ANNUAL REPORT 2022

Kerry TJ Logistics Company Limited

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KERRY
TJ LOGISTICS

CHANGE & INNOVATION

ANNUAL REPORT 2022

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DEDICATE TO TAIWAN

WITH ASIA

GLOBAL VISION

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Corporate Information

Information

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Overseas Securities Exchange
None

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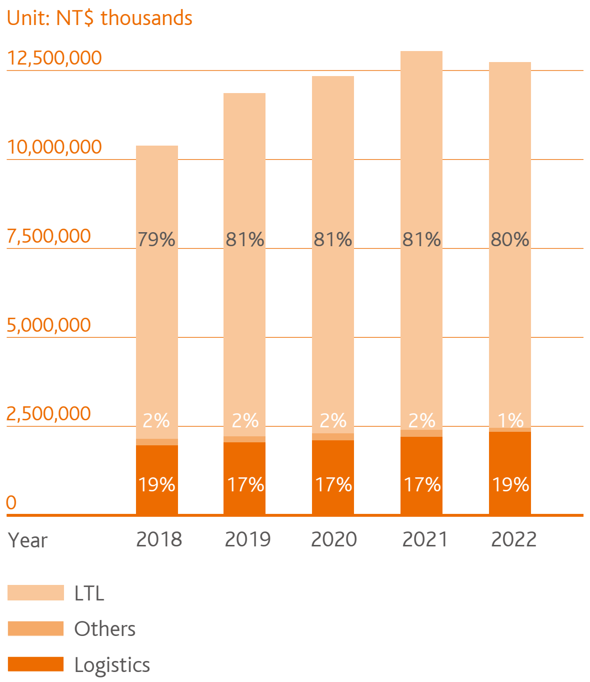
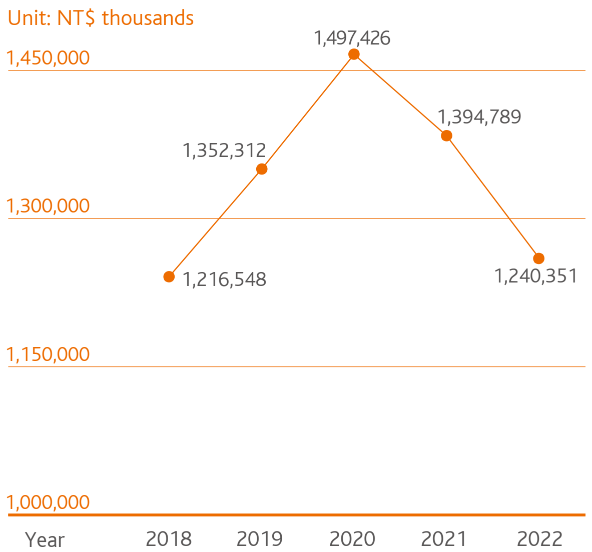
Financial Highlights

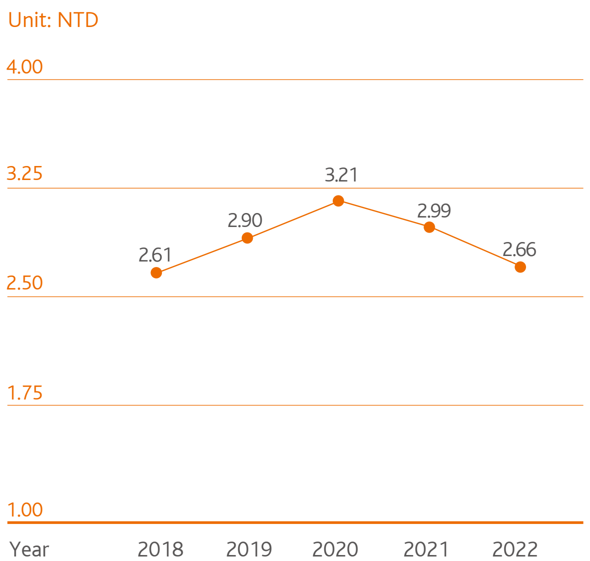
Revenue by Segment



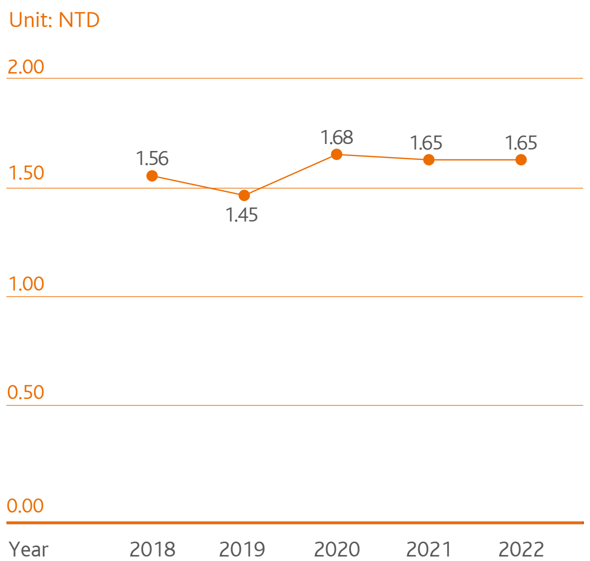
Net Income Attributanle to Owners of the Company



EPS



Dividends



Note: The dividends in 2022 will be distributed in accordance with the resolution in the shareholders' meeting.

Financial Highlights

Revenue (NTD)	Operating Profit (NTD)	Net Profit (NTD)
12.7 Billion	1.7 Billion	1.2 Billion
∨ 2%	∨ 7%	∨ 11%
LTL Business Dept. Profit (NTD)	**Logistics Dept. Profit (NTD)**	**Book Value Per Share (NTD)**
1.3 Billion	0.3 Billion	24.71
∨ 16%	∧ 8%	
Return on Asset	**Return on Equity**	**Debt Asset Ratio**
6%	11%	51%

Letter to Shareholders

2022 was the year, since the spread of Covid-19 started three years ago, when the number of infection cases peaked in Taiwan. Facing the challenges arising from the pandemic, the Company adhered to its social responsibilities as a leader in the logistics industry, continuing offering the full range of services to both corporate and retail customers throughout Taiwan, while protecting the safety and rights of all employees against the adversarial environment through the solidarity from all members teamwork.

In addition to rein the challenges from the pandemics and ever-changing market, Kerry TJ began an reorganization transformation for a optimal structure that will enable resource consolidation and enhance group synergies, which shall further cut costs and uplift the revenue level. Amid the difficulties, the year finished far from perfection. The Company continued to initiate numerous improvement projects to bring in long-term effects and the fulfill the goal of sustainable operation, instead of emphasizing the short-term profits.

Business Results

2022 consolidated revenue recorded at NT$12.7 billion (down by 2.35%) with a consolidated net profit of NT$1.24 billion, or an EPS of NT$2.66.

Financial Performance

2022 gross margin was 18.42%, down 19.31% YoY, with an operation margin of 13.18%, compared with 13.90% last year. Net profit margin was 10.73%, down by 0.65% from 11.38% in 2021.

Research and Development

Kerry TJ continued to improve the operation and logistics management system through phasing in the new technologies to upgrade both software and hardware facilities for better Group IT system to manage transport and warehousing operations. 2022 R&D Focuses:

- Planning work for joining "Automatic assisted alarming system for heavy vehicles" initiated by Ministry of Transportation and Communications R.O.C., to strengthen fleet management, driving safety and vehicle turnover for better economic efficiency.
- Strengthen the fleet management with TMS to rezone the operation coverage and transport routings.
- Strengthen warehouse management with WMS to enlarge the space utilization and increase shipment turnover.
- Increase the Web EDI usage to cut down human operation and enhance the accuracy rate.

Business Plan

To cater the high demands in cold chain logistics for the post pandemic era, our low-temperature warehouse and the related delivery services in Guanyin logistic center started to operate in 2022. Equipped with professional facilities such as automated storage racks and low-temperature distribution container terminals, we are able to strictly control the temperature history to safeguard food safety and public health. To tackle the long-term labor shortage industrywide, the Company is phasing in standardized packing policy with automated inspection and storage racks and other related equipment to accelerate cargo handling and delivery, as well as to expand the storage capacity and delivery services.

External Challenge

Despite the controlled pandemic and bountiful healthcare capacity, we expect the greatest challenges in the coming years due to fluctuating and upward oil prices and sluggish economy growth brought by global inflation, rising interest rates, and international political instability, in addition to an aging society and aggravating labor shortage.

Future Development

Moving forward to the opening domestic market, we will operate under the four core business directions:

- Develop the open and professional logistics services for medicine distributions and trade show business flows to offer a complete SPD (Supply, Processing , Distribution) management for our customers.
- To comply with government regulation, we will include cold chain logistics under GHP (Good Hygienic Practices) regulation to ensure consumer food safety. Also, we will upgrade the overall service quality of low-temperature delivery and warehousing businesses for meeting HACCP (Hazard Analysis and Critical Control Points)standard to become the iconic operator in Taiwan's cold chain logistic industry.
- High-tech companies returning to Taiwan will increase demands for all required bonded logistics services from the electronic industry in the science park.
- Strengthen the express delivery system in urban areas to cater the demands.

For corporate social responsibilities, the Company has created Corporate Social Responsibility Committee in 2022 to reinforce the related functions with the establishment of the sustainable development team and associated functional taskforces covering corporate governance, green logistics, employee cares and social engagement. For the issue of climate change, the Company continued to phase out the old vehicles with latest environmental ones. In the same year, electric tricycles and hybrid electric pickups were introduced to utilize low-carbon technologies and bring up the delivery efficiency in urban area. Also, a third party was hired to verify 2021 greenhouse emission from the group, followed by a certification statement obtained in the first quarter in 2023. As to employee care and social engagement, we help staff to get professional driving licenses and provide employee health checkups with other benefits. For many years, we have been sponsoring the food bank projects organized by the city governments and donating goods to charitable organizations, which should have reached more than 120 thousand beneficiaries.

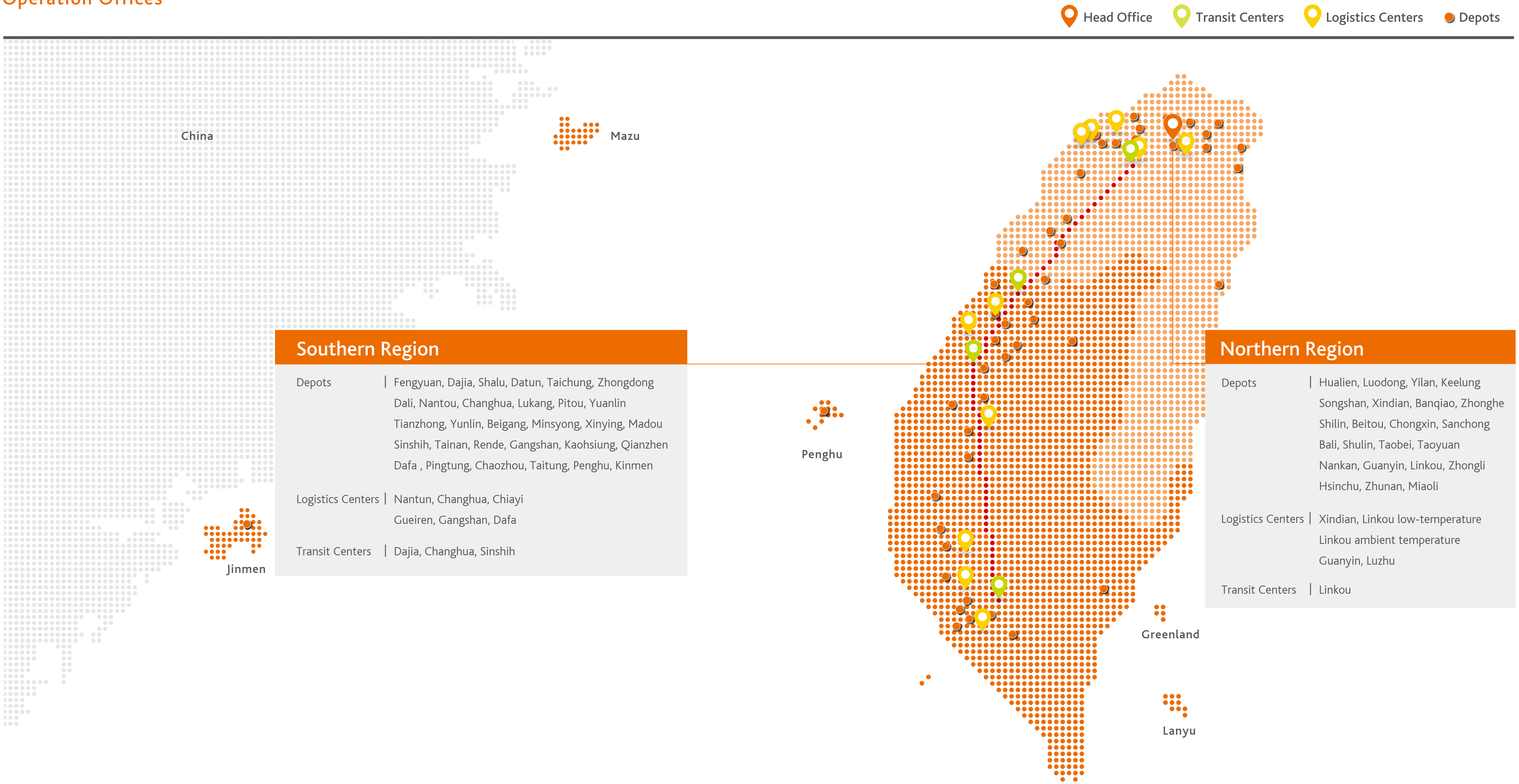
Going into 2023, demands in logistic service will continue to surge for a stronger consumption and domestic needs after relaxing the pandemic mandates. The Company will keep improving the operation procedures while expanding and consolidating the business locations and logistics centers from north to south to maintain a sound and steady business growth and fulfill the goal of sustainable development.

