achieved an average growth of 20%~25%.

As predicted by the International Monetary Fund (IMF), the actual annual average growth rate will reach 3.1%, and the global trade will be increased by 3.9%. At the beginning of 2018, the index of new orders in the global manufacturing industry was increased by 1.3% if compared with that in 2017, which hit a new high in the past seven years. Together with the increase of the number of global cross-border e-commerce platforms and the increase of investment in the semi-conductor industry, IATA predicts that the air freight demands will achieve a growth rate of 4.3% in 2018.



Source: IATA

In terms of supply, in recent years, the trade channels from China to Europe and the North America, as well as the channels between the destinations within Asia are growing dramatically. According to the CADAS Qianzhan Industry Research Institute, the global wide-body jet delivery quantity is 407 items in 2018, with a growth rate of 6.5% if compared with that (382 items) in 2017. As for the main trade lines, driven by the recovery of the global economy and the increase of the number of cargo airplanes, the transportation capacity of the trade lines between Asia and North America will achieve a growth rate of 5.1% in the next five years. Moreover, the transportation capacity of the trade lines between the Mideast, and Europe and Asia will achieve higher growth, namely, 8.3%.



However, the air freight market is impacted by the international petroleum price, political environment and trade policies dramatically. The international petroleum price increased from US$40/barrel in 2016 to US$80/barrel currently, so the fuel cost of the airlines increased rapidly. It is expected that the air freight rate will keep rising taking into account the factors of high fuel surcharge and air transportation demand. Moreover, the issues such as the China-US trade conflicts and the tariff of cars imported from the US and Europe also affect the development of the air freight market.

C. International Railway Market Overview

The logistics costs of the China-EU Railway are 70% cheaper than the air freight costs, and the logistics time is 50% shorter than the ocean freight time. The China-EU Railway now covers over 10 cities of mainland China, including Chongqing, Zhengzhou, Chengdu, Wuhan, Suzhou, Yiwu, Shihezi, Kunming, Hefei, Dalian and Harbin, and uses these cities as hubs to cover mainland China's main economic regions to reach 11 cities of 7 foreign countries. Since China launched the "One Belt One Road" strategy, the China-EU Railway has opened a number of normalized routes, so that China's non-coastal cities can also develop low-cost and short-duration international logistics business.

The China-Europe railway was opened in July 2013, with the number of lines operated in China reaching 65, and the destinations were increased to 43, which can reach 42 cities of 14 countries in Europe. Until April 15, 2018, a total of 7891 China-Europe railway has been in operation accumulatively, and the percent of return trains is increased dramatically. The operation efficiency is improved significantly.

With the rapid development of cross-border e-commerce platforms, the large e-commerce logistics companies started to use the China-Europe railway in transportation. JD Logistics opened Hamburg-Xi'an Premium Train in May this year to build Xi'An into the inland cross-border logistic distribution center. It is expected that the model of China-Europe railway + cross-board e-commerce platform will break through the bottleneck of international trade in the inland cities.

The freight forwarder of the China-EU Railway does not face the traditional high entry barrier for freight forwarders, while having a good relationship with the railway authorities of various locations, the customer resources of the European overseas agents and a professional business operations team. These will be a breakthrough in the highly competitive logistics market.

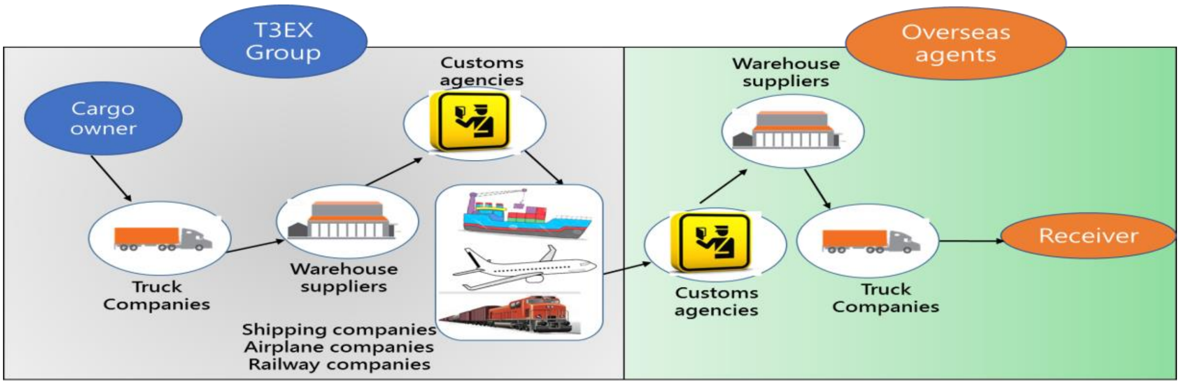
D. Logistics Market Overview

In the Boao Forum for Asia held in April this year, Chinese President Xi Jinping stated that China would spare no effort in export expansion and promotion of trade balance. As reported by the Chinese Securities Journal, the related departments such as MOFCOM are drafting the "Guidelines for Expanding Import and Promoting Foreign Trade Balance". China will hold the first China International Import Expo in November this year. Moreover, it plans to apply the experience of import pilot zones such as Shanghai, Tianjin, Suzhou and Ningbo to other regions, so as to establish more platforms of import expansion. Under the vigorous promotion of policies made by the Chinese government, the import logistics of China becomes the target contested by all operators.

(2)Relationship with Up-, Middle- and Downstream Companies

International Logistics supply chain- Export to USA, Canada and Europe.

T3EX group is an international forwarder. The below content is an example of export procedure. After receiving cargos, the company collaborated with truck companies, warehouse suppliers, customs agencies, container shipping companies, railway companies, airplane companies and overseas agents to deliver the cargos to receivers.



(3) Macro Economic, Product Trends and Competition

A. International Logistics:

Since the 4th quarter of 2016, the global economy is recovered slowly, which drives the growth of global trade volume. It is expected that the global trade volume and transportation volume will be relatively active, which will maintain a growth trend. However, with the continuous rise of the international petroleum price, the awareness of international environmental protection, as well as the increase of operating cost of the shipping companies and airlines, the cost will be transferred to the suppliers gradually. In the meantime, the Electronic Logging Device (ELD) was implemented in the US in December 2017. The truck transportation in the harbor region is in short supply. As a result, the US port-inland land transportation cost is increased accordingly. Under the above circumstance, the freight forwarder that can provide diverse transportation services and sign contracts with multiple suppliers and overseas agents can reduce the risk brought by the operating cost. 。

The Company has a professional international logistics team, over 400 oversea agencies and a good ship and air company relation, so the Company has good competitiveness in international logistic development. Besides, since 2015, the Company has continue to develop the China-Europe Rail business project, setting up project team in China’s Zhengzhou, Suzhou, Chendu, Chongqing, Hefei, Harbin, and Shenyang to actively promote the new business channel with European agencies and corporate with China’s rail company. The the China policy of the "Belt and Road Initiative", the Company has more competitiveness.

B. China Domestic Logistics:

In recent year, a decline of China’s economic growth, an increase of consumer market and a booming of e-commerce and Online to offline module influenced the china’s logistics develop. The Company predicted that the need of logistics total solution service which include import, declaration, warehousing and transportation will increase. The Company will integrate every business to develop B2BB2C logistics service.

5.1.3 Research and Development

The Company is in the logistics industry, and the key in enhancing the quality of logistics technology is the logistics system. The company has set up an IT software development department responsible for the integration of sea and air import and export, customs declaration, warehousing and other front-end operation and sales systems, and connected them with the back-end accounting management operating system in order to provide customers with the support systems required for a one-stop logistics service.

5.1.3.1 Research and Development Expense in Recent Year:

Not applicable as the development costs of the logistics system are the salaries of the IT staff and the purchase costs for the software; the costs are included in the management fee and no R&D department is set up.

5.1.3.2 Research and Development Accomplishments in the Recent Year:

Not applicable as the development costs of the Company's logistics system are those expenses entailed for the integration of front-end and back-end information.

5.1.4 Long Term and Short Term Business Development Plans

5.1.4.1 Short Term Business Development Plan

A. Developing high-margin long-distance services:

Based on International logistics, the Company has 400 plus oversea agencies which located in the global main cities such as United States, Canada, Europe, Asia, New Zealand and Australia. The Company will continue to maintain a strong relations with its agencies to develop high-margin long-distance service and increase LCL business which regard the Greater China Market as based market in order to decrease operating cost as well as increase management efficiency.

B. Set up rail project team to develop the cross-border rail freight business:

To following the China policy of the "Belt and Road Initiative", the Company has setting up rail project team in China’s Zhengzhou, Suzhou, Chendu, Chongqing, Hefei, Harbin, and Shenyang to actively promote the new business channel with European agencies. In the future, the Company will continue to earned long-term business contracts with several major import/export enterprises and keep maintain the original customers including high-technology industry, clothing industry, toy industry and food industry to reach economic benefits.

C. Continuing the cultivation of logistic talents with international perspectives:

The number-one business philosophy of the Company and its subsidiaries: people-oriented - emphasis on "professionalism". The professional services related to international sea and air transport are not only transport arrangements, but also interaction and contact with agents, maintenance of good partnerships with airlines or shipping companies and cultivation of long-term relationships with customers. All these must rely on professional knowledge and rich experience.

The Company and its subsidiaries through sound internal pre-service and in-service training provide every employee with the most comprehensive preparation to offer to customers professional and complete services. Meanwhile, through annual meetings and regular overseas job rotations employees can have a broader view of the world for their provision of the most professional service.

D. Combine the resource of T3EX Group to develop cross-border e-commerce logistics.

With the rapid development of cross-border e-commerce platforms, the cross-border logistics service tends to be more important. In terms of the cross-border logistics from China and Taiwan to the US and Europe, T3EX plans to transport cargos to the US and Europe through its sea, air and railway transportation models in Asia. The overseas agents in the US and Europe assists in the import, customs declaration, warehousing and distribution services. In terms of the cross-border logistics related to imports from the e-commerce platforms in the US, Europe, Japan or Korea to China and Taiwan, T3EX transports the cargos to China and Taiwan through its sea, air and railway transportation models. With the group import, customs declaration, warehousing and distribution teams, the inland transportation is completed.

5.1.4.2 Long Term Business Development Plan

A. Construction of business to business (B2B2C) warehousing services.

B. Financial supply chain services

(The detail please see the chapter of Plans to develop new products)

5.2 Market and Sales Overview

5.2.1 Market Analysis

5.2.1.1 Sales (Service) Regions

Year / Area	2017 年		2016 年	
	Amount	(%)	Amount	(%)
China and Hong Kong	7,841,614	74.42	7,440,921	76.36
Taiwan	2,101,116	19.94	1,859,424	19.08
Eastern Asia	594,278	5.64	443,768	4.55
Total	10,537,008	100.00	9,744,113	100.00

The Company and its subsidiaries are logistic service providers, and the main service targets are importers and exporters around the world. The current main business contents are import and export shipping contracts, import and export air cargo contracts and customs clearance, warehousing and land transport services, and the business pattern is mainly export-oriented freight services with export to markets mainly in North America, Europe, Asia, Japan and other advanced countries.

5.2.1.2 Market Share

Among the world’s top ten container ports in 2017, Chinese ports accounted for 70%. In the Group's shipping business, 90% is export business, and nearly 70% is export from China to Europe, the United States and Canada. The Group has set up its own locations or has agents in the world's top ten container ports, and in the total throughput of the world's top ten container ports in 2017, in the unit of TEU for export, the Group's export and import was 273,634 TEU in 2017, representing about 0.12% of the world's top ten container ports’ throughput.

The world’s top ten container ports in 2017:

2017	2016	Port	Country	10 Thousand TEU
1	1	Port of Shanghai	China	4,023
2	2	Port of Singapore	Singapore	3,367
3	3	Port of Shenzhen	China	2,521
4	4	Port of Ningbo-Zhoushan	China	2,461
5	6	Port of Busan	Korea	2,140
6	5	Port of Hong Kong	China	2,076
7	8	Port of Guangzhou	China	2,037
8	7	Port of Qingdao	China	1,826
9	9	Dubai Port	United Arab Emirates	1,544
10	10	Port of Tianjin	China	1,521
Total				23,516

Resource: www.snet.com.cn

About the Company’s air cargo market share, Asia-USA, Asia-Europe, and Asia-Asia are the main routes. According to the data of Airports Council International, the world top ten cargo volume airports in 2017 centralized in Asia, USA and Europe airports. The Group has set up its own locations or has agents in this area, so this could the reference of in calculating market share. The Group's total air cargo volume was

66,347 tons, accounting for about 0.21% of the world top ten cargo volume airports in 2017.

2017	2016	Airport	Country	Cargo Tonnes
1	1	Hong Kong	China	5, 049, 898
2	2	MEMPHIS	USA	4, 336, 752
3	3	Shanghai	China	3, 824, 280
4	4	INCHEON	Korea	2, 921, 691
5	6	ANCHORAGE AK(ANC)	USA	2, 713, 230
6	5	DUIBAI(DXB)	United Arab Emirates	2, 654, 494
7	7	LOUISVILLE KY(SDF)	USA	2, 602, 695
8	8	TOKYO(NRT)	Japan	2, 336, 427
9	11	TAIPEI(TPE)	Taiwan	2, 269, 585
10	9	PARIS(CDG)	France	2, 195, 229
Total				30, 904, 281

5.2.1.3 Market Demand, Supply and Growth

A. Ocean Freight Market:

According to the maritime consultant Marsoft, the estimated supply growth rate of the global container shipping industry have been oversupplying till the end of 2018. Especially in 2Q2018, the launch of the new container ships would cause the supply gap reach 1%.

Date Source:Marsoft	2018Q1	2018Q2	2018Q3	2018Q4	2019Q1
Supply Growth Rate	5.7%	6.4%	5.6%	5.4%	5.1%
Demand Growth Rate	5.1%	5.3%	5.4%	5.1%	5.1%
Oversupply	0.6%	1%	0.2%	0.3%	0%

B. Air Freight Market:

As predicted by the International Monetary Fund (IMF), the actual annual average growth rate will reach 3.1%, and the global trade will be increased by 3.9%. At the beginning of 2018, the index of new orders in the global manufacturing industry was increased by 1.3% if compared with that in 2017, which hit a new high in the past seven years. Together with the increase of the number of global cross-border e-commerce platforms and the increase of investment in the semi-conductor industry, IATA predicts that the air freight demands will achieve a growth rate of 4.3% in 2018.

In terms of supply, in recent years, the trade channels from China to Europe and the North America, as well as the channels between the destinations within Asia are growing dramatically. According to the CADAS Qianzhan Industry Research Institute, the global wide-body jet delivery quantity is 407 items in 2018, with a growth rate of 6.5% if compared with that (382 items) in 2017. As for the main trade lines, driven by the recovery of the global economy and the increase of the number of cargo airplanes, the transportation capacity of the trade lines between Asia and North America will achieve a growth rate of 5.1% in the next five years. Moreover, the transportation capacity of the trade lines between the Mideast, and Europe and Asia will achieve higher growth, namely, 8.3%.

C. Logistics Market

The logistics business of the Company is mainly oriented towards the Chinese market, and China's logistics activities are closely related to China's industrial activities and consumer demand. From the following table, it can be found that the growth rate of the total import value, industrial production value, consumption retail value and cargo volume are all growing in 2017~2018, and it can be predicted that China's logistics market demand will have a positive growth in 2018.

	1Q2018	2017	2016
Total import value growth rate	18.9%	15.9%	-5.5%
Industrial production growth rate	6.8%	6.6%	6.0%
Retail sales growth rate of social consumer goods	9.8	10.2%	10.4%
Cargo Volume	6.3%	9.3%	5.7%

Source: National Bureau of Statistics of the People's Republic of China

5.2.1.4 Competitive Advantages

A. International layout strategy.

The Company and its subsidiaries already had a clear market positioning at their inception, and their market layout process can be broadly divided into three stages. In the beginning stage the Taiwanese electronics industry and other basic industries already had a larger base, so the Company and its subsidiaries targeted the domestic market demand and provided basic trade services. The second stage started from 1990, when domestic manufacturers started moving overseas for cheap raw materials and labor, especially in Southeast Asia and China. To serve customers the Company also expanded from Taiwan to mainland China and broadly set up business locations in China. To cope with the continuing growth of international trade, the Company and its subsidiaries also expanded the scope of business and transitioned from the early ocean freight services into a logistics investment holding company. Under the holding company platform, the sub-groups can not only provide customers with more services and customer coverage by the complement of product lines and talents, but can also make more effective use of resources and enhance logistics management efficiency. The Company and its subsidiaries have so far set up more than 70 service locations in Hong Kong, mainland China, Vietnam, Thailand, Cambodia, Indonesia, Singapore, Japan, Korea and Malaysia, and established their own international network of agents in more than 100 countries and regions with the service network covering more than 400 locations.

B. A wealth of logistics experience and professionals.

The Company and its subsidiaries have many years of experience and expertise as well as logistic operations professionals, are very familiar with the Chinese lifestyle and vendors' sales models and can provide customers with door-to-door and even end-to-end transport. In the future the scope of services will expand to a full-range logistics service mode covering "warehousing and storage management" and "logistics center". When multinational companies cannot agree with the quality of service of the local logistics industry in China, and the foreign logistics industry is unable to grasp the mainland's market ecology, the Company and its subsidiaries will become their most suitable supply chain partners.

C. Long-term and stable cooperative relations with many shipping companies and airlines.

The Company has established long-term and close business relationships with a number of shipping companies such as the three largest container shipping companies Yangming Shipping, Evergreen Shipping, Wan Hai Lines, and also has cooperation with world-class airlines such as NYK, CMA, OOCL, COSCO, Evergreen, Macau, Cathay Pacific and China Eastern Airlines. The Company has signed a freight forwarding agreement and become a market strategy partner with Shanghai Dazhong Transportation Group to jointly develop the business in Taiwan and the mainland. Greater benefits can be reaped with the mutual and complementary advantages of both parties.

5.2.1.5 Disadvantages and Responsive Strategies

The main targets of international freight services are importers and exporters. The current rapid development of liberalization and globalization of international trade has provided a good niche for the development of the logistics industry. Presently the Company and its subsidiaries have the following advantages to move towards a large-scale professional logistic group.

Advantage：

- Brand: A Taiwanese brand, acting as a platform for integrated services in Taiwan, Hong Kong and China, has the advantage of bridging localization and internationalization.
- Distribution: The Company has a complete network of location in Asia and a global network of agents.

- Product: The Company offers sea, land, air, river, railway transport, warehousing and a full range of supply chain logistics management services.
- Stable cooperative relations: The Company has established long-term and close business relationships with a number of shipping companies.
- Human: The Company has a team of professional, innovative and dedicated logistics specialists.
- Information: T3EX's advanced ERP system, WMS, SCM and e-commerce management enable us to provide customized information management services.

Disadvantage:

- Risk of variation in currency exchange rate.
- Inflation: The cost increase and the consumption decline.
- Unstable reginal political and economic circumstance.
- Unstable international freight.

Responsive Strategies

For external market changes, immediate react and adjust the business strategy; adjust business and route configuration, and continue to expand cooperation with the industry as well as upstream and downstream manufacturers through acquisitions and strategic alliances to reduce operational risks.

5.2.2 Application of Major Products

Services of the Company and its subsidiaries are mainly integrated international logistics services, which cover comprehensive supply chain management services from the procurement of goods and raw materials and sea, air or land freight transport services for raw materials used in the production process to the packaging, sorting, storage, transit, distribution of semi-finished products and finished products as well as the final document production and management services for customers, the establishment of marketing channels and information feedback.

5.2.3 Supply of Major Material: It not apply.

5.2.4 M Major Suppliers in the Last Two Calendar Years: It not apply.

5.2.4.1 Major Clients in the Last Two Calendar Years: It not apply.

5.2.5 Production in the Last Two Years (Group)

Unit: NT$ thousands

Year	2016		2017	
Quantity/ Amount	Quantity	Amount	Quantity	Amount

Major Products	TEU	CBM	TON	Shipment		TEU	CBM	TON	Shipment	
Sea Export	229,614	517,314	-	-	3,987,555	249,122	528,814	-	-	4,292,099
Sea Import	24,224	240,472	-	-	490,802	24,512	43,094	-	-	481,072
Air Export	-	-	38,360	-	1,742,589	-	-	43,950	-	2,133,823
Air Import	-	-	20,030	-	386,940	-	-	22,397	-	442,435
Logistics	-	-		188,466	1,363,009	-	-	-	198,420	1,263,544
Total	253,838	757,786	58,390	188,466	7,949,895	273,634	571,908	66,347	198,420	8,612,973

Variation: Through the strategy of developing the total solution logistics, the Company could more effectively control cost and increase gross margin.

5.2.6 Shipments and Sales in the Last Two Years (Group)

Unit: NT$ thousands

Year	2016					2017				
Quantity/ Amount	Quantity				Amount	Quantity				Amount
Major Products	TEU	CBM	TON	Shipment		TEU	CBM	TON	Shipment	
Sea Export	229,614	517,314	-	-	4,979,218	249,122	528,814	-	-	5,303,075
Sea Import	24,224	40,472	-	-	594,197	24,512	43,094	-	-	601,877
Air Export	-	-	8,360	-	2,036,784	-	-	43,950	-	2,458,612
Air Import	-	-	20,030	-	488,196	-	-	22,397	-	544,780
Logistics	-	-		188,466	1,645,718	-	-	-	198,420	1,628,664
Total	253,838	757,786	8,390	188,466	9,744,113	273,634	571,908	66,347	198,420	10,527,008

Variation：Through the strategy of developing the total solution logistics, the Company increased businesses and profit.

5.3 Human Resources

I. T3EX Global Holdings Corp.

Year		2016	2017	Data as of ending data in the current year
Number of Employees	Sales	0	0	0
	Administrative Person	32	26	28
	Total	32	26	28
Average Age		40.51	40.50	40.28
Average Years of Service		5.33	5.2	5.19
Education	Ph.D.	0.00%	0.00%	0.00%
	Masters	15.63%	15.38%	14.29%

	Bachelor's Degree	84.38%	84.62%	85.71%
	Senior High School	0.00%	0.00%	0.00%
	Below Senior High School	0.00%	0.00%	0.00%

II. T3EX Group

Year		2016	2017	Data as of ending data in the current year
Number of Employees	Sales	1,293	1,209	1,197
	Administrative Person	275	314	295
	Total	1,568	1,523	1,492
Average Age		34.87	37	36.61
Average Years of Service		5.26	6.3	6.05
Education	Ph.D.	0.00%	0.00%	0.00%
	Masters	1.40%	2.43%	2.48%
	Bachelor's Degree	52.87%	72.23%	73.33%
	Senior High School	17.16%	15.34%	14.81%
	Below Senior High School	28.57%	10.00%	9.38%

5.4 Environmental Protection Expenditure

In 2017 and as of the date of this annual report, the Company did not incur any loss or receive any penalty for major environmental pollution. There are designated personnel within the company who are in charge of environmental protection in compliance with the legal requirements. Waste clearance and disposal, emission discharge and environmental measurement have been conducted and controlled by management procedures.

5.5 Employee Relations

5.5.1 Employee's Welfare and Benefit

a. Employee welfare and benefit

Employee welfare and benefit are provided by both the Company and the Company's Employee Welfare Committee. Corporate benefit program offered to employees include group insurance, travel insurance on business trips, meal subsidies, year-end bonus, performance bonus, etc. The details of welfare and benefit will be announced through announcement, company's website and e-hr system.

b. Professional training program

We place great emphasis on career planning and talent development for employees by encouraging employees to attend internal and external training programs. Internal training programs include courses for core competence and professional development to enhance employees' capabilities, while external training programs include seminars or conferences organized by external parties that provide excellent training opportunities for employees.

Internal Program：

Internal Training	Times	Training Expense
510 classes	1,810hours	NT$ 540,000

External Program：

External Training	Times	Training Expense
55classes	520hours	NT$ 350,000

c. The retirement policy:

The Company's retirement policy is in accordance with the provisions in the Labor Standards Law and Labor Pension Act of the Republic of China.

d. Employee rights

The Company always emphasizes employee benefits as well as harmonious labor relations, and we highly value employee's opinions and feedbacks, which can be submitted via employee mailbox, conferences and emails. Employees can fully express their opinions, raising any labor issues to promote and maintain a positive labor relationship.

e. Employees code of conduct

Pursuing sustainable corporate development and embracing integrity is our highest guiding principle, and the Company has established Business Ethic Guidelines. Based on the Business Ethic Guideline, employees are required to strictly follow the moral standards and advocate honesty, integrity and confidentiality to protect the rights of the Company and shareholders and enhance the Company' s competitiveness.

5.5.2 Any current or potential loss resulting from labor disputes and prevention actions for the past two years and as of the date of this annual report.

There have not been any material losses resulting from major labor disputes for the past two years and as of the date of this annual report.

5.6 Important Contracts

A. Transportation:

	Counterparty	Period	Major Contents	Restrictions
1	CHINA AIRLINE	2016.10.22 ~ 2018.10.22	Air Transportation	None
2	China Eastern	2017.02.08~2019.02.07	Air Transportation	None

3	YANG MING MARINE	2018.05.01~2019.04.30	Sea Transportation	None
4	EVER GREEN LINE	2018.04.18~2019.04.30	Sea Transportation	None
5	COSCO SHIPPING	2018.05.01 ~ 2019.04.30	Sea Transportation	None

B. Agency:

	Counterparty	Period	Major Contents	Restrictions
1	A Company	2012.10.25~2013.10.24 (Automatically Renew One Year)	Agency Agreement	Privacy
2	B Company	2014.12.15~2015.12.14 (Automatically Renew One Year)	Agency Agreement	Privacy
3	C Company	2014.11.18~2015.11.17 (Automatically Renew One Year)	Agency Agreement	Privacy
4	D Company	2013.2.18~2014.12.17 (Automatically Renew One Year)	Agency Agreement	Privacy
5	E Company	2014.11.18~2015.11.17 (Automatically Renew One Year)	Agency Agreement	Privacy

C. Sales:

	Counterparty	Period	Major Contents	Restrictions
1	F Company	2017.11.01-2018.12.31	Forwarder Agreement	Privacy
2	I Company	2017.01.16~2021.06.30 (Automatically Renew One Year)	Logistics Service	Privacy
3	Anhui SIANG WEI Logistics	2016.12.22~2018.12.31	Forwarder Agreement	None
4	J Company	2017.06.27-2018.06.27	Forwarder Agreement	None
5	Jiangsu Feiliks International Logistics Co., Ltd.	2017.07.11-2018.12.31	Forwarder Agreement	None

D. Others:

	Counterparty	Period	Major Contents	Restrictions
1	Cathay Century Insurance	2017.09.11~2018.09.11	Directors and Officers Liability Insurance	The Coverage Limit is US$4,000,000
2	CTBC Bank	2017.09.30-2018.09.30	Financial loan	None

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet

Consolidated Condensed Balance Sheet – Based on IFRS

Unit: NT$ thousands

Year / Item	Financial Summary for The Last Five Years					1Q2018
	2013	2014	2015	2016	2017	

Current assets		2,360,757	3,011,312	3,385,769	3,481,349	3,824,345	3,719,956
Property, Plant and Equipment		265,059	276,664	337,171	314,067	301,090	294,146
Intangible assets		333,371	326,560	720,469	658,732	630,309	626,557
Other assets		271,542	325,738	315,250	359,297	421,807	459,034
Total assets		3,230,729	3,940,274	4,758,659	4,813,445	5,177,551	5,099,693
Current liabilities	Before distribution	1,706,197	1,627,457	1,564,095	2,013,714	2,700,287	2,521,557
	After distribution	1,774,276	1,772,621	1,770,436	2,106,351	-	-
Non-current liabilities		108,953	283,346	558,519	414,237	84,657	84,212
Total liabilities	Before distribution	1,815,150	1,910,803	2,122,614	2,427,951	2,784,944	2,605,769
	After distribution	1,883,229	2,055,967	2,328,955	2,520,588	-	-
Equity attributable to shareholders of the parent		1,388,541	1,992,136	2,506,418	2,259,199	2,279,473	2,375,212
Capital stock		794,297	983,981	1,160,421	1,195,264	1,185,655	1,185,655
Capital surplus		410,144	629,395	867,214	865,337	872,754	872,754
Retained earnings	Before distribution	201,493	284,581	390,641	285,955	424,932	487,913
	After distribution	104,237	103,126	161,373	193,318	-	-
Other equity interest		3,840	115,412	98,778	(25,556)	(137,519)	(104,761)
Treasury stock		(21,233)	(21,233)	(10,636)	(61,801)	(66,349)	(66,349)
Non-controlling interest		27,038	37,335	129,627	126,295	113,134	118,712
Total equity	Before distribution	1,415,579	2,029,471	2,636,045	2,385,494	2,392,607	2,493,924
	After distribution	1,347,500	1,884,307	2,429,704	2,292,857	-	-

6.1.2 Condensed Individual Balance Sheet

Condensed Individual Balance Sheet- Based on IFRS

Unit: NT$ thousands

Year / Item	Financial Summary for The Last Five Years				
	2013	2014	2015	2016	2017
Current assets	307,659	120,195	308,347	375,269	411,485

Property, Plant and Equipment		183,414	198,954	198,754	192,995	188,478
Intangible assets		7,001	6,560	11,227	8,151	22,614
Other assets		1,890,329	2,233,894	2,792,687	2,779,735	2,989,286
Total assets		2,388,403	2,559,603	3,311,015	3,556,150	3,611,863
Current liabilities	Before distribution	940,106	345,360	306,249	743,136	1,310,103
	After distribution	1,008,185	635,688	512,590	835,773	-
Non-current liabilities		59,756	222,107	498,348	353,815	22,287
Total liabilities	Before distribution	999,862	567,467	804,597	1,096,951	1,332,390
	After distribution	1,067,941	712,631	1,010,938	1,189,588	-
Capital stock		794,297	983,981	1,160,421	1,195,264	1,185,655
Capital surplus		410,144	629,395	867,214	865,337	872,754
Retained earnings	Before distribution	201,493	284,581	390,641	285,955	424,932
	After distribution	104,237	103,126	161,373	193,318	-
Other equity interest		3,840	115,412	98,778	(25,556)	(137,519)
Treasury stock		(21,233)	(21,233)	(10,636)	(61,801)	(66,349)
Total equity	Before distribution	1,388,541	1,992,136	2,506,418	2,259,199	2,279,473
	After distribution	1,320,462	1,846,972	2,300,077	2,166,562	-

6.1.3 Condensed Statement of Comprehensive Income/Condensed Statement of Income

Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NT$ thousands

Year / Item	Financial Summary for The Last Five Years					1Q2018
	2013	2014	2015	2016	2017	
Operating revenue	8,323,514	9,729,513	9,736,912	9,744,113	10,537,008	2,439,432
Gross profit	1,395,725	1,659,065	1,877,272	1,794,218	1,924,035	454,507
Income from operations	166,796	225,141	312,196	193,165	396,445	85,622
Non-operating income and expenses	(2,896)	48,765	85,061	33,439	(42,416)	(17,469)

Income before tax	163,900	273,906	397,257	226,604	354,029	68,153
Net income (Loss)	108,691	206,665	303,900	121,176	252,737	65,723
Other comprehensive income (income after tax)	52,373	111,077	(24,070)	(137,465)	(118,393)	5,122
Total comprehensive income	161,064	317,742	279,830	(16,289)	134,344	101,317
Net income attributable to shareholders of the parent	104,380	199,512	293,820	130,487	240,110	62,422
Net income attributable to non-controlling interest	4,311	7,153	10,080	(9,311)	12,627	3,301
Comprehensive income attributable to Shareholders of the parent	156,728	307,445	270,881	248	125,685	95,739
Comprehensive income attributable to non-controlling interest	4,336	10,297	8,949	(16,537)	8,659	5,578
Earnings per share	1.40	2.20	2.70	1.11	2.07	0.54

6.1.3 Condensed Individual Statement of Income

Condensed Individual Statement of Income- Based on IFRS

Unit: NT$ thousands

ear / Item	Financial Summary for The Last Five Years				
	2013	2014	2015	2016	2017
Operating revenue	149,770	272,824	415,213	230,812	289,873
Gross profit	101,936	190,484	292,966	140,614	207,935
Income from operations	101,936	190,484	292,966	140,614	207,935
Non-operating income and expenses	2,450	10,107	1,902	(7,096)	34,037
Income before tax	104,386	200,591	294,868	133,518	241,972
Net income (Loss)	104,380	199,512	293,820	130,487	240,110
Other comprehensive income (income after tax)	52,348	107,933	(22,939)	(130,239)	(114,425)
Total comprehensive income	156,728	307,445	270,881	248	125,685

Net income attributable to shareholders of the parent	104,380	199,512	293,820	130,487	240,110
Net income attributable to non-controlling interest	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent	156,728	307,445	270,881	248	125,685
Comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per share	1.40	2.20	2.70	1.11	2.07

6.1.4 Auditors' Opinions from 2013 to 2017

Year	CPA's Name	CPA Firm	Auditing Opinion
2013	Peggy Chen & HENG- SHENG LIN	KPMG	Unqualified
2014	Peggy Chen & HENG- SHENG LIN	KPMG	Unqualified
2015	Peggy Chen & HENG- SHENG LIN	KPMG	Modified Unqualified
2016	Peggy Chen & HENG- SHENG LIN	KPMG	Unqualified
2017	Peggy Chen & HENG- SHENG LIN	KPMG	Unqualified

6.2 Five-Year Financial Analysis

6.2.1 Consolidated Financial Analysis

Consolidated Financial Analysis – Based on IFRS

Item	Year	Financial Analysis for the Last Five Years					1Q2018
		2013	2014	2015	2016	2017	
Financial structure (%)	Debt Ratio	56.18	48.49	44.61	50.44	53.79	51.10
	Ratio of long-term capital to property, plant and equipment	575.17	835.97	947.46	891.44	822.77	876.48
Solvency (%)	Current ratio	138.36	185.03	216.47	172.88	141.63	147.53
	Quick ratio	134.93	182.72	213.68	170.82	139.88	145.22
	Interest earned ratio (times)	12.75	25.67	41.73	9.67	13.85	13.35
Operating performance	Accounts receivable turnover (times)	5.91	6.21	6.20	6.22	6.14	6.14
	Average collection period	61.78	58.78	58.87	58.68	59.44	59.4
	Inventory turnover (times)	-	-	-	-	-	-
	Accounts payable turnover (times)	10.58	10.28	9.88	10.14	10.22	10.30
	Average days in sales	-	-	-	-	-	-
	Property, plant and equipment turnover (times)	30.20	35.92	31.72	29.92	34.26	32.09
	Total assets turnover (times)	2.69	2.71	2.24	2.04	2.11	1.97
Profitability	Return on total assets (%)	3.89	6.02	6.94	3.18	5.26	1.35

	Return on stockholders' equity (%)	8.35	12.00	13.06	5.48	10.58	2.69
	Pre-tax income to paid-in capital (%)	20.63	27.84	34.23	18.96	29.86	5.75
	Profit ratio (%)	1.31	2.12	3.12	1.24	2.40	2.69
	Earnings per share (NT$)	1.40	2.20	2.70	1.11	2.07	0.54
Cash flow	Cash flow ratio (%)	5.64	13.90	32.73	0.43	5.68	6.77
	Cash flow adequacy ratio (%)	97.83	69.22	90.20	104.00	93.04	113.22
	Cash reinvestment ratio (%)	5.09	7.35	13.75	註 3	3.12	8.44
Leverage	Operating leverage	3.63	3.19	2.96	3.70	2.14	2.29
	Financial leverage	1.09	1.05	1.03	1.16	1.07	1.07

Analysis of financial ratio differences for the last two years.

