

ANNUAL REPORT 2020

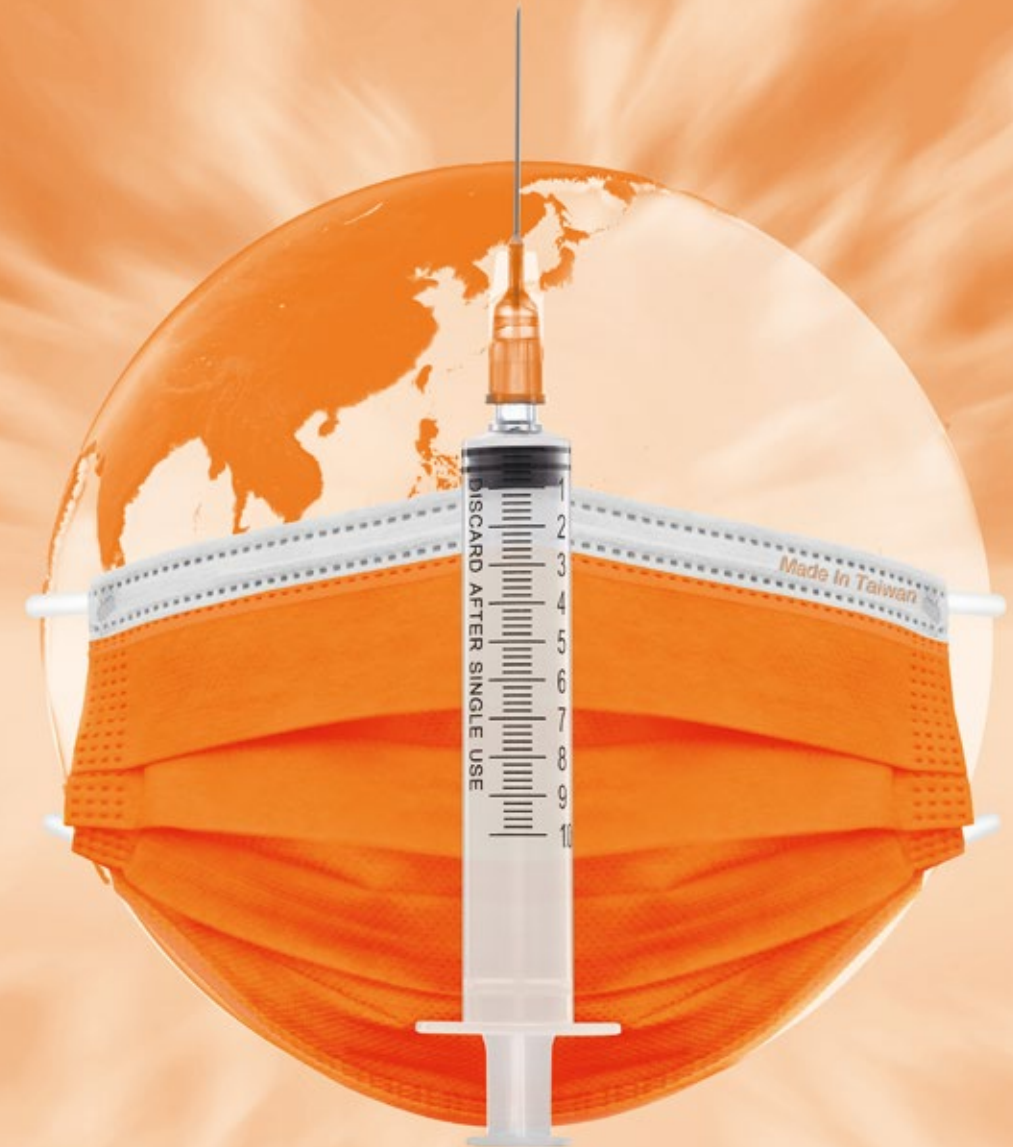
www.kerrytj.com

Unite against COVID-19

Innovate to Change

ANNUAL REPORT 2020

ANNUAL REPORT 2020



Kerry TJ Logistics Company Limited

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ASIA SPECIALIST TAIWAN FOCUS GLOBAL NETWORK

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Corporate Information

Information

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Deputy Spokesperson

Name: Hu, Ming-Chang
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Offices: Northern, Taoyuan and Hsinchu, Central and Southern Region

Stock Transfer Agent

Name: Register & Transfer Agency Division, SinoPac Securities Co., Ltd.
Address: 3F., No. 17, Bo-ai Rd., Taipei City, Taiwan
Tel : 886 2 2381 6288
Website: www.sinopac.com

Auditors

Name: Tseng, Done-Yuin / Su, Ting-Chien
Firm Name: Deloitte & Touche
Address: 22F., No. 88, Sec. 1, Huizhong Rd., Xitun Dist., Taichung City,
Taiwan
Tel: 886 4 3705 9988
Website: www.deloitte.com.tw

Overseas Securities Exchange

None

Corporate Website

www.kerrytj.com



Employees:

5,500+



Commercial Vehicle:

4,500+



Operation Offices:

202



Ambient & Low Temperature
Warehouse/Distribution Station:

12/22



Depot/Logistics Center:

100/10



Pickup Terminal:

52



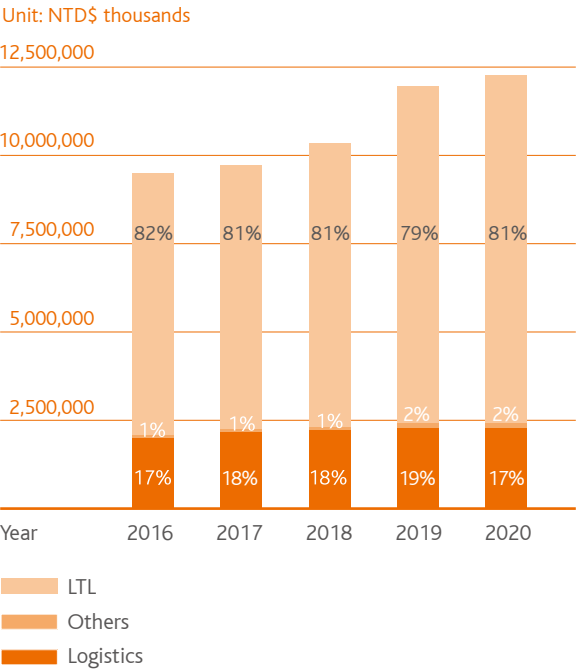
Dispatch Center:

6

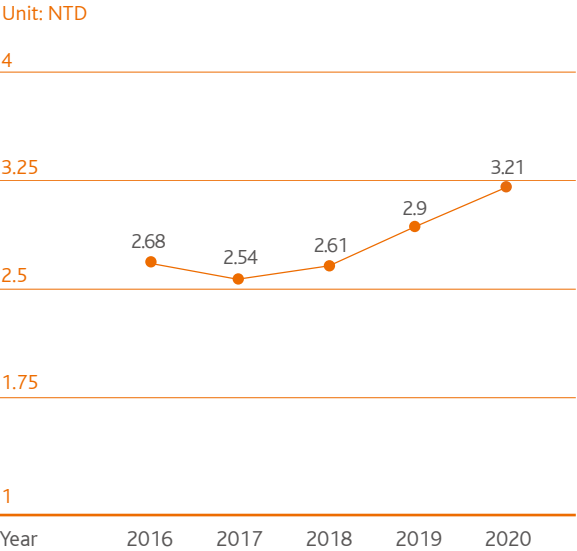


Financial Highlights

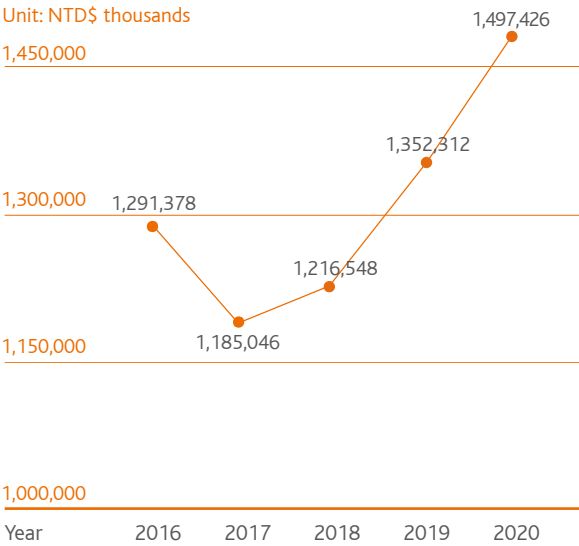
Revenue by Segment



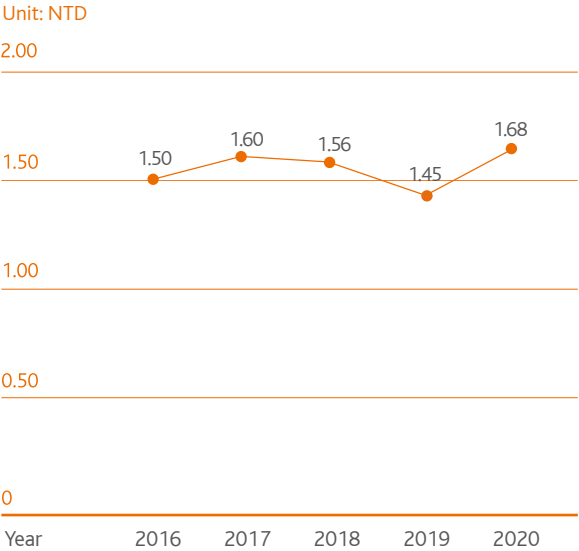
EPS



Net Income Attributable to Owners of the Company



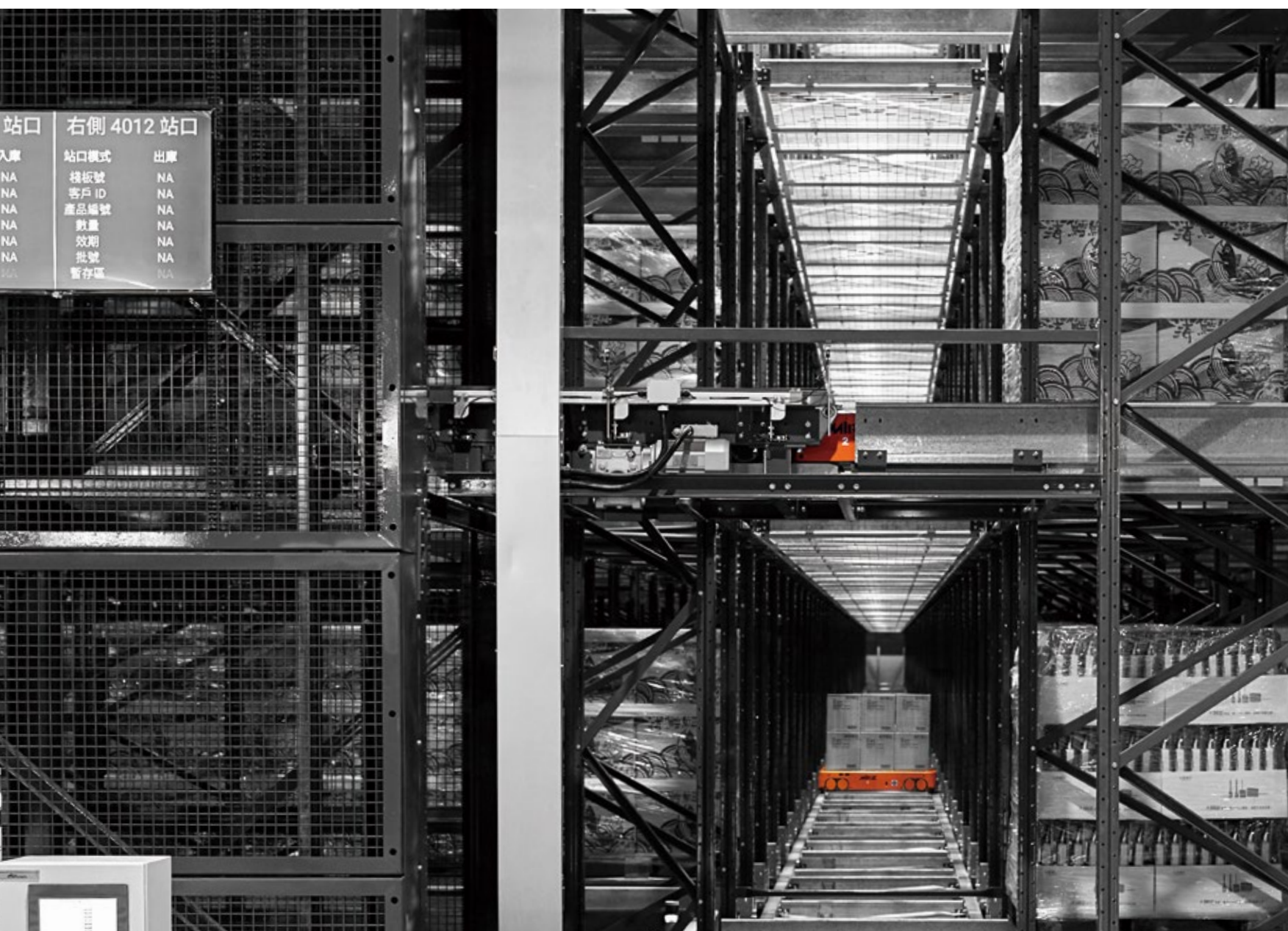
Dividends



Note: (1) The dividends in 2020 will be distributed in accordance with the resolution in the shareholders' meeting.

Financial Highlights

Revenue (NTD)	LTL Business Dept. Profit (NTD)	Logistics Dept. Profit (NTD)
▲ 4% 12.3 Billion	▲ 13% 1.7 Billion	▲ 29% 0.3 Billion
Operating Profit (NTD)		Net Profit (NTD)
▲ 15% 2 Billion		▲ 11% 1.5 Billion
Debt Asset Ratio	Net Assets Value Per Share (NTD)	Return on Asset
50%	21.99	7.7%
Return on Equity		
15%		



"Together with all staff and management team, Kerry TJ Logistics worked hand-in-hand to overcome critical times and exerted every effort in supporting private enterprises and the public sector with professional logistics services."

Letter to Shareholders

2020 was a turbulent year, fundamentally impacted by COVID19. Starting from the global supply chain breaks, to the dramatic changes of everyday lifestyle and consumer behavior, all of which tested our capability to tackle and maintain resilience. Fortunately, the prevention and control of the pandemic in Taiwan has been outstanding. Together with all staff and management team, Kerry TJ Logistics worked hand-in-hand to overcome critical times and exerted every effort in supporting private enterprises and the public sector with professional logistics services. Our overall revenue has grown 4% to TWD 12.3 billion; overall net profit has increased 11% and reached 1.5 billion.

Owing to the blooming of the "stay-at-home economy," 2C volumes increased prominently as well as delivery costs, pushing us forward to refine delivery process by route re-scheduling and improving parcel tracking. For pharmaceutical logistics, Kerry Pharma Logistics ("KPL") has obtained ISO 13485 Medical Devices QMS certification as well as the PIC/S GDP and GMP by TFDA. Moreover, KPL has expanded its specialized warehousing for all kinds of vaccine storage and delivery. In this post-pandemic era, demand for cold-chain logistics increased exponentially, and we continue to upgrade our seamless temp-controlled warehousing and storage to ensure highest quality of food safety. In the aspect of hi-tech logistics, one of our subsidiaries, Science Park Logistics ("SPL"), has also continued to provide professional bonded warehousing, bonded trucks, dangerous-goods warehousing, etc., to manufacturers from all streams of the electronics supply chain. SPL has always been the best logistics partner for local and multi-national corporations in the Hsinchu and Tainan Science Parks.

Kerry TJ Logistics values ESG – Environmental, Social and Governance – as highly as our business development. From facilitating the replacement of aging trucks for carbon-reduction, to the introduction of hybrid electric vehicles and eco-friendly architecture; from free-delivery of PPEs and relief supplies, to charity participation and enhancement of corporate governance, all of which are manifestation of our unchanging care for our employees, our customers and our shareholders.

May you keep good health and all things well.

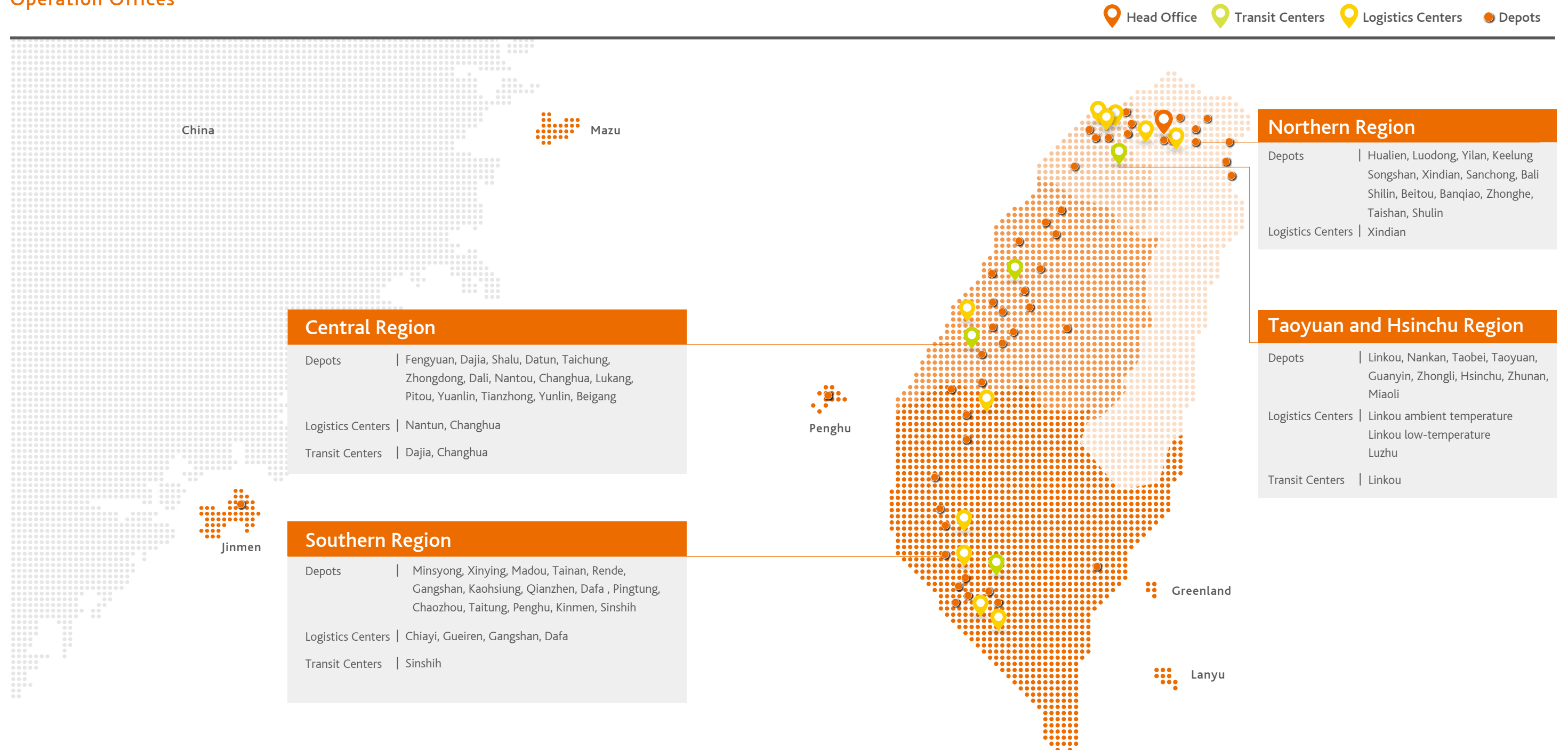
Sincerely yours,

Richard Shen
Chairman



Company Profile

Operation Offices



2020 Milestone

Launch of the New Chongxin Depot Construction Project in New Taipei City

To enhance the operation capacity in the Taipei Metro Area and meet the high distribution demands driven by the stay-at-home economy in the metropolitan area, we planned to demolish the old Chongxin depot that had been used for more than 35 years and officially commenced the construction of a new depot in August 2020. We used our own land in an area of about 5,875 square meters for construction of a 4-story building with a height of 26 meters and gross floor area of about 14,517 square meters. With this new premises, we will have a larger space for our truck platforms and fleet scheduling. An automated cargo processing system will be utilized to improve operation efficiency. Once completed, we will relocate our nearby depots to the new premises for better coordination. This also, at the same time, solves the potential problem of urban renewal that could be an issue to these depots in the future.

Extension of Value-Added Services Scopes in Pharma Logistics and Increase of Storage Spaces

To meet the market demand, Kerry Pharma Logistics received the certification of ISO 13485:2016 Medical Devices Quality Management Systems Standards in 2020, and in conjunction with the ISO 9001:2015 Quality Management System, enhanced the professional quality management requirements of the medical device industry. In the same year, our warehouse in Linkou obtained the GMP (Good Manufacturing Practice) certification with a view to providing value-added medicine packaging, repackaging and labeling services and increasing the professional pharma storage service items. Furthermore, more than 2,200 additional medicine storage spaces were rented in the Central Pharma Logistics Park and the facilities were designed and set up in line with the standards of PIC/s GDP and GMP followed by pharmaceutical companies.

Date of Establishment

T.Join Transportation Firm was established in Taichung in June 1954 and the establishment registration was approved by the Department of Commerce, MOEA, on December 21, 1959. The Company was reorganized to T.Join Transportation Company Limited in 1960. In 2011, after the resolution of the shareholders’ meeting, the Company was renamed to Kerry TJ Logistics Company Limited.

Company History

Year	Company History
2020	The subsidiary, Kerry Pharma Logistics Co. Ltd., received the certification of ISO 13485:2016 Medical Devices Quality Management Systems Standards, and its Northern Pharma Logistics Park in Linkou acquired the GMP certificate issued by Taiwan Food and Drug Administration (TFDA) of the Ministry of Health and Welfare. The subsidiary, Kerrier Cold Chain Equipment Co. Ltd., was renamed to Kerry Cold Chain Equipment Co. Ltd. The affiliate, Kerry Speedy Logistics Co. Ltd., was renamed to Kerry Freight International Company Limited and merged with Direct Logistics Co. Ltd. to integrate the capability of the international freight forwarding business. The affiliate, Kerry Coffee Co. Ltd., was officially established as the agent of illy, an Italian coffee brand in Taiwan, and together with Kerry Fruit Co. Ltd. and the Kerry Go platform, it broadened our trading business and online shopping services.
2019	We purchased additional stakes in Science Park Logistics and become its largest corporate shareholder. Its high-tech logistics expertise such as bonded warehouse, bonded distribution, as well as storage for hazardous chemicals and airport customs clearance were utilized in combination with our existing core business to create synergy for the Group. To meet the growing cargo demand in Southern Taiwan, we acquired land in Xinshi, Tainan, and built our “Xinshi Transit Center” which was completed in May and integrated with our Xinshi depot, the Tainan depot of Kerry Pharma Logistics, and the Xinshi workshop of Kerry Cold Chain Equipment.
2018	To meet the logistics demand of the high-tech industry in Taiwan, we invested and acquired shares of Science Park Logistics. We commenced our planning in constructing Guanyin Logistics Center as the first green building of solar power in Taiwan’s logistics industry. The subsidiary, Kerry Pharma Logistics, acquired GDP certificate from TFDA of the Ministry of Health and Welfare in December.
2017	Kerry Pharma Logistics officially launched the largest third party pharma logistics park in Taiwan. Kerry Fruit was established as a pioneer for transport and distribution of agricultural products. It built a nationwide fresh vegetable and fruit production/distribution network, promoted import and export business, and provided value-added services through Kerry Go e-commerce platform. Kerry TJ Logistics and the subsidiary, Kerry Express, obtained the ISO 27001:2015 Information Security Management System combined certification.
2016	The subsidiary, CFE Express Co. Ltd., was renamed to Kerry Express Co. Ltd. and moved its head office to Taipei City to enhance the express services in the metro area.
2015	Invested and acquired CF Express Co. Ltd. with a view to providing express services in Taiwan. Launched Kerry Go platform to provide e-commerce services. Obtained certification of the ISO 22000: 2005 Food Safety Management System and Codex HACCP Food Safety Control System.
2014	The Northern, Central and Southern regions of Pharma Logistics Centers passed the PIC/S GDP (Good Distribution Practice) pharma inspection; Linkou Logistics Center passed the PIC/S GDP medical device inspection. Received certification of the ISO 27001: 2013 Information Security Management System.
2013	The Fengshan Station of Trust Speed Logistics (later renamed to “Kerry Pharma Logistics Co. Ltd.”) acquired the GDP certificate. The subsidiary, T.Join Transportation Co. Ltd., acquired the AEO (Authorized Economic Operators) certificate.

Year	Company History
2012	The head office was re-located to the Company's self-owned office in Taipei City to enhance the service quality in the Taipei Metro Area and have a better connection with international customers. With the resolution of shareholders' meeting, 51% of the shares were completely transferred to Kerry Logistics this year and the Company continued its re-organization project in China in order to integrate its resources. Received certification of the ISO 28000:2007 Supply Chain Security Management System and ISO 27001:2005 Information Security Management System.
2011	With the resolution of shareholders' meeting, the Company was re-named as "Kerry TJ Logistics Company Limited." Extended our business scope to include the professional pharmaceutical logistics by acquiring Trust Speed Logistics and re-named as "Kerry Pharma Logistics Company Limited." Established Kerry Cold Chain Equipment Company Limited (formally known as Kerrier Cold Chain Equipment) to be the agent for the US Carrier® transport refrigeration equipment, and has been in charge of the installation and maintenance of cold-chain storage and fleets for Kerry TJ Logistics, and dedicated to the sales and after-sales services of cold chain equipment.
2010	Invested and acquired Jianrong International Transportation Co. Ltd. (later renamed to T.Join Transportation Co. Ltd.) which was responsible for integrating transportation in the nighttime and container transportation business in the daytime.
2008	The management team of Kerry Logistics took over the business of the Company and re-structured the organization by conducting reelection of the directors, supervisors and chairman. The home delivery service was suspended in order to focus on the existing less-than-truck-load business.
2007	Won the Excellent Enterprise Innovation Award, categorized as the innovative service, of the 15th Industry Technology Development Awards, MOEA.
2003	The home delivery business was established and the Company was appraised as an outstanding logistics center by the MOEA again.
2002	Appraised as an outstanding logistics center by the MOEA.
2001	Investments were made continuously to establish subsidiaries in China, becoming one of the first companies in the logistics industry marching forward to the China market. Linkou International Logistics Center was established and the Automated Storage/Retrieval System (AS/RS) was developed and introduced in cooperation with Industrial Technology Research Institute (ITRI).
1999	The Internet-based cargo tracking system was fully launched.
1995	The Logistics Business Division obtained the ISO 9002 International Quality Certification.
1990	Stock listing was approved.
1960	Reorganized to T.Join Logistics Co. Ltd. and became a representative local transportation company in Taiwan.
1959	Establishment was approved by the Department of Commerce, MOEA.
1954	T.Join Transportation Firm was established in Wuqi, Taichung, in June.



Corporate Awards and Certification

Corporate Awards

In the following sequence:



Medal of Appreciation
2020 National Epidemic Prevention Team
Executive Yuan 08.2020



Certificate of Appreciation
Private Enterprise and Group Green
Procurement Plan
Department of Environmental Protection,
Taipei City Government 12.17.2020



Certificate of Appreciation
Dedicated to supporting and promoting
ecological logistics
Taoyuan City Government 12.03.2020



**Passed ISO 9001:2015
Quality Management System
certification**
Effective period of SGS certification:
03.30.2019–03.30.2022



**Passed ISO 28000:2007
Supply Chain Security Management
System certification**
Effective period of SGS certification:
09.24.2018–09.24.2021



**Passed ISO 27001:2013
Information Security Management
System combined certification**
Effective period of SGS certification:
09.25.2018–09.25.2021



Certificate of Appreciation
Donation of resources to the goods
bank in Kaohsiung City
Kaohsiung City Government
12.23.2020



Certificate of Appreciation
Provision of free professional logistics
services
Taoyuan General Hospital, MOHW
04.21.2020



Certificate of Appreciation
Support of 2020 Qilan Forest Road 100
Mountain Ultramarathon
Chinese Taipei Association of
Ultrarunners 09.19.2020



**Passed HACCP Codex Alimentarius
Hazard Analysis and Critical Control
Point certification**
Effective period of SGS certification:
12.01.2020–12.18.2021



**Passed ISO 22000:2018
Food Safety Management System
certification**
Effective period of SGS certification:
12.01.2020–12.18.2021



**Passed ISO 27001:2013
Information Security Management
System certification**
Effective period of SGS certification:
09.25.2018–09.25.2021

Corporate Social Responsibility

We Are in the Same Boat – 2020 National Epidemic Prevention Team

The whole world was in the shadow of COVID-19 in 2020. Many factories worldwide suspended their production; industries such as the tourism, aviation, catering, etc., were severely impacted as well as the economy in its entirety. However, the epidemic sped up the transformation of many industries and changed the consumer behavior and everyday lives.

At the outbreak of the epidemic, we were able to hold emergency response meetings to assess its impact and assure a healthy environment. Epidemic prevention stations were set up at various workplaces to take body temperature and provide alcohol disinfection. Plans were in place to enable remote work or in different areas, and large gatherings and physical conferences were cancelled and replaced by virtual ones, and masks were distributed to employees. Facing the epidemic, we adapted ourselves and learned from doing on an ongoing basis with a view to building a safe society and environment.

The excellent epidemic prevention measurements in Taiwan shaped a totally different reality from the rest of the world where people were experiencing a great calamity. Taiwan won international recognition with its outstanding epidemic prevention performance. Kerry TJ Logistics was very proud of being a member of the “2020 National Epidemic Prevention Team.” When the Ministry of Health and Welfare was in urgent need of transporting masks at the outbreak of the pandemic, we were able to dispatch vehicles and personnel to fully support the task, assisting the government with deliveries of more than 6 million pieces of masks. To protect our homeland and ensure overall stability, Kerry TJ Logistics spared no effort in connecting various industries and enterprises and building a steadfast network with all people in Taiwan against the pandemic.

Promotion of Workplace Safety and Protection of Employees’ Health

Constructing and maintaining a safe and healthy workplace is the top priority of the management team of the Company.

We continuously enhance occupational safety and implement plans favorable to the health of the employees. For example, we organized a series of occupational safety and health events in 2020 and, in line with the Occupational Safety Week promoted by the government to disseminate the importance of a healthy workplace. We also organized events for female employees of all depots to show our appreciation for them and our emphasis on gender equity and harmonious workplaces. Facing the emerging infectious disease, we followed the instructions of Central Epidemic Command Center and implemented relevant epidemic prevention measures by setting up quarantine stations at individual depot and intensively promoting the awareness of epidemic prevention and self-health management among the employees.

A smoke-free, drug-free and betel nut free workplace is our ultimate goal. We did so by inviting the professors from Taipei Medical University to give health lectures and shed light on health awareness and ways to overcome addictions. By providing annual physical examinations and arranging oral mucosa screening at local health centers, we assisted employees in the prevention of critical illness from early detection and timely treatment. For the employees with high health risk, we showed our care and support proactively, and followed up with their medical treatment status. The health manager provided professional assistance in a timely manner. In addition, for the employees who suffered from injury or illness, we implemented the selection of work, fitness for work and return to work measures to avoid occurrence of a second injury at the workplace.

In cooperation with the project by the Institute of Labor, Occupational Safety and Health, Ministry of Labor, we invited experts and scholars to conduct hazard analysis of ergonomics and musculoskeletal disorder through questionnaires, hands-on operation, observation, and evaluation. They assessed the ergonomic hazard risk to logistics operators and ascertained subsequent prevention and improvement measures. Emergency response exercises were in place on a regular basis to enhance the safety and protection of each depot. By disaster prevention drills, we were able to improve the emergency response, rescue, accident avoidance, and escape capabilities of the employees,

and achieve the three goals of protection – self-protection, mutual protection and custodial protection of occupational safety.

Management of Environmental Footprint and Improvement of Traffic Safety

COVID-19 changed our lives and brought more attention to the issue of sustainability. Reducing carbon emissions is the most effective approach to improve our environment. In 2020, we eliminated old vehicles and procured 120 new models in line with the Phase 5 of the environmental protection regulations in Taiwan. The control of vehicle emissions in Taiwan is as strict as that implemented in Europe to minimize the impact of vehicle usage on the environment, improve the air quality on an ongoing basis, and ensure sustainable development of the environment in Taiwan.

We supported the fleet self-management project implemented by the Department of Environmental Protection of each county/ city government and reduced the exhaust of vehicles proactively to achieve the goals of emission and air pollution reduction. For this, we won the environment-friendly fleet medal issued by HsinChu County Environment Protection Bureau. We participated in the Project of Low Carbon and Noise Transfer Hub in the Old Daxi Town planned by Taoyuan City Government to promote low carbon and sustainable ecological logistics and restore the green, low-noise, human-based traffic and living environment of the town.

We supported the government’s effort to reduce traffic accidents by participating in the “Promotion of Vision-based Driver Assistance Systems of Large Vehicles.” Almost 3,000 vehicles of the Company have installed the system to broaden the visual field of the driver on both sides and to the rear in order to reduce blind spots. Safe driving instructions were read out during the daily morning rally. Vehicle inspection and Grade 1 maintenance were conducted once every week. A defensive driving exercise was carried out each time before the driver was dispatched. With the aid of the system and training of employees, the safety of both the driver and the passengers was improved effectively and traffic accidents were reduced.

Green Procurement and Implementation of Supplier’s Commitments to Corporate Social Responsibility

We were praised by the Department of Environmental Protection, Taipei City Government, for outstanding performance in the “Private Enterprise and Group Green Procurement.” This award is praising high performance entities in the private sector whose annual declaration amount of green procurement reaches NT\$ 5 million or more. With the ongoing green procurement, we operated in line with the policies of the government to jointly create a society with both environmental protection and prosperous economic development to realize the social vision of livability and sustainability.

We have established strict supplier selection and management mechanisms. Before cooperation with new suppliers, we conduct pre-examination of their qualification to ensure compliance with our standards and supplier regulations. We regularly review the performance of the suppliers in terms of quality, environmental management and occupational safety. The suppliers who do not meet the requirements or make correction within a specific time frame would not be one of our qualified suppliers. A total of 184 suppliers passed our supplier management and evaluation criteria in 2020 to ensure that all the parties comply with relevant laws and regulations, keep themselves honest and credible, value human rights, protect the environment, maintain and participate in public welfare activities, are dedicated to providing suitable labor conditions, and implement corporate social responsibilities.

Setup of Energy Saving Logistics Facilities and Reduction of GHG Emissions

Kerry TJ Logistics places much importance on the saving of energy and reduction of GHG emissions. For instance, Linkou Logistics Center has participated in the energy saving performance and warranty project of the Bureau of Energy, MOEA, since 2014. It eliminates the on-site low-temperature automated storage freezing units that consumed more energy and replaced all the lighting fixtures with LED lamps to ensure full energy saving and carbon reduction effects. Linkou Logistics Center has had outstanding energy saving performance every

year up to now, showing a measured and proven saving of 630,209 kWh in 2020 with an energy saving rate of 51.34%.

Solar panels were installed at some logistics centers and depots of the Company. They generated about 6,828,000 kW of electricity and reduced about 6,800 kg of carbon emission annually. In addition to setting up environment-friendly solar panels on the roof, lightweight designs are applied to the building of new depots currently under construction and planning. Less use of reinforced concrete can reduce the CO2 emission during the building construction and is favorable for the depots to meet the requirements of green and smart building certificates.

Cultivation of Talents and Promotion of Digital Learning Platforms

Ongoing growth of a corporation depends on the involvement and outstanding performance of the work-team, and thus cultivation of talents is very important. The induction training we provide for new employees covers occupational safety and health, operation principle of the Company, organizational culture and work instructions with a view to enhancing the sense of belonging of new employees to the organization. To cultivate outstanding talents, we provide the employees with a variety of career options and organize regular managerial training classes. We select outstanding employees with development potential from these classes and help them become professional business operating and managerial talents through a series of training courses. A total of 38 outstanding employees were selected for the managerial training classes in 2020.

Emerging legal issues have become more complicated as information technology has developed rapidly. Hence, providing employees with relevant educational training on legal issues has become one of the most indispensable topics in the training program. We have planned a series of general digital courses on legal knowledge and provided courses separately for different legal issues. Actual case studies were introduced in these courses for better understanding and to enhance legal awareness.

Intercity Cooperation for Support of Disadvantaged Minorities and Protection of Children Suffering Burns and Scalds with Love

To effectively take care of disadvantaged families in remote areas and those needing help, we continuously participated in the food (goods) bank projects of different city/county governments and provided resources for those families in need, helping the disadvantaged out of our unchanging intention of kindness, full cooperation, environmental protection and saving, and sustainable development. The track records of free support, distributions, and donations in 2020 are described below:

- A total of 26,345 cartons of goods and materials with loving care provided by the Social Affairs Bureau, Taichung City Government, were transported and distributed to 1,473 receiving stations including food banks of Taichung City, community care centers, tutorial units, shared dining centers for seniors, shared dining centers for indigenous people, children and youth care units, homeless care units, and private food banks.
- Storage spaces were provided 11 times for temporary storage of goods and materials under the “Happy Store – Goods Bank” project of Changhua County Government. 2,037 cartons of these goods and materials were distributed.
- A total of 4,903 cartons of goods and materials were distributed for the Social Affairs Bureau of Kaohsiung City Government. 32,569 persons were served and a total of 12,658 families received these goods and materials.
- 1,338 cartons of goods and materials were distributed under the loving care and food bank project of the Red Cross Society of Taichung City.
- 505 cartons of goods and materials were distributed under the “Loving Care Goods Transfer Station” project of the United Way of Taiwan to help the children and youths of disadvantaged families live a stable life.

- To show our appreciation for the frontline anti-epidemic medical personnel, we distributed 202 cartons of better functional UNIQLO clothing provided by Fast Retailing Co. Ltd. to Taoyuan General Hospital, Ministry of Health and Welfare, and Kaohsiung Veterans General Hospital. The distribution was free of charge.

- 419 cartons of social welfare goods and materials were distributed under the “Protection of Children Suffering Burns and Scalds with Love” project of the Sun Social Welfare Foundation, in the hope to arouse the empathy of people to the children suffering burns, scalds and facial disfigurements, to support their psychological rehabilitation with funds, and accompany them to grow up happily.

- We have supported the Chinese Taipei Association of Ultrarunners for many years and helped in the organization of marathon events subject to the anti-epidemic regulations to encourage people to exercise and live a healthy life. In 2020, we sponsored 7 competition events and distributed 2,560 cartons of goods and materials for the contestants in the hope of promoting participation in sports activities and improving the quality of life.



- We fully supported the global anti-epidemic actions and donated NT\$ 300,000 to the Charity Foundation under Taoyuan Enterprise Chamber for purchase of 1,288 protective isolation gowns for the frontline anti-epidemic personnel in other countries.

- We joined the charity program organized by the Agriculture Bureau, Tainan City Government, to support orchardists and purchase 3,500 cartons of Irwin Mango, pitaya and Sunrise Orange produced locally in Tainan to show our care for small farmers and also making contributions to the employees.



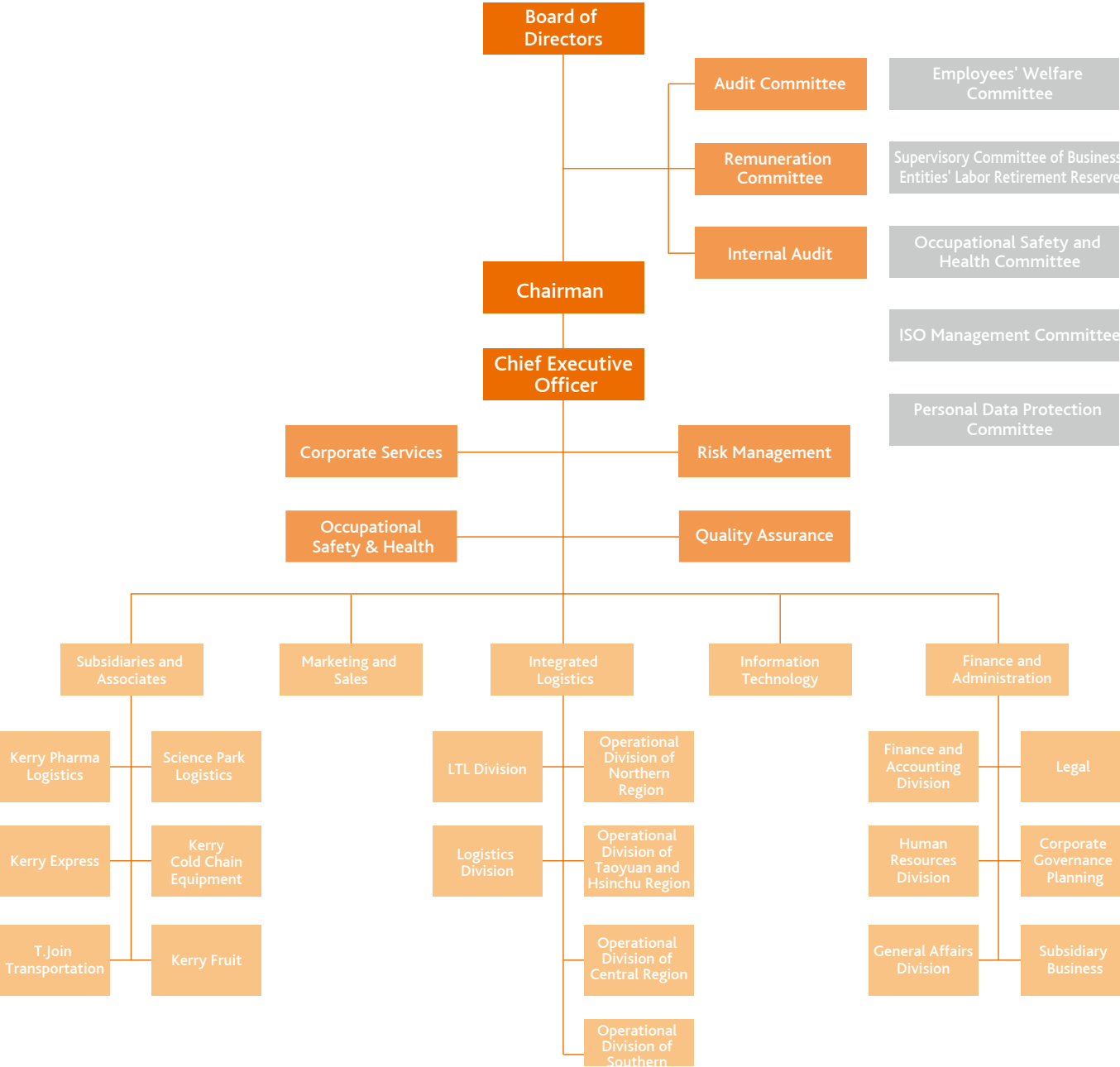
- We supported and took care of disadvantaged minorities and were concerned about epidemic prevention. When visiting the Yongfeng Branch of Pade Education Institution for People with Disabilities, we donated 11 cartons of living materials and 1 carton of anti-epidemic masks.

With our unchanging belief that whatever we take from the society, we will and shall use for the advantages of the society, we help people in need and integrate the resources of the Group to provide disadvantaged minorities with assistance in the event of natural disasters and other emergency situations. By doing so, we thoroughly implement social care, bring goodness and positive awareness, and create values that are beneficial to the society.

Corporate Governance Report

Organization

Corporate Governance Structure



Divisions and Functions

Division	Main Function
Internal Audit	Inspection and review of the internal control system to ensure compliance with the Corporate's policies and procedures as well as with external regulations.
Corporate Services	Builds up the corporate image and brand identity. Handling with the public relations activities and supporting the management team.
Occupational Safety & Health	Establishes rules and regulations regarding occupational safety and health management plan and providing instructions to relevant divisions for implementation.
Quality Assurance	Establishes quality monitoring systems and formulating internal and external quality management KPIs.
Risk Management	Ensures that possible risks within the scope of job duties including employees, trucks and cargos can be managed and prevented.
Subsidiaries and Associates	Coordinating the operations of subsidiaries.
Marketing and Sales	Responsible for planning the Corporate's maketing strategies. To maintain customer relationship by fulfilling the customers' demand with better services.
Integrated Logistics	Responsible for planning the Corporate's operational strategies, integrating operational resources to achieve the Company's long-term development.
LTL Division	The division administers all the operation offices in Taiwan and is responsible for the planning of overall strategies, including market analysis, KPI establishment, performance reviw and the application of innovative equipments.
Logistics Division	The division administers our ambient temperature and low temperature warehouses, low temperature LTL and whole truck transport services in Taiwan and is responsible for the planning of overall strategies, including market analysis, KPI establishment, performance review and the application of innovative equipments.
Operational Divisions of Northern Region/ Taoyuan and Hsinchu Region/ Central Region/ Southern Region	Integration of the Corporate's resources to formulate business strategies, to expand our market through innovative servcies and continuous peformance review in each region.
Information Technology	Responsible for the planning, development, operation and maintenance of the Corporate's (including affiliates) technology and business IT systems.
Finance and Administration	Coordinates strategies and integrate resources related to the Corporate's finance, human resources, general affair, and legal divisions.
Finance and Accounting Division	Responsible for the Corporate's financial planning and execution, financial risk management as well as formulation, revision, and implementation of financial procedures.
Human Resources Division	Establishes human resources policies regarding employees' performance appraisal, organizational development and personnel development.
General Affairs Division	Establishes procurement policies and strategies to improve procurement efficiency and reduces cost. To ensure the assets of the Corporate has been utilized effectively.
Legal	Provides legal advice for the Corporate, and updates relevant legal documents in compliance with the government's regulation. Provides counseling on matters relating to the revision of the articles of incorporation.
Corporate Governance Planning	Organizes Board Meetings and Shareholders' Meetings in accordance with the law and handle the relevant affairs of functional committee meetings, maintain the relationship with investors and implementation of corporate governance evaluations.
Subsidiary Business	Dealing with the financial affairs related to subsidiaries.

Directors, General Managers, Deputy General Managers, Senior Assistant General Managers and Management Team

Board of Directors

Directors																	Apr 17, 2021
Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected ⁽¹⁾	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Remark(s) (Note) ⁽²⁾
							Shares	%	Shares	%	Shares	%	Shares	%			
Director	R.O.C.	Da Ji International Limited	-	2019.06.27	3	2007.06.15	27,972,000	5.99%	27,972,000	5.99%	-	-	-	-	-	-	
Chairman	R.O.C.	Representative: Shen, Chung-Kui ⁽³⁾	Male	2019.06.27	3	2008.11.27	-	-	-	-	-	-	-	-	Chairman of Kerry TJ Logistics Co., Ltd. Chairman of United Terminals Ltd., a subsidiary of Jardine Matheson Holdings Regional Operations Manager in Taiwan for U.S. Lines Inc. Bachelor's Degree, Navigation Management Dept., National Taiwan Ocean University Completed Dale Carnegie Course Training in San Francisco, USA Completed General Management Program at Ashridge College in London, UK Completed first-term graduate program in shipping management of the China Maritime Institute	Chairman and CEO of Kerry TJ Logistics Co., Ltd. Director, Representative of subsidiaries Director of investee companies	
Director	Hong Kong	Representative: Cheng, Chi-Wai	Male	2019.06.27	3	2016.06.27	-	-	-	-	-	-	-	-	CFO of Kerry Logistics Network Limited Executive MBA, The Chinese University of Hong Kong Bachelor of Accountancy, The Hong Kong Polytechnic University	Director of related companies	
Director	Hong Kong	Representative: Hung, Wai-Shing	Male	2019.06.27	3	2010.06.17	-	-	-	-	-	-	-	-	Regional Finance Director of Kerry Logistics Network Limited Bachelor of Arts, The City University of Hong Kong	Director of subsidiaries	
Director	R.O.C.	Representative: Juan, Hui-Wen	Female	2019.06.027	3	2014.08.13	-	-	-	-	-	-	-	-	General Manager in Financial and Administration of Kerry TJ Logistics Co., Ltd. Master of Business Administration, National Taiwan University of Science and Technology Bachelor of Accountancy, Soochow University	General Manager in Finance and Administration of Kerry TJ Logistics Co., Ltd. Director and Supervisor of subsidiaries Supervisor of investee companies	
Director	R.O.C.	Hsinchu Transportation Co., Ltd.	-	2019.06.27	3	2007.06.15	9,471,271	2.03%	9,471,271	2.03%	-	-	-	-	-	-	
Director	R.O.C.	Representative: Hsieh, Wen-Chien	Female	2019.06.27	3	2008.11.27	-	-	-	-	-	-	-	-	Director of Taiwan Private Equity Association Honorary Attorney, Small and Medium Enterprise Administration, MoEA MBA, Graduate Institute of Finance, National Taiwan University	Senior Partner of Dentons Taiwan	
Director	R.O.C.	Chen, Tse-Tsung	Male	2019.06.27	3	1999.06.25	5,188,028	1.11%	5,168,028	1.11%	1,202,353	0.26%	-	-	Supervisor, Home Delivery Logistics Office of Kerry TJ Logistics Co., Ltd. BA in Political Science, Chinese Culture University	Executive Director of Wholeful Co., Ltd.	