Whish you, all our shareholders,
Good health and good fortune

Sincerely,
Chairman: Richard Shen

Company Profile

Operation Offices



Southern Region

Depots	Fengyuan, Dajia, Shalu, Datun, Taichung, Zhongdong Dali, Nantou, Changhua, Lukang, Pitou, Yuanlin Tianzhong, Yunlin, Beigang, Minsyong, Xinying, Madou Sinshih, Tainan, Rende, Gangshan, Kaohsiung, Qianzhen Dafa , Pingtung, Chaozhou, Taitung, Penghu, Kinmen
Logistics Centers	Nantun, Changhua, Chiayi Gueiren, Gangshan, Dafa
Transit Centers	Dajia, Changhua, Sinshih

Northern Region

Depots	Hualien, Luodong, Yilan, Keelung Songshan, Xindian, Banqiao, Zhonghe Shilin, Beitou, Chongxin, Sanchong Bali, Shulin, Taobei, Taoyuan Nankan, Guanyin, Linkou, Zhongli Hsinchu, Zhunan, Miaoli
Logistics Centers	Xindian, Linkou low-temperature Linkou ambient temperature Guanyin, Luzhu
Transit Centers	Linkou

2022 Milestone

The low-temperature storage service at Taoyuan Guanyin Logistics Center is officially in service

Guanyin District, Taoyuan City, is a stronghold for logistics and storage because of convenient transportation and industry clustering. Low-temperature storage facilities in Kerry TJ Logistics Guanyin Logistics Center are officially in service in 2022 Q2. These satisfy the needs of retail and wholesale customers to low-temperature storage and distribution in the post-epidemic era. The operation area for cold storage is over 2,314.06 m2 and the net operation area for frozen storage is over 6,611.58 m2. Professional equipment such as automated storage rack, low-temperature freight elevator and low-temperature distribution container terminal are also provided to strictly control the temperature history of low-temperature food cargo, and control food safety and public health for the public.

New Taipei City Chongxin depot is officially in business and introduced automated cargo transportation equipment

We commenced the construction of New Taipei City Chongxin depot in the second half year of 2020. It was completed in 2022 and officially open for business in December 2022. It enhances the operating capacity in the Taipei Metro Area and meets the high distribution requirements driven by the stay-at-home economy in the metropolitan area, especially cargoes in flourishing regions such as Zhongzheng District, Wanhua District and Da'an District. The depot enhances the overall service quality of the region. Chongxin depot has four floors and the total floor area is up to 14,545.52 m2. The crossing-floor automated horizontal and vertical conveyor system equipment have been introduced, such as spiral conveyor and central high rack conveyor, optimizing the space use. Cargoes are sorted and picked automatically to gradually reduce reliance on manual work.

Plan to build Kerry TJ Logistics Kaohsiung Qianzhen depot to integrate the business deployment in Southern Taiwan

To respond to the needs of long-term business venue in Kaohsiung, the Company acquired the right-of-use assets through the tenders of land development projects of Taiwan Sugar Corporation in 2021. It is located near important transportation facilities, e.g. Kaohsiung International Airport, National Highway No.1 and Kaohsiung Port. We plan to integrate Kerry Pharma Logistics Co., Ltd., Kerry Express Co., Ltd., T.Join Transportation Co., Ltd. Southern Container Center and Kerry Cold Chain Co., Ltd. Repair Workshop. The depot will become a five-in-one business location. The base is about 33,510.79 m2. We plan to build a ground floor. It will be officially in use in 2024 Q2.

We introduce the electric tricycle to enhance distribution efficiency in the metro area

In 2022 Q2, the Company was the first one using the electric tricycle for the Taipei Metro Area. Flexible body and robust loading capacity satisfy the distribution need for home delivery cargo volume and distribution efficiency requirement in the post-epidemic era. Meanwhile, we use the carrier with low-energy consumption and low-carbon emission energy technology, and energy label. We aim to reduce carbon, achieve ESG sustainability goal.

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
2022	Received ISO 27701: 2019 Personal Information Privacy Information Management System Standard certification.
2021	Kerry Logistics Network Limited has sold Kerry TJ, its subsidiaries and all the relevant business in Taiwan to Kerry Holdings Limited in September. At the same time, the Company's intermediate parent company has officially switched to Kerry Holdings Limited in replace of Kerry Logistics Network Limited. The subsidiary Kerry Pharma Logistics Co., Ltd. acquired the permit of medical device pharmaceutical manufacturer.
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.

Year	Company History
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.
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.

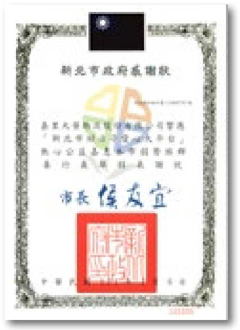
Year	Company History
2008	The management team of Kerry Logistics took over the business of the Company and re-structured the organization by conducting reelection of the directors, supervisors and chairman. The home delivery service was suspended in order to focus on the existing less-than-truck-load 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 Transportation 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

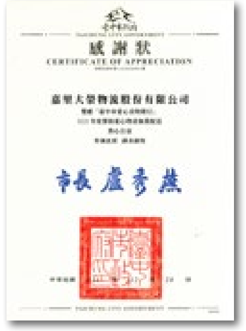
Corporate Awards

In the following sequence:

Certification
Talen Quality Management System Enterprise Version, Silver
Workforce Development Agency, Ministry of Labor 2022.11.29



Certificate of Appreciation
Response to "New Taipei City Good Day Platform" to benefit disadvantage groups
New Taipei City Government 2022.01.06



Certificate of Appreciation
Provision of free logistics service to the goods bank in Taichung City
Taichung City Government 2022.12.28

Certificate of Appreciation
Provision of free logistics services
Changhua County Government 2022.12

Certificate of Appreciation
Donation of resources to the goods bank in Kaohsiung City
Social Affairs Bureau of Kaohsiung City Government 2022.12.28

Certificate of Appreciation
Sponsor of Run Across Taiwan Ultra-Marathon 2022
Chinese Taipei Association of Ultrarunners 2022.04.17

Certification

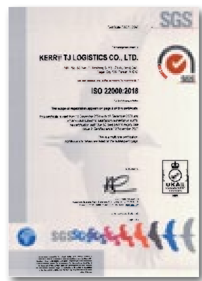
In the following sequence:

Passed ISO 9001:2015
Quality Management System Certification
Effective period of SGS certification:
2022.03.30 – 2025.03.30

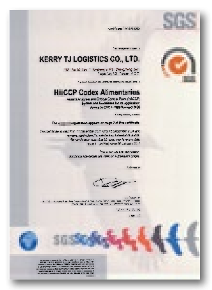
Passed ISO 28000:2007
Supply Chain Security Management System Certification
Effective period of SGS certification:
2021.09.24 – 2024.09.24

Passed ISO 27001:2013
Information Security Management System Certification
Effective period of SGS certification:
2022.12.21 – 2024.09.25

Passed ISO 27701:2019
Privacy Information Management System Certification
Effective period of SGS certification:
2022.12.21 – 2024.09.25



Passed ISO 22000:2018
Food Safety Management System Certification
Effective period of SGS certification:
2021.12.18 – 2024.12.18



Passed HACCP Codex Alimentarius Hazard Analysis and Critical Control Point Certification
Effective period of SGS certification:
2021.12.18 – 2024.12.18

Corporate Social Responsibility

In 2022, the world is still suffering from COVID-19 pandemic, but Kerry TJ Logistics is still committed to corporate social responsibility, no less than before. To fulfill the corporate governance and continue to promote the sustainability development goal, the establishment of the Sustainability Steering Committee was submitted to the board of directors for resolution on August 10, 2022. With the persistence in the 'customer first' rule and emphasis on humanity, Kerry TJ Logistics strives to integrate its core advantages while striving for corporate sustainable management promotion. Kerry TJ Logistics continues to improve corporate governance, operating environment, employee relationship, social participation, and care for disadvantaged groups, and expects itself to make employees and customers feel secured, and satisfies shareholders.

Corporate governance and compliance to regulations

Since listing in 1990, Kerry TJ Logistics complies with the Company Act and Securities and Exchange Act in its operation. Following the governance blueprint 3.0, the company has been continuously improving its governance evaluation indicators and promoting various governance policies, such as diversification of the board of directors and disclosure of specific management objectives. Every three years, an external professional independent institution conducts a board evaluation to enhance its functions. In addition, the company strengthens communication with stakeholders by holding at least two investor conferences to create a good interactive channel to understand their needs and achieve sustainable business operations.

Employee welfare, safe workplace

The Company values the health and well-being of employees, starting with creating a safe and healthy work environment with various healthcare equipment and facilities. In response to the threat posed by the pandemic, we not only protect the health and safety of our colleagues and maintain normal operations but also continue to invest professional knowledge and resources to support epidemic prevention work. We have strengthened our employee health management policy to help them implement self-health protection measures against the spread of COVID-19, reduce their anxiety and panic, and provide relevant health education and training to ensure the health and safety of employees and their families. We distribute medical masks, gloves, goggles, disinfectant alcohol, and other personal protective equipment to frontline delivery colleagues, set up epidemic prevention stations in various workplaces, measure body temperature, implement alcohol disinfection, and implement real-name registration to ensure that personnel can perform relevant work under complete protection and fulfill our corporate social responsibility.

Every year the Company contributes a sufficient amount for national health insurance, labor insurance and the labor pension fund according to regulations; carries out annual medical check-ups for our employees; implements employee health grading management, health promotion and industrial safety control; and provides safety and health education training required for workplace and disaster prevention. A total of 88 sessions of graded health management were provided in 2022 and 549 employees participated in the consultation. Furthermore, 72 sessions of in-service safety and health training were organized to reduce accidents caused by unsafe environment or behavior. The occupational disaster reduction solution will be promoted in future to protect employees' health. These years the Company introduced the automated storage equipment at the new factory. Besides increasing operating performance, occupational safety is enhanced and heavy labor need is reduced at the same time, providing a better working environment to every employee.

Employment policy, recruitment and training

The Company supports and follows the spirit and principles of human rights protection as outlined in various international human rights conventions such as the UN Universal Declaration of Human Rights, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. We also comply with relevant labor laws in our location. All employment policies comply with all regulations. Fair opportunities are provided to candidates and employees.

To build a learning organization and satisfy training resources needed for each stage, the Company offers diverse learning pipelines, helps employees plan for career development path, and trains and prepares talents for main positions to achieve corporate sustainable development. In order to pass down critical knowledge, lecturers are trained actively, and internal professional training resources are enhanced. Through industry–academia collaboration with academic units, flexible internships are offered to train students to become important human assets of the Company. Diverse employment solutions such as driver recruitment reward and professional truck training subsidy are offered to create job opportunities and fulfill the purpose of continuous training of professional talents in logistics.

Carbon reduction goal, promotion and implementation

Besides caring about humanity, vehicles are the most important operating resource of the Company. With deep understanding of global warming and extreme climate crisis, the Company always cares about the environment and allocates high capital expenditure every year to reduce carbon emission, prevent air pollution and replace the cars in the fleet based on the service life, mileage and repair record. In recent years, to cope with the policy of net zero carbon emission, the Company bought environmentally friendly vehicles, hybrid vehicles and electric tricycles in the new stage, to achieve net zero carbon emission by 2050.

In addition to vehicle replacement or electric vehicle use, to take action on carbon reduction, the Company made efforts in numerous aspects such as designing green buildings for the logistics factory, optimizing the business model, and adopting circular economy. Since 2018, solar panels have been set up at large business offices in Taiwan to save carbon emissions and transmit electricity back to Taiwan Power Company for overall power dispatch. All new factories have been certified with the EEWH label. By reinforcing adequate natural light, drainage, ventilation and natural heat dissipation, power use and consumption are reduced. R452a refrigerant is used for freezing equipment of low-temperature storage. Trees are planted around the factory to replace walls and greenbelt is laid out as green solutions. Paperwork is replaced with electronic signing or QR Code scanning to reinforce overall carbon neutrality benefits.