1. Interest earned ratio (times): The increase of income before tax expense and interest expense caused the increase of ratio.
2. Ratios of profitability: The growth of profit in 2017 caused the increase of profitability.
3. Ratios of cash flow: The growth of cash flow activity caused the increase of ratio.
4. Operating leverage: The increase of operating profit caused the decline of operating leverage.

Note 1: Equations:

1. Capital Structure

(1) Debt ratio = Total liability / Total assets

(2) Ratio of long-term capital to property, plant and equipment = (Net shareholders’ equity + Long-term liability) / Net property, plant and equipment

2. Solvency

(1) Current ratio: Current assets / current liability

(2) Quick ratio = (Current assets – Inventory – Prepaid expense) / current liability

(3) Times interest earned = Net income before tax and interest expense / Interest expense of the year

3. Operating ability

(1) Account receivable turnover (including accounts receivable and notes receivable derived from business operations) = Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation)

(2) Days sales in accounts receivable = 365 / Account receivable turnover

(3) Inventory turnover = Cost of goods sold / Average inventory amount

(4)Account payable turnover (including accounts payable and notes payable derived from business operation) = Cost of goods sold / Average accounts payable (including accounts payable and notes payable derived from business operation)

(5) Average days in sales = 365 / Inventory turnover

(6) Fixed assets turnover = Net sales / Net fixed assets

(7) Total assets turnover = Net sales / Total assets

4. Profitability

(1) Return on assets = (Net income (loss) + interest expense x (1-tax rate)) / Average total assets

(2) Return on shareholders' equity = Net income (loss) / Net average shareholders' equity

(3) Return to issued capital stock = Net income before tax / Issued capital stock

(4) Profit ratio = Net income (loss) / Net sales

(5) Basic earnings per share = (Net income – preferred stock dividend) / Weighted average stock shares issued

5. Cash flow

(1) Cash flow ratio = Bet cash flow from operating activity / Current liability

(2) Cash flow adequacy ratio = Net cash flow from operating activity in the past 5 years / (Capital expenditure + Inventory interest + Cash dividend) in the past 5 years

(3) Cash + reinvestment ratio = (Net cash flow from operating activity – Cash dividend) / (Fixed assets + Long term investment + Other assets + Working capital)

6. Balance

(1) Degree of operating leverage = (Net operating income – Variable operating cost and expense) / Operating income)

(2) Degree of financial leverage = Operating income / (Operating income – interest expense)

Note 2: The net cash flow in operating activity is negative, it not apply.

6.2.2 Individual Financial Analysis

Individual Financial Analysis- Based on IFRS

Item / Year		Financial Analysis for the Last Five Years				
		2013	2014	2015	2016	2017
Financial structure (%)	Debt Ratio	41.86	22.17	24.30	32.68	36.89
	Ratio of long-term capital to property, plant and equipment	789.63	1,112.94	1,511.80	1,353.93	1,221.24
Solvency (%)	Current ratio	32.73	34.80	100.69	50.50	31.41
	Quick ratio	29.98	31.69	97.20	49.02	30.81
	Interest earned ratio (times)	10.78	22.12	38.26	6.37	12.52
Operating performance	Accounts receivable turnover (times)	15.93	8.70	8.89	4.81	6.28
	Average collection period	23	42	41	76	58
	Inventory turnover (times)	-	-	-	-	-
	Accounts payable turnover (times)	9.65	12.64	43.01	50.59	60.14
	Average days in sales	-	-	-	-	-
	Property, plant and equipment turnover (times)	0.81	1.43	2.09	1.18	1.52
	Total assets turnover (times)	0.07	0.11	0.14	0.07	0.08
Profitability	Return on total assets (%)	5.26	8.38	10.23	4.53	7.39
	Return on stockholders' equity (%)	8.18	11.80	13.06	5.48	10.58
	Pre-tax income to paid-in capital (%)	13.14	20.39	25.41	11.17	20.41
	Profit ratio (%)	69.69	73.13	70.76	56.53	82.83
	Earnings per share (NT$)	1.40	2.21	2.70	1.11	2.07

Cash flow	Cash flow ratio (%)	Note1	Note1	Note1	Note1	Note1
	Cash flow adequacy ratio (%)	48.73	14.84	7.58	0.03	-
	Cash reinvestment ratio (%)	Note1	Note1	Note1	Note1	Note1
Leverage	Operating leverage	1.00	1.00	1.00	1.00	1.00
	Financial leverage	1.12	1.05	1.03	1.21	1.11

Analysis of financial ratio differences for the last two years.

1. Current ratio & quick ratio: The increase of bank loan caused the decline of ratio.
2. Interest earned ratio (times): The increase of income before tax expense and interest expense caused the decline of ratio.
3. Accounts payable turnover & Average collection period: The increase of investment profit caused the increase of turnover rate and the decrease of collection period.
4. Property, plant and equipment turnover & Total assets turnover: The ratio increased in 2017 due to the increase in sales.
5. Ratios of profitability: The growth of profit in 2017 caused the increase of profitability.

Note1: it was negative.

Note2:

1. Capital Structure

(1) Debt ratio = Total liability / Total assets

(2) Ratio of long-term capital to property, plant and equipment = (Net shareholders' equity + Long-term liability) / Net property, plant and equipment

2. Solvency

(1) Current ratio: Current assets / current liability

(2) Quick ratio = (Current assets – Inventory – Prepaid expense) / current liability

(3) Times interest earned = Net income before tax and interest expense / Interest expense of the year

3. Operating ability

(1) Account receivable turnover (including accounts receivable and notes receivable derived from business operations) =

Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation)

(2) Days sales in accounts receivable = 365 / Account receivable turnover

(3) Inventory turnover = Cost of goods sold / Average inventory amount

(4)Account payable turnover (including accounts payable and notes payable derived from business operation) =

Cost of goods sold / Average accounts payable (including accounts payable and notes payable derived from business operation)

(5) Average days in sales = 365 / Inventory turnover

(6) Fixed assets turnover = Net sales / Net fixed assets

(7) Total assets turnover = Net sales / Total assets

4. Profitability

(1) Return on assets = (Net income (loss) + interest expense x (1-tax rate)) / Average total assets

(2) Return on shareholders' equity = Net income (loss) / Net average shareholders' equity

(3) Return to issued capital stock = Net income before tax / Issued capital stock

(4) Profit ratio = Net income (loss) / Net sales

(5) Basic earnings per share = (Net income – preferred stock dividend) / Weighted average stock shares issued

5. Cash flow

(1) Cash flow ratio = Bet cash flow from operating activity / Current liability

(2) Cash flow adequacy ratio = Net cash flow from operating activity in the past 5 years / (Capital expenditure + Inventory interest + Cash dividend) in the past 5 years

(3) Cash + reinvestment ratio = (Net cash flow from operating activity – Cash dividend) / (Fixed assets + Long term investment + Other assets + Working capital)

6. Balance

(1) Degree of operating leverage = (Net operating income – Variable operating cost and expense) / Operating income)

(2) Degree of financial leverage = Operating income / (Operating income – interest expense)

6.3 Supervisors' Report in the Most Recent Year

T3EX Global Holdings Corp.
Audit Report by Supervisors

Date: March 26, 2018

The Board of Directors has prepared the T3EX Global Holdings Corporation's ("the Company)" 2017 Business Report, financial statements, and proposal for earning distribution. The CPA firm of KPMG was retained to audit the Company's financial statements and has issued an audit report relating to the financial statements. The above Business Report, financial statements, and earning distribution proposal have been examined and determined to be correct and accurate by the Supervisor of T3EX Global Holdings Corporation. Pursuant to Article 219 of the Company Act, we hereby submit this report.

Submitted to:

2018 Regular Shareholders' Meeting of the Company

Supervisor: YI-WEI INVESTMENT Representative Chin-Chou Hsu

Supervisor: BAO-JYUE INVESTMENT Representative: Mao-Jen Chen

Supervisor: Shen-Li Liao

6.4 Consolidated Financial Statements of the Parent Company and Subsidiary in the Most Recent Year: Please refer page 109-184

6.5 Non-Consolidated Financial Statements of the Most Recent Year:

Please refer page 185-248

6.6 Financial Difficulties Encountered By the Company and the Related Party in the Most Recent Year and Up to the Date of the Annual Report: None.

VII. Review of Financial Position, Management Performance and Risk Management.

7.1 Analysis of Financial Status

Unit: NT$ thousands

Year / Item	2016	2017	Difference	
			Amount	%
Current Assets	3,481,349	3,824,345	342,996	9.85
Fixed Assets	314,067	301,090	(12,977)	(4.13)
Intangible Assets	658,732	630,309	(28,423)	(4.31)
Other Assets	359,297	421,807	62,510	17.40
Total Assets	4,813,445	5,177,551	364,106	7.56
Current Liabilities	2,013,714	2,700,287	686,573	34.09
Long-term Liabilities	414,237	84,657	(329,580)	(79.56)
Total Liabilities	2,427,951	2,784,944	356,993	14.70
Capital stock	1,195,264	1,185,655	(9,609)	(0.80)
Capital surplus	865,337	872,754	7,417	0.86
Retained Earnings	285,955	424,932	138,977	48.60
Other Equity	(25,556)	(137,519)	(111,963)	438.11
Treasury Stock	(61,801)	(66,349)	(4,548)	7.36
Non-controlling interests	126,295	113,134	(13,161)	(10.42)
Total Stockholders' Equity	2,385,494	2,392,607	7,113	0.30

Analysis of changes in financial ratios: Current Liabilities: The increase was due to increase the bank loan for operating need. Long-term Liabilities: The 3rd domestic unsecured convertible bond was reclassified to current liabilities which caused the decrease of long-term liabilities. Retained Earnings: The growth of 2017 profit caused the increase of retained earnings.. Other Equity: The decrease due to the the loss of foreign exchange from USD devaluation.

- **Effect of changes on the company's future business and Future response action:**

  The foreign loss was an unrealized loss, so it doesn't have big effect on the Company.

7.2 Analysis of Financial Performance

Unit: NT$ thousands

Year / Item	2016	2017	Difference	
			Amount	%
Sales	9,744,113	10,537,008	792,895	8.14
Cost of Sales	7,949,895	8,612,973	663,078	8.34
Gross Profit	1,794,218	1,924,035	129,817	7.24
Operating Expenses	1,601,053	1,527,590	(73,463)	(4.59)
Operating Income	193,165	396,445	203,280	105.24
Non-operating Income and Expenses	33,439	(42,416)	(75,855)	(226.85)
Income Before Tax	226,604	354,029	127,425	56.23
Tax Expense	105,428	101,292	(4,136)	(3.92)
Net Income	121,176	252,737	131,561	108.57
Analysis of changes in financial ratios: Operating Income: The increase was due to the growth of gross profit. Non-operating Income and Expenses: The Company recognized the foreign exchange loss. Income Before Tax: The increase was due to the growth of gross profit. Net Income: The increase was due to the growth of gross profit.				

- **Effect of changes on the company's future business and Future response action:**

  The Company will continue to develop international logistics business with oversea, expand new locations, and deeply develop warehousing, customs declaration, and inland transport to become a total solution logistics company.

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis for the Current Year

Unit: NT$ thousands

Item \ Year	2016	2017	Variance	
			Amount	(%)
Cash flows from operating actives	8,719	153,312	144,593	1,658.37
Cash flows from investing actives	(288,998)	(305,981)	(16,983)	5.88
Cash flows from financing actives	178,712	281,567	102,855	57.55
Net cash flows	(101,567)	128,898	230,465	(226.91)
Analysis of financial ratio change: Cash flows from operating actives: The increase were due to the growth of profit before tax. Cash flows from investing actives: The increase of investment caused the increase of cash outflow. Cash flows from financing actives: The increase of bank loan caused the increase of cash inflow.				

7.3.2 Remedy for Cash Deficit and Liquidity Analysis:

In light of positive cash flows, remedial actions are not required.

7.3.3 Cash Flow Analysis for the Coming Year

Unit: NT$ thousands

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Net Cash Flow from Investing Activities (3)	Estimated Net Cash Flow from Financing Activities (4)	Cash Surplus (Deficit) (1)+(2)+(3)+(4)
1,491,532	150,000	(200,000)	250,000	1,691,532
Analysis of 2018 cash flow: Cash flows from operating actives: The Company will continue to develop business to bring more cash flows. Cash flows from investing actives: The Company is planning to purchase IT equipment for integrating logistics and financial information system. Cash flows from financing actives: The Company will continue to do some financial plans for developing business. Remedy for Cash Deficit and Liquidity Analysis: In light of positive cash flows, remedial actions are not required.				

7.4 Major Capital Expenditure Items: None.

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

7.5.1 Investment policy:

The policy is pursuant on the "Procedures of Acquisition and Disposal of Assets" and Internal Control System.

7.5.2 The reason of profits or Losses:

The Company and its subsidiaries' investment profit in 2017 were mainly due to the profits of THI Logistics, THI Group (Shanghai) Ltd, and THI Group (HK) Ltd., Taiwan Express, and T-Cube logistics. The investment loss were mainly due to the loss of Sanghai EXer Logistics. The loss of Sanghai EXer Logistics was mainly due to the distribution volume has not yet reached a scale of economy which caused loss. The Company had doing the downsize plan to reach the breakeven since the end of 2017. In 1Q2017 the loss decreased 110% compared to 1Q2016.

7.5.3 Investment plans for the coming year:

The Company will continue to invest locations in China and Southern Asia.

7.6 Analysis of Risk Management

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

(1) Interest rate

Unit: NT$ thousands

Item\Year	2017	1Q2018
Interest Expenses (A)	27,556	5,520
Revenue(B)	10,537,008	2,439,432
Operating Profit(C)	396,445	85,622
(A)/(B)	0.26%	0.23%
(A)/(C)	6.95%	6.45%

Going forward, the Company will continue to carefully monitor interest rate movements, adopt proper hedging strategies, and make use of capital markets financing instruments to ensure that our financing costs are at a comparatively low level.

(2) Foreign exchange rates

Unit: NT$ thousands

Item\Year	2017	1Q2018
Foreign Exchange (A)	(47,318)	(22,775)
Revenue (B)	10,537,008	2,439,432
(A) / (B)	-0.45%	-0.93%

The Company has a clear operating strategy and risk control procedure to respond to changes in the spot exchange rate, stays in close contact with financial institutions, and adjusts its foreign exchange strategy to minimize the risk of exchange rate accordingly.

(3) Inflation

The impact of inflation does not currently have a significant impact on the Company’s profits and business operations. The Company will continue to maintain a good relations with shipping companies, airline companies, and overseas agencies to decrease the risk of inflation or deflation.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

(1) High-Risk, High-Leverage Investment:

In 2017 and as of the date of this annual report, the Company has not conducted any high-risk and/or high-leverage investment.

(2) Loaning or Endorsement Guarantees:

The Company and its subsidiaries conduct loaning or endorsement guarantees according to the internal policy "Operational Procedures for Endorsements and Guarantees" and the "Procedures for Loaning of Funds.". Procedures and risk evaluation are conducted in accordance with this policy.

(3) Derivatives Transactions:

The Company and its subsidiaries conduct derivatives transactions according to the internal policy "the Operational procedures for Acquisition and Disposal of Assets"

7.6.3 Future Research & Development Projects and Corresponding Budget

The Company did not conduct any research & development projects.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The Company consistently pays close attention to any changes in local and foreign policies and makes appropriate amendments to our systems when necessary. During 2016 and as of the date of publication of this annual report, changes in related laws have not had a significant impact on our operations.

7.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

The Company attaches great importance to improvements in technology and carefully monitors market trends and assesses the impact they may have on the company's operations.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

Since its inception, the Company has consistently maintained an ethical business philosophy and fulfilled its social responsibilities. Aside from working to strengthen internal management and conforming to all relevant corporate governance requirements, the Company has also organized numerous public welfare activities.

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

The Company has no ongoing merger and acquisition activities. In considering future M&A activities, the Company will evaluate their efficiency, risks, vertical integration and other factors in accordance with its internal control system.

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

The Company has no factory expansion plans.

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

The Company has consistently focused on identifying alternative sources for purchasing, and has worked to diversify its customer base in order to reduce the concentration of sales.

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

The shareholdings of the Company's directors and supervisors have been stable during the last few years. The Company has no shareholders of 10%.

7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights

The structure of our principal shareholders is solid. A strong professional management team is in place to maximize both shareholders and the Company's best interest. Accordingly, we believe that the risk of changing in management rights that would cause damage to the Company is mitigated. In addition, our risk management department is responsible to monitor any related risks and report to the Board. Our policy is to maintain a steady ownership and management structure. As of the date of this Annual Report, such risks were not identified by the Company.

7.6.12 Litigation or Non-litigation Matters

(1) Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.

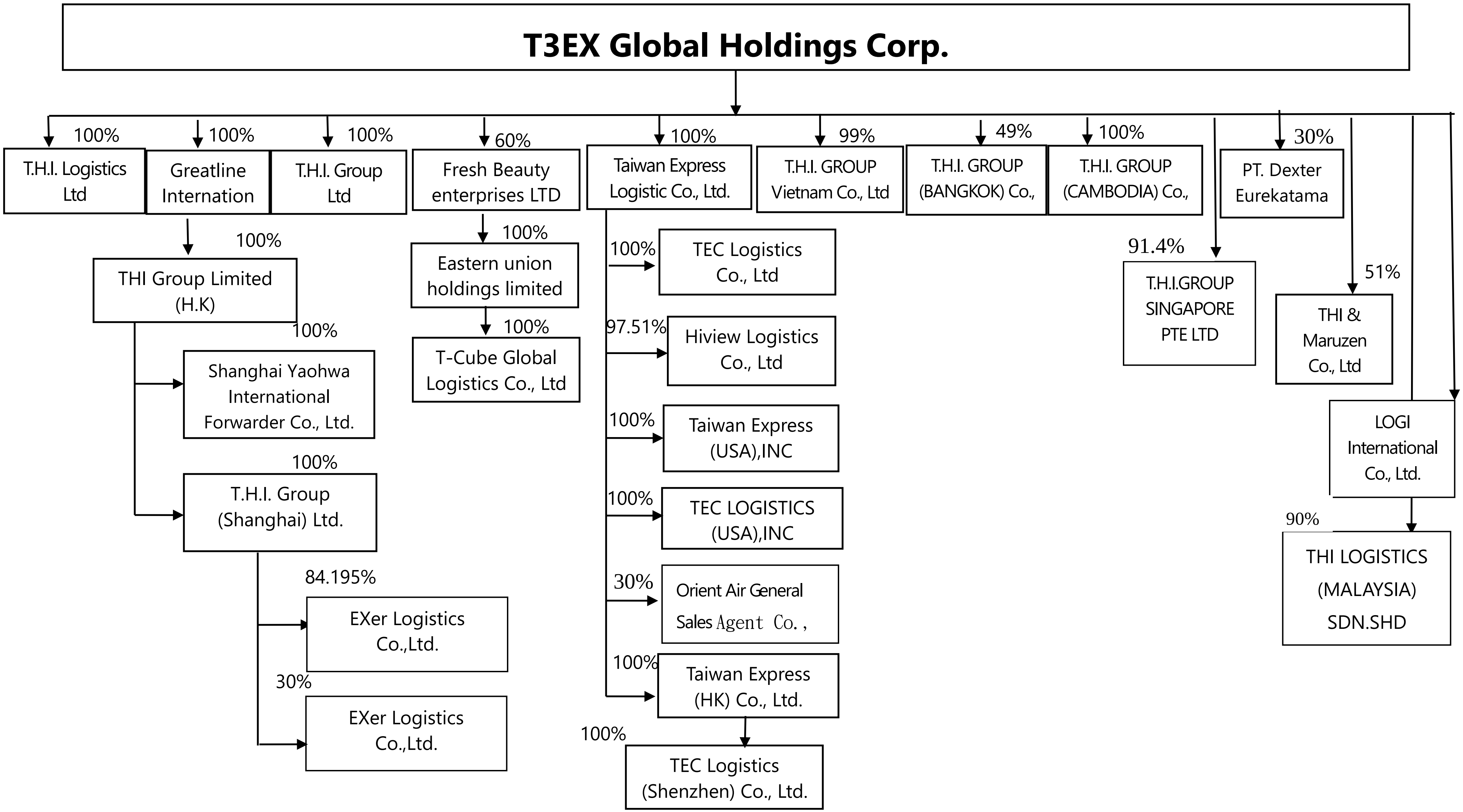
(2) Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings: None.

7.6.13 Other Major Risks: None.

VIII. Special Disclosure

8.1 Summary of Affiliated Companies:

8.1.1 Affiliated Companies Cha


T3EX Global Holdings Corp.
100%
T.H.I. Logistics Ltd
100%
Greatline Internation
100%
T.H.I. Group Ltd
60%
Fresh Beauty enterprises LTD
100%
Taiwan Express Logistic Co., Ltd.
99%
T.H.I. GROUP Vietnam Co., Ltd
49%
T.H.I. GROUP (BANGKOK) Co.,
100%
T.H.I. GROUP (CAMBODIA) Co.,
30%
PT. Dexter Eurekatama
100%
THI Group Limited (H.K)
100%
Shanghai Yaohwa International Forwarder Co., Ltd.
100%
T.H.I. Group (Shanghai) Ltd.
84.195%
EXer Logistics Co.,Ltd.
30%
EXer Logistics Co.,Ltd.
100%
Eastern union holdings limited
100%
T-Cube Global Logistics Co., Ltd
100%
TEC Logistics Co., Ltd
97.51%
Hiview Logistics Co., Ltd
100%
Taiwan Express (USA),INC
100%
TEC LOGISTICS (USA),INC
30%
Orient Air General Sales Agent Co.,
100%
Taiwan Express (HK) Co., Ltd.
100%
TEC Logistics (Shenzhen) Co., Ltd.
91.4%
T.H.I.GROUP SINGAPORE PTE LTD
51%
THI & Maruzen Co., Ltd
LOGI International Co., Ltd.
90%
THI LOGISTICS (MALAYSIA) SDN.SHD

8.1.2 The Detail Information of Affiliated Companies

Unit: thousands

Name of Subisidary	Foundation Date	Address	Share Capital	Major Business
Greatline International Limited	2001.06.08	P.O.Box 438, Road Town, Tortola, British Virgin islands.	USD4,050	Offshore holdings company
T.H.I. Group Ltd (BVI)	2001.03.22	P.O.Box 3444, Road Town, Tortola, British Virgin Islands.	USD1,000	Offshore settlement company
T.H.I. Group Limited (HK)	1988.04.29	Rm601-7,Prosperity Millennia Plaza, 663 King's Rd.,Quarry Bay,HK.	HKD12,480	Air & sea freight forwarding
T.H.I. Group (Shanghai) Ltd.	2001.03.05	10F, Kaikai Plaza, No 888 Wanhangdu Road, Jinan District, Shanghai, 200042	USD3,060	Air & sea freight forwarding and customs clearance
Shanghai Yaohwa International Forwarder Co., Ltd	2004.07.28	Room 5F/Room F2, No.61 YangShuPu Road, Shanghai, P.R. China	USD1,700	Air & sea freight forwarding and customs clearance
T.H.I. Logistics Ltd	2012.06.21	12F. , No. 563 , Sec . 4, Zhongxiao E. Rd . Xinyi District , Taipei City 11072 , Taiwan	NTD130,000	Air & sea freight forwarding
T.H.I. Group Vietnam Co., Ltd	2007.12.24	Floor 7, No 09 Dinh Tien Hoang, Dakao, Ward,Dist 1, , Hochiminh city	VND5,000,000	Air & sea freight forwarding and packaging
T.H.I. GROUP (BANGKOK) COMPANY LIMITED	2009.04.07	2/22 Iyara Tower, 6th Fl., Unit 603,Chan Rd., Thungwatdon, Sathorn, Bangkok	THB5,000	Air & sea freight forwarding and packaging
T.H.I. GROUP (CAMBODIA) Co., Ltd.	2012.03.19	5th Floor, #66 SSN Building, Norodom Bvld, Phnom Penh, Cambodia	USD150	Air & sea freight forwarding
T.H.I.GROUP SINGAPORE PTE LTD	2014.11.06	115 AIRPORT CARGO ROAD#06-19 CARGO AGENTS BUILDING C SINGAPORE (819466)	SGD930,000	Air & sea freight forwarding
THI & Maruzen Co., Ltd	2010.07.14	5F, Sailor No.3 BLDG 1-21-4 Nihonbashi Kakigaracho Chuo-ku, Tokyo Japan 103-0014	JPY60,000,000	Air & sea freight forwarding
Taiwan Express Logistic Co., Ltd.	1992.09.04	3F, No. 16, Section 1, Nánjīng East Rd, Jhongshan District Taipei City, Taiwan	NTD359,584	Air & sea freight forwarding and customs clearance

Taiwan Express (HK) Co., Ltd.	1997.11.17	13005E-13006E,13/F., ATL Logistics Centre B, Berth 3, Kwai Chung Container Terminal, Kwai Chung, N.T.	HKD70,550	Freight forwarding, customs clearance, and distribution
TEC Logistics Co., Ltd	2003.10.13	3F, No. 16, Section 1, Nánjīng East Rd, Jhongshan District Taipei City, Taiwan	NTD10,000	Freight forwarding, customs clearance, and distribution
Taiwan Express (USA) INC.	2010.02.18	409 N. OAK STREET, INGLEWOOD, CA 90302	USD1,000	Freight forwarding, customs clearance, and distribution
Hiview Logistics Co., Ltd	1970.01.20	802, 8F, No. 6, Lìxíng 6th Rd, Dong District Hsinchu City, Taiwan	NTD68,000	Freight forwarding, customs clearance, and distribution
TEC Logistics (Shenzhen) Co., Ltd.	2005.02.06	Room28B-C, Office Building, Wan Chen Square, Wong-Kwong Port Shenzhen, China	HKD48,550	Freight forwarding, customs clearance, and distribution
TEC LOGISTICS(USA), INC	2010.08.04	167-16 146th Ave. Jamaica, NY11434, USA	USD290	Freight forwarding, customs clearance, and distribution
Fresh Beauty enterprises LTD.	2014.08.21	Level 5,Development Bank of Samoa Building, Beach Road,Apia,Samoa	USD1,751	Offshore holdings company
Eastern union holdings limited	2014.08.15	Room 7C WORLD TRUST TOWER 50 STANLEY STREET CENTRAL, HK.	USD1,751	Offshore holdings company
T-Cube Global Logistics Co., Ltd	2015.08.07	Rm.803,8F，Changhui building.,No.799,yin xiang road,Shanghai,P.R.China 201802	RMB11,000	Warehousing and distribution
EXer Logistics Co.,Ltd.	2015.08.12	No.536, Shenglong Road, Songjiang District, Shanghai	RMB11,123	Express
THI LOGISTICS (MALAYSIA) SDN.BHD	2016.01.26	13-2, Jalan Mahogani 5/KS7,Bandar Botanic, 41200 Selangor Darul Ehsan Malaysia	USD200	Air & sea freight forwarding and packaging

8.1.3: Shareholding of Directors, Supervisors, Managers of Affiliated Companies

Affiliated Companies	Position	Name	Current shareholding	
			Shares	Shareholding ratio
GREATLINE INTERNATIONAL LIMITED	Investor	T3EX Global Holdings Corp.	4,050,000	100%
	Representative	David Yen	-	-
THI GROUP LIMITED(H.K)	Investor	GREATLINE INTERNATIONAL LIMITED	12,480,000	100%
	Director	Jack Lai	-	-
	Director & GM	Billy Yuen	-	-
T.H.I Group Ltd	Investor	T3EX Global Holdings Corp.	1,000,000	100%
T.H.I. Group (Shanghai) Ltd.	Investor	THI GROUP LIMITED(H.K)	-	100%
	Chairman	David Yen	-	-
	Representative	Jack Lai		
	Director & GM	Jack Lai	-	-
	Director	Tony Lin	-	-
	Supervisor	Irene Lee	-	-
Shanghai Yaohwa International Forwarder Co., Ltd	Investor	THI GROUP LIMITED(H.K)	-	100%
	Chairman	David Yen	-	-
	Representative	Tony Lin		
	Director & GM	Tony Lin	-	-
	Director	Jack Lai	-	-
	Supervisor	Helen Zheng	-	-
T-Cube Global Logistics Co., Ltd	Investor	Eastern union holdings limited	-	100%
	Chairman	Jack Lai	-	-
	Representative	Peter Liu	-	-
	Director	David Yen	-	-
	Director	Tony Lin	-	-
	Director	HUI- CHAO HU	-	-
	Supervisor	Helen Zheng	-	-
EXer Logistics Co.,Ltd.	Investor	T.H.I. Group (Shanghai) Ltd.	-	84.195%
	Investor	CHUN-TSANG Investment		3.7910%
	Chairman	RU- SHIU CHANG	-	-
	Representative			

	Director			
	Director	LE-HUA LIU	-	5.4330%
	Director	CHIEN- HUA LIU	-	6.5810%
	Director	David Yen	-	-
	Director	Jack Lai	-	-
	Director	Sandy Shen	-	-
	Director	Tony Lin	-	-
	Director	Helen Zheng	-	-
	Director	HSIAO- CHENG SHE	-	-
	Supervisor	Hong-Ji Ruan	-	-
Eastern union holdings limited	Investor	Fresh Beauty enterprises LTD.	-	100%
	Representative Director	Jack Lai	-	-
Fresh Beauty enterprises LTD.	Investor	T3EX Global Holdings Corp.	60	60%
		NEW CONCEPT INVESTMENT LIMITED	40	40%
	Director	Jack Lai	-	-
	Director	Tony Lin	-	-
	Director	Liu Chuandong		
T.H.I. Group Vietnam Co., Ltd	Investor	T3EX Global Holdings Corp.	4,950,000,000	99%
		DAI HOA INTERNATIONAL TRANSPORTATION CO., LTD	50,000,000	1%
	Representative	Jack Lai	-	-
T.H.I. GROUP (BANGKOK) COMPANY LIMITED	Investor	T3EX Global Holdings Corp.	-	49%
		Boonpen Chuparkpien	-	30%
		Parnurut Punputtapong	-	20%
	Representative	Jack Lai	-	1%