Directors

Apr 17, 2021

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected ⁽¹⁾	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Remark(s) (Note) ⁽²⁾
							Shares	%	Shares	%	Shares	%	Shares	%			
Independent Director	R.O.C.	Kuo, Tsung-Hsiung	Male	2019.06.27	3	2016.06.27	-	-	-	-	-	-	-	-	Secretary-General of Electric-Electronic & Environmental Technology Development Association Team Leader of Industrial Development Bureau, MoEA Master of Law Research, Ming Chuan University	Vice President of Taiwan Land Development Group General Manager of Taiwan Commerce Development Co. Director of Spark Technologies Inc.	
Independent Director	R.O.C.	Liu, Zou-Hsin	Male	2019.06.27	3	2016.06.27	-	-	-	-	-	-	-	-	Head, Project Development (Taiwan), Conergy Asia, Macquarie Capital Group Country Head of Vena Energy President of Motech Energy System Co., Ltd. Executive Director, KHL Capital Co., Ltd. MBA, Finance and Financial Management, Haas School of Business, UC Berkeley	General Manager of Lu Tai Energy Investment Limited	
Independent Director	R.O.C.	Lee, Ying-Chu	Male	2019.06.27	3	2019.06.27	-	-	-	-	-	-	-	-	Senior Director of Shihlin Electric and Engineering Corporation Supervisor of The Ambassador Hotel Co., Ltd. Master of Finance, Fu Jen Catholic University	Senior Director of Shihlin Electric and Engineering Corporation Vice President of HCT Logistics Co., Ltd.	

Note:

(1) Except director HCT Logistics Co., Ltd., was the director or the supervisory of the Company on 2007.06.15 to 2013.06.20, and re-elected the director on 2019.06.27.

(2) The directors have no spouse or second kin relationship with other directors or executive.

(3) Shen, Chung-Kui is the Chairman of the Board of Directors and the CEO at the same time in response of the Company operational need. More than half of the directors of the Company have not been employees or managers at the same time.

(I) Major Shareholders of the Institutional Shareholders

Apr 17, 2021

Name of Institutional Shareholders	Major Shareholders	%
Da Ji International Limited.	Kerry Logistics Holdings (Taiwan) Limited	100.00%
Hsinchu Transportation Co., Ltd.	HCT Logistics Co., Ltd.	96.5%

Major shareholders of the Company’s major institutional shareholders

Apr 17, 2021

Name of Institutional Shareholders	Major Shareholders	%
Kerry Logistics Holdings (Taiwan) Limited	Kerry Logistics (Taiwan) Investments Limited	66.00%
HCT Logistics Co., Ltd.	Yeang Der Investment Co., Ltd.	39.94%
	Ruei-Jun Development and Investment Co., Ltd.	8.00%
	Ruei-Yao Investment Limited	6.18%
	Future Vision Management Limited, BVI	5.78%
	Memorial Foundation of Mr. Ching-The Hsu	5.77%
	Hsu, Shu-Wan	2.02%
	Shihlin Electric and Engineering Corporation	1.91%
	Cheng, Yu-Chuan	1.73%
	Employees’ Welfare Committee of HCT Logistics Co., Ltd.	1.71%
	Chu-Da Co., Ltd.	1.29%

Note:

(1) According to Chapter VI-I Affiliated Enterprises of the Company Act, Kerry Logistics (Taiwan) Investments Limited has the substantial controls over the management of the personnel, financial or business operation of the Company.

(II) Professional Qualifications and Independence Analysis of Directors and Supervisors

Apr 17, 2021

Criteria	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria ⁽¹⁾												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	i	ii	iii	iv	v	vi	vii	viii	ix	x	xi	xii	
Name																
Shen, Chung-Kui	-	-	✓	-	-	✓	-	-	-	-	✓	✓	✓	✓	✓	-
Cheng, Chi-Wai	-	-	✓	-	-	✓	-	-	-	✓	✓	✓	✓	✓	✓	-
Juan, Hui-Wen	-	-	✓	-	-	✓	-	-	-	-	✓	✓	✓	✓	✓	-
Hung, Wai-Shing	-	-	✓	-	-	✓	-	-	-	✓	✓	✓	✓	✓	✓	-
Hsieh, Wen-Chien	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Chen, Tse-Tsung	-	-	✓	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Liu, Zou-Hsin	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Kuo, Tsung-Hsiung	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Lee, Ying-Chu	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

Note:

- (1) 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.
- (i) Not an employee of the company or any of its affiliates.
 - (ii) Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
 - (iii) 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’ name, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
 - (iv) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph (i) or any of the persons in the preceding two subparagraphs.
 - (v) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
 - (vi) If most of the company’s directors seat or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
 - (vii) If the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
 - (viii) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20% or more and no more than 50% of the total number of issued shares of the public company.
 - (ix) Not a professional individual, owner, partner, director, supervisor, officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
 - (x) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
 - (xi) Not a person of any conditions defined in Article 30 of the Company Act.
 - (xii) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

Management Team

2021/4/17

Title	Name	Nationality	Gender	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Date Effective	Experience (Education)	Other Position	Remark(s) (Note) ⁽¹⁾
				Shares	%	Shares	%	Shares	%				
CEO	Shen, Chung-Kui ⁽²⁾	R.O.C.	Male	-	-	-	-	-	-	2018.01.01	Chairman of Kerry TJ Logistics Co., Ltd. Chairman of United Terminals Ltd., a subsidiary of Jardine Matheson Holdings Regional Operations Manager in Taiwan for U.S. Lines Inc. Bachelor's Degree, Navigation Management Dept., National Taiwan Ocean University Completed Dale Carnegie Course Training in San Francisco, USA Completed General Management Program at Ashridge College in London, UK Completed first-term graduate program in shipping management of the China Maritime Institute	Representative of subsidiaries Director of investee companies	
Finance and Administration General Manager	Juan, Hui-Wen	R.O.C.	Female	-	-	-	-	-	-	2014.09.01	General Manager in Financial and Administration of Kerry TJ Logistics Co., Ltd. Master of Business Administration, National Taiwan University of Science and Technology	Director, Supervisor of subsidiaries Supervisor of investee companies	
Subsidiaries and Associates General Manager	Wang, Ju-Peng	R.O.C.	Male	2,664,028	0.57%	578,417	0.12%	-	-	2019.08.14	General Manager of Kerry Pharma Logistics Co., Ltd. Master of Informantion Management, Da-Yeh Univeristy	Director of subsidiaries	
Corporate Services International Logistics and Supply Chain General Manager	Cheng, Hao-Tung	R.O.C.	Male	-	-	-	-	-	-	2020.07.01	General Manager of Kerry Freight International Co., Ltd. Department of Computer Science, University of Hong Kong	None	
Corporate Services Strategize General Manager	Huang, Yu-Tsung	R.O.C.	Male	-	-	-	-	-	-	2019.05.01	Deputy General Manager of Kerry TJ Logistics Co., LTd. Operational Aministration PhD of Busines Administration, National Central University	None	
Integrated Logistics General Manager	Chang, Kuo-Tien	R.O.C.	Male	11,000	-	31	-	-	-	2019.08.14	General Manager of Kerry TJ Logistics Main Operation Dept. Department of International Trade, National Chang-Hua Senior School of Commerce	Director of subsidiaries	
Integrated Logistics Deputy General Manager	Teng, De-Chang ⁽³⁾	R.O.C.	Male	-	-	-	-	-	-	2020.02.03	General Manager of Kerry TJ Logistics Co., Ltd. Operational Division of Northern Region Department of Food Processing, Deh-Yu College of Nursing and Management	None	
Operational Division of Northern Region Regional General Manager	Huang, Chen-Yang	R.O.C.	Male	-	-	-	-	-	-	2020.05.01	Assistant Manager of T.Join Transportation Co., Ltd. Electrical Engineering, Chung Chou University of Science and Technology	None	
Operational Division of Taoyuan and Hsinchu Region Regional General Manager	Liao, Wen-Chang	R.O.C.	Male	1,921	-	5,075	-	-	-	2019.10.01	General Manager of Kerry Express Co., Ltd. Department of Electronics, National Keelung Commercial & Industrial Vocational Senior High School	None	
Operational Division of Central Region Regional General Manager	Jiang, Guo-Xi	R.O.C.	Male	-	-	-	-	-	-	2019.07.01	Director of Kerry TJ Logistics Co., Ltd. Route Division Department of Mechanical Engineering, United Industry Technical College	None	
Operational Division of Southern Region Regional General Manager	Lin, Chien-Liang	R.O.C.	Male	-	-	-	-	-	-	2019.09.04	Manager of Kerry TJ Logistics Co., Ltd. Operational Division of Southern Region Bachelor of Marketing and Distribution Management, Kao Yuan University	None	
Information Technology General Manager	Wu, Yu-Hsiang	R.O.C.	Male	-	-	-	-	-	-	2019.12.02	Senior Manager of Kerry TJ Logistics Co., Ltd. Information Division Bachelor of Information Management, Shih Chien University	None	
Marketing and Sales General Manager	Chen, Chun-Yi	R.O.C.	Female	-	-	-	-	-	-	2019.10.28	Master of Integrated Marketing Communications, Northwestern University	None	
General Affairs Division Senior Assistant General Manager	Hu, Ming-Chang	R.O.C.	Male	-	-	-	-	-	-	2018.01.01	Dirctor of Kerry TJ Logistics Co., Ltd. Planning Division Bachelor of Transportation Management, Tamkang University	Director of subsidiaries	
Human Resources Division Assistant General Manager	Hsu, Yao-Jen	R.O.C.	Male	-	-	-	-	-	-	2016.10.01	Manager of Kerry TJ Logistics Co., Ltd. Human Resources Division Master of Human Resource Development, National Kaoshiung University of Science and Technology	None	
Logistics Division Assistant General Manager	Lin, Shu-Fen	R.O.C.	Female	-	-	-	-	-	-	2020.12.01	Head of Kerry TJ Miaoli Depot Master of Business Administration, Tunghai University	None	

Note:
(1) The company's general manager, Deputy general manager, Senior Assistant General Manager, heads of departments are not spouses or relatives within second or third degree of kinship.
(2) Due to the company's operational needs, Chairman Shen, Chung-Kui, concurrently serves as the company's chief executive officer. Mr. Shen will discuss with General Managers when making managerial decisions.
(3) The deputy general manager Teng, De-Chang was also incharged of the business of the LTL Division.

Remuneration of Directors, Independent Directors, General Manager and Deputy General Manager

Remuneration of Directors and Independent Directors

Unit: NT\$ thousands

		Remuneration										Relevant Remuneration Received by Directors Who are Also Employees		Relevant Remuneration Received by Directors Who are Also Employees										Remuneration from ventures other than subsidiaries or from the parent company		
										Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Salary, Bonuses, and Allowances(E)						The Number of Share Subscribable through Employee Stock Warrants (H)		The Number of New Restricted Employee Shares Obtained (I)		Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)				
		Base Compensation(A)		Severance Pay(B)		Directors Compensation(C)		Allowances(D)						Severance Pay (F)		Employee Compensation (G)										
Title	Name	All companies in the consolidated The financial company statements	Companies in the consolidated The financial company satements	Companies in the consolidated The financial company satements	Companies in the consolidated The financial company satements	Companies in the consolidated The financial company satements	Companies in the consolidated The financial company satements	Companies in the consolidated The financial company satements	Companies in the consolidated The financial company satements	Companies in the consolidated The financial company statements	Companies in the consolidated The financial company statements	Companies in the consolidated The financial company statements	Companies in the consolidated The financial company statements	The company	Companies in the consolidated financial statements	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	
Director	Da Ji International Limited																									
Chairman	Da Ji International Limited Representative: Shen, Chung-Kui																									
Director	Da Ji International Limited Representative: Cheng, Chi-Wai																									
Director	Da Ji International Limited Representative: Juan, Hui-Wen																									
Director	Da Ji International Limited Representative: Hung, Wai-Shing	1,800	1,800	0	0	18,487	18,487	1,350	1,610	1.44%	1.46%	20,496	20,496	108	108	25	-	25	-	-	-	-	-	-		
Director	Hsinchu Transportation Co., Ltd.																									
Director	Hsinchu Transportation Co., Ltd. Representative: Hsieh, Wen-Chien																									
Director	Chen, Tse-Tsung																									
Indendent Director	Kuo, Tsung-Hsiung																									
Indendent Director	Liu, Zou-Hsin																									
Indendent Director	Lee, Ying-Chu																									

Note:
(1) Proposed distribution of employees’ compensation and remuneration of directors are refer to profit before tax without deducting employees’ compensation and remuneration of directors in 2020, in accordance with the Articles of Incorporation.

Range of Remuneration

Name of Directors			Name of Directors		
Total of (A+B+C+D)			Total of (A+B+C+D+E+F+G)		
Range of Remuneration	The company	Companies in the consolidated financial statements	Range of Remuneration	The company	Companies in the consolidated financial statements (I)
Less than NT\$2,000,000	Shen, Chung-Kui / Juan, Hui-Wen / Chen, Tse-Tsung / Hsinchu Transportation Co., Ltd. / Lee, Ying-Chu / Kuo, Tsung-Hsiung / Liu, Zou-Hsin / Hung, Wai-Shing / Cheng, Chi-Wai / Hsieh, Wen-Chien	Shen, Chung-Kui / Juan, Hui-Wen / Chen, Tse-Tsung / Hsinchu Transportation Co., Ltd. / Lee, Ying-Chu / Kuo, Tsung-Hsiung / Liu, Zou-Hsin / Hung, Wai-Shing / Cheng, Chi-Wai / Hsieh, Wen-Chien	Less than NT\$2,000,000	Hsinchu Transportation Co., Ltd. / Lee, Ying-Chu / Kuo, Tsung-Hsiung / Liu, Zou-Hsin / Hung, Wai-Shing / Cheng, Chi-Wai / Hsieh, Wen-Chien	Hsinchu Transportation Co., Ltd. / Lee, Ying-Chu / Kuo, Tsung-Hsiung / Liu, Zou-Hsin / Hung, Wai-Shing / Cheng, Chi-Wai / Hsieh, Wen-Chien
NT\$2,000,000 ~ NT\$4,999,999	-	-	NT\$2,000,000 ~ NT\$4,999,999	Chen, Tse-Tsung	Chen, Tse-Tsung
NT\$5,000,000 ~ NT\$9,999,999	-	-	NT\$5,000,000 ~ NT\$9,999,999	Juan, Hui-Wen	Juan, Hui-Wen
NT\$10,000,000 ~ NT\$14,999,999	Da Ji International Limited	Da Ji International Limited	NT\$10,000,000 ~ NT\$14,999,999	Da Ji International Limited / Shen, Chung-Kui	Da Ji International Limited / Shen, Chung-Kui
NT\$15,000,000 ~ NT\$29,999,999	-	-	NT\$15,000,000 ~ NT\$29,999,999	-	-
NT\$30,000,000 ~ NT\$49,999,999	-	-	NT\$30,000,000 ~ NT\$49,999,999	-	-
NT\$50,000,000 ~ NT\$99,999,999	-	-	NT\$50,000,000 ~ NT\$99,999,999	-	-
Greater than or equal to NT\$100,000,000	-	-	Greater than or equal to NT\$100,000,000	-	-
Total	11	11	Total	11	11

Remuneration of the General Managers and Deputy General Managers

Unit: NTD\$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances(C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		The Number of Share Subscribable through Employee Stock Warrants			Remuneration from ventures other than subsidiaries or from the parent company
		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	The company	Companies in the consolidated financial statements		
			Cash		Stock		Cash	Stock	Cash	Stock							
CEO	Shen, Chung-Kui																
Integrated Logistics General Manager	Chang, Kuo-Tien																
Finance and Administration General Manager	Juan, Hui-Wen																
Subsidiaries and Associates General Manager	Wang, Ju-Peng																
Corporate Services General Manager	Cheng, Hao-Tung																
Corporate Services General Manager	Huang, Yu-Tsung																
Marketing and Sales General Manager	Chen, Chun-Yi																
Information Technology General Manager	Wu, Yu-Hsiang																
Integrated Logistics Deputy General Manager	Teng, De-Chang ⁽²⁾	38,385	38,385	1,657	1,657	24,078	24,258	236	-	236	-	4.30%	4.31%	-	-	-	-
Operational Division of Northern Region Regional General Manager	Huang, Chen-Yang																
Operational Division of Taoyuan and Hsinchu Region Regional General Manager	Liao, Wen-Chang																
Operational Division of Central Region Regional General Manager	Jiang, Guo-Xi																
Operational Division of Southern Region Regional General Manager	Lin, Chien-Liang																
Integrated Logistics Deputy General Manager	Chang, Feng-Liang ⁽²⁾																

Note:
(1) Proposed distribution of employees’ compensation and remuneration of directors are refer to profit before tax without deducting employees’ compensation and remuneration of directors in 2020, in accordance with the Articles of Incorporation.
(2) Integrated Logistics Deputy General Manager Chang, Feng-Liang has retired on 3/1/2020, Deputy General Manager Teng, De-Chang has assumed post on 2/3/2020.

Range of Remuneration

Range of Remuneration	Name of General Manager and Deputy General Manager	
	The company	Companies in the consolidated financial statements
Less than NT\$2,000,000	Huang, Chen-Yang / Chang, Feng-Liang / Cheng, Hao-Tung	Huang, Chen-Yang / Chang, Feng-Liang / Cheng, Hao-Tung
NT\$2,000,000 ~ NT\$4,999,999	Teng, De-Chang / Liao, Wen-Chang / Wu, Yu-Hsiang / Huang, Yu-Tsung / Jiang, Guo-Xi / Lin, Chien-Liang / Chen, Chun-Yi	Teng, De-Chang / Liao, Wen-Chang / Wu, Yu-Hsiang / Huang, Yu-Tsung / Jiang, Guo-Xi / Lin, Chien-Liang / Chen, Chun-Yi
NT\$5,000,000 ~ NT\$9,999,999	Chang, Kuo-Tien / Juan, Hui-Wen / Wang, Ju-Peng	Chang, Kuo-Tien / Juan, Hui-Wen / Wang, Ju-Peng
NT\$10,000,000 ~ NT\$14,999,999	Shen, Chung-Kui	Shen, Chung-Kui
NT\$15,000,000 ~ NT\$29,999,999	-	-
NT\$30,000,000 ~ NT\$49,999,999	-	-
NT\$50,000,000 ~ NT\$99,999,999	-	-
Greater than or equal to NT\$100,000,000	-	-
Total	14	14

Name and distribution of managers who distribute employee compensation

Unit: NTD\$ thousand						
	Title	Name	Employee	Employee	Total	Ratio of Total Amount to Net Income (%)
			Compensation in Stock	Compensation in Cash		
Managers	CEO	Shen, Chung-Kui				
	Integrated Logistics General Manager	Chang, Kuo-Tien				
	Finance and Administration General Manager	Juan, Hui-Wen				
	Subsidiaries and Associates General Manager	Wang, Ju-Peng				
	Corporate Services General Manager	Cheng, Hao-Tung				
	Corporate Services General Manager	Huang, Yu-Tsung				
	Marketing and Sales General Manager	Chen, Chun-Yi				
	Information Technology General Manager	Wu, Yu-Hsiang				
	Integrated Logistics Deputy General Manager	Teng, De-Chang ⁽²⁾	0	236	236	0.02%
	Operational Division of Northern Region Regional General Manager	Huang, Chen-Yang				
	Operational Division of Taoyuan and Hsinchu Region Regional General Manager	Liao, Wen-Chang				
	Operational Division of Central Region Regional General Manager	Jiang, Guo-Xi				
	Operational Division of Southern Region Regional General Manager	Lin, Chien-Liang				
	Finance and Accounting Dept. of Finance Division Senior Manager	Chen, Ya-Li				
	Integrated Logistics Deputy General Manager	Chang, Feng-Liang ⁽²⁾				

Note:

(1) Proposed distribution of employees’ compensation and remuneration of directors are refer to profit before tax without deducting employees’ compensation and remuneration of directors in 2020, in accordance with the Articles of Incorporation.

(2) Integrated Logistics Deputy General Manager Chang, Feng-Liang has retired on 3/1/2020, Deputy General Manager Teng, De-Chang has assumed post on 2/3/2020.

Comparison and analysis of the ratio of all the compensation paid to the directors, General Managers, and Deputy General Managers by the Company and all the companies in the consolidated statements of the last two years to the after-tax profit in the separate or individual financial statements; description of the relevance of the policy, standard and portfolio for payment of compensation and compensation determination procedure to business performance and future risks.

I. Ratio of Compensation to After-tax Profit

	2020		2019	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Directors	2.82%	2.84%	2.84%	3.30%
General Manager and Deputy General Manager	4.30%	4.31%	2.85%	2.85%

II. Policy, Standard and Portfolio for Payment of Compensation, and Compensation Determination Procedure

- (1) The percentage or range of employee and director compensation specified in the Company’s Articles of Incorporation:
According to the Articles of Incorporation, annual profits concluded by the Company shall be subject to employee compensation of no less than 1% and director compensation of no more than 3%. However, the profits shall be first retained for any cumulative losses. The Remuneration Committee prepared and submitted a suggestion proposal with respect to the percentage of employee and director compensation to the Board of Directors for resolution and then reported the same to a shareholders’ meeting in accordance with the regulations.
- (2) The Remuneration Committee prepared a suggestion proposal with respect to transportation allowance for directors based on peer-level payment and submitted the same to the Board of Directors for resolution.
- (3) The Remuneration Committee prepared a suggestion proposal for the compensation to the General Manager and Deputy General Manager according to the regulations regarding payment of compensation and submitted the same to the Board of Directors for resolution.

III. Relevance to Business Performance and Future Risks

- (1) The compensation of directors has taken full account of the Company’s annual business objectives, financial status and the duties of directors.
- (2) The bonuses and remuneration of managers have taken full account of their professional competency, the Company’s annual business performance and financial status.

Corporate Governance Operations

Information on the Board of Directors’ Operations

There were 5 (A) board meetings held in the last year up to December 31, 2020. The directors attendance status was shown as follows, and the average attendance rate of the directors is 93.33%:

Title	Name	Attendance in Person (B)	Attendance by Proxy	In-person Attendance Rate (%) (B/A)(1)	Remark
Chairman	Representative of Da Ji International Limited Shen, Chung-Kui	5	-	100%	
Director	Representative of Da Ji International Limited Cheng, Chi-Wai	5	-	100%	
Director	Representative of Da Ji International Limited Hung, Wai-Shing	4	1	80%	
Director	Representative of Da Ji International Limited Juan, Hui-Wen	5	-	100%	
Director	Representative of Hsinchu Transportation Co., Ltd. Hsieh, Wen-Chien	5	-	100%	
Director	Chen, Tse-Tsung	3	2	60%	
Independent Director	Kuo, Tsung-Hsiung	5	-	100%	
Independent Director	Liu, Zou-Hsin	5	-	100%	
Independent Director	Lee, Ying-Chu	5	-	100%	

Other Notes:

1. The items listed in Article 14-3 of the Securities and Exchange Act and other resolutions with records or written statement, to which any objection or reservation was expressed by independent directors at board meetings shall specify the meeting date, session, proposal contents, opinions from all the independent directors, and the Company’s handling of the said opinions:
(1) Items listed in Article 14-3 of the Securities and Exchange Act: None.
(2) In addition to the item mentioned above, other resolutions with records or written statement to which any objection or reservation was expressed by independent directors at board meetings: None.
2. In the event of directors’ recusal due to any proposals involving their interests, the director’s name, contents of the proposals, causes of the recusal, and participation in the voting process shall be clearly stated.
(1) Board meeting on June 19, 2020: The representatives and directors of Da Ji International Limited, Shen Chung-Kui, Cheng Chi-Wai, Hung Wai-Shing and Juan Hui-Wen recused themselves from the discussion and voting since they had personal interests regarding the proposal of selling the equities of invested companies.
3. Goals to reinforce the functions of the Board (e.g. establish an audit committee and improve information transparency) and the evaluation of the implementation thereof in the current and the most recent years.
(1) The Company appointed three independent directors. The board members, including two female directors, are from a variety of professional fields, such as business management, finance and law.
(2) The Company established the Audit Committee and Remuneration Committee to assist the Board of Directors in performing its supervision responsibility.
4. Listed companies shall disclose the cycle, period, target, method, items and implementation of the Board’s self-evaluation (or peer review):
(1) The Company resolved at the board meeting held on October 30, 2020 to establish the "Board of Directors Performance Evaluation Regulations" in order to implement corporate governance and improve the function of the Company’s Board and to set target performance to facilitate the implementation of the Board.

Implementation of Board of Directors Self-evaluation (or Peer Review)

The Company completed the 2020 Board of Directors performance evaluation according to the "Board of Directors Performance Evaluation Regulations" in March 2020. The unit responsible for board meetings submitted the evaluation result to the board meeting held on March 23, 2021 after organization and analysis of the data and disclosed the result on the "Our Company/Corporate Governance/Board of Directors (https://www.kerrytj.com/zh/invest/manage_boss.html)" section of the Company's website and Market Observation Post System.

Cycle	Once a year
Period	January 1, 2020 to December 31, 2020
Scope	The Board, respective board members and functional committees
Method	Self-evaluation of the Board and of the board members
Item	1. Board of Directors performance evaluation includes five major aspects: (1) Participation in the Company's operation. (2) Improvement of the Board's decision quality. (3) The Board's composition and structure. (4) Directors election and continuing education. (5) Internal control. 2. Individual board member performance evaluation includes six major aspects: (1) Understanding of the Company's goals and tasks. (2) Knowledge of directors' duties. (3) Participation in the Company's operation. (4) Internal relation maintenance and communication. (5) Directors' professional qualification and continuous training. (6) Internal control. 3. Functional committee performance evaluation includes five major aspects: (1) Participation in the Company's operation. (2) Knowledge of the functional committee members' duties. (3) Improvement of the committee's decision-making quality. (4) The committee's composition and member election. (5) Internal control.

Note: The in-person attendance rate (%) was calculated based on the number of board meetings held during the directors' terms of service and their in-person attendance.

Audit Committee's Operations

The Audit Committee was responsible for assisting the Board of Directors in performing its supervision responsibility and the tasks provided by the Company Act, the Securities and Exchange Act and other related laws and regulations.

Items audited by the Audit Committee include:

- Establishment or amendment to the internal control system
- Effectiveness of the Company's internal control system
- Important accounting policy procedures
- Items involving directors' personal interests
- Significant transactions related to assets, derivative products, loans of fund, endorsement or guarantees
- Offering, issuance, or private placement of equity-type securities
- Company's financial statements
- Appointment, discharge and remuneration of CPAs
- Appointment and discharge of financial, accounting or internal audit officers

There were 5 (A) Audit Committee meetings held in the most recent year up to December 31, 2020. The independent directors attendance was shown as follows, and the average attendance rate of the committee members is 100%:

Title	Name	Attendance in Person (B)	Attendance by Proxy	In-person Attendance Rate (%) (B/A) (1)	Remark
Convener	Kuo, Tsung-Hsiung	5	-	100%	
Member	Liu, Zou-Hsin	5	-	100%	
Member	Lee, Ying-Chu	5	-	100%	

Other Notes:

1. If the operations of the Audit Committee met any of the following circumstances, the meeting date, session, contents of proposals, resolutions made by the Audit Committee and the Company's handling of the opinions thereof shall be clearly stated.

(1) Items listed in Article 14-5 of the Securities and Exchange Act:

Date	Resolution	Implementations status
03.20.2020	1 Approving the 2019 annual consolidated and individual financial statement. 2 Approving the 2019 "Internal Control Statement." 3 Approving the appointment of CPAs to audit the 2020 financial statement. 4 Proposal for increasing budget to reconstruct the Chongxin depot.	All the proposals were adopted and submitted to the Board of Directors for resolution.
05.08.2020	1 Proposal for 2019 distribution of earnings.	All the proposals were adopted and submitted to the Board of Directors for resolution.

- (2) In addition to the items mentioned above, other resolutions which were not passed by the Audit Committee but were approved by two thirds or more of all directors: None.

2. In the event of independent directors’ recusal due to any proposals involving their interests, the independent director’s name, contents of the proposals, causes of the recusal, and participation in the voting process shall be clearly stated.

There were no such circumstances in the current year.
3. Discussion between independent directors, the internal audit officer and CPAs (including the important matters, methods and results of the discussion with respect to the Company’s financial and operation position).

(1) The internal audit officer will provide the audit report monthly and will explain the implementation and operations of the Company’s internal control only to independent directors at the Audit Committee meeting quarterly. Relevant information was disclosed on the “Investors/Corporate Governance/Internal Audit (https://www.kerrytj.com/zh/invest/internal_audit.html)” section of the Company’s website.

(2) From 2021, our CPAs will attend at least two Audit Committee meetings as non-voting participants every year to have discussion regarding the Company’s financial and operation position only with independent directors. Relevant information was disclosed on the “Investors/Corporate Governance/Audit Committee (<http://www.kerrytj.com/zh/invest/AuditCommittee.html>)” section of the Company’s website. In addition to the meetings, the independent directors may communicate with the CPAs through financial reports and various channels (such as phone or e-email).

Note:
The in-person attendance rate (%) was calculated based on the number of Audit Committee meetings held during the independent directors’ terms of service and their in-person attendance.

Status of corporate governance implementation, deviations from the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof

Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and Reasons
	Yes	No	Summary	
I. Did the Company establish and disclose a corporate governance best practice principle in accordance with the “Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies”?	V		The Company established the “Corporate Governance Best Practice Principles” and disclosed the same on the “Investors/Corporate Governance (https://www.kerrytj.com/zh/invest/manage.html)” section of the Company’s website in accordance with the “Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies.”	None
II. Company’s equity structure and shareholders’ rights				
(1) Did the Company formulate internal operational procedures and deal with shareholders’ suggestions, doubts, disputes and lawsuits in accordance with such procedures?	V		(1) In addition to the commission of a professional agent for stock affairs to process our stock affairs, the Company set up the “Corporate Governance Office” to handle affairs related to corporate governance, including maintenance of the relationship with corporate and individual investors and provided contact information for our shareholders on the “Our Company/Stakeholder Engagement (https://www.kerrytj.com/zh/csr/stakeholder.html)” section of the Company’s website.	None
(2) Has the Company had a list containing the major shareholders who actually control the Company and the persons who are their ultimate controllers?	V		(2) The Company has understood the shareholding of our directors, managers and major shareholders based on a shareholder register as of the last day for share transfer registration provided by the agent for stock affairs, controlled the shareholding of the major shareholders according to the changes in insiders’ shareholding reported monthly and uploaded this information to the Market Observation Post System for investors’ reference.	
(3) Did the Company establish and implement a risk control and firewall system between the Company and its affiliates?	V		(3) The Company established related management rules to control the loans of fund, endorsement and guarantees between the Company and its affiliates and set a supervision system for internal rules and internal control system.	
(4) Did the Company set any internal regulations to forbid insiders from using the information not yet disclosed to the market to trade in securities?	V		(4) The Company formulated the “Procedures for Handling Internal Material Information and Performing Insider Trading Prevention Management” in our internal rules to prohibit our directors, managers, all employees and any persons informed of any news of the Company based on their occupations or through control relationship from having any behavior that may be involved with any insider trading and promoted the regulation on a regular basis.	

Status of corporate governance implementation, deviations from the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof

Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and Reasons
	Yes	No	Summary	
III. Composition and responsibilities of the Board of Directors				None
(1) Did the board of directors formulate and implement policies to diversify the composition of the board members?	V		(1) The policies to diversify the Company's Board of Directors and the implementation thereof: 1 The directors in the Company's Board of Directors have been elected by the candidate nomination system in accordance with the "Rules Governing the Election of Directors" and generally had the knowledge, skills and capacity necessary for performing their duties, as referred to in Article 20 of the "Corporate Governance Best Practice Principles." After the nomination of candidates for directors and the examination of their qualifications were resolved by the Board of Directors, the directors were elected at a shareholders' meeting. In order to achieve ideal corporate governance, the Company's Board of Directors as a whole has the following abilities: (1) Ability to make judgments about operations. (2) Accounting and financial analysis ability. (3) Business management ability. (4) Crisis management ability. (5) Knowledge of the industrial. (6) Insight of international markets. (7) Leadership. (8) Decision-making ability.	

Status of corporate governance implementation, deviations from the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof

Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and Reasons
	Yes	No	Summary	
			2 To strengthen corporate governance and facilitate the development of the Board's composition and structure, the Company drew up policies in Article 20 of the "Corporate Governance Best Practice Principles" to diversify the board members. These policies specify that diversification shall be taken into account for the composition of the Board of Directors members and that the number of directors concurrently serving as the Company's managers may not be more than one-third of all director seats in the Board. The diversification policies shall be established based on the Company's operations, business model and development requirements and shall include basic requirements and values (such as gender, age, nationality and culture), professional knowledge, skills and industry experience (such as law, accounting, industry, finance, marketing or technology).	
			3 In consideration of specialization and diversification, the Company appointed 9 directors (including 3 independent directors) respectively having management or professional experience in business management, transport and logistics, finance and law fields and having Taiwanese or Hong Kong nationality. The Company has also focused on the gender equality in the composition of the board members. Currently, the 9 directors included 2 female directors, with a percentage of 22%.	
			4 The Company disclosed the diversification of the Board of Directors on the "Investors/Corporate Governance/Board of Directors/Diversification of directors (https://www.kerrytj.com/zh/invest/manage_boss.html)" section of the Company's website.	

Status of corporate governance implementation, deviations from the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof

Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and Reasons
	Yes	No	Summary	
(2) In addition to establishment of a remuneration committee and audit committee in accordance with laws, did the Company voluntarily set up other types of functional committees?		V	(2) The Company has set up the Audit Committee and Remuneration Committee to assist the Board of Directors in performing related business and continuously facilitate the Company's corporate governance.	Please refer to the description in summary
(3) Did the Company formulate Board of Directors performance evaluation regulations and the methods of the evaluation, carry out the performance evaluation yearly and regularly, report the result thereof to the Board of Directors, and use the result as a reference for individual directors' compensation and nomination/renewal.	V		(3) The Company's Board of Directors Performance Evaluation Regulations and evaluation procedure: 1 The Company resolved at the board meeting held on October 30, 2020 to establish the "Board of Directors Performance Evaluation Regulations" and disclosed the Regulations on the Company's website and Market Observation Post System. The Regulations specify that the Board of Directors shall carry out internal board performance evaluation at least once a year and external performance evaluation once every three years. 2 The result of the Company's 2020 board performance evaluation showed good board performance in all aspects and was submitted and reported at the board meeting held on March 23, 2021. (Please refer to the "Implementation of Board of Directors Self-evaluation (or Peer Review) on Page 41 of the Annual Report.") 3 Annual director performance evaluation results shall serve as a reference for individual director compensation and director nomination.	None
(4) Did the Company assess the CPAs' independence on a regular basis?	V		(4) Regular assessment of CPAs' independence and the procedure thereof: 1 CPAs' statements of independence. 2 CPAs have not been commissioned to offer certification service for 7 consecutive years. 3 We organized independence assessments for CPAs through CPA competency questionnaires. 4 Assessment result: The Company approved the proposal of the 2021 CPA independence and competency assessment at the board meeting held on March 23, 2021.	None

Status of corporate governance implementation, deviations from the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof

Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and Reasons
	Yes	No	Summary	
IV. Did the Company appoint an appropriate number of competent corporate governance personnel and a corporate governance officer to handle corporate governance affairs (including but not limited to providing the directors and supervisors materials necessary for them to perform their duties, assisting the directors and supervisors with compliance with the laws, organizing board meetings and shareholders' meetings in accordance with the laws, and preparing meeting minutes for the board meetings and shareholders' meetings)?	V		(1) The Company set up the "Corporate Governance Office" in 2020 to handle corporate governance affairs. The Office is mainly responsible for: 1 Establishing effective corporate governance systems to implement legal compliance and improve internal management. 2 Handling affairs related to shareholders' meetings, board meetings and functional committee meetings. 3 Carrying out corporate governance evaluation and board performance evaluation yearly. (2) The Company resolved at the board meeting held on January 28, 2021 to assign the General Manager of the Finance and Administration, Juan, Hui-Wen, as the corporate governance officer, who has more than three years of experience in finance, stock affairs and procedure management in public listed companies.	None
V. Did the Company have communication channels in place for stakeholders (including but not limited to shareholders, employees, clients and suppliers), set a stakeholder engagement section on the Company's website, and make appropriate responses to important CSR issues of concern by the stakeholders?	V		The Company set the "Our Company/Stakeholder Engagement (https://www.kerrytj.com/zh/csr/stakeholder.html)" section of the Company's website to provide our stakeholders issues concerned thereby and corresponding contact information to maintain frequent and timely communication channels.	None
VI. Did the Company commission any professional agent for stock affairs to handle shareholders' meeting affairs?	V		The Company commissioned "SinoPac Securities Corporation" to handle shareholders' meeting affairs.	None
VII. Information Disclosure				
(1) Did the Company create a website to disclose its financial business and corporate governance information?	V		(1) The Company has created its own website (www.kerrytj.com) and introduced and disclosed corporate governance information, company business and financial information on the "About Us/Investors" section.	None

Status of corporate governance implementation, deviations from the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof

Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and Reasons
	Yes	No	Summary	
(2) Has the Company adopted other means to disclose information (e.g. creating an English website, assigning a dedicated person to collect and disclose Company information, implementing a spokesperson system, broadcasting institutional investor conferences via the Company's website)?	V		(2) The Company has assigned dedicated personnel to collect related information, appointed a spokesperson and a proxy thereof to make statements on behalf of the Company, provided required information to investors, and disclosed information related to institutional investor conferences and shareholders' meetings in both Chinese and English on our website.	None
(3) Did the Company announce and submit annual financial statements within 2 months after the end of a fiscal year and announce and submit Q1, Q2 and Q3 financial statements and the operations of each month early before the deadline?		V	(3) The Company will announce and submit Q1, Q2 and Q3 financial statements early before the deadline starting from 2021.	The Company did not submit financial statements early before the deadline in 2020.
VIII. Did the Company have other important information that enables a better understanding of its corporate governance operations (including but not limited to employees' rights and benefits, employee care, investor relations, supplier relations, stakeholders' rights, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policies, and insuring against liabilities of Company directors and supervisors)?	V		(1) Employees' rights and benefits: Subject to the Labor Standards Act and the Company's personnel regulations. (2) Employee care: We have commissioned good medical institutions to carry out annual medical check-ups for our employees. (3) Investor relations: The Company has regularly disclosed our financial, business and material information on the Market Observation Post System and the Company's website to enable our investors to understand the Company's business development.	

Status of corporate governance implementation, deviations from the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof

Item	Implementation Status				Deviations from the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and Reasons		
	Yes	No	Summary				
			(4) Continuing education of directors in 2020:			None	
			Director's Name	Date	Organizer	Course	Hours
			Juan, Hui-Wen	10/26	Securities and Futures Institute	Analysis of policies to improve companies' ability to prepare financial statements & discussion of the keys of internal audit and control practices	6
				10/16		Analysis of the alerts and type of corporate financial crises	3
				10/13		Impact from the latest tax law changes on corporate operations and the response thereof	3
				8/27		5G key technology and its business opportunities	3
			Kuo, Tsung-Hsiung	12/23	Securities and Futures Institute	5G key technology and its business opportunities	3
				12/23		Business strategies and corporate governance in response to global unsustainable risks due to COVID-19	3
				12/18		Analysis of the alerts and type of corporate financial crises	3
				12/17		Analysis and case review of directors and supervisors' non-arm's length transactions	3
			Lee, Ying-Chu	9/7 9/8	Accounting Research and Development Foundation	Continuous development course for principal accounting officers of issuers, securities firms and securities exchanges	12
			(5) Insuring against liabilities of directors: The Company took out liability insurance for our directors.				

Status of corporate governance implementation, deviations from the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof

Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and Reasons
	Yes	No	Summary	
IX.	Please describe the made improvements based on the corporate governance evaluation results announced by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year and propose enhancement measures for any issues that have not yet been rectified.			The Company’s descriptions of our made improvements and issues that have not yet been rectified based on the 6th corporate governance evaluation results in 2020 are as follows:
	The Company’s descriptions of our made improvements and issues that have not yet been rectified based on the 6th corporate governance evaluation results in 2020 are as follows:			
(1)	Maintain shareholders’ equity and equal treatment to shareholders			
1	The Company’s Board of Directors resolved on January 28, 2021 to approve amendments to the “Procedures for Handling Internal Material Information and Performing Insider Trading Prevention Management” and disclosed the amended regulations on the “Investors/Corporate Governance” section of the Company’s website. The internal regulations prohibit our directors, employees and other insiders from using the information unavailable in the market to gain profits.			
(2)	Strengthen the Board of Directors			
1	Performance evaluation for the Board of Directors			
	The Company’s Board of Directors resolved on October 30, 2020 to establish the “Board of Directors Performance Evaluation Regulations,” completed the Board of Directors self-evaluation (or peer review) before February 2021 and disclosed the evaluation in the Company’s 2020 annual report and website. (Please refer to the “Implementation of the Board of Directors Self-evaluation (or Peer Review) on Page 41 of the Annual Report.”)			
2	Board of Directors’ diversification policies and the implementation thereof			
	The Board of Directors’ diversification policies and the implementation have been fully disclosed in the “Investors/Corporate Governance/Board of Directors/Diversification of directors” section of the Company’s website to improve the transparency of the information related to the Board of Directors.			
3	Corporate governance operations			
	The Company set up a corporate governance responsible unit, the “Corporate Governance Office” to handle corporate governance affairs in 2020 and resolved at the board meeting held on January 28, 2021 to assign the General Manager of the Finance and Administration, Juan, Hui-Wen, as the corporate governance officer.			
4	Internal audit section			
	An internal audit section was created under the “Investors/Corporate Governance/Internal Audit” section on the Company’s website to disclose internal audit organization and responsibilities, auditor assignment procedure and the sole communication between the internal audit officer and independent directors.			
(3)	Improve information transparency			
1	Information security and risk management			
	With respect to the implementation of information security and risk management, the Company acquired the ISO 27001 Information Security Management System certification and disclosed complete certification information in the 2020 annual report and on the “About Us/Quality Certification” section of the Company’s website.			
2	Financial statements			
	The Company will announce and submit Q1, Q2 and Q3 financial statements early before the deadline starting from 2021.			
(4)	Implement corporate social responsibilities			
	The Company will establish the corporate social responsibility management unit in 2021. The four facets within its responsibilities will be corporate governance, economy, environment, and society. The Company will also implement CSR related measures and regularly review the results, as well as prepare to compile the 2022 CSR report.			

Operations of the Remuneration Committee

I Committee Members’ Information of the Remuneration Committee

Title	Name	Criteria	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years’ Work Experience		Independent Criteria (1)											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	i	ii	iii	iv	v	vi	vii	viii	ix	X		
Independent Director	Kuo, Tsung-Hsiung		v	-	v	v	v	v	v	v	v	v	v	v	v	-	
Independent Director	Liu, Zou-Hsin		-	-	v	v	v	v	v	v	v	v	v	v	v	-	
Others	Li Kuei-Jung		-	-	v	v	v	v	v	v	v	v	v	v	v	-	

Note:

- (1) Please fill in the title column with director, independent director or others.
- (2) 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.
- i. Not an employee of the company or any of its affiliates.
 - ii. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
 - iii. 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 of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
 - iv. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
 - v. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
 - vi. If a majority of the company’s director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
 - vii. If the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
 - viii. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
 - ix. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
 - x. Not been a person of any conditions defined in Article 30 of the Company Act.

II Attendance of Members at Remuneration Committee Meetings

- (1) There are 3 members in the Remuneration Committee.
- (2) A total of 3 (A) Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate(%) (B/A)(1)	Remarks
Convener	Kuo, Tsung-Hsiung	3	-	100.00%	
Committee Member	Liu, Zou-Hsin	3	-	100.00%	
Committee Member	Li Kuei-Jung	3	-	100.00%	

Other Notes:

- 1 If the board declines to adopt or modifies a recommendation of the Remuneration Committee, the date of the meeting, session, proposal content, board resolutions, and the Corporate’s response to the Remuneration Committee should be recorded: None.
- 2 Other instances where committee members expressed objections or reservations on record or through written opinions regarding Remuneration Committee proposals, and date of said Remuneration Committee meeting, session, proposal content, opinions of all committee members, and response to committee member opinions: None.

Note:

- (1) The in-person attendance rate (%) was calculated based on the number of Remuneration Committee meetings held during the committee members’ terms of service and their in-person attendance.

III Major Resolution of Remuneration Committee in the most recent year up to the publication date of this annual report

Date	Resolution	Implementations status
03.20.2020	1 The distribution of employee compensation and remuneration of directors in 2019. 2 Managers annual salary adjustment plan.	All the proposals were adopted and completely implemented in accordance with the result of the resolution.
06.18.2020	1 Adjustment of managers’ compensation.	All the proposals were adopted and completely implemented in accordance with the result of the resolution.
10.29.2020	1 Reviewing the policy, system, standard and structure of the performance evaluation and compensation of directors and managers. 2 Distribution of managers’ year-end bonuses plan in 2020. 3 Approving establishment of the “Board of Directors Performance Evaluation Regulations.” 4 Discussion the annual plan of remuneration committee in 2021.	All the proposals were adopted and delivered to relevant units for discussion and implementation.

IV The duties of the Remuneration Committee are as follows

- (1) Establish and periodically review the performance evaluation and remuneration policy, system, standards, and structure for directors and managers.
- (2) Periodically evaluate and establish the remuneration of directors and managers.

Implementation status of corporate social responsibility, deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof

Implementation Status				Deviations from to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
Item	Yes	No	Summary	
I. Does the Company implement the risk assessment of environmental, social, and corporate governance issues related to corporate operation and establish relevant risk management policies or strategies based on the principle of materiality?	V		We establish safety risk assessment and management regulations based on the principle of materiality covering the information security and safety of personnel, cargos, transportation, factories, and foods.	Please refer to the description in summary
II. Does the Company establish a unit dedicated to (concurrently engaged in) promoting CSR under supervision by top management authorized by the Board of Directors who shall be responsible for reporting the implementation thereof to the Board?	V		Fulfilling corporate social responsibility is one of the managing principles of the Company’s management. In addition to continuously participating in social welfare events, we will upgrade the CSR level in 2021, promote the setup of the corporate social responsibility management unit and report relevant implementation statuses to the Board of Directors every year. (For details of the Company’s fulfillment of the corporate social responsibility, please refer to Page 17.)	None
III. Environmental issue				
(1) Has the Company established environmental policies suitable to the Company’s industrial characteristics?	V		(1) We always pay attention to the overall and surrounding environment of the workplace and are concerned about the normal operation of the buildings, vehicles and facilities at all stations. We also conduct regular cleaning and maintenance to provide safe workplaces for the employees. We set up a safety and health office for dissemination and understanding of labor safety and health matters, and conduct regular risk assessment of maternal health at the workplace to protect the rights of female laborers. Measures to ensure well-controlled temperature as well as safe and hygienic stations and transport vehicles are taken for low-temperature food business to comply with GHP requirements.	None

Implementation status of corporate social responsibility, deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof

Item	Implementation Status			Deviations from to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
(2) Is the Company committed to achieving efficient use of resources and using renewable materials that produce less impact on the environment?	V		(2) In addition to implementation of an electronic billing system and an internal electronic submission mechanism, we promote paper recycling awareness to reduce the usage of paper. The lighting fixtures at the workplaces have been replaced with energy saving and low power consuming devices. Solar panels have been installed at new factories and stations to thoroughly implement the green logistics policy of the Group. The air conditioning equipment has been gradually replaced to the devices with variable frequencies. We participate in the energy saving performance and warranty project organized by the Bureau of Energy, MOEA, and Taiwan Green Productivity Foundation. Conforming recycled tires are carefully selected for heavy duty trucks to meet the environmental requirement of resource recycling and make a contribution to the resources of the planet.	None
(3) Does the Company assess the present and future potential risk and opportunities of climate change in relation to the Company and adopt countermeasures related to climate issues?	V		(3) We respond to the issue of worsening climate with reduction of carbon. In addition to using environmentally friendly refrigerant for the freezing equipment and cooling system of the warehouses at the stations, we eliminate old transport equipment and replace it with new equipment every year based on the features of individual industries to reduce the impact of the exhaust on the environment. We purchased 120 new transport vehicles that meet the Phase 5 European environment regulations in 2020. Further purchase of transport vehicles that meet the Phase 6 environment regulations will be implemented in 2021 as planned. To support the Private Enterprise and Group Green Procurement Plan of the government, we officially launched the green procurement operation in 2020 and declared the green procurement status on the "Private Enterprise and Group Green Procurement Declaration Platform." For this, we received a certificate of appreciation from the Department of Environmental Protection, Taipei City Government.	Please refer to the description in summary

Implementation status of corporate social responsibility, deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof

Item	Implementation Status			Deviations from to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
(4) Does the Company gather statistics of the greenhouse gas emission, water consumption and the gross weight of waste in the past 2 years and establish policies for energy saving, carbon reduction, reduction of greenhouse gas emissions and water consumption or other waste management?	V		(4) To achieve the goals of energy saving, carbon reduction, and GHG minimization, we proactively made investments in the development of the "Route Optimization System" to reduce the fuel consumption for distribution of cargos to thoroughly implement the green logistics policy. Since 2017, we have collected the data of driving mileage, refrigerant, usage of electricity, fuel and water, working hours, and weight of waste, and analyzed them on a monthly basis. With these data, we prepared for calculation of the GHG emissions. In response to the GHG inventory required by the Environmental Protection Administration, we passed the ISO 14064 certification in 2018 in the autonomous greenhouse gas inventory.	Please refer to the description in summary
IV. Social issue				
(1) Does the Company develop management policies and procedures in accordance with relevant regulations and international human rights conventions?	V		(1) We comply with labor related laws and protect the rights of the employees.	None
(2) Does the Company establish and implement proper employee welfare measures (including the salary, holidays and other welfare) and reflect the corporate business performance or achievements in the employee remuneration?	V		(2) We have established sound employee welfare measures. Please refer to Page 97 for more information on employee welfare measures, further education, training, pension system and their implementation status.	
(3) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		(3) In addition to providing employees with safe and healthy work environment, we promote and encourage employees to pay more attention to the work safety and physical health. We arrange for employees to take a physical examination every year on a regular basis. Regularly fire safety inspection is conducted at the business premises to provide employees with a safe work environment.	