Public Welfare

Protect the disadvantaged groups to keep doing good deeds.

In addition to regular support to the goods (food) bank program of the country and city government, and helping social welfare groups to distribute care goods to the disadvantaged groups, Kerry TJ Logistics supports community care and social participation. It sponsored free distribution and donation in 2022, as shown below:

- 1,461 charity goods, blessing bags and rapid antigen tests from the New Taipei City Government. 42,442 people benefited from the distribution and donation.
- 30,060 loving care goods from Social Welfare Department, Taichung City Government. 18,549 people benefited from the distribution and donation in a year.
- For "Happy Store – Goods Bank" of Changhua County Government, 6,497 cartons of goods and materials were distributed. 21,294 people benefited from these goods and materials.
- Goods Bank from Social Welfare Department, Kaohsiung City Government. 6,330 goods and materials were distributed. 18,501 people have been served in a year.
- 1,932 goods and materials were distributed under the loving care and food bank project of the Red Cross Society of Taichung City. 5,685 people have been served.
- 2,792 goods and materials were distributed under the "Loving Care Goods Transfer Station" project and the time deposit project of the United Way of Taiwan. 16,361 people benefited from these goods and materials.
- 641 social welfare goods and materials were distributed under the "Walk with the Children Suffering Burns, Scalds and Facial Disfigurements to the Future" project of the Sun Social Welfare Foundation, in the hope of motivating the public to support their physical and psychological rehabilitation with funds.
- We sponsored six competition events of Chinese Taipei Association of Ultrarunners in a year and distributed 2,417 cartons of goods and materials for the contestants in the hope of promoting participation in sports activities and improve the quality of life.
- We donated NT$ 200 thousand to St. Raphael Opportunity Center for earthquake proof renovation. This safe space will be available for 250 people after renovation.
- We have provided financial support for the 100 street lights along the Zhangan Road in the Gongliao District, including NT$ 200 thousand donation to Xizhi District Office for maintenance, repair and electricity costs, to make a contribution to the neighborhoods, but also protect the nearby residents who are engaged in activities at night.

With contribution from the private sector, we deliver public benefits and do good deeds with the private sector, and use the resources created by the corporation to feed back to society.

• "Happy Store – Goods Bank" of Changhua County Government

• Time deposit project of the United Way of Taiwan

• "Walk with the Children Suffering Burns, Scalds and Facial Disfigurements to the Future" project of the Sun Social Welfare Foundation

Shared Benefits in Society

Secondhand clothing in winter, working with the client to hold the clothing donation event

As a public welfare partner, Kerry TJ Logistics assisted in the transportation of 13,000 pieces of second-hand clothing and 50 boxes of materials, and provided 15 volunteers to help with the meticulous sorting and redistribution of the clothes. The effort resulted in over 10,000 pieces of good quality clothing being given to nearly 700 underprivileged students in Tainan City, promoting clothing recycling and spreading love to those in need before winter.

Push ESG further! Joined the Climate Response Rescuer Alliance to unleash the Power of Green Transportation

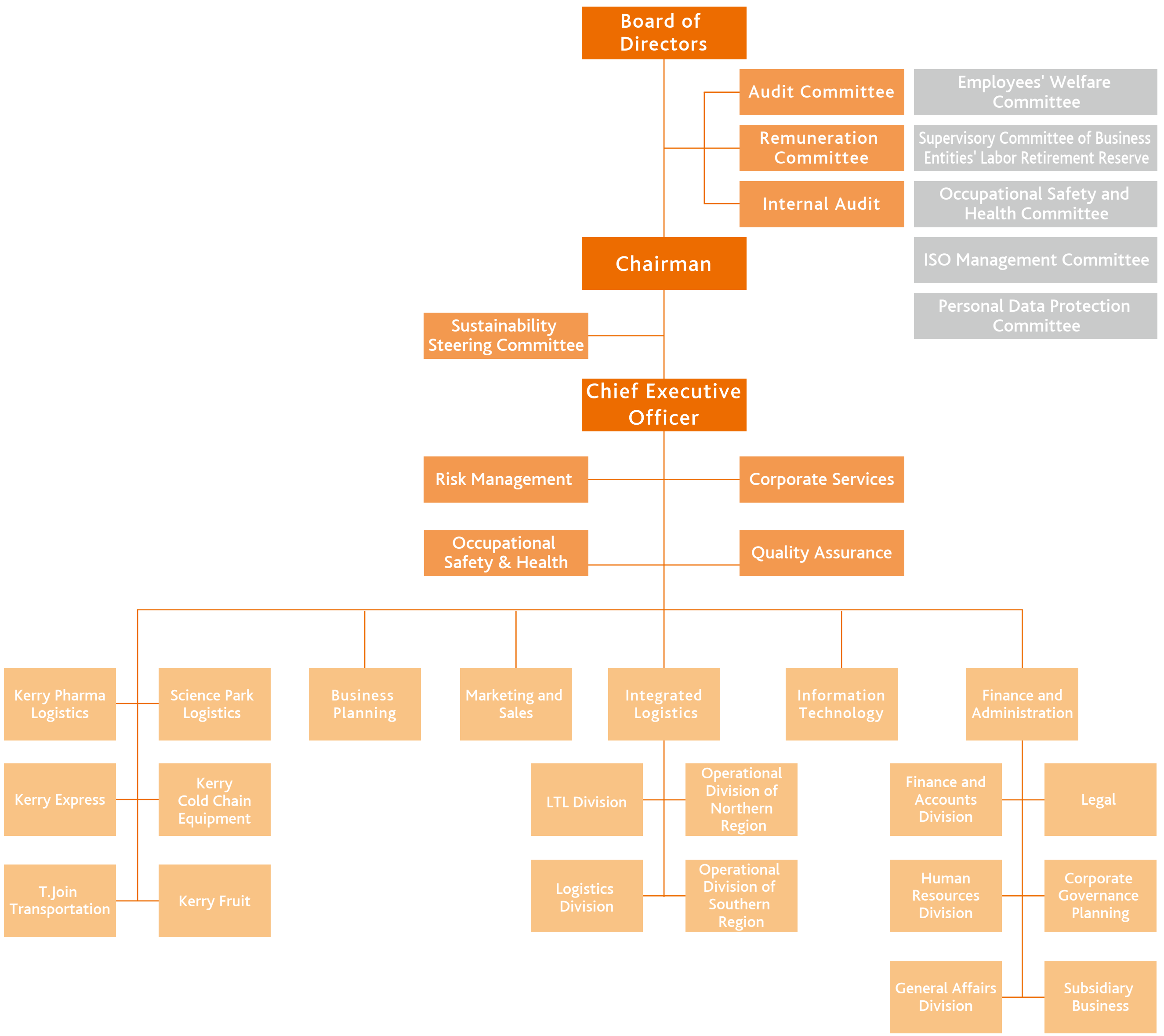
Kerry TJ Logistics responds to the Climate Response Rescuers Alliance's specific actions and advocacy by speaking out to the people about the commercial vehicle industry's commitment and actions to address climate change. Commercial vehicles are a major force in transportation, and medium and heavy-duty trucks are key models for reducing carbon emissions. The Alliance's two major missions are to leverage business commitments to sustainability and decarbonization and to work with partner organizations and international climate advocacy groups.

Logistics service is essential to modern life and plays a crucial role in global industrial and economic development and low carbon transformation. When facing a rapidly changing current situation, Kerry TJ Logistics will continue to invest resources. During its economic development, it promises to follow business ethics, and improve the life quality of the local community and society where the employee and his family and the corporation is located. Kerry TJ Logistics continues to elaborate influence and fulfill the responsibility of global citizen with supply chain partners. While pursuing business performance, corporate sustainable development is balanced and fulfilled, making the greatest contribution to the positive development of overall environment, society and economy. We expect to work hand-in-hand with partners and stakeholders in all sectors to create a sustainable future.

Organization Corporate Governance Structure

Organization

Organizational Chart of Kerry TJ



*Taipei City office of commerce had agreed to Kerry Fruit Co., Ltd. dissolve on May 16, 2022, and the dissolution and liquidation procedures are in progress.

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
Risk Management	Ensures that possible risks within the scope of job duties including employees, trucks and cargos can be managed and prevented.
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.
Business Planning	Responsible for brand development and enhancing corporate competitiveness, optimizing operational processes, introducing new operational equipment/technologies, and strengthening linkages between industry, government, and academia.
Marketing and Sales	Responsible for planning the Corporate's maketing strategies. To maintain customer relationship by fullfilling 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/ 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, legal divisions and corporate governance.
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 Managers and Management Team

Board of Directors

I. Director

Apr 2, 2023

Title	Nationality/ Place of Incorporation	Name	Gender Age	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	-	2022.06.15	3	2007.06.15	27,972,000	5.99%	27,972,000	5.99%	-	-	-	-	-	-	
Chairman	R.O.C.	Representative: Shen, Chung-Kui[3][5]	Male 71-80	2022.06.15	3	2008.11.27	-	-	-	-	-	-	-	-	Founder of Hong Kong Business Association in Taiwan Chairman of United Terminals Ltd., a subsidiary of Jardine Matheson 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	Singapore	Representative: Tong, Shao Ming[3]	Female 41-50	2022.06.15	3	2021.09.03	-	-	-	-	-	-	-	-	Investment Director of Kerry Holdings Limited Director of Yihai Kerry Arawana Holdings Co., Ltd. Investment Director of Wilmar International Limited Executive Director of Equity Capital Market Department of UBS Group AG Bachelor Degree in Jurisprudence, Oxford University	Investment Director of Kerry Holdings Limited Directors of subsidiaries and investee companies	
Director	Hong Kong	Representative: Kong, Kwok Kei[3]	Male 51-60	2023.03.07	3	2023.03.07	-	-	-	-	-	-	-	-	Chief Financial Officer of Armada Holdings Limited MBA, Hong Kong University of Science and Technology	Financial Controller of Kerry Holding Limited Director of related companies	
Director	R.O.C.	Representative: Juan, Hui-Wen[3]	Female 51-60	2022.06.15	3	2014.08.13	-	-	-	-	-	-	-	-	Director of Finance Division of Kerry TJ Logistics Co., Ltd. Manager of Finance Division of Kerry TJ Logistics Co., Ltd. Finance Division of Jardine Matheson Taipei Branch 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.	-	2022.06.15	3	2007.06.15	9,471,271	2.03%	9,471,271	2.03%	-	-	-	-	-	-	
Director	R.O.C.	Representative: Hsu, Chia-Yao[4]	Male 31-40	2022.06.15	3	2016.06.27	-	-	-	-	-	-	-	-	Deputy General Manager of Shihlin Electric and Engineering Corporation Deputy General Manager of The Ambassador Hotel Co., Ltd. Deputy General Manager of HCT Logistics Co., Ltd. Bachelor of Arts, University of Southern California	Director of Shihlin Electric and Engineering Corporation Director of The Ambassador Hotel Co., Ltd. Director of HCT Logistics Co., Ltd.	

Apr 2, 2023

Title	Nationality/ Place of Incorporation	Name	Gender Age	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.	Chen, Tse-Tsung	Male 71-80	2022.06.15	3	1999.06.25	5,058,028	1.08%	5,058,028	1.08%	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.	
Independent Director	R.O.C.	Kuo, Tsung-Hsiung	Male 61-70	2022.06.15	3	2016.06.27	-	-	-	-	-	-	-	-	Vice President of Taiwan Land Development Group General Manager of Taiwan Commerce Development Co., Ltd. Secretary-General of Electric-Electronic & Environmental Technology Development Association Team Leader of Industrial Development Bureau, MoEA Master of Laws, Ming Chuan University	Member of Remuneration Committee of Kerry TJ Logistics Co., Ltd.	
Independent Director	R.O.C.	Liu, Zou-Hsin	Male 51-60	2022.06.15	3	2016.06.27	-	-	-	-	-	-	-	-	Head, Project Development, Conergy, Taiwan, 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	Member of Remuneration Committee of Kerry TJ Logistics Co., Ltd. Managing Partner, Mercury Energy Partners Pte Ltd.	
Independent Director	R.O.C.	Hsu, Chung-Ming	Male 61-70	2022.06.15	3	2022.06.15	-	-	-	-	-	-	-	-	Senior Advisor of Aaeon Technology, Inc. President of Aaeon Electronics US, Inc. CEO of Aaeon Technology, Inc. Vice President of Aaeon Electronics US, Inc. Master of Industrial & System Engineering, University of Southern California	Member of Remuneration Committee of Kerry TJ Logistics Co., Ltd. Senior Advisor of EverFocus Co., Ltd. Advisor, Institute for Information Industry	
Independent Director	R.O.C.	Lee, Ying-Chu	Male 51-60	2022.06.15	3	2019.06.27	-	-	-	-	-	-	-	-	Assistant Manager of Shihlin Electric and Engineering Corporation Master of Finance, Fu Jen Catholic University	Assistant Manager of Shihlin Electric and Engineering Corporation Senior Assistant Manager 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) Representative of Da Ji International Limited.