T.H.I. GROUP (CAMBODIA) Co., Ltd.	Investor	T3EX Global Holdings Corp.	-	100%
	Director	Jack Lai	-	-
T.H.I.GROUP SINGAPORE PTE LTD	Investor	T3EX Global Holdings Corp.	850,000	91.39%
	Investor	KANG LEE CHING SHAREEN	80,000	8.61%
	Director	Jack Lai	-	-
	Director	Tony Lin	-	-
	Director	KANG LEE CHING SHAREEN	-	-
THI LOGISTICS (MALAYSIA) SDN.BHD	Investor	T3EX Global Holdings Corp.	1,350,000	90%
		Cindy Thong LAI YOONG	75,000	5%
		Chang KOK KEONG	75,000	5%
	Director	Jack Lai	-	-
	Director	Cindy Thong LAI YOONG	-	-
	Director	Chang KOK KEONG	-	-
THI & Maruzen Co., Ltd	Investor	T3EX Global Holdings Corp.	3,060	51%
		Satoshi Ikeda	2,000	33.33%
		Maruzen Showa Co., ltd	940	15.67%
	Representative	Satoshi Ikeda	-	-
	Director	Satoshi Ikeda	-	-
	Director	Tony Lin	-	-
	Director	Allen Hou	-	-
	Director	David Yen	-	-
	Director	Hideaki Suzuki	-	-
Taiwan Express Logistic Co., Ltd.	Investor	T3EX Global Holdings Corp.	35,958,400	100%
	Chairman/GM	Benison Hsu	-	-
	Director	Andy Wan	-	-
	Director	Allen Hou	-	-
	Director	David Yen	-	-
	Director	Tony Lin	-	-
	Supervisor	Shen-Li Liao	-	-
T.H.I. Logistics Ltd	Investor	T3EX Global Holdings Corp.	13,000,000	100%
	Chairman &GM	David Yen	-	-
	Director	Jack Lai	-	-
	Director	Tony Lin	-	-

	Director	Benison Hsu		
	Director	Allen Hou		
	Supervisor	Ji-Zhi Hsieh	-	-
Taiwan Express (USA) INC.	Investor	Taiwan Express Logistic Co., Ltd.	100,000	100%
	Director	Benison Hsu	-	-
	Director	TSAI- CHUAN Liu	-	-
TEC Logistics (USA) INC.	Investor	Taiwan Express Logistic Co., Ltd.	200	100%
	Director	Benison Hsu	-	-
	Director	TSAI- CHUAN Liu	-	-
TEC Logistics Co., Ltd	Investor	Taiwan Express Logistic Co., Ltd.	1,000,000	100%
	Chairman	Benison Hsu	-	-
	Director	Andy Wan	-	-
	Director	Julie Chen	-	-
	Supervisor	Melonie Lin	-	-
Hiview Logistics Co., Ltd	Investor	Taiwan Express Logistic Co., Ltd.	5,000,000	97.51%
	Chairman	Julie Chen	-	-
	Director	Benison Hsu	-	-
	Supervisor	Melonie Lin	-	-
Taiwan Express (HK) Co., Ltd.	Investor	Taiwan Express Logistic Co., Ltd.	-	100%
	Director	Benison Hsu	-	-
TEC Logistics (Shenzhen) Co., Ltd.	Investor	Taiwan Express (HK) Co., Ltd.	-	100%
	Director	Benison Hsu	-	-
	Director	Allen Chiu	-	-
	Director	MING-SHIN JOU	-	-

8.1.4 The Operating Condition of Affiliated Companies：

Unit: NT$ thousands

Affiliated Companies	Share Capital	Total Assets Amount	Total liabilities Amount	Total equity	Revenue	Operating Income	Net Income	EPS
T.H.I. Group Ltd	35,000	96,417	21,916	74,501	15,659	(722)	3,962	0
GREATLINE INTERNATIONAL	134,428	1,468,332	0	1,468,332	0	(307)	165,604	0

LIMITED								
T.H.I. Logistics Ltd	130,000	255,421	113,854	141,567	1,026,263	13,116	7,972	0
THI GROUP LIMITED(H.K)	48,448	1,589,401	126,239	1,463,162	926,315	119,110	166,034	0
T.H.I. Group (Shanghai) Ltd.	92,883	1,524,024	607,688	916,336	5,389,360	219,722	57,275	0
Shanghai Yaohwa International Forwarder Co., Ltd	55,031	138,308	25,181	113,127	243,101	8,036	5,668	0
T.H.I. Group Vietnam Co.,LTD	9,534	71,480	10,641	60,839	239,201	11,286	11,045	0
T.H.I. GROUP (BANGKOK) CO., LTD.	4,841	32,262	3,188	29,074	76,978	6,382	4,027	0
T.H.I. GROUP (CAMBODIA) Co., Ltd.	4,462	9,485	1,341	8,144	29,930	101	47	0
T.H.I. Group Singapore PTE. LTD.	20,939	22,439	8,290	14,149	62,686	2,189	870	0
T.H.I. Logistics (Malaysia) SDN. BHD	11,535	13,998	7,991	6,007	30,798	(1,234)	(1,356)	0
T.H.I. & Maruzen Co. Ltd.	15,660	64,507	35,930	28,577	191,253	9,206	6,105	0
Fresh Beauty Enterprises Ltd.	57,411	147,456	0	147,456	0	0	37,397	0
Eastern union holdings limited	57,411	147,442	0	147,442	0	0	37,261	0
T-Cube Global Logistics Co., Ltd	54,610	234,957	87,728	147,229	487,340	47,953	37,621	0
EXer Logistics Co.,Ltd.	52,107	23,228	10,198	13,030	153,086	(56,779)	(63,602)	0
Taiwan Express Logistic Co., Ltd.	359,584	935,193	466,158	469,035	1,049,464	16,321	36,879	0
Taiwan Express (USA) INC.	31,629	33,424	(77)	33,501	0	0	0	0
TEC Logistics Co., Ltd	10,000	32	195	(163)	0	0	0	0
Hiview Logistics Co., Ltd	68,000	137,366	43,827	93,539	204,663	27,699	22,251	0
Taiwan Express (HK) Co., Ltd.	266,807	423,538	94,343	329,195	554,413	(90)	4,891	0
TEC Logistics (Shenzhen) Co., Ltd.	183,901	234,958	76,619	158,339	468,532	6,176	3,094	0
TEC LOGISTICS(USA), INC	8,549	13,753	829	12,924	0	0	0	0
Wai Hung Cargo Transport Co., Ltd.	375	0	0	0	0	0	0	0

8.2 Private Placement Securities in the Most Recent Years: None.

8.3 Any Events in 2017 and as of the Date of this Annual Report that had Significant Impacts on Shareholders' Right or Security Prices as Stated in Item 2 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None.

Independent Auditors' Audit Report

The Board of Directors
T3EX Global Holdings Corp.

Opinion

We have audited the consolidated financial statements of T3EX Global Holdings Corp.("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of balance sheet as of December 31, 2016 and 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and cash flows for the year ended December 31,2016 and 2015, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015,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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in 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 of our opinion.

Key Audit Matters

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

1. Revenue recognition

   Please refer to Note 4(m) "Revenue recognition" of consolidated financial statements and Note 6(v) "Revenue" for the details of operating revenues of consolidated financial statements.

   <u>How the matter was addressed in our audit:</u>

   The Group mainly engages in sea and air freight forwarding, and total logistics solution. Therefore, the revenue is a matter to the users of the consolidated financial statements. Consequently, this is one of the key assessment areas our audit focus on.

   <u>Our audit procedures included:</u>

   Understanding the internal control on revenue recognition applied by the management and assessing whether appropriate accounting policy is applied; performing the analysis on revenue from the top ten customers to verify whether or not any unusual transaction has incurred; performing the sampling procedures to verify records and supporting document of the transactions; selecting a period before and after the reporting date to assess whether revenue recognized in the correct period.

2. Goodwill and other intangible assets impairment assessment

Please refer to Notes 4(j) and (k) "The non-financial assets impairment" of consolidated financial statements, Note 5 for assumptions on the accounting estimates and assumptions on the impairment of goodwill and other intangible assets of the consolidated financial statements, and Note 6(i) for the details of the intangible assets in consolidated financial statements.

How the matter was addressed in our audit:

The accounting policy applying to the goodwill and other intangible assets arising from acquisition transactions is with the uncertainty estimation. Consequently, this is one of the key assessment areas our audit focus on.

Our the principal audit procedures included:

Understanding the internal control on the impairment assessment of the goodwill and other intangible assets; selecting significant goodwill and other intangible assets; obtaining impairment assessment reports issued by an external expert engaged by the management; assessing model, parameters and assumptions applying to the financial information forecast; and evaluating whether the assessment for goodwill and other intangible assets was based on the accounting policies.

3. Account receivable evaluation

Please refer to Note 4(f) "impairment of financial assets" of consolidated financial statements, Note 5 "Estimation uncertainty of the impairment of the receivable" of consolidated financial statements and Note 6(e) "impairment of the receivables" of consolidated financial statements.

How the matter was addressed in our audit:

The group deal with its main customers on credit, so Group's receivables are exposed to the credit risk. When the customer defaults, the receivables may be impaired. Since the collectability assessment of receivables depends on management's judgment. Consequently, this is one of the key assessment areas our audit focus on.

Our principal audit procedures included:

Understanding impairment policy applied to the receivables by the management; assessing whether it is based on appropriate accounting policies. Inquiring the management whether there was any receivable with difficulty to collect; performing a sampling procedure to check the correctness of the aging of receivables and to review the collection of receivables in the subsequent period to understand if there was any significant overdue receivables to evaluate the provisions for impairment of receivables are adequate.

Other Matter

T3EX Global Holdings Corp. has prepared its parent-company-only financial statements as of and for the years then ended December 31, 2016 and 2015, on which we have expressed an unqualified opinion.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of 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 supervisor 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 the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Assess for purpose of identifying 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. Evaluated for purposes of determining 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 determine 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 Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit.

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.

The engagement partners on the audit resulting in this independent auditors' report are Pei-Chi Chen and Heng-Shen Lin.

KPMG

Taipei, Taiwan (Republic of China)
March 20, 2017 **Opinion**

We have audited the consolidated financial statements of T3EX Global Holdings Corp.("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of balance sheet as of December 31, 2017 and 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and cash flows for the year ended December 31, 2017 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016,and its consolidated financial performance and its consolidated cash flows for the years ended December 31,2017 and 2016 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in 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 of our opinion.

Key Audit Matters

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

1. Revenue recognition

   Please refer to Note 4(m) "Revenue recognition" of consolidated financial statements and Note 6(u) "Revenue" for the details of operating revenues of consolidated financial statements.

   How the matter was addressed in our audit:

   The Group mainly engages in sea and air freight forwarding, and total logistics solution. Therefore, the revenue is a matter to the users of the consolidated financial statements. Consequently, this is one of the key assessment areas our audit focus on.

   Our audit procedures included:

   Understanding the internal control on revenue recognition applied by the management and assessing whether appropriate accounting policy is applied; performing the analysis on revenue from the top ten customers to verify whether or not any unusual transaction has incurred; performing the sampling procedures to verify records and supporting document of the transactions; selecting a period before and after the reporting date to assess whether revenue recognized in the correct period.

2. Goodwill and other intangible assets impairment assessment

   Please refer to Notes 4(j) and (k) "The non-financial assets impairment" of consolidated financial statements, Note 5 for assumptions on the accounting estimates and assumptions on the impairment of goodwill and other intangible assets of the consolidated financial statements, and Note 6(i) for the details of the intangible assets in consolidated financial statements.

   How the matter was addressed in our audit:

   The accounting policy applying to the goodwill and other intangible assets arising from acquisition transactions is with the uncertainty estimation. Consequently, this is one of the key assessment areas our audit focus on.

   Our principal audit procedures included:

   Understanding the internal control on the impairment assessment of the goodwill and other intangible assets; selecting significant goodwill and other intangible assets; obtaining impairment assessment reports issued by an external expert engaged by the management; assessing model, parameters and assumptions applying to the financial information forecast; and evaluating whether the assessment for goodwill and other intangible assets was based on the accounting policies.

3. Account receivable evaluation

   Please refer to Note 4(f) "impairment of financial assets" of consolidated financial statements, Note 5 "Estimation uncertainty of the impairment of the receivable" of consolidated financial statements and Note 6(e) "impairment of the receivables" of consolidated financial statements.

   How the matter was addressed in our audit:

   The group deal with its main customers on credit, so Group's receivables are exposed to the credit risk. When the customer defaults, the receivables may be impaired. Since the collectability assessment of receivables depends on management's judgment. Consequently, this is one of the key assessment areas our audit focus on.

   Our principal audit procedures included:

   Understanding impairment policy applied to the receivables by the management; assessing whether it is based on appropriate accounting policies. Inquiring the management whether there was any receivable with difficulty to collect; performing a sampling procedure to check the correctness of the aging of receivables and to review the collection of receivables in the subsequent period to understand if there was any significant overdue receivables to evaluated the provisions for impairment of receivables are adequate.

Other Matter

T3EX Global Holdings Corp. has prepared its parent-company-only financial statements as of and for the years then ended December 31, 2017 and 2016, on which we have expressed an unqualified opinion.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of 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 supervisor 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 the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Assess for purpose of identifying 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. Evaluated for purposes of determining 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 determine 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 Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit.

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.

The engagement partners on the audit resulting in this independent auditors’ report are Pei-Chi Chen and Heng-Shen Lin.

KPMG

Taipei, Taiwan (Republic of China)
March 26, 2018

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

T3EX GLOBAL HOLDINGS CORP. AND ITS SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2017 Amount	%	December 31, 2016 Amount	%
	Current assets:				
1100	Cash and cash equivalents (notes 6(a), (y) & (z))	$ 1,491,532	29	1,448,581	30
1110	Current financial assets at fair value through profit or loss－current (notes 6(b) & (y))	7,131	-	7,107	-
1125	Available-for-sale financial assets－current(notes 6(c) & (y))	126,823	2	29,432	1
1150	Notes receivable(notes 6(e) & (y))	65,899	1	31,651	1
1170	Accounts receivable(notes 6(e) & (y))	1,697,982	33	1,629,766	34
1180	Accounts receivable-related parties (notes 6(e), (y) &7)	4,056	-	511	-
1470	Other current assets(notes 6(e), (g), (j), (y) & 8)	430,922	8	334,301	6
	Current assets	3,824,345	73	3,481,349	72
	Non-current assets:				
1524	Non-current available-for-sale financial assets (notes 6(c) & (y))	92,400	2	-	-
1543	Financial assets measured at cost－non current (notes 6(d) & (y))	38,800	1	38,800	1
1550	Equity-accounted investees (note 6(f))	66,585	1	60,753	1
1600	Property, plant and equipment (notes 6(h) & 8)	301,090	6	314,067	6
1805	Goodwill (notes 6(i))	527,494	10	563,329	12
1821	Other intangible assets (notes 6(i))	102,815	2	95,403	2
1840	Deferred tax assets (note 6(p))	42,421	1	43,044	1
1920	Refundable deposits (notes 6(y) & 8)	137,153	3	140,462	3
1995	Other non-current assets (notes 6(g), (j), (y) & 8)	44,448	1	76,238	2
	Non-current assets	1,353,206	27	1,332,096	28
	Total assets	$ 5,177,551	100	4,813,445	100

	Liabilities and Equity	December 31, 2017 Amount	%	December 31, 2016 Amount	%
	Current liabilities:				
2100	Short-term borrowings (notes 6(k) & (y))	$ 1,067,000	21	567,000	12
2120	Financial liabilities at fair value through profit or loss-non current (note 6(b), (m) & (y))	2	-	-	-
2150	Notes payable (note 6(y))	33,199	1	18,326	-
2170	Accounts payable (note 6(y))	799,475	15	832,522	17
2180	Accounts payable－related parties (notes 6(y) & 7)	594	-	1,173	-
2200	Other payables (note 6(y))	378,571	7	360,935	8
2230	Current tax liabilities	95,734	2	69,230	1
2321	Current portion of convertible bonds (notes 6(m) & (y))	296,904	6	94,540	2
2399	Other current liabilities (notes 6(g) & (y))	28,808	1	69,988	2
	Current liabilities	2,700,287	53	2,013,714	42
	Non-Current liabilities:				
2500	Non-current financial liabilities at fair value through profit or loss (notes 6(b), (m) & (y))	-	-	2	-
2530	Convertible bond payable (notes 6(m) & (y))	-	-	290,691	5
2640	Net defined benefit liability(note 6(o))	84,657	2	82,709	2
2670	Other liabilities (notes 6(g) & (y))	-	-	40,835	1
	Non-current liabilities	84,657	2	414,237	8
	Total liabilities	2,784,944	55	2,427,951	50
	Equity attributable to owners of parent (notes 6(m), (p), (q) & (r)) :				
3100	Share capital	1,185,655	22	1,195,264	25
3200	Capital surplus	872,754	17	865,337	17
3300	Retained earnings	424,932	8	285,955	7
3400	Other equity	(137,519)	(3)	(25,556)	(1)
3500	Treasury shares	(66,349)	(1)	(61,801)	(1)
	Equity attributable to owners of the Company	2,279,473	43	2,259,199	47
36xx	Non-controlling interests	113,134	2	126,295	3
	Total equity (note 6(a))	2,392,607	45	2,385,494	50
	Total liabilities and equity	$ 5,177,551	100	4,813,445	100

(English Translation of Financial Report Originally Issued in Chinese)
T3EX GLOBAL HOLDINGS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars, except for earnings per common share)

		2017		2016	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(u) &7)**	$ 10,537,008	100	9,744,113	100
5000	**Cost of revenue (notes 6(n), (o), 7 & 12)**	8,612,973	82	7,949,895	82
	Gross profit	1,924,035	18	1,794,218	18
	Operating expenses (notes 6(n), (o), (t) & 12)				
6100	Selling expenses	1,089,712	11	1,135,050	12
6200	Administrative expenses	437,878	4	466,003	4
	Total operating expenses	1,527,590	15	1,601,053	16
	Net operating income	396,445	3	193,165	2
	Non-operating income and expenses:				
7010	Other income (note 6(v))	9,708	-	9,454	-
7020	Other gains and losses (note 6(g) & (x))	(24,917)	-	50,310	1
7060	Share of profit of equity-accounted investees (note 6(f))	349	-	(201)	-
7510	Financial cost (note 6(m) & (x))	(27,556)	-	(26,124)	-
	Profit before tax	354,029	3	226,604	3
7950	**Less: Tax (expense (note 6(p))**	101,292	1	105,428	1
	Profit for the year	252,737	2	121,176	2
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8311	Remeasurements of defined benefit plans obligation	(2,462)	-	(5,905)	-
8349	Income tax related to items that will not be reclassified subsequently	-	-	-	-
	Items that will not be reclassified subsequently to profit or loss	(2,462)	-	(5,905)	-
8360	**Items that will may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation in financial statements of foreign operation	(92,886)	(1)	(125,138)	(2)
8362	Unrealized gains (losses) on available-for-sale financial assets	(23,045)	-	(6,422)	-
8399	Income tax related to items that may be reclassified subsequently	-	-	-	-
	Items that will may be reclassified subsequently to profit or loss	(115,931)	(1)	(131,560)	(2)
8300	**Other comprehensive income(loss) for the year, net of income tax**	(118,393)	(1)	(137,465)	(2)
	Total comprehensive income	$ 134,344	1	(16,289)	
	Profit attributable to:				
	Owners of parent company	$ 240,110	2	130,487	2
	Non-controlling interests	12,627	-	(9,311)	-
		$ 252,737	2	121,176	2
	Comprehensive income attributable to:				
	Owners of parent company	$ 125,685	1	248	-
	Non-controlling interests	8,659	-	(16,537)	-
		$ 134,344	1	(16,289)	-
	Basic earnings per share (note 6(s))				
	Earnings per share (TWD)	$	2.07		1.11
	Diluted earnings per share (TWD)	$	1.93		1.04

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

T3EX GLOBAL HOLDINGS CORP. AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

T3EX GLOBAL HOLDINGS CORP. AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Share capital		Retained earnings				Total other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Treasury shares	Total equity	Non-controlling interests	Total equity
Balance at January 1, 2016	$ 1,160,421	867,214	111,358	7,116	272,167	390,641	88,321	10,457	98,778	(10,636)	2,506,418	129,627	2,636,045
Profit for the year	-	-	-	-	130,487	130,487	-	-	-	-	130,487	(9,311)	121,176
Other comprehensive income	-	-	-	-	(5,905)	(5,905)	(117,912)	(6,422)	(124,334)	-	(130,239)	(7,226)	(137,465)
Total comprehensive income	-	-	-	-	124,582	124,582	(117,912)	(6,422)	(124,334)	-	248	(16,537)	(16,289)
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	27,217	-	(27,217)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(206,341)	(206,341)	-	-	-	-	(206,341)	-	(206,341)
Stock dividends	22,927	-	-	-	(22,927)	(22,927)	-	-	-	-	-	-	-
Other changes in capital surplus:													
Share-based payment transactions	-	(288)	-	-	-	-	-	-	-	-	(288)	-	(288)
Issue of common stock for convertible bonds	7,836	9,337	-	-	-	-	-	-	-	-	17,173	-	17,173
Issue new stocks for share base payment	4,080	1,142	-	-	-	-	-	-	-	-	5,222	-	5,222
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(51,165)	(51,165)	-	(51,165)
Change in ownership interests in subsidiaries	-	(12,068)	-	-	-	-	-	-	-	-	(12,068)	12,068	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,137	1,137
Balance at December 31, 2016	1,195,264	865,337	138,575	7,116	140,264	285,955	(29,591)	4,035	(25,556)	(61,801)	2,259,199	126,295	2,385,494
Profit for the year	-	-	-	-	240,110	240,110	-	-	-	-	240,110	12,627	252,737
Other comprehensive income	-	-	-	-	(2,462)	(2,462)	(88,918)	(23,045)	(111,963)	-	(114,425)	(3,968)	(118,393)
Total comprehensive income	-	-	-	-	237,648	237,648	(88,918)	(23,045)	(111,963)	-	125,685	8,659	134,344
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	13,049	-	(13,049)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	18,440	(18,440)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(92,637)	(92,637)	-	-	-	-	(92,637)	-	(92,637)
Issue of common stock for convertible bonds	13,756	15,544	-	-	-	-	-	-	-	-	29,300	-	29,300
Issue new stocks for share base payment	275	77	-	-	-	-	-	-	-	-	352	-	352
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(56,159)	(56,159)	-	(56,159)
Retirement of treasury share	(23,640)	(27,971)	-	-	-	-	-	-	-	51,611	-	-	-
Changes in ownership interests in subsidiaries	-	19,767	-	-	(6,034)	(6,034)	-	-	-	-	13,733	(17,231)	(3,498)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(4,589)	(4,589)
Balance at December 31, 2017	$ 1,185,655	872,754	151,624	25,556	247,752	424,932	(118,509)	(19,010)	(137,519)	(66,349)	2,279,473	113,134	2,392,607

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

T3EX GLOBAL HOLDINGS CORP. AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	2017	2016
Cash flows from operating activities:		
Profit before tax	$ 354,029	226,604
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	40,656	43,767
Amortization	16,451	20,446
Impairment loss on receivables	3,442	1,634
Change in fair value of financial assets and liabilities	(24)	129
Interest expense	27,556	26,124
Interest income	(5,976)	(4,729)
Cost of share-based payment transactions	-	(288)
Share of profit of equity-accounted investees	(349)	201
Loss (gain) on disposal of property, plant and equipment	2,004	(17,960)
Gain on evaluation of investments payable	(7,161)	(16,283)
Loss on impairment of goodwill	31,892	36,092
Gain on evaluation of investments payable	(45,122)	-
Total adjustments to reconcile profit (loss)	63,369	89,133
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	(34,248)	2,031
Decrease (increase) in accounts receivable	(70,171)	(194,319)
Decrease (increase) in accounts receivable—related parties	(3,546)	910
Increase in other current assets	(63,204)	(63,625)
Decrease (increase) in other operating assets	(3,957)	(1,823)
Total changes in operating assets	(175,126)	(256,826)
Changes in operating liabilities:		
Increase (decrease) in notes payable	14,873	3,141
Increase (decrease) in accounts payable	(33,047)	131,383
Increase (decrease) in accounts payable to related parties	(580)	1,004
Increase (decrease) in other payable	17,572	(92,140)
Increase (decrease) in other current liabilities	(3,963)	3,097
Increase in net defined benefit liability	(512)	(8,106)
Total changes in operating liabilities	(5,657)	38,379
Net changes in operating assets and liabilities	(180,783)	(218,447)
Net adjustments	(117,414)	(129,314)
Cash inflow generated from operations	236,615	97,290
Interest received	5,976	4,729
Interest paid	(14,685)	(5,447)
Income taxes paid	(74,594)	(87,853)
Net cash flows from (used in) operating activities	153,312	8,719
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	-	296
Acquisition of available-for-sale financial assets	(261,017)	(90,533)
Proceeds from disposal of available-for-sale financial assets	55,342	95,991
Acquisition of equity-accounted investee	(8,894)	(10,381)
The capital increase of subsidiary	(3,498)	-
Acquisition of property, plant and equipment	(33,572)	(32,236)
Proceeds from disposal of property, plant and equipment	2,478	23,210
Increase in refundable deposits	3,309	(7,552)
Acquisition of intangible assets	(24,401)	(4,953)
Decrease in investment payable	(39,358)	(175,427)
Decrease (increase) in other current and non-current assets	-	(91,391)
Dividends received	3,630	3,978
Net cash flows from (used in) investing activities	(305,981)	(288,998)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	500,000	451,000
Decrease (increase) in short-term notes and bills payable	-	(20,000)
Repayments of bonds	(65,400)	-
Repayments of long-term debt	-	(1,141)
Payment of cash dividends	(92,637)	(206,341)
Exercise of employee share options	352	5,222
Payments to acquire treasury shares	(56,159)	(51,165)
Change in non-controlling interests	(4,589)	1,137
Net cash flows used in financing activities	281,567	178,712
Effect of exchange rate changes on cash and cash equivalents	(85,947)	(117,331)
Net increase (decrease) in cash and cash equivalents	42,951	(218,898)
Cash and cash equivalents at beginning of period	1,448,581	1,667,479
Cash and cash equivalents at end of period	**$ 1,491,532**	**1,448,581**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

T3EX GLOBAL HOLDINGS CORP. (the "Company") was incorporated on February 4, 1987, as a company limited by shares, and registered with the Ministry of Economic Affairs, R.O.C.. The address of the Group's registered office is 12F, No. 563, Sec. 4, Zhongxiao E. Rd., Xinyi Dist., Taipei City, R.O.C.. The Group mainly engages in sea and air freight forwarding, distribution, packing, warehousing, logistics, and customs clearance.

The Group's shares was listed at TWSE since December 22, 2016.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issue by the board of directors on March 26, 2018.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2017:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 " Presentation of Financial Statements-Disclosure Initiative	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 " Impairment of Non-Financial assets- Recoverable Amount Disclosures for Non Financial Assets"	January 1, 2014
Amendments to IAS 39 " Financial Instruments-Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual Improvements to IFRSs 2010 2012 Cycle and 2011 2013 Cycle	July 1, 2014

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Annual Improvements to IFRSs 2012 2014 Cycle	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

The Group assessed that the initial application of the above IFRSs would not have any material impact on the consolidated financial statements.

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018 in accordance with Ruling No. 1060025773 issued by the FSC on July 14, 2017.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014 – 2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting.

1) Classification- Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial assets in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. In addition, IAS 39 has an exception to the measurement requirements for investments in unquoted equity instruments that do not have a quoted market price in an active market (and derivatives on such an instrument) and for which fair value cannot therefore be measured reliable. Such financial instruments are measured at cost. IFRS 9 removes this exception, requiring all equity investments (and derivatives on them) to be measured at fair value.

Based on its assessment, the Group does not believe that the new classification requirements will have a material impact on its accounting for trade receivables, loans, investments in debt securities and investments in equity securities that are managed on a fair value basis. At December 31, 2017, the Group had equity investments classified as available-for-sale with a fair value of 219,223 thousand that are held for long-term strategic purposes. At initial application of IFRS 9, the Group has designated these investments as measured at FVOCI. Consequently, all fair value gains and losses will be reported in other comprehensive income, no impairment losses would be recognized in profit or loss and no gains or losses will be reclassified to profit or loss on disposal. The Group estimated the application of IFRS 9’s classification requirements on January 1, 2018 resulting in no significant impact on retained earnings and other equity.

2) Impairment-Financial assets and contact assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ (ECL) model. This will require considerable judgment as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset’ s credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

The Group estimated the application of IFRS 9’ s impairment requirements on January 1, 2018 resulting in no significant impact.

3) Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. The Group’ s assessment included an analysis to identify data gaps against current processes and the Group plans to implement the system and controls changes that it believes will be necessary to capture the required data.

4) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognized in retained earnings and reserves as at January 1, 2018.

- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.

  - The determination of the business model within which a financial asset is held.

  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

The Group estimated the application of IFRS 9 resulting in no significant impact on consolidated financial statements.

(ii) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts".

The Group has completed an initial assessment of the potential impact of the adoption of IFRS 15 on its consolidated financial statements.

1) Rending of services

The Group provided sea & air freight forwarding service and logistics integration service the Group recognize service revenue follow the progress of service provide. The Group estimate there is no significant difference in the timing of recognition of the revenue.

2) Transition

The Group plans to adopt IFRS 15 using the cumulative effect method. Therefore, the comparative information will not be restated. The cumulative effect of initially applying IFRS 15 will be recognized as an adjustment to the opening balance of retained earnings at 1 January 2018. The Group plans to use the practical expedient in paragraph C5(a) of IFRS 15, under which, for contracts that are completed at the date of the initial application (i.e. 1 January 2018) will not be restated.

(iii) Amendments to IAS 7 "Disclosure Initiative"

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

To satisfy the new disclosure requirements, the Group intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.

(iv) Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Loss"

The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

The Group estimated the application of the amendments resulting in both the deferred tax assets and the retained earnings will not have significant impact.

The actual impacts of adopting the standards may change depending on the economic conditions and events which may occur in the future.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019

Those which may be relevant to The Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: • For a contract that is, or contains, a lease, the lessee shall recognize a right of use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right of-use asset during the lease term. • A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of significant accounting policies:

The significant accounting policies have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

These consolidated financial statements are prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as the Regulations) and the IFRSs, International Accounting Standards (IAS), IFRIC Interpretations, and Standard Interpretations Committee (SIC) Interpretations endorsed by the FSC.

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

1) Financial instruments measured at fair value through profit or loss are measured at fair value (including derivative financial instruments);

2) Available-for-sale financial assets are measured at fair value;

3) Net defined benefit liability (asset) is recognized as plan assets, on fair value measurement, less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan dollars, which are the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) List of subsidiaries included in the consolidated financial statements

			Percentage of shares held		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2017**	**December 31, 2016**	**Remark**
The Company	T.H.I Group Ltd. (in B.V.I.)	Offshore settlement center	100%	100%	
The Company	GREATLINE INTERNATIONAL LIMITED (GREATLINE)	Offshore Controlling company	100%	100%	
The Company	T.H.I GROUP VIETNAM CO., LTD.	Air & sea freight forwarding and packaging	99%	51%	Please refer to Note 6(7)
The Company	T.H.I. GROUP (BANGKOK) COMPANY LIMITED	Air & sea freight forwarding and packaging	49%	49%	

Name of investor	Name of subsidiary	Principal activity	Percentage of shares held December 31, 2017	Percentage of shares held December 31, 2016	Remark
The Company	Taiwan Express Logistic Co., Ltd. (TEC)	Air & sea freight forwarding and customs clearance	100%	100%	
The Company	T.H.I. Logistics Ltd.	Air & sea freight forwarding	100%	100%	
The Company	T.H.I. GROUP (CAMBODIA) Co., Ltd.	Air & sea freight forwarding	100%	100%	
The Company	T.H.I. GROUP SINGAPORE PTE. LTD. (SINGAPORE)	Air & sea freight forwarding	91.40%	80%	Please refer to Note 6(7)
The Company	T.H.I. & Maruzen Co. Ltd.	Air & sea freight forwarding	51%	51%	
The Company	T.H.I. Logistic (Malaysia) SDN. BHD	Air & sea freight forwarding	90%	90	Please refer to Note 6(7)
The Company	Fresh Beauty Enterprise Ltd. (Fresh Beauty)	Offshore holding company	60%	60	Please refer to Note 6(7)
Fresh Beauty	East Union Holdings Limited (East Union)	Offshore holding company	100%	100	Please refer to Note 6(7)
Eastern Union	T-Cube Global Logistics Co., Ltd.	Warehousing and distribution	100%	100	Please refer to Note 6(7)
GREATLINE	T.H.I. GROUP LIMITED (in HK)	Air & sea freight forwarding	100%	100%	
T.H.I. HK	T.H.I. Group (Shanghai) Ltd. (T.H.I. Shanghai)	Air & sea freight forwarding and customs clearance	100%	100%	
T.H.I. HK	Shanghai Yaohwa International Forwarder Co., Ltd. (Shanghai Yaohwa)	Air & sea freight forwarding and customs clearance	100%	100%	
T.H.I. Shanghai	EXer Logistics Co., Ltd.	Express logistics company	88.94%	73.87%	Please refer to Note 6(7)
TEC	Taiwan Express (HK) Co., Ltd. (TEC HK)	Freight forwarding, customs clearance, and distribution	100%	100%	
TEC	Taiwan Express (USA) INC.	Freight forwarding, customs clearance, and distribution	100%	100%	
TEC	TEC Logistic Co., Ltd.	Freight forwarding, customs clearance, and distribution	100%	100%	
TEC	TEC Logistics (USA), Inc.	Freight forwarding, customs clearance, and distribution	100%	100%	
TEC	Hiview Logistics Co., Ltd.	Freight forwarding, customs clearance, and distribution	97.51%	97.51%	
TEC HK	TEC Logistics (Shenzhen) Co., Ltd.	Freight forwarding, customs clearance, and distribution	100%	100%	
TEC HK	Wai Hung (China-HK) Cargo Transport Co., Ltd. (Wai Hung)	Warehousing and distribution	- %	100%	Note (a)

Note (a):This company has already been dissolved at 2017, and still liquidating at December 31, 2017.