Implementation status of corporate social responsibility, deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof

Item	Implementation Status			Deviations from to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons										
	Yes	No	Summary											
(4) Does the Company have an effective career capacity development training program established for the employees?	V		(4) To enhance the career capacity of the employees and improve their professional knowledge and skills, we establish the "Regulations on Implementation and Management of Education and Training" and the "External Training Management Regulations." Internal professional training is conducted every quarter in addition to the regular orientation training and irregular external training. The courses provided in 2020 are described below: <table><tr><th>Schedule</th><th>Training Course</th></tr><tr><td>Q1</td><td>Project management series courses</td></tr><tr><td>Q2</td><td>ISO 22000 verification training Marketing seminar BECS marketing course</td></tr><tr><td>Q3</td><td>ISO 22000 Food Safety Management System ISO 27001 Information Security training ISO 28000 Supply Chain Safety Management training</td></tr><tr><td>Q4</td><td>11th managerial training class Intelligent property rights course Digital course for customers service personnel</td></tr></table>	Schedule	Training Course	Q1	Project management series courses	Q2	ISO 22000 verification training Marketing seminar BECS marketing course	Q3	ISO 22000 Food Safety Management System ISO 27001 Information Security training ISO 28000 Supply Chain Safety Management training	Q4	11th managerial training class Intelligent property rights course Digital course for customers service personnel	
Schedule	Training Course													
Q1	Project management series courses													
Q2	ISO 22000 verification training Marketing seminar BECS marketing course													
Q3	ISO 22000 Food Safety Management System ISO 27001 Information Security training ISO 28000 Supply Chain Safety Management training													
Q4	11th managerial training class Intelligent property rights course Digital course for customers service personnel													
(5) Does the Company have related customer interest protection policies and complaint procedures established for customer health and safety, client privacy, marketing and labeling of the products and services in accordance with related laws and regulations and international standards?	V		(5) The services we provide comply with relevant laws and international regulations. We also provide consumers with adequate complaint channels and procedures.											

Implementation status of corporate social responsibility, deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof

Item	Implementation Status			Deviations from to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
(6) Does the Company establish supplier management policies and require them to follow relevant regulations on the issues of environmental protection, occupational safety and health, or labor rights? How about the implementation?	V		(6) We will establish the corporate social responsibility management unit and amendment of the "Supplier Selection Management Regulations" in 2021. In addition to the basic supplier safety management policy, we will request suppliers to observe the regulations with respect to environmental protection, occupational safety and health, or the human rights of laborers. The observance will be listed as one of the supplier selection indicators.	
V. Does the Company prepare the CSR report or other reports that disclose non-financial information of the Company with reference to internationally accepted report preparation guidelines or guides? Is any third-party assurance or verification opinion acquired for the abovementioned reports?		V	We will establish the corporate social responsibility management unit in 2021. The four facets within its responsibilities will be corporate governance, economy, environment, and society. We will also prepare to compile the 2022 CSR report.	Please refer to the description in summary
VI. If the Company has established its own corporate social responsibility best practice principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies," specify any discrepancy between the implementation and the principles established by the Company: The Company is dedicated to fulfilling its corporate social responsibility in accordance with the established "Corporate Social Responsibility Best Practice Principles" and there are no substantial discrepancies.				
VII. Other information useful for understanding the corporate social responsibility implementation: Please refer to Page 17 or the official website of the Company.				

Implementation status of ethical corporate management, deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof

Item	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
I. Establishment of ethical corporate management policies and programs				
(1) Does the Company establish ethical corporate management policies that are adopted by the Board of Directors and explicitly state such policies and the implementation methods in its Articles of Incorporation and external documents? Do the Board of Directors and top management actively implement their commitments to implementing the management policies?	V		(1) We have established the "Ethical Corporate Management Best Practice Principles" to govern the ethical corporate management policies of the Company. We also internally promote the awareness of ethical management and try our best to implement it in the work, and externally disclose these policies on the Investor section on our website.	None
(2) For the risk of unethical conduct, does the Company establish an assessment mechanism and regularly analyze and assess the business activities within its business scope which are possibly at a higher risk of being involved in unethical conduct to establish preventive solutions that at least cover the conduct specified in each subparagraph under Paragraph 2 in Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(2) We apply an open and fair outsourcing mechanism to every important procurement operation. All the related matters are dealt with under the "open tendering" principle and the financial and audit personnel monitor the tendering jointly. Employees are not allowed to accept the invitation of any supplier for social engagement. Effective accounting and internal control systems have been established to ensure effective prevention of unethical conduct. We will promote establishment of the corporate social responsibility management unit in 2021 and ethical corporate management will be one of the most important issues. A risk assessment mechanism of unethical conduct will be established, regular analysis will be conducted and the plans for prevention of unethical conduct will be implemented properly.	
(3) Does the Company explicitly define procedures, guides of conduct, and disciplinary and reporting systems in case of a violation in the preventive solutions of unethical conduct, implement them accordingly, and carry out reviews and modifications of these solutions?	V		(3) We explicitly prohibit any malpractices and similar conduct in our "Ethical Corporate Management Best Practice Principles" and "Employee Work Rules," and effect insurance of ethics for the employees in service to reduce and spread the risk to the Company and shareholders.	

Implementation status of ethical corporate management, deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof

Item	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
II. Implementation of the ethical corporate management				
(1) Does the Company have the integrity record of the trading counterparty assessed and with the clauses of ethical conduct expressed in the contract signed between them?	V		(1) We conduct regular assessment according to the Supplier Management Regulations to avoid transactions with the suppliers recorded as having unethical conduct. Relevant clauses are incorporated in the agreement.	None
(2) Does the Company establish a unit dedicated to promoting ethical corporate management under supervision by the Board of Directors and does such unit report the ethical corporate management policies and the preventive solutions of unethical conduct, as well as the supervision of the implementation effectiveness to the Board of Directors (at least once a year)?	V		(2) Integrity is the most important and fundamental requirement to be met by the Company for our employees. We have incorporated relevant provisions in the "Ethical Corporate Management Best Practice Principles" and "Employee Work Rules" and have our internal audit unit to carry out the relevant audit. The findings during the audit are reported to the Board of Directors on a regular basis. The heads of all the departments are responsible for implementation of the ethical management principles. We will establish the corporate social responsibility management unit in 2021 and we plan to push forward a dedicated ethical corporate management department in the implementation of ethical corporate management policies, establishment of the preventive solutions, monitoring of the implementation, and regular reporting to the Board of Directors.	
(3) Does the Company define any policy against conflict of interest, provide adequate channels, and implement the same thoroughly?	V		(3) We have established an independent internal auditing framework and have relevant departments hold regular/ occasional meetings to serve as a smooth channel for communication.	
(4) Has the Company implemented ethical corporate management by establishing an effective accounting system and internal control system, and had an internal audit unit develop relevant audit plans according to the risk assessment results of unethical conduct and audited the compliance with the preventive solutions of unethical conduct accordingly, or appointed a CPA to do so?	V		(4) Complete and effective accounting and internal audit systems have been established. For the internal audit, we develop annual audit plans for implementation of regular and ad-hoc independent audits. The results of the audit and the follow-up improvement plans are reported to the Board of Directors and management with a view to fulfilling the purpose of such audit. Every department conducts self-assessment on a regular basis, including review of the internal audit system to ensure the effectiveness of its design and implementation.	

Implementation status of ethical corporate management, deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof

Item	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
III. Operation of the Company's whistleblowing system	V		(5) The managerial officers, from the top management to the department head in the field, communicate the importance of integrity to the employees during the internal regular/occasional meetings or training courses. The cases occurring in daily work are used to teach the employees the importance of integrity and the consequence of failure to comply with the ethical management principles.	
	V		(1) In addition to proactive investigation through the internal audit system, we establish misconduct reporting channels (telephone, dedicated e-mail address) and have the HR department be responsible for dealing with reported cases. The management will grant awards in case any serious illegal activities or any events affecting the supply chain security are disclosed in the reporting.	None
	V		(2) To protect the whistleblower, the department accepting the case deals with all the matters in a confidential manner. In addition to officially announcing the reporting methods and channels, the accepting department, after receiving the reported case, deals with the same according to the given operation procedure and reports to the top management.	
	V		(3) We take measures to protect the whistleblower from being treated inappropriately or sustaining damage and, by doing so, encourage employees to disclose illegal conduct.	
IV. Enhancement of information disclosure				
	V		The Company discloses our Ethical Corporate Management Best Practice Principles and relevant policies in the "Investor Section" on our official website. There was not any serious illegal matter in 2020.	None

Implementation status of ethical corporate management, deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof

Item	Implementation Status			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
V.			If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," specify any discrepancy between the implementation and the principles established by the Company: The Company is dedicated to fulfilling its ethical corporate management in accordance with the established "Ethical Corporate Management Best Practice Principles" and there are no substantial discrepancies.	
VI.			Other important information enabling a better understanding of the Company's ethical management implementation: (Such as, the Company has amended its Ethical Corporate Management Best Practice Principles.)	
			(1) The Company has established the "Rules of Procedure for Board of Directors Meetings" to govern the motions at the meeting. In case of any conflict of interest, affected personnel shall not participate in the discussion or voting as required under the recusal principle.	
			(2) We firmly believe that ethical management as a corporate culture is critical for the sustainable and sound development of the Company, and thus we communicate relevant cases and anti-corruption principles to the employees on an occasional basis at monthly meetings.	
			(3) We will establish the corporate social responsibility management unit in 2021 and we plan to push forward a dedicated ethical corporate management department in the implementation of ethical corporate management policies, establishment of the preventive solutions, monitoring of the implementation, and regular reporting to the Board of Directors.	

Where any corporate governance regulations and relevant bylaws are established, the Company shall disclose the query approaches:

We have established the "Corporate Governance Best Practice Principle", "Corporate Social Responsibility Best Practice Principles", and "Ethical Corporate Management Best Practice Principles" and made them available for search in the Investor section on the official website of the Company.

Other important information enabling a better understanding of the Company's corporate governance implementation:

- (1) We provide complete information on the corporate governance implementation in the Investors, CSR and Stakeholder section on the official website of the Company.
- (2) To implement corporate governance, we set up the "Corporate Governance Office" in 2020 to handle corporate governance affairs. The Office is mainly responsible for:

1 Establishing effective corporate governance systems to implement legal compliance and improve internal management.

2 Handling affairs related to shareholders' meetings, board meetings and functional committee meetings.

3 Carrying out corporate governance evaluation and board performance evaluation yearly.
- (3) We will establish the corporate social responsibility management unit in 2021. Subject to the principle of materiality, the Committee will identify material issues on the environment, society, economy, and corporate governance, conduct risk assessment, and implement relevant management procedures. CSR related tasks have been implemented; the implementation results have been reviewed on a regular basis, and reports have been submitted to the Board of Directors every year.

Implementation of the Internal Control System

I. Statement of Internal Control System

March 23, 2021

Based on the findings of a self-assessment, Kerry TJ Logistics Company Limited (Kerry TJ) states the following with regard to its internal control system during the year 2020:

1. Kerry TJ’s Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Kerry TJ takes immediate remedial actions in response to any identified deficiencies.
3. Kerry TJ 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 key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. Kerry TJ has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.

5. Based on the findings of such evaluation, Kerry TJ believes that, on December 31, 2020, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of Kerry TJ’s annual report and prospectus, 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 was passed by the Board of Directors in their meeting held on March 23, 2021, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement

Kerry TJ Logistics Company Limited



Shen, Chung-Kui
Chairman



Juan, Hui-Wen
General Manager of Finance and Administration



Chang, Kuo-Tien
General Manager of Integrated Logistics



II. If a CPA was engaged to conduct a special audit of the internal control system, provide the CPA audit report: None.

Penalties imposed against the Company for regulatory violation, or penalties against employees for violation of internal control policy in the most recent year up to the publication date of this annual report; describe areas of weakness and any corrective actions taken

For the year of 2020 and up to the printing date of the annual report, the Company has complied with relevant laws and regulations of the Company Act, Securities and Exchange Act and Labor Standards Act, etc. There has been 1 case of labor inspection deficiency, and improvement has been carried out.

The Company performed various internal control system operation inspections in 2020 and no major deficiencies of “invalid execution of operating system” were found. In case of any operational deficiencies, the violating internal personnel were punished in accordance with relevant job specifications and follow-up review was executed until improvement was complete.

Important resolutions made at the shareholder’s meeting and Board of Directors meeting in the most recent year up to the publication date of this annual report

Date	Session	Resolution	Implementations status
03.26.2020	Board of Directors	1 Proposal for distribution of remuneration to employees, directors and supervisors in 2019.	1 All the proposals were adopted and delivered to relevant units for discussion and implementation.
		2 Proposal for preparation of the 2019 business report as well as consolidated and individual financial statement.	
		3 Proposal for the review of the 2019 “Internal Control Statement.”	2 The 2020 annual meeting of shareholders was held on June 19, 2020.
		4 Determination of the date, time, venue, agenda, and relevant matters of the 2020 annual meeting of shareholders.	
		5 Proposal for reviewing the agenda of the 2020 annual meeting of shareholders.	
		6 Proposal for adding budget to reconstruct the Chongxin depot.	
05.08.2020	Board of Directors	1 Proposal for 2019 distribution of earnings.	All the proposals were adopted and had been completely implemented in accordance with the result of the resolution.
		2 Proposal for removal of the non-competition restrictions against the directors and their representatives.	
		3 Proposal for modifying the agenda of the 2020 annual meeting of shareholders.	

Important resolutions made at the shareholder’s meeting and Board of Directors meeting in the most recent year up to the publication date of this annual report

Date	Session	Resolution	Implementations status
06.19.2020	Shareholders’ meeting	1 Acknowledgement of the 2019 business report and all the final statements.	1 The record date of distribution was set on July 14, 2020 as resolved at the shareholders’ and Board of Directors’ meetings. The distribution was fully implemented on August 13, 2020 (cash dividend of \$1.45 per share).
		2 Acknowledgement of 2019 distribution of earnings.	
		3 Proposal for partial amendment of the “Articles of Incorporation.”	
		4 Proposal for partial amendments of the “Rules Governing the Election of Directors.”	
		5 Proposal for partial amendment of the “Guidelines for Handling of Endorsements and Guarantees.”	2 The “Articles of Incorporation” was registered upon approval of the Ministry of Economic Affairs on July 8, 2020, and announced on the website of the Company.
		6 Proposal for removal of the non-competition restrictions against the new directors and their representatives.	
06.19.2020	Board of Directors	1 Proposal for determining the schedule of the ex-dividend date with respect to the 2019 distribution of earnings.	1 All the proposals were adopted and completely implemented in accordance with the result of the resolution.
		2 Proposal for transfer of the general manager of Integrated Logistics.	
08.12.2020	Board of Directors	1 Proposal for applying to the bank for adjustment of the Group’s credit limit.	All the proposals were adopted and completely implemented in accordance with the result of the resolution.
		2 Proposal for providing endorsement and guarantee for the subsidiaries to apply for bank financing.	

Important resolutions made at the shareholder’s meeting and Board of Directors meeting in the most recent year up to the publication date of this annual report

Date	Session	Resolution	Implementations status
10.30.2020	Board of Directors	1 Proposal for review of the 2021 business plan and budget.	All the proposals were adopted and delivered to relevant units for discussion and implementation.
		2 Proposal for review of the 2021 audit plan.	
		3 Proposal for establishment of the "Board of Directors Performance Evaluation Regulations."	
		4 Proposal for participation in the "Investment Solicitation Project for Type B Industrial Zone at Chang’an Section, Xizhi District, New Taipei City."	
01.28.2021	Board of Directors	1 Proposal for reviewing the budget for construction of the Xizhi Station.	All the proposals were adopted and delivered to relevant units for discussion and implementation.
		2 Proposal for appointment of the Company’s corporate governance officer.	

Documented opinions or declarations in writing made by directors or supervisors against important board resolutions in the most recent year up to the publication date of this annual report:

None.

Resignation or dismissal of personnel relating to the Company in the most recent year up to the publication date of this annual report:

Title	Name	Onboard date	Dismissal date	Resignation/dismissal reason
Deputy General Manager	Chang, Feng-Liang	2018.11.01	2020.03.01	Retirement

Information Regarding the Company’s Independent Auditor

Audit Fee

Unit: NTD\$ thousands											
Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit			
			System of Design	Company Registration	Human Resource	Others ⁽¹⁾	Subtotal	Yes	No	Period	Remarks
Deloitte & Touche	Tseng, Tung-Yun	5,755	-	-	-	440	440	V		2020	⁽²⁾
	Su, Ting-Chien										

Note:
(1) The "Others" items of non-audit fees include the following services: Audit of business tax (Transfer pricing report) NTD\$370K, Salary review NTD\$30K and Building destroyed under supervision NTD\$40K.
(2) Article 10.5.1 of Regulation Governing Information published in Annual Report of Public Companies was not applicable to the company.

Replacement of CPA

None.

The company’s chairman, general managers and managers in charge of financial and accounting operations, and those who have worked in the firm of a certified public accountant or its affiliated company within the most recent year.

None.

Changes in Shareholding of Directors, Managers and Major Shareholders

Title ⁽¹⁾	Name	2020		As of Apr 17, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Director	Da Ji International Limited	-	-	-	-
Director	Hsinchu Transportation Co., Ltd.	-	-	-	-
Director	Chen, Tse-Tsung	(20,000)	-	-	-
Independent Director	Kuo, Tsung-Hsiung	-	-	-	-
Independent Director	Liu, Zou-Hsin	-	-	-	-
Independent Director	Lee, Ying-Chu	-	-	-	-
Major Shareholder held using the name of others	Kerry Logistics Holdings (Taiwan) Limited	-	-	-	-
Major Shareholder held using the name of others	Taiwan Kerry Investments Co., Ltd.	-	-	-	-
Chairman & CEO	Shen, Chung-Kui	-	-	-	-
Integrated Logistics General Manager	Chang, Kuo-Tien	11,000 (11,000)	-	-	-
Integrated Logistics Deputy General Manager	Chang, Feng-Liang ⁽²⁾	-	-	-	-
Integrated Logistics Deputy General Manager	Teng, De-Chang ⁽³⁾	-	-	-	-
Finance and Administration General Manager	Juan, Hui-Wen	-	-	-	-
Information Technology General Manager	Wu, Yu-Hsiang	-	-	-	-

Title ⁽¹⁾	Name	2020		As of Apr 17, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Subsidiaries and Associates General Manager	Wang, Ju-Peng	-	-	-	-
Marketing and Sales General Manager	Chen, Chun-Yi ⁽⁴⁾	-	-	-	-
Corporate Services International Logistics and Supply Chain General Manager	Cheng, Hao-Tung ⁽⁵⁾	-	-	-	-
Corporate Services Strategize General Manager	Huang, Yu-Tsung	-	-	-	-
Operational Division of Northern Region Regional General Manager	Huang, Chen-Yang ⁽⁶⁾	-	-	-	-
Operational Division of Taoyuan and Hsinchu Region Regional General Manager	Liao, Wen-Chang	-	-	-	-
Operational Division of Central Region Regional General Manager	Jiang, Guo-Xi	-	-	-	-
Operational Division of Southern Region Regional General Manager	Lin, Chien-Liang	-	-	-	-
Accounting Officer	Chen, Ya-Li	-	-	-	-

Note:
(1) The counterparty in any such transfer or pledge of equity interests is not a related party.
(2) Retired on 3/1/2020.
(3) Assumed post on 2/3/2020.
(4) Assumed post on 7/1/2020.
(5) Assumed post on 7/1/2020.
(6) Assumed post on 5/1/2020.

Relationship among the Top Ten Shareholders

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	%	Name	Relationship	
Taiwan Kerry Investments Co., Ltd.	183,276,410	39.25%	-	-	-	-	(2)	(2)	
Taiwan Kerry Investments Co., Ltd. Representative: Ma Wing Kai, William	-	-	-	-	-	-	-	-	
Tong Li Investment Co., Ltd.	38,118,000	8.16%	-	-	-	-	(2)	(2)	
Tong Li Investment Co., Ltd. Representative: Ma Wing Kai, William	-	-	-	-	-	-	-	-	
Da Ji International Limited	27,972,000	5.99%	-	-	-	-	(2)	(2)	
Da Ji International Limited Representative: Hung, Wai-Shing	-	-	-	-	-	-	Tung Li Investment Co., Ltd.	Representative of the company	
Ying Hsin International Investments Co., Ltd.	18,966,000	4.06%	-	-	-	-	(3)	(3)	
Ying Hsin International Investments Co., Ltd. Representative: Hsu, Yu-Jui	-	-	-	-	-	-	Hsinchu Transportation Co., Ltd.	Representative of the company	
The Special Account of HSBC Taipei as Custodian for Sincere KAR International Small Capital Fund	15,556,000	3.33%	-	-	-	-	-	-	
The Special Account of Citibank Taipei as Custodian for AXA Isle of Man Corporation 1	9,800,000	2.10%	-	-	-	-	-	-	
Hsinchu Transportation Co., Ltd.	9,471,271	2.03%	-	-	-	-	(3)	(3)	
Hsinchu Transportation Co., Ltd. Representative: Hsu,Yu-Jui	-	-	-	-	-	-	Ying Hsin International Investments Co., Ltd.	Representative of the company	
Jine De Sheng Co., Ltd.	8,598,000	1.84%	-	-	-	-	(3)	(3)	
Jine De Sheng Co., Ltd. Representative: Tsai,Ting-He	-	-	-	-	-	-	-	-	
The Special Account of HSBC Taipei as Custodian for Sincere KAR Emerging Markets Small Capital Fund	5,731,631	1.22%	-	-	-	-	-	-	
Chen, Tse-Tsung	5,168,028	1.11%	1,202,353	0.26%	-	-	-	-	

Note:
(1) Current Shareholding record date is 2021/4/17, it is the book closure date for the shareholders meeting in 2021.
(2) Taiwan Kerry Investments Co., Ltd., Da Ji International Limited and Tong Li Investment Co., Ltd. are controlled by the same corporation.
(3) Ying Hsin International Investments Co., Ltd., Hsinchu Transportation Co., Ltd. and Jine De Sheng Co., Ltd. are controlled by the same corporation.

Ownership of Shares in Affiliated Enterprises

Unit: Shares/ %

Affiliated Enterprises ⁽¹⁾	Ownership by the Company		Direct of Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
T.Join Transportation Co., Ltd.	16,425	100%	-	-	16,425	100%
Rong Xing Investment Co., Ltd.	10,400,000	100%	-	-	10,400,000	100%
Kerry Cold Chain Equipment Co., Ltd.	6,231,986	64%	3,462,214	36%	9,694,200	100%
Kerry Pharma Logistics Co., Ltd.	-	-	9,000,000	90%	9,000,000	90%
Kerry Global Trading Co., Ltd.	100,000	100%	-	-	100,000	100%
Kerry Express Co., Ltd.	265,000	100%	-	-	265,000	100%
Kerry Fruit Co., Ltd.	-	-	510,000	51%	510,000	51%
T.Join (BVI) International Limited	28,185,000	100%	-	-	28,185,000	100%
T.Join (Hong Kong) International Limited	32,594,604	49%	-	-	32,594,604	49%
Posh Kerry Renewables Co., Ltd.	240,000	40%	-	-	240,000	40%
Science Park Logistics Co., Ltd.	43,051,101	60%	-	-	43,051,101	60%
Cobang Nanjing Logistics Limited	-	-	4,500,000	25%	4,500,000	25%

Note:
(1) The invested companies are long term equity investment for using the equity method by the Company.
(2) The shares are based on the actual holding of the shares in 2020/12/31.

Capital Overview

Capital and Shares

Source of Capital

Unit: Shares/NTD\$ thousand								
Month/ Year	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source of capital	Capital Increase by Assets Other than Cash	Other
07/1994	10	320,000,000	3,200,000	269,724,000	2,697,240	capitalization of capital reserve NTD\$373,464 capitalization of retained earnings NTD\$248,976	None	1994/7/12 Tai Tsai Cheng (1) No.31123
06/1995	10	320,000,000	3,200,000	306,136,740	3,061,367	capitalization of capital reserve NTD\$364,127	None	1995/6/26 Tai Tsai Cheng (1) No.37459
06/1996	10	362,000,000	3,620,000	336,750,414	3,367,504	capitalization of capital reserve NTD\$ 153,068 capitalization of retained earnings NTD\$ 153,068	None	1996/6/25 Tai Tsai Cheng (1) No.39458
06/1997	10	700,000,000	7,000,000	454,613,058	4,546,130	capitalization of capital reserve NTD\$ 1,043,926 capitalization of retained earnings NTD\$ 134,700	None	1997/6/24 Tai Tsai Cheng (1) No.48888
06/1998	10	700,000,000	7,000,000	500,074,364	5,000,744	capitalization of capital reserve NTD\$318,229 capitalization of retained earnings NTD\$ 136,384	None	1998/6/22 Tai Tsai Cheng (1) No.54397
09/1999	10	700,000,000	7,000,000	515,076,595	5,150,766	capitalization of capital reserve NTD\$150,022	None	1999/9/1 Tai Tsai Cheng (1) No.79400
07/2000	10	700,000,000	7,000,000	520,227,361	5,202,274	capitalization of capital reserve NTD\$51,507	None	2000/7/11 Tai Tsai Cheng (1) No.58755
09/2001	10	700,000,000	7,000,000	522,703,498	5,227,035	capitalization of capital reserve NTD\$24,761	None	2001/9/12 Tai Tsai Cheng (1) No.157313

Unit: Shares/NTD\$ thousand								
Month/ Year	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source of capital	Capital Increase by Assets Other than Cash	Other
12/2003	10	700,000,000	7,000,000	497,703,498	4,977,035	treasury shares capital reduction of NTD\$250,000	None	2001/2/5 Tai Tsai Cheng (3) No.100619
03/2009	10	700,000,000	7,000,000	495,532,498	4,955,325	treasury shares capital reduction of NTD\$21,710	None	2008/12/23 Ching Kuan Cheng (3) No. 0970067200
06/2009	10	700,000,000	7,000,000	483,582,498	4,835,825	treasury shares capital reduction of NTD\$119,500	None	2009/5/1 Ching Kuan Cheng (3) No. 0980018858
04/2017	10	700,000,000	7,000,000	467,000,498	4,670,005	treasury shares capital reduction of NTD\$165,820	None	2017/1/17 Ching Kuan Cheng Jiao Tzu No. 1060001856

Unit: shares				
Share Type	Authorized Capital		Total	Remarks
	Issued Shares	Un-issued Shares		
Common Stock	467,000,498	232,999,502	700,000,000	None

Note: There was no preferred stock issued.

Information for Shelf Registration:

None

Status of Shareholders

As of Apr 17, 2021						
Number	Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons
	Total					
Number of Shareholders		-	8	133	25,754	88
Shareholding (shares)		-	4,812,404	296,781,807	117,516,378	47,889,909
Percentage (%)		-	1.03	63.55	25.16	10.25

Shareholding Distribution Status

A. Common Shares

As of Apr 17, 2021

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage (%)
1 ~ 999	18,633	2,141,978	0.46
1,000 ~ 5,000	5,862	11,747,172	2.52
5,001 ~ 10,000	715	5,232,037	1.12
10,001 ~ 15,000	236	2,879,475	0.62
15,001 ~ 20,000	121	2,134,722	0.46
20,001 ~ 30,000	123	2,998,561	0.64
30,001 ~ 50,000	86	3,444,035	0.74
50,001 ~ 100,000	64	4,475,118	0.96
100,001 ~ 200,000	37	5,289,364	1.13
200,001 ~ 400,000	26	7,318,821	1.57
400,001 ~ 600,000	9	4,550,897	0.97
600,001 ~ 800,000	13	9,217,960	1.97
800,001 ~ 1,000,000	5	4,483,858	0.96
1,000,001 or over	53	401,086,500	85.89
Total	25,983	467,000,498	100.00

B. Preferred Shares: None.

List of Major Shareholders

As of Apr 17, 2021

Shareholder's Name	Shareholding Shares	Percentage
Taiwan Kerry Investment Co., Ltd.	183,276,410	39.25%
Tung Li Investment Co., Ltd.	38,118,000	8.16%
Da Ji International Limited	27,972,000	5.99%
Ying Hsin International Investment Co., Ltd.	18,966,000	4.06%
The Special Account of HSBC Taipei as Custodian for Sincere KAR International Small Capital Fund	15,556,000	3.33%
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Hsinchu Transportation Co., Ltd.	9,471,271	2.03%
Jine De Sheng Co., Ltd.	8,598,000	1.84%
The Special Account of HSBC Taipei as Custodian for Sincere KAR Emerging Markets Small Capital Fund	5,731,631	1.22%
Chen, Tse-Tsung	5,168,028	1.11%

Market Price, Net Assets Value, Earnings, and Dividends per Share

Unit: NT\$/thousand shares

Item	Year 2020	2019	as of March 31, 2021
Market Price per Share			
Highest Market Price	45.30	39.80	46.10
Lowest Market Price	31.00	33.80	40.45
Average Market Price	40.07	37.13	42.94
Net Assets Value per Share (Note 1)			
Before Distribution	21.99	20.31	22.64
After Distribution	20.31	18.86	20.96
Earnings per Share			
Weighted Average Shares	467,001	467,001	467,001
Diluted Earnings Per Share	3.21	2.61	0.65
Adjusted Diluted Earnings Per Share	3.21	2.61	0.65
Dividends per Share (Note 1)			
Cash Dividends	1.68	1.45	-
Stock Dividends	-	-	-
• Dividends from Retained Earnings	-	-	
• Dividends from Capital Surplus	-	-	
Accumulated Undistributed Dividends (Note 2)	-	-	
Return on Investment			
Price / Earnings Ratio (Note 3)	12.48	14.23	
Price / Dividend Ratio (Note 4)	23.85	25.61	
Cash Dividend Yield Rate (Note 5)	4.19%	3.91%	

Note:

(1) The 2020 annual earnings distribution has yet to be approved by the shareholders' meeting.

(2) In issuing equity securities, provisions may be made to accumulate undistributed dividends for the year and postpone distribution until a year when profit is made. The dividends accumulated over the period ending in the year of distribution should be disclosed.

(3) Price / Earnings Ratio = Average Market Price / Earnings per Share.

(4) Price / Dividend Ratio = Average Market Price / Cash Dividends per Share.

(5) Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price.

Dividend Policy and Implementation Status

A. Dividend Policy

The Company proposed to submit the dividend policy of the Articles of Incorporation to the shareholders’ meeting to resolve, where the Company has a surplus earning after closing of accounts in a fiscal year, an amount shall be appropriated to make up the accumulated loss first, followed by setting aside 10% thereof as the legal reserve according to laws; however, where the legal reserve has reached the paid-in capital total amount of the Company, it is exempted from such limitation. In addition, special reserve shall be appropriated or reversed according to the laws or regulations of the competent authority. If there is remaining surplus earning, it shall be combined with the undistributed surplus earning of the same period, and the board of directors shall establish a surplus earning distribution proposal for submission to the shareholders’ meeting for resolution on the distribution of shareholders’ dividends and bonuses.

The dividend policy of the Company considers the factors of future operation development, capital budget, industry environmental changes and competition as well as long-term financial funding plans of the Company along with the consideration on the shareholders’ interests and the long-term financial planning of the Company. Accordingly, the shareholders’ dividends and bonuses are appropriated from the accumulated distributable earnings, and such distributable earnings shall not be less than 10% of the current net income after tax and the cash dividends among such distributable earnings shall not be less than 50%. However, in case where there is unexpected major capital expenditure, the cash dividend distribution ratio may be reduced to 20%.

The actual distribution ratio or method of the dividend distribution may be adjusted depending upon the operation status of the Company, and the board of directors shall prepare the distribution proposal for submission to the shareholders’ meeting for resolution on the distribution thereof.

B. Proposed Distribution of Dividend

- I. The company’s distribution of dividends of last 5 years is listed as follows and the dividend policy will be remained stable and sustainable.
- II. The proposal for the distribution of 2020 profits was passed at the meeting of the Board of Directors on May 7, 2021. The proposal for distribution of dividends will be discussed at the annual shareholders’ meeting.

Year	NTD per share Dividend
2016	1.50
2017	1.60
2018	1.56
2019	1.45
2020	1.68

C. Expected future dividend policy changing: None

Impact of Stock Dividends issuance on the Company’s Business Performance and Earnings per Share:

None

Compensation of Employees and Directors

- A. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation
Please refer to P. 39: Remuneration Policy.
- B. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period
The amount of compensation for employees, directors and supervisors in the current period is estimated appropriately in accordance with the Articles of Incorporation. If the actual amount of compensation distributed to employees and directors varies from the allocated amount, this will be treated as changes in accounting estimates. Profit / loss for

the year will then be adjusted accordingly in the following year.

C. Distribution of Compensation of Employees, Directors and Supervisors for 2020 Approved in the Board of Directors Meeting

- 1. Recommended distribution of compensation of employees, directors and supervisors in cash is NTD\$18,487,469 each.
- 2. The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: None.

D. The Distribution of Employee Compensation and Remuneration of Directors in the previous year

	Amount approved in the annual Shareholders’ meeting resolution	Amount proposed in the Board of Directors’ meeting	Discrepancy
2019			
Remuneration to employees in cash	16,491,850	16,491,850	0
Director’s remuneration	16,491,850	16,491,850	0

Buy-back of Treasury Stock

None.

Bonds

Corporate Bonds

None.

Convertible Bonds

None.

Exchangeable Bonds

None.

Shelf Registration for Issuing Bonds

None.

Corporate Bonds with Warrants

None.

Preferred Stock

Preferred Stock

None.

Preferred Stock with Warrants

None.

Global Depository Receipts

None.

Employee Stock Options

None.

Issuance of New Restricted Employee Shares

None.

Status of New Shares Issuance in Connection with Mergers and Acquisitions

None.

Financing Plans and Implementation

None.

Overview of Business Operation

Business Activities

Business Scope

I. Business scope of Kerry TJ Logistics: Provision of following less-than-truck-load transport and supply chain integration logistics services:

(1) Less-than-truck-load transport service:

- 1
- LTL transport at ambient temperature, including commercial transport and individual home delivery services mainly in the fields of B2B (Business to Business) and B2C (Business to Consumer) with C2C (Consumer to Consumer) as the secondary service. The industries to which major customers belong are as follows:
- Food and catering
 - General merchandise retail & wholesale
 - Financial publishing
 - Office suppliers
 - FMCG
 - Clothing & accessories
 - Furnishings
 - Recreation & entertainment
 - Computer, communication and consumer electronics
 - Industrial manufacturing
 - e-commerce/cross-border e-commerce
- 2
- Logistics project service, including:
- E-commerce/online shopping platform (including collection and receiving cargoes from forward and reverse logistics/dispatch to receive cargoes)
 - Chain store & hypermarket/retail sales channel (including collecting and receiving goods from forward and reverse logistics/inter-store transfer/sales counter setup and removal/ household appliances distribution)

- Costco channel (including integrated warehouse and store pallet distribution/ pallet lease/integrated warehouse and store container transport/exclusive e-commerce distribution service)
- Hypermarkets (including e-commerce/large furniture distribution and assembly)
- Full load transport (including multipoint distribution)

- 3
- COD service
- 4
- Customized POD service and real-time cargo tracking system

(2) Professional supply chain integration and logistics service

- 1
- Total supply chain logistics resolution; major industries are described below:
- Fashion and luxury goods
 - Electronic technology
 - Food and catering
 - FMCG
 - Industry and raw material
 - Nutraceutical biotechnology
- 2
- Warehouse management
- Storage at ambient, constant, and low temperature/separate temperature-controlled freezing storage environment
 - Value-added services including devanning, inbound, tally, outbound and customized labeling, and gift box packaging
 - Bonded warehouse service
 - Recovery, renovation, and disposal from reverse logistics

- 3
- Cold chain logistics (including low-temperature storage and distribution)
- Using Carrier freezing units and temperature sensing devices to control temperature during storage and distribution
 - LTL transport at low temperature, including commercial transport and individual home delivery services mainly in the field of B2B (Business to Business) with B2C (Business to Consumer) as the secondary service.
 - Chain store & hypermarket/retail sales channel (including collecting and receiving cargoes from forward and reverse logistics/inter-store transfer)
 - Costco channel (including integrated warehouse distribution/integrated warehouse and inter-store container transporting/e-commerce distribution service)
 - Full load transport (including special reserved multipoint delivery)

- 4
- COD service
- 5
- Customized POD service and real-time cargo tracking system

II Business scope of affiliates: Professional pharma logistics, import/export and inland container transport, cold chain equipment agency/planning/installation, metropolitan area express service, fresh fruit distribution; details are described as below:

- (1)
- Kerry Pharma Logistics Co., Ltd.
- Major services include provision of logistics, distribution and storage services for the manufacturers, agents and distributors of medical products such as medicines, medical devices, and health supplements within the scope of GDP (Good Distribution Practice).
- 1
- Service item
- Consignment service
 - Forward logistics distribution
 - Reverse logistics receiving/return
 - Forward & reverse logistics (to-and-fro service)

- Special value-added service
 - COD service
 - Fixed-point delivery
 - Logistics in hospital
 - Designated time section
 - Goods shelving service
 - Unpacking checkout
 - Delivery slip signature
 - Recovery of control certificate
- Special reserved transport service
 - Designated distribution at different temperature layers
 - Long-distance temperature-controlled transport
 - Reserved transport of special cargoes
 - Same-day delivery on the designated date
- Other projects
 - Storage/distribution of investigational products
 - Integrated service for import/export drugs and medical devices
 - Controlled drugs and anti-epidemic vaccines

- 2
- Storage service
- Temperature-controlled storage below 25°C/ refrigerating storage at 2–8°C
 - Customized storage management service and performance management
 - Inbound inspection, picking, packaging, and shipping management
 - Management of controlled drugs
 - Storage data exchange and feedback service
 - Devanning
 - Professionally trained medicine warehouse management, tally and overall management together with QA personnel
 - Integrated supply chain planning, information system integration service
 - Comprehensive pharma logistics records on the system
 - Information system remote backup, protection of data security, assurance of complete goods incoming and outgoing data of customer

3	Passed GDP (Good Distribution Practice) certification
4	Passed SGS certification and complying with WHO GDP
5	Passed ISO 9001 certification
6	Acquired recognition from MOHW as an "outstanding company in GDP (Good Distribution Practice) pharma inspection"
7	Passed GMP (Good Manufacturing Practice) certification
8	Passed ISO 13485 certification

(2) T.Join Transportation Co., Ltd.

1	Service item - Container transport service - Import/export container transport - Long-distance to-and-fro transport - Package plant export (warehouse transfer) - Special container transporting service - Bonded container transport - Reefer/refrigerated container - Flatbed truck transport - Logistics service - Special reserved direct delivery - Pickup, distribution and transshipment - Professional transport for channels and integrated warehouses - CFS storage and transport - Furniture assembly and delivery - Electric equipment installation and delivery - Special cargoes delivery and assembly
2	Passed AEO (Authorized Economic Operator) certification

(3)	Science Park Logistics Co., Ltd.
1	Service item - Science park bonded warehouse, chemical warehouse - Science park import/export storehouse and customs clearance service - Bonded and special cargo transport - Logistics center and agency service

(4) Kerry Cold Chain Equipment Co., Ltd.

1	Service item - Sale, installation, maintenance and repair of cold chain equipment - Provision of freezer and plant insulation as well as design, planning, construction and other professional services - Maintenance and repair of transporting equipment
2	Carrier Transicold distributor in Taiwan

(5) Kerry Express Co., Ltd.

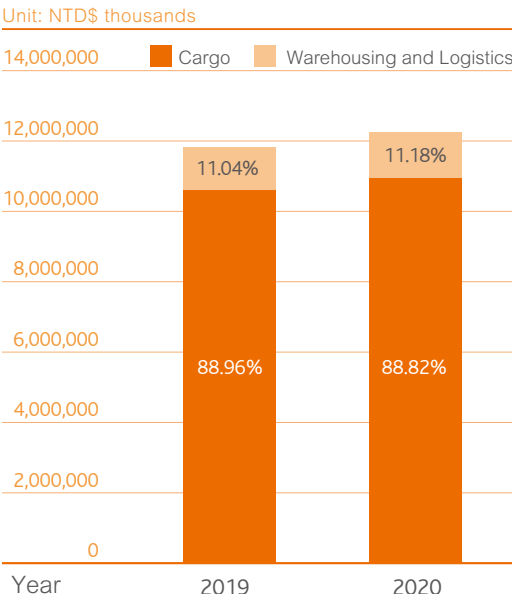
1	Service item - Same-day express service in Taiwan - Outlying/offshore island air express service - Small parcel and document delivery - Overnight prompt delivery service - Metropolis motorcycle express - E-commerce express - COD service
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(6)	Kerry Fruit Co., Ltd.
1	Service item - Fruit supply chain solution - Purchase of fruits at local farms - Purchase at wholesale agricultural product market - Cross-border fruit trade - Product screening and grading - Full range of fruits and planning for different seasons - Customized order requirements planning and packaging - Logistics supply chain planning service - Fruit gift box, sale of fruits at group buying market - Ambient/low temperature distribution and storage service
2	Logistics center with ISO 22000:2005 and HACCP certificates
3	Cleanroom-class packaging center

III Business percentages

- (1) The business items of the Company are, according to their nature, classified into cargo transport, logistics & storage, and other value-added services. The percentages of individual items is described below:
- 1 The production value of the cargo transport was NTD\$ 10,963,881,000 or 88.82% of the overall production value.
- 2 The production value of the logistics & storage and other services was NTD\$ 1,380,329,000 or 11.18% of the overall production value.

Production value and business percentages of Kerry TJ Logistics



Overview of the Industry

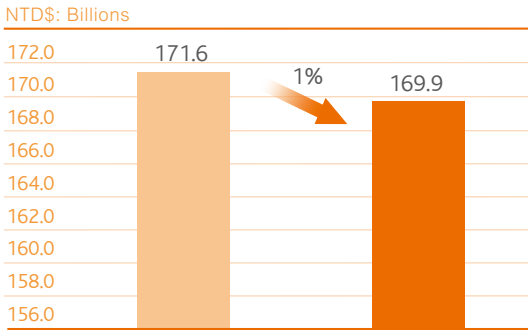
I Status quo and development of the industry

- (1) Overview of automobile cargo transport service industry in Taiwan in 2020
(Source: Monthly Statistics of Transportation and Communications, MOTC; figures were collected up to the printing date of this annual report):
- 1 According to the data of the Ministry of Transportation and Communications, the automobile cargo transport service industry (including the automobile cargo transportation industry, automobile cargo transportation within designated route(s) industry, and container truck transportation industry) had an overall production value of NTD\$ 169.9 billion in the slightly decreasing domestic economic environment in 2020, indicating a decrease rate of 1% in comparison with the production value of NTD\$ 171.6 billion in 2019.
- 2 The total production value of the Company in combination with the affiliates in 2020 was NTD\$

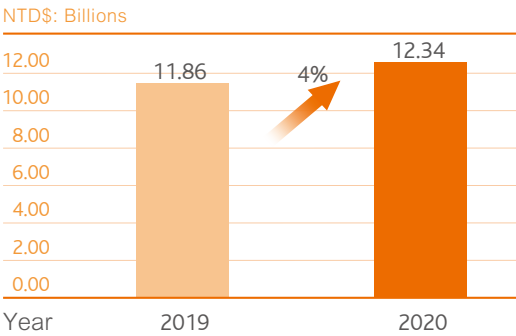
12.34 billion with growth rate of 4% in comparison with the production value of NTD\$ 11.86 billion in 2019. This performance was the result of the collaborative management teams, helping the Company operate steadily and maintain stable growth of the business operation.

Trend Comparison of Kerry TJ Logistics Revenue Growth with Market Value

Production Value of Automobile Cargo Transport Service



Production Value of KTJ



(2) The services of Kerry TJ Logistics Group are described below:

1 Ambient temperature logistics service

(1) Integrated logistics services within designated route(s)

With the Hub-and-Spoke Network as the core framework for the cargo transport in the night, the Company flexibly adjusts the inter-regional long-distance vehicle dispatch and inter-station shuttle transport depending on the cargo volume to provide on-time consignment

service effectively and meet the B2B and B2C service requirements of the customer. Currently more than 200 stations have been set up in Taiwan, including business depots, transshipment hubs, and cargo terminals, forming complete bases and providing customers with professional service support.

(2) Express and home delivery services

The “Ubiquinomics” and “Customer Engagement Economy” have driven the explosive growth of the e-commerce market. The logistics service industry is currently built on a labor-intensive basis. However, the trend of low birth trend and aging society in the recent years has led to a reduction of the labor force in major Asian cities, making the logistics service a rare resource to meet the rapid requirements for the products of small quantity with multiple designs. Hence, many global leading e-commerce companies have changed their crucial battlefield to the logistics business and commenced the investment in stocks, acquisition, and formation of strategic alliances. On the other hand, logistics companies have introduced new technology services to improve the efficiency and meet individualized requirements.

2 Pharma logistics service

(1) To protect the quality and safety in use of drugs, the Ministry of Health and Welfare has, since July 1, 2016, requested the western pharmaceutical preparation manufacturers that are newly established, have moved from another location, or resumed the business operation and the logistics companies that implement labeling and packaging of western pharmaceutical preparations, and the pharmaceutical firms that apply for the first permit for any western pharmaceutical preparations to meet the GDP (Good Distribution Practice) when applying for the GMP (Good Manufacturing Practice) inspection.

(2) All the existing western pharmaceutical preparation manufacturers, the logistics companies that implement labeling and packaging of western pharmaceutical preparations, and the pharmaceutical firms that own the permit for any western pharmaceutical preparations shall have finished the implementation prior to December 31, 2018.

(3) The pharmaceutical firms of western pharmaceutical preparations engaged in wholesale, import and export that need cold chain storage and transport shall have met the GDP requirements prior to December 31, 2021. The firms that do not acquire the GDP permit shall not be engaged in the business related to distribution of western pharmaceuticals.

3 Container transporting service

(1) According to the statistics data of the MOTC, the container loading and unloading volume at ports in 2020 reached up to 14.59 million TEUs, indicating a negative growth in two consecutive years. (Source: 2020 Main Indicators of Transportation and Communications, MOTC)

(2) Non-complying vehicles have been eliminated gradually to meet the requirements of air pollution control regulations.

(3) In consideration of the development of larger cargo ships in the future and the higher transport capacity requirements for each shipment, the fleet of the partners was used to create joint transport capacity and develop scale economy.

(4) Since the business of the container yard at Keelung Port was terminated, some ships have berthed at Taipei Port and other ports. Taipei Port Container Terminal Corp. has initially finished the development of the free trade zone and logistics park and finished the investment solicitation, and the land

reclamation for extension of the port is in progress. The future development of the market is expectable.

(5) The advantages of the Science Park Logistics were combined with the enhanced business at Kaohsiung Port and each science park to integrate the supply chain logistics services and meet the requirements of the customer.

4 Bonded logistics service

(1) The core competitiveness was in the area of bonded logistics for each science park.