(4) Representative of Hsinchu Transportation Co., Ltd.

(5) 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.

(6) The Company re-elected directors at the annual general meeting on June 15, 2022. The representative of Hsinchu Transportation Co., Ltd., Ms. Hsieh, Wen-Chien resigned, and the new representative was Mr. Hsu, Chia-Yao.

(7) Da Ji International Limited changed its representatives on March 7, 2023: Director Kong, Kwok Kei took office, and director Tse, Kai Chi resigned. Same term as the current Board of Directors.

(I) Major Shareholders of the Institutional Shareholders

Apr 2, 2023

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.	100.00%

(II) Major shareholders of the Company's major institutional shareholders

Apr 2, 2023

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.	54.23%
	Ruei-Jun Development and Investment Co., Ltd.	10.86%
	Ruei-Yao Investment Limited	8.38%
	Future Vision Management Limited, BVI	7.84%
	Memorial Foundation of Mr. Ching-Teh Hsu	7.83%
	Hsu, Shu-Wan	2.74%
	Cheng, Yu-Chuan	2.33%
	Employees' Welfare Committee of HCT Logistics Co., Ltd.	2.32%
	Chu-Da Co., Ltd.	1.75%
	Shihlin Electric and Engineering Corporation	1.72%

II. Disclosure of the information on the professional qualifications of the directors and the independence of the independent directors

April 2, 2023

Condition / Name	Professional qualifications and experience [1]	Independence [2]	The number of other listed companies in which a concurrent position as an independent director exists
Shen, Chung-Kui	Profession capability: Transportation Logistics Management / Shipping Management / Logistics Industrial experience: Shipping / Logistics / Warehousing / International Trade / Ocean Freight Transportation Forwarding Services	The representative of the Company and a director of an affiliated company, but not the spouse or a relative within the second degree of kinship of any supervisor or director of the Company or our affiliated companies; he, his spouse and minor children do not hold any shares of the Company by themselves or in the name of others. He is a director representative at the Company.	-
Tong, Shao Ming	Professional capability: Law / Finance / M&A Industrial experience: Property / Logistics / Hotel / Marine Affairs / BOD Member Of Overseas Listed Companies / Practicing Lawyer In Hong Kong	Employees and directors of the Company's affiliated company, but not the spouse or a relative within the second degree of kinship of any supervisor or director of the Company or our affiliated companies; he (she), his (her) spouse and minor children do not hold any shares of the Company by themselves or in the name of others. He (She) is a director representative at the Company.	-
Kong, Kwok Kei	Professional capability: Finance / Accounting / Audit Industrial experience: Telecommunications Consumption / Public Transport / CPA / CFA		-
Juan, Hui-Wen	Professional capability: Finance / Accounting / Related Regulations of Listed Companies Industrial experience: Land Transportation / Logistics / Warehousing / International Trade		-
Hsu, Chia-Yao	Professional capability: Business Strategy / Industry trends and overall strategic planning Industrial experience: Land Transportation / Logistics / Warehousing / Hotel / Electric and Engineering	Not an employee of the Company or our affiliated company, and not the spouse or a relative within the second degree of kinship of any supervisor or director of the Company or our affiliated companies; he, his spouse and minor children do not hold any shares of the Company by themselves or in the name of others. He is a director representative at the Company.	-
Chen, Tse-Tsung	Professional capability: Transportation Logistics Management Industrial experience: Land Transportation / Logistics	Not an employee of the Company or our affiliated company, and not the spouse or a relative within the second degree of kinship of any supervisor or director of the Company or our affiliated companies; he is a natural-person shareholder and has a shareholding, together with the shares held by his spouse, ranking in the top 10 in total holdings. He is an elected director of the Company.	-

Name \ Condition	Professional qualifications and experience [1]	Independence [2]	The number of other listed companies in which a concurrent position as an independent director exists
Kuo, Tsung-Hsiung	Professional capability: Theory and Practice of Company Act / Industrial Park Development and Management Industrial experience: Industrial Development And Management / Environmental Industry Development / BOD member of listed companies	Maintenance of independence within the execution scope of the Company's or affiliated company's business: He is not an employee nor the spouse or a relative within the second degree of kinship of any supervisor or director; he did not receive cumulative compensation exceeding NT$500,000 in the most recent two years for the provision of commercial, legal, financial, accounting or related services. Compliance with legal shareholding upper limit: He, his spouse and minor children do not hold any shares of the Company by themselves or in the name of others. To sum up, he has the independence to be elected as an independent director after checking all the relevant laws and regulations.	-
Liu, Zou-Hsin	Professional capability: New Business Development In Greater China / Investment and Follow-Up Management or Disposal / Planned Financing / M&A / Listing Planning / Long-Term Financial Planning / Corporate Financing And Loans / Business Strategy Planning / Business Performance Analysis And Benefit Improvement / General Financial Management Industrial experience: R&D on renewable energy / Consulting on Financial Investments		-
Hsu, Chung-Ming	Professional capability: Information and communication system integration / Process Automation / Smart Device Industrial experience: Technology / IoT / Optoelectronics		-
Lee, Ying-Chu	Professional capability: Business Strategy / Financial Management / Business Analysis and Accounting / Investment Industrial experience: Land Transportation / Logistics / Warehousing / Electric and Engineering		-

Note:

(1) None of the Company's directors meets the requirements specified in Article 30 of the Company Act.

(2) Confirmation of the independence of the Company's independent directors: The Company received the statement of independence from each independent director when he/she was elected, and reviewed and confirmed the compliance with the qualifications required by the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Furthermore, article 14-2 and 14-3 of the Securities and Exchange Act are abided by in this respect.

III. Diversification and independence of the Board of Directors

(I) Diversification of the Board of Directors

1. Managing Goal of Diversification Policy

To improve the 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 mode 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). The members of the Board of Directors have practical experience in business administration, transportation, logistics, finance, accounting, audit, law, information and communication technology and in other professional fields. They are of Taiwan, Singapore or Hong Kong nationality. The Company has also focused on the gender equality in the composition of the board members, and aims to increase the proportion of female directors to 1/3. Currently, the 10 directors include 2 female directors, with a percentage of about 20%. In the future, we will try our best to increase the number of female directors to achieve the goal.

Diversification Goals	Proportion of Directors Who Are Also Employees	Independence		Proportion of Female Directors	Industrial Experience / Professional Capability
		Proportion of Independent Directors	Term of Independent Directors		
Implementation	20%	40%	All serve no more than three consecutive terms	20%	Experience in business management, transportation and logistics, finance and law, etc. or in professional fields respectively
Description of Achieving the Goals	No more than 1/3 of the number of directors eligible to serve as a company manager	The number of independent directors has not be less than 2, and the number of directors has not be less than 1/5	Strengthen the functions and independence of independent directors	Pay attention to gender equality in the composition of board members, with female directors accounting for 1/3	To establish diversification policy in accordance with the " Corporate Governance Best Practice Principles"

2. Implementation status of the diversification of the Board members

Diversification Core Item / Name	Basic composition										Professional capability and industrial experience								
				Age				Length of office of independent director											
	Nationality	Gender	Concurrent employment as an employee of the company	31~40	41~50	51~60	61 and above	Less than 3 years	3 to 9 years	Over 9 years	Business judgment	Accounting and Finance	Operation and management	Crisis management	Industrial knowledge	International market outlook	Leadership	Decision-making	Law
Shen, Chung-Kui	R.OC.	Male	V				V				V		V	V	V	V	V	V	
Tong, Shao Ming	Singapore	Female			V						V	V	V	V	V	V	V	V	V
Kong, Kwok Kei	Hong Kong	Male				V					V	V	V	V	V	V	V	V	
Juan, Hui-Wen	R.OC.	Female	V			V					V	V	V	V	V	V	V	V	
Chen, Tse-Tsung	R.OC.	Male					V				V		V	V	V		V	V	
Hsu, Chia-Yao	R.OC.	Male		V							V		V	V	V	V	V	V	
Kuo, Tsung-Hsiung	R.OC.	Male					V		V		V		V	V			V	V	V
Liu, Zou-Hsin	R.OC.	Male				V			V		V	V	V	V		V	V	V	
Hsu, Chung-Ming	R.OC.	Male					V	V			V		V	V		V	V	V	
Lee, Ying-Chu	R.OC.	Male				V			V		V	V	V	V	V		V	V	

(II) Independence of the Board of Directors

To enhance the independence and function of the directors and improve the operation performance of the Board of Directors, the Company's Board of Directors has four independent directors occupying about 40% of the total BOD members. All the directors meet the requirements specified in Article 26-3, Paragraph 3 and 4 of the Securities and Exchange Act with respect to the independence of the directors. None of them is the spouse or a relative within the second degree of kinship of any other director.

Management Team

Apr 2, 2023

Title	Nationality	Name	Gender	Date Effective	Shareholding: Shares	Shareholding: %	Spouse & Minor Child Shareholding: Shares	Spouse & Minor Child Shareholding: %	Shareholding by Nominee Arrangement: Shares	Shareholding by Nominee Arrangement: %	Experience (Education)	Other Position	Remark(s) (Note)[1]
CEO	R.O.C.	Shen, Chung-Kui [2]	Male	2018.01.01	0	-	0	-	0	-	Founder of Hong Kong Business Association in Taiwan 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	
Integrated Logistics General Manager	R.O.C.	Chen, Chun-Yi	Female	2022.07.01	0	-	0	-	0	-	Deputy General Manager of Integrated Logistics of Kerry TJ Logistics Master of Integrated Marketing Communications, Northwestern University	None	
Finance and Administration General Manager	R.O.C.	Juan, Hui-Wen	Female	2014.09.01	0	-	0	-	0	-	Director of Finance Division of Kerry TJ Logistics Manager of Finance Division of Kerry TJ Logistics Finance Division of Jardine Matheson Taipei Branch Master of Business Administration, National Taiwan University of Science and Technology Bachelor of Accountancy, Soochow University	Director, Supervisor of subsidiaries Director of investee companies	
Business Planning General Manager	R.O.C.	Wang, Ju-Peng	Male	2023.02.01	1,078,941	0.23%	508,417	0.11%	0	-	General Manager of Kerry Pharma Logistics Co., Ltd. Master of Informantion Management, Da-Yeh Univeristy	Director of subsidiaries	
Information Technology General Manager	R.O.C.	Hung,Chang-Yi	Male	2022.08.01	0	-	0	-	0	-	CTO of Foremost Groups IT Director of IKEA Taiwan Bachelor of Department of Applied Mathematics, National Chung Hsing University	None	
Marketing and Sales	-	(3)	-	-	-	-	-	-	-	-	-	-	
Integrated Logistics Deputy General Manager	R.O.C.	Jiang, Guo-Xi	Male	2022.04.01	0	-	0	-	0	-	Regional General Manager of Kerry TJ Logistics, Operational Division of Central Region Department of Mechanical Engineering, United Industry Technical College	None	
Operational Division of Northern Region Regional General Manager	R.O.C.	Teng, De-Chang	Male	2022.04.01	0	-	0	-	0	-	Regional General Manager of Kerry TJ Logistics, Operational Division of Northern Region Department of Food Processing, Deh-Yu College of Nursing and Management	None	
Operational Division of Southern Region Regional General Manager	R.O.C.	Lin, Shih-Mao	Male	2023.01.01	0	-	0	-	0	-	General Manager of T.Join Transportation Co., Ltd. Open College Affiliated with National Taipei University of Business	None	
General Affairs Division Senior Assistant General Manager	R.O.C.	Hu, Ming-Chang	Male	2021.01.22	0	-	0	-	0	-	Assistant General Manager of Kerry TJ Logistics, General Affairs Division Bachelor of Transportation Management, Tamkang University	Director, Supervisor of subsidiaries	

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Child Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Remark(s) (Note)(1)
					Shares	%	Shares	%	Shares	%			
Human Resources Division Senior Assistant General Manager	R.O.C.	Hsu, Yao-Jen	Male	2022.01.24	0	-	0	-	0	-	Assistant General Manager of Kerry TJ Logistics, Human Resources Division Master of Industrial Management, National Taiwan University of Science and Technology Master of Human Resource Development, National Kaoshiung University of Science and Technology	None	
Logistics Division Assistant General Manager	R.O.C.	Lin, Chien-Liang	Male	2022.09.01	0	-	0	-	0	-	Manager of Kerry TJ Logistics, Operational Division of Nouthern Region Bachelor of Marketing and Distribution Management, Kao Yuan University	None	
LTL Division Assistant General Manager	R.O.C.	Chen, Chien-Chih	Male	2021.12.01	0	-	0	-	0	-	Senior Manager of Kerry TJ Logistics, Information Technology Bachelor of Information Management, Chung Yuan Christian 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) Liu, Lung-Tsai, the director of Marketing Department has been in charge of Marketing and Sales Department since March 1, 2023.