(iii) Subsidiaries which are not included in the consolidated financial statements

None.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current when:

(i) It is expected to be realized as an asset or is intended to be sold or consumed in the entity’s normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) It is cash or a cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) It is expected to be settled in the entity’s normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash, cash in bank, and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(f) Financial instruments

Financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instruments.

(i) Financial assets

The Group classifies financial assets into the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

1) Financial assets at fair value through profit or loss

A financial asset is classified in this category if it is held for trading or is designated as such on initial recognition. A financial assets is classified as held for trading if it is acquired principally for the purpose of selling in the short term. The Group designates financial assets, other than those classified as held for trading, as at fair value through profit or loss at initial recognition under one of the following situations:

a) Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

b) Performance of the financial asset is evaluated on a fair value basis.

c) A hybrid instrument contains one or more embedded derivatives.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss, and included in statement of comprehensive income. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

2) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognized initially at fair value, plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, and recognized in other gains or losses under non-operating income and expenses. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade-date accounting.

3) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables and other receivables. At initial recognition, these assets are recognized at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses other than insignificant interest on short-term receivables. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade-date accounting.

4) Impairment of financial assets

A financial asset which is not at fair value through profit or loss is evaluated for impairment at every reporting date. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a loss event) that occurred subsequent to the initial recognition of the asset and that a loss event (or events) has an impact on the future cash flows of the financial asset that can be estimated reliably

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management’s judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than those suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of its estimated future cash flows discounted at the asset’s original effective interest rate.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is deducted from the carrying amount except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off against the allowance account. Any subsequent recovery from a written-off receivable is recorded in the allowance account. Changes in the allowance accounts are recognized in profit or loss.

If, in a subsequent period, the amount of impairment loss on a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before the impairment loss is recognized at the reversal date.

Impairment losses recognized on available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in equity. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

5) Derecoginition of financial assets

The Group derecognizes financial assets when the contractual rights of the cash inflow from the assets are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss shall be recognized in profit and loss.

The Group separates the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the amount of the consideration received or receivable for the part derecognized shall be recognized in profit or loss.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity instruments

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

Equity instruments issued are recognized based on the amount of consideration received, less the direct issuance cost.

Compound financial instruments issued by the Group comprise convertible bonds payable that can be converted to share capital at the option of the holder when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity, without recognizing any gain or losses.

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held for trading or is designated as such on initial recognition.

A financial liability is classified as held for trading if it is acquired principally for the purpose of selling or repurchasing in the short term. The Group designates financial liabilities, other than those classified as held for trading, as at fair value through profit or loss at initial recognition under one of the following situations:

a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the assets or liabilities or recognizing the gains and losses thereon on a different basis;

b) Performance of the financial liabilities is evaluated on a fair value basis;

c) A hybrid instrument contains one or more embedded derivatives.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss.

3) Other financial liabilities

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payables, are measured at fair value, plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or has expired. The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(g) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of investment includes transaction costs. The carrying amount of investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align their accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group’s proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus.

Unrealized profits resulting from transactions between the Group and an associate are eliminated to the extent of the Group’s interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group’s share of losses exceeds its interest in an associate, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

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 shall be depreciated separately, unless the useful life and depreciation method of that part are the same as those of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting the asset's residual value, and it shall be allocated on a systematic basis over the asset's useful life. Items of property, plant and equipment with the same useful life may be grouped together in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use will be the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1)	Building	5~50 years
2)	Transportation	5~7 years
3)	Office and other equipment	2~6 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

(i) Leased assets

(i) Lessor

A finance leased asset is recognized on a net basis as lease receivable. Initial direct costs incurred in negotiating and arranging an operating lease is added to the net investment of the leased asset. Finance income is allocated to each period during the lease term in order to produce a constant periodic rate of interest on the remaining balance of the receivable.

Lease income from operating lease is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(ii) Lessee

Payments made under operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

Contingent rent is recognized as expense in the periods in which they are incurred.

(j) Intangible assets

(i) Goodwill

1) Recognition

Goodwill arising from the acquisition of subsidiaries is recognized as intangible assets.

2) Measurement

Goodwill is measured at its cost, less impairment losses. Investments in associates are accounted for using the equity method. The carrying amount of the investment in associates includes goodwill, and impairment losses on such investment are recognized as part of the carrying amount of the investment and are not associated with goodwill or any other assets.

(ii) Other intangible assets

Other intangible assets that are acquired by the Company are measured at cost, less accumulated amortization and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, are recognized in profit or loss as incurred.

(i) Amortization

The depreciable amount of an intangible asset is calculated as the cost of the asset, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with an indefinite useful life, from the date when they are made available for use. The estimated useful lives for the current and comparative periods are 3~10 years.

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end. Any changes shall be accounted for as changes in accounting estimates.

(k) Impairment non financial assets

The Group assesses non financial assets for impairment (except for deferred income tax assets and employee benefits) at every reporting date, and estimates the recoverable amounts.

If it is not possible to determine the recoverable amount for an individual asset, then the Group will have to determine the recoverable amount for the asset’s cash-generating unit (CGU).

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less costs to sell, and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Such is deemed as an impairment loss, which is recognized immediately in profit or loss.

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated.

An impairment loss recognized in prior periods for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset is increased to its recoverable amount by reversing an impairment loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Notwithstanding whether indicators exist, recoverability of goodwill and intangible assets with indefinite useful lives or those not yet in use are required to be tested at least annually. Impairment loss is recognized if the recoverable amount is less than the carrying amount.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the acquirer’s cash-generating units, or groups of cash-generating units, from the acquisition date, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

If the carrying amount of a cash-generating units exceeds the recoverable amount of the unit, impairment loss is recognized and is allocated to reduce the carrying amount of each asset in the unit.

Reversal of an impairment loss for goodwill is prohibited.

(l) Treasury stock

Repurchased shares are recognized as treasury shares (a contra-equity account) based on their repurchase price (including all directly accountable costs), net of tax. Gains on disposal of treasury shares are accounted for as “capital reserve－treasury share transactions”. Losses on disposal of treasury shares are offset against existing capital reserve arising from similar types of treasury shares. If the capital reserve is insufficient, such losses are charged to retained earnings. The carrying amount of treasury shares is calculated using the weighted-average method for different types of repurchase.

When treasury shares are cancelled, “capital reserve－share premiums” and “share capital” are debited proportionately. Gains on cancellation of treasury shares are charged to capital reserves arising from similar types of treasury shares. Losses on cancellation of treasury shares are offset against existing capital reserves arising from similar types of treasury shares. If capital reserve is insufficient, such losses are charged to retained earnings.

(m) Revenue

Revenue of the Group is mainly generated from providing logistic services. Revenue is recognized when service is rendered. Costs are recognized with revenues when they occur. Expenses are recognized as incurred on an accrual basis.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group’s net obligation in respect of the defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on market yields of government bonds that have maturity dates approximating the terms of the Group’s obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved the expense of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group reclassify the amounts recognized in other comprehensive income to retained earnings.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(o) Share-based payment

The grant-date fair value of share-based payment awards granted to employees is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

(p) Income tax

Income tax expenses include both current taxes and deferred taxes. Except for expenses that are related to business combinations, expenses recognized in equity or other comprehensive income directly, and other related expenses, all current and deferred taxes are recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized for the following:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) at the time of the transaction.

(ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred taxes are measured based on the statutory tax rate on the reporting date or the actual legislative tax rate during the year of expected asset realization or debt liquidation.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) The entity has the legal right to settle tax assets and liabilities on a net basis; and

(ii) The taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(q) Business combinations

Goodwill is measured as the excess of the acquisition-date fair value of consideration transferred (including any non-controlling interest in the acquiree) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the residual balance is negative, the Group shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed and recognize any additional assets or liabilities that are identified in that review, and shall recognize a gain on the bargain purchase thereafter.

The Group are based on transaction-by-transaction basis and choose to measure the non-controlling at fair value at the date of acquisition, or by using identifiable net assets in proportion to non-controlling interests.

In a business combination achieved in stages, the Group shall re-measure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income shall be recognized on the same basis as would be required if the Group had directly disposed of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such amount shall be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group shall retrospectively adjust the provisional amounts recognized at the acquisition date, or recognize additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

All the transaction costs incurred for the business combination are recognized immediately as the Group’ s expenses when incurred, except for the issuance of debt or equity instruments.

Contingent consideration within the transfer pricing is recognized by the fair value on the date of purchase. If the change in fair value of the contingent consideration after the date of purchase is adjusted in the measurement period, the cost of acquisition is adjusted retrospectively and the goodwill is adjusted respectively. During the measurement period, the adjustments are retrospectively recognized at the acquisition date to reflect any new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date. For the change in fair value of the contingent consideration not during the measurement period, the accounting method is defined by the classification of its contingent consideration. The contingent consideration classified as equity cannot be re-measured, and the subsequent settlement should be adjusted within equity. The change in fair value of the contingent consideration classified as liability after the purchase date is recognized as income or other comprehensive income.

(r) Earnings per share

The Group discloses the basic and diluted earnings per share attributable to ordinary shareholders of theGroup. The calculation of basic earnings per share is the profit attributable to the ordinary shareholders of the Group divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is the profit attributable to ordinary shareholders of the Group divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds, employee stock options, and employee bonus

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Management continuously reviews the estimates and basic assumptions. Changes in accounting estimates are recognized in the period of change.

Information on critical judgments in applying accounting policies that may have risk of significant impact on the amounts recognized in the consolidated financial statements is disclosed in note(e), Note receivable, accounts receivable, and other receivables and note 6(i), Intangible assets.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2017	December 31, 2016
Cash on hand	$ 17,529	23,799
Demand and checking deposits	1,129,908	1,365,508
Time deposits	344,095	59,274
	$ 1,491,532	1,448,581

Refer to note 6(y) for the sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets/liabilities at fair value through profit or loss

	December 31, 2017	December 31, 2016
Financial assets held for trading-current	$ 7,131	7,107
Total	$ 7,131	7,107
Financial asset of financial liability at fair value through profit or loss		
Current	$ 2	-
Non-current	$ -	2

(c) Available-for-sale financial assets

		December 31, 2017	December 31, 2016
Investment in listed securities:			
Stocks listed on domestic markets-current	$	126,823	29,432
Stocks listed on domestic private placement markets-non current		92,400	-
Total	$	219,223	29,432

If the equity prices had changed, and if it had been on the same basis for both years and assuming that all other variables had remained the same, the impact on other comprehensive income would have been as follows:

	2017		2016	
Equity price at reporting date	Other comprehensive income (after tax)	Profit (loss) (after tax)	Other comprehensive income (after tax)	Profit (loss) (after tax)
Increase 1%	$ 2,192	-	294	-
Decrease 1%	$ (2,192)	-	(294)	-

As of December 31, 2017 and 2016, there was no available-for-sale financial asset factored or provided as collateral.

(d) Financial assets measured at cost－non-current

		December 31, 2017	December 31, 2016
Domestic unlisted common shares	$	38,800	38,800

The aforementioned investments held by the Group are measured at amortized cost at year-end. Given that the range of reasonable fair value estimates is large and the probability for each estimate cannot be reasonably determined, the Group management has determined that the fair value cannot be measured reliably.

As of December 31, 2017 and 2016, there was no financial asset measured at cost factored or provided as collateral.

(e) Notes receivable, accounts receivable, and other receivables (including amount due from related parties)

	December 31, 2017	December 31, 2016
Notes receivable	$ 65,899	31,651
Accounts receivable	1,726,341	1,652,402
Other receivables (including doubtful receivables)	58,627	64,017
Less: Allowance for impairment loss	(37,317)	(35,609)
	$ 1,813,550	1,712,461

Other receivable (including doubtful receivable) are listed under other current assets.

The Group’ s aging analysis for over-due but not impaired receivables are as follows:

	December 31, 2017	December 31, 2016
Over due less than 60 days	$ 424,904	493,123
Over due 61~90 days	26,655	22,694
Over more than 90 days	-	-
	$ 451,559	515,817

The Group believes that the unimpaired past-due amounts are still collectible, based on historical payment behavior and extensive analysis of customers’ financial position.

The movement in the allowance for impairment loss with respect to notes receivable, accounts receivable, and other receivables (including doubtful receivables) of the Group during fiscal years 2017 and 2016 was as follows:

	Individually assessed impairment	Collectively assessed impairment	Total
Beginning balance as of January 1, 2017	$ 13,483	22,126	35,609
Impairment loss recognized	-	3,442	3,442
Exchange rate effects and others	(469)	(1,265)	(1,734)
Balance as of December 31, 2017	$ 13,014	24,303	37,317

	Individually assessed impairment	Collectively assessed impairment	Total
Beginning balance as of January 1, 2016	$ 13,612	22,640	36,252
Impairment loss recognized	-	1,634	1,634
Exchange rate effects and others	(129)	(2,148)	(2,277)
Balance as of December 31, 2016	$ 13,483	22,126	35,609

As of December 31, 2017 and 2016, there was no receivable factored or provided as collateral.

(f) Equity-accounted investees

(i) A summary of the Group’s financial information for equity-accounted investees at the reporting date is as follows:

	December 31, 2017	December 31, 2016
Associates	$ 66,585	60,753

No publicly quoted prices were available for the above associates.

In August of 2015, the Group acquired 30% of the shares of LOGI International Co., Ltd. at a cost of $9,666 thousand in order to improve its business performance and competitiveness.

The Group’s share of profit of associates in 2017 and 2016 is summarized as follows:

	2017	2016
The Group’s share of profit of associates	$ 349	(201)

The financial information on associates of Group was as follows (before adjustment for the Group’s proportionate share):

	December 31, 2017	December 31, 2016
The equity of the non-significant associates	$ 129,920	115,945

The Group does not share any contingent liabilities of an associate incurred jointly with other investors. The Group also does not have any contingent liabilities because the Group is severally liable for all or part of the liabilities of the associate.

There are no significant restrictions on the ability of associates to transfer funds to the Group.

The Company acquired a 30% stake in Shanghai Sangium International Logistics Co., Ltd. On June 30, 2017 for the future implementation of the China Sca Air transport Integration. The Company’s main business Transports are by sea, air and land.

(ii) Guarantees

As of December 31, 2017 and 2016, there was no equity-accounted investment factored or provided as collateral.

(g) Acquisition of subsidiaries

(i) Via business combination and strategic alliance, the Group set up a total solution provider for freight, warehousing and custom clearing business in Mainland China. The Group acquired 60% ownership of Fresh Beauty Enterprises Ltd. (Fresh Beauty) in December 31, 2015. Furthermore, Fresh Beauty acquired 100% ownership of T-Cube Global Logistics Co., Ltd. through Easter Union Holdings Limited. The primary businesses of T-Cube Global Logistics Co., Ltd. are warehousing and transportation services.

The above consideration includes cash and contingent considerations. The cash parts has been paid as of 2016. According to the share purchase agreement, the upper limit of contingent considerations, shall be deposited into its designated trust account, as of December 31, 2017 and 2016, the upper limit of unpaid contingent consideration should be deposited in the trust account amounted to CNY 1,722 thousand and CNY 19,644 thousand respectively. Are paid in installments based on the operating performance. The fair value of the aforementioned contingent considerations on December 31, 2017 and 2016 amounted to $7,600 thousand and $83,391 thousand respectively, of which $7,600 thousand and $42,556 thousand were recorded as other current liabilities respectively, and $0 thousand and $40,835 thousand were recorded as other non-current liabilities respectively. According to share purchase agreement, gain or loss on valuation of unpaid contingent consideration amounted to $45,122 thousand dollars and record as other loss or gain.

As of December 31, 2017 and 2016, the balance of the above contingent consideration deposited in the trust account amounted to $54,026 thousand and $91,391 thousand respectively, of which, $54,026 thousand and $43,867 thousand were recorded as other current assets respectively, $0 thousand and $47,524 thousand were recorded as other non-current assets respectively.

(ii) To enhance the strategic of logistics service in China, the Group purchased 68% ownership of EXer Logistics Co., Ltd. in December 2015. The primary services of EXer Logistics Co., Ltd. are express, general cargo logistics, agency and warehouse management.

EXer Logistics Co., Ltd., in September 2016, increased its capital amounted to CNY9,594 thousand dollars. All increased capital was subscribed by T.H.I GROUP Ltd. (Shanghai). The ownership of EXer Logistics Co., Ltd. held by T.H.I Group Ltd. (Shanghai) increased from 68% to 73.87% after the capital increased. The capital surplus of the Group decreased by $12,068 thousand because T.H.I GROUP Ltd. (Shanghai) did not subscribe the increased on the original ownership ratio.

In addition, EXer Logistics Co., Ltd., in February and September 2017, increased its capital amounted to CNY10,765 thousand dollars and CNY6,000 thousand dollars. All increased capital was subscribed by T.H.I GROUP Ltd. (Shanghai). The ownership of EXer Logistics Co., Ltd., held by T.H.I GROUP Ltd. (Shanghai) increase from 73.87% to 88.940% after the capital increased. The capital surplus and retain earning of the Group decreased by $5,937 thousand and $6,034 thousand.

(iii) As of May 2017, the Group has reached a new capital of SGD $530 thousand dollars with Singapore as the subsidiary. In addition, after capital has increased, the shareholding ratio grew from an original of 80% to the most recent of 91.40%.

(iv) As of December 31, 2017, the Company has purchased the non-controlling interests of T.H.I. Group Vietnam Co, Ltd., wherein the proportion of its shareholding increased from 51% to 99%. The Company increased its additional paid-in capital of $25,703 thousands due to the changes in equity which result from the purchase of the interest mentioned above.

(h) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group for the years ended December 31, 2017 and 2016, were as follows:

		Land	Buildings	Transportation Equipment	Office and Other Equipment	Total
Cost or deemed cost：						
Balance on January 1, 2017	$	132,594	69,299	152,209	178,180	532,282
Additions		-	-	10,400	23,172	33,572
Disposals		-	-	(13,753)	(18,065)	(31,818)
Effect of movement in exchange rates and others		-	-	(2,877)	(2,246)	(5,123)
Balance on December 31, 2017	$	132,594	69,299	145,979	181,041	528,913
Balance on January 1, 2016	$	132,594	69,299	191,073	177,389	570,355
Additions		-	-	2,665	29,571	32,236
Disposals		-	-	(37,569)	(20,006)	(57,575)
Effect of movement in exchange rates and others		-	-	(3,960)	(8,774)	(12,734)
Balance on December 31, 2016	$	132,594	69,299	152,209	178,180	532,282
Depreciation and impairment loss：						
Balance on January 1, 2017	$	-	25,340	98,547	94,328	218,215
Depreciation		-	1,064	16,222	23,370	40,656
Disposals		-	-	(12,362)	(14,974)	(27,336)
Effect of movement in exchange rates and others		-	-	(1,586)	(2,126)	(3,712)
Balance on December 31, 2017	$	-	26,404	100,821	100,598	227,823
Balance on January 1, 2016	$	-	23,213	122,611	86,296	232,120
Depreciation		-	2,127	15,764	25,876	43,767
Disposals		-	-	(35,817)	(16,508)	(52,325)
Effect of movement in exchange rates and others		-	-	(4,011)	(1,336)	(5,347)
Balance on December 31, 2016	$	-	25,340	98,547	94,328	218,215
Net book value:：						
At December 31, 2017	$	132,594	42,895	45,158	80,443	301,090
At December 31, 2016	$	132,594	43,959	53,662	83,852	314,067
At January 1, 2016	$	132,594	46,086	68,462	91,093	338,235

A summary of pledged assets as of December 31, 2017 and 2016 is found in note 8.

(i) Intangible assets

The costs, amortization, and impairment loss of the intangible assets of the Group for the years ended December 31, 2017 and 2016, were as follows:

		Goodwill	Other intangible assets	Total
Cost::				
Balance on January 1, 2017	$	597,752	176,931	774,683
Additions		-	24,401	24,401
Effect of movement in exchange rates		(4,652)	(1,691)	(6,343)
Balance on December 31, 2017	$	593,100	199,641	792,741
Balance on January 1, 2016	$	607,244	174,628	781,872
Additions		-	4,953	4,953
Effect of movement in exchange rates		(9,492)	(2,650)	(12,142)
Balance on December 31, 2016	$	597,752	176,931	774,683
Amortization and impairment loss:				
Balance on January 1, 2017	$	34,423	81,528	115,951
Amortization		-	16,451	16,451
Impairment		31,892	-	31,892
Effect of movement in exchange rates		(709)	(1,153)	(1,862)
Balance on December 31, 2017	$	65,606	96,826	162,432
Balance on January 1, 2016	$	-	61,404	61,404
Amortization		-	20,446	20,446
Impairment		36,092	-	36,092
Effect of movement in exchange rates		(1,669)	(322)	(1,991)
Balance on December 31, 2016	$	34,423	81,528	115,951
Book value:				
At December 31, 2017	$	527,494	102,815	630,309
At December 31, 2016	$	563,329	95,403	658,732
At January 1, 2016	$	607,244	113,224	720,468

Amortization of intangible assets of the Group for the years ended December 31, 2017 and 2016, was recognized as operating expenses in the consolidated profit and loss.

As of December 31, 2017 and 2016, the group assessed the provision of the impairment. Except the impairment loss described below, there was no other significant impairment loss of other intangible assets and goodwill.

Due to the intense competition in the express market in 2017 and 2016, the sales volume and unit price did not meet the management's expectation. So the synergy from the acquisition of EXer Logistics Co., Ltd. did not meet the original budget and the value of Goodwill was impacted. The Group recognized the impairment loss of Goodwill amounted to $31,892 and $36,092 thousand based on the valuation report issued by the external expert.

(j) Other current assets and other non-current assets

The Group's other current assets and other assets were as follows:

		December 31, 2017	December 31, 2016
Other receivables	$	45,613	50,534
Other financial assets－current		291,220	193,850
Other financial assets－non current		29,586	65,329
Others		108,951	100,826
Total	$	475,370	410,539

Other financial assets consisted of contingent considerations which are deposited into its designated trust account and time deposits with a maturity period over three months, restricted bank deposits, and restricted time deposits.

(k) Short-term borrowings and short-term notes and bills payable

		December 31, 2017	December 31, 2016
Unsecured bank loans	$	1,067,000	447,000
Secured bank loans		-	120,000
Total	$	1,067,000	567,000
Unused credit facilities	$	1,036,288	1,105,275
Interest rate		1.05%~1.37%	1.09%~1.19%

Refer to note 8 for details of the related assets pledged as collateral.

(l) Long-term borrowings

Long-term borrowings were as follows:

(i) Increase in and repayment of borrowings

For the year ended December 31, 2016, long term loans have been returned in full. For the years ended December 31, 2017 the repayments of bank loans were $1,141 thousand.

(ii) Security

Refer to note 8 for details of related assets pledged as collateral.

(m) Unsecured convertible bond payable

	December 31, 2017	December 31, 2016
Proceeds from issue of convertible bond payable	$ 300,000	600,000
Bond discount	(2,596)	(8,969)
Cumulative redeemed amount	-	-
Cumulative converted amount	(500)	(205,800)
Carrying amount of liability	296,904	385,231
Less: Current portion	(296,904)	(94,540)
	$ -	290,691
Embedded derivative－put and call options (accounted for as financial assets (liabilities) at fair value through profit or loss－current and non-current)	$ (2)	(2)
Equity components－conversion options (accounted for as capital surplus-stock option)	$ 14,657	19,681

	2017	2016
Embedded derivative－put and call options (accounted for as evaluation gain (loss) on financial instruments)	$ -	(150)
Interest expense	$ 6,373	8,416

As of January 27, 2011, and January 23, 2014, and June 9, 2015, the Company had issued the 1st, 2nd and 3rd unsecured convertible bonds, respectively, amounting to $500,000 thousand dollars, $300,000 thousand dollars and $300,000 thousand dollars, respectively

The terms and conditions of the bonds are as follows:

(i) Coupon rate

Three times are zero.

(ii) Issuance period

Five years for the 1st convertible bonds; three years for the 2nd, and 3rd.

(iii) Redemption option

For the 1st convertible bonds, at any time on or after February 28, 2011, and prior to December 18, 2015, when the closing price of the Group's common shares on the TWSE is equal to or greater than 130% of the conversion price of the convertible bonds for 30 consecutive trading days, or more than 90% of the bonds have been redeemed, repurchased, or converted, the Company may redeem the bonds in cash at face value.

There is no redemption option for the 2nd convertible bonds.

For the 3rd convertible bonds, at any time on or after June 10, 2016, and prior to April 30, 2018, when the closing price of the Group's common shares on the Gre Tai Securities Market is equal to or greater than 130% of the conversion price of the convertible bonds for 30 consecutive trading days, or more than 90% of the bonds have been redeemed, repurchased, or converted, the Company may redeem the bonds in cash at face value.

(iv) Put option of bondholders

On January 27, 2013, bondholders may request the Company to repurchase the 1st convertible bonds at face value. The Group had a $26,296 thousand dollars loss from repurchasing $332,600 thousand dollars of bonds.

There is no put option of bondholders for the 2nd and 3rd convertible bonds.

(v) Terms of conversion

1) At any time one month after the issuing date to ten days before the expiry date, bondholders may request the Company to convert the bonds into stock.

2) Conversion price

After the bonds were issued, whenever the numbers of common shares of the Company changes, or other convertible bonds are issued with a conversion price lower than the market price, the conversion price will be adjusted by the formula set in the terms. On December 31, 2017, the conversion prices of the 3rd convertible bonds, $25.9 (TWD).

Because of the 2nd bonds has expired on January 23, 2017, the Company has paid $65,400 thousand dollars.

(n) Operating leases

Non-cancellable operating lease rentals are payable as follows:

	December 31, 2017	December 31, 2016
Less than one year	$ 238,823	218,809
Between one and five years	173,551	188,078
	$ 412,374	406,887

For the years ended December 31, 2017 and 2016, operating lease expenses were $328,918 and $345,927, respectively.

(o) Employee benefits

(i) Defined benefit plan

The Group determined the movement in the present value of defined benefit obligations and the fair value of plan assets as follows:

	December 31, 2017	December 31, 2016
Total present value of defined benefit obligations	$ (125,787)	(120,690)
Fair value of plan assets	41,130	37,981
Net defined benefit (liability) asset	$ (84,657)	(82,709)

The Group employee benefits liabilities:

	December 31, 2017	December 31, 2016
Paid vacation liabilities-current	$ 2,936	2,936

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan and to the manager pension fund account that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2017, the pension fund account balance at Bank of Taiwan and the manager pension fund balance amounted to $23,786 and $17,344, respectively. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

2) Movements in the present value of defined benefit obligation

The movements in the present value of the defined benefit obligation for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
At January 1	$ 120,690	122,414
Service costs and interest	2,680	15,155
Actuarial losses	2,295	5,780
Obligations paid	-	(22,380)
Others	122	(279)
At December 31	$ 125,787	120,690

3) Movements in the fair value of plan assets

The movements in the fair value of the plan assets for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
At January 1	$ 37,980	37,503
Net remeasurements of defined benefit liabilities		
－ Return on plan assets (excluding the amounts included in net interest expense)	2,257	491
Contributions	1,060	5,858
Curtailment gain	-	(5,600)
Actuarial losses (gain)	(167)	(271)
At December 31	$ 41,130	37,981

4) Expenses recognized in profit or loss

The Group's pension expenses recognized in profit or loss for the years ended December 31, 2017 and 2016, were as follows:

	2017	2016
Current service cost	$ 1,593	102
Gain on performance	-	(16,780)
Net interest on the net defined benefit liabilities	240	1,473
Prior service cost	-	12,954
Others	377	-
	$ 2,210	(2,251)

5) Re-measurement of net defined benefit liability recognized in other comprehensive income

The Group's net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Cumulative amount, January 1	$ (12,210)	(6,305)
Recognized during the year	(2,462)	(5,905)
Cumulative amount, December 31	$ (14,672)	(12,210)

6) Actuarial assumptions

The following are the Group's primary actuarial assumptions at the reporting date:

	December 31, 2017	December 31, 2016
Discount rate	1.125%~1.625%	1.13%~1.375%
Future salary increasing rate	2.5%~3.5%	2.50%~3.50%

The Group expects to make contributions of $2,142 to the defined benefit plans in the next year starting from December 31, 2017. The weighted average period of the defined benefit plans is 9.4~17.66 years.

7) Sensitivity analysis

The changes in the main actuarial assumptions might have an impact on the present value of the defined benefit obligation:

		Effects to the defined benefit obligation	
		Increase by 0.25%	Decrease by0.25%
December 31, 2017			
Discount rate	$	(3,005)	3,126
Future salary increasing rate		3,016	(2,913)

There is no change in other assumptions when performing the above-mentioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used in sensitivity analysis is consistent with that of the calculation used in the net pension liabilities.

The method and assumptions used on current sensitivity analysis is the same as those of the prior year.

(ii) Defined contribution plan

The Company contributes an amount at the rate of 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. After the Group's contributions to the Bureau of Labor Insurance, there is no further legal or constructive obligation.

The Group's pension costs under the defined contribution method were $95,031 and $99,266 for the years ended December 31, 2017 and 2016, respectively. Payments were made to the Bureau of Labor Insurance.

(p) Income tax

(i) The income tax expense for the years ended December 31, 2017 and 2016, was as follows:

		2017	2016
Current income tax expense	$	100,669	104,392
Deferred income tax expense (benefit)		623	1,036
Income tax expense	$	101,292	105,428

The reconciliation of income tax expense and profit before tax for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Profit before income tax	$ 354,029	226,604
Income tax on pre-tax financial income calculated at the Company's income tax rate	60,185	38,523
Effect of foreign jurisdiction tax rate differences	9,017	17,184
Changes in unrecognized temporary differences	19,976	31,924
Others	12,114	17,797
	$ 101,292	105,428

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

As of December 31, 2017 and 2016, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax assets and liabilities as the Group has the ability to control the timing of reversal of these temporary differences which are not expected to reverse in the foreseeable future. The related amounts were as follows:

Unrecognized deferred tax assets

	December 31, 2017	December 31, 2016
Aggregate temporary differences associated with investments in subsidiaries	$ 2,164	1,966
Tax losses	60,030	40,054
Unrecognized deferred liabilities	$ 62,194	42,020

The tax losses are tax credits from the Company.

Unrecognized deferred tax liabilities

	December 31, 2017	December 31, 2016
Aggregate temporary differences associated with investments in subsidiaries	$ 273,503	240,112

2) Recognized deferred tax assets and liabilities

The movements in deferred tax assets and liabilities for the years ended December 31, 2017 and 2016 were as follows:

		Defined benefit plans	Accrued expense	Others	Total
Deferred tax assets:					
Balance, January 1, 2016	$	6,915	31,044	4,049	42,008
Credited (debited) to profit or loss		-	399	637	1,036
Balance, December 31, 2016	$	6,915	31,443	4,686	43,044
Balance, January 1, 2017	$	6,915	31,443	4,686	43,044
Credited (debited) to profit or loss		-	3,310	(3,933)	(623)
Balance, December 31, 2017	$	6,915	34,753	753	42,421

3) Examination and approval

The Company's income tax returns through 2015 have been examined and approved by the Tax Authority.

4) Imputation credit account and creditable ratio

	December 31, 2017	December 31, 2016
Undistributed earnings commencing from January 1, 1998	Note	$ 140,264
Balance of imputation credit account	Note	$ 1,336

	2017(estimated)	2016(actual)
Creditable ratio for earnings distribution to R.O.C. residents	Note	2.180 %

The related information on the aforesaid imputation credit tax was prepared in accordance with Ruling No. 10204562810 issued by the Ministry of Finance, R.O.C., on October 17, 2013.

Note: According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, effective January 1, 2018, companies will no longer be required to establish, record, calculate, and distribute their ICA due to the abolishment of the imputation tax system.

(q) Share capital and other equity

As of December 31, 2017 and 2016, the authorized capital of the Company consisted of 1,200,000 thousand shares, of which 80,000 thousand shares were reserved for employee share options, with a par value of $10 (dollars) per share, and the issued capital was 118,565 thousand shares and 119,526 thousand shares, respectively.

The movements in outstanding shares for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Beginning balance, January 1	119,526	116,042
Addition: Stock dividend	-	2,292
Convertible bonds converted	1,376	784
Exercise of employee stock options	28	408
Decrease in treasure stock	(2,364)	-
Ending balance, December 31	$ 118,566	119,526

A resolution was approved during the shareholders' meeting on March 24, 2011, for the issuance of common shares for cash within a year under private placement; with the number of shares issued not to exceed 8,400 thousand shares. Subsequently, a resolution was approved during the board meeting held on March 24, 2011, for the issuance of 8,400 thousand common shares under private placement, with a face value of $10 (dollars) per share, at $27.81 (dollars) per share, amounting to $233,604 thousand dollars. The capital increase was registered on March 30, 2011. The relevant statutory registration procedures have since been completed.