A one-stop procurement and logistics system is available to the customers to meet their demands in the fields of storage, clearance of cargoes, air cargo bounded transit, and special cargo transport. Since the hi-tech companies keep upgrading their processes and products, Science Park Logistics has invested in the development of different products and services, such as the setup of the first legal bonded warehouse for public hazardous materials in the science park. The warehouses at constant temperature and humidity are suitable for storage of the equipment and material needed for the advanced process of the semi-conductor manufacturer. As for transport, Science Park Logistics particularly emphasizes service quality and is specialized in the transport of high-priced, high-sensitive, and special-sized cargoes of the hi-tech manufacturer.

5 Cold chain logistics service

(1) Enhancement of business management

As food safety issues have emerged again and again, the competent health authority of the government has paid much attention to the safety of the cold chain supply of food to ensure people can eat without worry. The authority has conducted health audits at the business premises of the cold chain logistics companies on a random basis to protect food safety. Hence, more attention

shall be paid on the improvement in respect of how to improve the temperature control and business operation capability in the cold chain supply. Kerry TJ Logistics has professional cold chain storage facilities and dedicated cold chain distribution fleets. The temperature is controlled at any time using temperature sensing devices and Kerry TJ Logistics can surely ensure the food safety for the consumer.

(2) Focus on environmental protection issues

In line with the GHG emission regulations and EU environment policies and standards, R452a refrigerant is used in the cold chain equipment (including Carrier freezing units) to meet the environmental requirements and mitigate global warming.

6 Fresh fruit distribution service

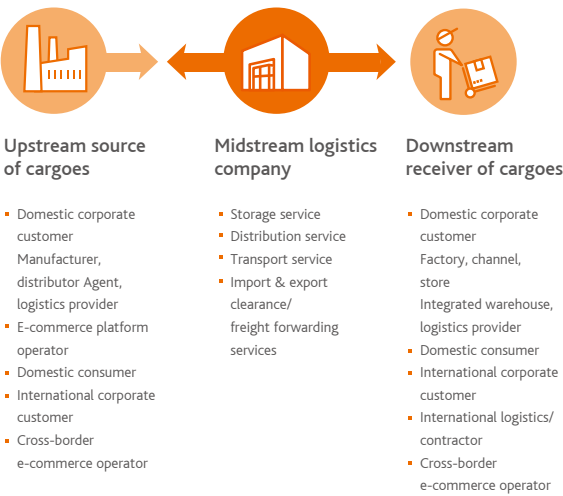
- (1) With the growing emphasis on food safety issues, more consumers have paid close attention to the transparency of the distribution process of agricultural products and fruits. The optimization and availability of the real-time digital information on every step of the supply chain, including processing, collection, screening, grading, packaging, ambient/low temperature storage, logistics transport, adjustment of import/export production and sales volumes, and occupational health certification after picking of the fruit as well as reduction of the decay rate of products during the processing and satisfaction of the customization demands have become the top priority of the fruit transport and distribution companies in recent years.
- (2) Due to the impact of the global epidemic, the hotel and aviation operators have significantly reduced their fruit demand since 2020. Hence, expansion of the online and physical sales channels has become the priority and how to meet the requirements of other channels will be the next important issue to be solved.

II Connection between the upstream, midstream and downstream in logistics industries

In the traditional logistics system, upstream manufacturers deliver final products to the midstream distributors or wholesalers and, then, to the downstream retail channels. The cost of storage and distribution becomes very high due to separation of the operating bases of these manufacturers and distributors/wholesalers. The downstream retailers hope to sell commodities of small quantity with multiple designs in the store to reduce the inventory cost and provide consumers with multiple selections. However, the cost of storage and distribution rises again because the manufacturers cannot produce in time, the distributors do not have sufficient product items, and commodities are needed more frequently but in small quantity. In the circumstances, the traditional system can no longer meet the requirements of the retailers for "small quantity with multiple designs" and "high frequency."

Establishment of logistics centers may redefine the production-marketing relation. Generally, the logistics center is positioned between the upstream manufacturer and midstream distributor/wholesaler. In addition to occupying a broad land lot, it has professional labor force and automated equipment to implement storage operations, and thus is more advantageous than the manufacturers and distributors/wholesalers in reduction of the storage cost and decrease of the overstock. Besides this, commodities can be directly delivered to channels or consumers through logistics centers. This is very helpful to narrow the production-marketing gap and speed the circulation efficiency of commodities, and the procurement cost and delivery efficiency will be more reasonable due to purchase in large quantity with multiple designs.

As a result, manufacturers will need fewer distributors/wholesalers and even be incorporated in the commodity structure and channel strategy. Once modern logistics centers have developed to their maturity, traditional cargo transport, processing, storage and other individual services will become their support. In the circumstances, the logistics companies may improve their market functions by meeting their demands for information and automated technology, and further drive the development of the technology and information industries. The connection of the upstream, midstream and downstream transport logistics industries is illustrated below:



III Development trend of the logistics industry and competition

(1) Development trend of the logistics industry

The logistics industry is an industrial sector where services are provided during the circulation process of commodities, including the circulation of raw materials, parts and components, semi-finished products, in-progress products, and finished products, revealing the meaning of making the best use and ensuring the flow of goods. Commodities produced in factories or their place of origin are transferred to retail channels and stores through collection, storage, tally, distribution of goods and other operations. This process of improving efficiency, reducing costs, and increasing competitiveness is called distribution logistics or business logistics. The professional operation entity is usually called the logistics or distribution center. When observing the logistics service from the viewpoint of the industry, the logistics industry provides the connection, management, procurement, preservation, and distribution functions during the process from manufacturing of the commodity to delivery of it to the end user. Hence, the logistics industry not only covers the traditional storage, transport and wholesale business, but also replaces the traditional distributors/wholesalers and delivery service providers. The major development trend is described below:

1 Integration of upstream and downstream businesses

The major business items of the logistics industry are distribution, temporary storage, picking, sorting, preservation, and procurement. It plays an intermediary role between the manufacturing and retail sectors. In other words, all the distribution businesses that deliver commodities from the manufacturer to the retailer play a key role in connection of the producers and consumers to meet the market demand for commodities in small quantity with multiple designs and instant order placement, shorten the circulation channel, reduce the circulation cost, and facilitate smooth circulation of commodities on the consumer market.

2 Comprehensive functions

The logistics center with comprehensive functions integrates physical stores and information through the systems, networks, automated devices and professional techniques to implement the functions of wholesale, storage, and distribution. In addition to the foundation of a storage business, the ability of a distribution business, and the capability of integrating information and data, innovation and optimization of management and professional techniques must be implemented on an ongoing basis to deliver the commodities to the customer on time at the right place within the specific time frame in correct quantity, with the best service quality, and at the lowest transport cost.

3 Strategic management

The purpose of the commercial logistics is to deliver commodities and services to the customer in a timely manner at the right place. In conjunction with the application of IT technology, the logistics operations are gradually upgraded to strategic functions from order placement, storage, distribution and other traditional physical transport functions. They feature the supply chain integration and management functions to support the strategic requirements of marketing.

4 Efficiency in time and space

What the logistics service provide is the precise and efficient transfer of commodities from suppliers to retail channels at the lowest cost. Commodities are circulated smoothly through the optimal distribution routes as indicated in the big data analysis to realize the flow of goods and pipeline management and achieve the goal of virtual organizations/companies. The entire supply chain is connected closely by optimizing the efficiency as though operating in the same company or department to produce the benefit in saving of time and space.

5 Demands in small quantity with multiple designs at high frequency

The cost of inventory is one of the performance items that a company must control at all times. How to keep the lowest stock level while meeting the requirements of the customer without the worry of shortage is always a concern of the retail channel. Hence, logistics service providers must adapt themselves and tally commodities in small quantity with multiple designs and distribute them at high frequency to meet the market demand.

6 Professional capability and neutral position

Since positioning of the logistics service has become more important, the service provider must develop to a higher professional level to meet the requirements of the customer for efficiency, precision and quality. In addition to many basic management and operating capabilities and know-how, they must adapt themselves flexibly in line with the regulations of the government and upgrade their professional level by optimizing processes, introducing new equipment, and applying information technology. In addition, with its intermediary nature, the logistics service provider must implement encryption, storage and management of the data on sales channels and end consumers appropriately. Hence, the professional capability of the logistics service provider and its neutral position in fair treatment of all the customers are one of its important features.

7 IT integration and support capability

Customized information integration technology is provided depending on the type of products, the source of orders, and sales channels, such as cross-border e-commerce, live stream on Facebook, and other channel platforms. In addition, to understand the handling progress at different phases, the mechanisms for order integration and real-time feedback of distribution state must be available to support satisfaction of the customer's requirements.

(2) Competition and challenge

1 Development of e-commerce

The stay-at-home economy and e-commerce continue to prosper these days. Thanks to the mature operation of the electronic payment tools, consumers are getting used to online shopping in lieu of buying at physical stores. This facilitates the flourishing development of the O2O (Online to Offline) mode, shortens the distance from producers to end consumers, and stimulates the B2C or C2C distribution demand. Unlike the logistics services for upstream and midstream players or store channels in the past, logistics service providers must adapt themselves to the distribution in small quantity, increased distribution points, and the requirements for delivery within a specific time frame in the e-commerce operation mode. For these, new requirements for configuration of manpower and equipment such as drivers, assistants, tally personnel and vehicles emerge and the operating cost rises as a result, making optimization and upgrade of the operating efficiency crucial for reform of the logistics industry.

Consumers require much more service quality of the delivery personnel than manufacturers, indicating that logistics service providers must provide their employees with regular educational training to have a role to play in the competitive e-commerce environment. The emerging and aggressive new logistics model of cross-border e-commerce in the competitive logistics market provides consumers with more options of logistics

distribution offers and reduces the required time in the entire logistics chain. Dedicated fleets are organized for this model to distribute commodities of special specifications and provide full competitive strength for the platforms and commodity suppliers.

2 Acquisition of operating resources

The prosperous e-commerce brings about more demand for manpower, such as drivers and loading/unloading and tally personnel. However, the low birth rate in recent years, the stereotype of the logistics service as a kind of hard work, and the prohibition from hiring foreign laborers as specified in laws and regulations make shortage of manpower a restriction on the development of the logistics industry. In addition, the development of the emerging metropolitan area results in substantial increase of the land cost and business offices are forced to move to the outskirts. The restrictive land category conditions and inconvenient outward access make acquisition of land lots for stations another restriction on the development of the logistics industry.

3 New competitors

The government recently allowed the competitors from China to invest in Taiwan and they entered the Taiwan market officially with large amount of capital. This stimulates the existing logistics service providers in Taiwan to break through old practices in efficiency, quality, service diversity, information, and employee welfare on an ongoing basis to keep and enhance their competitiveness in this liberalization wave. In addition to the freight companies, home delivery services and warehouse operators as the competitors of the logistics service providers nowadays, the e-commerce operators, such as Amazon, Momo, PChome, have built their own warehouses and fleets and entered the logistics area as a competitor in this field. The emerging food delivery services in Taiwan in recent years, such as Foodpanda and Uber Eats, are new types of competitors in the logistics field.

4 Information and technology application

In consideration of the increasing shortage of

manpower and increased personnel cost of the Company, highly automated operations are required to improve the efficiency and reduce the dependence on the labor force. Procurement of equipment and related investment impose considerable financial pressure on logistics service providers and these are not affordable to all of them. In addition to hardware equipment, how to ascertain the most financially efficient and profitable operating model via big data analysis and AR (Augmented Reality) is a research area in which many logistics service providers invest, and recruitment and training of employees with both professional logistics knowledge and logical capability of statistical analysis bring about a challenge to logistics service providers.

(3) Perspectives of the logistics industry

According to the above analysis, the development and efficiency of the logistics industry have positive significance and close connection to the upgrade of the industry and promotion of the overall economic growth of the country. Hence, the logistics industry must pay attention to automation, big data analysis, and introduction of the AI model to redefine the logistics module. Cargoes must be sorted based on their properties and the services to the end consumers are provided through optimal route scheduling of our delivery trucks. Application of customer service response robots and sorters must be planned to optimize the processes, reduce the operating cost, and lower the error rate. The "intelligent logistics" put forward by the government depends on effective integration of IT capabilities and systems. Given that the economic significance of Taiwan in the Asia Pacific Area is increasing and measures are taken to adapt to the worldwide trend of trade liberalization, the logistics industry in Taiwan should be developed with the goal to meet the multiple service demands of the customer, build highly responsive, flexible and customized systems, implement division of decision making processes, and act in line with the development of the logistics park and the support of the government to improve the logistics performance and corporate competitiveness.

Overview of technology and R&D

1. Continuously transfer the AS/400 TMS and WMS systems to open platforms and improve the service quality and operating efficiency of the ambient temperature, low temperature, express, and pharmaceutical transport and storage business.
2. Complete the transfer of the HRM AS/400 human resources management system and make use of manpower and information technology proactively and effectively to achieve the dual goals of reducing the operating cost and improving the corporate competitiveness.
3. Outsource the development and introduction of the manpower management and facial recognition systems; finish the AS/400 outsourcing and transfer; implement control of the personnel in charge of outsourcing and eliminate the shortcomings and losses occurring due to sign-in on paper; improve the outsourcing efficiency in the field.
4. Develop the KPMS 2.0 pharma logistics management system and improve the overall service quality and operating efficiency. Integrate smartphone applications and add application modules for operation in the field to improve the efficiency and real-time operating performance signboard.
5. Develop the electronic receipt by signature system to reduce paper usage, improve the operating efficiency in the fields, and implement the green logistics policy of the Group.
6. Develop the electronic billing system to reduce waste of paper and consumables, save the manpower for sending bills in person, improve customer satisfaction, and implement the green logistics policy of the Group.
7. Develop the route optimization system to improve the delivery efficiency of the driver, reduce fuel consumption and environmental pollution, and implement the green logistics policy of the Group.
8. Add control mechanisms using the engineering maintenance reservation system to optimize the service quality and operating efficiency of vehicle maintenance.
9. Build Kerry Coffee website and finish process automation to improve customer retention rate.
10. Upgrade BPM 2.0 and add process preview function for process transparency and operation efficiency.
11. Develop WEB EDI and various customer platform connection applications in response to the changing market and for

enhancement of the competitiveness.

12. Introduce the Office365 system to integrate the online operations of the Group, reduce the internal communication cost, and improve the internal and external information security.

Long- and short-term business development plans

I Short-term business development plan

(I) Setup of operating bases

Launch the Guanyin Logistics Center to meet the customized requirements of the corporate partners. A collection and distribution warehouse for a large American hypermarket is established at the same place. It is currently the only integrated vertical multi-temperature compound warehouse in Taiwan to provide customers with total solutions.

(II) Setup and adjustment of fleets

- 1 In addition to the existing B2B fleet of Kerry TJ Logistics, the home delivery fleet system is enhanced to effectively improve the distribution quality of 2C parcels and increase the customer satisfaction in conjunction with the existing metropolitan express and same-day delivery service of Kerry Express.
- 2 Large cargoes are transported by the fleet of the T.Join Transportation. Our diversified operation mode is adopted to improve competitiveness of the corporate partners on the market.
- 3 Cargoes must be configured properly to minimize accidents and transport cost.

(III) Improvement of service quality

- 1 Hold regular trainings on service etiquette and sales talk to integrate response skills in the daily life of the driver, customer services as well as our admin staff.
- 2 Invite internal and external instructors to give lectures on an occasional basis to enhance professional skills.

(IV) Integration of information systems

- 1 Continuously optimize the Group’s universal new transport and storage operation system KTMS, KWMS and cloud EDI consignment function.

- 2 Provide drivers with industrial mobile phones and replace the old HT (Handy Terminal) with the Group’s shared operation app for the drivers to report cargo status instantly; electronic receipt by signature function is used to replace traditional paper for receiving consignment messages and important internal announcements; support simple operation query and obtain better control over the driving behavior using the onboard GPS positioning and monitoring system.

(V) Overall operating strategy

- 1 Focus on supply chain integration and the professional division of labor within the Group to provide integrated service.
- 2 Provide extensive care to key customers with comprehensive value-added services such as full load at ambient temperature, distribution to chain stores all across Taiwan, and container transportation service.
- 3 Develop cargoes of similar properties, engage in the channel business of the similar type, and take advantage of the cluster effect.
- 4 Develop the distribution and assembly service markets of pallets, irregular/oversized cargoes and other cargoes with extraordinary specifications.
- 5 Pursue group synergy, such as developing B2B fruit supply markets, participating in government bidding projects, providing catering services, and marketing refrigeration equipment for vehicles carrying agricultural and aquatic products.
- 6 Introduce and promote internationally famous coffee brand and magnify its brand value.

II Long-term business development plan

(I) Planning of operating policies

- 1 Integrate assets and share resources and equipment among affiliates.
- 2 Enhance the outsourced fleet manpower management platform, extend the economic scale and implement the control mechanism.
- 3 Provide a variety of value-added services, such as same-day delivery from north to south and vice versa, motorcycle delivery in six municipalities, fruit

cutting, 4PL distribution and agency, and money flow.

- 4 Make more effort in the management of special business fleets, furniture assembly fleets, and 3C (computer, communication, and consumer electronics) professional fleets to build a service network all across Taiwan.
- 5 Develop international logistics; take advantage of cross-border resources to extend and integrate logistics services with cross-border IFF business; provide domestic logistics storage, distribution, and value-added services.
- 6 Be dedicated to developing various professional logistics techniques and control the safety of food logistics for the people in Taiwan.

(II) Enhancement of administrative support

- 1 Establish an inter-department and inter-affiliate customer service team in response to the integrated logistics service of the Group to provide customers with one-stop services.
- 2 Enhance the information system integration and support ability within the Group; provide customized system connection services based on the property of cargoes and the timeframe of delivery to ensure easy order placement and cargo query.
- 3 Establish a professional cost analysis team to control the profit of each core business; request the professional proposal team to provide individualized plans and solve the logistics problems of the customer.
- 4 Enhance the vehicle and refrigeration equipment maintenance and repair efficiency and skill, screen parts and components to ensure their quality, reduce the frequency and time of the vehicles in the workshop, and eliminate phase 1 and phase 2 vehicles according to laws to improve utilization of the vehicles in service and reduce the operation and maintenance costs.
- 5 Introduce hybrid electric vehicles and fulfill the corporate social responsibility to ensure the sustainable development of the Company.

Overview of the market, production, and marketing

Market analysis

I Market overview and analysis of Kerry TJ Logistics

(i) The status quo of the industry is described below with the core business of Kerry TJ Logistics as the basis:

1 Integrated logistics services within designated route(s)

(1) B2B (Business to Business): The recent epidemic has push forward the transformation of companies. Kerry TJ Logistics is dedicated to developing the logistics supply chain for corporate customers. Though it may seem optimistic in the short term, the subsequent development must be adjusted together with the partners to ensure a win-win situation.

(2) B2C (Business to Consumer): The flourishing development of the cross-border e-commerce drives the prosperous trade of goods across the Taiwan Strait. The emerging stay-at-home economy, the mature electronic payment tools, and the regular e-commerce promotion speed up the growth of the B2C home delivery business.

(3) C2C (Consumer to Consumer): Small private e-commerce businesses, cyber celebrities and YouTubers have become very popular and the logistics distribution capability in Taiwan has been improved substantially. The traditional integrated warehouse as the source of goods is gradually transformed to the third-party pickup mode.

2 Cold chain and warehouse

(1) Ambient temperature storage

Kerry TJ Logistics is dedicated to providing

professional customized total logistics solutions. It has insight in the model of different industries and understands what the customer and market need. As the first choice of many quality goods suppliers and chain brand stores, Kerry TJ Logistics gradually builds intelligent logistics warehouses to provide customers with more efficient and flexible storage services.

(2) Low temperature distribution

Kerry TJ Logistics has set up professional cold chain warehouses and dedicated low temperature distribution fleets. Temperature sensing devices are used to control and monitor the temperature during distribution. Kerry TJ Logistics is one of the best companies in the precise control of temperature at each phase.

(ii) Overview and analysis of the major markets with respect to affiliates are described below:

1 Kerry Pharma Logistics Co., Ltd.

(1) 2018 pharmaceutical industry yearbook estimated the total output value of pharmaceutical industry will significant growth in nearly 5 years, the output value will reach NTD\$ 96.9 billion.

(2) Pharma logistics costs (transport and storage) account for about 3%-5% (about NTD\$ 2.9 billion to NTD\$ 4.8 billion) of the value of the medicine. The distribution for the pharmaceutical manufacturers and firms is currently outsourced completely, and about 90% of the storage business are outsourced. Kerry Pharma Logistics has about 53% of the market share in pharmaceutical goods distribution.

2 T.Join Transportation Co., Ltd.

(1) From the viewpoint of the global development trend, future business will be focused on deep-water ports with outstanding conditions.

(2) Direct sea transportation across Taiwan Strait: A total of 2,565,778 TEUs were transported in and from the ports of the Republic of China (Taiwan) in 2020. Taipei Port had the highest increase rate and only Kaohsiung Port showed negative growth. (Source: 2020 Main Indicators of Transportation and Communications, MOTC)

(3) By combining the metropolitan areas of Taipei City and New Taipei City and the development of the cross-strait sea express, it is expected to have rapid growth of the Taipei Port.

3 Science Park Logistics Co., Ltd.

With the extensive experience in local science parks, Science Park Logistics meets the requirements of the customers at the science park and guides the supply chain partners of the hi-tech industries such as optoelectronics and semi-conductors to enter its supply chain system rapidly. Though there are competitors in the area, Science Park Logistics provides one-stop logistics and other value-added services and responds rapidly through a single contact window. The flexible operation substantially shortens the adaptation period and raises the threshold for the competitors to enter the market.

As for transport, in addition to providing most airfreight operators with transshipment services, Science Park Logistics uses its quality service and management systems to implement complicated goods collection and delivery processes and special cargo transport to meet customer demands.

4 Kerry Cold Chain Equipment Co., Ltd.

The market demand includes two types – standalone and non-standalone engine models.

(1) The major market of the non-standalone

engine model is small and medium low-temperature vehicles. The manufacturing technique in Taiwan is mature with relatively low price. The imported Carrier and Thermo King units do not have competitive advantages and, thus, the market share is low.

(2) The major market of the standalone engine model is large low-temperature vehicles. The major brands on the market are Carrier and Thermo King. Carrier currently has a market share of more than 60%.

5 Kerry Express Co., Ltd.

The same-day delivery from Taipei to Kaohsiung, metropolitan areas document express, small packet, e-commerce home delivery services are the core competitiveness. Kerry Express provides customers with a fast, convenient, and premium delivery experience as if sending the objects in person, and plays a role in the "last mile delivery" in the rapidly developed e-commerce supply chain. In addition to actively developing the document delivery market, the qualitative change of the home delivery business ranging from online to offline services is evident in recent years. Due to the labor-intensive feature of the industry, streamlined processes, automated equipment and information technology are the indispensable means to overcome the challenges. For example, use of industrial mobile phones and apps may reduce the cost and improve the quality to create a win-win situation.

6 Kerry Fruit Co., Ltd.

In Taiwan, there are more than 30 species of fruit trees from the torrid, subtropical, and temperate zones. They are planted all across Taiwan in a total area of 185,296 hectares. The production volume is about 27.05 million tons with an annual production value of NT\$ 97.6 billion. In addition to fresh fruits sold in the local markets, many business opportunities of international export trade can be developed for fruit juice and flesh, dried fruit, jam, frozen and cut fruit, and other processed fruits.

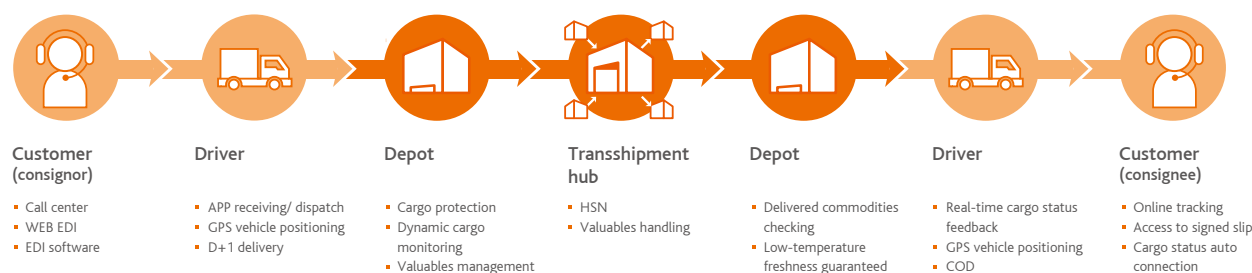
Supply of major raw materials

The major tasks of the Company and affiliates are distribution and storage services. The major raw material is the fuel needed during the transport and there are no other demands for supply of other raw materials. CPC Corporation, Taiwan, is the major supplier of the fuel.

Important applications of major products and production process

I Major services of Kerry TJ Logistics and important applications are described below:

- (1) Transport service within designated route(s) – Less-than-truck-load transport is the major service. Special reserved transport service is also provided. The major partners are companies, individuals, e-commerce platforms, channel stores that receive the collection, distribution, and COD services in both forward and reverse logistics.
- (2) Integrated logistics service – Customized integrated supply chain logistics solutions are provided, covering the storage at ambient, constant and low temperature, circulation and processing, bounded and cold chain logistics (less-than-truck-load transport freezing/refrigeration, special reserved transport) services.
- (3) The major integrated logistics service process is illustrated below:



II Major services of affiliates and important applications are described below:

- (1) Kerry Pharma Logistics Co., Ltd. – Provide pharmaceutical manufacturers, agents, and distributors with logistics, distribution and storage services covering medicines, medical devices and health supplements within the scope of GDP.
- (2) T.Join Transportation Co., Ltd. – Provide special reserved transport of import and export containers, long-distance to-and-fro transport all across Taiwan, pallet cargos, furniture assembly, and installation and delivery of electric equipment, including container transportation service at multiple ambient and low temperatures.
- (3) Science Park Logistics Co., Ltd. – Located at Tainan and Hsinchu Science Parks, Science Park Logistics is dedicated to providing bonded storage, transport, and customs clearance services. It provides customers with total logistics solutions using 4PL management technique and customizes dedicated logistics management procedures that can yield optimal benefits.
- (4) Kerry Cold Chain Equipment Co., Ltd. – Engage in maintenance and repair of transport equipment; act as an agent to sale; install, maintain and repair imported cold chain equipment; and provide freezer and plant insulation as well as design, planning, construction and other professional services.
- (5) Kerry Express Co., Ltd. – Provide same-day express service all across Taiwan, metropolitan areas document express service, and e-commerce and small packet delivery services; provide customer with fast, convenient, and premium delivery experience.
- (6) Kerry Fruit Co., Ltd. – Be dedicated to fruit supply chain solutions, provide ambient-/low-temperature fruit distribution and storage services as well as cleanroom-class packaging center. The production area of each fruit is the source of the fruits to be

distributed. They are flexibly purchased at Taipei First Wholesale Fruit and Vegetable Market every day based on the floating supply-sale volume. Kerry Fruit has cooperated with major trading companies and purchased imported fruits from them for many years. Most of the imported fruits come from the USA, South Africa, New Zealand, Australia, and Chile.

Name of customers contributing more than 10% of total purchases (sales) in any of the most recent two years, and the amount and percentage of their purchases (sales).

- Name list of major purchasing customer: The core business of the Company and the affiliates (excluding Kerry Fruit) is less-than-truck-load transport and logistics storage services. There is no principal purchasing customer with a purchase amount representing more than 10% of the total purchase.
- Name list of major sales customer: The core business of the Company and the affiliates (excluding Kerry Fruit) is less-than-truck-load distribution and transport as well as warehouse tally services. The operating income from any single customer is small in the overall revenue of each company and none of such income represents a percentage up to 10%.
- The demand of Kerry Fruit's major customer, the airline catering service, dropped substantially due to the epidemic in 2020. Since Kerry Fruit acted as the agent and import the brand pineapples from the Philippines in the same year, the sales channels were increased for other companies in the same trade. The revenue from hypermarket channels grew stably to a percentage of 19%. The revenue from the new customer Ten Ren Tea Co., Ltd. grew up to a percentage of 11%.

Production and sales volumes in the most recent two years

I Production in the Last Two Years

Amount Category	Year 2020			Year 2019		
	Capacity (Kiloton)	Output (Kiloton)	Amount (NTD thousands)	Capacity (Kiloton)	Output (Kiloton)	Amount (NTD thousands)
Cargo	4,593	3,814	10,963,881	4,559	3,785	10,546,981
Warehousing, Logistics and Others ⁽¹⁾	-	-	1,380,329	-	-	1,308,695
Total	4,593	3,814	12,344,210	4,559	3,785	11,855,676

Note: Capacity refers to the quantity of normal functioning the manufacturing equipment, and excludes the factor of necessary suspension, holidays, etc.

(1) The capacity and output of Warehousing, Logistics and Others can not be measured because of the characteristic of the service.

II Major Services Region

Amount Category	Year 2020		Year 2019	
	Amount (NTD thousands)	%	Amount (NTD thousands)	%
Domestic	12,344,210	100	11,855,676	100
Export	-	-	-	-
Total	12,344,210		11,855,676	

Note: Cargo, warehouse logistics and the other additional services of the Company and its related-corporation are all domestic.

Workforce Structure in the most recent two years and up to the printing date of this annual report

Year		2020	2019	As of Feb 1, 2021
Number of Employees		5,711	5,855	5,681
Average Age		40.67	39.46	40.75
Average Years of Service		7.77	7.13	7.3
Education	Ph.D.	0.03%	0.02%	0.03%
	Masters	1.22%	1.15%	1.25%
	Bachelor's Degree	32.57%	32.41%	32.67%
	Senior High School	54.86%	53.73%	54.64%
	Below Senior High School	11.32%	12.68%	11.41%

Environmental Protection Expenditure Information

Costs Incurred from Polluting the Environment in the Most Recent Year up to the Publication Date of the Annual Report

The Company and our affiliates were fined NTD\$85,000 in total for vehicle exhaust emissions in 2020. The costs and related punishments are shown as follows:

No.	Date	Document No.	Violated Provision	Violation	Punishment
1	2020/02/26	Document No.: 21-109-020955 FU-HUAN-KUNG-TZU No.1090035024	Paragraph 1, Article 36 of the Air Pollution Control Act	Vehicle with plate number 7K-287 violated the Air Emission Standards of Mobile Source.	A fine of NT\$5,000; a 1-hour environmental protection lecture.
2	2020/03/06	Document No.: 21-109-030043 FU-HUAN-KUNG-TZU No.1090053191	Paragraph 1, Article 36 of the Air Pollution Control Act	Vehicle with plate number 307-HG had smoke emissions violating the Air Emission Standards of Mobile Source.	A fine of NT\$5,000; a 1-hour environmental protection lecture.
3	2020/03/30	Document No.: 21-109-030267 FU-HUAN-KUNG-TZU No.1090076661	Paragraph 1, Article 36 of the Air Pollution Control Act	Vehicle with plate number 5W-976 had smoke emissions violating the Air Emission Standards of Mobile Source.	A fine of NT\$3,000
4	2020/04/20	Document No.: 21-109-040001 FU-SHOU-HUAN-KUNG-TZU No.1095101407	Paragraph 1, Article 45 of the Air Pollution Control Act	All Company vehicles had 52% smoke emissions which was higher than the emission standard (40%) and did not exceed 1.5 times the emission standard.	A fine of NT\$5,000; a 1-hour environmental protection lecture.

No.	Date	Document No.	Violated Provision	Violation	Punishment
5	2020/03/09	HSIN-PEI-HUAN-CHI-TZU No.21-109-040087	Paragraph 1, Article 36 of the Air Pollution Control Act and Article 5 of the Air Emission Standards of Mobile Source	Vehicle with plate number JX-C15 had smoke emissions violating the emission standard.	A fine of NT\$3,000
6	2020/06/01	Document No.: 21-109-050242 FU-HUAN-KUNG-TZU No.1090134307	Paragraph 1, Article 36 of the Air Pollution Control Act	Vehicle with plate number 042-HZ had smoke emissions violating the Air Emission Standards of Mobile Source.	A fine of NT\$5,000; a 1-hour environmental protection lecture.
7	2020/07/07	Document No.: 21-109-070012 FU-HUAN-KUNG-TZU No.1090168885	Paragraph 1, Article 36 of the Air Pollution Control Act	Vehicle with plate number 829-GH had smoke emissions violating the Air Emission Standards of Mobile Source.	A fine of NT\$10,000; a 1-hour environmental protection lecture.
8	2020/02/06	HSIN-PEI-HUAN-CHI-TZU No.21-109-070959	Paragraph 1, Article 36 of the Air Pollution Control Act	Vehicle with plate number 5W-405 had smoke emissions violating the emission standard.	A fine of NT\$6,000; a 1-hour environmental protection lecture.
9	2020/08/25	FU-HUAN-KUNG-ERH-TZU No.1093611348	Paragraph 1, Article 36 of the Air Pollution Control Act	Vehicle with plate number 3J-757 was tested and found having smoke emissions violating the Air Emission Standards of Mobile Source.	A fine of NT\$20,000; a 2-hour environmental protection lecture.
10	2020/08/27	Document No.: 21-109-080657 FU-HUAN-KUNG-TZU No.1090217702	Paragraph 1, Article 36 of the Air Pollution Control Act	Vehicle with plate number QAH-030 had smoke emissions violating the Air Emission Standards of Mobile Source.	A fine of NT\$3,000
11	2020/09/22	FU-SHOU-HUAN-KUNG-TZU No.1090026908	Paragraph 1, Article 36 of the Air Pollution Control Act	Vehicle with plate number 060-XN was tested and found violating the smoke emission standard (1.0m-1).	A fine of NT\$3,000
12	2020/09/29	Document No.: 21-109-090693 FU-HUAN-KUNG-TZU No.1090246492	Paragraph 1, Article 36 of the Air Pollution Control Act	Vehicle with plate number 959-GH had smoke emissions violating the Air Emission Standards of Mobile Source.	A fine of NT\$5,000; a 1-hour environmental protection lecture.
13	2020/10/21	Document No.: 21-109-110332	Paragraph 1, Article 36 of the Air Pollution Control Act	Vehicle with plate number 103-JW violated the emission standard of the Air Emission Standards of Mobile Source.	A fine of NT\$12,000; a 2-hour environmental protection lecture.

Current and Potential Estimated Amount and Countermeasures

- 1
- Since our commercial vehicles may produce smoke violating the environmental protection standard due to any wear and tear on the mechanical parts, we estimated that we may be fined about NTD\$50,000 for such violation in 2021.
- 2
- The Company and our affiliates mainly engage in truck route freight and professional integrated logistics. Unlike other industries, we do not discharge wastewater, heat and smoke from production and manufacturing in our operations to cause environmental pollution. For quantities of packaging material wastes from our operations, we have commissioned qualified and environmentally friendly waste cleaning companies to collect and dispose of these wastes. In order to actively implement environmental protection and perform corporate social responsibilities, the Company and our affiliates will not only further implement routine testing and maintenance for the commercial vehicles that may produce smoke violating the environmental protection standard in accordance with laws but also prepare to purchase new vehicles in the following year to replace a total of 295 vehicles violating the Air Pollution Control Act.

Labor Relations

Employee Welfare, Continuing Education, Training, Retire System, and Implementation thereof

Kerry TJ Logistics focuses on talent cultivation and is dedicated to providing complete employee welfare and good working environment to enable our employees to enjoy better care and protection.

- 1
- Compensation system – Provide a competitive compensation system, allowing our employees to share the Company’s operating results.
- (1)
- Salary is set at a competitive rate.
- (2)
- Holiday bonuses: Dragon Boat Festival bonus, Moon Festival bonus and year-end bonus.
- (3)
- Employee dividend: Reward system based on performance.
- (3)
- Annual salary adjustment based on individual performance.

- (4)
- Other bonuses: Recommendation bonus, proposal bonus, marketing bonus, etc.
- 2
- Welfare measure – Provide comprehensive welfare measures to balance work and life.
- (1)
- Employee welfare subsidy: Subsidies for marriages, funerals and hospitalization.
- (2)
- Gifts from Employee Welfare Committee: Gifts for employees’ birthdays, senior employees, retired employees, the Labor Day on May 1, the Moon Festival, etc.
- (3)
- Medical check-ups: Provide annual routine medical check-ups and health care programs better than those required by the regulations for our employees.
- (4)
- Company activities, birthday dinner parties, spring parties with lucky draw activities, softball competitions, and the Company’s marathons to promote environmental protection.
- 3
- Training and development - Train logistics professionals in consideration both of our operational strategies and goals and the employees’ career development. The training can be classified into four major topics, "orientation training," "self-development training," "functional competency training" and "management competency training."
- (1)
- Orientation training
- To help new employees better know our working environment and organizational culture, we have launched and promoted a newcomer training program to guide the employees through common problems by reviewing actual cases. In addition, we assigned counselors to help the new employees adapt to their jobs quickly.
- (2)
- Self-development training
- To encourage our employees to engage in continuous learning and improvement, the Company had proactively provided various external learning resources to build a diversified learning environment and facilitate knowledge sharing. Furthermore, we introduced a learning management system in 2018 for our employees to self-develop and improve their abilities through the system. We hope that our employees can make outstanding achievements with the Company through their continuous self-development.

- (3)
- Functional competency training
- We designed learning blueprints for different main positions to allow the employees to understand professional knowledge and skills required for each position in the short term, mid term and long term and prepare for their career development.
- (4)
- Management competency training
- We prepared management courses according to the capacities required for junior supervisor, middle management and top management respectively and appointed professional lecturers to guide and assist the employees in improving their managerial capacity after taking relevant training and becoming a professional and excellent leader. Moreover, to pursue sustainable development and innovation, the Company had been committed to the training of potential managerial talents and the promotion of training programs for management trainees and operation management trainees in the hope to build up a pool of excellent managerial leaders for the Company through the training programs.
- 4
- Insurance and retirement planning – Take out various insurance and implement pension contribution in accordance with the laws for our employees from the first day of their employment, enabling them to work without any worries.
- (1)
- Provide national health insurance and labor insurance in accordance with the laws.
- (2)
- Group insurance: Bear all the expenses of life insurance, accident medical insurance, occupational accident insurance and other group insurance for our employees to further protect their works and lives.
- (3)
- Group insurance for employees’ dependents: Provide preferential rates to take care of not only the employees but also their families.
- (4)
- Labor pension system
- 1
- Old labor pension system: We set up the "Labor Pension Fund Supervision Committee" to supervise all pension payments. For the employees applicable to the old pension system, we have contributed 10% of their salary monthly as their pension funds.
- 2
- New labor pension system: We have remitted 6% of the employees’ insured salary to their personal pension accounts monthly in accordance with the relevant regulations.
- 3
- Employees who meet the retirement requirements specified in the Labor Standards Act may file an application to the Company 30 days before their retirement.

Costs Incurred from Employer–Employee Disputes in the Most Recent Year up to the Publication Date of the Annual Report

The Company was fined NT\$40,000 in total for employer–employee disputes (including the violations of the Labor Standards Act that were identified in labor inspections) in 2020. The costs and related punishments are shown as follows:

Date	Document No.	Violation	Amount of Fines (NT\$)
2020.02.11	KAO-SHIH-LAO-TIAO-TZU No.10930731400	Statutory overtime was unpaid, violating Article 24 of the Labor Standards Act	40,000

Current and Potential Estimated Amount and Countermeasures

For the purpose of achieving sound employer–employee relations, the Company has proactively improved our labor conditions. However, misunderstandings and disputes have occurred between the employers and the employees as a result of frequent amendments to applicable labor-related laws recently. Fortunately, both parties have so far handled most issues reasonably and have not incurred significant operating losses. The Company will also propose improvement measures for the relevant employer–employee issues so as to optimize our labor conditions and improve employer–employee relations.

Labor Relations

Protective Measures for Working Environment and Employee Personal Safety

1 Personal safety

- (1) We installed a 24-hour surveillance system and entrance control facilities to strictly control the personnel access in order to ensure the safety of our employees.
- (2) To maintain our employees’ safety and health, we set up a safety and health management unit, assigned occupational safety and health affair managers, occupational safety and health specialists and management personnel in accordance with the laws and submitted relevant information to local labor inspection offices for record.
- (3) We carry out annual medical check-ups for our employees and implement employee health grading management to take care of the employees’ health.
- (4) We established various regulations, including the “Disaster Prevention and Protection Regulations,” “Work Rules for Safety and Health,” “Safety and Health Management Program,” “Safety and Health Management Regulations,” “Safety and Health Self-inspection Regulations,” “Regulations for Contractors’ Safety and Health Management,” “Regulations for Report and Handling of Occupational Disasters,” etc., formulated standard operations required to be implemented by all units, and amended operational standards from time to time to ensure safety and health.
- (5) For the protection against occupational disasters and incidents, we have performed investigation, collected information, carried out analysis and assessment and made improvements. In addition, we have also regularly organized safety and health educational training for our employees and integrated and promoted the 5S management and labor condition improvement proposals to achieve both goals of safety and efficiency.

- (6) “Human Factor Engineering,” “Abnormal Workload,” “Workplace Harassment” and “Maternity Protection,” the four occupational safety protection programs along with various prevention measures were established to protect personnel health and create a safe and LOHAS workplace.
- (7) We formulated employee complaint regulations and provided hotlines and dedicated email addresses for the employees suffering any workplace harassment to file complaints so as to protect their rights and interests.

2 Protective measures for working environment

- (1) The working environment is well ventilated and has adequate natural light. The original lighting was replaced by LED lighting to reduce discomfort of eyes. The building walls, floors and office furniture are made of anti-reflective and fire-preventive materials. According to the Regulations for Inspecting and Reporting Buildings Public Security, we commission professional architects to perform a public safety inspection every two years.
- (2) We arranged specific lanes for personnel and vehicles in each branch and platform, enabling the personnel to walk on sidewalks to ensure their safety.
- (3) First-aid medicine and medical supplies are always in place in working facilities. We also assigned qualified first-aid personnel in accordance with the laws to manage and renew the medicine and medical supplies. We commission suppliers to maintain water dispensers monthly and appoint qualified labs to test the water quality on a quarterly basis to ensure the hygiene of drinking water for the employees.
- (4) We installed fire control systems in accordance with the Fire Services Act, including an alarm system, sprinkler system, escape guiding system and fire extinguishers. We implement self-inspection and equipment maintenance monthly and commission qualified institutions to perform annual fire safety equipment inspection and reporting. To make our employees familiar with fire safety, evacuation, escape,

flood prevention and terrorism prevention measures, the Company formulates emergency response plans for prevention and protection units every April and organizes an emergency response drill every six months according to the plans.

(5) We have provided national health insurance and labor insurance for our employees in accordance with the Labor Standards Act and proactively provided group insurance for them, as well as offered preferential rates for the employees and their families as additional personal insurance. Should there be any accident, our employees would be protected through insurance compensation.

Important Contracts

Contract Nature	Counterparty	Contract Term	Contents	Limitation Clause	Remark
Construction contract	Contractor: Verizon Construction Ltd.	04.01.2018-01.25.2024	Construction in Xinshi Dist., Tainan City	None	
Construction contract	Contractor: Xu Yuan Construction Co. Ltd.	11.01.2019-12.02.2025	Restoration construction in Guanyin Dist., Taoyuan City	None	
Construction contract	Contractor: Lih Hwa Construction Company Limited	04.24.2020-11.26.2026	Reconstruction in Sanchong Dist., New Taipei City	None	
Oil trading contract	Seller: CPC Corporation, Taiwan	12.01.2016-11.30.2027	Purchase gasoline and diesel with a fleet card issued by the CPC	None	Renewal of 5 years
Superficies contract	Leasor: Taiwan Sugar Corporation	01.21.2013-01.20.2033	Right to use the land in Rende Dist., Tainan City	None	
Superficies contract	Leasor: Economic Development Department of the New Taipei City Government	11.27.2020-11.26.2040	Right to use the land in Changan section, Xizhi Dist., New Taipei City	None	

Note: The construction contracts are scheduled to expire on the last day of the agreed completion deadline, plus a warranty period (of 5 years). The actual date will be adjusted based on the completion date.

Financial Information

Five-Year Financial Summary

Consolidated Condensed Balance Sheet - Based on IFRS

Year		Financial Summary for The Last Five Years					As of March 31, 2021 (Note)
		2020	2019	2018	2017	2016	
Item							
Current assets		3,725,922	3,895,234	3,066,470	2,910,626	2,479,016	3,701,420
Property, plant and equipment		13,366,991	13,110,979	11,240,723	10,366,486	9,572,024	13,439,502
Right-of-use assets		3,563,856	3,364,419	-	-	-	4,005,689
Intangible assets		373,601	386,225	100,622	85,042	85,042	369,827
Other assets		638,534	763,775	952,253	730,879	762,161	609,362
Total assets		21,668,904	21,520,632	15,360,068	14,093,033	12,898,243	22,125,800
Current liabilities	Before distribution	3,228,405	3,710,799	2,779,290	3,239,123	2,534,091	3,417,542
	After distribution	4,012,966	4,387,950	3,507,811	3,986,324	3,234,592	4,202,103
Non-current liabilities		7,617,796	7,795,315	3,682,644	2,487,319	2,459,206	7,564,419
Total liabilities	Before distribution	10,846,201	11,506,114	6,461,934	5,726,442	4,993,297	10,981,961
	After distribution	11,630,762	12,183,265	7,190,455	6,473,643	5,693,798	11,766,522
Equity attributable to shareholders of the parent		10,268,269	9,483,751	8,878,139	8,349,898	7,898,435	10,573,668
Capital stock		4,670,005	4,670,005	4,670,005	4,670,005	4,835,825	4,670,005
Capital surplus		2,308	2,308	2,308	2,308	449,826	2,308
Retained earnings	Before distribution	5,641,470	4,807,048	4,229,044	3,662,432	3,333,175	5,946,903
	After distribution	4,856,909	4,129,897	3,500,523	2,915,231	2,632,674	5,162,342
Other equity interest		(45,514)	4,390	(23,218)	15,153	17,020	(45,548)
Treasury stock		-	-	-	-	(737,411)	-
Non-controlling interest		554,434	530,767	19,995	16,693	6,511	570,171
Total equity	Before distribution	10,822,703	10,014,518	8,898,134	8,366,591	7,904,946	11,143,839
	After distribution	10,038,142	9,337,367	8,169,613	7,619,390	7,204,445	10,359,278

Note:
(1) 2020 annual financial information was verified by CPA. The financial information as of March 31, 2021 have been reviewed by CPA.
(2) The 2020 earnings distribution amount has not yet been discussed by the Shareholders' meeting as of the date of printing of this annual report.

Consolidated Condensed Statement of Comprehensive Income - Based on IFRS

Year		Financial Summary for The Last Five Years					As of March 31, 2021 (Note)
		2020	2019	2018	2017	2016	
Item							
Revenue		12,344,210	11,855,676	10,383,996	9,677,011	9,400,662	3,068,622
Gross profit		2,669,453	2,394,730	1,941,485	1,756,768	1,921,453	604,136
Operating Income/loss		1,961,928	1,708,658	1,435,239	1,264,334	1,466,850	424,823
Non-Operating Income and Expenses		6,090	16,165	119,398	201,244	123,484	(21,362)
Net income before tax		1,968,018	1,724,823	1,554,637	1,465,578	1,590,334	403,461
Net income from continuing operations		1,570,394	1,406,755	1,222,623	1,186,671	1,293,140	321,192
Loss from discontinued operations		-	-	-	-	-	-
Net profit (loss) for current term		1,570,394	1,406,755	1,222,623	1,186,671	1,293,140	321,192
Other comprehensive income (loss) during the term (Net amount after tax)		(36,473)	(22,312)	8,633	(33,037)	(58,416)	(56)
Total comprehensive income for the term		1,533,921	1,384,443	1,231,256	1,153,634	1,234,724	321,136
Net income attributable to							
Shareholders of the parent		1,497,426	1,352,312	1,216,548	1,185,046	1,291,378	305,433
Predecessor under common control		-	-	-	-	-	-
Non-controlling interests		72,968	54,443	6,075	1,625	1,762	15,759
Total comprehensive income (loss) attributable to							
Shareholders of the parent		1,461,669	1,334,133	1,225,165	1,151,964	1,232,947	305,399
Predecessor under common control		-	-	-	-	-	-
Non-controlling interests		72,252	50,310	6,097	1,670	1,777	15,737
Earnings per share		3.21	2.90	2.61	2.54	2.68	0.65

Note:
(1) The company's interests of capitalization has not included in the interest expenses.
(2) Capital increase out of earnings or capital reserve retroactively adjusted based on the number of shares after distribution, calculated weighted average number of ordinary shares as par value NTD\$10 per shares.
(3) 2020 annual financial information was verified by CPA. The financial information as of March 31, 2021 have been reviewed by CPA.