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

I. Remuneration of Directors and Independent Directors

Unit: NT$ thousands

Title	Name	Remuneration: Base Compensation(A) – The company	Base Compensation(A) – All Companies in the consolidated financial statements	Severance Pay(B) – The company	Severance Pay(B) – Companies in the consolidated financial satements	Directors Compensation(C) – The company	Directors Compensation(C) – Companies in the consolidated financial statements	Allowances(D) – The company	Allowances(D) – Companies in the consolidated financial satements	Total Remuneration (A+B+C+D) and Ratio to Net Income (%) – The company	Total Remuneration (A+B+C+D) and Ratio to Net Income (%) – Companies in the consolidated financial statements	Relevant Remuneration Received by Directors Who are Also Employees: Salary, Bonuses, and Allowances(E) – The company	Salary, Bonuses, and Allowances(E) – Companies in the consolidated financial statements	Severance Pay (F) – The company	Severance Pay (F) – Companies in the consolidated financial statements	Employee Compensation (G) – The company – Cash	Employee Compensation (G) – The company – Stock	Employee Compensation (G) – All Companies in the consolidated financial statements – Cash	Employee Compensation (G) – All Companies in the consolidated financial statements – Stock	Total Compensation (A+B+C+D+E+F+G) and Ratio to Net Income (%) – The company	Total Compensation (A+B+C+D+E+F+G) and Ratio to Net Income (%) – Companies in the consolidated financial statements	Remuneration from ventures other than subsidiaries or from the parent company
Director	Da Ji International Limited	0	0	0	0	14,574	15,089	910	1,120	15,484 1.25%	16,209 1.31%	29,167	29,167	108	108	0	0	0	0	44,759 3.61%	45,484 3.67%	0
Chairman	Da Ji International Limited Representative: Shen, Chung-Kui																					
Director	Da Ji International Limited Representative: Tong, Shao Ming																					
Director	Da Ji International Limited Representative: Kong, Kwok Kei[2]																					
Director	Da Ji International Limited Representative: Juan, Hui-Wen																					
Director	Da Ji International Limited Representative: Tse, Kai Chi[2]																					
Director	Hsinchu Transportation Co., Ltd.																					
Director	Hsinchu Transportation Co., Ltd. Representative: Hsu, Chia-Yao[3]																					
Director	Hsinchu Transportation Co., Ltd. Representative: Hsieh, Wen-Chien[3]																					
Director	Chen, Tse-Tsung																					
Independent Director	Kuo, Tsung-Hsiung	2,925	2,925	0	0	0	0	650	650	3,575 0.29%	3,575 0.29%	0	0	0	0	0	0	0	0	3,575 0.29%	3,575 0.29%	0
Independent Director	Liu, Zou-Hsin																					
Independent Director	Hsu, Chung-Ming[4]																					
Independent 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 2022, in accordance with the Articles of Incorporation.

(2) Da Ji International Limited changed its representatives on March 7, 2023: Director Kong, Kwok Kei took office, and director Tse, Kai Chi resigned. Director Kong, Kwok Kei did not participate in the distribution of director remuneration in 2022.

(3) The Company re-elected 10 directors (including 4 independent directors) at the annual general meeting on June 15, 2022. The representative of Hsinchu Transportation Co., Ltd., Ms. Hsieh, Wen-Chien resigned, and the new representative is Mr. Hsu, Chia-Yao.

(4) The Company re-elected 10 directors (including 4 independent directors) at the annual general meeting on June 15, 2022. The new independent director is Mr. Hsu, Chung-Ming.

(5) The independent director's remuneration payment policy, system, standards, and structure, and the relationship with the amount of remuneration of Kerry TJ is described according to their responsibilities, risks, time, and other factor: Independent directors of the Company receive a fixed amount of remuneration. The director's remuneration is based on the company's operating performance, and reasonable remuneration is given within the scope of the company's Articles of Corporation.

(6) In addition to the disclosure in the above table, the remuneration received by the directors of the Company in the most recent year for providing services (such as serving as a consultant for the parent company / all companies in the financial report / consultant for investee companies that are not employees, etc.): None.

Range of Remuneration

	Name of Directors	
	Total of (A+B+C+D)	
Range of Remuneration	The company	Companies in the consolidated financial statements
Less than NT$1,000,000	Shen, Chung-Kui / Tong, Shao Ming / Kong, Kwok Kei / Juan, Hui-Wen / Tse, Kai Chi / Hsu, Chia-Yao / Hsieh, Wen-Chien / Hsu, Chung-Ming / Lee, Ying-Chu	Shen, Chung-Kui / Tong, Shao Ming / Kong, Kwok Kei / Juan, Hui-Wen / Tse, Kai Chi / Hsu, Chia-Yao / Hsieh, Wen-Chien / Hsu, Chung-Ming / Lee, Ying-Chu
NT$1,000,000 ~ NT$1,999,999	Kuo, Tsung-Hsiung / Liu, Zou-Hsin	Kuo, Tsung-Hsiung / Liu, Zou-Hsin
NT$2,000,000 ~ NT$3,499,999	Hsinchu Transportation Co., Ltd. / Chen, Tse-Tsung	Hsinchu Transportation Co., Ltd. / Chen, Tse-Tsung
NT$3,500,000 ~ NT$4,999,999	-	-
NT$5,000,000 ~ NT$9,999,999	-	-
NT$10,000,000 ~ NT$14,999,999	Da Ji International Limited	Da Ji International Limited
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 of Directors	
	Total of (A+B+C+D+E+F+G)	
Range of Remuneration	The company	Companies in the consolidated financial statements
Less than NT$1,000,000	Tong, Shao Ming / Kong, Kwok Kei / Tse, Kai Chi / Hsu, Chia-Yao / Hsieh, Wen-Chien / Hsu, Chung-Ming / Lee, Ying-Chu	Tong, Shao Ming / Kong, Kwok Kei / Tse, Kai Chi / Hsu, Chia-Yao / Hsieh, Wen-Chien / Hsu, Chung-Ming / Lee, Ying-Chu
NT$1,000,000 ~ NT$1,999,999	Kuo, Tsung-Hsiung / Liu, Zou-Hsin	Kuo, Tsung-Hsiung / Liu, Zou-Hsin
NT$2,000,000 ~ NT$3,499,999	Hsinchu Transportation Co., Ltd. / Chen, Tse-Tsung	Hsinchu Transportation Co., Ltd. / Chen, Tse-Tsung
NT$3,500,000 ~ NT$4,999,999	-	-
NT$5,000,000 ~ NT$9,999,999	-	-
NT$10,000,000 ~ NT$14,999,999	Da Ji International Limited / Juan, Hui-Wen	Da Ji International Limited / Juan, Hui-Wen
NT$15,000,000 ~ NT$29,999,999	Shen, Chung-Kui	Shen, Chung-Kui
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

II. Remuneration of the General Managers and Deputy General Managers

Unit: NT$ thousand

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances(C)		Employee Compensation (D)				Total Compensation (A+B+C+D) and Ratio to Net Income (%)		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	
								Cash	Stock	Cash	Stock			
Corporate Services CEO	Shen, Chung-Kui	38,224	38,224	2,067	2,067	21,310	22,091	0	0	0	0	61,601 4.97%	62,382 5.03%	0
Finance and Administration General Manager	Juan, Hui-Wen													
Integrated Logistics General Manager	Chen, Chun-Yi[2]													
Integrated Logistics General Manager	Chang, Kuo-Tien[2]													
Information Technology General Manager	Hung, Chang-Yi[3]													
Information Technology General Manager	Wu,Yu-Hsiang[3]													
Business Planning General Manager	Wang, Ju-Peng[4]													
Integrated Logistics Deputy General Manager	Jiang, Guo-Xi													
Business Planning Director	Huang, Yu-Tsung[5]													
Operational Division of Northern Region Regional General Manager	Teng, De-Chang													
Operational Division of Southern Region Regional General Manager	Lin, Shih-Mao[6]													
Operational Division of Southern Region Regional General Manager	Liao, Chieh-Hua[6]													

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 2022, in accordance with the Articles of Incorporation.

(2) General Manager of Integrated Logistics Chang, Kuo-Tien retired on June 30, 2022, and General Manager Chen, Chun-Yi took office on July 1, 2022.

(3) General Manager of Information Technology Wu,Yu-Hsiang resigned on July 31, 2022, and General Manager Hung, Chang-Yi took office on August 1, 2022.

(4) General Manager of Marketing and Sales Wang, Ju-peng was the General Manager of the subsidiary company Kerry Express from July 1, 2022, to September 30, 2022. In addition, he has concurrently served as the General Manager of Business Planning since February 1, 2023. Afterward, he resigned from the position of General Manager of Marketing and Sales on March 1, 2023, and was seconded to be the Genaral Manager of the subsidairy company Karry Pharma.

(5) Director of Business Planning Huang, Yu-Tsung resigned on January 31, 2023.

(6) Regional General Manager of Operational Division of Southern Region Liao, Chie-Hua has changed to the subsidiary Kerry Pharma as the Deputy General Manager on January 1, 2023. Regional General Manager Lin, Shih-Mao has changed from Operational Division of Central Region to Operational Division of Southern Region on January 1, 2023.

Range of Remuneration

	Name of General Manager and Deputy General Manager	
Range of Remuneration	The company	Companies in the consolidated financial statements
Less than NT$1,000,000	-	-
NT$1,000,000 ~ NT$1,999,999	Hung, Chang-Yi / Wu,Yu-Hsiang	Hung, Chang-Yi / Wu,Yu-Hsiang
NT$2,000,000 ~ NT$3,499,999	Chang, Kuo-Tien / Huang, Yu-Tsung / Liao, Chieh-Hua	Chang, Kuo-Tien / Huang, Yu-Tsung / Liao, Chieh-Hua
NT$3,500,000 ~ NT$4,999,999	Chen, Chun-Yi / Wang, Ju-Peng / Jiang, Guo-Xi / Teng, De-Chang / Lin, Shih-Mao	Chen, Chun-Yi / Wang, Ju-Peng / Jiang, Guo-Xi / Teng, De-Chang / Lin, Shih-Mao
NT$5,000,000 ~ NT$9,999,999	-	-
NT$10,000,000 ~ NT$14,999,999	Juan, Hui-Wen	Juan, Hui-Wen
NT$15,000,000 ~ NT$29,999,999	Shen, Chung-Kui	Shen, Chung-Kui
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	12	12

Name and distribution of managers who distribute employee compensation

December 31, 2022 Unit: NT$ thousand

	Title	Name	Employee Compensation in Stock	Employee Compensation in Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	CEO	Shen, Chung-Kui				
	Finance and Administration General Manager	Juan, Hui-Wen				
	Integrated Logistics General Manager	Chen, Chun-Yi				
	Information Technology General Manager	Hung, Chang-Yi				
	Marketing and Sales General Manager	Wang, Ju-Peng[3]				
	Integrated Logistics Deputy General Manager	Jiang, Guo-Xi				
	Business Planning Director	Huang, Yu-Tsung[4]				
	Operational Division of Northern Region Regional General Manager	Teng, De-Chang	0	438	438	0.04%
	Operational Division of Central Region Regional General Manager	Lin, Shih-Mao[5]				
	Operational Division of Southern Region Regional General Manager	Liao, Chieh-Hua[6]				
	General Affairs Division Senior Assistant General Manager	Hu, Ming-Chang				
	Human Resources Division Senior Assistant General Manager	Hsu, Yao-Jen[7]				
	Finance and Accounting Division Senior Manager	Chen, Ya-Li				

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 2022, in accordance with the Articles of Incorporation.

(2) The position held by the managers on December 31, 2022.

(3) General Manager of Marketing and Sales Wang, Ju-peng, was the General Manager of the subsidiary company Kerry Express from July 1, 2022, to September 30, 2022. In addition, he has concurrently served as the General Manager of Business Planning since February 1, 2023. Afterward, he resigned from the position of General Manager of Marketing and Sales on March 1, 2023, and was seconded to be the Genaral Manager of the subsidairy company Karry Pharma.

(4) Director of Business Planning Huang, Yu-Tsung resigned on January 31, 2023.

(5) Due to organizational restructuring, the Operational Division of Central Region was merged into the Southern Division on January 1, 2023. The Regional General Manager of Operational Division of Central Region Lin, Shih-Mao was transferred to the Southern Division to serve as the General Manager on the same day.

(6) Regional General Manager of Operational Division of Southern Region Liao, Chie-Hua has changed to the subsidiary Kerry Pharma as the Deputy General Manager on January 1, 2023.

(7) Promoted on January 24, 2022.

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. I. Ratio of Compensation to After-tax Profit

	2022		2021	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Directors	3.90%	3.96%	3.27%	3.31%
General Manager and Deputy General Manager	4.97%	5.03%	4.84%	4.88%

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.

(4) Performance appraisal and remuneration rationality of directors and managers of the company are regularly evaluated and reviewed by the remuneration committee and the board of directors every year. In addition to referring to the individual performance achievement and contribution, the overall operating performance of the company, future risks, and trends of the industry are also considered. The company reviews the remuneration system at any time depending on the actual operating conditions and related acts and regulations.