Above Common stock under private placement and the related stock dividends was public on December 8, 2016.

(i) Capital surplus

The components of capital surplus were as follows:

	December 31, 2017	December 31, 2016
Paid-in capital derived from premium on issuance of common shares	$ 553,657	564,672
Surplus arising from bond conversion option	245,665	228,566
Surplus arising from treasury stock transactions	4,305	21,060
Surplus arising from long-term equity investments－donated surplus and others	25,703	5,937
Surplus arising from premium from merger	2,912	2,912
Surplus arising from stock options	40,512	42,190
	$ 872,754	865,337

In accordance with the R.O.C. Company Act amended in 2012, realized capital reserve can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned realized capital reserve includes share premiums and donation. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserve to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

(i) Retained earnings

According to the Company's articles of incorporation, 10% of annual net earnings (net of income taxes), after deducting accumulated deficits, must be set aside 10% as legal reserve. Unless and until the accumulated legal reserve equals the Company's total capital, the Company may set aside a special reserve in accordance to Article 41 of the Securities and Exchange Act. After the board of directors considers the Company's budget for funding needs, financial structures, current period earnings, and steady profit distribution when proposing the distribution of earnings, the proposal should be resolved during the stockholders' meeting.

1) Legal reserve

In accordance with the Company Act, 10 percent of net income should be set aside as statutory legal reserve until it is equal to share capital. If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the statutory legal reserve, either by new shares or by cash, of the portion that exceeds 25 percent of the actual share capital.

2) Special reserve

By choosing to apply exemptions granted under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the International Financial Reporting Standards (IFRSs) endorsed by the Financial Supervisory Commission, cumulative translation adjustments (gains) shall be reclassified as retained earnings. The net increase in retained earnings due to the first-time adoption of IFRSs amounted to $7,116 thousand dollars. In accordance with Ruling No. 1010012865 issued by the Financial Supervisory Commission on April 6, 2012, an increase in retained earnings due to the first-time adoption of IFRSs shall be reclassified as special earnings reserve during earnings distribution, and when the relevant asset is used, disposed of, or reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately. The carrying amount of special earnings reserve was $7,116 thousand dollars on December 31, 2017 and 2016.

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special earnings reserve resulting from the first-time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. Special reserve amounted to $18,440 thousand dollars at December 31, 2017.

3) Earnings distribution

Earnings distribution for 2016 and 2015 was decided via the general meeting of the shareholders held on June 19, 2017 and June 3, 2016, respectively. The relevant dividend distributions to shareholders were as follows:

	2016		2015	
	Amount per share (dollars)	Total amount	Amount per share (dollars)	Total amount
Dividends distributed to common shareholders:				
Cash	$ 0.8	92,637	1.800	206,341
Shares	-	-	0.2000	22,927
Total		$ 92,637		229,268

There is no difference between the total amount of surplus distribution and the resolution of the Board of Directors of the Company, Information can be found at the public information station.

(ii) Treasury stock

The Company has acquired treasury stock and transferred it to its employees as an incentive. For the years ended December 31, 2017 and 2016 the movements of the treasury stock were as below.

Item	January 1, 2017	Increase	Decrease	December 31, 2017
Treasury stock acquired for transfer to employees－shares (in thousand dollars)	2,512	2,621	(2,364)	2,769
Treasury stock acquired for transfer to employees－amount	$ 61,801	56,158	(51,610)	66,349

Item	January 1, 2016	Increase	Decrease	December 31, 2016
Treasury stock acquired for transfer to employees－shares (in thousand dollars)	427	2,085	-	2,512
Treasury stock acquired for transfer to employees－amount	$ 10,636	51,165	-	61,801

As of December 31, 2017 and 2016, a total of 2,769 and 2,512 thousand shares, respectively, were not yet cancelled.

In accordance with the Securities and Exchange Act requirements, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company’s retained earnings, share premium, and realized capital reserves. As of December 31, 2017, the balance of treasury stock was in compliance with the requirement. In accordance with the Securities and Exchange Act requirements, treasury shares held by the Company cannot be pledged and do not have any shareholders’ rights before their transfer.

(r) Share-based payment

Information on share-based payment transactions as of December 31, 2017, was as follows:

	Employee stock options
Option grant date	2012/7/11
Options grant units	2,000
Contract period	Five years
Grant recipients	Employees of the Company and its subsidiaries
Vesting conditions	Provide service for the next five years

(i) Determining the fair value

The Company adopted the Black-Scholes model to calculate the fair value of the stock options at the grant date, and the assumptions adopted in this valuation model were as follows:

	2014
	Employee stock options
Fair value at grant date	4.50
Share price at grant date	20.50
Exercise price	20.50
Expected volatility	25.998%
Expected duration	4.00
Risk-free interest rate	0.951%

Expected volatility was decided on the basis of the historical weighted-average volatility and was adjusted based on publicly available information; the duration is decided based on the Group's regulations on issuance; the expected dividend and risk-free interest rate are decided on the basis of government bonds. When the fair value is decided, conditions of service and non-market price performance are not taken into consideration.

(ii) Information on share-based payment plan

As of December 31, 2017 and 2016, outstanding units were 0 and 27, respectively.

For the years ended December 31, 2016, there were 408 units exercised at 12.8 (dollars).

For the years ended December 31, 2017, there were 27 units exercised at 12.8 (dollars).

(iii) Employee expense and liabilities

The Group's expenses for share-based payment for the years ended December 31, 2017 and 2016 were $0 and $(288), respectively.

(s) Earnings per share (EPS)

(i) Basic earnings per share

The basic earnings per share for the years ended December 31, 2017 and 2016, were calculated on the basis of profit attributable to common shareholders and the weighted-average number of outstanding common shares. Calculations were as follows:

1) Profit attributable to common shareholders

	2017	2016
	Continuing operations	Continuing operations
Profit attributable to common shareholders	$ 240,110	130,487

2) Weighted-average number of outstanding common shares

	2017	2016
Common shares as of January 1	$ 119,526	116,042
Effect of treasury stock	(4,971)	(1,391)
Effect of stock dividends	-	2,292
Effect of employee stock options	23	68
Effect of conversion of convertible bonds	1,289	173
Weighted-average number of outstanding common shares on December 31	$ 115,867	117,184

(i) Diluted earnings per share

The diluted earnings per share for the years ended December 31, 2017 and 2016 were calculated on the basis of profit attributable to common shareholders and the weighted-average number of outstanding common shares, with all potential common shares retroactively adjusted. Calculations were as follows:

1) Profit attributable to common shareholders (diluted)

	2017	2016
	Continuing operations	Continuing operations
Profit attributable to common shareholders (basic)	$ 240,110	130,487
Interest on convertible bonds	6,373	8,416
Gains on revaluation of put and call options of convertible bonds measured at fair value	-	150
	$ 246,483	139,053

2) Weighted-average number of outstanding common shares (diluted)

		2017	2016
Weighted-average number of outstanding common shares (basic)	$	115,867	117,184
Effect of conversion of convertible bonds		11,650	16,191
Effect of employee stock dividends		59	42
Effect of stock options		12	221
Weighted-average number of outstanding common shares on December 31 (diluted)	$	127,588	133,638

When the dilutive effect of stock options is calculated, the average market value is decided on the basis of the market price of the option during the outstanding period.

(t) Employees and directors, supervisors reward

Pursuant to the Company' s articles of incorporation, states if the Company profits this period they will set aside no less than 0.5% towards employee compensation and no more than 3% towards remuneration to directors and supervisors. If the Company has accumulated loss they must first reserve to cover the loss amount. The compensations mentioned afore include persons who meet the preset conditions of employees of the affiliate Company.

The Company accrued and recognized the employee compensation amounting to $1,253 and $692 for the year 2017 and 2016, respectively. And the directors' and supervisors' compensation is accrued and recognized amounting to $7,522 and $4,151 for the year 2017 and 2016, respectively. These amounts are calculated by using the Company' s pre-tax net profit for the period before deducting the amount of the remuneration to the employees and directors, multiplied by the distribution ratio of remuneration to the employees and directors under the Company' s articles of association, and expensed under operating costs or expenses for the year. If there would be any changes after the reporting date in the following year, the change of the amount would be treated as changes in accounting estimates and recognized as profit or loss in next year.

(u) Revenue

The Group' s net revenue for the years ended December 31, 2017 and 2016 were as follows:

		2017	2016
Sea forwarding	$	5,904,952	5,573,415
Air forwarding		3,003,392	2,524,980
Logistics and others		1,628,664	1,645,718
	$	10,537,008	9,744,113

(v) Other income

The Group’s other income for the years ended December 31, 2017 and 2016, was as follows:

	2017	2016
Interest income	$ 5,976	4,729
Dividend income	3,630	3,978
Other	102	747
	$ 9,708	9,454

(w) Other gains and losses

The Group’s other gains and losses for the years ended December 31, 2017 and 2016, was as follows:

	2017	2016
Foreign exchange gains (losses)	$ (47,318)	48,555
Gains on valuation of fair value of financial assets and liabilities through profit or loss	24	(129)
Gain on disposal of property, plant and equipment	(2,004)	17,960
Gain on disposal of available-for-sale financial assets	7,161	16,283
Loss of goodwill impairment	(31,892)	(36,092)
Gains on evaluation of investment payable	45,122	-
Other	3,990	3,733
	$ (24,917)	50,310

(x) Financial costs

The Group’s financial costs for the years ended December 31, 2017 and 2016, was as follows:

	2017	2016
Interest expense		
Bank borrowings	$ 14,749	5,411
Amortization of the convertible bonds discount	6,373	8,416
Amortization of other financial liabilities	6,434	12,297
	$ 27,556	26,124

(y) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the Group’s maximum credit exposure.

2) Concentration of credit risk

Based on the characteristic of the industry, the Group has no significant transactions with any single customer.

For the years ended December 31, 2017 and 2016, there was no significant concentration of credit risk from the sales of the Group.

(ii) Liquidity risk

Based on the characteristic of the industry, the Group has no significant transactions with any single customer.

	Carrying amount	Contractual cash flow	Within 6 months	6~12 months	1~2 years	2~5 years	Over 5 years
December 31, 2017							
Non-derivative financial liabilities							
Bank borrowings	$ 1,067,000	(1,083,005)	(1,083,005)	-	-	-	-
Convertible bond payable	296,904	(299,500)	(299,500)	-	-	-	-
Trade and other payable	1,211,839	(1,211,839)	(1,211,839)	-	-	-	-
Investment payable (other current and non－current liabilities)	7,600	(7,600)	(7,600)	-	-	-	-
	$ 2,583,343	**(2,601,944)**	**(2,601,944)**	**-**	**-**	**-**	**-**
December 31, 2016							
Non-derivative financial liabilities							
Bank borrowings	$ 567,000	(567,000)	(567,000)	-	-	-	-
Convertible bond payable	385,231	406,000	106,500	-	299,500	-	-
Trade and other payables	1,210,020	(1,210,020)	(1,210,020)	-	-	-	-
Investment payable (other current and non－current liabilities)	83,391	(91,391)	(43,868)	-	(47,523)	-	-
	$ 2,245,642	**(1,462,411)**	**(1,714,388)**	**-**	**1,951,612**	**(1,989,252)**	**-**

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

Unit: thousand

	December 31, 2017		
	Foreign current	Exchange rate	TWD
Financial assets			
Monetary items			
USD	$ 7,080	USD：TWD 30.5192	216,076
	971	USD：VND 25,016	29,634
	3,557	USD：HKD 7.7897	108,557
	40,209	USD：CNY 6.7759	1,227,147
HKD	2,269	HKD：TWD 3.9179	8,890
	3,389	HKD：USD 0.1284	13,278
	16,391	HKD：CNY 0.8699	64,218
CNY	8,148	CNY：TWD 4.5041	36,699
	7,230	CNY：USD 0.14760	32,565
	1,202	CNY：HKD 1.1496	5,414
TWD	150,495	CNY：TWD 0.2220	150,495
Non-Monetary items			
IDR	20,417,891	IDR：TWD 0.00223	45,532
Financial liabilities			
Monetary items			
USD	2,194	USD：TWD 30.52	66,959
	250	USD：VND 25,016	7,630
	136	USD：HKD 7.7897	4,151
	18,568	USD：CNY 6.7759	566,681
HKD	7,766	HKD：CNY 0.8699	30,426
CNY	26	CNY：TWD 4.5041	117
	4,643	CNY：USD 0.1476	20,913
	408	CNY：HKD 1.1496	1,838
TWD	66,554	TWD：USD 0.0328	66,554
	6,489	TWD：HKD 0.2552	6,489
	2,171	TWD：CNY 0.222	2,171

	December 31, 2016		
	Foreign current	Exchange rate	TWD
Financial assets			
Monetary items			
USD	$ 3,736	USD：TWD 32.27	120,561
	527	USD：VND 25,015	17,006
	1,721	USD：HKD 7.7552	55,537
	38,404	USD：CNY 6.9370	1,239,297
HKD	2,508	HKD：TWD 4.1611	10,436
	50	HKD：USD 0.1289	208
	4,028	HKD：CNY 0.8944	16,760
CNY	3,247	CNY：TWD 4.6519	15,105
	3,903	CNY：USD 0.14415	18,156
	151	CNY：HKD 1.1179	702
TWD	77,359	CNY：TWD 0.2149	77,359
Non-Monetary items			
IDR	21,004,115	IDR：TWD 0.00243	51,040
Financial liabilities			
Monetary items			
USD	3,126	USD：TWD 32.27	100,876
	111	USD：VND 25,015	3,582
	49	USD：HKD 7.7552	1,581
	12,041	USD：CNY 6.9370	388,563
HKD	1,399	HKD：TWD 4.1611	5,821
	688	HKD：CNY 0.8944	2,863
CNY	1,034	CNY：TWD 4.6519	4,810
	8,995	CNY：USD 0.14415	41,844
	447	CNY：HKD 1.1179	2,079
TWD	124,694	TWD：USD 0.0309	124,694

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the foreign currency exchange gains and losses on the translation of cash and cash equivalents, accounts receivable, other receivables, loans, accounts payable, and other payables that are denominated in foreign currency. A 1% depreciation of the USD, HKD and CNY against the TWD as of December 31, 2017 and 2016 would have decreased the net income before tax by $11,190 and $8,971, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for both periods.

Due to the variety of the Group's functional currency, the Group discloses its exchange gains and losses of monetary items collectively. For the years ended December 31, 2017 and 2016, the Group's foreign exchange gains (losses), net (including realized and unrealized of monetary items) amounted to $(47,318) and $48,555, respectively.

(iv) Interest rate analysis

The following sensitivity analysis is based on the exposure to interest rate risk for derivative and non-derivative financial instruments on the reporting date.

For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year.

If the interest rate had increased/decreased by 1%, the Group's net income before tax would have decreased/increased by $10,670 and $5,670 for the years ended December 31, 2017 and 2016, respectively, assuming all other variable factors had remained constant. This is mainly due to the Group's variable-rate borrowing.

(v) Fair value of financial instruments

1) Fair value hierarchy

a) Categories and fair value of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value and investments in equity instruments which do not have any quoted price in an active market in which the value cannot reasonably measured.

	December 31, 2017				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Derivative financial assets	$ 7,131	7,131	-	-	7,131
Subtotal	7,131	7,131	-	-	7,131
Available-for-sale financial assets:					
Stocks in listed companies	219,223	126,823	92,400	-	219,223
Subtotal	219,223	126,823	92,400	-	219,223
Loans and receivables:					
Cash and cash equivalent	1,491,532	-	-	-	-
Note and accounts receivables, and other receivables	1,767,937	-	-	-	-
Other financial assets (other current and non-current assets)	333,801	-	-	-	-
Subtotal	3,593,270	-	-	-	-
Refundable deposits	137,153	-	-	-	-
Financial liabilities at fair value through profit or loss:					
Financial liabilities designated as fair value through profit or loss	2	-	2	-	2
Financial liabilities at amortized cost:					
Short term borrowings	1,067,000	-	-	-	-
Convertible bonds	296,904	-	296,904	-	296,904
Note and accounts payables	833,268	-	-	-	-
Other payable	378,571	-	-	-	-
Other payable (other current and non-current liabilities)	28,808	-	-	28,808	28,808
Subtotal	2,604,551	-	296,904	28,808	325,712
Total	$ 6,424,177	133,954	389,306	28,808	552,068

	December 31, 2016				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Derivative financial assets	$ 7,107	7,107	-	-	7,107
Subtotal	7,107	7,107	-	-	7,107
Available-for-sale financial assets:					
Stocks in listed companies	29,432	29,432	-	-	29,432
Subtotal	29,432	29,432	-	-	29,432

	December 31, 2016				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Loans and receivables：					
Cash and cash equivalent	$ 1,448,581	-	-	-	-
Note and accounts receivables, and other receivables	1,661,928	-	-	-	-
Other financial assets (other current and non-current assets)	259,179	-	-	-	-
Subtotal	3,369,688	-	-	-	-
Refundable deposits	140,462	-	-	-	-
Financial liabilities at fair value through profit of loss:					
Financial liabilities designated as fair value through profit or loss	2	-	2	-	2
Financial liabilities at amortized cost:					
Short term borrowings	567,000	-	-	-	-
Short term notes and bills payable	385,231	-	385,231	-	385,231
Note and accounts payables	852,021	-	-	-	-
Other payable	360,935	-	-	-	-
Payables on investments (other current and noncurrent-others)	110,823	-	-	83,391	83,391
Subtotal	$ 2,276,010	-	385,231	83,391	468,622
Total	$ 5,682,239	36,539	385,233	83,391	505,163

b) Valuation techniques and assumptions used in fair value determination

Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm’s-length basis. Whether transactions are taking place ‘regularly’ is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments. The discounted cash flow method, or other valuation technique including a model using observable market data at the consolidated balance sheet date.

Derivative financial instruments

Measurements of fair value of derivative financial instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

There were no transfers of financial assets from each level for the years ended December 31, 2017 and 2016.

(z) Financial risk management

(i) Overview

The nature and the extent of the Group’s risks arising from financial instruments, which include credit risk, liquidity risk, and market risk, are discussed below. Also, the Group’s objectives, policies, and procedures for measuring and managing risks are discussed below.

For more quantitative information about financial instruments, please refer to related notes to the financial statements.

(ii) Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group’s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of directors oversees how management monitors the risks, which should be in compliance with the Group’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation of the risks faced by the Group. Internal Audit undertakes regular reviews of the risk management controls and procedures and exception management, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk means the potential loss to the Group if the client or the counterparty involved in a financial instrument transaction defaults. The primary potential credit risk is from the accounts receivable and investments of the Group.

1) Accounts receivable and other receivables

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. These limits are reviewed periodically.

To monitor credit risk, clients are grouped by their credit characteristics, including the amounts of accounts receivable, the period of aging, and the margin contribution for the Group. The major customers of the Group are concentrated in overseas agencies and large clients. Clients with high credit risk after evaluation would be placed on the restricted client list and be monitored by the board. Transactions with such clients would only be in cash in the future.

The Group establishes an impairment allowance that represents its estimate of incurred losses in respect of trade receivables, other receivables, and investment. The components of this impairment allowance are a specific loss component that relates to individually significant exposure and a collective loss component for which a loss was incurred but not identified. The collective component is based on historical payment experience of similar financial assets.

2) Investments

The credit risk exposure of the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. As the Group deals with banks and other external parties with good credit standing and financial institutions, corporate organizations, and government agencies which are graded above investment level, the management believes that the Group does not have any compliance issues, and therefore, there is no significant credit risk.

3) Guarantees

The Group has determined that financial guarantees can only be provided to the following companies:

a) Companies with a transaction relationship with the Group.

b) Companies in which the Group has more than 50% of the voting shares.

c) Companies which directly or indirectly hold more than 50% of the voting shares of T3EX Global Holdings Corp.

4) Liquidity risk

Liquidity risk is a risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

The Group actively expands its business to generate operating cash flow while it simultaneously manages the accounts receivable in a strict manner and controls its expenditure. In addition, the Group keeps good relationships with banks to obtain a sufficient credit limit for necessary cash demands in the operating cycle. Generally, the Group ensures that there is sufficient cash to cover expected operating expenditure, but excluding the potential influence of unexpected extreme conditions (i.e. nature disasters). The total amount of unused credit as of December 31, 2017, was $884,191 thousand dollars.

5) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The types of financial assets at fair value through profit or loss held by the Group are open-end funds and convertible bonds which are measured at fair value. Therefore, the Group is exposed to the risk of price changes in the beneficiary certificate market. The Group engages a professional agent to manage its financial assets. Parts of bank deposits, accounts receivable, and accounts payable are evaluated for foreign currency exposure. To manage the currency risk, the Group maintains its foreign currency net position within a certain limit. The convertible bonds held and issued by the Group are measured at fair value. This results in exposure to the risk of price changes in the equity and bond markets.

a) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group’s entities, primarily the New Taiwan Dollar (TWD), Chinese Yuan (CNY), US Dollar (USD), Hong Kong Dollar (HKD), Vietnam Dong (VND), and Thai Baht (THB).

Regarding the currency risk from appreciation of the CNY, the Group uses foreign exchange contracts in order to manage its foreign exchange risk, and the contractual maturities are within one year of the reporting date.

Interest is denominated in the same currency as borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, which mainly uses the TWD.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates.

b) Interest rate risk

Except for bank loans, there are no financial assets or financial liabilities with floating interest rates. The Group negotiates the price case by case to control the interest rate risk.

c) Other market risk

The Group signs contracts with large customers and vendors to keep sales and sources of supply stable. To maintain stable sales prices, the contents of contracts are reviewed every year in light of international economic conditions and market change.

(aa) Capital management

The board's policy is to maintain a strong capital base in order to maintain investor, creditor, and market confidence and to sustain future development of the business. Capital consists of common shares, capital surplus, retained earnings, and non-controlling interests of the Group. The board of directors monitors the level of dividends to common shareholders.

The distribution of dividends of the Group follows the earnings of the year and is on a sustainable basis. When the board of directors drafts a proposal on appropriation and distribution of retained earnings, the dividend distribution shall not be lower than 50% of current earnings or unappropriated earnings, whichever is lower. However, the cash dividend shall not be lower than 10% of the total distribution of dividends.

The Group's debt-to-equity ratios at the end of the reporting periods were as follows.

		December 31, 2017	December 31, 2016
Total liabilities	$	2,784,944	2,427,951
Less: cash and cash equivalents		1,491,532	1,448,581
Net debt	$	1,293,412	979,370
Total equity	$	2,392,607	2,385,494
Less: amounts accumulated in equity relating to cash flow hedges		-	-
Adjusted capital	$	2,392,607	2,385,494
Debt-to-equity ratio		54.06%	41.05%

From time to time, the Group purchases its own shares on the market; the timing of these purchases depends on market prices. Primarily, the shares are intended to be used for issuing shares under the Group's share option scheme for employees. The purchase of treasury stock did not impact the Group's capital management.

There were no changes in the Group's approach to capital management during the year.

(ab) Investing and financing activities without cash flows

Convertible bonds were converted into common stock. Please refer to notes 6(m) and (q).

(7) Related-party transactions:

(a) Name of related-party and relationship:

There are relationship between related-party and the Group in the consolidated interim financial statement:

Name of related-party	Relationship to the Group
PT Dexter Eurekatama	Investment under equity method
LOGI International Co., Ltd.	Investment under equity method
Orient Air General Sales Agent Co., LTD.	Investment under equity method 30%
Shanghai Shangijun International Logistic Co., Ltd.	Investment under equity method 30%

(b) Other related-party transactions

(i) Revenue

	Revenue		Accounts receivable	
	2017	2016	December 31, 2017	December 31, 2016
Associates	$ 22,900	17,831	4,056	511

Trading terms of the above transactions require payments within 30 to 60 days or depending on the funding needs.

(ii) Cost of revenue

	Cost of revenue		Accounts payable	
	2017	2016	December 31, 2017	December 31, 2016
Associates	$ 10,493	13,694	594	1,173

Trading terms of the above transactions require payment within 30 to 60 days or depending on funding needs, and are not significantly different from those of third-party vendors.

(c) Transactions with key management personnel

(i) Guarantees

As of December 31, 2017 and 2016, certain directors had provided bank loan facility guarantees for the Group.

(ii) Key management personnel compensation comprised:

	2017	2016
Short-term employee benefits	$ 42,026	47,531
Post-employment benefits	1,173	14,334
Share-based payments	-	177
	$ 43,199	62,042

(8) Pledged assets:

Pledged assets	Object	December 31, 2017	December 31, 2016
Property, plant, and equipment	Short-term/long-term credit facility and bank guarantees	$ 175,490	178,600
Other financial assets－current	Forward exchange guarantees/credit facility/logistics-related guarantees	12,995	24,259
Refundable deposits	Logistics-related guarantees	137,153	140,462
Other financial assets－non-current	Logistics-related guarantees	29,586	17,805
		$ 355,224	361,126

(9) Commitments and contingencies:

(a) Guarantees issued by financial institutions for the Group for freight forwarding services were as follows:

(In thousand dollars)

	December 31, 2017	December 31, 2016
HKD	$ 3,900	2,900
TWD	44,750	37,250

(b) In order to improve the quality of customer service, decrease operating costs, and increase competitiveness, the Group signed annual contracts with American-line sea cargo companies for a predetermined volume of containers.

(c) Promissory notes issued to the bank as collateral for short-term bank borrowings, logistics business, etc., were as follows.

	December 31, 2017	December 31, 2016
Promissory notes	$ 900,465	536,560

(d) The Group received a notification in 2016 from the court regarding a client claiming the damage of CNY4,212 thousand dollars for its loss on cargo. As of the reporting date, this case was still in progress, the Group did not accrue any provision for this case based on its assessment.

(e) In 2017, a client claimed the damage of $1,207 thousand dollars from the Group for its loss on cargo. The case is still in progress. The Group did not accrue any provision for this case based on its assessments.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

(a) According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing FY 2018. This increase does not affect the amounts of the current or deferred income taxes recognized on December 31, 2017. However, it will increase the Group’s current tax charge accordingly in the future.

(b) In March 2018, The Sub-subsidiary company T.H.I. Group (Shanghai) Ltd. signed a strategic framework cooperation agreement with China stock listed company Transfer Group’s (Stock Code:002010) subsidiary Logistics plat form-Ehuodi Ltd. The agreement defines the T.H.I Group (Shanghai) provides international logistics services, and Ehuodi Ltd provides end-of-city delivery services in China. Through a strategic alliance between the two parties, it provides more complete cross-border supply chain services.

(12) Other:

The personnel cost and depreciation and amortization expenses, categorized by function, were as follows.

	2017			2016		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Personnel cost						
Salaries	235,718	838,305	1,074,023	319,172	845,593	1,164,765
Labor and health insurance	15,681	57,497	73,178	20,801	60,363	81,164
Pension	15,721	81,520	97,241	15,764	81,251	97,015
Others	6,064	98,903	104,967	8,780	92,521	101,301
Depreciation expenses	14,511	26,145	40,656	9,790	33,977	43,767
Amortization expenses	-	16,451	16,451	-	20,446	20,446

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	Taiwan Express Logistic Co., Ltd	Other receivables- related patties	Yes	270,000	270,000	100,000	Monthly changes in interest rates	2	-	Trading turnover	-		-	455,895	911,789
4	T.H.I. Group (Shanghai) Ltd.	EXer Logistics Co., Ltd.	Other receivables- related patties	Yes	40,888	27,336	2,278	Interest rate plus 0.5%	2	-	Trading turnover	-		-	183,267	366,534
4	T.H.I. Group (Shanghai) Ltd.	Shanghai Shangijun International Logistic Co., Ltd.	Other receivables- related patties	Yes	3,645	3,645	-	4	2	-	Trading turnover	-		-	183,267	366,534

Note 1: The numbers indicated above represent the following: 0 for investor, 1 to 4 for investee.

Note 2:: Nature of lending: 1 for counterparties with transactions, and 2 for short-term operating capital.

Note 3: The ceiling on total loans granted by the Company to all parties is 40% of the net assets in the financial statements; the ceiling on total loans granted by the Company to each entity is 20% of the net assets in the financial statements.

Note 4: Ending facility balance approved by BOD.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	Shanghai Yaohwa International Forwarder Co., Ltd.	3	455,89	27,91	27,33	-	-	1.20%	911,78	Y	N	Y
0	The Company	T.H.I. Group (Shanghai) Ltd. (T.H.I. Shanghai)	3	455,89	91,47	45,56	-	-	2.00%	911,78	Y	N	Y
0	The Company	Exer Logistics Co., Ltd	3	455,89	62,88	22,78	11,39	-	1.00%	911,78	Y	N	Y
0	The Company	T Cube Global Logistics Co., Ltd.	3	455,89	53,95	27,33	24,02	-	1.20%	911,78	Y	N	Y
4	T.H.I. Group (Shanghai) Ltd.	Exer Logistics Co., Ltd	3	183,26	13,72	13,66		-	1.49%	366,53	Y	N	Y
2	Shanghai Yaohwa International Forwarder Co., Ltd.	T.H.I. Group (Shanghai) Ltd.	3	11,31	3,25	3,18	1,91	-	2.82%	45,25	N	N	Y
2	Shanghai Yaohwa International Forwarder Co., Ltd.	Exer Logistics Co., Ltd	3	11,31	9,14	9,11		-	8.05%	45,25	N	N	Y

Note 1: The numbers indicated above represent the following: 0 for investor, 1 onwards for investee

Note 2: The relationship between the guarantee provider and the receiver is as follows:

(1)The Company has transactions with its counterparties.

(2)The Company holds more than 50% of common shares of its subsidiary.

(3)The Company and its subsidiaries hold more than 50% of common shares of the investee company.

(4)The parent company holds more than 50% of its outstanding common shares (directly or indirectly) through a subsidiary.

(5)Companies within the same architectural field have signed a contractual agreement to provide mutual endorsements/ guarantees for the need of a specific construction project.

(6)The shareholders provide endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

Note 3: (1)Total guarantees amount should not exceed 40% of the Company's net assets in the financial statements if the following conditions are met:

Ownership of the Company should exceed 50%:

Guarantee amount should not exceed 20% of the Company’ s net assets

Ownership of the Company should not exceed 50%:

Guarantee amount should not exceed 20% of the Company’ s net assets

The net assets stated above refer to the net assets from the Company’ s most recently audited financial statements.

(2) Apart from the conditions listed above, guarantees for the purpose of business relations should not exceed the total amount of business transactions between the two parties, whichever is lower. The definition of business transactions could either be purchases or sales, whichever is higher.

(iii) Securities held as of December 31, 2017 (excluding investment in subsidiaries, associates and joint ventures)

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest ownership	Note
				Shares/Units (thousand dollars)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Fund Yuanta Wan Tai Fund	-	Financial assets at fair value through profit or loss－current	473,454	7,131	-	7,131	-	
The Company	Stock Aerospace Industrial Development Corporation	-	Available-for-sale financial assets－current	447,000	14,215		14,215	465,000	
The Company	Stock Chailease Holding Company Limited	-	Available-for-sale financial assets－current	200,000	17,320		17,320	300,000	
The Company	Stock Yang Ming Marine Transport Corp.	-	Available-for-sale financial assets－current	7,675,577	88,269		88,269	8,914,577	
The Company	Stock Yang Ming Marine Transport Corp.	-	Available-for-sale financial assets－non-current	10,000,000	92,400		92,400	10,000,000	(note 2)
The Company	Stock Dimerco Express Corporation	-	Available-for-sale financial assets－current	334,000	7,014		7,014	334,000	
Taiwan Express Logistic Co., Ltd. (TEC)	Stock Central Taiwan Science Park Logistic Co., Ltd.	-	Available-for-sale financial assets－current	3,880,000	38,800		-	3,880,000	
T.H.I. Logistics Co. Ltd.	Stock Yang Ming Marine Transport Corp.	-	Available-for-sale financial assets－current	364	5	-	5	-	

Note 1: due to lack of market information, will not include in this report

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock: None.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousand Dollars of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
T.H.I. Group (Shanghai) Ltd. (T.H.I. Shanghai)	T.H.I. Group Limited (HK)	Parent Company	Other receivables 304,230	-	-		-	-

(ix) Trading in derivative instruments:Please refer to notes 6(b)&(j).

(i) Business relationships and significant intercompany transactions:

(In Thousand Dollars of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	T.H.I. Group (Shanghai) Ltd.	T.H.I. Group Limited (in HK)	3	Other receivable	304,230	"	2.89%

Note 1: The numbers indicated above represent the following: 0 for the Parent company, 1 to 4 for its subsidiaries.

Note 2: The relations of the transactions represent the following:

1. The Parent company to its subsidiaries.

2. Subsidiaries to the Parent company.

3. Subsidiaries to subsidiaries.

Note 3: This chart will disclose sales, accounts and notes receivable, other receivables, purchases, accounts and notes payable, and other payables.