Individual Condensed Balance Sheet - Based on IFRS

		Financial Summary for The Last Five Years					As of March 31, 2021 (Note)
		2020	2019	2018	2017	2016	
Current assets		2,741,140	3,168,043	2,351,767	2,313,286	1,934,277	2,661,058
Property, plant and equipment		11,361,651	11,039,644	10,892,388	9,961,114	9,178,902	11,423,206
Right-of-use assets		2,094,611	1,761,139	-	-	-	2,146,027
Intangible assets		-	-	-	-	-	-
Other assets		2,278,011	2,218,286	1,572,597	1,272,257	1,283,428	2,350,977
Total assets		18,475,413	18,187,132	14,816,752	13,546,657	12,396,607	18,581,268
Current liabilities	Before distribution	2,191,360	2,647,570	2,267,591	2,712,569	2,062,846	2,390,613
	After distribution	2,975,921	3,324,721	2,996,112	3,459,770	2,763,347	3,175,174
Non-current liabilities		6,015,784	6,055,811	3,671,022	2,484,190	2,435,326	5,616,986
Total liabilities	Before distribution	8,207,144	8,703,381	5,938,613	5,196,759	4,498,172	8,007,600
	After distribution	8,991,705	9,380,532	6,667,134	5,943,960	5,198,673	8,792,161
Capital stock		4,670,005	4,670,005	4,670,005	4,670,005	4,835,825	4,670,005
Capital surplus		2,308	2,308	2,308	2,308	449,826	2,308
Retained earnings	Before distribution	5,641,470	4,807,048	4,229,044	3,662,432	3,333,175	5,946,903
	After distribution	4,856,909	4,129,897	3,500,523	2,915,231	2,632,674	5,162,342
Other equity interest		(45,514)	4,390	(23,218)	15,153	17,020	(45,548)
Treasury stock		-	-	-	-	(737,411)	-
Total equity	Before distribution	10,268,269	9,483,751	8,878,139	8,349,898	7,898,435	10,573,668
	After distribution	9,483,708	8,806,600	8,149,618	7,602,697	7,197,934	9,789,107

Note:
(1) 2020 annual financial information was verified by CPA. The financial information as of March 31, 2021 have been reviewed by CPA.
(2) The 2020 earnings distribution amount has not yet been discussed by the Shareholders' meeting as of the date of printing of this annual report.

Individual Condensed Statement of Comprehensive Income - Based on IFRS

		Financial Summary for The Last Five Years					As of March 31, 2021 (Note)
		2020	2019	2018	2017	2016	
Revenue		10,133,871	9,823,283	9,297,035	8,776,010	8,614,301	2,525,776
Gross profit		1,869,827	1,716,254	1,653,434	1,522,750	1,740,415	417,565
Operating Income/loss		1,475,739	1,369,213	1,302,108	1,179,331	1,400,985	317,452
Non-Operating Income and Expenses		336,042	246,988	219,405	262,602	172,662	50,516
Net income before tax		1,811,781	1,616,201	1,521,513	1,441,933	1,573,647	367,968
Net income from continuing operations		1,497,426	1,352,312	1,216,548	1,185,046	1,291,378	305,433
Loss from discontinued operation		-	-	-	-	-	-
Net profit (loss) for current term		1,497,426	1,352,312	1,216,548	1,185,046	1,291,378	305,433
Other comprehensive income (loss) during the term (Net amount after tax)		(35,757)	(18,179)	8,617	(33,082)	(58,431)	(34)
Total comprehensive income for the term		1,461,669	1,334,133	1,225,165	1,151,964	1,232,947	305,399
Net income attributable to Shareholders of the parent		1,497,426	1,352,312	1,216,548	1,185,046	1,291,378	305,433
Predecessor under common control		-	-	-	-	-	-
Comprehensive income (loss), attributable to Shareholders of the parent		1,461,669	1,334,133	1,225,165	1,151,964	1,232,947	305,399
Predecessor under common control		-	-	-	-	-	-
Earnings per share		3.21	2.90	2.61	2.54	2.68	0.65

Note:
(1) The amount of capitalization of interests of the Company has not included in the interest expenses.
(2) Capital increase out of earnings or capital reserve retroactively adjusted based on the number of shares after distribution, calculated weighted average number of ordinary shares as par value NTD\$10 per shares.
(3) 2020 annual financial information was verified by CPA. The financial information as of March 31, 2021 have been reviewed by CPA.

Names of auditing CPAs of the recent five years and their audit opinions

Year	Name of CPA	Audit Opinion
2016	Wu, Li-Tung/Hsu, Wen-Ya	Unqualified opinion
2017	Tseng, Tung-Yun/Hsu, Wen-Ya	Unqualified opinion
2018	Tseng, Tung-Yun/Hsu, Wen-Ya	Unqualified opinion
2019	Tseng, Tung-Yun/Hsu, Wen-Ya	Unqualified opinion with explanatory notes
2020	Tseng, Tung-Yun/Su,Ting-Chien	Unqualified opinion

Financial analysis for the last five years

Consolidated Financial Analysis - Based on IFRS

Item		Year	Financial Analysis for the Last Five Years					As of March
			2020	2019	2018	2017	2016	31, 2021
Financial structure (%)	Debt to asset ratio (%)		50.05	53.47	42.07	40.63	38.71	49.63
	Ratio of long-term capital to property, plant and equipment		137.96	135.84	111.92	104.70	108.28	139.20
Solvency (%)	Current ratio		115.41	104.97	110.33	89.86	97.90	108.31
	Quick ratio		111.34	101.97	101.73	85.81	92.39	103.59
	Interest earned ratio (times)		19.54	15.62	43.84	50.75	103.19	15.69
Operating performance	Accounts receivable turnover (times)		6.40	6.37	5.95	5.81	6.13	6.51
	Average collection period		57.03	57.29	61.34	62.82	59.54	56.07
	Inventory turnover (times)		2.21	2.23	2.80	1.99	3.49	1.62
	Accounts payable turnover (times)		15.79	22.33	18.70	18.62	18.26	15.84
	Average days in sales		165.15	163.67	130.36	183.42	104.58	225.31
	Property, plant and equipment turnover (times)		0.93	0.97	0.96	0.97	1.00	0.92
	Total assets turnover (times)		0.57	0.64	0.71	0.72	0.74	0.56
Profitability	Return on total assets (%)		7.67	8.10	8.45	8.97	10.27	6.27
	Return on stockholders' equity (%)		15.07	14.88	14.16	14.59	16.02	11.70
	Pre-tax income to paid- Operating in capital ratio (%) income		42.01	36.59	30.73	27.07	30.33	36.39
	Pre-tax income		42.14	36.93	33.29	31.38	32.89	34.56
	Profit ratio (%)		12.72	11.87	11.77	12.26	13.76	10.47
	Earnings per share (NTD\$)		3.21	2.90	2.61	2.54	2.68	0.65
Cash flow	Cash flow ratio (%)		94.17	72.30	48.18	48.60	32.40	11.77
	Cash flow adequacy ratio (%)		95.48	80.65	71.54	82.45	133.33	108.03
	Cash reinvestment ratio(%)		10.42	8.90	3.14	5.20	(0.07)	1.81
Leverage	Operating leverage		1.58	1.65	1.38	1.43	1.35	1.68
	Financial leverage		1.06	1.07	1.02	1.02	1.01	1.07

Note:

(1) Analysis of financial ratio differences for the last two years:

(i) The cash flow ratio in 2020 is increased in comparison with 2019, the major cause is the net cash flow provided by operating activities increased NTD\$ 357,097K and the current liabilities decreased NTD\$482,394K.

(2) All financial reports from 2016-2020 were audited by CPA. The financial report as of March 31, 2021 has been reviewed by CPA.

Individual Financial Analysis - Based on IFRS

Item		Year	Financial Analysis for the Last Five Years					
			2020	2019	2018	2017	2016	
Financial structure (%)	Debt to asset ratio (%)		44.42	47.85	40.08	38.36	36.29	
	Ratio of long-term capital to property, plant and equipment		143.32	140.76	115.21	108.76	112.58	
Solvency (%)	Current ratio		125.09	119.66	103.71	85.28	93.86	
	Quick ratio		123.85	118.69	102.02	83.50	91.43	
	Interest earned ratio (times)		26.22	20.88	47.02	55.54	120.89	
Operating performance	Accounts receivable turnover (times)		6.53	6.27	6.10	5.96	6.39	
	Average collection period		55.90	58.21	59.84	61.24	57.12	
	Inventory turnover (times)		-	-	-	-	-	
	Accounts payable turnover (times)		15.83	18.64	19.74	19.33	18.16	
	Average days in sales		-	-	-	-	-	
	Property, plant and equipment turnover (times)		0.90	0.90	0.89	0.92	0.96	
	Total assets turnover (times)		0.55	0.60	0.66	0.68	0.70	
Profitability	Return on total assets (%)		8.48	8.54	8.71	9.30	10.62	
	Return on stockholders' equity (%)		15.16	14.73	14.12	14.59	16.01	
	Pre-tax income to paid- Operating in capital ratio (%) income		31.60	29.32	27.88	25.25	28.97	
	Pre-tax income		38.80	34.61	32.58	30.88	32.54	
	Profit ratio (%)		14.78	13.77	13.09	13.50	14.99	
	Earnings per share (NTD\$)		3.21	2.90	2.61	2.54	2.68	
Cash flow	Cash flow ratio (%)		107.04	77.32	57.69	55.20	36.83	
	Cash flow adequacy ratio (%)		86.52	76.69	71.61	82.10	130.57	
	Cash reinvestment ratio(%)		7.98	6.51	3.05	4.85	(0.46)	
Leverage	Operating leverage		1.59	1.63	1.37	1.41	1.33	
	Financial leverage		1.05	1.06	1.02	1.02	1.01	

Note:

(1) Analysis of financial ratio differences for the last two years:

(i) The cash flow ratio in 2020 is increased in comparison with 2019, the major cause is the net cash flow provided by operating activities increased NTD\$ 298,602K and the current liabilities decreased NTD\$456,210K.

(2) All financial reports from 2016-2020 were audited by CPA.

(3) The calculation formulas of each financial analysis are as follow:

A. Financial structure

(i) Debt to asset ratio (%) = Total liabilities / Total assets

- (ii) Long-term funds to property, plant and equipment = (Total equity + Non-current liabilities) / Net amount of property, plant and equipment
- B. Liquidity
- (i) Current ratio = Current assets / Current liabilities
- (ii) Quick ratio = (Current assets - Inventories - Prepaid expenses) / Current liabilities
- (iii) Interest earned ratio = Earnings before interest and taxes / Interest expense
- C. Operating ability
- (i) Receivable (including accounts receivable arising from operation notes receivable) turnover ratio = net sales / average receivables (including accounts receivable arising from operation notes receivable) balances.
- (ii) Average collection days = 365 / Receivable turnover
- (iii) Inventory turnover = Cost of sales / Average amount of inventory
- (iv) Payable (including accounts payable arising from operation notes payable) turnover ratio = cost of goods sold / average payables (including accounts payable arising from operation notes payable) balances
- (v) Average days of sales = 365 / Inventory turnover
- (vi) Property, plant and equipment turnover ratio = Net Sales / Average net property, plant and equipment
- (vii) Total assets turnover = Net sales / Average total assets
- D. Profitability
- (i) Return on total assets = (Net income + Interest expense * (1- tax rate)) / Average total assets
- (ii) Return on total equity = Net income / net average equity
- (iii) Net margin = Net income / Net sales
- (iv) Earnings per share = (income belonging to owner of parent company stock dividend of preferredstocks)/ weighted average number of issued shares
- E. Cash flow
- (i) Cash flow ratio = Net cash flows from operating activities / current liabilities
- (ii) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend) for the most recent five years
- (iii) Cash reinvestment ratio = (net cash flows from operating activities cash dividend) / (gross margin of property, plant and equipment + long term investment + other non current assets+ working capital)
- F. Leverage
- (i) Operating leverage = (net operating revenues current operating cost and expense) /operating profit
- (ii) Financial leverage = Operating profit/ (operating profit - interest expense)



Kerry TJ Logistics Company Limited

Audit Committee’s Review Report

The Board of Directors has prepared the Company’s 2020 Business Report, Financial Statements, and proposal for distribution of annual earnings. The CPA Tung-Yun Tseng and Ting-Chien Su of Deloitte & Touche was retained to audit Kerry TJ’s Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and annual earnings distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Kerry TJ Logistics Company Limited. According to relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Convener of the Audit Committee: Kuo, Tsung-Hsiung



DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2020 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Kerry TJ Logistics Co., Ltd.

By:
Shen, Chung-Kui
Chairman



March 23, 2021

INDEPENDENT AUDITORS’ REPORT

The Board of Directors and Shareholders

Kerry TJ Logistics Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Kerry TJ Logistics Co., Ltd. (the “Company”) and its subsidiaries (collectively the “Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 of December 31, 2020 and 2019, 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of consolidated financial statements by Certified Public Accountants and 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. 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 a separate opinion on these matters.

The key audit matter of the Group’s consolidated financial statements for the year ended December 31, 2020 is as follows:

Recognition of freight revenue

The Group’s major source of revenue is freight revenue, and the amount of freight revenue is measured based on freight rates and volume in accordance with revenue recognition policies. Since unapproved freight rates may cause revenue to be recognized incorrectly, the recognition of freight revenue has been identified as a key audit matter, refer to Notes 4 and 33 for the details.

We performed tests of controls to understand the setup and changes in the system flow of the main price file (freight rates table/contract rates table) and the design and implementation of the related controls.

In addition, we also performed the following main audit procedures:

- 1. We obtained the freight rate deviation table to understand the differences between the listed freight rates and the actual rates paid, and also checked that the rates had been approved by the relevant supervisors.
- 2. We understood the logic behind the generation of the freight rate deviation table and performed recalculations to verify the accuracy of the calculation logic.
- 3. We conducted substantive analytical procedures on freight revenue.

Other Matter

We have also audited the parent company only financial statements of Kerry TJ Logistics Co., Ltd. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion and unmodified opinion with emphasis of matter paragraph, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 the audit committee, are responsible for overseeing the Group’s financial reporting process.

Auditors’ 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 auditors’ 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 the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ 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 auditors’ 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 and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors’ 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 audits resulting in this independent auditors’ report are Tseng, Tung-Yun and Su, Ting-Chien.

Deloitte & Touche
Taipei, Taiwan
Republic of China



March 23, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ report and consolidated financial statements shall prevail.

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES | CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 6)	\$ 1,507,885	7	\$ 1,344,262	6
Notes receivable (Note 4)	350,822	2	376,444	2
Accounts receivable (Notes 4, 7, 20 and 27)	1,570,076	7	1,543,478	7
Other receivables (Notes 4 and 27)	130,868	1	498,723	3
Inventories	59,686	-	58,304	-
Prepayments	71,861	-	53,084	-
Other current assets	<u>34,724</u>	<u>-</u>	<u>20,939</u>	<u>-</u>
Total current assets	<u>3,725,922</u>	<u>17</u>	<u>3,895,234</u>	<u>18</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 8)	2,961	-	11,961	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 9 and 27)	188,285	1	275,166	1
Investments accounted for using the equity method (Notes 4 and 12)	95,437	-	96,767	-
Property, plant and equipment (Notes 4, 5, 13, 28 and 29)	13,366,991	62	13,110,979	61
Right-of-use assets (Notes 4, 5 and 14)	3,563,856	16	3,364,419	16
Other intangible assets (Note 4)	123,505	1	136,129	1
Goodwill (Notes 4 and 24)	250,096	1	250,096	1
Deferred tax assets (Notes 4 and 22)	103,574	1	131,265	1
Other non-current assets (Notes 4, 15 and 28)	<u>248,277</u>	<u>1</u>	<u>248,616</u>	<u>1</u>
Total non-current assets	<u>17,942,982</u>	<u>83</u>	<u>17,625,398</u>	<u>82</u>
TOTAL	<u>\$ 21,668,904</u>	<u>100</u>	<u>\$ 21,520,632</u>	<u>100</u>

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES | CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2020		2019	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term bank loans (Notes 4 and 16)	\$ 44,000	-	\$ 394,000	2
Short-term bills payment (Note 16)	54,973	-	287,660	1
Notes payable	2,535	-	898	-
Accounts payable (Note 27)	617,776	3	604,250	3
Other payables (Notes 17 and 27)	1,438,928	7	1,496,092	7
Current tax liabilities (Notes 4 and 22)	219,392	1	194,230	1
Lease liabilities - current (Notes 4, 5 and 14)	415,088	2	414,355	2
Current portion of long-term bank loans (Notes 4, 16 and 28)	166,400	1	20,000	-
Other current liabilities	<u>269,313</u>	<u>1</u>	<u>299,314</u>	<u>1</u>
Total current liabilities	<u>3,228,405</u>	<u>15</u>	<u>3,710,799</u>	<u>17</u>
NON-CURRENT LIABILITIES				
Long-term bank loans (Notes 4, 16 and 28)	3,609,230	17	3,970,000	18
Deferred tax liabilities (Notes 4 and 22)	590,161	3	593,424	3
Lease liabilities - non-current (Notes 4, 5 and 14)	3,046,640	14	2,805,636	13
Net defined benefit liabilities - non-current (Notes 4 and 18)	349,656	1	410,212	2
Deposits received	21,857	-	15,791	-
Other non-current liabilities	<u>252</u>	<u>-</u>	<u>252</u>	<u>-</u>
Total non-current liabilities	<u>7,617,796</u>	<u>35</u>	<u>7,795,315</u>	<u>36</u>
Total liabilities	<u>10,846,201</u>	<u>50</u>	<u>11,506,114</u>	<u>53</u>

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES | CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2020		2019	
	Amount	%	Amount	%
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	\$ 4,670,005	21	\$ 4,670,005	22
Capital surplus	2,308	-	2,308	-
Retained earnings				
Legal reserve	1,109,475	5	974,244	5
Special reserve	299,916	1	323,134	1
Unappropriated earnings	4,232,079	20	3,509,670	16
Total retained earnings	5,641,470	26	4,807,048	22
Other equity	(45,514)	-	4,390	-
Total equity attributable to owners of the Company	10,268,269	47	9,483,751	44
NON-CONTROLLING INTERESTS	554,434	3	530,767	3
Total equity	10,822,703	50	10,014,518	47
TOTAL	\$ 21,668,904	100	\$ 21,520,632	100

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

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 27)	\$ 12,344,210	100	\$ 11,855,676	100
OPERATING COSTS (Notes 10, 21 and 27)	9,674,757	78	9,460,946	80
GROSS PROFIT	2,669,453	22	2,394,730	20
OPERATING EXPENSES (Notes 21 and 27)	707,525	6	686,072	5
PROFIT FROM OPERATIONS	1,961,928	16	1,708,658	15
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Interest income	1,558	-	1,963	-
Other income (Notes 21 and 27)	124,785	1	76,840	1
Other gains and losses (Note 21)	(4,906)	-	43,704	-
Finance costs (Note 21)	(106,135)	(1)	(108,627)	(1)
Share of profit of associates accounted for using the equity method (Note 12)	(212)	-	2,564	-
Valuation loss on financial assets and liabilities at fair value through profit or loss (Note 8)	(9,000)	-	(279)	-
Total non-operating income and expenses	6,090	-	16,165	-
PROFIT BEFORE INCOME TAX	1,968,018	16	1,724,823	15
INCOME TAX EXPENSE (Notes 4 and 22)	397,624	3	318,068	3
NET PROFIT FOR THE YEAR	1,570,394	13	1,406,755	12

(Continued)

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	(\$ 15,415)	-	(\$ 26,196)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(23,023)	(1)	(703)	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 22)	<u>3,083</u>	<u>-</u>	<u>5,239</u>	<u>-</u>
	(35,355)	(1)	(21,660)	-
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income (loss) of associates accounted for using the equity method	(<u>1,118</u>)	<u>-</u>	(<u>652</u>)	<u>-</u>
Other comprehensive loss for the year, net of income tax	(<u>36,473</u>)	(<u>1</u>)	(<u>22,312</u>)	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,533,921</u>	<u>12</u>	<u>\$ 1,384,443</u>	<u>12</u>

(Continued)

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,497,426	12	\$ 1,352,312	11
Non-controlling interests	<u>72,968</u>	<u>1</u>	<u>54,443</u>	<u>1</u>
	<u>\$ 1,570,394</u>	<u>13</u>	<u>\$ 1,406,755</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,461,669	12	\$ 1,334,133	11
Non-controlling interests	<u>72,252</u>	<u>-</u>	<u>50,310</u>	<u>1</u>
	<u>\$ 1,533,921</u>	<u>12</u>	<u>\$ 1,384,443</u>	<u>12</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 3.21</u>		<u>\$ 2.90</u>	
Diluted	<u>\$ 3.20</u>		<u>\$ 2.89</u>	

(Concluded)

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

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (Note 19)				Equity Attributable to Owners of the Company (Note 19)						
	Retained Earnings				Retained Earnings		Other Equity			Non-controlling Interests (Note 19)	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Investments in Financial Assets at Fair Value Through Other Comprehensive Income	Total		
BALANCE AT JANUARY 1, 2019	\$ 4,670,005	\$ 2,308	\$ 852,589	\$ 317,117	\$ 3,059,338	\$ 4,229,044	\$ 13,874	(\$ 37,092)	\$ 8,878,139	\$ 19,995	\$ 8,898,134
Special reserve reversed under Rule No. 1010012865 issued by the FSC	-	-	-	(17,201)	17,201	-	-	-	-	-	-
Appropriation of 2018 earnings											
Legal reserve	-	-	121,655	-	(121,655)	-	-	-	-	-	-
Special reserve	-	-	-	23,218	(23,218)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(728,521)	(728,521)	-	-	(728,521)	-	(728,521)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(40,292)	(40,292)
Net profit for the year ended December 31, 2019	-	-	-	-	1,352,312	1,352,312	-	-	1,352,312	54,443	1,406,755
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(17,084)	(17,084)	(392)	(703)	(18,179)	(4,133)	(22,312)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	1,335,228	1,335,228	(392)	(703)	1,334,133	50,310	1,384,443
Additional non-controlling interests	-	-	-	-	-	-	-	-	-	500,754	500,754
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 24)	-	-	-	-	(28,703)	(28,703)	-	28,703	-	-	-
BALANCE AT DECEMBER 31, 2019	4,670,005	2,308	974,244	323,134	3,509,670	4,807,048	13,482	(9,092)	9,483,751	530,767	10,014,518
Appropriation of 2019 earnings											
Legal reserve	-	-	135,231	-	(135,231)	-	-	-	-	-	-
Special reserve	-	-	-	(23,218)	23,218	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(677,151)	(677,151)	-	-	(677,151)	-	(677,151)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(48,585)	(48,585)
Net profit for the year ended December 31, 2020	-	-	-	-	1,497,426	1,497,426	-	-	1,497,426	72,968	1,570,394
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	(11,474)	(11,474)	(1,260)	(23,023)	(35,757)	(716)	(36,473)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	1,485,952	1,485,952	(1,260)	(23,023)	1,461,669	72,252	1,533,921
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Notes 9 and 27)	-	-	-	-	25,621	25,621	-	(25,621)	-	-	-
BALANCE AT DECEMBER 31, 2020	\$ 4,670,005	\$ 2,308	\$ 1,109,475	\$ 299,916	\$ 4,232,079	\$ 5,641,470	\$ 12,222	(\$ 57,736)	\$ 10,268,269	\$ 554,434	\$ 10,822,703

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

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,968,018	\$ 1,724,823
Adjustments for:		
Depreciation expense	1,098,075	1,063,206
Amortization expense	48,748	50,296
Expected credit losses recognized on accounts receivable	15,214	(491)
Valuation loss on financial assets at fair value through profit or loss, net	9,000	279
Finance costs	106,135	108,627
Interest income	(1,558)	(1,963)
Dividend income	(24,048)	(22,905)
Share of profit or loss of associates accounted for using the equity method	212	(2,564)
Loss (gain) on disposal of property, plant and equipment, net	2,155	(128,277)
Property, plant and equipment transferred to expense	1,117	6,585
Disaster insurance revenue	-	(330,323)
Disaster loss	-	352,294
Gain on lease modifications	(9)	(1,271)
Other revenue	(8,000)	-

(Continued)

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	2020	2019
Net changes in operating assets and liabilities:		
Notes receivable	\$ 25,622	\$ 124,530
Accounts receivable	(41,812)	(121,713)
Other receivables	367,884	(3,036)
Inventories	(1,382)	(6,422)
Prepayments	(18,777)	140,790
Other current assets	(13,785)	301
Other non-current asset	18,366	(192)
Notes payable	1,637	503
Accounts payable	13,526	114,183
Other payables	31,344	132,912
Other current liabilities	(30,001)	56,073
Net defined benefit liabilities	(75,971)	(75,043)
Cash generated from operations	3,491,710	3,181,202
Interest received	1,529	1,962
Interest paid	(108,209)	(118,617)
Income tax paid	(344,951)	(381,565)
Net cash generated from operating activities	3,040,079	2,682,982

(Continued)

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	\$ 62,524	\$ -
Proceeds from financial assets at fair value through other comprehensive income capital reduction	1,334	1,333
Purchase of financial assets at fair value through profit or loss	-	(12,240)
Net cash outflow on acquisition of subsidiaries (Note 24)	-	(792,381)
Payments for property, plant and equipment	(704,726)	(979,491)
Proceeds from disposal of property, plant and equipment	14,885	261,096
Increase in refundable deposits	(13,448)	(1,662)
Proceeds from disposal of intangible assets	34	40
Payments for intangible assets	(3,316)	(3,336)
Payments for right-of-use assets	-	(16,814)
Increase in other non-current assets	(10,353)	(9,503)
Increase in prepayments for equipment	(329,671)	(354,041)
Dividends received	<u>24,048</u>	<u>22,905</u>
Net cash used in investing activities	(<u>958,689</u>)	(<u>1,884,094</u>)

(Continued)

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term bank loans	\$ 2,274,000	\$ 2,997,000
Payments for short-term bank loans	(2,624,000)	(3,571,000)
Short-term bills payable proceeds (repayments)	(232,687)	7,512
Proceeds from long-term bank loans	2,170,000	6,320,000
Repayments of long-term bank loans	(2,384,370)	(5,083,388)
Increase in guarantee deposits received	6,066	9
Repayment of the principal portion of lease liabilities	(401,058)	(367,089)
Dividends paid	(677,151)	(728,521)
Change in non-controlling interests	(<u>48,585</u>)	(<u>40,292</u>)
Net cash used in financing activities	(<u>1,917,785</u>)	(<u>465,769</u>)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>18</u>	(<u>2</u>)
NET INCREASE IN CASH	163,623	\$ 333,117
CASH AT THE BEGINNING OF THE YEAR	<u>1,344,262</u>	<u>1,011,145</u>
CASH AT THE END OF THE YEAR	<u>\$ 1,507,885</u>	<u>\$ 1,344,262</u>

(Concluded)

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

KERRY TJ LOGISTICS COMPANY LIMITED AND
SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL
STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Kerry TJ Logistics Company Limited (the "Company") was incorporated in the Republic of China (ROC) in June 1960. The Company is mainly engaged in the business of automobile cargo transportation within designated routes, container transportation and warehousing.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since December 1990.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 23, 2021.

3. APPLICATION OF NEW, AMENDED AND
REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies:

Amendments to IAS 1 and IAS 8 "Definition of Material"

The Group adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence users has been changed to "could reasonably be expected to influence". Accordingly, disclosures in the consolidated financial statements do not include immaterial information that may obscure material information.

Amendment to IFRS 16 "Covid-19-Related Rent Concessions"

The Group elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Group shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

The Group applied the amendment from January 1, 2020. Because the abovementioned rent concessions affect only 2020, retrospective application of the amendment has no impact on retained earnings as of January 1, 2020.

- b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

- c. New IFRSs in issue by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 4)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 5)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 6)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 7)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 5: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 6: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 7: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

- 1) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

- 2) Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments define that accounting estimates are monetary amounts in consolidated financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be

observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.	derived from prices); and 3) Level 3 inputs are unobservable inputs for the asset or liability.		
Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.	c. Classification of current and non-current assets and liabilities Current assets include: 1) Assets held primarily for the purpose of trading; 2) Assets expected to be realized within 12 months after the reporting period; and 3) Cash unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. Current liabilities include: 1) Liabilities held primarily for the purpose of trading; 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.	statements of subsidiaries to bring their accounting policies into line with those of the Group.	When a business combination is achieved in stages, the Group's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in other comprehensive income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required had those interests been directly disposed of by the Group.
4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES a. Statement of compliance The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC. b. Basis of preparation The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values and the defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets. The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows: 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e.	Assets and liabilities that are not classified as current are classified as non-current. d. Basis of consolidation The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial	Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company. See Note 11, tables 8 and 9 for detailed information on subsidiaries (including percentages of ownership and main businesses). e. Business combinations Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred. Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.	f. Foreign currencies In preparing the consolidated financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated. For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including the subsidiaries or associates in other countries or those that use currencies which are different from the Company) are translated into the New Taiwan dollars using exchange rates prevailing at the end of each

reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income and attributed to the owners of the Company and non-controlling interests as appropriate.				
g. Inventories Inventories consist of raw materials, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.	equity method and long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate. The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.	cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss. Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Except for freehold land which is not depreciated, the depreciation of property, plant, and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.	of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods. If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.	
h. Investments in associates An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group’s share of the equity of associates.	The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment’s fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.	On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.	k. Intangible assets Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.	
Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss. When the Group’s share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the	When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group’s consolidated financial statements only to the extent of interests in the associate that are not related to the Group. i. Property, plant, and equipment Property, plant and equipment are initially measured at	j. Goodwill Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss. For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units or groups of cash-generating units (referred to as “cash-generating units”) that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount	l. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.	

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss. When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.	i. Financial assets at FVTPL Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria. Financial assets at FVTPL are subsequently measured at fair value, and any dividends and remeasurement gains or losses on such financial assets are recognized in profits or losses. Fair value is determined in the manner described in Note 26.	amount of such a financial asset, except for: i) Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and ii) A financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.	disposal of the equity investments; instead, it will be transferred to retained earnings. Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.
m. Financial instruments Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.	ii. Financial assets at amortized cost Financial assets that meet the following conditions are subsequently measured at amortized cost: i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent to initial recognition, financial assets at amortized cost, including cash, notes and accounts receivable at amortized cost, other receivable, other financial assets and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.	A financial asset is credit impaired when one or more of the following events have occurred: i) Significant financial difficulty of the issuer or the borrower; ii) Breach of contract, such as a default; iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or iv) The disappearance of an active market for that financial asset because of financial difficulties.	b) Impairment of financial assets The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable). The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.
1) Financial assets All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. a) Measurement category Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income (FVTOCI).	Subsequent to initial recognition, financial assets at amortized cost, including cash, notes and accounts receivable at amortized cost, other receivable, other financial assets and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss. Interest income is calculated by applying the effective interest rate to the gross carrying	iii. Investments in equity instruments at FVTOCI On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on	Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group): i. Internal or external information shows that the debtor is unlikely to pay its creditors. ii. When a financial asset is more than 120 days

past due unless the Group has reasonable and corroborative information to support a more lagged default criterion. The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.			
c)	Derecognition of financial assets		
	The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.		
On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.			
2) Financial liabilities			
a)	Subsequent measurement		
	Financial liabilities are measured at amortized cost using the effective interest method.		
b)	Derecognition of financial liabilities		
	The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.		
n.	Provision		
	Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.		
When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.			
o.	Revenue recognition		
	The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.		
For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.			
1)	Revenue from the sale of goods		
	Revenue from the sale of goods comes from sales of commercial refrigerators and freezers, fruits and vegetables. Sales of commercial refrigerators and freezers, fruits and vegetables are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.		
2)	Revenue from the rendering of services		
	Revenue from the rendering of services comes from the rendering of services of automobile cargo transportation, container transportation and warehousing. The services committed by the Group are determined based on the contracts, and the related revenue is recognized when services are rendered.		
p.	Leasing		
	At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.		
For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative standalone price and accounts for each component separately.			
1)	The Group as lessor		
	Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.		
Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.			
2)	The Group as lessee		
	The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.		
Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.			
Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.			
Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined,			
		the Group uses the lessee's incremental borrowing rate.	
		Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.	
		The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.	
		Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.	
q.	Borrowing costs		
	Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.		
		Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.	
		Other than those stated above, all other borrowing costs are	

	recognized in profit or loss in the period in which they are incurred.
r. Employee benefits	
1) Short-term employee benefits	Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.
2) Retirement benefits	Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.
	Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period they occur, when the plan amendment or curtailment occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.
	Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.
s. Taxation	
	Income tax expense represents the sum of the tax currently payable and deferred tax.
1) Current tax	Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the

	applicable tax laws of each tax jurisdiction.
	According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.
	Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.
2) Deferred tax	Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.
	Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.
	Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.
	The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset

	to be recovered.
	Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.
3) Current and deferred taxes for the year	Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.
	Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Critical Accounting Judgments
<u>Lease terms</u>
In determining a lease term, the Group considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the optional periods, significant leasehold improvements undertaken over the contract term, the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within the control of the Group occurs

Key Sources of Estimation Uncertainty
a. Useful lives of property, plant and equipment
As described in Note 4, the Group reviews the estimated useful lives of property, plant and equipment at each balance sheet date. Should there be changes in the estimated useful lives due to changes in actual conditions, the expenses and assets recognized may be significantly affected.
b. Lessees' incremental borrowing rates
In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, secured position, etc.) are also taken into account.

6. CASH

	December 31	
	2020	2019
Cash on hand and petty cash	\$ 63,712	\$ 61,895
Checking accounts and demand deposits	<u>1,444,173</u>	<u>1,282,367</u>
	<u>\$ 1,507,885</u>	<u>\$ 1,344,262</u>

7. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	2020	2019
<u>Notes Receivable</u>		
At amortized cost		
Gross carrying amount	\$ 350,903	\$ 376,525
Less: Allowance for doubtful accounts	(81)	(81)
	<u>\$ 350,822</u>	<u>\$ 376,444</u>
<u>Accounts Receivable</u>		
At amortized cost		
Gross carrying amount	\$ 1,578,289	\$ 1,552,215
Less: Allowance for doubtful accounts	(8,213)	(8,737)
	<u>\$ 1,570,076</u>	<u>\$ 1,543,478</u>

The average credit period of operating revenue was 60-120 days. No interest was charged on accounts receivable. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available or, if not available, the Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management administrator annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate

allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable:

	Up to 120 days	Over 120 Days
<u>December 31, 2020</u>		
Expected credit loss rate (%)	0%-0.1%	0%-100%
Gross carrying amount	\$ 1,573,885	\$ 4,404
Loss allowance (Lifetime ECLs)	(6,004)	(2,209)
Amortized cost	<u>\$ 1,567,881</u>	<u>\$ 2,195</u>
<u>December 31, 2019</u>		
Expected credit loss rate (%)	0%-0.2%	0%-100%
Gross carrying amount	\$ 1,541,864	\$ 10,351
Loss allowance (Lifetime ECLs)	(3,089)	(5,648)

Amortized cost	<u>\$ 1,538,775</u>	<u>\$ 4,703</u>
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The movements of the loss allowance of trade receivables were as follows:

	December 31	
	2020	2019
Balance at January 1	\$ 8,818	\$ 7,349
Influences due to business combination	-	2,524
Net remeasurement of loss allowance	15,214	(491)
Amount written off	(15,738)	(564)
Balance at December 31	<u>\$ 8,294</u>	<u>\$ 8,818</u>

8. FINANCIAL INSTRUMENTS AT FVTPL - NON-CURRENT

	December 31	
	2020	2019
<u>Domestic unlisted preference shares</u>		
PKR Offshore Co., Ltd. (PKRO)	\$ 2,961	\$ 11,961
<u>Domestic unlisted ordinary shares</u>		
Hantek Technology Co., Ltd. ("Hantek")	-	-
	<u>\$ 2,961</u>	<u>\$ 11,961</u>

Hantek wound up in 2006. Up till the date of the auditors' report, the liquidation procedures have not yet been completed.

The Company invested \$12,240 thousand in PKRO's preference shares, and its shareholding proportion was 51% in November 2019. Based on the contract, the Group does not have control; and as stipulated in the Company's articles of incorporation (the "Articles"), the preference share dividends will be distributed, in priority, in one lump sum in cash at face value at the interest rate of 4.7%. At the end of the accounting year, if the net profit is insufficient for the distribution of preference share dividends, the

dividends would be accumulated and distributed in the following year.

Since the above-mentioned preference shares do not meet the requirements of recognition as investments in debt instruments measured at amortized cost or at fair value through other comprehensive income, they were classified as investments in debt instruments at fair value through profit or loss.

9. FINANCIAL INSTRUMENTS AT FVTOCI - NON-CURRENT

	December 31	
	2020	2019
<u>Domestic unlisted ordinary shares</u>		
Everterminal Co., Ltd. ("Everterminal")	\$ 109,492	\$ 158,306
J.Shine International Logistics Co., Ltd. ("J. Shine")	63,222	57,722
Chunghwa Express Co., Ltd. ("Chunghwa Express")	10,392	10,392
Develop Cultural and Creative Valve Venture Capital Co., Ltd. ("Develop Cultural")	4,826	4,860
Omnihealth Group, Inc. ("Omnihealth")	353	353
Central Taiwan Science Park Logistics Co., Ltd. (CTSPL)	-	34,025
Kerry Freight International Company Ltd. (KFI)	-	9,508
West Lake Resortopia Corp("West Lake")	-	-
Taskco E-Business Corp. ("Taskco")	-	-
	<u>\$ 188,285</u>	<u>\$ 275,166</u>

These investments in equity instruments are held for medium-to long-term strategic purposes. Accordingly, the management

elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments’ fair value in profit or loss would not be consistent with the Group’s strategy of holding these investments for long-term purposes.

In June 2020, the Company’s board of directors resolved to dispose of its shares in KFI to Taiwan Kerry Investment Company (TKI). The shares sold had a fair value of \$15,308 thousand (900 thousand shares at \$17.08 per share) and its related unrealized valuation gain of \$4,398 thousand was transferred from other equity to retained earnings.

In March 2020, the Company’s board of directors resolved to dispose of its shares in CTSPL to Chien Shing Harbour Service Co., Ltd. The shares sold had a fair value of \$47,216 thousand (2,700

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was \$130,600 thousand and \$122,809 thousand, respectively.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	Main Business	% of Ownership		
			December 31		
			2020	2019	Note
The Company	Rong Xing Investment Corporation (“Rong Xing”)	Professional investment business	100	100	
	T-join (BVI) International Limited	Professional investment business	100	100	
	T.Join Transportation Co., Ltd (TJ)	Container freight business	100	100	
	Kerry Global Trading Company Limited (KGT)	International trade business	100	100	
	Kerry Express Company Limited (KE)	Car freight business	100	100	

thousand shares at \$17.54 per share) and its related unrealized valuation gain of \$21,223 thousand was transferred from other equity to retained earnings.

10. INVENTORIES

	December 31	
	2020	2019
Raw materials	\$ 47,486	\$ 55,419
Merchandise	12,196	2,859
Finished goods	4	26
	<u>\$ 59,686</u>	<u>\$ 58,304</u>

Investor	Investee	Main Business	% of Ownership		
			December 31		
			2020	2019	Note
	Science Park Logistics Co., Ltd.(SPL)	Logistics transportation business	60	60	Note 2
The corporation and subsidiaries	Kerry Cold Chain Equipment Company Limited (KCC)	Transportation tools and parts manufacturing	100	100	
Rong Xing Investment Corporation	Datai Warehousing Equipment Company Limited(“Datai”)	Warehousing and distribution	100	100	Note 1
	Kerry Pharma Logistics Co., Ltd.(KP)	Car freight business	90	90	
	Kerry Fruit Company Limited(KF)	Fruit and vegetable wholesale	51	51	

Note 1: Datai has carried out the dissolution and liquidation procedures in 2013, and as of the date of the auditors’ report, Datai has not completed the liquidation procedures.
Note 2: In consideration of business strategies for the Group’s development and for a more complete logistics supply chain, in November 2018, the board of directors resolved to acquire the shares of SPL from related and non-related parties; and on January 10, 2019, the date of acquisition, the Group obtained 51% ownership of SPL for \$805,224 thousand. After the acquisition, plus the purchase of 9% of the shares in SPL for \$141,900 thousand back in April 2018, the shareholding ratio increased to 60%, and the Group obtained control of SPL. Therefore, since January 2019, SPL had been included in the Group’s consolidated financial statements. For more information on the acquisition of subsidiaries, please refer to Note 24.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investee	December 31			
	2020		2019	
	Carrying Amount	Percentage of Ownership (%)	Carrying Amount	Percentage of Ownership (%)
<u>Material associates</u>				
T-Join (HK) International Limited	\$ 74,917	49	\$ 73,209	49
Cobang Nanjing Logistics Limited	20,520	25	16,888	25
<u>Associates that are not individually material</u>				
Posh Kerry Renewables Co., Ltd. (“Posh Kerry”)	-	40	6,670	40
Lian He Circulate Co., Ltd. (“Lian He”)	-	46	-	46
	<u>\$ 95,437</u>		<u>\$ 96,767</u>	

For information on the nature of activities, principal places of business and countries of incorporation of the aforementioned associates, please refer to Tables 8 and 9.

Lian He wound up in 2014, and up till the date of the auditors’ report, the liquidation procedures have not yet been completed.

The share of profit or loss and other comprehensive income of investments accounted for using the equity method in 2020 and 2019 were calculated based on their financial statements which have been audited for the same periods.

13. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2020					
	Balance, Beginning of Year	Additions	Decrease	Reclassification	Balance, End of Year
<u>Cost</u>					
Land	\$ 5,761,588	\$ 140	\$ -	\$ -	\$ 5,761,728
Buildings	6,209,988	24,654	(100,801)	17,970	6,151,811
Machinery	460,625	6,894	(137)	4,740	472,122
Transportation equipment	5,222,384	102,469	(245,389)	266,041	5,345,505
Lease improvements	840,552	9,943	(101)	17,113	867,507
Other equipment	553,873	30,001	(36,963)	32,328	579,239
Construction in progress	<u>1,573,849</u>	<u>444,173</u>	<u>-</u>	<u>(378,242)</u>	<u>1,639,780</u>
	<u>20,622,859</u>	<u>\$ 618,274</u>	<u>(\$ 383,391)</u>	<u>(\$ 40,050)</u>	<u>20,817,692</u>
<u>Accumulated depreciation</u>					
Buildings	2,828,172	\$ 219,382	(\$ 88,092)	(\$ 13,560)	2,945,902
Machinery	254,991	30,296	(137)	300	285,450
Transportation equipment	3,024,755	304,522	(241,067)	-	3,088,210
Lease improvements	649,135	41,543	(101)	13,746	704,323
Other equipment	<u>413,155</u>	<u>50,965</u>	<u>(36,954)</u>	<u>(350)</u>	<u>426,816</u>
	<u>7,170,208</u>	<u>\$ 646,708</u>	<u>(\$ 366,351)</u>	<u>\$ 136</u>	<u>7,450,701</u>
<u>Accumulated impairment</u>					
Construction in progress	<u>341,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 341,672)</u>	<u>-</u>
	<u>\$13,110,979</u>				<u>\$13,366,991</u>

For the Year Ended December 31, 2019						
	Balance, Beginning of Year	Additions	Decrease	Reclassification	Impact Due to Business Combinations	Balance, End of Year
<u>Cost</u>						
Land	\$ 5,872,874	\$ -	(\$ 111,286)	\$ -	\$ -	\$5,761,588
Buildings	3,830,486	66,358	(56,994)	468,131	1,902,007	6,209,988
Machinery	437,259	21,051	(1,799)	4,114	-	460,625
Transportation equipment	4,794,402	128,812	(147,350)	290,960	155,560	5,222,384
Lease improvements	835,769	30,124	(36,031)	9,085	1,605	840,552
Other equipment	513,036	12,540	(28,817)	34,649	22,465	553,873
Construction in progress	<u>1,203,704</u>	<u>857,394</u>	<u>-</u>	<u>(491,218)</u>	<u>3,969</u>	<u>1,573,849</u>
	<u>17,487,530</u>	<u>\$1,116,279</u>	<u>(\$ 382,277)</u>	<u>\$ 315,721</u>	<u>\$2,085,606</u>	<u>20,622,859</u>
<u>Accumulated depreciation</u>						
Buildings	2,202,377	\$ 200,149	(\$ 40,776)	\$ -	\$ 466,422	2,828,172
Machinery	228,242	28,548	(1,799)	-	-	254,991
Transportation equipment	2,787,817	296,530	(142,931)	-	83,339	3,024,755
Lease improvements	642,060	40,983	(35,243)	-	1,335	649,135
Other equipment	<u>386,311</u>	<u>46,450</u>	<u>(28,709)</u>	<u>-</u>	<u>9,103</u>	<u>413,155</u>
	<u>6,246,807</u>	<u>\$ 612,660</u>	<u>(\$ 249,458)</u>	<u>\$ -</u>	<u>\$ 560,199</u>	<u>7,170,208</u>
<u>Accumulated impairment</u>						
Construction in progress	<u>-</u>	<u>\$ 341,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>341,672</u>
	<u>\$11,240,723</u>					<u>\$13,110,979</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	25-50 years
Others	3-15 years
Machinery	3-15 years
Transportation equipment	3-15 years
Lease improvements	3-20 years
Other equipment	3-7 years

In consideration of operational development, in March 2017, the board of directors passed the resolution for the construction of buildings in Guanyin station on their own land. The construction contract, with a total contract price of \$1,285,000 thousand (including tax), was signed in July 2017; and the amount of construction in progress of \$1,073,642 thousand had been recognized and paid based on the degree of completion of construction. However, on February 6, 2019, a fire broke out in Guanyin station, and an impairment loss on property, plant and equipment of \$341,672 thousand was recognized for the damaged assets in 2019 and classified as other gains and losses – disaster loss.

In November 2019, the Group signed another contract for reconstruction works, with a total contract price of \$316,580 thousand (including tax), and recognized the amount of construction in progress of \$255,889 thousand based on the degree of completion of construction, of which \$220,592 thousand has been paid.

As of December 31, 2020, construction in progress has not been completed, please refer to Notes 21, 29, 30 and Table 4.

In 2019, the Group sold land and buildings for operational development purposes. The relevant selling price and gain on disposal of assets are as follows:

For the Year Ended December 31			For the Year Ended December 31		
	2020	2019		2020	2019
Selling price	\$ -	\$ 253,440	Additions to right-of-use assets	\$ 739,838	\$ 138,584
Book value	-	(127,504)	Depreciation charge for right-of-use assets		
Gain on disposal of assets	\$ -	\$ 125,936	Land	\$ 44,716	\$ 41,936
			Buildings	359,371	368,689
			Machinery	39,621	33,435
			Transportation equipment	7,659	6,486
				\$ 451,367	\$ 450,546

As December 31, 2019, the above payment has been fully collected.

The related information of interest capitalization is as follows:

For the Year Ended December 31		
	2020	2019
Amount	\$ -	\$ 8,785
Interest rate	-	1.11%

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 28.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

December 31		
	2020	2019
Carrying amount		
Land	\$ 1,103,045	\$ 1,212,888
Buildings	2,366,564	2,057,484
Machinery	81,866	79,842
Transportation equipment	12,381	14,205
	\$ 3,563,856	\$ 3,364,419

Except for the additional and depreciation expenses listed above, there was no major sublease or impairment of the Group's right-of-use assets in 2020 and 2019.

b. Lease liabilities

December 31		
	2020	2019
Carrying amount		
Current	\$ 415,088	\$ 414,355
Non-current	\$ 3,046,640	\$ 2,805,636

Ranges of discount rates for lease liabilities were as follows:

December 31		
	2020	2019
Land	1.16%-2.29%	1.16%-2.27%
Buildings	1.16%-2.98%	1.16%-2.98%
Machinery	1.16%-2.00%	1.16%-2.00%
Transportation equipment	1.16%-2.00%	1.14%-2.00%

c. Material leasing activities and terms

The Group leases land and buildings for the use of offices with lease terms of 1 to 50 years. Some of the land lease contracts are subject to lease payment adjustments every two years based on the announced land values.

The Group has the option to purchase or continue leasing the buildings for a nominal amount at the end of the lease terms.

d. Other lease information

For the Year Ended December 31		
	2020	2019
Expenses relating to short-term leases	\$ 94,226	\$ 104,458
Total cash outflow for leases	(\$ 553,888)	(\$ 532,136)

15. OTHER NON-CURRENT ASSETS

December 31		
	2020	2019
Refundable deposits	\$ 115,024	\$ 101,576
Other prepayments	50,828	25,695
Prepayments for equipment	48,621	69,175
Other financial assets (Note 28)	33,804	52,170
	\$ 248,277	\$ 248,616

16. BORROWINGS

a. Short-term borrowings

December 31		
	2020	2019
Unsecured borrowings	\$ 44,000	\$ 394,000
Unsecured borrowings interest rate (%)	1.20	0.98-1.36

b. Short-term bills payable

December 31		
	2020	2019
Bill payable	\$ 55,000	\$ 288,000
Less: bill payable discounts	(27)	(340)
	\$ 54,973	\$ 287,660
Interest rate (%)	1.1	1.1

c. Long-term borrowings

	December 31	
	2020	2019
Unsecured borrowings	\$ 2,491,000	\$ 2,831,000
Secured borrowings	<u>1,284,630</u>	<u>1,159,000</u>
	3,775,630	3,990,000
Less: current portion	(<u>166,400</u>)	(<u>20,000</u>)
	<u>\$ 3,609,230</u>	<u>\$ 3,970,000</u>
Unsecured borrowings interest rate (%)	0.97-1.23	1.17-1.23
Secured borrowings interest rate (%)	0.97-1.40	1.16-1.40

The bank loan is secured by the Group's own land and buildings, refer to Note 28 for the details. The loan period of the Company and KP is 2 years, with monthly interest payments and repayment of principal at maturity. The loan period of SPY is 2 years, with quarterly interest payments and repayment of principal.