III. Relevance to Business Performance and Future Risks

(1) The remuneration of directors has taken full account of the Company's annual business objectives, financial status, and the duties of directors, and the result of the "Board of Directors Performance Evaluation Regulations" are used as references for individual remuneration.

(2) The bonus and employee remuneration of the managers refer to the usual payment situation of the same industry and consider the time invested by the individual, the responsibilities undertaken, the achievement of personal objectives, the performance of other positions, and the remuneration given by the company to those in the same position in recent years. Also include the achievement of short-term and long-term business objectives and the financial status of the company to evaluate the rationality of the relationship between individual performance and the operating performance and future risks of the company.

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, 2022. The directors attendance status is shown as follows, and the average attendance rate of the directors is 89.36%:

Title	Name	Attendance in Person (B)	Attendance by Proxy	In-person Attendance Rate (%)(B/A)	Remark
Chairman	Representative of Da Ji International Limited Shen, Chung-Kui	5	-	100%	Re-election on 2022.06.15
Director	Representative of Da Ji International Limited Tong, Shao Ming	5	-	100%	Re-election on 2022.06.15
Director	Representative of Da Ji International Limited Kong, Kwok Kei	-	-	-	Replacement of representative on 2023.03.07.
Director	Representative of Da Ji International Limited Juan, Hui-Wen	5	-	100%	Re-election on 2022.06.15
Director	Representative of Hsinchu Transportation Co., Ltd. Hsu, Chia-Yao	1	2	33%	Re-election on 2022.06.15; new member
Director	Chen, Tse-Tsung	5	-	100%	Re-election on 2022.06.15
Independent Director	Kuo, Tsung-Hsiung	5	-	100%	Re-election on 2022.06.15
Independent Director	Liu, Zou-Hsin	5	-	100%	Re-election on 2022.06.15
Independent Director	Hsu, Chung-Ming	3	-	100%	Re-election on 2022.06.15; new member
Independent Director	Lee, Ying-Chu	5	-	100%	Re-election on 2022.06.15
Director	Representative of Hsinchu Transportation Co., Ltd. Hsieh, Wen-Chien	1	1	50%	Re-election on 2022.06.15; expiration of term of office
Director	Representative of Da Ji International Limited Tse, Kai Chi	5	-	100%	Re-election on 2022.06.15; resignation of representative on 2023.03.07

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.

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: The Securities and Exchange Act Article 14-3 is not be applicable because the Company has established the Audit Committee. For relevant information, please refer to the "Audit Committee Meeting Status" in this Annual Report
   (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 March 10, 2022: The representatives and directors of Da Ji International Limited, Shen Chung-Kui and Juan Hui-Wen recused themselves from the discussion and voting since they had personal interests regarding the manager pay adjust plan.

(2) Board meeting on August 10, 2022: The independent director Kuo, Tsung-Hsiung, Liu, Zou-Hsin, and Hsu, Chung-Ming recused themselves from the discussion and voting since they had personal interests regarding the Remuneration Committee members' appointment. (The independent director Lee Ying-Chu participated by video conference, and also recused himself from the discussion and voting.)

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) According to the Company's "Board of Directors Performance Evaluation Regulations", the Company's board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years, the 2022 Board of Directors Performance Evaluation has held by Taiwan Corporate Governance Association to implement corporate governance and improve the functions of the company's Board of Directors.
   (2) Please refer to the "Implementation of Board of Directors Self-evaluation (or Peer Review) on page 47".
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 has established the audit committee and elected 4 independent directors on June, 2022, assists the Board in fulfilling its oversight of the quality and integrity of the accounting, auditing, reporting, and financial control practices of the Company.
   (2) The company has appointed Kuo, Tsung-Hsiung, Liu, Zou-Hsin and Hsu, Chung-Ming to members of 5th remuneration committee of the company on August, 2022, review the performance evaluation and remuneration policy, system, standards, and structure for directors and managers and periodically evaluate and establish the remuneration of directors and managers.
   (3) The company has established Sustainability Steering Committee and sustainability development team, including four functional teams: corporate governance, green logistics, employee care and social participation, customer services. In order to facilitate the effective and continuous implementation of various sustainable projects within the company in response to the follow-up. Please refer to the description on pages 50-67 for the implementation of corporate governance operations and sustainable development in 2022.

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

The Company completed the 2022 Board of Directors performance evaluation according to the "Board of Directors Performance Evaluation Regulations". The unit responsible for board meetings submitted the evaluation result to the board meeting held on March 15, 2023 after organization and analysis of the data and disclosed the result on the "ESG/Governance/Board of Directors " section of the Company's website and Market Observation Post System.

Cycle	Once a year
Period	January 1, 2022 to December 31, 2022
Scope	The Board, respective board members and functional committees
Method	Company self-evaluation, documents review by external institution and interview and evaluation by external institution
Item	The scope of inspection by Taiwan Corporate Governance Association "Board of Directors Performance Evaluation Service" includes the following eight aspects and overall observation: 1. Composition of the Board of Directors 2. Guidance from the Board of Directors 3. Authorization of the Board of Directors 4. Supervision by the Board of Directors 5. Communication of the Board of Directors 6. Internal Control and Risk Management 7. Self-discipline of the Board of Directors 8. Others (such as broad meetings, supporting systems, participation and decision quality of functional committees)
Overall Evaluation	1. The selection of board members takes into account independence, diversity, and professionalism. Except for foreign directors and female directors, independent directors account for 40% of the board of directors, and have legal, financial, and artificial intelligence backgrounds, which meet the company's development needs. 2. The operation of the board of directors and its members communicates smoothly. The chairman and directors will communicate before or outside the official meeting to reach a consensus, which will help improve the operational efficiency of the board of directors. 3. The company attaches great importance to sustainable operation and has established a sustainable development committee at the board level, with the chairman as the convener, drafting an implementation structure and implementing it in the daily operations of each department. 4. The company actively invite an independent third party to evaluate the performance of the board of directors, and continues to refine the evaluation of corporate governance, which is enough to show the importance attached to corporate governance.

Audit Committee's Operation

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 4 (A) Audit Committee meetings held in the most recent year up to December 31, 2022. The independent directors attending the meetings are shown as follows, and the average attendance rate of the committee members is 93.75%:

Title	Name	Attendance in Person (B)	Attendance by Proxy	In-person Attendance Rate (%)(B/A)	Remark
Convener	Kuo, Tsung-Hsiung	4	-	100%	Re-election on 2022.06.15
Member	Liu, Zou-Hsin	4	-	100%	Re-election on 2022.06.15
Member	Hsu, Chung-Ming	2	-	100%	Re-election on 2022.06.15; new member
Member	Lee, Ying-Chu	3	1	75%	Re-election on 2022.06.15

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
2022.03.09	1 Approving the 2021 annual consolidated and individual financial statement. 2 Approving the 2021 "Internal Control Statement." 3 Approving the appointment of CPAs to audit the 2022 financial statement. 4 Proposal for Amendment to Provisions of the "Procedures for Acquisition and Disposal of Assets." 5 Proposal for sell the shares of investee company.	All the proposals were adopted and submitted to the Board of Directors for resolution.
2022.05.04	1 Proposal for 2021 distribution of earnings. 2 Proposal for reviewing the budget for construction of the New-Qianzhen Station.	All the proposals were adopted and submitted to the Board of Directors for resolution.
2022.11.09	1 Announcement of the change of the Company's CPA appointment in response to the auditing firm's internal management adjustment. 2 Approving the 2022 audit fee for CPA.	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 "ESG/Governance/Internal Audit" section of the Company's website.

(2) The Company has arranged a communication meeting between CPAs, internal audit officer, and independent directors in November 2022. Explaining to the independent directors the key audit items and audit service items to be implemented in 2022, will also share the development trend of corporate governance, goals of sustainable development, update of securities and financial-related laws and regulations, and audit quality index (AQIs). Relevant information was disclosed on the "ESG/Governance/Internal Audit" section of the Company's website. In addition to the meetings, the independent directors may communicate with the internal audit officer and 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.

Corporate Governance Operations, Nonconformities to the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies, and Reasons thereof

Item	Implementation Status			Nonconformities to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and Reasons thereof
	Yes	No	Summary	
1 Does the Company establish and disclose corporate governance best-practice principles in accordance with the "Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies"?	V		The Company has established the "Corporate Governance Best-Practice Principles" in accordance with the "Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies" and disclosed the same on the "Sustainable Development/Governance/Internal Rules" section of the Company's website.	None
2 Company's equity structure and shareholders' equity				None
(1) Does 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 stock agency to process our stock affairs, the Company appointed the Corporate Governance Office and specialists (spokesperson and a proxy) to take charge of shareholder operations according to the internal operating procedure, including maintenance of the relationship with corporate and individual investors and provided contact information for our shareholders on the "Investor" section of the Company's website, to deal with shareholders' suggestions, doubts, disputes and lawsuits.	
(2) Does the Company have 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 professional stock agency, 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) Does 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 our affiliates and set a supervision system for internal rules and internal control system.	
(4) Does 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 and disclosed the same on the "Sustainable Development/Governance/Internal Rules" section of the Company's website. The Procedures 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. The Procedures specified that directors may not trade the company's stock 30 days before the annual financial statements are issued or 15 days before the quarterly financial statements are issued, which is the closing period. The Procedures are promoted every month.	

Corporate Governance Operations, Nonconformities to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and Reasons thereof

Item	Implementation Status: Yes	Implementation Status: No	Implementation Status: Summary	Nonconformities to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and Reasons thereof
3 Composition and responsibilities of the Board of Directors				None
(1) Has the Board of Directors established diversity policies and concrete management goals and implemented them properly?	V		(1) The Company's Board of Directors' diversification policies are as follows: 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 on the Board. The diversification policies shall be established based on the Company's operations, business mode 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). The Board of Directors formulates a diversified policy on the composition of directors and discloses it on the company's website and MOPS. Please refer to Diversification and independence of the Board of Directors on page 30 for concrete management goals and implementation of diversification policies.	
(2) Does the Company voluntarily set up other similar functional committees in addition to the Compensation Committee and Audit Committee established according to the law?	V		(2) In addition to establishment of a remuneration committee and audit committee in accordance with laws, on August 10, 2022, the Board of Directors approved the establishment of the "Sustainability Steering Committee," to implement corporate governance and continue to promote the sustainable development goal.	
(3) Does 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	V		(3) The Company's Board of Directors Performance Evaluation Regulations and evaluation procedure: 1 The Company formulated "Board of Directors Performance Evaluation Regulations" and required the evaluation for the previous year to be completed before the end of Q1 every year and required that the Board of Directors execute the external performance evaluation every three years. 2 The performance evaluation of Board of Directors is entrusted to Taiwan Corporate Governance Association in 2022. The evaluation is performed by self-evaluation indicator response, and interview with the directors (including independent directors), corporate governance managers and audit managers. Taiwan Corporate Governance Association reported the result of the response and interview to the board of directors on March 15, 2023 (refer to Implementation of Board of Directors Self-evaluation (or Peer Review on page 47).	

Corporate Governance Operations, Nonconformities to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and Reasons thereof

Item	Implementation Status: Yes	Implementation Status: No	Implementation Status: Summary	Nonconformities to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and Reasons thereof
			3 Annual director performance evaluation results shall serve as a reference for individual director compensation and director nomination.	
(4) Does the Company assess the CPAs' independence on a regular basis?	V		(4) The Finance and Accounting Division of the Company assesses the independence and competence of the CPAs according to the standards in the table below once a year, and requires CPAs to issue an "Independence declaration" and a report based on "Audit Quality Indicators (AQIs)". Then submits the assessment results to the Audit Committee and the Board of Directors for discussion and resolution.	

Item	Evaluation Item	Compliance to independence
1	Neither the members of audit service group and their family, other accountants who collaborate with these members and the family of these accountants, or the accounting firm and the affiliate of the accounting firm, has a material direct or indirect financial interest involved in relationship with us.	Yes
2	No financing or guarantee behavior occurred between the Company, the director, supervisor or the member of the audit service group or the family of such member, the accounting firm or its affiliate (except for business behaviors such as normal loan granted by the financial institution.)	Yes
3	The accounting firm or the members of the audit service group has no close business relationship with us or our affiliate.	Yes
4	The members of audit service group has no potential employment relationship with us for now.	Yes
5	None of the members of the audit service group served as our director, supervisor or in a position that has material impact on the audited case in the past two years.	Yes
6	The audit fee we paid to the accountant is a fixed-dollar fee instead of a contingent fee. The fee is not paid late; otherwise audit independence might be affected.	Yes
7	None of the non-audit services the accounting firm and its affiliate provided to us, including business registration, has directly affected material accounts of the audited case, is involved with the management function of the Company, has made decisions for the Company, or has affected independence.	Yes
8	No members of the audit service group has been entrusted to serve as the advocate for our standpoint or opinion, or negotiate our conflict with a third person on our behalf.	Yes
9	The accountant will serve six years but will not serve more than seven years after being commissioned this year.	Yes
10	None of the members of the audit service group is related to our director, supervisor, manager or anyone in a position that has material impact on the audited case.	Yes
11	None of our directors, supervisors or managers gave an expensive gift to the members of the audit service group.	Yes
12	None of our directors, supervisors, managers or anyone served in a position that has material impact on the audited case retired or resigned from the accounting firm in the past year.	Yes
13	None of the members of audit service group is or feels threatened by us. Therefore, they can stay objective and they can be cleared of suspicion on professionalism. For instance, (1) Our management made improper requirements on accounting policy decision or financial statement disclosure. (2) The Company did not demand to reduce the audit that shall be performed because the Company reduced the fee.	Yes

The 2022 assessment results were reviewed and approved by the Audit Committee on March 14, 2023, and submitted to the Board of Directors on March 15, 2023, for approval of the independence and competence of CPAs.