Note 4: The above transactions have been reversed in this financial report.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2017 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Shares	Balance as of December 31, 2017			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2017	December 31, 2016		Percentage of ownership	Carrying value	Highest percentage of ownership			
The Company	T.H.I.	British	Offshore	35,00	35,00	1,000,00	100.00%	74,501	100.00%	3,96	3,96	Subsidiarie

	Group Ltd.(in B.V.I)	Virgin Islands	settlement center	(USD1,000)	(USD1,000)							s
The Company	Greatline International Limited (Greatline)	British Virgin Islands	Offshore holding company	134,42 (USD4,050)	134,42 (USD4,050)	4,050,00	100.00%	1,468,33	100.00%	165,60	165,60	Subsidiaries
The Company	T.H.I Group Vietnam Co., Ltd.	Vietnam	Air & sea freight forwarding and packaging	8,36 (USD275)	4,86 (USD159)	4,950,000,00	99.00%	60,231	99.00%	11,04	5,63	Subsidiaries
The Company	T.H.I. Group (Bangkok) Co., Ltd.	Thailand	Air & sea freight forwarding and packaging	2,37 (USD72)	2,37 (USD72)	-	49.00%	14,24	49.00%	4,02	1,97	Subsidiaries
The Company	T.H.I. & Maruzen Co., Ltd.	Japan	Air & sea freight forwarding	10,36 (JPY31,130)	10,36 (JPY31,130)	3,06	51.00%	14,57	51.00%	6,10	3,11	Subsidiaries
The Company	Taiwan Express Logistic Co., Ltd. (TEC)	Taiwan	Air & sea freight forwarding and customs clearance	704,20	704,20	35,958,40	100.00%	715,01	100.00%	36,87	30,87	Subsidiaries
The Company	T.H.I. Logistics Co. Ltd.	Taiwan	Air & sea freight forwarding	130,00	130,00	13,000,00	100.00%	141,56	100.00%	7,97	7,97	Subsidiaries
The Company	T.H.I. Group (Cambodia) Co., Ltd.	Cambodia	Air & sea freight forwarding	4,46 (USD150)	4,46 (USD150)	-	100.00%	8,14	100.00%	4	4	Subsidiaries
The Company	PT. Dexter Eurekatama	Indonesia	Air & sea freight forwarding	47,38 (USD1,598)	47,38 (USD1,598)	12,00	30.00%	45,53	30.00%	(390	(3,241	Investment under equity method
The Company	T.H.I. Group Singapore Pte. Ltd. (Singapore)	Singapore	Air & sea freight forwarding	19,03 (USD850)	7,62 (USD320)	850,00	91.40%	12,93	91.40%	87	85	Subsidiaries
The Company	LOGI International Co., Ltd.	Korea	Air & sea freight forwarding	9,66 (USD300)	9,66 (USD300)	16,28	30.00%	6,001	30.00%	(2,686	(806	Investment under equity method
The Company	Fresh Beauty Enterprises Ltd. (Fresh Beauty)	Samoa	Offshore holding company	282,77 (CNY55,579)	282,77 (CNY55,579)	6	60.00%	323,42	60.00%	37,39	20,13	Subsidiaries
The Company	T.H.I. Logistics (Malaysia) SDN. BHD.	Malaysia	Air & sea freight forwarding	10,38 (USD315)	10,38 (USD315)	180,00	90.00%	5,40	90.00%	(1,356	(1,221	Subsidiaries
GREATLINE INTERNATIONAL LIMITED	T.H.I. Group Limited (HK) (T.H.I. HK)	Hong Kong	Air & sea freight forwarding	139,94 (USD4,134)	139,94 (USD4,134)	12,480,00	100.00%	1,466,94	100.00%	166,03	166,03	Subsidiaries
Fresh Beauty Enterprises Ltd.	Eastern Union Holdings Limited (Eastern Union)	Hong Kong	Offshore holding company	57,41 (USD1,751)	57,41 (USD1,751)	-	100.00%	147,221	100.00%	37,26	37,26	Subsidiaries
TEC	Taiwan Express (HK) Co., Ltd. (TEC HK)	Hong Kong	Freight forwarding, customs clearance, and distribution	266,80 (HKD70,550)	266,80 (HKD70,550)	-	100.00%	329,19	100.00%	4,89	4,89	Subsidiaries
TEC	TEC Logistic Co., Ltd.	Taiwan	Freight forwarding, customs clearance, and delivery services	6,00	6,00	1,000,00	100.00%	-	100.00%	-	-	Subsidiaries
TEC	Orient Air General Sales Agent Co., Ltd.	Taiwan	Freight forwarding, customs clearance, and delivery services	60	60	60,00	30.00%	2,75	30.00%	4,55	1,15	Investment under equity method
TEC	Hiview Logistics Co., Ltd.	Taiwan	Freight forwarding, customs clearance, and	76,59	76,59	5,000,00	97.51%	103,401	97.51%	22,25	21,69	Subsidiaries

			distribution									
TEC	Taiwan Express (USA), Inc.	United States	Freight forwarding, customs clearance, and distribution	31,629 (USD1,000)	31,629 (USD1,000)	100,000	100.00%	33,501	100.00%	-	-	Subsidiaries
TEC	TEC LOGISTICS (USA), INC.	United States	Freight forwarding, customs clearance, and distribution	8,549 (USD290)	8,549 (USD290)	200	100.00%	12,924	100.00%	-	-	Subsidiaries

(c) Information on overseas branches and representative offices:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2016	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2017	Net income (losses) of the investee	Percentage of ownership	Highest Percentage of ownership	Book value	Investment income (losses)	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Shanghai Yaohwa International Forwarder Co., Ltd.	Air & sea freight forwarding and customs clearance	55,031 (USD1,700)	(1)	55,031 (USD1,700)	-	-	55,031 (USD1,700)	5,668	100.00%	100%	5,668	113,353	-
T.H.I. Group (Shanghai) Ltd.	Air & sea freight forwarding and customs clearance	92,883 (USD2,600)	(1)	84,861 (USD2,600)	-	-	84,861 (USD2,600)	57,275	100.00%	100%	57,275	943,537	-
Shanghai Kai Hua Co., Ltd.Transport and logistics	Transport and logistics	22,460 (5,000CNY)	(5)	-	-	-	-	(588)	30.00%	30	3,239	12,297	-
T-Cube Global Logistics Co., Ltd.	Warehousing and company	54,610 (1,100USD)	(1)	204,388 (6,185USD)	39,358 (1,178USD)	-	243,746 (7,363USD)	37,621	60.00%	60%	37,621	147,229	-
EXer Logistics Co., Ltd.	Express logistics company	52,107 (CNY11,123)	(6)	-	-	-	-	(63,602)	88.94%	88.94%	(86,096)	61,163	-
TEC Logistics (Shenzhen) Co., Ltd.	Freight forwarding, customs clearance, and distribution	183,901 (HKD48,550)	(7)	183,901 (HKD48,550)	-	-	183,901 (HKD48,550)	3,094	100.00%	100%	3,094	158,338	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
390,168 (11,863USD thousand)	436,428 (14,660USD thousand)	1,367,684

Note 1: Investment in Mainland Chain via remittance through a third region.

Note 2: The investment gains or losses under the same period that have been recorded based on the investees' audited financial statements.

Note 3: The actual amount invested by the Company in Mainland Chain at the end of this period.

Note 4: At the reporting date, the exchange between USD and TWD rate was 1:29.77.

Note 5: Shanghai Yaohwa International Forwarder Co., Ltd. directly invested in Shanghai Kai Hua Co., Ltd.

Note 6: T.H.I. Group (Shanghai) Ltd. directly invested in EXer Logistics Co., Ltd.

Note 7: The Company's subsidiary, Taiwan Express Logistic Co., Ltd., invested in Mainland China via remittance through a third region. The upper limit of the investments is 60% of Taiwan Express Logistic Co., Ltd.'s net assets in the financial statements based on the "REGULATIONS GOVERNING THE APPROVAL OFINVESTMENT OR TECHNICAL COOPERATION INMAINLAND CHINA" and have been approved by the Investment Commission Ministry of Economic Affairs amounting to $183,901 thousand (HKD48,550 thousand).

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(14) Segment information:

(a) General information

The Group's reportable operating segments are the sea export and air export segments.

(b) Information on reportable segments' income or loss, assets, liabilities, and measurement base and reconciliation

The Group has two reportable segments, as described below. These two segments are strategic business units of the Group. Each strategic business unit provides different services and is managed separately on account of different professional knowledge and marketing tactics. The Group's chief operating decision makers review the internal management report on a monthly basis. The Group's operating segment information and reconciliation were as follows:

	2017				
	Sea export	Air export	Others	Adjustment/ elimination	Total
Segment revenue	$ 5,911,006	3,003,392	1,628,664	(6,054)	10,537,008
Segment gross profit	1,142,423	427,134	365,120	(10,642)	1,924,035
Segment assets	(note 1)	(note 1)	(note 1)	(note 1)	(note 1)

	2016				
	Sea export	Air export	Others	Adjustment/ elimination	Total
Segment revenue	$ 5,589,842	2,524,980	1,645,718	(16,427)	9,744,113
Segment gross profit	1,119,072	395,451	278,393	1,302	1,794,218
Segment assets	(note 1)	(note 1)	(note 1)	(note 1)	(note 1)

Note 1: Segment assets are not reviewed by the Group' s chief operating decision makers, and thus, they are disclosed as zero.

(c) Products and services information

Please refer to note 14(2).

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of the customers and segment assets are based on the geographical location of the assets. The Group' s main business is the international sea and air freight forwarding services; therefore, external sales to customers are not divided geographically.

Non-current assets:

	2017	2016
Taiwan	$ 732,008	688,150
China and Hong Kong	197,098	281,700
Others	2,293	2,949
	$ 931,399	972,799

(e) Major customers

The Group has no single customer that exceeds 10% of its sales.

Independent Auditors' Audit Report

The Board of Directors
T3EX Global Holdings Corp.

Opinion

We have audited the consolidated financial statements of T3EX Global Holdings Corp.("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of balance sheet as of December 31, 2017 and 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and cash flows for the year ended December 31, 2017 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016,and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in 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 of our opinion.

Key Audit Matters

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

1. Revenue recognition

   Please refer to Note 4(n) "Revenue recognition" of consolidated financial statements and Note 6(u) "Revenue" for the details of operating revenues of consolidated financial statements.

   How the matter was addressed in our audit:

   The Group mainly engages in sea and air freight forwarding, and total logistics solution. Therefore, the revenue is a matter to the users of the consolidated financial statements. Consequently, this is one of the key assessment areas our audit focus on.

Our audit procedures included:

Understanding the internal control on revenue recognition applied by the management and assessing whether appropriate accounting policy is applied; performing the analysis on revenue from the top ten customers to verify whether or not any unusual transaction has incurred; performing the sampling procedures to verify records and supporting document of the transactions; selecting a period before and after the reporting date to assess whether revenue recognized in the correct period.

2. Goodwill and other intangible assets impairment assessment

Please refer to Notes 4(k) and (l) "The non-financial assets impairment" of consolidated financial statements, Note 5 for assumptions on the accounting estimates and assumptions on the impairment of goodwill and other intangible assets of the consolidated financial statements, and Note 6(i) for the details of the intangible assets in consolidated financial statements.

How the matter was addressed in our audit:

The accounting policy applying to the goodwill and other intangible assets arising from acquisition transactions is with the uncertainty estimation. Consequently, this is one of the key assessment areas our audit focus on.

Our the principal audit procedures included:

Understanding the internal control on the impairment assessment of the goodwill and other intangible assets; selecting significant goodwill and other intangible assets; obtaining impairment assessment reports issued by an external expert engaged by the management; assessing model, parameters and assumptions applying to the financial information forecast; and evaluating whether the assessment for goodwill and other intangible assets was based on the accounting policies.

3. Account receivable evaluation

Please refer to Note 4(g) "impairment of financial assets" of consolidated financial statements, Note 5 "Estimation uncertainty of the impairment of the receivable" of consolidated financial statements and Note 6(e) "impairment of the receivables" of consolidated financial statements.

How the matter was addressed in our audit:

The group deal with its main customers on credit, so Group's receivables are exposed to the credit risk. When the customer defaults, the receivables may be impaired. Since the collectability assessment of receivables depends on management's judgment. Consequently, this is one of the key assessment areas our audit focus on.

Our the principal audit procedures included:

Understanding impairment policy applied to the receivables by the management; assessing whether it is based on appropriate accounting policies. Inquiring the management whether there was any receivable with difficulty to collect; performing a sampling procedure to check the correctness of the aging of receivables and to review the collection of receivables in the subsequent period to understand if there was any significant overdue receivables to evaluated the provisions for impairment of receivables are adequate.

Other Matter

T3EX Global Holdings Corp. has prepared its parent-company-only financial statements as of and for the years then ended December 31, 2017 and 2016, on which we have expressed an unqualified opinion.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of 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 supervisor 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 the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Assess for purpose of identifying 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. Evaluated for purposes of determining 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 determine 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 Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit.

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.

The engagement partners on the audit resulting in this independent auditors’ report are Pei-Chi Chen and Heng-Shen Lin.

KPMG

Taipei, Taiwan (Republic of China)
March 26, 2018

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

T3EX GLOBAL HOLDINGS CORP. AND ITS SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2017 Amount	%	December 31, 2016 Amount	%
	Current assets:				
1100	Cash and cash equivalents (notes 6(a), (y) & (z))	$ 1,491,532	29	1,448,581	30
1110	Current financial assets at fair value through profit or loss－current (notes 6(b) & (y))	7,131	-	7,107	-
1125	Available-for-sale financial assets－current(notes 6(c) & (y))	126,823	2	29,432	1
1150	Notes receivable(notes 6(e) & (y))	65,899	1	31,651	1
1170	Accounts receivable(notes 6(e) & (y))	1,697,982	33	1,629,766	34
1180	Accounts receivable-related parties (notes 6(e), (y) &7)	4,056	-	511	-
1470	Other current assets(notes 6(e), (g), (j), (y) & 8)	430,922	8	334,301	6
	Current assets	3,824,345	73	3,481,349	72
	Non-current assets:				
1524	Non-current available-for-sale financial assets (notes 6(c) & (y))	92,400	2	-	-
1543	Financial assets measured at cost－non current (notes 6(d) & (y))	38,800	1	38,800	1
1550	Equity-accounted investees (note 6(f))	66,585	1	60,753	1
1600	Property, plant and equipment (notes 6(h) & 8)	301,090	6	314,067	6
1805	Goodwill (notes 6(i))	527,494	10	563,329	12
1821	Other intangible assets (notes 6(i))	102,815	2	95,403	2
1840	Deferred tax assets (note 6(p))	42,421	1	43,044	1
1920	Refundable deposits (notes 6(y) & 8)	137,153	3	140,462	3
1995	Other non-current assets (notes 6(g), (j), (y) & 8)	44,448	1	76,238	2
	Non-current assets	1,353,206	27	1,332,096	28
	Total assets	$ 5,177,551	100	4,813,445	100

	Liabilities and Equity	December 31, 2017 Amount	%	December 31, 2016 Amount	%
	Current liabilities:				
2100	Short-term borrowings (notes 6(k) & (y))	$ 1,067,000	21	567,000	12
2120	Financial liabilities at fair value through profit or loss-non current (note 6(b), (m) & (y))	2	-	-	-
2150	Notes payable (note 6(y))	33,199	1	18,326	-
2170	Accounts payable (note 6(y))	799,475	15	832,522	17
2180	Accounts payable－related parties (notes 6(y) & 7)	594	-	1,173	-
2200	Other payables (note 6(y))	378,571	7	360,935	8
2230	Current tax liabilities	95,734	2	69,230	1
2321	Current portion of convertible bonds (notes 6(m) & (y))	296,904	6	94,540	2
2399	Other current liabilities (notes 6(g) & (y))	28,808	1	69,988	2
	Current liabilities	2,700,287	53	2,013,714	42
	Non-Current liabilities:				
2500	Non-current financial liabilities at fair value through profit or loss (notes 6(b), (m) & (y))	-	-	2	-
2530	Convertible bond payable (notes 6(m) & (y))	-	-	290,691	5
2640	Net defined benefit liability(note 6(o))	84,657	2	82,709	2
2670	Other liabilities (notes 6(g) & (y))	-	-	40,835	1
	Non-current liabilities	84,657	2	414,237	8
	Total liabilities	2,784,944	55	2,427,951	50
	Equity attributable to owners of parent (notes 6(m), (p), (q) & (r)) :				
3100	Share capital	1,185,655	22	1,195,264	25
3200	Capital surplus	872,754	17	865,337	17
3300	Retained earnings	424,932	8	285,955	7
3400	Other equity	(137,519)	(3)	(25,556)	(1)
3500	Treasury shares	(66,349)	(1)	(61,801)	(1)
	Equity attributable to owners of the Company	2,279,473	43	2,259,199	47
36xx	Non-controlling interests	113,134	2	126,295	3
	Total equity (note 6(a))	2,392,607	45	2,385,494	50
	Total liabilities and equity	$ 5,177,551	100	4,813,445	100

(English Translation of Financial Report Originally Issued in Chinese)
T3EX GLOBAL HOLDINGS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars, except for earnings per common share)

		2017		2016	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(u) &7)**	$ 10,537,008	100	9,744,113	100
5000	**Cost of revenue (notes 6(n), (o), 7 & 12)**	8,612,973	82	7,949,895	82
	Gross profit	1,924,035	18	1,794,218	18
	Operating expenses (notes 6(n), (o), (t) & 12)				
6100	Selling expenses	1,089,712	11	1,135,050	12
6200	Administrative expenses	437,878	4	466,003	4
	Total operating expenses	1,527,590	15	1,601,053	16
	Net operating income	396,445	3	193,165	2
	Non-operating income and expenses:				
7010	Other income (note 6(v))	9,708	-	9,454	-
7020	Other gains and losses (note 6(g) & (x))	(24,917)	-	50,310	1
7060	Share of profit of equity-accounted investees (note 6(f))	349	-	(201)	-
7510	Financial cost (note 6(m) & (x))	(27,556)	-	(26,124)	-
	Profit before tax	354,029	3	226,604	3
7950	**Less: Tax (expense (note 6(p))**	101,292	1	105,428	1
	Profit for the year	252,737	2	121,176	2
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8311	Remeasurements of defined benefit plans obligation	(2,462)	-	(5,905)	-
8349	Income tax related to items that will not be reclassified subsequently	-	-	-	-
	Items that will not be reclassified subsequently to profit or loss	(2,462)	-	(5,905)	-
8360	**Items that will may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation in financial statements of foreign operation	(92,886)	(1)	(125,138)	(2)
8362	Unrealized gains (losses) on available-for-sale financial assets	(23,045)	-	(6,422)	-
8399	Income tax related to items that may be reclassified subsequently	-	-	-	-
	Items that will may be reclassified subsequently to profit or loss	(115,931)	(1)	(131,560)	(2)
8300	**Other comprehensive income(loss) for the year, net of income tax**	(118,393)	(1)	(137,465)	(2)
	Total comprehensive income	$ 134,344	1	(16,289)	
	Profit attributable to:				
	Owners of parent company	$ 240,110	2	130,487	2
	Non-controlling interests	12,627	-	(9,311)	-
		$ 252,737	2	121,176	2
	Comprehensive income attributable to:				
	Owners of parent company	$ 125,685	1	248	-
	Non-controlling interests	8,659	-	(16,537)	-
		$ 134,344	1	(16,289)	-
	Basic earnings per share (note 6(s))				
	Earnings per share (TWD)	$ 2.07		1.11	
	Diluted earnings per share (TWD)	$ 1.93		1.04	

(English Translation of Financial Statements and Report Originally Issued in Chinese)

T3EX GLOBAL HOLDINGS CORP.

Statements of Changes in Equity

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Share capital		Retained earnings				Total other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Treasury shares	Total equity	Non-controlling interests	Total equity
Balance at January 1, 2016	$ 1,160,421	867,214	111,358	7,116	272,167	390,641	88,321	10,457	98,778	(10,636)	2,506,418	129,627	2,636,045
Profit for the year	-	-	-	-	130,487	130,487	-	-	-	-	130,487	(9,311)	121,176
Other comprehensive income	-	-	-	-	(5,905)	(5,905)	(117,912)	(6,422)	(124,334)	-	(130,239)	(7,226)	(137,465)
Total comprehensive income	-	-	-	-	124,582	124,582	(117,912)	(6,422)	(124,334)	-	248	(16,537)	(16,289)
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	27,217	-	(27,217)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(206,341)	(206,341)	-	-	-	-	(206,341)	-	(206,341)
Stock dividends	22,927	-	-	-	(22,927)	(22,927)	-	-	-	-	-	-	-
Other changes in capital surplus:													
Share-based payment transactions	-	(288)	-	-	-	-	-	-	-	-	(288)	-	(288)
Issue of common stock for convertible bonds	7,836	9,337	-	-	-	-	-	-	-	-	17,173	-	17,173
Issue new stocks for share base payment	4,080	1,142	-	-	-	-	-	-	-	-	5,222	-	5,222
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(51,165)	(51,165)	-	(51,165)
Change in ownership interests in subsidiaries	-	(12,068)	-	-	-	-	-	-	-	-	(12,068)	12,068	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,137	1,137
Balance at December 31, 2016	1,195,264	865,337	138,575	7,116	140,264	285,955	(29,591)	4,035	(25,556)	(61,801)	2,259,199	126,295	2,385,494
Profit for the year	-	-	-	-	240,110	240,110	-	-	-	-	240,110	12,627	252,737
Other comprehensive income	-	-	-	-	(2,462)	(2,462)	(88,918)	(23,045)	(111,963)	-	(114,425)	(3,968)	(118,393)
Total comprehensive income	-	-	-	-	237,648	237,648	(88,918)	(23,045)	(111,963)	-	125,685	8,659	134,344
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	13,049	-	(13,049)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	18,440	(18,440)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(92,637)	(92,637)	-	-	-	-	(92,637)	-	(92,637)
Issue of common stock for convertible bonds	13,756	15,544	-	-	-	-	-	-	-	-	29,300	-	29,300
Issue new stocks for share base payment	275	77	-	-	-	-	-	-	-	-	352	-	352
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(56,159)	(56,159)	-	(56,159)
Retirement of treasury share	(23,640)	(27,971)	-	-	-	-	-	-	-	51,611	-	-	-
Changes in ownership interests in subsidiaries	-	19,767	-	-	(6,034)	(6,034)	-	-	-	-	13,733	(17,231)	(3,498)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(4,589)	(4,589)
Balance at December 31, 2017	**$ 1,185,655**	**872,754**	**151,624**	**25,556**	**247,752**	**424,932**	**(118,509)**	**(19,010)**	**(137,519)**	**(66,349)**	**2,279,473**	**113,134**	**2,392,607**

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(English Translation of Financial Statements and Report Originally Issued in Chinese)

T3EX GLOBAL HOLDINGS CORP.

Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	2017	2016
Cash flows from operating activities:		
Profit before tax	$ 354,029	226,604
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	40,656	43,767
Amortization	16,451	20,446
Impairment loss on receivables	3,442	1,634
Change in fair value of financial assets and liabilities	(24)	129
Interest expense	27,556	26,124
Interest income	(5,976)	(4,729)
Cost of share-based payment transactions	-	(288)
Share of profit of equity-accounted investees	(349)	201
Loss (gain) on disposal of property, plant and equipment	2,004	(17,960)
Gain on evaluation of investments payable	(7,161)	(16,283)
Loss on impairment of goodwill	31,892	36,092
Gain on evaluation of investments payable	(45,122)	-
Total adjustments to reconcile profit (loss)	63,369	89,133
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	(34,248)	2,031
Decrease (increase) in accounts receivable	(70,171)	(194,319)
Decrease (increase) in accounts receivable－related parties	(3,546)	910
Increase in other current assets	(63,204)	(63,625)
Decrease (increase) in other operating assets	(3,957)	(1,823)
Total changes in operating assets	(175,126)	(256,826)
Changes in operating liabilities:		
Increase (decrease) in notes payable	14,873	3,141
Increase (decrease) in accounts payable	(33,047)	131,383
Increase (decrease) in accounts payable to related parties	(580)	1,004
Increase (decrease) in other payable	17,572	(92,140)
Increase (decrease) in other current liabilities	(3,963)	3,097
Increase in net defined benefit liability	(512)	(8,106)
Total changes in operating liabilities	(5,657)	38,379
Net changes in operating assets and liabilities	(180,783)	(218,447)
Net adjustments	(117,414)	(129,314)
Cash inflow generated from operations	236,615	97,290
Interest received	5,976	4,729
Interest paid	(14,685)	(5,447)
Income taxes paid	(74,594)	(87,853)
Net cash flows from (used in) operating activities	153,312	8,719
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	-	296
Acquisition of available-for-sale financial assets	(261,017)	(90,533)
Proceeds from disposal of available-for-sale financial assets	55,342	95,991
Acquisition of equity-accounted investee	(8,894)	(10,381)
The capital increase of subsidiary	(3,498)	-
Acquisition of property, plant and equipment	(33,572)	(32,236)
Proceeds from disposal of property, plant and equipment	2,478	23,210
Increase in refundable deposits	3,309	(7,552)
Acquisition of intangible assets	(24,401)	(4,953)
Decrease in investment payable	(39,358)	(175,427)
Decrease (increase) in other current and non-current assets	-	(91,391)
Dividends received	3,630	3,978
Net cash flows from (used in) investing activities	(305,981)	(288,998)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	500,000	451,000
Decrease (increase) in short-term notes and bills payable	-	(20,000)
Repayments of bonds	(65,400)	-
Repayments of long-term debt	-	(1,141)
Payment of cash dividends	(92,637)	(206,341)
Exercise of employee share options	352	5,222
Payments to acquire treasury shares	(56,159)	(51,165)
Change in non-controlling interests	(4,589)	1,137
Net cash flows used in financing activities	281,567	178,712
Effect of exchange rate changes on cash and cash equivalents	(85,947)	(117,331)
Net increase (decrease) in cash and cash equivalents	42,951	(218,898)
Cash and cash equivalents at beginning of period	1,448,581	1,667,479
Cash and cash equivalents at end of period	$ 1,491,532	1,448,581

(English Translation of Financial Statements and Report Originally Issued in Chinese)

T3EX GLOBAL HOLDINGS CORP.

Notes to the Financial Statements

For the years ended December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

T3EX GLOBAL HOLDINGS CORP. (the "Company") was incorporated on February 4, 1987, as a company limited by shares, and registered with the Ministry of Economic Affairs, R.O.C.. The address of the Company's registered office is 12F, No. 563, Sec. 4, Zhongxiao E. Rd., Xinyi Dist., Taipei City, R.O.C.. The Company mainly engages in industrial investment holdings.

The Company's shares was listed at TWSE since December 22, 2016.

(2) Approval date and procedures of the financial statements:

The parent-company only financial statements were authorized for issue by the board of directors on March 26, 2018.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2017:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 " Presentation of Financial Statements-Disclosure Initiative	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 " Impairment of Non-Financial assets- Recoverable Amount Disclosures for Non Financial Assets"	January 1, 2014
Amendments to IAS 39 " Financial Instruments-Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual Improvements to IFRSs 2010 2012 Cycle and 2011 2013 Cycle	July 1, 2014

New, Revised or Amended Standards and Interpretations	**Effective date per IASB**
Annual Improvements to IFRSs 2012 2014 Cycle	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

The Company assessed that the initial application of the above IFRSs would not have any material impact on the financial statements.

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018 in accordance with Ruling No. 1060025773 issued by the FSC on July 14, 2017.

New, Revised or Amended Standards and Interpretations	**Effective date per IASB**
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014 – 2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Except for the following items, the Company believes that the adoption of the above IFRSs would not have any material impact on its financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting.

1) Classification- Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial assets in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. In addition, IAS 39 has an exception to the measurement requirements for investments in unquoted equity instruments that do not have a quoted market price in an active market (and derivatives on such an instrument) and for which fair value cannot therefore be measured reliable. Such financial instruments are measured at cost. IFRS 9 removes this exception, requiring all equity investments (and derivatives on them) to be measured at fair value.

Based on its assessment, the Company does not believe that the new classification requirements will have a material impact on its accounting for trade receivables, loans, investments in debt securities and investments in equity securities that are managed on a fair value basis. At December 31, 2017, the Company had equity investments classified as available-for-sale with a fair value of 219,218 thousand and financial assets measured at cost of 0 thousand that are held for long-term strategic purposes. At initial application of IFRS 9, the Company has designated these investments as measured at FVOCI. Consequently, all fair value gains and losses will be reported in other comprehensive income, no impairment losses would be recognized in profit or loss and no gains or losses will be reclassified to profit or loss on disposal. The Company estimated the application of IFRS 9's classification requirements on January 1, 2018 will not have significant impact on retained earnings and other equity.

2) Impairment-Financial assets and contact assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgment as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and

- Lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

The Group don't foresee that will impact significant impairment methodologies that it will apply under IFRS 9.

3) Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. The Company's assessment included an analysis to identify data gaps against current processes and the Company plans to implement the system and controls changes that it believes will be necessary to capture the required data.

4) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The Company will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognized in retained earnings and reserves as at January 1, 2018.

- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.

  - The determination of the business model within which a financial asset is held.

  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

The Company estimated the application of IFRS 9 resulting in no significant impact on financial statement.

(ii) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts".

The Company has completed an initial assessment of the potential impact of the adoption of IFRS 15 on its financial statements.

1) Transition

The Company plans to adopt IFRS 15 using the cumulative effect method. Therefore, the comparative information will not be restated. The cumulative effect of initially applying IFRS 15 will be recognized as an adjustment to the opening balance of retained earnings at 1 January 2018. The Company plans to use the practical expedient in paragraph C5(a) of IFRS 15, under which, for contracts that are completed at the date of the initial application (i.e. 1 January 2018) will not be restated.

(iii) Amendments to IAS 7 "Disclosure Initiative"

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

To satisfy the new disclosure requirements, the Company intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.

(iv) Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Loss"

The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

The Company estimated the application of the amendments resulting in both the deferred tax assets and the retained earnings will not have a significant impact.

The actual impacts of adopting the standards may change depending on the economic conditions and events which may occur in the future.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015 – 2017 Cycle	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019

Those which may be relevant to The Company are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: • For a contract that is, or contains, a lease, the lessee shall recognize a right of use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right of-use asset during the lease term. • A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

(4) Summary of significant accounting policies:

The significant accounting policies have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

These parent-company-only financial statements are prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the Regulations).

(b) Basis of preparation

(i) Basis of measurement

The parent-company-only financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

1) Financial instruments measured at fair value through profit or loss are measured at fair value (including derivative financial instruments);

2) Available-for-sale financial assets are measured at fair value;

3) Net defined benefit liability (asset) is recognized as plan assets, on fair value measurement, less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The Company’s parent-company-only financial statements are presented in New Taiwan dollars, which are the Company’s functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the period adjusted for the effective interest and payments during the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of transactions.

Foreign currency differences arising on retranslation are recognized in profit or loss except for the retranslation of non-monetary available-for-sale equity instruments, whose differences are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company’s functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Group’s functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, the foreign currency gains and losses arising from such items are considered to form part of net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current when:

(i) It is expected to be realized as an asset or is intended to be sold or consumed in the entity’s normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) It is cash or a cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) It is expected to be settled in the entity’s normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash, cash in bank, and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(f) Financial instruments

Financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments.

(i) Financial assets

The Company classifies financial assets into the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

1) Financial assets at fair value through profit or loss

A financial asset is classified in this category if it is held for trading or is designated as such on initial recognition. A financial assets is classified as held for trading if it is acquired principally for the purpose of selling in the short term. The Company designates financial assets, other than those classified as held for trading, as at fair value through profit or loss at initial recognition under one of the following situations:

a) Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

b) Performance of the financial asset is evaluated on a fair value basis.

c) A hybrid instrument contains one or more embedded derivatives.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss, and included in statement of comprehensive income. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

2) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognized initially at fair value, plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, and recognized in other gains or losses under non-operating income and expenses. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade-date accounting.

3) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables and other receivables. At initial recognition, these assets are recognized at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses other than insignificant interest on short-term receivables. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade-date accounting.

4) Impairment of financial assets

A financial asset which is not at fair value through profit or loss is evaluated for impairment at every reporting date. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a loss event) that occurred subsequent to the initial recognition of the asset and that a loss event (or events) has an impact on the future cash flows of the financial asset that can be estimated reliably

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than those suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of its estimated future cash flows discounted at the asset's original effective interest rate.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is deducted from the carrying amount except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off against the allowance account. Any subsequent recovery from a written-off receivable is recorded in the allowance account. Changes in the allowance accounts are recognized in profit or loss.

If, in a subsequent period, the amount of impairment loss on a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before the impairment loss is recognized at the reversal date.

Impairment losses recognized on available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in equity. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

5) Derecoginition of financial assets

The Company derecognizes financial assets when the contractual rights of the cash inflow from the assets are terminated, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss shall be recognized in profit and loss.

The Company separates the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the amount of the consideration received or receivable for the part derecognized shall be recognized in profit or loss.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity instruments

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

Equity instruments issued are recognized based on the amount of consideration received, less the direct issuance cost.

Compound financial instruments issued by the Group comprise convertible bonds payable that can be converted to share capital at the option of the holder when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity, without recognizing any gain or losses.

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held for trading or is designated as such on initial recognition.