17. OTHER LIABILITIES

	December 31	
	2020	2019
Payables for salaries or bonuses	\$ 648,809	\$ 559,243
Payables for purchases of equipment	113,434	199,886
Payables for annual leave	81,917	55,990
Payables for labor and health insurance	71,757	72,390
Payables for business and other tax	58,013	59,984
Payables for disaster loss	53,270	197,183
Payables for pension (new system)	44,240	44,732

	December 31	
	2020	2019
Payables for directors, supervisors and employees' compensation	36,975	32,984
Payables for accidents	25,557	22,350
Payables for related parties	22,357	18,564
Others	<u>282,599</u>	<u>232,786</u>
	<u>\$ 1,438,928</u>	<u>\$ 1,496,092</u>

18. RETIREMENT BENEFIT PLANS**a. Defined contribution plans**

The Company, KKC, T. JOIN, KF, Kerry Global Trading Company Limited, KE, KP and SPL adopted pension plans under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

As Rong Xing and T-join (BVI) are investment holding companies with no employees, there are no retirement plans.

b. Defined benefit plans

The Company, KP and SPL adopted the defined benefit plan under the Labor Standards Act, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company, KP and SPL contribute amounts equal to 10%, 2%, 2%, respectively, of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that

should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 887,859	\$ 954,625
Fair value of plan assets	(<u>538,203</u>)	(<u>544,413</u>)
Net defined benefit liabilities	<u>\$ 349,656</u>	<u>\$ 410,212</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2019	\$ <u>980,373</u>	(\$ <u>539,621</u>)	\$ <u>440,752</u>
Service cost			
Current service cost	10,465	-	10,465
Net interest expense (income)	<u>12,422</u>	(<u>6,768</u>)	<u>5,654</u>
Recognized in profit or loss	<u>22,887</u>	(<u>6,768</u>)	<u>16,119</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(118)	(118)
Actuarial loss - changes in demographic assumptions	(491)	-	(491)
Actuarial loss - changes in financial assumptions	29,196	-	29,196
Actuarial loss - experience adjustments	<u>15,255</u>	(<u>17,646</u>)	(<u>2,391</u>)
Recognized in other comprehensive income	<u>43,960</u>	(<u>17,764</u>)	<u>26,196</u>
Contributions from the employer	-	(91,162)	(91,162)
Benefits paid	(<u>114,074</u>)	<u>114,074</u>	<u>-</u>
	(<u>114,074</u>)	<u>22,912</u>	(<u>91,162</u>)
Impact due to business combinations	<u>21,479</u>	(<u>3,172</u>)	<u>18,307</u>
Balance at December 31, 2019	<u>954,625</u>	(<u>544,413</u>)	<u>410,212</u>
Service cost			
Current service cost	9,017	-	9,017

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Net interest expense (income)	\$ 7,748	(\$ 4,455)	\$ 3,293
Recognized in profit or loss	16,765	(4,455)	12,310
Remeasurement			
Actuarial loss - changes in demographic assumptions	70	-	70
Actuarial loss - changes in financial assumptions	24,768	-	24,768
Actuarial loss - experience adjustments	9,552	(18,975)	(9,423)
Recognized in other comprehensive income	34,390	(18,975)	15,415
Contributions from the employer	-	(88,281)	(88,281)
Benefits paid	(117,921)	117,921	-
	(117,921)	29,640	(88,281)
Balance at December 31, 2020	\$ 887,859	(\$ 538,203)	\$ 349,656

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	2019
Discount rate(s)	0.20%-0.42%	0.76%-0.82%
Expected rate(s) of salary increase	1.00%-3.00%	1.00%-3.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2020	2019
Discount rate(s)		
0.5% increase	(\$ 30,383)	(\$ 67,316)
0.5% decrease	\$ 51,356	\$ 77,216
Expected rate(s) of salary increase		
0.5% increase	\$ 51,392	\$ 76,718
0.5% decrease	(\$ 30,275)	(\$ 67,282)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	2019
The expected contributions to the plan for the next year	\$ 88,154	\$ 91,169
The average duration of the defined benefit obligation	3.9-12 years	4.2-13 years

19. EQUITY

a. Ordinary shares

	December 31	
	2020	2019
Number of shares authorized (in thousands)	700,000	700,000
Shares authorized	\$ 7,000,000	\$ 7,000,000
Number of shares issued and fully paid (in thousands)	467,000	467,000
Shares issued	\$ 4,670,005	\$ 4,670,005

A holder of issued ordinary shares with a par value of \$10 is entitled to vote and receive dividends.

b. Capital surplus

The capital surplus from shares issued in excess of par (including ordinary shares issued in excess of face value and the difference between the consideration received and the carrying amount of the subsidiaries' equity on acquisition) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus and once a year.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Group made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 21.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Group's paid-in capital. The legal reserve may be used to offset deficits. If the Group has no deficit and the legal reserve has exceeded 25% of the Group's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should

be appropriated to or reversed from a special reserve by the Group. If there is a subsequent reversal of the balance of deductions in other shareholders' equity, it may be distributed.

The appropriations of earnings for 2019 and 2018, which were approved in the shareholders' meetings in June 2020 and 2019, respectively, were as follows:

	Appropriation of Earnings	
	2019	2018
Legal reserve	\$ 135,231	\$ 121,655
Special reserve	(23,218)	23,218
Cash dividends	677,151	728,521
Cash dividends per share (NT\$)	1.45	1.56

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Special reserve		
Initial application of IFRS	\$ 299,916	\$ 299,916
Debit to other equity items	-	23,218
	<u>\$ 299,916</u>	<u>\$ 323,134</u>

e. Other equity items

- 1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 13,482	\$ 13,874
Share from subsidiaries and associates accounted for using the equity method	(1,260)	(392)
Balance at December 31	<u>\$ 12,222</u>	<u>\$ 13,482</u>

- 2) Unrealized valuation gain/(loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	2019
Balance at January 1	(\$ 9,092)	(\$ 37,092)
Recognized for the year		
Unrealized gain/(loss) - equity instruments	(24,483)	(703)
Share from subsidiaries and associates accounted for using the equity method	1,460	-
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to disposal	(25,621)	28,703
Balance at December 31	<u>(\$ 57,736)</u>	<u>(\$ 9,092)</u>

- 3) Other equity - others

The Group and Yi-Chiu Chemical & Technical Co., Ltd. ("Yi-Chiu") signed a supplementary agreement on the purchase of shares of SPL on January 10, 2019. According to the agreement, within one year from the date of signing the supplementary agreement, 1% of SPL's shares (720 thousand shares) needs to be transferred to the Group or a person designated by the Group at the purchase price of \$22.

The Group signed an agreement with Guangxin entertainment Development Co., Ltd. ("Guangxin") on August 8, 2019, appointing Guangxin to purchase from Yi-Chiu 1% ownership of SPL (720 thousand shares) at the purchase price of \$22.

f. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 530,767	\$ 19,995
Influence due to business combination (Note 24)	-	500,754
Share in profit for the year	72,968	54,443
Cash dividends	(48,585)	(40,292)
Remeasurement of net defined benefit plans	(858)	(3,873)
Other comprehensive income/(loss) during the year		
Share in other comprehensive income of associates accounted for using the equity method	142	(260)
Balance at December 31	<u>\$ 554,434</u>	<u>\$ 530,767</u>

20. REVENUE

	For the Year Ended December 31	
	2020	2019
Main revenue		
Freight transportation	\$ 10,963,881	\$ 10,546,981
Warehouse logistics	1,087,500	1,032,068
Others	101,077	93,507
	12,152,458	11,672,556
Merchandise revenue	191,752	183,120
	<u>\$ 12,344,210</u>	<u>\$ 11,855,676</u>

a. Contract information

	For the Year Ended December 31	
	2020	2019
Notes receivable and accounts receivable	<u>\$ 1,920,898</u>	<u>\$ 1,919,922</u>

b. Contracts that have not been fully completed

As of December 31, 2020 and 2019, the Group's contract obligations that have not yet been fully satisfied are customer contracts with an expected duration not exceeding one year.

21. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

Net profit (loss) from continuing operations includes the following:

a. Other revenue

	For the Year Ended December 31	
	2020	2019
Dividend revenue	\$ 24,048	\$ 22,905
Fee revenue	7,472	7,137
Others	93,265	46,798
	<u>\$ 124,785</u>	<u>\$ 76,840</u>

b. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Gain on disposal of property, plant and equipment (Note 13)	(\$ 2,155)	\$ 128,277
Disaster loss (Note 30)	-	(352,294)
Disaster insurance revenue (Note 30)	-	330,323
Disaster address loss	-	(61,779)
Other	(2,751)	(823)
	<u>(\$ 4,906)</u>	<u>\$ 43,704</u>

The post-disaster recovery loss is approximately \$176,220 thousand, of which \$114,441 thousand is the amount of claim reimbursement committed by the insurance company, which is expressed as a net amount.

c. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	\$ 44,856	\$ 44,614
Interest on lease liabilities	58,604	60,589
Interest on short-term bill payable	<u>2,675</u>	<u>3,424</u>
	<u>\$ 106,135</u>	<u>\$ 108,627</u>

d. Depreciation and amortization expenses

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	\$ 646,708	\$ 612,660
Right-of-use assets	<u>451,367</u>	<u>450,546</u>
	<u>\$ 1,098,075</u>	<u>\$ 1,063,206</u>

For the Year Ended December 31

	2020	2019
Depreciation expense classified by function		
Operating cost	\$ 1,056,902	\$ 1,032,766
Operating expense	<u>41,173</u>	<u>30,440</u>
	<u>\$ 1,098,075</u>	<u>\$ 1,063,206</u>
Amortization expense classified by function		
Operating cost	\$ 26,828	\$ 28,033
Operating expense	<u>21,920</u>	<u>22,263</u>
	<u>\$ 48,748</u>	<u>\$ 50,296</u>

e. Employee benefit expense

For the Year Ended December 31

	2020	2019
Salaries and bonuses	\$ 3,826,311	\$ 3,752,081
Defined contribution plan	196,431	192,912
Defined benefit plan	12,310	16,119
Employee insurance expense	415,092	416,558
Other employee benefits	<u>167,567</u>	<u>155,627</u>
	<u>\$ 4,617,711</u>	<u>\$ 4,533,297</u>
Classified by function		
Operating cost	\$ 4,216,509	\$ 4,141,947
Operating expense	<u>401,202</u>	<u>391,350</u>
	<u>\$ 4,617,711</u>	<u>\$ 4,533,297</u>

f. Employees' compensation and remuneration of directors

The Group accrued employees' compensation and remuneration of directors at the rates of 1% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019, which have been approved by the board of directors in March 2021 and March 2020, respectively, were as follows:

	2020		2019	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' compensation	1%	\$18,487	1%	\$16,492
Remuneration of directors	1%	18,487	1%	16,492

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate in the following year.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS**a. Major components of tax expense recognized in profit or loss**

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	\$ 373,783	\$ 343,791

For the Year Ended December 31

	2020	2019
Income tax on unappropriated earnings	9,927	284
Land value increment tax	-	24,579
Adjustment for prior years	(13,597)	(3)
	<u>370,113</u>	<u>368,651</u>
Deferred tax		
In respect of the current year	14,266	(50,583)
Adjustments for prior years	<u>13,245</u>	<u>-</u>
	<u>27,511</u>	<u>(50,583)</u>
Income tax expense recognized in profit or loss	<u>\$ 397,624</u>	<u>\$ 318,068</u>

A reconciliation of accounting profit and income tax expenses is as follows:

For the Year Ended December 31

	2020	2019
Income tax expense calculated at the statutory rate	\$ 384,277	\$ 342,536
Adjustment:		
Permanent differences	15,156	(16,465)
Temporary differences	(13,944)	20,072
Income tax on unappropriated earnings	(11,706)	(2,352)
Current tax expense		
Deferred tax expense	<u>9,927</u>	<u>284</u>
Temporary differences	<u>383,710</u>	<u>344,075</u>
	<u>14,266</u>	<u>(50,583)</u>

	For the Year Ended December 31	
	2020	2019
Land value increment tax	-	24,579
Adjustments for prior years' tax	(352)	(3)
Income tax expense recognized in profit or loss	<u>\$ 397,624</u>	<u>\$ 318,068</u>

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Deferred tax assets and liabilities

The changes of deferred tax assets and liabilities are as follows:

For the year ended December 31, 2020

	Opening Balance	Impact due to business combinations	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Assets</u>					
Temporary differences					
Defined benefit plans	\$ 82,041	\$ -	(\$ 15,194)	\$ 3,083	\$ 69,930
Loss on disposal of assets	5,667	-	(147)	-	5,520
Payable for annual leave	12,271	-	3,285	-	15,556
Right-of-use assets	13,245	-	(13,245)	-	-
Unrealized loss of disaster loss	14,626	-	(5,623)	-	9,003
Others	<u>3,415</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>3,565</u>
	<u>\$ 131,265</u>	<u>\$ -</u>	<u>(\$ 30,774)</u>	<u>\$ 3,083</u>	<u>\$ 103,574</u>

Deferred Tax Liabilities

Temporary differences					
Land value increment tax	\$ 531,964	\$ -	\$ -	\$ -	\$ 531,964
Property, plant and equipment	37,627	-	(1,096)	-	36,531
Intangible assets	<u>23,833</u>	<u>-</u>	<u>(2,167)</u>	<u>-</u>	<u>21,666</u>
	<u>\$ 593,424</u>	<u>\$ -</u>	<u>(\$ 3,263)</u>	<u>\$ -</u>	<u>\$ 590,161</u>

For the year ended December 31, 2019

	Opening Balance	Impact due to business combinations	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Assets</u>					
Temporary differences					
Defined benefit plans	\$ 88,150	\$ 3,661	(\$ 15,009)	\$ 5,239	\$ 82,041
Loss on disposal of assets	5,691	-	(24)	-	5,667
Payable for annual leave	6,581	1,415	4,275	-	12,271
Right-of-use assets	-	-	13,245	-	13,245
Unrealized loss of disaster loss	-	-	14,626	-	14,626
Others	<u>333</u>	<u>3,387</u>	<u>(305)</u>	<u>-</u>	<u>3,415</u>
	<u>\$ 100,755</u>	<u>\$ 8,463</u>	<u>\$ 16,808</u>	<u>\$ 5,239</u>	<u>\$ 131,265</u>

Deferred Tax Liabilities

Temporary differences					
Land value increment tax	\$ 562,475	\$ -	(\$ 30,511)	\$ -	\$ 531,964
Property, plant and equipment	-	38,724	(1,097)	-	37,627
Intangible assets	<u>-</u>	<u>26,000</u>	<u>(2,167)</u>	<u>-</u>	<u>23,833</u>
	<u>\$ 562,475</u>	<u>\$ 64,724</u>	<u>(\$ 33,775)</u>	<u>\$ -</u>	<u>\$ 593,424</u>

c. Income tax assessments

The income tax returns of the Group through 2018 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

	Net profit Attributable to Owners of the Group	Number of Shares (In Thousands)	Earnings Per Share (NTD)
For the year ended December 31, 2020			
Basic earnings per share			
Profit for the year attributable to owners of the Group	\$ 1,497,426	467,000	<u>\$ 3.21</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>521</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Group plus effect of potentially dilutive ordinary shares	<u>\$ 1,497,426</u>	<u>467,521</u>	<u>\$ 3.20</u>
For the year ended December 31, 2019			
Basic earnings per share			
Profit for the year attributable to owners of the Group	\$ 1,352,312	467,000	<u>\$ 2.90</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>508</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Group plus effect of potentially dilutive ordinary shares	<u>\$ 1,352,312</u>	<u>467,508</u>	<u>\$ 2.89</u>

Since the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumes that the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares that were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. BUSINESS COMBINATIONS

a. Acquisition of subsidiaries

	Main operating activities	Date of acquisition	Ownership Percentage (%)	Transfer pricing
SPL	Logistics transportation	2019.1.10	51	<u>\$ 805,224</u>

b. Transfer pricing

	SPL
Cash	<u>\$ 805,224</u>

c. Assets acquired and liabilities assumed on the acquisition date

	SPL
Current assets	
Cash	\$ 12,843
Notes receivable	3,199
Accounts receivable	130,909
Other financial assets-current	150
Other current assets	12,376
Non-current assets	
Investments accounted for using the equity method	\$ 16,534
Property, plant and equipment	1,525,407
Right-to-use assets	1,251,562
Computer software	2,604
Other intangible assets	130,000
Deferred tax assets	8,463
Prepayments for equipment	1,935
Refundable deposits	24,831
Other financial assets - non-current	40,850
Current liabilities	
Short-term bank loans	(10,000)
Short-term bills payable	(280,148)
Notes payable	(95)
Accounts payable	(61,547)
Other payables	(116,434)
Current tax liabilities	(10,197)

SPL

Current portion of long-term bank loans	(58,750)
Lease liabilities - current	(2,486)
Other current liabilities	(9,031)
Non-current liabilities	
Long-term bank loans	(20,000)
Lease liabilities - non-current	(1,249,076)
Net defined benefit liabilities - non-current	(18,307)
Deposits received	(6,747)
Deferred tax liabilities	(<u>64,724</u>)
	<u>\$ 1,254,121</u>

d. Goodwill arising from acquisition

	SPL
Transfer pricing	\$ 805,224
Add: Non-controlling interests (40% Ownership of the identifiable net assets of SPY)	500,754
Add: The fair value of the equity held before the acquisition	113,197
Less: The fair value of the identifiable net assets obtained	(<u>1,254,121</u>)
Goodwill arising from acquisition	<u>\$ 165,054</u>

The difference of \$28,703 thousand between the carrying amount of \$141,900 and the fair value of \$113,197 thousand of the Group's 9% ownership of SPL's shares held before the acquisition was transferred directly from unrealized gain on investments in equity instruments at fair value through other comprehensive income to retained earnings.

The goodwill arising from the acquisition of SPL is mainly derived from the control premium. In addition, the payment for the merger includes the expected merger synergy,

revenue growth, future market development and employee value. However, the income does not meet the recognition conditions of identifiable intangible assets, so it is not separately recognized

Net cash outflow due to acquisition of subsidiary

SPL

Cash paid	\$ 805,224
Cash obtained	(12,843)
	<u>\$ 792,381</u>

e. Impact of business combinations on operating results

Since the acquisition date, the operating results of SPL are as follows:

SPL

Operating revenue	<u>\$ 946,783</u>
Net income	<u>\$ 132,911</u>

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2020</u>				
<u>Financial assets at FVTPL</u>				
Domestic unlisted shares investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,961</u>	<u>\$ 2,961</u>
<u>Financial asset at FVTOCI</u>				
Domestic unlisted shares investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,285</u>	<u>\$ 188,285</u>

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued common stock, reserves, retained earnings and other equity).

Key management personnel of the Group review the capital structure annually. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

The Group is not subject to any externally imposed capital requirements.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Management of the Group considers the carrying amounts of the Group's financial instruments that are not measured at fair value as close to their fair values or their fair values could not be reasonably measured.

	Level 1	Level 2	Level 3	Total
<u>December 31, 2019</u>				
<u>Financial assets at FVTPL</u>				
Domestic unlisted shares investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,961</u>	<u>\$ 11,961</u>
<u>Financial asset at FVTOCI</u>				
Domestic unlisted shares investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,166</u>	<u>\$ 275,166</u>

There were no transfers between Levels 1 and 2 in 2020 and 2019.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2020

	Debt Instruments	
	Financial Assets at FVTPL	Financial Assets at FVTOCI
Financial Assets		
Balance at January 1, 2020	\$ 11,961	\$ 275,166
Recognized in profit or loss (included in other gains and losses)	(9,000)	-
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	-	(23,023)
Capital reduction	-	(1,334)
Sales	-	(62,524)
Balance at December 31, 2020	<u>\$ 2,961</u>	<u>\$ 188,285</u>

For the year ended December 31, 2019

	Debt Instruments	
	Financial Assets at FVTPL	Financial Assets at FVTOCI
Financial Assets		
Balance at January 1, 2019	\$ -	\$ 390,399
Recognized in profit or loss (included in other gains and losses)	(279)	-
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	-	(703)
Purchases	-	(1,333)
Capital reduction	12,240	-
Sales	-	(113,197)
Balance at December 31, 2019	<u>\$ 11,961</u>	<u>\$ 275,166</u>

- 3) Valuation techniques and inputs applied for Level 3 fair value measurement
- The fair values of unlisted equity securities - ROC were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

c. Categories of financial instruments

	December 31	
	2020	2019
Financial assets		
Financial assets at amortized cost ^(Note 1)	\$ 3,708,479	\$ 3,916,653
Investments in equity instruments at FVTOCI	188,285	275,166
Mandatorily classified as at FVTPL	2,961	11,961
Financial liabilities		
Amortized cost ^(Note 2)	\$ 5,955,699	\$ 6,788,691

- 1) The balances include financial assets at amortized cost, which comprise cash, notes receivable, accounts receivable, other receivables, other financial assets and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term bank loans, notes payable, accounts payable, other payables, long-term bank loans and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity investments, accounts receivable, accounts payable, borrowings, and lease liabilities. The Group's financial management department provides services to the business, coordinates access to financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

a) Foreign currency risk

As the transactions of the Company and its subsidiaries are mainly in their respective functional currencies, the foreign currency risk is not significant.

b) Interest rate risk

The Group was exposed to interest rate risk because the Group deposits and borrows funds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2020	2019
Fair value interest rate risk		
Short-term bank loan	\$ 14,000	\$ 394,000
Short-term bills payable	54,973	287,660
Lease liabilities	3,461,728	3,219,991
Long-term bank loans (including current portion of long-term bank loans)	245,630	520,000
Cash flow interest rate risk		
Bank deposits (including other financial assets)	1,340,545	1,154,252
Short-term bank loans	30,000	-
Long-term bank loans (including current portion of long-term bank loans)	3,530,000	3,470,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 1 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1 basis point higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would have decreased/increased by \$222 thousand and \$232 thousand, respectively, which was mainly a result of variable-rate borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and
- b) The maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

As the Group's customer base is large and made up of unrelated customers, the concentration of credit risk is not high.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. The Group had available unutilized bank loan facilities set out as follows:

	For the Year Ended December 31	
	2020	2019
Unutilized bank loan limits	\$ 5,884,254	\$ 4,286,988

Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

Non-derivative Financial Liabilities	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>December 31, 2020</u>					
Non-interest bearing	\$ 290,029	\$ 324,826	\$ 4,500	\$ 956	\$ -
Lease liabilities	56,867	76,294	326,351	1,240,286	2,742,728
Variable interest rate liabilities	-	-	30,000	3,530,000	-
Fixed interest rate liabilities	-	-	235,373	79,230	-
	<u>\$ 346,896</u>	<u>\$ 401,120</u>	<u>\$ 596,224</u>	<u>\$ 4,850,472</u>	<u>\$ 2,742,728</u>
<u>December 31, 2019</u>					
Non-interest bearing	\$ 334,050	\$ 256,234	\$ 13,980	\$ 884	\$ -
Lease liabilities	45,581	87,799	326,331	1,111,246	2,304,496
Variable interest rate liabilities	-	-	-	3,470,000	-
Fixed interest rate liabilities	-	-	701,660	500,000	-
	<u>\$ 379,631</u>	<u>\$ 344,033</u>	<u>\$ 1,041,971</u>	<u>\$ 5,082,130</u>	<u>\$ 2,304,496</u>

Additional information about the maturity analysis for lease liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
<u>December 31, 2020</u>						
Lease liabilities	<u>\$ 459,512</u>	<u>\$ 1,240,286</u>	<u>\$ 913,393</u>	<u>\$ 459,902</u>	<u>\$ 291,689</u>	<u>\$ 1,077,744</u>
<u>December 31, 2019</u>						
Lease liabilities	<u>\$ 459,711</u>	<u>\$ 1,111,246</u>	<u>\$ 838,599</u>	<u>\$ 442,242</u>	<u>\$ 272,156</u>	<u>\$ 751,499</u>

27. TRANSACTIONS WITH RELATED PARTIES

The Group's parent company is Kerry Logistics Network Limited (KLN), which indirectly held 49.67% of the Company's ordinary shares at December 31, 2020 and 2019.

The Group's ultimate parent company and ultimate controller is Kerry Group Limited.

Transactions, balances, revenues and expenses between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note.

Besides information disclosed in the other notes, details of transactions between the Group and its related parties were disclosed as follows:

a. Related party name and category

Related Party Name	Related Party Category
KLN	The Company's parent
TKI	Associates
KFI	Related party in substance
Da Ji International Limited ("DA JI")	Related party in substance
Tong Li Investment Company ("TONG LI")	Related party in substance
Kerry Logistics Hong Kong Limited (KLHK)	Related party in substance
Kerry Freight Hong Kong Limited (KFHK)	Related party in substance
Direct Logistics Co., Ltd.	Related party in substance
Posh Kerry Renewables Co., Ltd.	Related party in substance
KLN Services SDN.BHD.	Related party in substance
Kerry ESG Hong Kong	Related party in substance
Kerry Coffee Company Limited	Related party in substance
Taiwan Sugar Group("Taiwan Sugar")	Other Related Party
HCT Container Transportation co., Ltd. ("HCT Container")	Other Related Party
HCT Logistics Co., Ltd. ("HCT LOGISTICS")	Director
Xie Wenqian	Director

b. Operating transactions

	For the Year Ended December 31	
Related Party Category	2020	2019
<u>Operating Revenue</u>		
Related party in substance	\$ 12,484	\$ 11,447
Associates	23	23
	<u>\$ 12,507</u>	<u>\$ 11,470</u>

	For the Year Ended December 31	
Related Party Category	2020	2019
<u>Operating Cost</u>		
Related party in substance	\$ 17,641	\$ 611
<u>Operating Expense</u>		
Related party in substance	\$ 47,291	\$ 43,835
Other related party	314	396
Director	307	667
	<u>\$ 47,912</u>	<u>\$ 44,898</u>
<u>Other income</u>		
Related party in substance	\$ 1,367	\$ 1,245

The terms and conditions of transactions with related parties and that of non-related parties were not significantly different.

The balance of accounts receivable from related parties on the balance sheet date is as follows:

	December 31	
Related Party Category/Name	2020	2019
Related party in substance	\$ 1,121	\$ 1,484

The balance of accounts payable from related parties on the balance sheet date is as follows:

	December 31	
Related Party Category/Name	2020	2019
Related party in substance	\$ 1,687	\$ 2,453
Other related party	24	29
	<u>\$ 1,711</u>	<u>\$ 2,482</u>

c. Other related party transactions

The balance of other receivables from related parties on the balance sheet date is as follows:

Related Party Category/Name	December 31	
	2020	2019
Related party in substance	\$ <u>1,201</u>	\$ <u>910</u>

d. Acquisition of financial assets

For the year ended December 31, 2019

Related Party Category/ Name	Line Item	Number of Shares	Underlying Asset	Purchase Price
<u>Director</u>				
HCT LOGISTICS	Investments accounted for using the equity method	29,865 thousand	SPL	\$ 657,038
<u>Other Related Party</u>				
HCT Container	Investments accounted for using the equity method	3,102 thousand	SPL	<u>68,255</u>
				<u>\$ 725,293</u>

e. Disposal of financial assets

For the year ended December 31, 2020

Related Party Category/ Name	Number of Shares	Underlying Asset	Proceeds	Gain on Disposal (Note 9)
<u>Associates</u>				
TKI	900 thousands	KFI	\$ <u>15,354</u>	\$ <u>4,398</u>

f. Acquisition of endorsements/guarantees

As of December 31, 2020 and 2019, the amounts of guarantee provided by the related parties for the Company's short-term loans are as follows:

Related Party Name	For the Year Ended December 31	
	2020	2019
KLN	\$ <u>-</u>	\$ <u>20,000</u>

g. Remuneration of key management personnel

Total remuneration of directors and other key management personnel is as follows:

The balance of other payables from related parties on the balance sheet date is as follows:

Related Party Category/Name	December 31	
	2020	2019
Related party in substance	\$ <u>23,155</u>	\$ <u>18,564</u>

h. Remuneration of directors and key executives

For the year ended December 31, 2020

Related Party Category/ Name	Number of Shares	Underlying Asset	Purchase Price
<u>Director</u>			
HCT LOGISTICS	Investments accounted for using the equity method	29,865 thousand	SPL
<u>Other Related Party</u>			
HCT Container	Investments accounted for using the equity method	3,102 thousand	SPL
			<u>\$ 725,293</u>

i. Disposal of financial assets

For the year ended December 31, 2020

Related Party Category/ Name	Number of Shares	Underlying Asset	Proceeds	Gain on Disposal (Note 9)
<u>Associates</u>				
TKI	900 thousands	KFI	\$ <u>15,354</u>	\$ <u>4,398</u>

j. Acquisition of endorsements/guarantees

As of December 31, 2020 and 2019, the amounts of guarantee provided by the related parties for the Company's short-term loans are as follows:

Related Party Name	For the Year Ended December 31	
	2020	2019
KLN	\$ <u>-</u>	\$ <u>20,000</u>

k. Remuneration of key management personnel

Total remuneration of directors and other key management personnel is as follows:

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, goods clearance deposits and performance bonds, etc.

	December 31	
	2020	2019
Property, plant and equipment	\$ 2,403,381	\$ 2,591,776
Other financial assets - non-current (classified as non-current assets)	<u>33,804</u>	<u>52,170</u>
	<u>\$ 2,437,185</u>	<u>\$ 2,643,946</u>

29. SIGNIFICANT UNRECOGNIZED COMMITMENTS

a. Unrecognized commitments were as follows:

	December 31	
	2020	2019
Acquisition of property, plant and equipment	\$ <u>628,249</u>	\$ <u>361,401</u>

b. As of December 31, 2020 and 2019, SPL entered into agreements for tariff-related guarantees, commodity tax accounting guarantees and logistics center establishment guarantees, which are all \$100,000 thousand, with Bank of Taiwan - Tainan science-based industrial park branch and E.Sun Bank yung kang branch. The expiration dates are from June 2021 to October 2022 and July 2020 to September 2021. As of December 31, 2020 and 2019, Bank of Taiwan and E.Sun Bank have respectively provided guarantee amounts of \$46,942 thousand and \$20,749 thousand.

30. SIGNIFICANT LOSSES FROM DISASTERS

A fire broke out in the Group's Guanyin Logistics Center on February 6, 2019, causing damage to some of the logistics warehouses under construction, equipment and customers'

inventories. The estimated loss is about \$352,294 thousand (including property, plant and equipment worth about \$341,672 thousand and the reimbursement to customers of about \$10,622 thousand) which is recognized under other gains and losses in 2019. However, the damaged assets are already fully covered under fire insurance, and the Group had applied for insurance claims with the insurance company. The aforementioned loss was certified by the insurance agency surveyor to be covered under the fire insurance policy. The total amount of claims is approximately \$330,323 thousand, recognized under other gains and losses in 2019. The Group reached an agreement with the insurance company and received the claim amount in August 2020.

31. OTHER ITEMS

The Group continues to evaluate the economic impact caused by COVID-19. As of the report date, there is no significant impact of COVID-19 on the Group. The Group will continue to observe the relevant epidemic situation and evaluate its impact on its operations.

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: Table 1.
- 2) Endorsements/guarantees provided: Table 2.
- 3) Marketable securities held (excluding investment in subsidiaries and associates): Table 3.
- 4) Marketable securities acquired or disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: Table 4.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6.
- 9) Trading in derivative instruments: None.
- 10) Information on investees: Table 7.

b. Information on reinvestment: Table 8.**c. Information on investments in mainland China**

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area: Table 9.

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None.
- b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None.
- c) The amount of property transactions and the amount of the resultant gains or losses: None.

- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

d. Information of major shareholders: list all shareholders

with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

33. SEGMENT INFORMATION

The Group has only one segment and the main product is contact image sensor module. Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on geographic area.

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Routes	Logistics	Others	Adjustment and Elimination	Total
For the Year Ended December 31, 2020					
Revenues from external customers	\$10,020,387	\$ 2,108,602	\$ 215,221	\$ -	\$12,344,210
Inter-segment revenues	<u>1,887,301</u>	<u>58</u>	<u>385,099</u>	(<u>2,272,458</u>)	<u>-</u>
Segment revenue	<u>\$11,907,688</u>	<u>\$ 2,108,660</u>	<u>\$ 600,320</u>	(<u>\$ 2,272,458</u>)	<u>\$12,344,210</u>
Segment income	<u>\$ 1,675,753</u>	<u>\$ 298,796</u>	(<u>\$ 27,933</u>)	<u>\$ 15,312</u>	\$ 1,961,928
Interest revenue					1,558
Other income					122,615
Other loss					(11,948)
Finance costs					(<u>106,135</u>)
Profit before income tax					<u>\$ 1,968,018</u>

	Routes	Logistics	Others	Adjustment and Elimination	Total
For the Year Ended December 31, 2019					
Revenues from external customers	\$ 9,635,870	\$ 2,049,283	\$ 170,523	\$ -	\$11,855,676
Inter-segment revenues	<u>1,752,875</u>	<u>3</u>	<u>346,204</u>	(<u>2,099,082</u>)	<u>-</u>
Segment revenue	<u>\$11,388,745</u>	<u>\$ 2,049,286</u>	<u>\$ 516,727</u>	(<u>\$ 2,099,082</u>)	<u>\$11,855,676</u>
Segment income	<u>\$ 1,484,892</u>	<u>\$ 232,356</u>	(<u>\$ 17,030</u>)	<u>\$ 8,440</u>	\$ 1,708,658
Interest revenue					1,963
Other income					207,682
Other loss					(84,852)
Finance costs					(<u>108,627</u>)
Profit before income tax					<u>\$ 1,724,824</u>

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profit of associates, gains recognized on disposal of interests in former associates, lease income, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Geographical information

The Group mainly operates in a single geographical area - Taiwan.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

c. Information about major customers

No revenue from a single customer accounted for at least 10% of the Group's operating revenue in 2020 and 2019.

TABLE 1

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES
FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower(Note 2)	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate		Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
														Item	Value		
0	KTJ	KP	Receivable from related parties	Yes	\$ 30,000	\$ 30,000	\$ 30,000	0.985%		Short-term financing	\$ -	For working capital	\$ -	-	\$ -	\$ 513,413	\$ 2,053,653
		KE	Receivable from related parties	Yes	60,000	30,000	-	0.985%		Short-term financing	-	For working capital	-	-	-	513,413	2,053,653

Note 1: According to the Company's "Financing provided to others operation regulations ", the total amount of financing shall not exceed 20% of the net assets of the Company based on its latest financial statements. For companies that have short-term financing needs, the amount of financing for each borrower shall not exceed 5% of the net assets of the Company based on its latest financial statements. However, where the Company directly or indirectly holds 100% of the shares of foreign companies, the financing limit is 10% of the net assets of the Company based on its latest financial statements. For financing provided by subsidiaries to individual borrowers, the amount of financing shall not exceed 40% of the subsidiary's paid-in capital, and the loan period shall not exceed 10 years. The aggregate financing limit for loans provided by subsidiaries is 50% of the subsidiary's paid-in capital.

Note 2: Intercompany accounts and transactions have been eliminated.

TABLE 2

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Endorser/ (Note 1)	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Notes 4 and 6)	Outstanding Endorsement/ Guarantee at the End of the Period (Notes 5 and 6)	Actual Amount Borrowed (Note 6)		Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 4)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on behalf of Companies in Mainland China
		Name	Relationship (Note 2)											
0	KTJ	KP	1, 2	\$ 2,053,653	\$ 385,000	\$ 385,000	\$ 385,000	Credit		3.75%	\$ 5,134,134	Y	N	N
		KE	1, 2	2,053,653	110,000	110,000	110,000	Credit		1.07%	5,134,134	Y	N	N
		TJ	1, 2	2,053,653	60,000	60,000	60,000	Credit		0.58%	5,134,134	Y	N	N
		KCC	1, 2	2,053,653	60,000	60,000	60,000	Credit		0.58%	5,134,134	Y	N	N
		KF	1, 2	2,053,653	35,000	35,000	35,000	Credit		0.34%	5,134,134	Y	N	N

Note 1: The relationship between endorser/guarantor and the endorsee/guarantee can be classified into the following seven categories:

- 1) A company with a business relationship.
- 2) A company in which KTJ directly and indirectly holds more than 50% of the voting shares.

Note 2: According to the Company's "Financing provided to others operation regulations ":

- 1) The total amount of guarantees provided for other companies shall not exceed 50% of the net assets of the Company based on its latest financial statements.
- 2) The endorsement/guarantee amount for each entity shall not exceed 20% of the net assets of the Company based on its latest financial statements.
- 3) The endorsement/guarantee amount for each subsidiary shall not exceed 20% of the net assets of the Company based on its latest financial statements.
- 4) The amount of the endorsement/guarantee provided by the subsidiary for the parent company is not subject to any limit.

TABLE 3

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2020				(In Thousands of New Taiwan Dollars)			
Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020			
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
	<u>Stock</u>						
KTJ	Everterminal	None	Financial assets at FVTOCI - non-current	7,329	\$ 103,440	8	\$ 103,440
	J.Shine	None	Financial assets at FVTOCI - non-current	3,543	63,222	15	63,698
	Chunghwa Express	None	Financial assets at FVTOCI - non-current	700	10,392	7	10,319
	Omnihealth	None	Financial assets at FVTOCI - non-current	49	353	1	357
	Taskco	None	Financial assets at FVTOCI - non-current	2,500	-	4	-
	PKRO	None	Financial assets at FVTPL - non-current	1,224	2,961	51	5,086
	Hantek	None	Financial assets at FVTPL - non-current	6,632	-	8	-
	<u>Stock</u>						
Rong Xing	Develop Cultural	None	Financial assets at FVTOCI - non-current	734	4,826	1	4,854
	Everterminal	None	Financial assets at FVTOCI - non-current	429	6,052	-	6,052
	West Lake	None	Financial assets at FVTOCI - non-current	100	-	-	-

TABLE 4

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES
ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date (Note)	Transaction Amount (Note)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer if Counterparty is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
KTJ	Plant engineering	2017.3.20	\$ 1,285,000	Payment according to the progress of completion, \$1,073,462 has been paid as of the balance sheet date	Li Ming Construction Co., Ltd.	None	-	-	-	\$ -	Construct on company-owned land	Logistic center	-
KTJ	Plant restore engineering	2019.11.29	316,580	Payment according to the progress of completion, \$220,592 has been paid as of the balance sheet date	Xuyuan Construction Co., Ltd.	None	-	-	-	-	Construct on company-owned land	Logistic center	-
KTJ	Plant engineering	2018.8.9	589,481	Payment according to the progress of completion, \$129,125 has been paid as of the balance sheet date	Lihua Construction Co., Ltd.	None	-	-	-	-	Construct on company-owned land	Logistic center	-
KTJ	Right-of-use asset land	2020.10.30	378,442	Payment according to the contract	New Taipei City Government Economic Development Department	None	-	-	-	-	Not applicable due to transaction with government	Logistic center	-

Note: On March 20, 2017, the board of directors approved to outsource the project, and signed a contract with Li ming construction co., ltd. on July 18, 2017. The contract was terminated on May 20, 2019 due to a fire disaster. The reconstruction project was outsourced to Xuyuan Construction Engineering Co., Ltd., and the contract was signed on November 29, 2019.

TABLE 5

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2020 (In Thousands of New Taiwan Dollars)

Purchaser or Seller	Related Party	Relationship	Transaction Details			Transaction Details		Abnormal Transaction		Notes/Accounts Receivable (Payable)		
			Purchase / Sale	Amount	%	Payment Terms	Unit Price	Payment Terms		Ending Balance	%	Note
KTJ	TJ	Parent to subsidiary	Purchase	\$ 1,349,025	58	30-60 days	-	-		(\$ 181,024)	(33)	
	KCC	Parent to subsidiary	Purchase	239,146	74	30-60 days	-	-		(68,975)	(13)	
	KE	Parent to subsidiary	Purchase	334,649	34	30-60 days	-	-		(70,297)	(13)	
TJ	KTJ	Subsidiary to parent	Sale	(1,351,087)	(84)	30-60 days	-	-		181,024	78	
KCC	KTJ	Subsidiary to parent	Sale	(309,713)	(72)	30-60 days	-	-		68,975	94	
KE	KTJ	Subsidiary to parent	Sale	(334,649)	(53)	30-60 days	-	-		70,297	5	

Note: Intercompany accounts and transactions have been eliminated.

TABLE 6

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2020 (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
TJ	KTJ	Subsidiary to parent	\$ 181,024	8.12	\$ -	-	\$ 159,025	\$ -

Note 1: Intercompany accounts and transactions have been eliminated.

TABLE 7

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2020 (In Thousands of New Taiwan Dollars)

Number	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note 2)
0	KTJ	TJ	1	Sale	\$ 1,636		-
				Other Income	980	-	1
				Account payable	181,024	-	-
		KP	1	Sale	23,183	-	-
				Other Income	26,899	-	-
				Other receivable	32,756	-	-
		KCC	1	Sale	1,307	-	-
				Other Income	2,527	-	-
				Account payable	68,975	-	-
				Construction in progress	189,414	-	1
		KE	1	Sale	73,093	-	1
				Other Income	5,283	-	-
				Account receivable	18,738	-	-
				Account payable	70,297	-	-
		KF	1	Sale	1,030	-	-
				Other Income	346	-	-
1	KCC	KGT	1	Sale	222	-	-
		SPL	1	Sale	604	-	-
		KTJ	2	Sale	309,713	-	3
		KP	3	Sale	25,085	-	-
		KE	3	Sale	12,754	-	-
		TJ	3	Sale	34,990	-	-
				Account receivable	5,867	-	-

Number	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note 2)
2	TJ	KF	3	Sale	\$ 370	-	-
		SPL	3	Sale	735	-	-
		KTJ	2	Sale	1,351,087	-	11
		KCC	3	Sale	337	-	-
		KE	3	Sale	3,281	-	-
3	KP	SPL	3	Sale	30,586	-	-
		KTJ	2	Sale	28,665	-	-
				Other Income	204	-	-
4	KE	KTJ	2	Sale	334,649	-	3
		SPL	3	Sale	94	-	-
		KF	3	Sale	19	-	-
		KP	3	Sale	1	-	-
5	KF	KGT	3	Sale	596	-	-
6	KGT	KTJ	2	Sale	621	-	-
		TJ	3	Sale	72	-	-
		KE	3	Sale	34	-	-
		KCC	3	Sale	53	-	-
		KP	3	Sale	78	-	-
7	SPL	TJ	3	Sale	1,318	-	-
				Account payable	7,229	-	-
		KE	3	Sale	6	-	-

Note 1: 1. From the parent company to the subsidiary.
2. From the subsidiary to the parent.
3. From the subsidiary to the subsidiary.

TABLE 8

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2020				(In Thousands of New Taiwan Dollars)						
Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)
				December31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount		
KTJ	TJ	Taiwan	Automobile Cargo Transportation	\$ 148,350	\$ 148,350	16	100	\$ 303,235	\$ 73,857	\$ 74,865
	RONG XING	Taiwan	Investment	151,131	151,131	10,400	100	248,586	42,733	42,791
	KCC	Taiwan	Other Transport Equipment and Parts Manufacturing	45,000	45,000	6,232	64	56,234	19,889	14,234
	KE	Taiwan	Automobile Cargo Transportation Business	278,000	278,000	265	100	196,496	56,320	58,204
	T-JOIN(BVI)	British Virgin Islands	Investment	933,405	933,405	28,185	100	535	-	-
	KGT	Taiwan	International Trade	1,000	1,000	100	100	4,622	483	483
	SPL	Taiwan	Automobile Cargo Transportation Business	947,124	947,124	43,051	60	950,536	166,425	92,130
	T-JOIN(HK)	Hong Kong	Investment	125,953	125,953	32,595	49	74,917	6,494	3,182
	PKRO	Taiwan	Vessel Carriers	2,400	2,400	240	40	-	(118,552)	(6,670)
	LIAN HE	Taiwan	General Merchandise	10,000	10,000	1,000	22	-	-	-
RONG XING	KP	Taiwan	Automobile Cargo Transportation	82,258	82,258	9,000	90	215,673	79,216	70,979
	KCC	Taiwan	Other Transport Equipment and Parts Manufacturing	25,000	25,000	3,462	36	15,990	19,889	7,883
	KF	Taiwan	Wholesale of Vegetables and Fruits	5,100	5,100	510	51	10,292	7,773	3,964
	LIAN HE	Taiwan	General Merchandise	10,320	10,320	1,100	24	-	-	-

Note: Significant intercompany accounts and transactions have been eliminated.

TABLE 9

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
T-Join transportation Beijing	Warehousing and Automobile Cargo Transportation Business	\$ 137,843 (USD 4,840)	2	\$ 139,891	\$ -	\$ -	\$ 139,891	\$ 5,420	49%	\$ 2,656	\$ 96,380	\$ -
T-Join transportation Wuhan	Warehousing and Automobile Cargo Transportation Business	56,960 (USD 2,000)	2	66,727	-	-	66,727	1,701	49%	833	14,245	-
T-Join transportation Shenyang	Warehousing and Automobile Cargo Transportation Business	56,960 (USD 2,000)	2	66,727	-	-	66,727	546	49%	267	14,771	-
T-Join transportation Kunming	Warehousing and Automobile Cargo Transportation Business	59,808 (USD 2,100)	2	71,013	-	-	71,013	2,263	49%	1,109	12,804	-
Datai	Warehousing and Automobile Cargo Transportation Business	8,544 (USD 300)	1	8,271	-	-	8,271	-	100%	-	-	-
Cobang Nanjing	Warehousing and Automobile Cargo Transportation Business	78,567 (RMB 18,000)	1	20,768	-	-	20,768	13,805	15%	2,073	12,434	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 628,772	\$ 726,765	\$ 6,160,961
(US \$ 21,388	(US \$ 24,369	
RMB \$ 4,500)	RMB \$ 7,500)	

Note 1: The investments were made as follows:

- (1) The investment was made directly by a subsidiary located in mainland China.
- (2) The investment was made through a corporation established in a third country, which, in turn, invested in companies located in mainland China.
- (3) Others

Note 2: Calculated based on the amounts in the parent company's audited financial statements multiplied by the shareholding ratio.

Note 3: According to the "Regulations of Screening of Application to Engage in Technical Cooperation in Mainland China" issued by the Investment Commission of the Ministry of Economic Affairs, the amount is calculated using 60% of higher net worth or combined net worth.

Note 4: T-Join (BVI) company has disposed of their shares held of T-Join transportation Wuhan, T-Join transportation Shenyang and T-Join transportation Kunming in the amounts of \$12,640 thousand, \$56,534 thousand and \$62,170 thousand, respectively. As of December 31, 2020, the disposal proceeds have not been remitted back to Taiwan.

Note 5: In 2012, Rong xing Company obtained approval from the Investment Commission, Ministry of Economic Affairs to invest in Datai Company with USD278 thousand.

Note 6: Significant intercompany accounts and transactions have been eliminated.

TABLE 10

KERRY TJ LOGISTICS COMPANY LIMITED
INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
TKI	183,276,410	39.25
TONG LI	38,118,000	8.16
DA JI	27,972,000	5.99

Note 1: The information on major shareholders disclosed in the table above was calculated by the Taiwan Depository & Clearing Corporation based on the number of ordinary and preference shares held by shareholders with ownership of 5% or greater, that had completed dematerialized registration and delivery (including treasury shares) as of the last business day of the current quarter. The share capital recorded in the Group's consolidated financial statements may differ from the number of shares that have completed dematerialized registration and delivery due to differences in the basis of preparation.

Note 2: If the above information is related to shareholders who have delivered their shares held to a trust, the information is separately disclosed by each trustor's account opened by the trustee. As for the declaration of insider shareholdings exceeding 10% in accordance with the securities and exchange act, the shareholdings include the shares held by the shareholder as well as those that have been delivered to the trust and for which the shareholder has the right to determine the use of trust property. For information on the declaration of insider shareholdings, refer to the Market Observation Post System website of the TWSE.

INDEPENDENT AUDITORS’ REPORT

The Board of Directors and Shareholders

Kerry TJ Logistics Co., Ltd.