Corporate Governance Operations, Nonconformities to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and Reasons thereof

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Nonconformities to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and Reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>4 Does the Company appoint an appropriate number of competent corporate governance personnel and a corporate governance head to handle corporate governance affairs (including but not limited to providing our 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)?</td><td>V</td><td></td><td>(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 Financial and Administration, Juan, Hui-Wen as the corporate governance head. She reports corporate governance matters to the Board Meeting, and serves as the direct supervisor of Corporate Governance Office. It is in charge of matters associated with the Board of Directors, Audit Committee, Remuneration Committee and Shareholders' Meeting according to regulations. It helps directors with assuming a post and continuing to receive continuous education, provides information directors needed for operation, and helps directors with compliance.
Continuing education of corporate governance head in 2022:
<table>
<tr><th>Date</th><th>Organizer</th><th>Course</th><th>Hours</th></tr>
<tr><td>04.26</td><td>Taiwan Corporate Governance Association</td><td>Labor dispute prevention and corporate governance</td><td>3</td></tr>
<tr><td>08.23</td><td>Taiwan Corporate Governance Association</td><td>Analysis and decision-making of corporate financial information</td><td>3</td></tr>
<tr><td>10.05</td><td>Taiwan Corporate Governance Association</td><td>The only way to corporate sustainable operation – External innovation</td><td>3</td></tr>
<tr><td>11.18</td><td>The Institute of Internal Auditors – Chinese</td><td>When facing climate change and sustainable development trend, explore the impact on corporate internal control from ESG risk aspect, and countermeasures.</td><td>6</td></tr>
</table></td><td>None</td></tr>
<tr><td>5 Does 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 concerned by the stakeholders?</td><td>V</td><td></td><td>The Company has set the "Corporate Sustainability/ Stakeholders Information" section on our official website, disclosing material issues each stakeholder concerned in a year and corresponding contact information to maintain frequent and timely communication channels. A labor–management meeting was held every quarter on a regular basis to discuss and follow up the issues raised by the representatives of the union and respond to every proposal of the employees appropriately.</td><td>None</td></tr>
</table>

Corporate Governance Operations, Nonconformities to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and Reasons thereof

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Nonconformities to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and Reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>6 Does the Company commission any professional stock agency to handle shareholders' meeting affairs?</td><td>V</td><td></td><td>The Company commissioned "SinoPac Securities Corporation" to handle shareholders' meeting affairs.</td><td>None</td></tr>
<tr><td>7 Information Disclosure</td><td></td><td></td><td></td><td>None</td></tr>
<tr><td>(1) Does the Company create a website to disclose its financial business and corporate governance information?</td><td>V</td><td></td><td>(1) The Company has set up a website (www.kerrytj.com) and disclosed the information about the corporate governance, business and finance of the Company on the "Investor" and "Sustainable Development" sections.</td><td></td></tr>
<tr><td>(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)?</td><td>V</td><td></td><td>(2) The Company appointed the Corporate Governance Office to collect and disclose company information according to regulations. The Company has appointed a spokesperson and a proxy thereof according to rules 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 and Market Observation Post System.</td><td></td></tr>
<tr><td>(3) Does 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?</td><td></td><td>V</td><td>(3) The Company has not announced or submitted the annual or midterm financial reports earlier than the deadline. In 2023, the Company will announce and submit the annual or midterm financial reports in 75 days after the end of the fiscal year according to regulations, earlier than before. The Company will also submit the annual self-assessed financial information approved by the Board of Directors.</td><td>Please refer to summary</td></tr>
<tr><td>8 Does 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's directors and supervisors)?</td><td>V</td><td></td><td>(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. At least two institutional investor conferences are held every year for this purpose.
(4) Refer to page 258 in this annual report for implementation of risk management policy and risk evaluation. Risk management operation is disclosed in "Corporate Sustainability/Corporate governance/Corporate Governance Implementation" section on our website.</td><td>None</td></tr>
</table>

Corporate Governance Operations, Nonconformities to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and Reasons thereof

Item	Implementation Status: Yes	Implementation Status: No	Implementation Status: Summary	Nonconformities to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and Reasons thereof
			(5) Continuing education of directors in 2022:	None

Director's Name	Date	Organizer	Course	Hours
Juan, Hui-Wen	04.26	Taiwan Corporate Governance Association	Labor dispute prevention and corporate governance	3
	08.23	Taiwan Corporate Governance Association	Analysis and decision-making of corporate financial information	3
	10.05	Taiwan Corporate Governance Association	The only way to corporate sustainable operation – External innovation	3
	11.18	The Institute of Internal Auditors - Chinese	When facing climate change and sustainable development trend, explore the impact on corporate internal control from ESG risk aspect, and countermeasures.	6
Hsu, Chia-Yao	09.27	The Institute of Internal Auditors - Chinese	Crack the secret of financial statements and analyze the fraud and scam in a corporation.	6
	10.05	The Chinese National Association of Industry and Commerce, Taiwan	Global anti-tax avoidance trend and the analysis of international audit case	3
Kuo, Tsung-Hsiung	11.08	Taiwan Corporate Governance Association	New level of corporate governance – Establish an ethical corporation	3
	12.06	Taiwan Corporate Governance Association	How to read the financial statements and control the company operation	3
Lee, Ying-Chu	11.24 11.25	Shih Chien University	Continuous development course for issuers/securities firms/securities exchanges/principal accounting officers	12

(6) Insuring against liabilities of directors and supervisors: The Company took out liability insurance for our directors and submitted it to the Board of Directors on November 11, 2022.

Corporate Governance Operations, Nonconformities to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and Reasons thereof

Item	Implementation Status: Yes	Implementation Status: No	Implementation Status: Summary	Nonconformities to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and Reasons thereof

Please describe the improvements made based on the corporate governance evaluation results announced by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent and propose enhancement measures for any issues that have not yet been rectified.

We have ranked 8th (2021) in the corporate governance ranking, showing that promotion of corporate governance culture is still effective. The following are the items that have been improved and yet to be improved:

Improved:

(1) Maintain shareholders' equity and equal treatment to shareholders

The Company amended the "Corporate Governance Best-Practice Principles" and disclosed the same on the "Sustainable Development/Governance/Internal Rules" section of the Company's website. The Principles specified that directors may not trade the company's stock 30 days before the annual financial statements are issued or 15 days before the quarterly financial statements are issued, which is the closing period. The Procedures are promoted every month.

(2) Enhance the Board's structure and operation and improve information transparency.

The Company reports the operation of the corporate governance to the Board of Directors on a regular basis every year, including the risk management, intelligent property management, sustainable development, and ethical management of the business. The report is disclosed on our official website.

(3) Implement corporate sustainable development

On August 10, 2022, the Board of Directors approved the establishment of Sustainable Development Committee and Sustainable Development Group together. The Sustainable Development Group sets up four functional teams, company governance, green logistics, employee care and social participation, and customer service, to ensure effective, continuous execution of all internal sustainability projects of the Company.

To be improved: The sustainability report has not been prepared in 2022, and it is expected to be published in 2023 and get certified.

Operations of the Remuneration Committee

I. Committee Members' Information of the Remuneration Committee

March 31, 2023

Title	Name	Professional Qualification and Experience	Independent Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director (Convener)	Kuo, Tsung-Hsiung	Professional capability: Theory and Practice of Company Act / Industrial Park Development and Management Industrial experience: Industrial Development And Management/ Environmental Industry Development	Maintenance of independence within the execution scope of the Company's or affiliated company's business: He is not an employee nor the spouse or a relative within the second degree of kinship of any supervisor or director; he did not receive cumulative compensation exceeding NT$500,000 in the most recent two years for the provision of commercial, legal, financial, accounting or related services. Shareholding and independence: He, his spouse and minor children do not hold any shares of the Company by themselves or in the name of others. To sum up, he has the independence to be elected as a member of the Compensation Committee after checking all the relevant laws and regulations.	-
Independent Director	Liu, Zou-Hsin	Professional capability: New Business Development In Greater China / Investment and Follow-Up Management or Disposal / Planned Financing / M&A / Listing Planning / Long-Term Financial Planning / Corporate Financing And Loans / Business Strategy Planning / Business Performance Analysis And Benefit Improvement / General Financial Management Industrial experience: R&D on renewable energy		-
Independent Director	Hsu, Chung-Ming	Professional capability: Information and communication system integration / Process Automation / Smart Device Industrial experience: Technology / IoT / Optoelectronics		-

Note:
The Compensation Committee does not meet the requirements specified in Article 30 of the Company Act and meets the independence required by Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange".

II. Attendance of Members at Remuneration Committee Meetings

(1) There are 3 members in the Remuneration Committee.

(2) The current term of the Committee is from August 10, 2022 to June 14, 2025. A total of 2 (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)	Remarks
Convener	Kuo, Tsung-Hsiung	2	-	100.00%	Appointment on August 10, 2022
Committee Member	Liu, Zou-Hsin	2	-	100.00%	Appointment on August 10, 2022
Committee Member	Hsu, Chung-Ming	1	-	100.00%	Appointment on August 10, 2022; New member
Committee Member	Li, Kuei-jung	1	-	100.00%	Expiration of term of office on June 15, 2022

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: 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
2022.03.09	1 The distribution of employee compensation and remuneration of directors in 2021. 2 Managers' salary adjustment plan.	All the proposals were adopted and completely implemented in accordance with the result of the resolution.
2022.11.09	1 Managers' salary adjustment plan. 2 Reviewing the policy, system, standard and structure of the performance evaluation and compensation of directors and managers. 3 Distribution of managers' year-end bonuses plan in 2022. 4 Discussion the annual plan of remuneration committee in 2023.	All the proposals were adopted and completely implemented in accordance with the result of the resolution.
2023.03.14	1 The distribution of employee compensation and remuneration of directors in 2022. 2 Managers' salary adjustment plan.	All the proposals were adopted and completely implemented in accordance with the result of the resolution.

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.

Sustainable Development Implementation Status, Nonconformities to the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and Reasons thereof

Item	Implementation status			Nonconformities to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons thereof
	Yes	No	Summary	
1 Has the Company established a governance framework for the implementation of the sustainable development and set up a dedicated (concurrent) department for the implementation of the sustainable development? Does the Board of Directors authorize the top management to deal with this matter? How does the Board of Directors execute its supervision?	V		Establishment of Sustainability Steering Committee has been approved through the resolution of the Board of Directors on August 10, 2022. The chairman serves as the convener. All members of the Sustainability Steering Committee are directors (including three independent directors). The Sustainability Steering Committee will hold a meeting twice a year to review the sustainable development policy, strategy and management approach of the Company, and supervises the Company to promote sustainable development matters and action plans. The Committee reports the outcome of sustainable development execution to the Board of Directors at least once a year. To implement resolution of the "Sustainability Steering Committee," the "Sustainable Development Group" has been established at the same time. Four function teams have been set up under the Group: corporate governance, green logistics, employee care and social participation, and customer service. A supervisor of a department and above serves as the convener. The Group has the inter-departmental communication and resource coordination function with up-and-down integration and lateral connection. It connects sustainable development issues of each department, and ensures that the sustainable development strategy is implemented in the daily operation in Kerry TJ Logistics. The Company convened the first Sustainability Steering Committee on November 9, 2022 to report the organization's division of labor and operations of the sustainable development of the Company, and implementation outcome in 2022. The Sustainability Steering Committee discussed the sustainable development goal and the plan for 2023, and submitted a report to the Board of Directors Meeting on November 11, 2022. The Sustainability Steering Committee submitted the report to the Board of Directors at least once a year. The management proposes the strategy of the company to the board of directors. The board of directors measured the feasibility of the strategy. It also frequently reviews the progress of the strategy and urges the management team to make adjustments when necessary.	None

Sustainable Development Implementation Status, Nonconformities to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons thereof

Item	Implementation status			Nonconformities to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons thereof
	Yes	No	Summary	
2 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		The Company formulated the "Internal Control System General Principles," which was approved by the Board of Directors. The scope of the Principles is divided into nine internal control cycles, covering all operating activities. The Principles examine all function units, and identifies, analyzes and evaluates the business activity risk based on the division of each function unit. In the Principles, the concrete risk management plan is formulated and executed, and the risks are monitored regularly. We also distributed questionnaires to stakeholders of the Company to assess the risk impact of each issue on the environment, society, and corporate governance related to the operations of the Company, and identified and sorted material issues, and the sustainability report set up by the Company explains and responds to these issues. (The first ESG report is expected to be published in 2023.) The company formulates risk management policies based on the assessed risk factors. Please refer to the description in Item 7.	None
3 Environmental issue				None
(1) Has the Company established environmental policies suitable for the Company's industrial characteristics?	V		(1) The Company is engaged in land transportation and dedicated to saving energy in offices and at each station. In addition to implementing the energy, electricity and water saving measures in its operations, we keep an eye on the overall conditions of the workplace and the surroundings at all times and continuously pay close attention to the normal operations of the Company's building / vehicles / facilities set up at the station and conduct cleaning and maintenance on a regular basis. We have acquired the ISO 9001 quality management certificate, improved the overall environmental performance, and reduced the negative risk. 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. ISO 14064-1 GHG emission inventory is introduced in 2022 (the base year is 2021). Third-party certification has been acquired. Please refer to "Corporate Sustainability Environmental Sustainability / Energy consumption and GHG emissions" on our website for environmental management measures and performance.	