A financial liability is classified as held for trading if it is acquired principally for the purpose of selling or repurchasing in the short term. The Group designates financial liabilities, other than those classified as held for trading, as at fair value through profit or loss at initial recognition under one of the following situations:

a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the assets or liabilities or recognizing the gains and losses thereon on a different basis;

b) Performance of the financial liabilities is evaluated on a fair value basis;

c) A hybrid instrument contains one or more embedded derivatives.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss.

3) Other financial liabilities

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payables, are measured at fair value, plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or has expired. The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(g) Investment in associates

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of investment includes transaction costs. The carrying amount of investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The parent-company-only financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align their accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases. When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus.

Unrealized profits resulting from transactions between the Company and an associate are eliminated to the extent of the Company's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Company's share of losses exceeds its interest in an associate, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

(h) Investment in subsidiaries

The subsidiaries, which are controlled by the Company, are evaluated using the equity method when preparing their financial statements. Under the equity method, the net income, other comprehensive income and equity of parent-company-only financial statements are the same as those of the net income, other comprehensive income and equity in the equity attributable to the owners of the parent company in the consolidated financial statements.

The Company has recognized the changes in equity of its subsidiaries under shareholder's equity.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

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 shall be depreciated separately, unless the useful life and depreciation method of that part are the same as those of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting the asset's residual value, and it shall be allocated on a systematic basis over the asset's useful life. Items of property, plant and equipment with the same useful life may be grouped together in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use will be the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1)	Building	5~50 years
2)	Office and other equipment	3~5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

(j) Leased assets

(i) Lessor

A finance leased asset is recognized on a net basis as lease receivable. Initial direct costs incurred in negotiating and arranging an operating lease is added to the net investment of the leased asset. Finance income is allocated to each period during the lease term in order to produce a constant periodic rate of interest on the remaining balance of the receivable.

Lease income from operating lease is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(ii) Lessee

Payments made under operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

Contingent rent is recognized as expense in the periods in which they are incurred.

(k) Intangible assets

(i) Other intangible assets

Other intangible assets that are acquired by the Company are measured at cost, less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, are recognized in profit or loss as incurred.

(i) Amortization

The depreciable amount of an intangible asset is calculated as the cost of the asset, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with an indefinite useful life, from the date when they are made available for use. The estimated useful lives for the current and comparative periods are 3~7 years.

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end. Any changes shall be accounted for as changes in accounting estimates.

(l) Impairment — non-derivative financial assets

The Company assesses non-derivative financial assets for impairment (except for deferred income tax assets and employee benefits) at every reporting date, and estimates the recoverable amounts.

If it is not possible to determine the recoverable amount for an individual asset, then the Group will have to determine the recoverable amount for the asset’s cash-generating unit (CGU).

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less costs to sell, and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Such is deemed as an impairment loss, which is recognized immediately in profit or loss.

The Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated.

An impairment loss recognized in prior periods for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset is increased to its recoverable amount by reversing an impairment loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Notwithstanding whether indicators exist, recoverability of goodwill and intangible assets with indefinite useful lives or those not yet in use are required to be tested at least annually. Impairment loss is recognized if the recoverable amount is less than the carrying amount.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, from the acquisition date, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

If the carrying amount of a cash-generating units exceeds the recoverable amount of the unit, impairment loss is recognized and is allocated to reduce the carrying amount of each asset in the unit.

Reversal of an impairment loss for goodwill is prohibited.

(m) Treasury stock

Repurchased shares are recognized as treasury shares (a contra-equity account) based on their repurchase price (including all directly accountable costs), net of tax. Gains on disposal of treasury shares are accounted for as "capital reserve－treasury share transactions". Losses on disposal of treasury shares are offset against existing capital reserve arising from similar types of treasury shares. If the capital reserve is insufficient, such losses are charged to retained earnings. The carrying amount of treasury shares is calculated using the weighted-average method for different types of repurchase.

When treasury shares are cancelled, "capital reserve－share premiums" and "share capital" are debited proportionately. Gains on cancellation of treasury shares are charged to capital reserves arising from similar types of treasury shares. Losses on cancellation of treasury shares are offset against existing capital reserves arising from similar types of treasury shares. If capital reserve is insufficient, such losses are charged to retained earnings.

(n) Revenue

Revenue of the Company is mainly generated from providing management services. Revenue is recognized when service is rendered. Costs are recognized with revenues when they occur.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company' s net obligation in respect of the defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; That benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on market yields of government bonds that have maturity dates approximating the terms of the Company' s obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved the expense of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group reclassify the amounts recognized in other comprehensive income to retained earnings.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of share-based payment awards granted to employees is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

(q) Income tax

Income tax expenses include both current taxes and deferred taxes. Except for expenses that are related to business combinations, expenses recognized in equity or other comprehensive income directly, and other related expenses, all current and deferred taxes are recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized for the following:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) at the time of the transaction.

(ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred taxes are measured based on the statutory tax rate on the reporting date or the actual legislative tax rate during the year of expected asset realization or debt liquidation.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) The entity has the legal right to settle tax assets and liabilities on a net basis; and

(ii) The taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

1) Levied by the same taxing authority; or

2) Levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(r) Business combinations

Goodwill is measured as the excess of the acquisition-date fair value of consideration transferred (including any non-controlling interest in the acquiree) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the residual balance is negative, the Company shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed and recognize any additional assets or liabilities that are identified in that review, and shall recognize a gain on the bargain purchase thereafter.

The Company is based on transaction-by-transaction basis and choose to measure the non-controlling at fair value at the date of acquisition, or by using identifiable net assets in proportion to non-controlling interests.

In a business combination achieved in stages, the Company shall re-measure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Company may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income shall be recognized on the same basis as would be required if the Company had directly disposed of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such amount shall be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Company shall retrospectively adjust the provisional amounts recognized at the acquisition date, or recognize additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

All the transaction costs incurred for the business combination are recognized immediately as the Company’s expenses when incurred, except for the issuance of debt or equity instruments.

Contingent consideration within the transfer pricing is recognized by the fair value on the date of purchase. If the change in fair value of the contingent consideration after the date of purchase is adjusted in the measurement period, the cost of acquisition is adjusted retrospectively and the goodwill is adjusted respectively. During the measurement period, the adjustments are retrospectively recognized at the acquisition date to reflect any new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date. For the change in fair value of the contingent consideration not during the measurement period, the accounting method is defined by the classification of its contingent consideration. The contingent consideration classified as equity cannot be re-measured, and the subsequent settlement should be adjusted within equity. The change in fair value of the contingent consideration classified as liability after the purchase date is recognized as income or other comprehensive income.

(s) Earnings per share

The Company discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds, employee stock options, and employee bonus

(t) Operating segments

The Company discloses the operating segment information in its consolidated financial statements. Therefore, it need not be disclosed in its parent-company-only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated annual financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management continuously reviews the estimates and basic assumptions. Changes in accounting estimates are recognized in the period of change.

Information on critical judgments in applying accounting policies that may have risk of significant impact on the amounts recognized in the consolidated financial statements is disclosed in note 6(e), Equity-accounted investees.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2017	December 31, 2016
Cash on hand	$ 147	460
Demand and checking deposits	2,967	847
Time deposits	63,784	31,103
	$ 66,898	32,410

Refer to note 6(s) for the sensitivity analysis of the financial assets and liabilities of the Company.

(b) Financial assets/liabilities at fair value through profit or loss

	December 31, 2017	December 31, 2016
Financial assets held for trading	$ 7,131	7,107
Financial liabilities designated as at fair value through profit or loss-Non-current	$ 2	-
Financial liabilities designated as at fair value through profit or loss-Current	$ -	2

(c) Available-for-sale financial assets

	December 31, 2017	December 31, 2016
Investment in listed securities：		
Stocks listed on domestic markets－current	$ 126,818	29,432
Stock listed on domestic private placement markets－non current	92,400	-
Total	$ 219,218	29,432

If the equity prices had changed, and if it had been on the same basis for both years and assuming that all other variables had remained the same, the impact on other comprehensive income would have been as follows:

	2017		2016	
Equity price at reporting date	other comprehensive income(after-tax)	profit (loss) (after-tax)	other comprehensive income (after-tax)	profit (loss) (after-tax)
Increase 1%	$ 2,192	-	294	-
Decrease 1%	$ (2,192)	-	(294)	-

As of December 31, 2017 and 2016, there was no available-for-sale financial asset factored or provided as collateral.

(d) Notes receivable, accounts receivable, and other receivables (including amount due from related parties)

		December 31, 2017	December 31, 2016
Accounts receivable		45,726	46,520
Other receivables (including doubtful receivables)		100,000	204,855
Less: Allowance for impairment loss		-	-
	$	145,726	251,375

As of December 31, 2017, the Company does not have any over-due accounts receivable and other receivables (including those from its related parties).

There were no movements in the allowance of doubtful receivables with respect to notes receivable, accounts receivable, and other receivables for the Company during the fiscal years 2017 and 2016.

As of December 31, 2017 and 2016, no receivables were pledged as collateral.

(e) Equity-accounted investees

A summary of the Company's financial information for equity-accounted investees at the reporting date is as follows:

		December 31, 2017	December 31, 2016
Subsidiary	$	2,838,378	2,665,637
Associates		51,533	57,849
	$	2,889,911	2,723,486

(i) Subsidiary

Please refer to the consolidated financial statements for the years ended December 31, 2017.

(ii) Associates

No publicly quoted prices were available for the above associates.

The financial information on associates of Company was as follows (before adjustment for the Company's proportionate share):

		December 31, 2017	December 31, 2016
The equity of the non-significant associates	$	97,596	106,267

The Company does not share any contingent liabilities of an associate incurred jointly with other investors. The Company also does not have any contingent liabilities because the Company is severally liable for all or part of the liabilities of the associate.

There are no significant restrictions on the ability of associates to transfer funds to the Company.

The Company acquired a 30% stake in Shanghai Shangijum International Logistics Co., Ltd. on June 30, 2017 for the future implementation of the China Sea Air transport Integration. The Company's main business transports are by sea air and land.

(iii) Guarantees

As of December 31, 2017 and 2016, there was no equity-accounted investment factored or provided as collateral.

(iv) Loss of impairment;

Due to the intense competition in the express market in 2017 and 2016 the sales volume and unit price did not meet the management's expectation. So the synergy from the acquisition of EXer Logistics Co., Ltd. did not meet the original budget and the value of Goodwill was impacted. T.H.I Group (Shangai) Ltd. recognized the impairment loss of Goodwill amounted to $31,892 thousand and $36,092 thousand based on the valuation report issued by the external expert.

(f) Acquisition of subsidiaries

(i) Via business combination and strategic alliance, the Group set up a total solution provider for freight, warehousing and custom clearing business in Mainland China. The Group acquired 60% ownership of Fresh Beauty Enterprises Ltd. (Fresh Beauty) in December 31, 2015. Furthermore, Fresh Beauty acquired 100% ownership of T Cube Global Logistics Co., Ltd. through Easter Union Holdings Limited. The primary businesses of T Cube Global Logistics Co., Ltd. are warehousing and transportation services. The above consideration includes cash and contingent considerations. The cash parts has been paid as of 2016. According to the share purchase agreement, the upper limit of contingent considerations, shall be deposited into its designated trust account, as of December 31, 2017 and 2016, the upper limit of unpaid contingent consideration should be deposited in the trust account amounted to CNY 1,722 thousand and CNY 19,644 thousand respectively. Are paid in installments based on the operating performance. The fair value of the aforementioned contingent considerations on December 31, 2017 and 2016 amounted to $7,600 thousand and $83,391 thousand respectively, of which $7,600 thousand and $42,556 thousand were recorded as other current liabilities respectively, and $0 thousand and $40,835 thousand were recorded as other non-current liabilities respectively. According to share purchase agreement, gain or loss on valuation of unpaid contingent consideration amounted to $45,122 thousands and recorded as other loss or gain.

As of December 31, 2017 and 2016, the balance of the above contingent consideration deposited in the trust account amounted to $54,026 thousand and $91,391 thousand respectively, of which, $54,026 thousand and $43,807 thousand were recorded as other current assets respectively, $0 thousand and $47,524 thousand were recorded as other non-current assets respectively.

(ii) To enhance the strategic of logistics service in China, the Company purchased 68% ownership of EXer Logistics Co., Ltd. in December 2015. The primary services of EXer Logistics Co., Ltd. are express, general cargo logistics, agency and warehouse management.

EXer Logistics Co., Ltd., in September 2016, increased its capital amounted to CNYCNY9,594 thousands. All increased capital was subscribed by T.H.I GROUP Ltd. (Shanghai). The ownership of EXer Logistics Co., Ltd. held by T.H.I GROUP Ltd. (Shanghai) increased from 68% to 73.87% after the capital increased. The capital surplus of the Group decreased by 12,068 thousand because T.H.I GROUP Ltd. (Shanghai) did not subscribe the increased on the original ownership ratio.

In addition, EXer Logistics Co., Ltd., in February and September 2017, increased its capital amounted to 10,765 thousands and 6,000 thousands. All increased capital was subscribed by T.H.I GROUP Ltd. (Shanghai). The ownership of EXer Logistics Co., Ltd., held by T.H.I GROUP Ltd. (Shanghai) increase from 73.87% to 88.94% after the capital increased. The capital surplus and retain earning of the Group decreased by 5,937 thousand and 6,034 thousand.

(iii) As of May 2017, the Company has reached a new capital of SGD $530 thousand dollars with Singapore as the subsidiary. In addition, after capital has increased, the shareholding ratio grew from an original of 80% to the most recent of 91.40%.

(iv) As of December 31, 2017, the Company has purchased the non-controlling interests of T.H.I. Group Vietnam Co, Ltd., wherein the proportion of its shareholding increased from 51% to 99%. The Company increased its additional paid-in capital of $25,703 thousands due to the changes in equity which result from the purchase of the interest mentioned above.

(g) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Company for the years ended December 31, 2017 and 2016, were as follows:

		Land	Buildings	Office and Other Equipment	Total
Cost or deemed cost:					
Balance on January 1, 2017	$	132,594	69,299	31,580	233,473
Additions		-	-	1,098	1,098
Balance on December 31, 2017	$	132,594	69,299	32,678	234,571
Balance on January 1, 2016	$	132,594	69,299	31,219	233,112
Additions		-	-	361	361
Balance on December 31, 2016	$	132,594	69,299	31,580	233,473
Depreciation and impairment loss:					
Balance on January 1, 2017	$	-	25,340	15,138	40,478
Depreciation		-	1,064	4,551	5,615
Balance on December 31, 2017	$	-	26,404	19,689	46,093

	Land	Buildings	Office and Other Equipment	Total
Balance on January 1, 2016	$ -	24,277	10,081	34,358
Depreciation	-	1,063	5,057	6,120
Balance on December 31, 2016	$ -	25,340	15,138	40,478
Net book value:				
At December 31, 2017	$ 132,594	42,895	12,989	188,478
At December 31, 2016	$ 132,594	43,959	16,442	192,995
At January 1, 2016	$ 132,594	45,022	21,138	198,754

A summary of pledged assets as of December 31, 2017 and 2016 is found in note 8.

(h) Intangible assets

The costs, amortization, and impairment loss of the intangible assets of the Company for the years ended December 31, 2017 and 2016, were as follows:

	Other Intangible Assets
Cost::	
Balance on January 1, 2017	$ 30,809
Additions	17,251
Balance on December 31, 2017	$ 48,060
Balance on January 1, 2016	$ 29,837
Addition through acquisition	972
Balance on December 31, 2016	$ 30,809
Amortization and impairment loss:	
Balance on January 1, 2017	$ 22,658
Amortization	2,788
Effect of movement in exchange rates	-
Balance on December 31, 2017	$ 25,446
Balance on January 1, 2016	$ 18,609
Amortization	4,049
Balance on December 31, 2016	$ 22,658
Book value:	
At December 31, 2017	$ 22,614
At December 31, 2016	$ 8,151
At January 1, 2016	$ 11,228

Amortization of intangible assets of the Company for the years ended December 31, 2017 and 2016, was recognized as operating expenses in the individual profit and loss.

(i) Short-term borrowings and short-term notes and bills payable

		December 31, 2017	December 31, 2016
Unsecured bank loans	$	880,000	360,000
Secured bank loans		-	120,000
Total	$	880,000	480,000
Unused credit facilities	$	640,000	540,000
Interest rate		1.05%~1.37%	1.09%~1.19%

Refer to note 8 for details of the related assets pledged as collateral.

(j) Convertible bond payable

		December 31, 2017	December 31, 2016
Proceeds from issue of convertible bond payable	$	300,000	600,000
Bond discount		(2,596)	(8,969)
Cumulative redeemed amount		-	-
Cumulative converted amount		(500)	(205,800)
Carrying amount of liability		296,904	385,231
Less: Current portion		(296,904)	(94,540)
	$	-	290,691
Embedded derivative – put and call options (accounted for as financial assets (liabilities) at fair value through profit or loss – current and non-current)	$	(2)	(2)
Equity components – conversion options (accounted for as capital surplus)	$	14,657	19,681

		2017	2016
Embedded derivative – put and call options (accounted for as evaluation gain (loss) on financial instruments)	$	-	(150)
Interest expense	$	6,373	8,416

As of January 27, 2011, and January 23, 2014, and June 9, 2015, the Company had issued the 1st, 2nd and 3rd unsecured convertible bonds, respectively, amounting to $500,000, $300,000 and $300,000, respectively

The terms and conditions of the bonds are as follows:

(i) Coupon rate

Three times are zero.

(ii) Issuance period

Five years for the 1st convertible bonds; three years for the 2nd, and 3rd.

(iii) Redemption option

For the 1st convertible bonds, at any time on or after February 28, 2011, and prior to December 18, 2015, when the closing price of the Company’s common shares on the Gre Tai Securities Market is equal to or greater than 130% of the conversion price of the convertible bonds for 30 consecutive trading days, or more than 90% of the bonds have been redeemed, repurchased, or converted, the Company may redeem the bonds in cash at face value.

There is no redemption option for the 2nd convertible bonds.

For the 3rd convertible bonds, at any time on or after June 10, 2016, and prior to April 30, 2018, when the closing price of the Company’s common shares on the TWSE is equal to or greater than 130% of the conversion price of the convertible bonds for 30 consecutive trading days, or more than 90% of the bonds have been redeemed, repurchased, or converted, the Company may redeem the bonds in cash at face value.

(iv) Put option of bondholders

On January 27, 2013, bondholders may request the Company to repurchase the 1st convertible bonds at face value. The Company had a $26,296 loss from repurchasing $$332,600 of bonds.

There is no put option of bondholders for the 2nd and 3rd convertible bonds.

(v) Terms of conversion

1) At any time one month after the issuing date to ten days before the expiry date, bondholders may request the Company to convert the bonds into stock.

2) Conversion price

After the bonds were issued, whenever the numbers of common shares of the Company changes, or other convertible bonds are issued with a conversion price lower than the market price, the conversion price will be adjusted by the formula set in the terms. On December 31, 2017, the conversion prices 3rd convertible bonds, $25.9 (dollars).

Because of the 2nd bonds has expired on January 23, 2017, the Company has paid $65,400 thousands.

(k) Employee benefits

(i) Defined benefit plan

The Company determined the movement in the present value of defined benefit obligations and the fair value of plan assets as follows:

	December 31, 2017	December 31, 2016
Total present value of defined benefit obligations	$ (36,302)	(36,014)
Fair value of plan assets	14,015	13,727
Net defined benefit (liability) asset	**$ (22,287)**	**(22,287)**

The Company employee benefit liabilities as follows:

	December 31, 2017	December 31, 2016
Paid vacation liability-current	$ 229	229

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan and to the manager pension fund account that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2017, the pension fund account balance at Bank of Taiwan and the manager pension fund balance amounted to $1,694 thousand and $12,321 thousand, respectively. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

2) Movements in the present value of defined benefit obligation

The movements in the present value of the defined benefit obligation for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
At January 1	$ 36,014	36,864
Service costs and interest	386	573
Actuarial losses	(98)	(1,423)
At December 31	**$ 36,302**	**36,014**

3) Movements in the fair value of plan assets

The movements in the fair value of the plan assets for the years ended December 31, 2017 and 2016 were as follows:

		2017	2016
At January 1	$	13,727	12,124
Expected return on plan assets		146	184
Contributions		205	1,493
Actuarial losses		(63)	(74)
At December 31	$	14,015	13,727

4) Expenses recognized in profit or loss

The Company's pension expenses recognized in profit or loss for the years ended December 31, 2017 and 2016, were as follows:

		2017	2016
Net interest on the net defined benefit liabilities	$	240	389

The above net pension gains and losses are recognized under operating expenses.

5) Recognition of the other-comprehensive gains (losses) remeasurements of defined benefit plans.

The company recognition of the other comprehensive gains (losses) on remeasurements of defined benefit plans for the years ended December 31, 2017 and 2016 were as follow:

		2017	2016
Cumulative amount, January 1	$	(2,871)	(1,522)
Recognized during the year		(35)	(1,349)
Cumulative amount, December 31	$	(2,906)	(2,871)

6) Actuarial assumptions

The following are the Company's primary actuarial assumptions at the reporting date:

	December 31, 2017	December 31, 2016
Discount rate	1.375%	1.125%
Future salary increasing rate	3.500%	3.000%

The Company expects to make contributions of $68 thousand dollars to the defined benefit plans in the next year starting from December 31, 2017. The weighted average period of the defined benefit plans is 14.63 years.

7) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including the discount rates and future salary changes, as of the end of the reporting period. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

The changes in the main actuarial assumptions might have an impact on the present value of the defined benefit obligation:

	Effects to the defined benefit obligation	
	Increase by 0.25%	**Decrease by0.25%**
December 31, 2017		
Discount rate	$ (283)	289
Future salary increasing rate	272	(266)
December 31, 2016		
Discount rate	(324)	330
Future salary increasing rate	309	(304)

There is no change in other assumptions when performing the above-mentioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used in sensitivity analysis is consistent with that of the calculation used in the net pension liabilities.

The method and assumptions used on current sensitivity analysis is the same as those of the prior year.

(ii) Defined contribution plan

The Company contributes an amount at the rate of 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. After the Company's contributions to the Bureau of Labor Insurance, there is no further legal or constructive obligation.

The Company's pension costs under the defined contribution method were $1,428 thousand and $1,733 thousand for the years ended December 31, 2017 and 2016, respectively. Payments were made to the Bureau of Labor Insurance.

(l) Income tax

(i) The income tax expense for the years ended December 31, 2017 and 2016, was as follows:

	2017	**2016**
Current income tax expense	$ 1,862	3,031
Income tax expense	**$ 1,862**	**3,031**

The reconciliation of income tax expense and profit before tax for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Profit before income tax	$ 241,972	133,518
Income tax on pre-tax financial income calculated at the Company's income tax rate	41,135	22,698
Changes in unrecognized temporary differences	(33,332)	(25,315)
Gains that does not affect income tax expense	(8,950)	(3,753)
Surtax on undistributed earnings	636	1,568
Others	2,373	7,833
	$ 1,862	3,031

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

As of December 31, 2017 and 2016, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax assets and liabilities as the Group has the ability to control the timing of reversal of these temporary differences which are not expected to reverse in the foreseeable future. The related amounts were as follows:

	December 31, 2017	December 31, 2016
Tax losses Unrecognized deferred tax liabilities	$ 262,422	228,892
Unrecognized deferred tax assets	$ 2,164	1,966

2) Recognized deferred tax assets and liabilities

The movements in deferred tax assets and liabilities for the years ended December 31, 2017 and 2016 were as follows:

	Defined benefit plans	Others	Total
Deferred tax assets:			
Balance, January 1, 2016	$ 4,094	2,455	6,549
Balance, December 31, 2016	$ 4,094	2,455	6,549
Balance, January 1, 2017	$ 4,094	2,455	6,549
Credited (debited) to profit or loss	-	-	-
Balance, December 31, 2017	$ 4,094	2,455	6,549

3) Examination and approval

The Company's income tax returns through 2015 have been examined and approved by the Tax Authority.

4) Imputation credit account and creditable ratio

	December 31, 2017	December 31, 2016
Undistributed earnings commencing from January 1, 1998	(Note)	140,264
Balance of imputation credit account	(Note)	1,336

	2017(estimated)	2016(actual)
Creditable ratio for earnings distribution to R.O.C. residents	(Note)	2.18 %

The related information on the aforesaid imputation credit tax was prepared in accordance with Ruling No. 10204562810 issued by the Ministry of Finance, R.O.C., on October 17, 2013.

Note: According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, effective January 1, 2018, companies will no longer be required to establish, record, calculate, and distribute their ICA due to the abolishment of the imputation tax system. The information presented above is for reference only.

(m) Share capital and other equity

As of December 31, 2017 and 2016, the authorized capital of the Company consisted of $1,200,000 thousand shares, of which $80,000 thousand shares were reserved for employee share options, with a par value of 10 (dollars) per share, and the issued capital was 118,565 thousand shares and 119,526 thousand shares, respectively.

The movements in outstanding shares for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Beginning balance, January 1	$ 119,526	116,042
Addition: Stock dividend	-	2,292
Convertible bonds converted	1,376	784
Exercise of employee stock options	28	408
Decrease in treasure stock	(2,364)	-
Ending balance, December 31	$ 118,566	119,526

A resolution was approved during the shareholders' meeting on March 24, 2011, for the issuance of common shares for cash within a year under private placement; with the number of shares issued not to exceed 8,400 thousand shares. Subsequently, a resolution was approved during the board meeting held on March 24, 2011, for the issuance of $8,400 thousand common shares under private placement, with a face value of $10 (dollars) per share, at $27.81 (dollars) per share, amounting to $233,604 thousand dollars. The capital increase was registered on March 30, 2011. The relevant statutory registration procedures have since been completed.

Above Common stock under private placement and the related stock dividends was public on December 8, 2016.

(i) Capital surplus

The components of capital surplus were as follows:

	December 31, 2017	December 31, 2016
Paid-in capital derived from premium on issuance of common shares	$ 553,657	564,672
Surplus arising from bond conversion option	245,665	228,567
Surplus arising from treasury stock transactions	4,305	21,060
Surplus arising from long-term equity investments — donated surplus and others	25,703	5,936
Surplus arising from premium from merger	2,912	2,912
Surplus arising from stock options	40,512	42,190
	$ 872,754	865,337

In accordance with the R.O.C. Company Act amended in 2012, realized capital reserve can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned realized capital reserve includes share premiums and donation. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserve to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

(i) Retained earnings

According to the Company's articles of incorporation, 10% of annual net earnings (net of income taxes), after deducting accumulated deficits, must be set aside 10% as legal reserve. Unless and until the accumulated legal reserve equals the Company's total capital, the Company may set aside a special reserve in accordance to Article 41 of the Securities and Exchange Act. After the board of directors considers the Company's budget for funding needs, financial structures, current period earnings, and steady profit distribution when proposing the distribution of earnings, the proposal should be resolved during the stockholders' meeting.

1) Legal reserve

In accordance with the Company Act, 10 percent of net income should be set aside as statutory legal reserve until it is equal to share capital. If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the statutory legal reserve, either by new shares or by cash, of the portion that exceeds 25 percent of the actual share capital.

2) Special reserve

By choosing to apply exemptions granted under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the International Financial Reporting Standards (IFRSs) endorsed by the Financial Supervisory Commission, cumulative translation adjustments (gains) shall be reclassified as retained earnings. The net increase in retained earnings due to the first-time adoption of IFRSs amounted to $7,116. In accordance with Ruling No. 1010012865 issued by the Financial Supervisory Commission on April 6, 2012, an increase in retained earnings due to the first-time adoption of IFRSs shall be reclassified as special earnings reserve during earnings distribution, and when the relevant asset is used, disposed of, or reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately. The carrying amount of special earnings reserve was $7,116 thousand on December 31, 2017 and 2016.

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special earnings reserve resulting from the first-time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. Special earing reserve amounted to $18,440 thousands at December 31, 2017

3) Earnings distribution

Earnings distribution for 2016 and 2015 was decided via the general meeting of the shareholders held on June 19, 2017 and June 3, 2016, respectively. The relevant dividend distributions to shareholders were as follows:

	2016		2015	
	Amount per share (dollars)	**Total amount**	**Amount per share (dollars)**	**Total amount**
Dividends distributed to common shareholders:				
Cash	$ 0.8	92,637	1.800	206,341
Shares	-	-	0.2	22,927
Total		$ 92,637		229,268

There is no difference between the total amount of surplus distribution and the resolution of the Board of Directors of the Company, and the relevant information can be found at the public information station.

(ii) Treasury stock

The Company has acquired treasury stock and transferred it to its employees as an incentive. For the years ended December 31, 2017 and 2016 the movements of the treasury stock were as below.

Item	2016	Increase	Decrease	December 31, 2017
Treasury stock acquired for transfer to employees－shares (in thousands)	2,512	2,621	(2,364)	2,769
Treasury stock acquired for transfer to employees－amount	$ 61,801	56,158	(51,610)	66,349

Item	January 1, 2016	Increase	Decrease	December 31, 2016
Treasury stock acquired for transfer to employees－shares (in thousands)	427	2,085	-	2,512
Treasury stock acquired for transfer to employees－amount	$ 10,636	51,165	-	61,801

As of December 31, 2017 and 2016, a total of $2,769 thousands and $2,512 thousands shares, respectively, were not yet cancelled.

In accordance with the Securities and Exchange Act requirements, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company’s retained earnings, share premium, and realized capital reserves. As of December 31, 2017, the balance of treasury stock was in compliance with the requirement. In accordance with the Securities and Exchange Act requirements, treasury shares held by the Company cannot be pledged and do not have any shareholders’ rights before their transfer.

(n) Share-based payment

Information on share-based payment transactions as of December 31, 2017, share-based payment transactions lose efficacy on July 10, 2017, was as follows:

	Employee stock options
Option grant date	2012/7/11
Options grant units	2,000
Contract period	Five years
Grant recipients	Employees of the Company and its subsidiaries
Vesting conditions	Provide service for the next five years

(i) Determining the fair value

The Company adopted the Black-Scholes model to calculate the fair value of the stock options at the grant date, and the assumptions adopted in this valuation model were as follows:

	2014
	Employee stock options
Fair value at grant date	4.50
Share price at grant date	20.50
Exercise price	20.50
Expected volatility	25.998%
Expected duration	4.00
Risk-free interest rate	0.951%

Expected volatility was decided on the basis of the historical weighted-average volatility and was adjusted based on publicly available information; the duration is decided based on the Group’s regulations on issuance; the expected dividend and risk-free interest rate are decided on the basis of government bonds. When the fair value is decided, conditions of service and non-market price performance are not taken into consideration.

(ii) Information on share-based payment plan

As of December 31, 2017 and 2016, outstanding units were 0 and 27, respectively.

For the years ended December 31, 2016, there were 408 units, of 12.8 (dollars).

For the years ended December 31, 2017, there were 27 units exercised at $12.8 (dollars).

(iii) Employee expense and liabilities

The Company’s expenses for share-based payment for the years ended December 31, 2017 and 2016 were $0 thousand and $17 thousand, respectively.

The expenses to the subsidiaries of the Company for share-based payment for the years ended December 31, 2017 and 2016 were $0 thousand and $(305) thousand, respectively.

(o) Earnings per share (EPS)

(i) Basic earnings per share

The basic earnings per share for the years ended December 31, 2017 and 2016, were calculated on the basis of profit attributable to common shareholders and the weighted-average number of outstanding common shares. Calculations were as follows:

1) Profit attributable to common shareholders

	2017 Continuing operations	2016 Continuing operations
Profit attributable to common shareholders	$ 240,110	130,487

2) Weighted-average number of outstanding common shares

	2017	2016
Common shares as of January 1	$ 119,526	116,042
Effect of treasury stock	(4,971)	(1,391)
Effect of stock dividends	-	2,292
Effect of employee stock options	23	68
Effect of conversion of convertible bonds	1,289	173
Weighted-average number of outstanding common shares on December 31	$ 115,867	117,184

(i) Diluted earnings per share

The diluted earnings per share for the years ended December 31, 2017 and 2016 were calculated on the basis of profit attributable to common shareholders and the weighted-average number of outstanding common shares, with all potential common shares retroactively adjusted. Calculations were as follows:

1) Profit attributable to common shareholders (diluted)

	2017 Continuing operations	2016 Continuing operations
Profit attributable to common shareholders (basic)	$ 240,110	130,487
Interest on convertible bonds	6,373	8,416
Gains on revaluation of put and call options of convertible bonds measured at fair value	-	150
	$ 246,483	139,053

2) Weighted-average number of outstanding common shares (diluted)

	2017	2016
Weighted-average number of outstanding common shares (basic)	$ 115,867	117,184
Effect of conversion of convertible bonds	11,650	16,191
Effect of employee stock dividends	59	42
Effect of stock options	12	221
Weighted-average number of outstanding common shares on December 31 (diluted)	$ 127,588	133,638

When the dilutive effect of stock options is calculated, the average market value is decided on the basis of the market price of the option during the outstanding period.

(p) Employees and directors, supervisors reward

Pursuant to the Company's articles of incorporation, states if the Company profits this period they will set aside no less than 0.5% towards employee compensation and no more than 3% towards remuneration to directors and supervisors. If the Company has accumulated loss they must first reserve to cover the loss amount. The compensations mentioned afore include persons who meet the preset conditions of employees of the affiliate Company.