Opinion

We have audited the accompanying financial statements of Kerry TJ Logistics Co., Ltd. (the “Company”), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and other regulations.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the financial statements for the year ended December 31, 2020 is as follows:

Recognition of freight revenue

The Company’s major source of revenue is freight revenue, and the amount of freight revenue is measured based on freight rates and volume in accordance with revenue recognition policies. Since unapproved freight rates may cause revenue to be recognized incorrectly, the recognition of freight revenue has been identified as a key audit matter, refer to Note 4 and Statement 11 for the details.

We performed tests of controls to understand the setup and changes in the system flow of the main price file (freight rates table/contract rates table) and the design and implementation of the related controls.

In addition, we also performed the following main audit procedures:

- 1. We obtained the freight rate deviation table to understand the differences between the listed freight rates and the actual rates paid, and also checked that the rates had been approved by the relevant supervisors.

- 2. We understood the logic behind the generation of the freight rate deviation table and performed recalculations to verify the accuracy of the calculation logic.
- 3. We conducted the substantive analytical procedures on freight revenue.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ 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 financial statements.

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

- 1. Identify and assess the risks of material misstatement of the 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 Company’s internal control.
- 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the 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 auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors’ 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 audits resulting in this independent auditors’ report are Tung-Yun Tseng and Ting-Chien Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

曾棟望



蘇定堅



March 23, 2021

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ report and financial statements shall prevail.

KERRY TJ LOGISTICS COMPANY LIMITED | BALANCE SHEETS

DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 6)	\$ 999,718	5	\$ 1,009,406	5
Notes receivable (Note 4)	316,131	2	344,251	2
Accounts receivable (Notes 4, 7 and 25)	1,219,717	7	1,215,139	7
Other receivables (Notes 4 and 25)	163,675	1	564,009	3
Prepayments	27,128	-	25,669	-
Other current assets	<u>14,771</u>	<u>-</u>	<u>9,569</u>	<u>-</u>
Total current assets	<u>2,741,140</u>	<u>15</u>	<u>3,168,043</u>	<u>17</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 8 and 24)	2,961	-	11,961	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 9, 24 and 25)	177,407	1	264,414	1
Investments accounted for using the equity method (Notes 4 and 10)	1,835,161	10	1,676,273	9
Property, plant and equipment (Notes 4, 5, 11, 25, 26 and 27)	11,361,651	62	11,039,664	61
Right-of-use assets (Notes 4, 5 and 12)	2,094,611	11	1,761,139	10
Deferred tax assets (Notes 4 and 20)	78,477	-	104,786	1
Other non-current assets (Notes 4, 13, 25 and 26)	<u>184,005</u>	<u>1</u>	<u>160,852</u>	<u>1</u>
Total non-current assets	<u>15,734,273</u>	<u>85</u>	<u>15,019,089</u>	<u>83</u>
TOTAL	<u>\$ 18,475,413</u>	<u>100</u>	<u>\$ 18,187,132</u>	<u>100</u>

KERRY TJ LOGISTICS COMPANY LIMITED | BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	2020		2019	
LIABILITIES AND EQUITY	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term bank loans (Notes 4 and 14)	\$ -	-	\$ 300,000	2
Accounts payable (Note 25)	544,364	3	499,822	3
Other payable (Note 15)	989,081	5	1,141,404	6
Current tax liabilities (Notes 4 and 20)	164,058	1	149,274	1
Lease liabilities - current (Notes 4, 5 and 12)	331,528	2	324,189	2
Other current liabilities	<u>162,329</u>	<u>1</u>	<u>232,881</u>	<u>1</u>
Total current liabilities	<u>2,191,360</u>	<u>12</u>	<u>2,647,570</u>	<u>15</u>
NON-CURRENT LIABILITIES				
Long-term bank loans (Notes 4, 14 and 26)	3,530,000	19	3,870,000	21
Deferred tax liabilities (Notes 4 and 20)	531,964	3	531,964	3
Lease liabilities - non-current (Notes 4, 5 and 12)	1,634,336	9	1,277,224	7
Net defined benefit liabilities - non-current (Notes 4 and 16)	311,482	1	375,611	2
Deposits received	7,750	-	760	-
Other non-current liabilities	<u>252</u>	<u>-</u>	<u>252</u>	<u>-</u>
Total non-current liabilities	<u>6,015,784</u>	<u>32</u>	<u>6,055,811</u>	<u>33</u>
Total liabilities	<u>8,207,144</u>	<u>44</u>	<u>8,703,381</u>	<u>48</u>

KERRY TJ LOGISTICS COMPANY LIMITED | BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	2020		2019	
LIABILITIES AND EQUITY	Amount	%	Amount	%
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	\$ <u>4,670,005</u>	<u>25</u>	\$ <u>4,670,005</u>	<u>26</u>
Capital surplus	<u>2,308</u>	<u>-</u>	<u>2,308</u>	<u>-</u>
Retained earnings				
Legal reserve	1,109,475	6	974,244	5
Special reserve	299,916	2	323,134	2
Unappropriated earnings	<u>4,232,079</u>	<u>23</u>	<u>3,509,670</u>	<u>19</u>
Total retained earnings	<u>5,641,470</u>	<u>31</u>	<u>4,807,048</u>	<u>26</u>
Other equity	(<u>45,514</u>)	<u>-</u>	<u>4,390</u>	<u>-</u>
Total equity	<u>10,268,269</u>	<u>56</u>	<u>9,483,751</u>	<u>52</u>
TOTAL	<u>\$ 18,475,413</u>	<u>100</u>	<u>\$ 18,187,132</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

KERRY TJ LOGISTICS COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 18 and 25)	\$ 10,133,871	100	\$ 9,823,283	100
OPERATING COSTS (Notes 19 and 25)	<u>8,264,044</u>	<u>81</u>	<u>8,107,029</u>	<u>82</u>
GROSS PROFIT	1,869,827	19	1,716,254	18
OPERATING EXPENSES (Notes 19 and 25)	<u>394,088</u>	<u>4</u>	<u>347,041</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>1,475,739</u>	<u>15</u>	<u>1,369,213</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Interest income	1,276	-	1,713	-
Other income (Notes 19 and 25)	142,419	1	90,425	1
Other gains and losses (Notes 19 and 25)	(6,044)	-	90,919	1
Valuation loss on financial assets at fair value through profit or loss (Notes 8 and 24)	(9,000)	-	(279)	-
Finance costs (Note 19)	(71,828)	(1)	(72,123)	(1)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	<u>279,219</u>	<u>3</u>	<u>136,333</u>	<u>2</u>
Total non-operating income and expenses	<u>336,042</u>	<u>3</u>	<u>246,988</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	1,811,781	18	1,616,201	17
INCOME TAX EXPENSE (Notes 4 and 20)	<u>314,355</u>	<u>3</u>	<u>263,889</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>1,497,426</u>	<u>15</u>	<u>1,352,312</u>	<u>14</u>

(Continued)

KERRY TJ LOGISTICS COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 16)	(\$ 12,401)	-	(\$ 14,171)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(24,483)	(1)	(703)	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method (Note 10)	(93)	-	(5,747)	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 20)	<u>2,480</u>	<u>-</u>	<u>2,834</u>	<u>-</u>
	(34,497)	(1)	(17,787)	-
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method (Note 10)	(<u>1,260</u>)	<u>-</u>	(<u>392</u>)	<u>-</u>
Other comprehensive loss for the year, net of income tax	(<u>35,757</u>)	(<u>1</u>)	(<u>18,179</u>)	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,461,669</u>	<u>14</u>	<u>\$ 1,334,133</u>	<u>14</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 3.21</u>		<u>\$ 2.90</u>	
Diluted	<u>\$ 3.20</u>		<u>\$ 2.89</u>	

(Concluded)

The accompanying notes are an integral part of the financial statements.

KERRY TJ LOGISTICS COMPANY LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	Retained Earnings (Note 17)				Retained Earnings (Note 17)		Other Equity (Notes 4 and 17)		
	Ordinary Shares (Note 17)	Capital Surplus (Notes 4 and 17)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Investments in Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2019	\$ 4,670,005	\$ 2,308	\$ 852,589	\$ 317,117	\$ 3,059,338	\$ 4,229,044	\$ 13,874	(\$ 37,092)	\$ 8,878,139
Special reserve reversed under Rule No. 1010012865 issued by the FSC	-	-	-	(17,201)	17,201	-	-	-	-
Appropriation of 2018 earnings									
Legal reserve	-	-	121,655	-	(121,655)	-	-	-	-
Special reserve	-	-	-	23,218	(23,218)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(728,521)	(728,521)	-	-	(728,521)
Net profit for the year ended December 31, 2019	-	-	-	-	1,352,312	1,352,312	-	-	1,352,312
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(17,084)	(17,084)	(392)	(703)	(18,179)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	1,335,228	1,335,228	(392)	(703)	1,334,133
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(28,703)	(28,703)	-	28,703	-
BALANCE AT DECEMBER 31, 2019	4,670,005	2,308	974,244	323,134	3,509,670	4,807,048	13,482	(9,092)	9,483,751
Appropriation of 2019 earnings									
Legal reserve	-	-	135,231	-	(135,231)	-	-	-	-
Special reserve	-	-	-	(23,218)	23,218	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(677,151)	(677,151)	-	-	(677,151)
Net profit for the year ended December 31, 2020	-	-	-	-	1,497,426	1,497,426	-	-	1,497,426
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	(11,474)	(11,474)	(1,260)	(23,023)	(35,757)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	1,485,952	1,485,952	(1,260)	(23,023)	1,461,669
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Notes 9 and 24)	-	-	-	-	25,621	25,621	-	(25,621)	-
BALANCE AT DECEMBER 31, 2020	\$ 4,670,005	\$ 2,308	\$ 1,109,475	\$ 299,916	\$ 4,232,079	\$ 5,641,470	\$ 12,222	(\$ 57,736)	\$ 10,268,269

The accompanying notes are an integral part of the financial statements.

KERRY TJ LOGISTICS COMPANY LIMITED
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,811,781	\$ 1,616,201
Adjustments for:		
Depreciation expense	851,151	828,741
Amortization expense	25,742	28,907
Expected credit losses recognized (reversed)	13,769	564
Valuation loss on financial assets at fair value through profit or loss, net	9,000	279
Finance costs	71,828	72,123
Interest income	(1,276)	(1,713)
Dividend income	(23,432)	(22,519)
Share of profit of subsidiaries and associates accounted for using the equity method	(279,219)	(136,333)
Loss (gain) on disposal of property, plant and equipment, net	6,038	(129,665)
Property, plant and equipment transferred to expense	1,117	6,585
Disaster insurance revenue	-	(341,672)
Disaster loss	-	352,294
Gain on lease modifications	(9)	(1,271)
Other revenue	(8,000)	-
Net changes in operating assets and liabilities:		
Notes receivable	28,120	115,376
Accounts receivable	(18,347)	(112,824)

(Continued)

KERRY TJ LOGISTICS COMPANY LIMITED
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	2020	2019
Other receivables	\$ 373,305	\$ 2,429
Prepayments	(1,459)	12,814
Other current assets	(5,202)	(1,265)
Accounts payable	44,542	129,789
Other payables	(63,253)	44,854
Other current liabilities	(70,552)	67,717
Net defined benefit liabilities	(76,530)	(75,515)
Cash generated from operations	2,689,114	2,455,896
Interest received	1,305	1,714
Interest paid	(73,902)	(82,059)
Income tax paid	(270,782)	(328,418)
Net cash generated from operating activities	2,345,735	2,047,133
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	62,524	-
Purchase of financial assets at fair value through profit or loss	-	(12,240)
Purchase of investments accounted for using the equity method (Note 22)	-	(805,224)
Payments for property, plant and equipment	(612,203)	(619,531)
Proceeds from disposal of property, plant and equipment	8,592	258,337
Increase in refundable deposits	(11,285)	(1,048)
Payments for right-of-use assets	-	(16,814)

(Continued)

KERRY TJ LOGISTICS COMPANY LIMITED
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	2020	2019
Decrease in borrowings from related parties	\$ 27,000	\$ 3,000
Increase in other non-current assets	(9,040)	(5,760)
Increase in prepayments for equipment	(323,477)	(351,189)
Dividends received	<u>142,410</u>	<u>128,667</u>
Net cash used in investing activities	(<u>715,479</u>)	(<u>1,421,802</u>)
CASH FLOWS FROM FINANCING ACTIVITES		
Proceeds from short-term bank loans	2,100,000	2,500,000
Payments for short-term bank loans	(2,400,000)	(2,950,000)
Proceeds from long-term bank loans	1,980,000	6,220,000
Payments for long-term bank loans	(2,320,000)	(5,020,000)
Increase (decrease) in guarantee deposit received	6,990	(580)
Repayment of the principal portion of lease liabilities	(329,783)	(304,054)
Dividends paid	(<u>677,151</u>)	(<u>728,521</u>)
Net cash used in financing activities	(<u>1,639,944</u>)	(<u>283,155</u>)
NET INCREASE (DECREASE) IN CASH	(9,688)	342,176
CASH AT THE BEGINNING OF THE YEAR	<u>1,009,406</u>	<u>667,230</u>
CASH AT THE END OF THE YEAR	<u>\$ 999,718</u>	<u>\$ 1,009,406</u>

(Concluded)

The accompanying notes are an integral part of the financial statements.

KERRY TJ LOGISTICS COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Kerry TJ Logistics Company Limited (KTJ or the "Company") was incorporated in the Republic of China ("ROC") in June 1960. The Company is mainly engaged in the business of automobile cargo transportation within designated routes, container transportation and warehousing.

The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since December 1990.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 23, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies:

Amendments to IAS 1 and IAS 8 "Definition of Material"

The Group adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence users has been changed to "could reasonably be expected to influence". Accordingly, disclosures in the financial statements do not include immaterial information that may obscure material information.

Amendment to IFRS 16 "Covid-19-Related Rent Concessions"

The Company elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Group shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

The Company applied the amendment from January 1, 2020. Because the abovementioned rent concessions affect only 2020, retrospective application of the amendment has no impact on retained earnings as of January 1, 2020.

- b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

- c. New IFRSs in issue by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New IFRSs		Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)	
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)	
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB	
IFRS 17 "Insurance Contracts"	January 1, 2023	
Amendments to IFRS 17	January 1, 2023	
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023	
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 4)	
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 5)	
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 6)	
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 7)	
Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.		beginning of the annual reporting period beginning on or after January 1, 2023.
Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.		Note 6: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.		Note 7: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.
Note 4: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.		
Note 5: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the		
1) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"		
The amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.		
The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.		
2) Amendments to IAS 8 "Definition of Accounting Estimates"		
The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying		
accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.		
Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.		
4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES		
a. Statement of compliance		
The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.		
b. Basis of preparation		
The parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values and the defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.		
The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:		
1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;		included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
2) Level 2 inputs are inputs other than quoted prices		3) Level 3 inputs are unobservable inputs for the asset or liability.
When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.		
c. Classification of current and non-current assets and liabilities		
Current assets include:		
1) Assets held primarily for the purpose of trading;		
2) Assets expected to be realized within 12 months after the reporting period; and		
3) Cash unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.		
Current liabilities include:		
1) Liabilities held primarily for the purpose of trading;		
2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and		
3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability		

that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company’s financial statements, transactions in currencies other than the Company’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the financial statements, the functional currencies of the Company (including subsidiaries and associates in other countries or those that use currencies that are different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive

income.

e. Investments in subsidiaries

The Company uses the equity method to account for its investment in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company’s share of equity of subsidiaries.

Changes in the Company’s ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company’s share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company’s net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company’s share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee’s

financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

f. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company’s share of the equity of associates

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company’s share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company’s net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment’s fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company’s financial statements only to the extent of interests in the associate that are not related to the Company.

g. Property, plant, and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant, and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill
At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to

determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and remeasurement gains or losses on such financial assets are recognized in profits or losses. Fair value is determined in the manner described in Note 24.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets

at amortized cost, including cash, notes and accounts receivable at amortized cost, other receivables, other financial assets and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) A financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in equity instruments at FVTOCI
On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation

as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings. Dividends on these investments in equity instruments are recognized in profit or loss when the Company’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.	expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company): i. Internal or external information shows that the debtor is unlikely to pay its creditors. ii. When a financial asset is more than 120 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion. The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.	b) Derecognition of financial liabilities The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.	For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.
b) Impairment of financial assets The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable). The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is	c) Derecognition of financial assets The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.	k. Provision Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.	<u>The Company as lessor</u> Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.
		l. Revenue recognition The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied. For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component. <u>Revenue from the rendering of services</u> Revenue from the rendering of services comes from the rendering of services of automobile cargo transportation, container transportation and warehousing. The services committed by the Company are determined based on the contracts, and the related revenue is recognized when services are rendered.	<u>The Company as lessee</u> The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms. Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets. Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.
	2) Financial liabilities a) Subsequent measurement Financial liabilities are measured at amortized cost using the effective interest method.	m. Leasing At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.	

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee’s incremental borrowing rate.	capitalization. Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.		asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.
Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.	o. Employee benefits 1) Short-term employee benefits Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services. 2) Retirement benefits Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.	1) Current tax Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction. According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings. Adjustments of prior years’ tax liabilities are added to or deducted from the current year’s tax provision. 2) Deferred tax Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.	Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.
The Company negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease. There is no substantive change to other terms and conditions. The Company elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Company recognizes the reduction in lease payment in profit or loss in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.	Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period they occur, when the plan amendment or curtailment occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.	Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.	3) Current and deferred taxes for the year Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.
Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.		Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.	Where current tax or deferred tax arises from the initial accounting for the acquisition of a subsidiary, the tax effect is included in the accounting for the investments in a subsidiary.
n. Borrowing costs Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.	Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.		5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY In the application of the Company’s accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.
Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for	p. Taxation Income tax expense represents the sum of the tax currently payable and deferred tax.	The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax	The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an

ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Critical Accounting Judgments

Lease terms

In determining a lease term, the Company considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the optional periods, significant leasehold improvements undertaken over the contract term, the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within the control of the Group occurs

Key Sources of Estimation Uncertainty

- Useful lives of property, plant and equipment
As described in Note 4, the Company reviews the estimated useful lives of property, plant and equipment at each balance sheet date. Should there be changes in the estimated useful lives due to changes in actual conditions, the expenses and assets recognized may be significantly affected.
- Lessees' incremental borrowing rates
In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, secured position, etc.) are also taken into account.

6. CASH

	December 31	
	2020	2019
Cash on hand and petty cash	\$ 56,982	\$ 56,462
Checking accounts and demand deposits	942,736	952,944
	<u>\$ 999,718</u>	<u>\$ 1,009,406</u>

7. ACCOUNTS RECEIVABLE

	December 31	
	2020	2019
At amortized cost		
Gross carrying amount	\$ 1,223,717	\$ 1,220,970
Less: Allowance for doubtful accounts	(4,000)	(5,831)
	<u>\$ 1,219,717</u>	<u>\$ 1,215,139</u>

The average credit period of operating revenue was 60-120 days. No interest was charged on accounts receivable. The Company adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available or, if not available, the Company uses other publicly available financial information or its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management administrator annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable:

	Up to 120 days	Over 120 Days
<u>December 31, 2020</u>		
Expected credit loss rate (%)	0.15%	100%
Gross carrying amount	\$ 1,221,508	\$ 2,209
Loss allowance (Lifetime ECLs)	(1,791)	(2,209)
Amortized cost	<u>\$ 1,219,717</u>	<u>\$ -</u>

	Up to 120 days	Over 120 Days
<u>December 31, 2019</u>		
Expected credit loss rate (%)	0.2%	100%
Gross carrying amount	\$ 1,215,322	\$ 5,648
Loss allowance (Lifetime ECLs)	(183)	(5,648)
Amortized cost	<u>\$ 1,215,139</u>	<u>\$ -</u>

The movements of the loss allowance of trade receivables were as follows:

	December 31	
	2020	2019
Balance at January 1	\$ 5,831	\$ 5,831
Net remeasurement of loss allowance	13,769	564
Amounts written off	(15,600)	(564)
Balance at December 31	<u>\$ 4,000</u>	<u>\$ 5,831</u>

8. FINANCIAL INSTRUMENTS AT FVTPL-NON-CURRENT

	December 31	
	2020	2019
<u>Domestic unlisted preference shares</u>		
PKR Offshore Co., Ltd. (PKRO)	\$ 2,961	\$ 11,961
<u>Domestic unlisted ordinary shares</u>		
Hantek Technology Co.,Ltd. ("Hantek")	-	-
	<u>\$ 2,961</u>	<u>\$ 11,961</u>

Hantek wound up in 2006. Up till the date of the auditors’ report, the liquidation procedures have not yet been completed.

The Company invested \$12,240 thousand in PKRO’s preference shares, and its shareholding proportion was 51% in November 2019. Based on the contract, the Group does not have control; and as stipulated in the Company’s articles of incorporation (the “Articles”), the preference share dividends will be distributed, in priority, in one lump sum in cash at face value at the interest rate of 4.7%. At the end of the accounting year, if the net profit is insufficient for the distribution of preference share dividends, the dividends would be accumulated and distributed in the following year.

Since the above-mentioned preference shares do not meet the requirements of recognition as investments in debt instruments measured at amortized cost or at fair value through other comprehensive income, they were classified as investments in debt instruments at fair value through profit or loss.

9. FINANCIAL INSTRUMENTS AT FVTOCI - NON-CURRENT

	December 31	
	2020	2019
Domestic unlisted ordinary shares		
Everterminal Co., Ltd. ("Everterminal")	\$ 103,440	\$ 152,414
J.Shine International Logistics Co., Ltd. ("J.Shine")	63,222	57,722
Chunghwa Express Co., Ltd. ("Chunghwa Express")	10,392	10,392
Omnihealth Group,Inc. ("Omnihealth")	353	353

	December 31	
	2020	2019
Central Taiwan Science Park Logistics Co., Ltd. (CTSPL)	-	34,025
Kerry Freight International Company Ltd.(KFI)	-	9,508
Taskco E-Business Corp. ("Taskco")	-	-
	<u>\$ 177,407</u>	<u>\$ 264,414</u>

These investments in equity instruments are held for medium-to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments’ fair value in profit or loss would not be consistent with the Company’s strategy of holding these investments for long-term purposes.

In June 2020, the Company’s board of directors resolved to dispose of its shares in KFI to Taiwan Kerry Investment Company (TKI). The shares sold had a fair value of \$15,308 thousand (900 thousands shares at \$17.06 per share) and its related unrealized valuation gain of \$4,398 thousand was transferred from other equity to retained earnings.

In March 2020, the Company’s board of directors resolved to dispose of its shares in CTSPL to Chien Shing Harbour Service Co., Ltd. The shares sold had a fair value of \$47,216 thousand (2,700 thousand shares at \$17.54 per share) and its related unrealized valuation gain of \$21,223 thousand was transferred from other equity to retained earnings.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investee	December 31			
	2020		2019	
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
<u>Investments in subsidiaries</u>				
Science Park Logistics Co., Ltd.("SPL")	\$ 950,536	60	\$ 928,311	60
T.Join Transportation Co.,Ltd.(TJ)	303,235	100	278,466	100
Rong Xing Investment Company("Rong Xing")	248,586	100	204,651	100
Kerry Express Company Limited (KE)	196,496	100	138,292	100
Kerry Cold Chain Equipment Company Limited (KCC)	56,234	64	42,000	64
Kerry Global Trading Company Limited (KGT)	4,622	100	4,139	100
T-Join (BVI) International Limited	<u>535</u>	100	<u>535</u>	100
	<u>1,760,244</u>		<u>1,596,394</u>	
<u>Material associate</u>				
T-Join (HK) International Limited	<u>74,917</u>	49	<u>73,209</u>	49
<u>Associates that are not individually material</u>				
Posh Kerry Renewables Co., Ltd. ("Posh Kerry")	-	40	6,670	40
Lian He Circulate Co., Ltd. ("Lian He")	<u>-</u>	22	<u>-</u>	22
	<u>-</u>		<u>6,670</u>	
	<u>\$ 1,835,161</u>		<u>\$ 1,676,273</u>	

For information on the nature of activities, principal places of business and countries of incorporation of the aforementioned associates, please refer to Table 7.

Lian He wound up in 2014, and up till the date of the auditors’ report, the liquidation procedures have not yet been completed.

In consideration of business strategies for the Company’s development and for a more complete logistics supply chain,

in November 2018, the board of directors decided resolved to acquire the shares of SPL from related and non-related parties; and on January 10, 2019, the date of acquisition, the Company obtained 51% ownership of SPL for \$805,224 thousand. After the acquisition, plus the purchase of 9% of the shares in SPL for \$141,900 thousand back in April 2018, the shareholding ratio increased to 60%, and the Company obtained control of SPL.

11. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2020				
	Balance, Beginning of Year	Additions	Decrease	Reclassification	Balance, End of Year
<u>Cost</u>					
Land	\$ 5,761,588	\$ 140	\$ -	\$ -	\$ 5,761,728
Buildings	4,266,827	19,848	(40,717)	17,969	4,263,927
Machinery	425,313	6,276	(73)	4,363	435,879
Transportation equipment	4,226,615	13,399	(190,317)	259,259	4,308,956
Lease improvements	765,279	7,099	-	16,312	788,690
Other equipment	485,768	21,069	(30,575)	31,862	508,124
Construction in progress	<u>1,596,186</u>	<u>457,376</u>	<u>-</u>	<u>(377,647)</u>	<u>1,675,915</u>
	<u>17,527,576</u>	<u>\$ 525,207</u>	<u>(\$ 261,682)</u>	<u>(\$ 47,882)</u>	<u>17,743,219</u>
<u>Accumulated depreciation</u>					
Buildings	\$ 2,316,386	\$ 155,343	(\$ 28,009)	(\$ 13,560)	\$ 2,430,160
Machinery	240,922	25,580	(73)	-	266,429
Transportation equipment	2,580,579	230,414	(188,395)	-	2,622,598
Lease improvements	629,548	31,741	-	13,560	674,849
Other equipment	<u>378,805</u>	<u>39,302</u>	<u>(30,575)</u>	<u>-</u>	<u>387,532</u>
	<u>6,146,240</u>	<u>\$ 482,380</u>	<u>(\$ 247,052)</u>	<u>\$ -</u>	<u>6,381,568</u>
<u>Accumulated impairment</u>					
Construction in progress	<u>341,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 341,672)</u>	<u>-</u>
	<u>\$ 11,039,664</u>				<u>\$ 11,361,651</u>

	For the Year Ended December 31, 2019				
	Balance, Beginning of Year	Additions	Decrease	Reclassification	Balance, End of Year
<u>Cost</u>					
Land	\$ 5,872,874	\$ -	(\$ 111,286)	\$ -	\$ 5,761,588
Buildings	3,830,487	13,551	(38,663)	461,452	4,266,827
Machinery	404,454	18,409	(1,665)	4,115	425,313
Transportation equipment	4,051,706	8,459	(122,380)	288,830	4,226,615
Lease improvements	777,001	4,041	(24,848)	9,085	765,279
Other equipment	460,156	1,934	(10,971)	34,649	485,768
Construction in progress	<u>1,366,563</u>	<u>714,038</u>	<u>-</u>	<u>(484,415)</u>	<u>1,596,186</u>
	<u>16,763,241</u>	<u>\$ 760,432</u>	<u>(\$ 309,813)</u>	<u>\$ 313,716</u>	<u>17,527,576</u>
<u>Accumulated depreciation</u>					
Buildings	2,202,379	\$ 136,452	(\$ 22,445)	\$ -	2,316,386
Machinery	218,285	24,302	(1,665)	-	240,922
Transportation equipment	2,475,266	227,191	(121,878)	-	2,580,579
Lease improvements	621,139	32,591	(24,182)	-	629,548
Other equipment	<u>353,784</u>	<u>35,992</u>	<u>(10,971)</u>	<u>-</u>	<u>378,805</u>
	<u>5,870,853</u>	<u>\$ 456,528</u>	<u>(\$ 181,141)</u>	<u>\$ -</u>	<u>6,146,240</u>
<u>Accumulated impairment</u>					
Construction in progress	<u>-</u>	<u>\$ 341,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>341,672</u>
	<u>\$10,892,388</u>				<u>\$11,039,664</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	25-50 years
Others	3-15 years
Machinery equipment	3-15 years
Transportation equipment	3-15 years
Lease improvement	3-20 years
Other equipment	3-7 years

In consideration of operational development, in March 2017, the Company’s board of directors passed the resolution for the construction of buildings in Guanyin station on their own land. The construction contract, with a total contract price of \$1,285,000 thousand (including tax), was signed in July 2017; and the amount of construction in progress of \$1,073,462 thousand had been recognized and paid based on the degree of completion of construction. However, on February 6, 2019, a fire broke out in Guanyin station, and an impairment loss on property, plant and equipment of \$341,672 thousand was recognized for the damaged assets in 2019 and classified as other gains and losses – disaster loss.

In November 2019, the Company signed another contract for reconstruction works, with a total contract price of \$316,580 thousand (including tax), and recognized the amount of construction in progress of \$255,889 thousand based on the degree of completion of construction, of which \$220,592 thousand has been paid.

As of December 31, 2020, construction in progress has not been completed, please refer to Notes 19, 27, 28 and Table 4.

In 2019, the Company sold land and buildings for operational development purposes. The relevant selling price and gain on disposal of assets are as follows:

	For the Year Ended December 31	
	2020	2019
Selling price	\$ -	\$ 253,440
Book value	-	(127,504)
Gain on disposal of assets	\$ -	\$ 125,936

As of December 31, 2019, the above payment has been fully collected.

The related information of interest capitalization is as follows.

	For the Year Ended December 31	
	2020	2019
Amount	\$ -	\$ 8,731
Interest rate	-	1.11%

The Company's property, plant and equipment leased under operating leases as of December 31, 2020 and 2019 are as follows:

	December 31	
	2020	2019
<u>Cost</u>		
Buildings	\$ 194,895	\$ 234,247
Other equipment	3,004	3,004
	<u>197,899</u>	<u>237,251</u>
<u>Accumulated depreciation</u>		
Buildings	94,599	115,652
Other equipment	3,004	2,911
	<u>97,603</u>	<u>118,563</u>
	<u>\$ 100,296</u>	<u>\$ 118,688</u>

Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 26.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
<u>Carrying amount</u>		
Buildings	\$ 2,007,596	\$ 1,675,622
Machinery	81,866	79,836
Transportation equipment	5,149	5,681
	<u>\$ 2,094,611</u>	<u>\$ 1,761,139</u>

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	\$ 707,258	\$ 101,471
Depreciation charge for right-of-use asset		
Buildings	\$ 325,243	\$ 335,759
Machinery	39,615	33,352
Transportation equipment	3,913	3,102
	<u>\$ 368,771</u>	<u>\$ 372,213</u>

Except for the additional and depreciation expenses listed above, there was no major sublease or impairment of the Company's right-of-use assets in 2020 and 2019.

b. Lease liabilities

	December 31	
	2020	2019
<u>Carrying amount</u>		
Current	\$ 331,528	\$ 324,189
Non-current	\$ 1,634,336	\$ 1,277,224

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2020	2019
Buildings	1.16%-2.29%	1.16%-2.27%
Machinery	1.16%-1.37%	1.16%-1.37%
Transportation equipment	1.16%-1.37%	1.16%-1.37%

c. Material leasing activities and terms

The Company leases lands and buildings for the use of offices with lease terms of 1 to 50 years. Some of the land lease contracts are subject to lease payment adjustments every two years based on the announced land values.

The Company has the option to purchase or continue leasing the buildings for a nominal amount at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	\$ 63,544	\$ 71,417
Total cash outflow for leases	(\$ 423,084)	(\$ 406,480)

The Company's leases of certain buildings qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. OTHER NON-CURRENT ASSETS

	December 31	
	2020	2019
Refundable deposits	\$ 80,427	\$ 69,142
Other prepayments	42,821	57,543
Prepayments for equipment	49,629	23,039
Other financial assets (Note 26)	11,128	11,128
	<u>\$ 184,005</u>	<u>\$ 160,852</u>

14. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Unsecured borrowings	\$ -	\$ 300,000
Unsecured borrowings interest rate (%)	-	0.98

b. Long-term borrowings

	December 31	
	2020	2019
Unsecured borrowings	\$ 2,391,000	\$ 2,731,000
Secured borrowings	<u>1,139,000</u>	<u>1,139,000</u>
	<u>\$ 3,530,000</u>	<u>\$ 3,870,000</u>
Unsecured borrowings interest rate (%)	0.97-1.04	1.17-1.21
Secured borrowings interest rate (%)	0.97-0.98	1.16-1.17

The bank loan is secured by the Company's own land and buildings, refer to Note 26 for the details. The loan period is 2 years, with monthly interest payments and repayment of principal at maturity.

15. OTHER LIABILITIES

	December 31	
	2020	2019
Payables for salaries or bonuses	\$ 465,819	\$ 449,850
Payables for purchases of equipment	112,232	199,228
Payables for labor and health insurance	58,618	59,437
Payables for annual leave	52,775	40,500
Payables for business and other tax	46,088	50,596
Payables for pension (new system)	39,096	38,629
Payables for directors, supervisors and employees' compensation	36,975	32,984
Payables for accidents	21,976	21,392
Payables for disaster loss	13,769	157,682
Others	<u>141,733</u>	<u>91,106</u>
	<u>\$ 989,081</u>	<u>\$ 1,141,404</u>

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The Company adopted the defined benefit plan under the Labor Standards Act, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% to 8% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 843,506	\$ 913,896
Fair value of plan assets	(<u>532,024</u>)	(<u>538,285</u>)
Net defined benefit liabilities	<u>\$ 311,482</u>	<u>\$ 375,611</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
<u>Balance at January 1, 2019</u>	<u>\$ 974,182</u>	(<u>\$ 537,227</u>)	<u>\$ 436,955</u>
Service cost			
Current service cost	9,871	-	9,871
Net interest expense (income)	<u>12,177</u>	(<u>6,715</u>)	<u>5,462</u>
Recognized in profit or loss	<u>22,048</u>	(<u>6,715</u>)	<u>15,333</u>
Remeasurement			
Actuarial loss - changes in demographic assumptions	(491)	-	(491)
Actuarial loss - changes in financial assumptions	28,587	-	28,587
Actuarial loss - experience adjustments	<u>3,644</u>	(<u>17,569</u>)	(<u>13,925</u>)
Recognized in other comprehensive income	<u>31,740</u>	(<u>17,569</u>)	<u>14,171</u>
Contributions from the employer	-	(90,848)	(90,848)
Benefits paid	(<u>114,074</u>)	<u>114,074</u>	<u>-</u>
	(<u>114,074</u>)	<u>23,226</u>	(<u>90,848</u>)
<u>Balance at December 31, 2019</u>	<u>913,896</u>	(<u>538,285</u>)	<u>375,611</u>
Service cost			
Current service cost	8,321	-	8,321
Net interest expense (income)	<u>7,494</u>	(<u>4,414</u>)	<u>3,080</u>
Recognized in profit or loss	<u>15,815</u>	(<u>4,414</u>)	<u>11,401</u>
Remeasurement			
Actuarial loss - changes in financial assumptions	23,817	-	23,817
Actuarial loss (gain) - experience adjustments	<u>7,357</u>	(<u>18,773</u>)	(<u>11,416</u>)
Recognized in other comprehensive income	<u>31,174</u>	(<u>18,773</u>)	<u>12,401</u>
Contributions from the employer	-	(87,931)	(87,931)
Benefits paid	(<u>117,379</u>)	<u>117,379</u>	<u>-</u>
	(<u>117,379</u>)	<u>29,448</u>	(<u>87,931</u>)
<u>Balance at December 31, 2020</u>	<u>\$ 843,506</u>	(<u>\$ 532,024</u>)	<u>\$ 311,482</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	2019
Discount rate(s)	0.42%	0.82%
Expected rate(s) of salary increase	1%	1%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2020	2019
Discount rate(s)		
0.5% increase	(\$ 29,170)	(\$ 32,987)
0.5% decrease	\$ 50,756	\$ 41,427
Expected rate(s) of salary increase		
0.5% increase	\$ 50,186	\$ 41,029
0.5% decrease	(\$ 29,149)	(\$ 33,087)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	2019
The expected contributions to the plan for the next year	\$ 87,805	\$ 90,847
The average duration of the defined benefit obligation	9 years	8 years

17. EQUITY

a. Ordinary shares

	December 31	
	2020	2019
Number of shares authorized (in thousands)	700,000	700,000
Shares authorized	\$ 7,000,000	\$ 7,000,000
Number of shares issued and fully paid (in thousands)	467,000	467,000
Shares issued	\$ 4,670,005	\$ 4,670,005

b. Capital surplus

The capital surplus from shares issued in excess of par (including ordinary shares issued in excess of face value and the difference between the consideration received and the carrying amount of the subsidiaries' equity on acquisition) and donations may be used to offset a deficit ; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus and once a year.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 19.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company. If there is a subsequent reversal of the balance of

deductions in other shareholders' equity, it may be distributed..

The appropriations of earnings for 2019 and 2018, which were approved in the shareholders' meetings in 2019 and 2018, respectively, were as follows:

	Appropriation of Earnings	
	2019	2018
Legal reserve	\$ 135,231	\$ 121,655
Special reserve	(23,218)	23,218
Cash dividends	677,151	728,521
Cash dividends per share (NT\$)	1.45	1.56

d. Special reserve

	December 31	
	2020	2019
Special reserve		
Initial application of IFRS	\$ 299,916	\$ 299,916
Debit to other equity items	-	23,218
	\$ 299,916	\$ 323,134

e. Other equity items

- 1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 13,482	\$ 13,874
Share from subsidiaries and associates accounted for using the equity method	(1,260)	(392)
Balance at December 31	\$ 12,222	\$ 13,482

2) Unrealized valuation gain/(loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	2019
Balance at January 1	(\$ 9,092)	(\$ 37,092)
Recognized for the year		
Unrealized gain/(loss) - equity instruments	(24,483)	(703)
Share from subsidiaries and associates accounted for using the equity method	1,460	-
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to disposal	(25,621)	28,703
Balance at December 31	(\$ 57,736)	(\$ 9,092)

3) Other equity- others

The Company and Yi-Chiu Chemical & Technical Co., Ltd. ("Yi-Chiu") signed a supplementary agreement on the purchase of shares of SPL on January 10, 2019. According to the agreement, within one year from the date of signing the supplementary agreement, 1% of SPL's shares (720 thousand shares) needs to be transferred to the Company or a person designated by the Company at the purchase price of \$22.

The Company signed an agreement with Guangxin entertainment Development Co., Ltd. ("Guangxin") on August 8, 2019, appointing Guangxin to purchase from Yi-Chiu 1% of ownership of SPL (720 thousand shares) at the purchase price of \$22.

18. REVENUE

	For the Year Ended December 31	
	2020	2019
Main revenue		
Freight transportation	\$ 9,678,426	\$ 9,368,891
Warehouse logistics	412,015	415,075
Others	43,430	39,317
	<u>\$ 10,133,871</u>	<u>\$ 9,823,283</u>

a. Contract information

	For the Year Ended December 31	
	2020	2019
Notes receivable and accounts receivable	<u>\$ 1,535,848</u>	<u>\$ 1,559,390</u>

b. Contracts that have not been fully completed

As of December 31, 2020 and 2019, the Company's contract obligations that have not yet been fully satisfied are customer contracts with an expected duration not exceeding one year.

19. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

Net profit (loss) from continuing operations includes the following:

a. Other revenue

	For the Year Ended December 31	
	2020	2019
Dividend revenue	\$ 23,432	\$ 22,519
Fee revenue	7,071	6,953
Others	111,916	60,953
	<u>\$ 142,419</u>	<u>\$ 90,425</u>

b. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Gain on disposal of property, plant and equipment (Note 11)	(\$ 6,038)	\$ 129,665
Disaster loss (Note 28)	-	(352,294)
Disaster insurance revenue (Note 28)	-	341,672
Disaster address loss	-	(28,113)
Other	(6)	(11)
	<u>(\$ 6,044)</u>	<u>\$ 90,919</u>

d. Employee benefits, depreciation and amortization expenses

	Operating cost	Operating expense	Total
<u>2020</u>			
Employee benefits expense			
Salaries and bonuses	\$ 2,853,101	\$ 139,842	\$ 2,992,943
Labor and health insurance	297,662	10,257	307,919
Other insurance expense	-	24,365	24,365
Defined contribution plan	151,319	4,990	156,309
Defined benefit plans	11,188	213	11,401
Remuneration of directors	-	21,487	21,487
Other employee benefits	126,788	4,260	131,048
Depreciation expense	808,812	42,339	851,151
Amortization expense	20,659	5,083	25,742
<u>2019</u>			
Employee benefits expense			
Salaries and bonuses	2,829,143	124,756	2,953,899
Labor and health insurance	301,508	10,313	311,821
Other insurance expense	-	22,231	22,231
Defined contribution plan	149,277	4,502	153,779
Defined benefit plans	14,986	347	15,333
Remuneration of directors	-	17,813	17,813
Other employee benefits	111,270	4,154	115,424
Depreciation expense	794,928	33,813	828,741
Amortization expense	22,813	6,094	28,907

The post-disaster recovery loss is approximately \$136,719 thousand, of which \$108,606 thousand is the amount of claim reimbursement committed by the insurance company, which is expressed as a net amount.

c. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	\$ 42,071	\$ 41,114
Interest on lease liabilities	29,757	31,009
	<u>\$ 71,828</u>	<u>\$ 72,123</u>

For the years 2020 and 2019, the Company had an average of 4,568 and 4,641 employees, respectively, which included 7 non-employee directors for both years.

Average labor costs for the years ended December 31, 2020 and 2019 were \$795 thousand and \$771 thousand, respectively.

Average salaries and bonuses for the years ended December 31, 2020 and 2019 were \$656 thousand and \$637 thousand, respectively.

The average salary and bonus decreased by 3% year over year.

The Company had established the audit committee to replace supervisors; the remuneration of the supervisors amounted to \$1,769 thousand in 2019.

Compensation policies

Other than the remuneration given to the individual directors, the remuneration of the board of directors is dependent on the Company’s operating results, where a reasonable level of remuneration is given in accordance with the Company’s Articles. The compensation of employees and managers, on the other hand, is based on the employee’s position, responsibilities, future risks faced by the Company and level of contribution to the Company’s operating goals.

- b. Employees’ compensation and remuneration of directors
- The Company accrued employees’ compensation and remuneration of directors at the rates 1% and no higher than 3%, respectively, of net profit before income tax, employees’ compensation, and remuneration of directors. The employees’ compensation and remuneration of directors for the years ended December 31, 2020 and 2019, which have been approved by the Company’s board of directors in March 2021 and March 2020, respectively, were as follows:

	2020		2019	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees’ compensation	1%	\$ 18,487	1%	\$ 16,492
Remuneration of directors	1%	18,487	1%	16,492

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate in the following year.

There was no difference between the actual amounts of employees’ compensation and remuneration of directors paid and the amounts recognized in the financial statements for the year ended December 31, 2019 and 2018.

Information on the employees’ compensation and remuneration of directors resolved by the Company’s board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

20. INCOME TAXES RELATING TO CONTINUING OPERATIONS

- a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	\$ 285,747	\$ 273,160
Income tax on unappropriated earnings	9,922	-
Land value increment tax	-	24,579
Adjustment for prior years	(10,103)	(1)
	285,566	297,738
Deferred tax		
In respect of the current year	18,666	(33,849)
Adjustments for prior years	10,123	-
	28,789	(33,849)
Income tax expense recognized in profit or loss	\$ 314,355	\$ 263,889

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2020	2019
Income tax expense calculated at the statutory rate	\$ 362,356	\$ 323,240
Adjustment:		
Permanent differences	(57,943)	(53,418)
Temporary differences	(18,666)	3,338
Income tax on unappropriated earnings	9,922	-
Current tax expense	295,669	273,160
Deferred tax expense		
Temporary differences	18,666	(33,849)
Land value increment tax	-	24,579
Adjustments for prior years’ tax	20	(1)
Income tax expense recognized in profit or loss	\$ 314,355	\$ 263,889

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Company only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Deferred tax assets and liabilities

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Defined benefit plans	\$ 75,122	(\$ 15,306)	\$ 2,480	\$ 62,296
Loss on disposal of assets	5,666	(147)	-	5,519
Payable for annual leave	8,101	2,455	-	10,556
Right-of-use assets	10,123	(10,123)	-	-
Unrealized loss of disaster loss	5,623	(5,623)	-	-
Other	151	(45)	-	106
	<u>\$ 104,786</u>	<u>(\$ 28,789)</u>	<u>\$ 2,480</u>	<u>\$ 78,477</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Land value increment tax	<u>\$ 531,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 531,964</u>

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Defined benefit plans	\$ 87,391	(\$ 15,103)	\$ 2,834	\$ 75,122
Loss on disposal of assets	5,690	(24)	-	5,666
Payable for annual leave	5,201	2,900	-	8,101
Right-of-use assets	-	10,123	-	10,123
Unrealized loss of disaster loss	-	5,623	-	5,623
Other	332	(181)	-	151
	<u>\$ 98,614</u>	<u>\$ 3,338</u>	<u>\$ 2,834</u>	<u>\$ 104,786</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Land value increment tax	<u>\$ 562,475</u>	<u>(\$ 30,511)</u>	<u>\$ -</u>	<u>\$ 531,964</u>

c. Income tax assessments

The income tax returns of the Company through 2018 have been assessed by the tax authorities.

21. EARNINGS PER SHARE

	Net profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NTD)
<u>For the year ended December 31, 2020</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Company	\$ 1,497,426	467,000	<u>\$ 3.21</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	521	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 1,497,426</u>	<u>467,521</u>	<u>\$ 3.20</u>

	Net profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NTD)
<u>For the year ended December 31, 2019</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Company	\$ 1,352,312	467,000	<u>\$ 2.90</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	508	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 1,352,312</u>	<u>467,508</u>	<u>\$ 2.89</u>

Since the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumes that the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares that were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is

dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

22. ACQUISITION OF SUBSIDIARY – CONTROL OBTAINED

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Science Park Logistics	Carriage of freights and logistics	January 10, 2019	51	<u>\$ 805,224</u>

Science Park Logistics was acquired by the Company in order to expand the development in the area of logistics supply chain, enhance its competitive advantage and increase the scale of operations. For the details about the acquisition of Science Park Logistics, refer to Note 24 to the consolidated financial statements for the year ended December 31, 2020.

23. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company’s overall strategy remains unchanged.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued common stock, reserves, retained earnings and other equity).

Key management personnel of the Company review the capital structure annually. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

The Company is not subject to any externally imposed capital requirements.

24. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Management of the Company considers the carrying amounts of the Company’s financial instruments that are not measured at fair value as close to their fair values or their fair values could not be reasonably measured.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2020</u>				
Financial assets at FVTPL				
Domestic unlisted shares investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,961</u>	<u>\$ 2,961</u>
Financial asset at FVTOCI				
Domestic unlisted shares investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,407</u>	<u>\$ 177,407</u>

	Level 1	Level 2	Level 3	Total
<u>December 31, 2019</u>				
Financial assets at FVTPL				
Domestic unlisted shares investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,961</u>	<u>\$ 11,961</u>
Financial asset at FVTOCI				
Domestic unlisted shares investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,414</u>	<u>\$ 264,414</u>

There were no transfers between Level 1 and Level 2 in 2020 and 2019.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2020

	Debt Instruments	
	Financial Assets at FVTPL	Financial Assets at FVTOCI
Financial Assets		
Balance at January 1, 2020	\$ 11,961	\$ 264,414
Loss on financial assets through gain or loss	(9,000)	-
Unrealized gain on financial assets through other comprehensive income	-	(24,483)
Sales	<u>-</u>	<u>(62,524)</u>
Balance at December 31, 2020	<u>\$ 2,961</u>	<u>\$ 177,407</u>

For the year ended December 31, 2019

	Debt Instruments	
	Financial Assets at FVTPL	Financial Assets at FVTOCI
Financial Assets		
Balance at January 1, 2019	\$ -	\$ 378,314
Loss on financial assets through gain or loss	(279)	-
Unrealized gain on financial assets through other comprehensive income	-	(703)
Purchases	12,240	-
Sales	<u>-</u>	<u>(113,197)</u>
Balance at December 31, 2019	<u>\$ 11,961</u>	<u>\$ 264,414</u>

- 3) Valuation techniques and inputs applied for Level 3 fair value measurement
- The fair values of unlisted equity securities - ROC were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

c. Categories of financial instruments

	December 31	
	2020	2019
<u>Financial assets</u>		
Financial assets at amortized cost ⁽¹⁾	\$ 2,790,796	\$ 3,213,075
Investments in equity instruments at FVTOCI	177,407	264,414
Mandatorily classified as at FVTPL	2,961	11,961
<u>Financial liabilities</u>		
Amortized cost ⁽²⁾	5,071,195	5,811,986

- 1) The balances include financial assets at amortized cost, which comprise cash, notes receivable, accounts receivable, other receivable, other financial assets and refundable deposits and so on.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term bank loans, notes payable, account payables, other payables, long-term bank loans and guarantee deposits received and so on.

d. Financial risk management objectives and policies

The Company’s major financial instruments included equity, accounts receivable, accounts payable, borrowings, and lease liabilities. The Company’s corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

- 1) Market risk
- The Company’s activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

- a) Foreign currency risk
- As the transactions of the Company are mainly in its functional currency, the foreign currency risk is not significant.

- b) Interest rate risk
- The Company was exposed to interest rate risk because the Company deposits and borrows funds at both fixed and floating interest rates.

The carrying amounts of the Company’s financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2020	2019
Fair value interest rate risk		
Short-term bank loan	\$ -	\$ 300,000
Lease liabilities	1,965,864	1,601,413
Long-term bank loan	-	400,000
Cash flow interest rate risk		
Bank deposit	823,641	789,404
Long-term bank loan	3,530,000	3,470,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Company’s exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the

year was outstanding for the whole year. A 1 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates.

If interest rates had been 1 basis point higher/lower and all other variables were held constant, the Company’s pre-tax profit for the years ended December 31, 2020 and 2019 would have decreased/increased by \$271 thousand and \$268 thousand, respectively, which was mainly a result of variable-rate borrowings.

- 2) Credit risk
- Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company’s maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

As the Company’s customer base is large and made up of unrelated customers, the concentration of credit risk is not high.

- 3) Liquidity risk
- The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company’s operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. The Company had available unutilized bank loan facilities set out as follows:

	For the Year Ended December 31	
	2020	2019
Unutilized bank loan limits	\$ 4,898,364	\$ 3,730,988

Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Company’s remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

Non-derivative Financial Liabilities	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
December 31, 2020					
Non-interest bearing	\$ 224,391	\$ 319,276	\$ -	\$ 697	\$ -
Lease liabilities	48,669	60,435	260,441	938,823	1,201,413
Variable interest rate liabilities	-	-	-	3,530,000	-
	<u>\$ 273,060</u>	<u>\$ 379,711</u>	<u>\$ 260,441</u>	<u>\$ 4,469,520</u>	<u>\$ 1,201,413</u>
December 31, 2019					
Non-interest bearing	\$ 293,215	\$ 205,910	\$ -	\$ 697	\$ -
Lease liabilities	33,941	66,201	225,443	797,269	608,545
Variable interest rate liabilities	-	-	-	3,470,000	-
Fixed interest rate liabilities	-	-	300,000	400,000	-
	<u>\$ 327,156</u>	<u>\$ 272,111</u>	<u>\$ 525,443</u>	<u>\$ 4,667,966</u>	<u>\$ 608,545</u>

Additional information about the maturity analysis for lease liabilities as follow:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
December 31, 2020						
Lease liabilities	<u>\$ 369,545</u>	<u>\$ 938,823</u>	<u>\$ 595,066</u>	<u>\$ 144,195</u>	<u>\$ 61,147</u>	<u>\$ 401,005</u>
December 31, 2019						
Lease liabilities	<u>\$ 325,585</u>	<u>\$ 797,269</u>	<u>\$ 498,728</u>	<u>\$ 109,817</u>	<u>\$ -</u>	<u>\$ -</u>

25. TRANSACTIONS WITH RELATED PARTIES

The Company’s parent company is Kerry Logistics Network Limited (KLN), which indirectly held 49.67% of the Company’s ordinary shares as of December 31, 2020 and 2019.

The Company’s ultimate parent company and ultimate controller is Kerry Group Limited.

Besides information disclosed in the other notes, details of transactions between the Company and its related parties were disclosed as follows:

a. Related party name and category

Related Party Name	Relationship Party Category
KLN	The Company’s parent
TJ	Subsidiary
KCC	Subsidiary
KE	Subsidiary
SPL	Subsidiary
KGT	Subsidiary
Kerry Pharma Logistics Co., Ltd. (KP)	Subsidiary
Kerry Fruit Company Limited (KF)	Subsidiary
TKI	Associates
KFI	Related party in substance
Da Ji International Limited (“DA JI”)	Related party in substance
Tong Li Investment Company (“TONG LI”)	Related party in substance
Kerry Logistics Hong Kong Limited (KLHK)	Related party in substance
Kerry Freight Hong Kong Limited (KFHK)	Related party in substance
KLN Services SDN.BHD.	Related party in substance
Kerry ESG Hong Kong	Related party in substance
Direct Logistics Co., Ltd.	Related party in substance
Posh Kerry Renewables Co., Ltd.	Related party in substance
Kerry Coffee Company Limited	Related party in substance
Taiwan Sugar Corporation	Other Related Party
HCT Container Transportation Co., Ltd. (“HCT Container”)	Other Related Party
HCT Logistics Co., Ltd. (“HCT LOGISTICS”)	Director
Xie Wenqian	Director

b. Operating transactions

Related Party Category	For the Year Ended December 31	
	2020	2019
<u>Operating Revenue</u>		
Subsidiary	\$ 101,049	\$ 91,335
Related party in substance	<u>6,135</u>	<u>6,288</u>
	<u>\$ 107,184</u>	<u>\$ 97,623</u>
Related Party Category/Name	For the Year Ended December 31	
	2020	2019
<u>Operating Cost</u>		
Subsidiary		
T.JOIN	\$ 1,349,025	\$ 1,353,324
Others	<u>602,459</u>	<u>490,077</u>
	<u>\$ 1,951,484</u>	<u>\$ 1,843,401</u>
<u>Operating Expense</u>		
Related party in substance	\$ 1,876	\$ 192
Subsidiary	625	1,317
Director	-	667
	<u>\$ 2,501</u>	<u>\$ 2,176</u>
<u>Other income</u>		
Subsidiary	\$ 28,136	\$ 23,656
Related party in substance	<u>1,367</u>	<u>1,245</u>
	<u>\$ 29,503</u>	<u>\$ 24,901</u>

The terms and conditions of transactions with related parties and that of non-related parties were not significantly different.

The balance of accounts receivable from related parties on the balance sheet date is as follows:

Related Party Category/Name	December 31	
	2020	2019
Subsidiary		
KE	\$ 18,738	\$ 20,473
Others	2,320	1,771
Related party in substance	<u>835</u>	<u>1,250</u>
	<u>\$ 21,893</u>	<u>\$ 23,494</u>

The balance of accounts payable from related parties on the balance sheet date is as follows:

Related Party Category/Name	December 31	
	2020	2019
Subsidiary		
T.JOIN	\$ 181,024	\$ 151,406
KE	70,297	56,284
KCC	68,975	55,005
Others	5,775	5,791
Related party in substance	<u>137</u>	<u>213</u>
	<u>\$ 326,208</u>	<u>\$ 268,699</u>

c. Loans to related parties (classified as other receivables)

Related Party Category/Name	December 31	
	2020	2019
Subsidiary		
KP	\$ 30,000	\$ 30,000
KE	<u>-</u>	<u>27,000</u>
	<u>\$ 30,000</u>	<u>\$ 57,000</u>

The interest rate, interest income and interest receivable of the Company's loans to subsidiaries are as follows:

	For the Year Ended December 31	
	2020	2019
Interest rate (%)	0.985	1.162
Interest income	<u>\$ 440</u>	<u>\$ 669</u>
	December 31	
	2020	2019
Interest receivable	<u>\$ 22</u>	<u>\$ 51</u>

d. Other related party transactions

The balance of other receivables from related parties on the balance sheet date is as follows:

Related Party Category/Name	December 31	
	2020	2019
Subsidiary		
KP	\$ 2,756	\$ 2,619
KE	1,212	1,246
SPL	735	788
Others	914	862
Related party in substance		
KFHK	859	859
Others	<u>342</u>	<u>51</u>
	<u>\$ 6,818</u>	<u>\$ 6,425</u>

The balance of construction in progress from related parties on the balance sheet date is as follows:

Related Party Category/Name	December 31	
	2020	2019
Subsidiary		
KCC	<u>\$ 189,414</u>	<u>\$ 158,502</u>

The balance of prepayments for equipment from related parties on the balance sheet date is as follows:

Related Party Category/Name	December 31	
	2020	2019
Subsidiary		
KCC	<u>\$ 17,054</u>	<u>\$ 4</u>

The balance of other payables from related parties on the balance sheet date is as follows:

Related Party Category/Name	December 31	
	2020	2019
Related party in substance	<u>\$ 798</u>	<u>\$ -</u>

e. Acquisition of financial assets

For the year ended December 31, 2019

Related Party Category/ Name	Line Item	Number of Shares	Underlying Asset	Purchase Price
<u>Director</u>				
HCT LOGISTICS	Investments accounted for using the equity method	29,865 thousand	SPL	\$ 657,038
<u>Other Related Party</u>				
HCT Container	Investments accounted for using the equity method	3,102 thousand	SPL	<u>68,255</u>
				<u>\$ 725,293</u>

f. Disposal of financial assets

For the year ended December 31, 2020

Related Party Category/ Name	Number of Shares	Underlying Asset	Proceeds	Gain on Disposal (Note 9)
<u>Associates</u>				
TKI	900 thousand	KFI	<u>\$ 15,354</u>	<u>\$ 4,398</u>

g. Acquisition of property, plant and equipment

Related Party Category	For the Year Ended December 31	
	2020	2019
KCC	<u>\$ 62,668</u>	<u>\$ 64,928</u>

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 73,695	\$ 66,758
Termination benefits	<u>14,477</u>	<u>1,400</u>
	<u>\$ 88,172</u>	<u>\$ 68,158</u>

h. Remuneration of key management personnel

Total remuneration of directors and other key management personnel is as follows:

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2020	2019
Property, plant and equipment	\$ 1,981,512	\$ 2,292,756
Other financial assets - non-current (classified as non-current assets)	<u>11,128</u>	<u>11,128</u>
	<u>\$ 1,992,640</u>	<u>\$ 2,303,884</u>

27. SIGNIFICANT UNRECOGNIZED COMMITMENTS

Unrecognized commitments were as follows:

	December 31	
	2020	2019
Acquisition of property, plant and equipment	<u>\$ 628,249</u>	<u>\$ 361,401</u>

28. SIGNIFICANT LOSSES FROM DISASTERS

A fire broke out in the Company’s Guanyin Logistics Center on February 6, 2019, causing damage to some of the logistics warehouses under construction, equipment and customers’ inventories. The estimated loss is about \$352,294 thousand (including property, plant and equipment worth about \$341,672 thousand and the reimbursement to customers of about \$10,622 thousand) which is recognized under other gains and losses in 2019. However, the damaged assets are already fully covered under fire insurance, and the Group had applied for insurance claims with the insurance company. The aforementioned loss was certified by the insurance agency surveyor to be covered under the fire insurance policy. The total amount of claims is approximately \$341,672 thousand, recognized under other gains and losses in 2019. The Company reached an agreement with the insurance company and received the claim amount in August 2020.

29. OTHER ITEMS

The Company continues to evaluate the economic impact caused by COVID-19. As of the report date, there is no significant impact of COVID-19 on the Company. The Company will continue to observe the relevant epidemic situation and evaluate its impact on its operations.

30. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and investees:
- 1) Financing provided to others: Table 1.
 - 2) Endorsements/guarantees provided: Table 2.

- 3) Marketable securities held (excluding investment in subsidiaries and associates): Table 3.
 - 4) Marketable securities acquired or disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
 - 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: Table 4.
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6.
 - 9) Trading in derivative instruments: None.
 - 10) Information on investees: Table 7.
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area: Table 8.

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None.
 - c) The amount of property transactions and the amount of the resultant gains or losses: None.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.
- c. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

TABLE 1

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES
FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower(Note 2)	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
0	KTJ	KP	Receivable from related parties	Yes	\$ 30,000	\$ 30,000	\$ 30,000	0.985%	Short-term financing	\$ -	For working capital	\$ -	-	\$ -	\$ 513,413	\$ 2,053,653
		KE	Receivable from related parties	Yes	60,000	30,000	-	0.985%	Short-term financing	-	For working capital	-	-	-	513,413	2,053,653

Note 1: According to the Company's "Financing provided to others operation regulations ", the total amount of financing shall not exceed 20% of the net assets of the Company based on its latest financial statements. For companies that have short-term financing needs, the amount of financing for each borrower shall not exceed 5% of the net assets of the Company based on its latest financial statements. However, where the Company directly or indirectly holds 100% of the shares of foreign companies, the financing limit is 10% of the net assets of the Company based on its latest financial statements. For financing provided by subsidiaries to individual borrowers, the amount of financing shall not exceed 40% of the subsidiary's paid-in capital, and the loan period shall not exceed 10 years. The aggregate financing limit for loans provided by subsidiaries is 50% of the subsidiary's paid-in capital.

Note 2: Intercompany accounts and transactions have been eliminated.

TABLE 2

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Endorser/ (Note 1)	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Notes 4 and 6)	Outstanding Endorsement/ Guarantee at the End of the Period (Notes 5 and 6)	Actual Amount Borrowed (Note 6)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 4)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	KTJ	KP	1, 2	\$ 2,053,653	\$ 385,000	\$ 385,000	\$ 385,000	Credit	3.75%	\$ 5,134,134	Y	N	N
		KE	1, 2	2,053,653	110,000	110,000	110,000	Credit	1.07%	5,134,134	Y	N	N
		TJ	1, 2	2,053,653	60,000	60,000	60,000	Credit	0.58%	5,134,134	Y	N	N
		KCC	1, 2	2,053,653	60,000	60,000	60,000	Credit	0.58%	5,134,134	Y	N	N
		KF	1, 2	2,053,653	35,000	35,000	35,000	Credit	0.34%	5,134,134	Y	N	N

Note 1: The relationship between endorser/guarantor and the endorsee/guarantee can be classified into the following seven categories:

- 1) A company with a business relationship.
- 2) A company in which KTJ directly and indirectly holds more than 50% of the voting shares.

Note2: According to the Company's "Financing provided to others operation regulations ":

- 1) The total amount of guarantees provided for other companies shall not exceed 50% of the net assets of the Company based on its latest financial statements.
- 2) The endorsement/guarantee amount for each entity shall not exceed 20% of the net assets of the Company based on its latest financial statements.
- 3) The endorsement/guarantee amount for each subsidiary shall not exceed 20% of the net assets of the Company based on its latest financial statements.
- 4) The amount of the endorsement/guarantee provided by the subsidiary for the parent company is not subject to any limit.

TABLE 3

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

				(In Thousands of New Taiwan Dollars)			
DECEMBER 31, 2020				December 31, 2020			
Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
Stock							
KTJ	Everterminal	None	Financial assets at FVTOCI - non-current	7,329	\$ 103,440	8	\$ 103,440
	J.Shine	None	Financial assets at FVTOCI - non-current	3,543	63,222	15	63,698
	Chunghwa Express	None	Financial assets at FVTOCI - non-current	700	10,392	7	10,319
	Omnihealth	None	Financial assets at FVTOCI - non-current	49	353	1	357
	Taskco	None	Financial assets at FVTOCI - non-current	2,500	-	4	-
	PKRO	None	Financial assets at FVTPL - non-current	1,224	2,961	51	5,086
	Hantek	None	Financial assets at FVTPL - non-current	6,632	-	8	-
Stock							
Rong Xing	Develop Cultural	None	Financial assets at FVTOCI - non-current	734	4,826	1	4,854
	Everterminal	None	Financial assets at FVTOCI - non-current	429	6,052	-	6,052
	West Lake	None	Financial assets at FVTOCI - non-current	100	-	-	-

TABLE 4

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES
ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date (Note)	Transaction Amount (Note)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer if Counterparty is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
KTJ	Plant engineering	2017.3.20	\$ 1,285,000	Payment according to the progress of completion, \$1,073,462 has been paid as of the balance sheet date	Li Ming Construction Co., Ltd.	None	-	-	-	\$ -	Construct on company-owned land	Logistic center	-
KTJ	Plant restore engineering	2019.11.29	316,580	Payment according to the progress of completion, \$220,592 has been paid as of the balance sheet date	Xuyuan Construction Co., Ltd.	None	-	-	-	-	Construct on company-owned land	Logistic center	-
KTJ	Plant engineering	2018.8.9	589,481	Payment according to the progress of completion, \$129,125 has been paid as of the balance sheet date	Lihua Construction Co., Ltd.	None	-	-	-	-	Construct on company-owned land	Logistic center	-
KTJ	Right-of-use asset land	2020.10.30	378,442	Payment according to the contract	New Taipei City Government Economic Development Department	None	-	-	-	-	Not applicable due to transaction with government	Logistic center	-

Note: On March 20, 2017, the board of directors approved to outsource the project, and signed a contract with Li ming construction co., ltd. on July 18, 2017. The contract was terminated on May 20, 2019 due to a fire disaster. The reconstruction project was outsourced to Xuyuan Construction Engineering Co., Ltd., and the contract was signed on November 29, 2019.

TABLE 5

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Purchaser or Seller	Related Party	Relationship	Transaction Details			Transaction Details	Abnormal Transaction		Notes/Accounts Receivable (Payable)		
			Purchase / Sale	Amount	%	Payment Terms	Unit Price	Payment Terms	Ending Balance	%	Note
KTJ	TJ	Parent to subsidiary	Purchase	\$ 1,349,025	58	30-60 days	-	-	\$ (181,024)	(33)	
		Parent to subsidiary	Purchase	239,146	74	30-60 days	-	-	(68,975)	(13)	
		Parent to subsidiary	Purchase	334,649	34	30-60 days	-	-	(70,297)	(13)	
TJ	KTJ	Subsidiary to parent	Sale	(1,351,087)	(84)	30-60 days	-	-	181,024	78	
KCC	KTJ	Subsidiary to parent	Sale	(309,713)	(72)	30-60 days	-	-	68,975	94	
KE	KTJ	Subsidiary to parent	Sale	(334,649)	(53)	30-60 days	-	-	70,297	5	

TABLE 6

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
TJ	KTJ	Subsidiary to parent	\$ 181,024	8.12	\$ -	-	\$ 159,025	\$ -

Note 1: The receivables resulted from purchases of materials and property, plant, and equipment on behalf of Asia International and loan transactions; thus, turnover analysis was not suitable.

Note 2: Intercompany accounts and transactions have been eliminated.

TABLE 7

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES
INFORMATION ON INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)
				December31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount		
KTJ	TJ	Taiwan	Automobile Cargo Transportation	\$ 148,350	\$ 148,350	16	100	\$ 303,235	\$ 73,857	\$ 74,865
	RONG XING	Taiwan	Investment	151,131	151,131	10,400	100	248,586	42,733	42,791
	KCC	Taiwan	Other Transport Equipment and Parts Manufacturing	45,000	45,000	6,232	64	56,234	19,889	14,234
	KE	Taiwan	Automobile Cargo Transportation Business	278,000	278,000	265	100	196,496	56,320	58,204
	T-JOIN(BVI)	British Virgin Islands	Investment	933,405	933,405	28,185	100	535	-	-
	KGT	Taiwan	International Trade	1,000	1,000	100	100	4,622	483	483
	SPL	Taiwan	Automobile Cargo Transportation Business	947,124	947,124	43,051	60	950,536	166,425	92,130
	T-JOIN(HK)	Hong Kong	Investment	125,953	125,953	32,595	49	74,917	6,494	3,182
	PKRO	Taiwan	Vessel Carriers	2,400	2,400	240	40	-	(118,552)	(6,670)
	LIAN HE	Taiwan	General Merchandise	10,000	10,000	1,000	22	-	-	-
RONG XING	KP	Taiwan	Automobile Cargo Transportation	82,258	82,258	9,000	90	215,673	79,216	70,979
	KCC	Taiwan	Other Transport Equipment and Parts Manufacturing	25,000	25,000	3,462	36	15,990	19,889	7,883
	KF	Taiwan	Wholesale of Vegetables and Fruits	5,100	5,100	510	51	10,292	7,773	3,964
	LIAN HE	Taiwan	General Merchandise	10,320	10,320	1,100	24	-	-	-

TABLE 8

KERRY TJ LOGISTICS COMPANY LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2020 (In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
T-Join transportation Beijing	Warehousing and Automobile Cargo Transportation Business	\$ 137,843 (USD 4,840)	2	\$ 139,891	\$ -	\$ -	\$ 139,891	\$ 5,420	49%	\$ 2,656	\$ 96,380	\$ -
T-Join transportation Wuhan	Warehousing and Automobile Cargo Transportation Business	56,960 (USD 2,000)	2	66,727	-	-	66,727	1,701	49%	833	14,245	-
T-Join transportation Shenyang	Warehousing and Automobile Cargo Transportation Business	56,960 (USD 2,000)	2	66,727	-	-	66,727	546	49%	267	14,771	-
T-Join transportation Kunming	Warehousing and Automobile Cargo Transportation Business	59,808 (USD 2,100)	2	71,013	-	-	71,013	2,263	49%	1,109	12,804	-
Datai	Warehousing and Automobile Cargo Transportation Business	8,544 (USD 300)	1	8,271	-	-	8,271	-	100%	-	-	-
Cobang Nanjing	Warehousing and Automobile Cargo Transportation Business	78,567 (RMB 18,000)	1	20,768	-	-	20,768	13,805	15%	2,073	12,434	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 628,772	\$ 726,765	\$ 6,160,961
(US \$ 21,388	(US \$ 24,369	
RMB \$ 4,500)	RMB \$ 7,500)	

Note 1: The investments were made as follows:

(1) The investment was made directly by a subsidiary located in mainland China.

(2) The investment was made through a corporation established in a third country, which, in turn, invested in companies located in mainland China.

(3) Others

Note 2: Calculated based on the amounts in the parent company’s audited financial statements multiplied by the shareholding ratio.

Note 3: T-Join (BVI) company has disposed of their shares held of T-Join transportation Wuhan, T-Join transportation Shenyang and T-Join transportation Kunming in the amounts of \$12,640 thousand, \$56,534 thousand and \$62,170 thousand, respectively. As of December 31, 2020, the disposal proceeds have not been remitted back to Taiwan.

Note 4: In 2012, Rong xing Company obtained approval from the Investment Commission, Ministry of Economic Affairs to invest in Datai Company with USD278 thousand.

TABLE 9

KERRY TJ LOGISTICS COMPANY LIMITED

INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership %
TKI	183,276,410	39.25
TONG LI	38,118,000	8.16
DA JI	27,972,000	5.99

Note 1: The information on major shareholders disclosed in the table above was calculated by the Taiwan Depository & Clearing Corporation based on the number of ordinary and preference shares held by shareholders with ownership of 5% or greater, that had completed dematerialized registration and delivery (including treasury shares) as of the last business day of the current quarter. The share capital recorded in the Company’s financial statements may differ from the number of shares that have completed dematerialized registration and delivery due to differences in the basis of preparation.

Note 2: If the above information is related to shareholders who have delivered their shares held to a trust, the information is separately disclosed by each trustor’s account opened by the trustee. As for the declaration of insider shareholdings exceeding 10% in accordance with the securities and exchange act, the shareholdings include the shares held by the shareholder as well as those that have been delivered to the trust and for which the shareholder has the right to determine the use of trust property. For information on the declaration of insider shareholdings, refer to the Market Observation Post System website of the TWSE.

The Company should disclose the financial impact to the Company if the Company and its affiliated compnies have incurred any financial or cash flow difficulties in 2020 and as of the date of this Annual Report

None.

Financial Position, Financial Performance and Risk Management

Analysis of Financial Status

Analysis of Financial Status in the Last Two Years

Item	Year		Difference	
	2020	2019	Amount	%
Current assets	3,725,922	3,895,234	(169,312)	-4.35%
Property, plant and equipment	13,366,991	13,110,979	256,012	1.95%
Intangible assets	373,601	386,225	(12,624)	-3.27%
Right-of-use assets	3,563,856	3,364,419	199,437	5.93%
Other assets	638,534	763,775	(125,241)	-16.40%
Total assets	21,668,904	21,520,632	148,272	0.69%
Current liabilities	3,228,405	3,710,799	(482,394)	-13.00%
Non-current liabilities	7,617,796	7,795,315	(177,519)	-2.28%
Total liabilities	10,846,201	11,506,114	(659,913)	-5.74%
Equity attributable to owners of the parent	10,268,269	9,483,751	784,518	8.27%
Capital stock	4,670,005	4,670,005	0	0.00%
Capital surplus	2,308	2,308	0	0.00%
Retained earnings	5,641,470	4,807,048	834,422	17.36%
Other interests	(45,514)	4,390	(49,904)	-1136.77%
Non-controlling interest	554,434	530,767	23,667	4.46%
Total equity	10,822,703	10,014,518	808,185	8.07%

The main reason and analysis of those with a change of more than 20% and a change of NTD\$ 10 million in the company's assets, liabilities and shareholders' equity in the last two years:

Other interest: Due to the unrealised losses from investment in equity instruments measured at fair value through other comprehensive income.

Financial Performance

Review and analysis of financial performance in the Last Two Years

Item	Year		Difference	
	2020	2019	Amount	%
Revenue	12,344,210	11,855,676	488,534	4.12%
Operating costs	9,674,757	9,460,946	213,811	2.26%
Gross profit	2,669,453	2,394,730	274,723	11.47%
Operating expenses	707,525	686,072	21,453	3.13%
Net operating profit	1,961,928	1,708,658	253,270	14.82%
non-operating income and expenses	6,090	16,165	(10,075)	-62.33%
Net income before tax	1,968,018	1,724,823	243,195	14.10%
Income tax expense	397,624	318,068	79,556	25.01%
Net income	1,570,394	1,406,755	163,639	11.63%
Other comprehensive income (loss)	(36,473)	(22,312)	(14,161)	63.47%
Comprehensive income (loss)	1,533,921	1,384,443	149,478	10.80%

The main reason and analysis of those with a change of more than 20% and a change of NTD\$ 10 million) in the company's assets, liabilities and shareholders' equity in the last two years:

non-operating income and expenses: Decrease from the last year level, mainly due to the gain from disposal of land and building, no such situation this year.

Income tax expense: Due to the net profit is greater than last year, current income tax expense increase.

Other comprehensive income (loss): Due to the unrealised losses from investment in equity instruments measured at fair value through other comprehensive income.

Cash Flow

Cash Flow Analysis for the Current Year

Unit: NTD\$ thousands

Cash balance at beginning of year (a)	Net Cash Flow from Operating Activities (b)	Net Cash Inflow (Outflow) from Investing and Financing (c)	Cash Surplus (Deficit) (a)+(b)+(c)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
1,344,262	3,040,079	(2,876,456)	1,507,885	-	-

Analysis on the cash flow changes:

- 1
- Operating activities: The net cash inflow is due to operating income, depreciation and amortization expense for non-cash expenses.
- 2
- Investing activities: The net cash outflow is due to the acquisition and disposal of fixed assets.
- 3
- Financing activities: The net cash outflow is due to the distribution of cash dividend.
- 4
- Remedy measure of inadequate liquidity: None.

Cash Flow Analysis for the Coming Year

Unit: NTD\$ thousands

Cash balance at beginning of year (a)	Anticipated Net Cash Flow from Operating Activities (b)	Anticipated Net Cash Inflow (Outflow) from Investing and Financing (c)	Anticipated Cash Surplus (Deficit) (a)+(b)+(c)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
1,507,885	2,416,318	(2,620,842)	1,303,361	-	-

Effects of Major Capital Expenditures on Financial Operations in the Recent Years

Major Capital Expenditures and Source of Capital

Unit: NTD\$ thousands

Project	Actual or expected source of funds	Total amount of funds required	Actual or Expected Capital Expenditure			
			2020	2019	2018	2017
Buildings	Self-owned funds, Mortgages	2,701,670	468,827	923,752	1,082,697	226,394
Freight Equipment	Self-owned funds, Mortgages	429,866	102,469	128,812	74,430	124,155
Other Equipment	Self-owned funds, Mortgages	216,637	46,838	63,715	79,159	26,925

Anticipated Benefits: It is expected to improve operation performance of this year.

Investment policy for the most recent year, main causes of profits or losses, improvement plans and investment plans for the next year

The Company has long been devoted itself in the field of logistics in all marketing channels and has constructed a comprehensive and robust logistics system with the vision to position ourselves as a professional and multifaceted international logistics company.

The investment strategy of the Company and subsidiaries aims at long-term investment with the focus on related industries. In addition, the operation performance of each invested company is also evaluated periodically.

In 2020, the investment loss in affiliated enterprises recognized under equity method was only NT\$212 thousand and the dividend income was NT\$24,048 thousand. The Company will continue to reinforce the operation performance of each company invested and will maximize the Group synergy through resource integration, thereby achieving the goal of sustainable operation and consistent profit.

Listing of Risks

Impact of interest rate, exchange rate fluctuation and inflation condition on the profit/loss of the Company and future countermeasures

The major business of the Company and subsidiaries are for the domestic market, and the majority of our customers are domestic enterprises or individuals. In addition, the bank borrowing only accounts for approximately 18% of the total assets. If the interest rate is increased or decreased by 1 base point and with all other variables unchanged, the 2020 net income before tax of the consolidated report is reduced by NT\$222 thousand. Accordingly, fluctuation of interest rate or exchange rate has no material impacts on the profit/loss of the Company.

Regarding the purchase of the consumables and gasoline necessary for the operation of the Company, the Company has

engaged in annual long-term contracts with suppliers; therefore, the factor of inflation has no material impact on the Company.

Policies on engaging in high risk, high leverage investments, loaning funds to others, endorsement and guarantee as well as derivative transactions, main causes of profit and loss as well as future countermeasures

The Company and subsidiaries have not engaged in any high risk, high leverage investments and financial derivative transactions in the most recent year. In addition, the loaning fund to others and endorsement/guarantee to others have been handled in accordance with relevant laws and regulations.

Future R&D plan and expected expenditures thereof

- I. Future R&D plan
- (1)
- Utilization of the fleet communication system to manage the Group’s delivery vehicles, monitor delivery process and to improve customer service quality while understanding the condition of delivery in real time.
- (2)
- Implement CRM system and utilize the Group’s customer data as reference for operation and marketing strategies, thereby improving customer experience as one of our main objectives of implementing CRM system.
- (3)
- The Group launches the e-signature for delivery confirmation, and it is estimated to have saved more than 60 million receipt slips annually.
- (4)
- Self-help service delivery system enables the improvement of customer service quality and efficiency, which also enhances smart application and customer interactive service.
- (5)
- The system for delivery route re-scheduling enables real-time status and information of the operation, allowing timely analysis for operation decision making.
- (6)
- Perform information security risk assessment and management operation in compliance with ISO 27001, in order to ensure the confidentiality, integrity,

	availability of the information assets of the Company and protection of personal data, thereby reducing possible risks encountered.
(7)	Implementation of automatic sorting and picking equipment, in order to reduce field labor operation cost and enhance cargo distribution efficiency and accuracy, thereby reducing the risk of cargo damage due to repetitive manual handling.
II.	Expected expenditures in R&D
	For the system software development and technical education and training, the estimated investment for 2021 is NT\$50 million.

Impacts of the changes in domestic and foreign laws, regulations and important policies on the financial operation of the Company and countermeasures

The Company and subsidiaries have performed operations in accordance with relevant domestic laws and regulations, and also attended to changes in relevant important policies. When necessary, relevant professionals are also consulted in order to adjust the financial operation of the Company and subsidiaries in a timely manner. Accordingly, changes in domestic policies and laws in recent years have not had any material impact on the financial operation of the Company and subsidiaries.

Impacts of the changes in technology and industry on the financial operation of the Company and countermeasures

The use of mobile devices and changes in the consumer behaviors have stimulated the growth and development of B2B and C2C markets in the logistics industry. As an on-going project, the Company has implemented the upgrade and replacement of the AS/400 system developed an open logistics ERP system and changed the software system development to micro-service

technical architecture based on the objective of Mobile First and Cloud First, in order to establish a server architecture with the advantages of fast expansion, compact and relatively low cost. With the utilization of new technologies, the Company is able to cope with the market change, expand existing business and enhance the market competitiveness, thereby increasing the revenue.

I.	Cloud application
	To cope with the change of environment under great era, the probability of encountering disaster risk is significantly increased. The internal host machines of the Company for external service are transferred to the cloud environment, and disaster drills are performed under the redundant environment constructed in the cloud, thereby maintaining the operation dynamics of the Company

II.	Upgrade of firewall
	Network attacks have occurred frequently, and new security threats emerges each year. To reduce such type of risk, the Company has established the Web Application Firewall (WAF). WAF is able to provide protection against malware attacks on the commonly used communication ports of the system, and it is able to protect against avoidant packaging techniques in order to detect malware attack with zero time difference, thereby increasing the availability of the operation system of the Company and preventing malicious intrusion behaviors effectively.

III.	Upgrade of database
	With the continuous growth of the business of the Company, change of information environment and continuous increase of data volume, to prevent interruption of the critical business operation of the Company and to reserve an architecture for future expansion, the Company will continue to optimize the database software and hardware and to maintain periodic backups, in order to ensure the security of all data.

The Information Division of the Company conducts risk assessment operation annually in order to assist the Company to discover any operational risk items and potential information security risks with respect to the confidentiality, integrity and availability aspects. In addition, relevant control measures are also performed in order to reduce and transfer possible impacts of all major risks on the Company. The acceptable risk value is determined based on the impact level of each risk item multiplied by the probability of occurrence and also based on the resources invested by the Company. Accordingly, there is not any risk item with the final risk value exceeding 25, such that it can be assessed that the Company has no material information security risk in the current year.

Impacts of change of corporate image on the corporate crisis management and countermeasures

The Company and subsidiaries have always been committed to the principles of professional and customer-oriented services, and upheld the five aspects of our core value: Value Creation, Openness, Integrity, Commitment and Excellence. In addition, engagement in social care, social participation and charity events is also the unchanging policy of the Company. All changes and countermeasures of material matters of the Company are uniformly announced by the spokesperson. Nevertheless, up to the printing date of the annual report, the Company and subsidiaries have not been subject to any material matters or events that may have an impact to the corporate image.

Expected benefit, possible risk and countermeasure for merger

None.

Expected benefit, possible risk and countermeasure for expansion of facilities

None.

The risks associated with any consolidation of sales or purchasing operations, and measures to be adopted in response

The Company and subsidiaries mainly provide the customer goods consigned delivery and logistics and warehouse services, and there is no one single customer with the operating revenue reaching above 10% of the overall revenue of the Company and subsidiaries. Up to the printing date of the annual report, there has been no risk of any consolidation of sales or purchasing operations.

Impacts, possible risks and countermeasures of directors, supervisors or shareholders with shareholding percentage exceeding 10%, large equity transfer or change on the company

Up to the printing date of the annual report, the Company and subsidiaries are not subject to any large transfer of equities executed by directors, supervisors or shareholders with shareholding percentage exceeding 10%.

Impacts, possible risks and countermeasures of change in management rights

None.

Impact of litigation or non-litigation events

None.

Other significant risks and countermeasures

None.

Other important matters

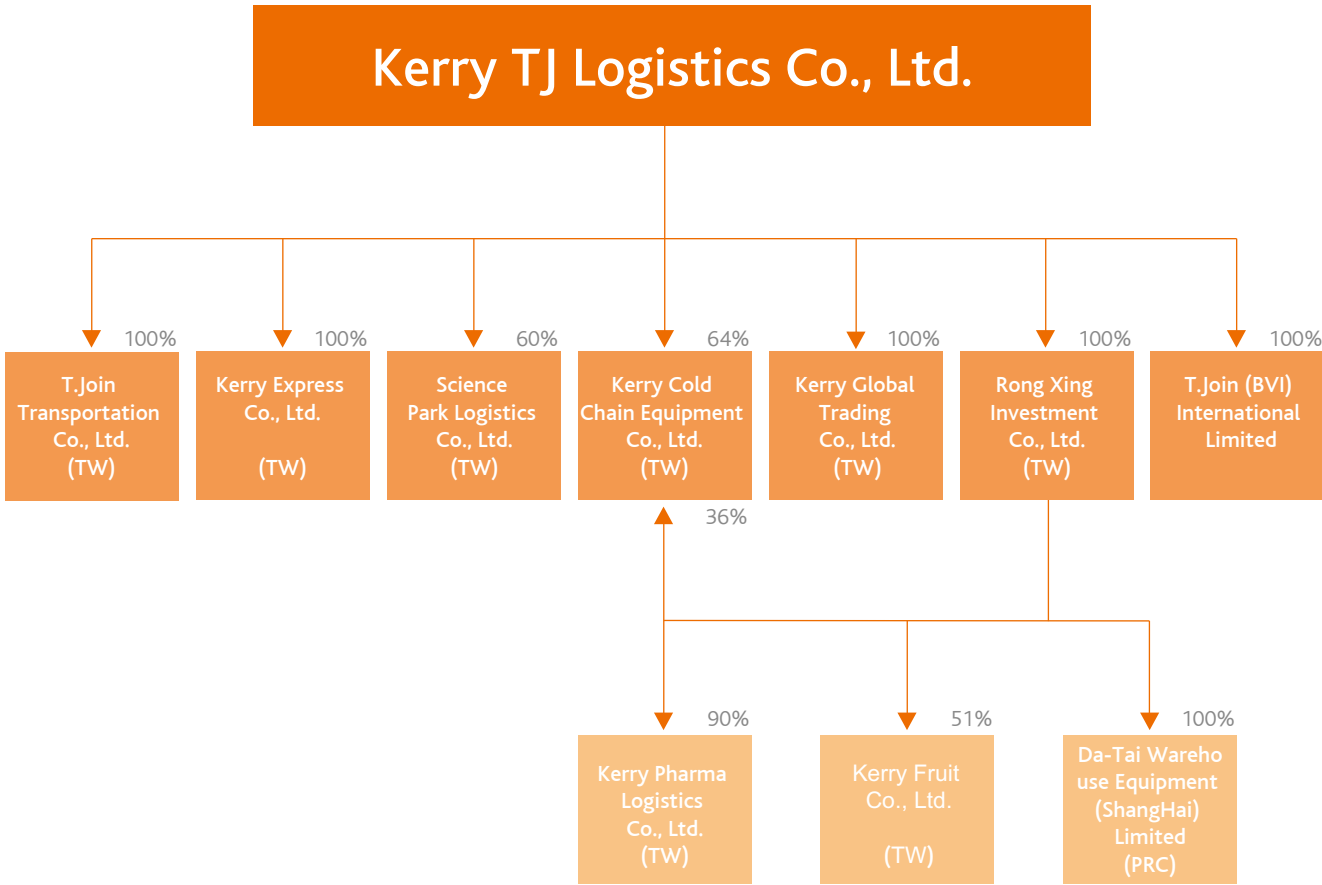
None.

Special Disclosure

Profiles of Affiliates and Subsidiaries

Consolidated Operation Report of Affiliates

1. Affiliate organization chart



2. Basic information of Subsidiaries and affiliated enterprises

Unit: NTD\$ thousands

Company	Date Founded	Address	Total Paid-in Capital	Main Businesses
T. Join Transportation Co., Ltd.	1981.09.01	2F., No. 58, Dinghu Rd., Guishan Dist., Taoyuan City, Taiwan	164,250	Automobile cargo transportation and container truck transportation
Kerry Express Co., Ltd.	1984.09.20	No. 11, Ln. 117, Sec. 2, Anhe Rd., Xindian Dist., New Taipei City, Taiwan	265,000	Automobile cargo transportation within designated route(s)
Science Park Logistics Co., Ltd.	1998.09.09	No. 8, Daye 1st Rd., Xinshi Dist., Tainan City, Taiwan	716,666	Automobile cargo transportation, air freight forwarder and ocean freight forwarder
Kerry Cold Chain Equipment Co., Ltd.	2011.09.07	No. 118-45, Yonghe Rd., Daya Dist., Taichung City, Taiwan	96,942	Production and installment of refrigeration equipment for trucks and warehousing
Kerry Pharma Logistics Co., Ltd.	1997.08.30	No. 299, Gaotie 1st Rd., Wuri Dist., Taichung City, Taiwan	100,000	Automobile cargo transportation
Kerry Global Trading Co., Ltd.	2015.04.07	14F.-2, No. 50, Sec. 1, Xincheng S. Rd., Zhongzheng Dist., Taipei City, Taiwan	1,000	International freight forwarder
Kerry Fruit Co., Ltd.	2017.08.30	14F.-2, No. 50, Sec. 1, Xincheng S. Rd., Zhongzheng Dist., Taipei City, Taiwan	10,000	Agricultural products wholesale and agribusiness supply chain service
Rong Xing Investment Co., Ltd.	1998.09.30	14F.-2, No. 50, Sec. 1, Xincheng S. Rd., Zhongzheng Dist., Taipei City, Taiwan	104,000	Investment company
T.Join (BVI) International Limited	2001.06.26	P.O. BOX 957,Offshore Incorporations Center, Road Town, Tortola, British Virgin Islands	789,180	Investment company

3. The industries covered by the business operated by the affiliated company

Automobile cargo transportation within designated route(s), automobile cargo transportation and container truck transportation, warehousing, refrigeration equipment, manufacture of transport equipment, air freight forwarder, investment, agricultural products wholesale and international freight forwarder.

4. The Names of the Directors, Supervisors, and General Manager of Each Affiliate

Unit: shares; %

Affiliate	Title	Name or Representative	Shareholding	
			Shares	%
T.Join Transportation Co., Ltd.	Chairman	Kerry TJ Logistics Co., Ltd. representative: Shen, Chung-Kui	16,425	100.00
	Director	Kerry TJ Logistics Co., Ltd. representative: Hu, Ming-Chang	16,425	100.00
	Director	Kerry TJ Logistics Co., Ltd. representative: Chang, Kuo-Tien	16,425	100.00
	Supervisor	Kerry TJ Logistics Co., Ltd. representative: Juan, Hui-Wen	16,425	100.00
	General Manager	Lin, Shih-Mao	-	-
Kerry Express Co., Ltd.	Chairman	Kerry TJ Logistics Co., Ltd. representative: Chen, Jo-Lan	265,000	100.00
	Director	Kerry TJ Logistics Co., Ltd. representative: Hung, Wai-Shing	265,000	100.00
	Director	Kerry TJ Logistics Co., Ltd. representative: Chang, Kuo-Tien	265,000	100.00
	Supervisor	Kerry TJ Logistics Co., Ltd. representative: Juan, Hui-Wen	265,000	100.00
	General Manager	Teng, De-Chang	-	-
Science Park Logistics Co., Ltd.	Chairman	Kerry TJ Logistics Co., Ltd. representative: Chen, Jo-Lan	43,051,101	60.07
	Director	Kerry TJ Logistics Co., Ltd. representative: Shen, Chung-Kui	43,051,101	60.07
	Director	Kerry TJ Logistics Co., Ltd. representative: Cheng, Chi-Wai	43,051,101	60.07
	Director	Kerry TJ Logistics Co., Ltd. representative: Hung, Wai-Shing	43,051,101	60.07
	Director	Kerry TJ Logistics Co., Ltd. representative: Juan, Hui-Wen	43,051,101	60.07
	Director	Taiwan Sugar Co., Ltd. representative: Chen, Jung-Chuan	18,633,937	26.00
	Director	Taiwan Sugar Co., Ltd. representative: Huang, Chiu-Tsun	18,633,937	26.00
	Supervisor	KuangHsin Amusement Development Co., Ltd. representative: Chou, Sui-Chun	720,000	1.00
	Supervisor	Hsu, Tzu-Yi	-	-
	General Manager	Chen, Jo-Lan	502,886	0.70
Kerry Cold Chain Equipment Co., Ltd.	Chairman	Kerry TJ Logistics Co., Ltd. representative: Shen, Chung-Kui	6,231,986	64.29
	Director	Kerry TJ Logistics Co., Ltd. representative: Hung, Wai-Shing	6,231,986	64.29
	Director	Kerry TJ Logistics Co., Ltd. representative: Lin, Tien-Wei	6,231,986	64.29
	Supervisor	Rong Xing Investment Co., Ltd. representative: Juan, Hui-Wen	3,462,214	35.71
	General Manager	Lin, Tien-Wei	-	-
Kerry Pharma Logistics Co., Ltd.	Chairman	Rong Xing Investment Co., Ltd. representative: Shen, Chung-KuiRong Xing Investment Co., Ltd. representative:	9,000,000	90.00
	Director	Wang, Ju-Peng	9,000,000	90.00
	Director	Lin, Tsung-Nan	737,467	7.37
	Supervisor	Juan, Hui-Wen	-	-

Affiliate	Title	Name or Representative	Shareholding	
			Shares	%
Kerry Global Trading Co., Ltd.	Chairman	Kerry TJ Logistics Co., Ltd. representative: Shen, Chung-Kui	100,000	100.00
	Director	Kerry TJ Logistics Co., Ltd. representative: Hung, Wai-Shing	100,000	100.00
	Director	Kerry TJ Logistics Co., Ltd. representative: Chang, Kuo-Tien	100,000	100.00
	Supervisor	Kerry TJ Logistics Co., Ltd. representative: Juan, Hui-Wen	100,000	100.00
Kerry Fruit Co., Ltd.	Chairman	HongLi Marketing Co., Ltd. representative: Kuo, Jung-Tsung	490,000	49.00
	Director	Rong Xing Investment Co., Ltd. representative: Shen, Chung-Kui	510,000	51.00
	Director	Rong Xing Investment Co., Ltd. representative: Hung, Wai-Shing	510,000	51.00
	Supervisor	Juan, Hui-Wen	-	-
	Supervisor	Kuo, Li-Lun	-	-
	General Manager	Huang, Chun-Mei	-	-
Rong Xing Investment Co., Ltd.	Chairman	Kerry TJ Logistics Co., Ltd. representative: Shen, Chung-Kui	10,400,000	100.00
	Director	Kerry TJ Logistics Co., Ltd. representative: Hung, Wai-Shing	10,400,000	100.00
	Director	Kerry TJ Logistics Co., Ltd. representative: Juan, Hui-Wen	10,400,000	100.00
	Supervisor	Kerry TJ Logistics Co., Ltd. representative: Hu, Ming-Chang	10,400,000	100.00
T-Join (BVI) International Limited	Chairman	Kerry TJ Logistics Co., Ltd. representative: Shen, Chung-Kui	28,185,000	100.00
	Director	Kerry TJ Logistics Co., Ltd. representative: Hung, Wai-Shing	28,185,000	100.00
	Director	Kerry TJ Logistics Co., Ltd. representative: Juan, Hui-Wen	28,185,000	100.00

Note:

(1) Par value per share of T.Join Transportation Co., Ltd. is NTD\$10,000, and 16,425 shares in total.

(2) Par value per share of Kerry Express Co., Ltd. is NTD\$1,000 and 265,000 shares in total.

5. Business overview of affiliates

Unit: NTD\$ thousands

Company	Capital	Total Assets	Total Liabilities	Net Value	Revenue	Operating Profits (Loss)	Profit or Loss for the Current Period	Earning (Loss) per Share (Dollar)
T.Join Transportation Co., Ltd.	164,250	617,411	314,187	303,224	1,602,156	90,422	74,857	4,557.47
Kerry Express Co., Ltd.	265,000	279,679	156,843	122,836	632,492	56,371	56,320	212.53
Science Park Logistics Co., Ltd.	716,667	2,703,142	1,628,343	1,074,799	1,047,376	227,192	166,425	2.32
Kerry Cold Chain Equipment Co., Ltd.	96,942	470,484	359,246	111,238	432,313	24,257	19,889	2.05
Kerry Pharma Logistics Co., Ltd.	100,000	905,522	681,071	224,451	641,712	110,034	79,216	7.92
Kerry Global Trading Co., Ltd.	1,000	4,755	133	4,622	3,934	608	483	4.83
Kerry Fruit Co., Ltd.	10,000	41,497	21,316	20,180	122,813	9,941	7,773	7.77
Rong Xing Investment Co., Ltd.	104,000	276,274	27,893	248,381	90,430	42,483	42,765	4.11
T-Join(BVI) International Limited	933,405	299	299	-	-	-	-	-

Note:
(1) Par value per share of T.Join Transportation Co., Ltd. is NTD\$10,000, and 16,425 shares in total.
(2) Par value per share of Kerry Express Co., Ltd. is NTD\$1,000 and 265,000 shares in total.
(3) All of the business reports of affiliated companies are based on the financial statements audited by CPA on 2020/12/31.

Consolidated Financial Statement of Affiliated Companies

Please refer to Page 110.

Affiliated Companies Report

None.

Progress of private placement of securities during the latest year and up to the date of annual report publication

None.

Holding or disposal of stocks of the company by subsidiaries in the past year and up to the date of annual report publication

None.

Other necessary supplemental information

None.

Events with significant impact on shareholders’ equity or stock prices as set forth in Article 36.2.2 of Securities and Exchange Act in the past year and up to the date of annual report publication

None.

Company Name: Kerry TJ Logistics
Company Limited

Shen, Chung-Kui
Chairman





VOICE

創造價值 Value Creation

開放思想 Openness

堅守忠誠 Integrity

竭盡所能 Commitment

追求卓越 Excellence