For the years ended December 31, 2017 and 2016, remuneration of employees and directors of $1,253 thousand, $692 thousand, $7,522 thousand and $4,151 thousand, respectively. These amounts are calculated by using the Company's pre-tax net profit for the period before deducting the amount of the remuneration to the employees and directors, multiplied by the distribution ratio of remuneration to the employees and directors under the Company's articles of association, and expensed under operating costs or expenses for the years ended . If there would be any changes after the reporting date in the following year, the change of the amount would be treated as changes in accounting estimates and recognized as profit or loss in that year.

(q) Net Revenue

The Company's net revenue for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Management income	$ 54,967	58,682
Shares of profit of equity-accounted investees	234,906	172,130
	$ 289,873	230,812

(r) Non-operation income and expenses

(i) Other gains and losses

The Company's other gains and losses are as follow:

		2017	2016
Foreign exchange gains (losses)	$	(4,757)	(2,243)
Gains on valuation of fair value of financial assets and liabilities through profit or loss		24	(129)
Gain on disposal of available-for-sale financial assets		6,887	11,569
Dividend income		1,690	2,038
Gains on evaluation of investment payable		45,122	-
Other		-	9
	$	48,966	11,244

(ii) Other income

The Company's other revenue are as follow:

		2017	2016
Interest income	$	2,469	2,682
Rental income		3,564	3,564
Other income		34	284
	$	6,067	6,530

(iii) Finance costs

The Company's financial costs are as follow:

		2017	2016
Interest costs			
Bank loan	$	8,188	4,157
Amortization of the convertible bonds discount		6,373	8,416
Other financial liabilities amortization		6,435	12,297
	$	20,996	24,870

(s) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the Company's maximum credit exposure.

2) Concentration of credit risk

Based on the characteristic of the industry, the Company has no significant transactions with any single customer.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	Within 6 months	6~12 months	1~2 years	2~5 years	Over 5 years
December 31, 2017							
Non-derivative financial liabilities							
Bank borrowings	$ 880,000	(880,833)	(880,833)	-	-	-	-
Convertible bond payable	296,904	(299,500)	(299,500)	-	-	-	-
Trade and other payable	124,857	(124,857)	(124,857)	-	-	-	-
Investment payable (other current and non－current liabilities)	7,600	(7,600)	(7,600)	-	-	-	-
	$ 1,309,361	**(1,312,790)**	**(1,312,790)**	**-**	**-**	**-**	**-**
December 31, 2016							
Non-derivative financial liabilities							
Bank borrowings	$ 480,000	(480,400)	(480,400)	-	-	-	-
Convertible bond payable	385,231	(406,000)	(106,500)	-	(299,500)	-	-
Trade and other payables	124,077	(124,077)	(124,077)	-	-	-	-
Investment payable (other current and non－current liabilities)	83,391	(91,391)	(43,868)	-	(47,523)	-	-
	$ 1,072,699	**(1,101,868)**	**(754,845)**	**-**	**(347,023)**	**-**	**-**

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

Unit: thousand

	December 31, 2017			December 31, 2016		
	Foreign currency	Exchangerate	TWD	Foreign currency	Exchangerate	TWD
Financial assets						
Monetary item						
USD	$ 3,112	30.5192	94,975	3,020	32.27	97,449
Non-monetary item						
IDR	20,417,891	0.00223	45,532	21,004,115	0.00243	51,040
Financial liabilities						
Monetary item						
USD	1,771	30.5192	54,050	2,584	32.27	83,391

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the foreign currency exchange gains and losses on the translation of cash and cash equivalents, accounts receivable, other receivables, loans, accounts payable, and other payables that are denominated in foreign currency. A 1% depreciation of the USD, HKD and CNY against the TWD as of December 31, 2017 and 2016 would have decreased the net income before tax by $409 thousand and $140 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for both periods.

3) Exchange gains and losses on monetary items:

The currency of the Company has a wide range of foreign currency items, so that the exchange of information on monetary items are disclosed. For the year 2017 and 2016, foreign exchange gains and losses (including realized and unrealized) are (4,757) thousand and (2,243) thousand.

(iv) Interest rate analysis

The following sensitivity analysis is based on the exposure to interest rate risk for derivative and non-derivative financial instruments on the reporting date.

For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year.

If the interest rate had increased/decreased by 1%, the Company's net income before tax would have decreased/increased by $8,800 thousand and $4,800 thousand for the years ended December 31, 2017 and 2016, respectively, assuming all other variable factors had remained constant. This is mainly due to the Company's variable-rate borrowing.

(v) Fair value of financial instruments

1) Fair value hierarchy

a) Categories and fair value of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value and investments in equity instruments which do not have any quoted price in an active market in which the value cannot reasonably measured.

	December 31, 2017				
		Fair value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss:					
Derivative financial assets	$ 7,131	7,131	-	-	7,131
	7,131	7,131	-	-	7,131
Available-for-sale financial assets					
Publicly held shares	$ 219,218	126,818	92,400	-	219,218
	219,218	126,818	92,400	-	219,218
Loans and receivables:					
Cash and cash equivalent	$ 66,898	-	-	-	-
Note and accounts receivables, and other receivables	145,726	-	-	-	-
Other current and noncurrent assets	64,912	-	-	-	64,912
	277,536	-	-	-	-
Financial liabilities at fair value through profit or loss:					
Financial liabilities designated as fair value through profit or loss	$ 2	-	2	-	2
	2	-	2	-	2
Short term borrowings	$ 880,000	-	-	-	-
Convertible bonds	296,904	-	296,904	-	296,904
Note and accounts payables	981	-	-	-	-
Other payable	123,876	-	-	-	-
Payables on investments (other current and noncurrent-others)	7,601	-	-	7,601	7,601
	1,309,362	-	296,904	7,601	304,505
	$ 1,813,249	**133,949**	**389,306**	**7,601**	**530,856**

	December 31, 2016				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss：					
Derivative financial assets	$ 7,107	7,107	-	-	7,107
	7,107	7,107	-	-	7,107
Available-for-sale financial assets					
Publicly held shares	$ 29,432	29,432	-	-	29,432
	29,432	29,432	-	-	29,432
Loans and receivables：					
Cash and cash equivalent	$ 32,410	-	-	-	-
Note and accounts receivables, and other receivables	251,375	-	-	-	-
Other financial assets	91,391	91,391	-	-	91,391
	375,176	91,391	-	-	91,391
Refundable deposits	$ 2,176	-	-	-	-
Financial liabilities designated as fair value through profit or loss	2	-	2	-	2
Short term borrowings	$ 480,000	-	-	-	-
Convertible bonds	385,231	-	385,231	-	385,231
Note and accounts payables	1,744	-	-	-	-
Other payable	122,333	-	-	-	-
Payables on investments (other current and noncurrent-others)	83,391	-	-	83,391	83,391
	1,072,699	-	385,231	83,391	468,622
	$ 1,484,416	127,930	385,233	83,391	596,554

b) Valuation techniques and assumptions used in fair value determination

Non-derivative financial instruments

The fair value of financial instruments, which are carried at fair value through profit or loss and are traded in active markets, is based on the quoted market price.

When the quoted market prices can be obtained through exchange markets, dealer markets, brokered markets, industrial union, pricing organization or authorities, and transactions which occurred frequently, the financial instruments will be classified to active markets.

When the aforementioned conditions are not met, and there is a significant difference between the buying and the selling prices or transactions which do not occurred frequently, the financial instruments will be classified to inactive market.

Except for the aforementioned financial instruments, the fair value of other financial instruments is determined by using the valuation techniques or the quoted price from a counter party. The fair value of financial instruments through valuation techniques is determined by the present value of other financial instruments with similar characteristics, discounted cash flow, other valuation techniques and observable data of valuation model on the reporting date.

Derivative financial instruments

The fair value is based on the general accepted valuation model. The fair value of forward exchange contract is based on the forward exchange rate. Embedded derivative financial instrument is based on the option pricing model or other valuation techniques.

There were no transfers of financial assets from each level for the years ended December 31, 2017 and 2016.

(t) Financial risk management

(i) Overview

The nature and the extent of the Company's risks arising from financial instruments, which include credit risk, liquidity risk, and market risk, are discussed below. Also, the Group's objectives, policies, and procedures for measuring and managing risks are discussed below.

1) Credit risk

2) Liquidity risk

3) Market risk

For more quantitative information about financial instruments, please refer to related notes to the financial statements.

(ii) Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of directors oversees how management monitors the risks, which should be in compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation of the risks faced by the Company. Internal Audit undertakes regular reviews of the risk management controls and procedures and exception management, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk means the potential loss to the Company if the client or the counterparty involved in a financial instrument transaction defaults. The primary potential credit risk is from the accounts receivable and investments of the Company.

1) Accounts receivable and other receivables

For the years ended December 31, 2017 and 2016, there was no significant concentration of credit risk from the sales of the Group.

The source of revenue of the Company is from the Group and its subsidiaries, as such, there is no credit risk.

The Company establishes an impairment allowance that represents its estimate of incurred losses in respect of trade receivables, other receivables, and investment. The components of this impairment allowance are a specific loss component that relates to individually significant exposure and a collective loss component for which a loss was incurred but not identified. The collective component is based on historical payment experience of similar financial assets.

2) Investments

The credit risk exposure of the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. As the Company deals with banks and other external parties with good credit standing and financial institutions, corporate organizations, and government agencies which are graded above investment level, the management believes that the Company does not have any compliance issues, and therefore, there is no significant credit risk.

3) Guarantees

The Company has determined that financial guarantees can only be provided to the following companies:

a) Companies with a transaction relationship with the Company.

b) Companies in which the Company has more than 50% of the voting shares.

c) Companies which directly or indirectly hold more than 50% of the voting shares of T3EX Global Holdings Corp.

4) Liquidity risk

Liquidity risk is a risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

The Company actively expands its business to generate operating cash flow while it simultaneously manages the accounts receivable in a strict manner and controls its expenditure. In addition, the Company keeps good relationships with banks to obtain a sufficient credit limit for necessary cash demands in the operating cycle. Generally, the Company ensures that there is sufficient cash to cover expected operating expenditure, but excluding the potential influence of unexpected extreme conditions (i.e. nature disasters). The total amount of unused credit as of December 31, 2017, was $640,000.

5) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The types of financial assets at fair value through profit or loss held by the Company are open-end funds and convertible bonds which are measured at fair value. Therefore, the Company is exposed to the risk of price changes in the beneficiary certificate market. The Company engages a professional agent to manage its financial assets. Parts of bank deposits, accounts receivable, and accounts payable are evaluated for foreign currency exposure. To manage the currency risk, the Company maintains its foreign currency net position within a certain limit. The convertible bonds held and issued by the Company are measured at fair value. This results in exposure to the risk of price changes in the equity and bond markets.

a) Currency risk

Interest is denominated in the same currency as borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company, which mainly uses the TWD.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates.

b) Interest rate risk

Except for bank loans, there are no financial assets or financial liabilities with floating interest rates. The Group negotiates the price case by case to control the interest rate risk.

(u) Capital management

The board's policy is to maintain a strong capital base in order to maintain investor, creditor, and market confidence and to sustain future development of the business. Capital consists of common shares, capital surplus, retained earnings, and non-controlling interests of the Company. The board of directors monitors the level of dividends to common shareholders.

The distribution of dividends of the Company follows the earnings of the year and is on a sustainable basis. When the board of directors drafts a proposal on appropriation and distribution of retained earnings, the dividend distribution shall not be lower than 50% of current earnings or unappropriated earnings, whichever is lower. However, the cash dividend shall not be lower than 10% of the total distribution of dividends.

The Company's debt-to-equity ratios at the end of the reporting periods were as follows.

		December 31, 2017	December 31, 2016
Total liabilities	$	1,332,390	1,096,951
Less: cash and cash equivalents		66,898	32,410
Net debt	$	1,265,492	1,064,541
Total equity	$	2,279,473	2,259,199
Less: amounts accumulated in equity relating to cash flow hedges		-	-
Adjusted capital	$	2,279,473	2,259,199
Debt-to-equity ratio		55.52%	47.12%

From time to time, the Company purchases its own shares on the market; the timing of these purchases depends on market prices. Primarily, the shares are intended to be used for issuing shares under the Company's share option scheme for employees. The purchase of treasury stock did not impact the Company's capital management.

There were no changes in the Company's approach to capital management during the year.

(v) Investing and financing activities without cash flows

Convertible bonds were converted into common stock. Please refer to notes 6(j) and (m).

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Company.

(b) Name and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of subsidiary	Relationship to the Group
T.H.I Group Ltd. (in B.V.I.)	Subsidiary company
GREATLINE INTERNATIONAL LIMITED (GREATLINE)	Subsidiary company
T.H.I Group Vietnam Co., Ltd.	Subsidiary company
T.H.I. Group (Bangkok) Company Limited	Subsidiary company
Taiwan Express Logistics Co., Ltd. (TEC)	Subsidiary company
T.H.I Logistics Co., Ltd.	Subsidiary company
T.H.I. Group (Cambodia) Co., Ltd.	Subsidiary company
T.H.I. Group Singapore Pte. Ltd. (Singapore)	Subsidiary company
T.H.I. & Maruzen Co. Ltd.	Subsidiary company
Fresh Beauty Enterprises Ltd.	Subsidiary company
Eastern Union Holdings Limited	Subsidiary company
T-Cube Global Logistics Co., Ltd.	Subsidiary company
T.H.I. Group Limited (HK) (T.H.I. HK)	Subsidiary company
T.H.I. Group (Shanghai) Ltd. (T.H.I. Shanghai)	Subsidiary company
Shanghai Yaohwa International Forwarder Co., Ltd. (Shanghai Yaohwa)	Subsidiary company
Exer Logistics Co., Ltd.	Subsidiary company
Taiwan Express (HK) Co., Ltd. (TEC HK)	Subsidiary company
Taiwan Express (USA) INC.	Subsidiary company
TEC Logistics Co., Ltd.	Subsidiary company
TEC LOGISTICS (USA), INC	Subsidiary company
Hiview Logistics Co., Ltd.	Subsidiary company
TEC Logistics (Shenzhen) Co., Ltd.	Subsidiary company
Wai Hung Cargo Transport Co., Ltd.	Subsidiary company
T.H.I. Logistics (Malaysia) SDN. BHD	Subsidiary company
PT Dexter Eurekatama	Investment under equity method
LOGI International Co., Ltd.	Investment under equity method
Shanghai Shangijum International Logistic Co., Ltd.	Investment under equity method

(c) Transactions with key management personnel

Key management personnel compensation comprised:

		2017	2016
Short-term employee benefits	$	10,372	20,254
Post-employment benefits		211	768
Share-based payments		-	65
	$	10,583	21,087

(d) Other related-party transactions

(i) Revenue

The Significant operating income of the Company and its outstanding balance are as follows:

		Revenue		Accounts receivable	
		2017	2016	December 31, 2017	December 31, 2016
T.H.I. Group (Shanghai) Ltd. (T.H.I. Shanghai)	$	34,662	36,455	34,662	36,455
Taiwan Express Logistics Co., Ltd. (TEC)		8,104	8,376	4,355	3,777
Other subsidiaries		12,201	13,851	6,709	6,288
Subsidiary	$	54,967	58,682	45,726	46,520

Trading terms of the above transactions require payments within 30 to 60 days or depending on the funding needs.

(ii) Other payables

		December 31, 2017	December 31, 2016
T.H.I. Group (Shanghai) Ltd. (T.H.I Shanghai)	$	80,140	80,140
Other subsidiaries		19,264	19,264
Subsidiary	$	99,404	99,404

Amounts received on benefit of subsidiary.

(iii) Loans to subsidiary

The Company's loans to subsidiary and interest income are as follow:

		December 31, 2017	December 31, 2016
Taiwan Express Logistics Co., Ltd. (TEC)	$	100,000	200,000
Other subsidiaries		-	4,855
Loans to subsidiary	$	100,000	204,855

		2017	2016
Interest income (recorded in other income)	$	2,152	2,682

The Company's loan and relationship are accrued as the average interest rate of the short-term borrowings of the financial institutions in the current year, and are unsecured loans, and no bad debts are required after the assessment.

(iv) Rent Income (recorded in other income)

		2017	2016
Subsidiary	$	3,564	3,564

Income from office rental to subsidiary, the rent is based on the market price and being collected monthly.

(8) Pledged assets:

Pledged assets	Object		December 31, 2017	December 31, 2016
Property, plant, and equipment	Short-term/long-term credit facility and bank guarantees	$	175,490	176,553
Other financial assets — non-current	Logistics-related guarantees		426	2,176
		$	175,916	178,729

(9) Commitments and contingencies:

(a) The sub-subsidiary company T.H.I Group (Shanghai) Ltd. received a notification in 2016 from the court regarding a client claiming the damage of CNY$4,212 thousands for its loss on cargo. As of the reporting date, this case was still progress. The Group did not accrue any provision for this case based on its assessment.

(b) The sub-subsidiary of the Company, Taiwan Express Logistic Co., Ltd., received a notification from the court stating that a client claimed a loss on stock damage of the Company amount to USD1,207 thousands. As of the reporting date, this case is still in progress; therefore, based on assessment, the Company did not accrue any provision for this case.

(c) Promissory notes issued to the bank as collateral for short-term bank borrowings, logistics business, etc., were as follows.

	December 31, 2017	December 31, 2016
Promissory notes	$ 880,000	520,000

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

(a) According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing FY 2018. This increase does not affect the amounts of the current or deferred income taxes recognized on December 31, 2017. However, it will increase the Group’s current tax charge accordingly in the future.

(b) In March 2018, The Sub-subsidiary company T.H.I. Group (Shanghai) Ltd. signed a strategic framework cooperation agreement with China stock listed company Transfer Group’s (Stock Code:002010) subsidiary Logistics plat form-Ehuodi Ltd. The agreement defines the T.H.I Group (Shanghai) provides international logistics services, and Ehuodi Ltd provides end-of-city delivery services in China. Through a strategic alliance between the two parties, it provides more complete cross-border supply chain services.

(12) Other:

The personnel cost and depreciation and amortization expenses, categorized by function, were as follows.

Personnel cost	2017			2016		
	Operating costs	**Operating expenses**	**Total**	**Operating costs**	**Operating expenses**	**Total**
Salaries	46,337	-	46,337	41,547	-	41,547
Labor and health insurance	2,452	-	2,452	3,017	-	3,017
Pension	1,668	-	1,668	2,122	-	2,122
Others	1,196	-	1,196	1,522	-	1,522
Depreciation expenses	5,615	-	5,615	6,120	-	6,120
Amortization expenses	2,788	-	2,788	4,049	-	4,049

In 2017 and 2016, the average number of employees were 28 and 33, respectively.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

No (Note 1)	Name of lender	Name of borrower	Account name	affiliates	Highest balance during the period	Balance as of December 31, 2016 (Note 4)	Appropriated credit as of December 31, 2016	Range of interest rates during the period	Type of financing (Note 2)	Transaction amounts	Purpose of fund financing of the borrower	Allowance for bad debt	Guarantee Item	Guarantee Value	Limitation on fund financing to individual party	Limitation on fund financing
0	The Company	Taiwan Express Logistic Co., Ltd.	Other receivables-related patties	Yes	270,000	270,000	100,000	Quarterly changes in interest rates	2	-	Trading turnover	-		-	459,067	911,789
4	T.H.I. Group (Shanghai) Ltd.	EXer Logistics Co., Ltd.	Other receivables-related patties	Yes	40,888	27,336	2,278	0.05%	2	-	Trading turnover	-		-	183,267	366,534
4	T.H.I. Group (Shanghai) Ltd.	Shanghai Shangijum International Logistic Co., Ltd.	Other receivables-related patties	Yes	3,645	3,645	-	4.35	2	-	Trading turnover	-		-	183,267	366,534

Note 1: The numbers indicated above represent the following: 0 for investor, 1 to 4 for investee.

Note 2:: Nature of lending: 1 for counterparties with transactions, and 2 for short-term operating capital.

Note 3: The ceiling on total loans granted by the Company to all parties is 40% of the net assets in the financial statements; the ceiling on total loans granted by the Company to each entity is 20% of the net assets in the financial statements.

Note 4: Ending facility balance approved by BOD.

(ii) Guarantees and endorsements for other parties:

No.	Endorsement/guarantee Provider	Counter-party/guarantee receiver Name	Counter-party/guarantee receiver Relation	Limit of guarantee/endorsement amount for receiving pary	Maximum balance	Ending balance	Actual amount used	Property Endorsement and guarantee secured by assets	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/endorsement amount	Classified as endorsement and guarantee to subsidiary by parent company	Classified as endorsement and guarantee to parent company by parent subsidiary	Classified as endorsement and guarantee to companies in Mainland China
0	The Company	Shanghai Yaohwa International Forwarder Co., Ltd.	2	455,895	27,911	27,336	-	-	1.20%	911,789	Y	N	Y
0	The Company	T.H.I. Group (Shanghai) Ltd. (T.H.I. Shanghai)	3	455,895	91,470	45,560	-	-	2.00%	911,789	Y	N	Y
0	The Company	Exer Logistics Co., Ltd	3	455,895	62,887	22,780	11,390	-	1.00%	911,789	Y	N	Y
0	The Company	T Cube Global Logistics Co., Ltd.	3	455,895	53,951	27,336	24,029	-	1.20%	911,789	Y	N	Y
4	T.H.I. Group (Shanghai) Ltd.	Exter Logisitcs Co., Ltd.	2	183,267	13,721	13,668	-	-	1.49%	366,534	Y	N	Y
2	Shanghai Yaohwa International Forwarder Co., Ltd.	T.H.I. Group (Shanghai) Ltd.	3	11,313	3,256	3,189	1,919	-	2.82%	45,251	N	N	Y
2	Shanghai Yaohwa International Forwarder Co., Ltd.	Exter Logistic Co., Ltd.	3	11,313	9,147	9,112	-	-	8.05%	45,251	N	N	Y

Note 1: The numbers indicated above represent the following: 0 for investor, 1 onwards for investee

Note 2: The relationship between the guarantee provider and the receiver is as follows:

(1)The Company has transactions with its counterparties.

(2)The Company holds more than 50% of common shares of its subsidiary.

(3)The Company and its subsidiaries hold more than 50% of common shares of the investee company.

(4)The parent company holds more than 50% of its outstanding common shares (directly or indirectly) through a subsidiary.

(5)Companies within the same architectural field have signed a contractual agreement to provide mutual endorsements/ guarantees for the need of a specific construction project.

(6)The shareholders provide endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

Note 3: (1)Total guarantees amount should not exceed 40% of the Company’s net assets in the financial statements if the following conditions are met:

Ownership of the Company should exceed 50%:

Guarantee amount should not exceed 20% of the Company’s net assets

Ownership of the Company should not exceed 50%:

Guarantee amount should not exceed 20% of the Company’s net assets

The net assets stated above refer to the net assets from the Company’s most recently audited financial statements.

(2) Apart from the conditions listed above, guarantees for the purpose of business relations should not exceed the total amount of business transactions between the two parties, whichever is lower. The definition of business transactions could either be purchases or sales, whichever is higher.

(iii) Securities held as of December 31, 2017 (excluding investment in subsidiaries, associates and joint ventures):

Company’s m	Category and Types and issuer of marketable securities	Nature of the relationship	Account name	Ending balance				Notes
				Number of shares	Book value	Ownership %	Fair value	
The Company	Fund Yuanta Wan Tai Fund	-	Financial assets at fair value through profit or loss－current	473,454	7,131	- %	7,131	
The Company	StockSoonest. Express Co., Ltd.	-	Available-for-sale financial assets－current	447,000	14,215	1.70%	14,215	
The Company	StockChailease Holding Company Limited	-	Available-for-sale financial assets－current	200,000	17,320	0.02%	17,320	
The Company	StockYang Ming Marine Transport Crop.	-	Available-for-sale financial assets－non-current	10,000,000	92,400	0.43%	92,400	(note1)
The Company	StockYang Ming Marine Transport Crop.	-	Available-for-sale financial assets－current	7,675,577	88,269	0.33%	88,269	
The Company	StockDimerco Express Corporation	-	Available-for-sale financial assets－current	334,000	7,014	0.26%	7,014	

Note 1: due to lack of market information, will not include in this report

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company which has accounts receivable	Counterparty	Relationship	Ending balance of accounts receivable (in thousands)	Turnover	Past-due receivables from related party		Received subsequently (in thousands)	Allowance for bad debt
					Amount	method		
T.H.I. Group (Shanghai) Ltd.	T.H.I. Group Limited (HK)	Parent company	Other receivables 304,230	-	-		- (Note) 1)	-

(ix) Trading in derivative instruments:Please refer to notes 6(b) & (j).

(b) Information on investees:

Relevant information about reinvestment for 2016 is as follows:

(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2017			Net income (loss) of the Investee	Share of profit loss of invest	Note
				December 31, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying value			
The Company	T.H.I. Group Ltd.(in B.V.I)	British Virgin Islands	Offshore settlement center	35,000 (USD1,000)	35,000 (USD1,000)	1,000,000	100.00%	74,501	3,962	3,962	Subsidiaries
The Company	Greatline International Limited (Greatline)	British Virgin Islands	Offshore holding company	134,428 (USD4,050)	134,428 (USD4,050)	4,050,000	100.00%	1,468,332	165,604	165,604	Subsidiaries
The Company	T.H.I Group Vietnam Co., Ltd.	Vietnam	Air & sea freight forwarding and packaging	8,362 (USD275)	4,862 (USD159)	4,950,000,000	99.00%	60,231	11,045	5,633	Subsidiaries
The Company	T.H.I. Group (Bangkok) Co., Ltd.	Thailand	Air & sea freight forwarding and packaging	2,372 (USD72)	2,372 (USD72)	-	49.00%	14,246	4,027	1,973	Subsidiaries
The Company	T.H.I. & Maruzen Co., Ltd.	Japan	Air & sea freight forwarding	10,365 (JPY31,130)	10,365 (JPY31,130)	3,060	51.00%	14,574	6,105	3,113	Subsidiaries
The Company	Taiwan Express Logistic Co., Ltd. (TEC)	Taiwan	Air & sea freight forwarding and customs clearance	704,200	704,200	35,958,400	100.00%	715,018	36,879	30,879	Subsidiaries
The Company	T.H.I. Logistics Co. Ltd.	Taiwan	Air & sea freight forwarding	130,000	130,000	13,000,000	100.00%	141,567	7,972	7,972	Subsidiaries
The Company	T.H.I. Group (Cambodia) Co., Ltd.	Cambodia	Air & sea freight forwarding	4,462 (USD150)	4,462 (USD150)	-	100.00%	8,144	47	47	Subsidiaries
The Company	PT. Dexter Eurekatama	Indonesia	Air & sea freight forwarding	47,381 (USD1,598)	47,381 (USD1,598)	12,000	30.00%	45,532	(390)	(3,241)	Investment under equity method
The Company	T.H.I. Group Singapore Pte. Ltd. (Singapore)	Singapore	Air & sea freight forwarding	19,032 (USD850)	7,629 (USD320)	850,000	91.40%	12,932	870	859	Subsidiaries
The Company	LOGI International Co., Ltd.	Korea	Air & sea freight forwarding	9,666 (USD300)	9,666 (USD300	16,285	30.00%	6,001	(2,686)	(806)	Investment under equity method
The Company	Fresh Beauty Enterprises Ltd. (Fresh Beauty)	Samoa	Offshore holding company	282,775 (CNY55,579)	282,775 (CNY55,579)	60	60.00%	323,427	37,397	20,131	Subsidiaries
The Company	T.H.I. Logistics (Malaysia) SDN. BHD	Malaysia	Air & sea freight forwarding	10,381 (USD315)	10,381 (USD315)	180,000	90.00%	5,406	(1,356)	(1,221)	Subsidiaries
GREATLINE INTERNATIONAL LIMITED	T.H.I. Group Limited (HK) (T.H.I. HK)	Hong Kong	Air & sea freight forwarding	139,948 (USD4,314)	139,948 (USD4,314)	12,480,000	100.00%	1,466,949	166,034	166,034	Subsidiaries
Fresh Beauty Enterprises Ltd.	Eastern Union Holdings Limited (Eastern Union)	Hong Kong	Offshore holding company	57,411 (HKD1,751)	57,411 (HKD1,751)	-	100.00%	147,221	37,621	37,621	Subsidiaries
TEC	Taiwan Express (HK) Co., Ltd. (TEC HK)	Hong Kong	Freight forwarding, customs clearance, and distribution	266,807 (HKD70,550)	266,807 (HKD70,550)	-	100.00%	329,195	4,891	4,891	Subsidiaries
TEC	TEC Logistic Co., Ltd.	Taiwan	Freight forwarding, customs clearance, and delivery services	6,000	6,000	1,000,000	100.00%	-	-	-	Subsidiaries
TEC	Orient Air General Sales Agent Co., Ltd.	Taiwan	Freight forwarding, customs clearance, and delivery services	600	600	60,000	30.00%	2,755	4,556	1,367	Investment under equity method
TEC	Hiview Logistics Co., Ltd.	Taiwan	Freight forwarding, customs clearance, and distribution	76,590	76,590	5,000,000	97.51%	103,401	22,251	21,697	Subsidiaries
TEC	Taiwan Express (USA), Inc.	United States	Freight forwarding, customs clearance, and distribution	31,629 (USD1,000)	31,629 (USD1,000)	100,000	100.00%	33,501	-	-	Subsidiaries
TEC	TEC LOGISTICS (USA), INC.	United States	Freight forwarding, customs clearance, and distribution	8,549 (USD290)	8,549 (USD290)	200	100.00%	12,924	-	-	Subsidiaries

(c) Information on investment in mainland China

(i) Name, major operations and related information of investee in Mainland China:

(In Thousands of New Taiwan Dollars)

Names of PRC investee companies	Major operations	Amounts of paid-in capital (in thousands)	Method of investment	Investment transferred from Taiwan, beginning of period (in thousands)	Year ended December 31, 2014		Investment transferred from Taiwan, end of period (in thousands)	Investee net income	Direct and indirect shareholding percentage by the Company	Current gains or losses on investment recognized (in thousands)	Carrying value of investment, end of period (in thousands)	Repatriated gains on investment, end of period
					Remittance	Repatriation						
Shanghai Yaohwa International Forwarder Co., Ltd.	Air & sea freight forwarding and customs clearance	55,031 (USD1,700)	Note 1	55,031 (USD1,700)	-	-	55,031 (USD1,700)	5,668	100.00%	5,668	113,353	-
T.H.I. Group (Shanghai) Ltd.	Air & sea freight forwarding and customs clearance	92,883 (USD3,060)	Note 1	84,861 (USD2,600)	-	-	84,861 (USD2,600)	57,275	100.00%	57,275	943,537	-
Shanghai Shangijum Internaional Logsitic Co., Ltd.	Warehousing and logistics	22,460 CNY5,000	(1)	-	-	-	-	(588)	30.00%	3,239	12,280	-
T-Cube Global Logistics Co., Ltd.	Warehousing and company	54,610 (CNY11,000)	Note 1	204,388 (USD6,185)	39,358 (USD1,178)	-	243,746 (USD7,363)	37,621	60.00%	37,621	147,229	-
EXer Logistics Co., Ltd.	Express logistics company	52,107 (CNY11,123)	Note 5	-	-	-	-	(63,602)	88.94%	(86,096)	61,163	-
TEC Logistics (Shenzhen) Co., Ltd.	Freight forwarding, customs clearance, and distribution	183,901 (HKD48,550)	Note 6	183,901 (HKD48,550)	-	-	183,901 (HKD48,550)	3,094	100.00%	3,094	158,338	-

(ii) Limitation on investment in Mainland China:

Cumulative remittance from Taiwan, end of the period (Note3)	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs (Note4)	Limit on the amount of investment in Mainland China
390,168 (11,863USD thousand)	436,428 (14,660USD thousand)	1,367,684

Note 1: Investment in Mainland Chain via remittance through a third region.

Note 2: The investment gains or losses under the same period that have been recorded based on the investees' audited financial statements.

Note 3: The actual amount invested by the Company in Mainland Chain at the end of this period.

Note 4: At the reporting date, the exchange between USD and TWD rate was 1:29.77.

Note 5: T.H.I. Group (Shanghai) Ltd. directly invested in EXer Logistics Co., Ltd.

Note 6: The Company's subsidiary, Taiwan Express Logistic Co., Ltd., invested in Mainland China via remittance through a third region. The upper limit of the investments is 60% of Taiwan Express Logistic Co., Ltd.'s net assets in the financial statements based on the "REGULATIONS GOVERNING THE APPROVAL OFINVESTMENT OR TECHNICAL COOPERATION INMAINLAND CHINA" and have been approved by the Investment Commission Ministry of Economic Affairs amounting to $183,901 thousand (HKD48,550 thousand).

(iii) Significant transactions:

(14) Segment information:

Please refer to the consolidated financial statements for the years ended December 31, 2017.

Representation Letter

The entities that are required to be included in the combined financial statements of T3EX GLOBAL HOLDINGS CORP. as of and for the year ended December 31, 2017 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, T3EX GLOBAL HOLDINGS CORP. and its Subsidiaries do not prepare a separate set of combined financial statements.

Company name: T3EX GLOBAL HOLDINGS CORP.
Chairman: David Yen
Date: March 26, 2018