Sustainable Development Implementation Status, Nonconformities to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons thereof

Item	Implementation status			Nonconformities to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons thereof
	Yes	No	Summary	
(2) Has the Company been dedicated to improving the energy efficiency and using renewable materials that have low impact on the environment?	V		(2) In addition to implementation of an electronic billing system, an electronic signing mechanism and an internal electronic submission mechanism, we promote paper recycling awareness. 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 and waste pallets have been recycled. A green electricity setup has been initiated since 2018. Ten depots collaborated with solar manufacturers to generate about five million kWh of renewable power. They also have set up a power storage container, balance flow rate of the grid, and use off-peak power during peak hours to thoroughly implement the green logistics policy of the Group. We participate in the "Private Enterprise and Group Green Procurement Plan" of the Environmental Protection Administration, Executive Yuan, and take positive measures to support the green procurement practice. We also introduce products that meet the requirements of the green procurement label. In 2022 the green procurement amount reached NT$23 million. An increase of 87% compared to 2021. Since 2020, the Taipei City Government has presented the certificate of merit to us for the green procurement excellent performance benchmark unit three years in a row. Conforming recycled tires are carefully selected for heavy duty trucks to meet the environmental requirement of resource recycling and making a contribution to the resources on the planet.	

Sustainable Development Implementation Status, Nonconformities to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons thereof

Item	Implementation status			Nonconformities to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons thereof
	Yes	No	Summary	
(3) Has the Company assessed the current and future potential risk and opportunity of the climate change for the Company?	V		(3) Kerry TJ Logistics positively faces the impact of climate change. In addition to using environmentally friendly refrigerant for the freezing equipment and cooling system of the warehouses at the stations, the Company has set the goal to acquire the EEWH green building label for all of our new operating buildings since 2016 to support the 2050 Net Zero and Emission and Green Building Policy of the government. We eliminate old transport equipment and replace them with new ones every year based on the features of the industry to reduce the impact of the exhaust on the environment. We have introduced Euro 6 vehicles from 2021. In addition to hybrid trucks, we purchased brand-new commercial electric trishaws to reduce fuel consumption and demand. We established an autonomous exhaust management fleet and acquired the qualification label for it in the hope of reducing the smoke and carbon emissions. In addition to regular vehicle replacement, for the handling equipment used in the depots, we evaluated that we shall gradually replace the diesel forklift with electric forklift. R452a is used for relevant condensing units and cold chain equipment to do our best to protect the environment and maintain air quality.	
(4) Did the Company gather statistics of the greenhouse gas emission, water consumption and the gross weight of waste in the past two years and establish the policies for reduction of greenhouse gas emission and water consumption or other waste management policies?	V		(4) We support the global energy saving policy, execute energy saving measures in numerous aspects, identify the GHG emission source, initiate the energy saving equipment replacement plan, and continue to reduce power consumption and carbon emission. We set the green procurement goal and participate in the "Private Enterprise and Group Green Procurement Plan" of the Environmental Protection Administration, Executive Yuan. The inlet valve of faucets is used to implement water saving in daily operation. Refer to "TWSE/GTSM Listed Companies Climate Information" on Page 68 for greenhouse gas emission, water consumption and the gross weight of the waste in 2021 (base year).	

Sustainable Development Implementation Status, Nonconformities to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons thereof

Item	Implementation status			Nonconformities to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons thereof
	Yes	No	Summary	
4 Social issue				None
(1) Does the Company develop management policies and procedures in accordance with relevant regulations and international human rights conventions?	V		(1) Human Rights Policy and Concrete Action 1 Human Rights Policy The Company identifies itself with and supports the human rights protection spirit and basic principles announced in all kinds of international bills of human rights, e.g. Universal Declaration of Human Rights, The United Nations Global Compact, United Nations Guiding Principles on Business and Human Rights, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. We implement the human rights policy at Kerry TJ Logistics based on the execution guidelines below. 2 Execution guidelines i. Freedom of employment: We do not allow forced labor in any form or binding of employees with contracts. We create a diverse, open, equal workplace. ii. Moral responsibility: We forbid any form of bribery, corruption, extortion, embezzlement and improper advantage. In the meantime, we are committed to protecting personal information of anyone who we have business contact with (e.g. customer, consumer and employee), and comply with information security and legal requirements. iii. Healthy workplace: We communicate sexual harassment prevention and the measures for handling sexual harassment to maintain gender equality at work and provide a workplace and service environment that protects employees against sexual harassment. iv. Rights of employees: The Company respects human rights at the workplace, implements diversity at the workplace, prohibits any behavior violating human rights, and promises to ensure that employees are treated rationally, fairly and respectfully. v. Whistleblowing system: The reporting mailbox and phone number are provided on our official website.	

Sustainable Development Implementation Status, Nonconformities to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons thereof

Item	Implementation status			Nonconformities to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons thereof
	Yes	No	Summary	
			3 Concrete management solutions i. We communicate relevant cases and anti-corruption principles to the employees on an irregular basis at monthly meetings. ii. A labor–management meeting was held every quarter on a regular basis to fully understand and follow up the issues raised by the representatives of the union, and improve employees' difficulties and problems at work. Therefore, labor–management negotiation can be facilitated and a mutually trusted labor–management relationship may be enhanced. iii. We provide annual medical check-ups superior to those required by the regulations for our employees who have worked here at least a year. We set up four levels based on severity, and provide health guidance and follow-ups for employees with moderate and severe health conditions. One-on-one counseling with an occupational medicine specialist will be arranged when necessary.	
(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 110 for more information on employee welfare measures, further education, training, pension system and their implementation status. The Articles of Incorporation specify explicitly that, "When the Company has a profit after final accounts in a fiscal year, it shall allocate no less than 1% of the profit as remuneration of employees." After the suggestion proposal for allocation amount is approved by the Remuneration Committee and submitted to the Board of Directors for resolution, it is reported to a shareholders' meeting. The amount allocated to each employee depends on the function, contribution and performance of the employee.	

Sustainable Development Implementation Status, Nonconformities to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons thereof

Item	Implementation status			Nonconformities to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons thereof
	Yes	No	Summary	
(3) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		(3) The Company set up the Occupational Safety & Health Division to communicate and control labor safety and health affairs. The occupational safety and health management plan has been formulated. The President serves as the convener and appoints the unit supervisor of the Occupational Safety Division to perform relevant matters on his behalf. The Occupational Safety Division reviews all audit reports and records the suggested improvement and improvement progress based on the "Annual Patrol Inspection Defect Record." In 2022, the Occupational Safety Audit Group takes the inspection tour once every month, and the public sector performs audit 26 times. No citation has been issued by the public sector. In addition to conducting regular risk assessment of maternal health at the workplace to protect the rights of female laborers, we provide employees with a safe and healthy work environment and arranged for a physician to provide regular on-site health consulting services pursuant to the requirements of the law. We arrange for employees to take a physical examination every year on a regular basis. The recorded number of occupational injuries in 2022 was 58, a decrease from the previous year's 86. The recorded occupational injury rate also decreased from 9.83% to 6.35%.	
(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 skill, we established the "Regulations on Implementation and Management of Education and Training" and the "External Training Management Regulations." In addition to the regular orientation training and irregular external training, we established a comprehensive training system based on our talent training and development strategies to provide various digital learning courses and make the talent training system more complete by a systematic mechanism. Therefore, we created a competitive advantage of talents and have been awarded the TTQS Corporate Institution Version Silver Medal in 2022.	

Sustainable Development Implementation Status, Nonconformities to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons thereof

Item	Implementation status			Nonconformities to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons thereof
	Yes	No	Summary	
(5) Does the Company have related consumer or customer interest protection policies and complaint procedures established for the issues of 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.	
(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) The Company establishes the "Supplier Selection Management Regulations" and other related regulations on the management and selection of suppliers, standard procurement procedures, and annual supplier assessment. We acquired ISO 28000 Supply Chain Security Management System Certification. We are dedicated to the improving the safety in the supply chain, following laws and regulations strictly, enhancing the communication of the information on supply chains, and increasing the safety performance of the supply chain. Hence, suppliers shall act in line with the supply chain safety policy announcement of the Company, sign the "Supplier Safety Assessment Form" and "Policy Notice" and undertake that they have the safety management capability in the control of their own supply chains, assets, personnel and information in the hope to jointly follow the regulations on occupational safety and labor rights.	
5 Does the Company prepare the corporate sustainability 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 above-mentioned reports?		V	The Company commissioned a professional consulting team to plan and set up a corporate sustainability report compilation group in 2021. The first corporate sustainability report compiled pursuant to the latest GRI standards, SASB standards, and TCFD framework will be published in 2023.	Please refer to summary
6 If the Company has established its own sustainable development best-practice principles in accordance with the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies," specify any discrepancies between the implementation and the principles established by the Company: The Company is dedicated to implementing its sustainable development practice in accordance with the established "Corporate Sustainable Development Best-Practice Principles" and there are no substantial discrepancies.				

Sustainable Development Implementation Status, Nonconformities to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons thereof

Item	Implementation status: Yes	Implementation status: No	Implementation status: Summary	Nonconformities to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons thereof

7 Other information useful for understanding the implementation of the sustainable development:

(1) Please refer to "Corporate Sustainability" on the official website of the Company.

(2) The company conducts risk assessments on environmental, social, and corporate governance issues related to the operations of the company in accordance with the principle of materiality, and formulates risk management policies as follows:

Aspects	Risk Assessment Items	Summary
Environmental	Environmental impact and management	In order to achieve the goals of energy saving and greenhouse gas reduction, the company actively invested in the development of the "route optimization system" to reduce fuel consumption during cargo delivery and implement the group's green logistics policy. Initiate the organizational greenhouse gas inventory verification and consulting project (ISO 14064-1) to obtain third-party certification for greenhouse gas carbon emissions. In response to the national energy saving and green building policies, in addition to gradually changing the warehouse and cold chain equipment of the depots to use environmentally friendly refrigerants, all newly built operating bases since 2016 aim to obtain the green building label.
Social	Occupational safety and employee health	In order to maintain the safety and health of employees, a dedicated safety and health management unit has been established, and Class A occupational safety and health business supervisors and occupational safety and health managers have been prepared in accordance with the regulations and reported to the local labor inspection units for registration. Establish material disaster prevention and protection measures, improve the disaster prevention and protection system, and strengthen disaster prevention and protection functions to ensure the safety of personnel and property and smooth operation. Providing annual health examinations to employees who have been working for more than a year, is better than the regulations. Those who are engaged in food distribution-related work will also have a meal-provided health examination to ensure that the health status of the employees meets the food safety standards.
	Friendly workplace	The official website of the company reveals human rights policies, and is committed to embodying employment freedom, prohibition of child labor, moral responsibility, equal job opportunities, a healthy working environment, and labor-management communication channels.
Corporate Governance	Ethical corporate management	By establishing regulations related to corporate governance and implementing internal control systems, improving information transparency, disclosing the whistleblowing system on the official website, and setting up a whistleblowing mailbox, we will establish a corporate culture of honest management.
	Enhance the function of the board of directors	To allow directors to effectively perform their functions and balance their responsibilities, director liability insurance is insured for directors to protect them from lawsuits or claims.
	Stakeholder communication	Establish an effective and transparent communication channel for all stakeholders to understand their needs and concerns, as an important reference for the company's business direction and drafting of business plans.

Climate information

I. Climate information execution

Item	Implementations status
1 Describe explicitly how the Board of Directors and the management supervise and governs climate risks and opportunities. 2 Describe explicitly how the identified climate risks and opportunities affect the corporate business, strategy and finance (short run, mid run and long run). 3 Describe explicitly how the extreme climate events and transition action affect finance. 4 Describe explicitly how the identification, evaluation and management process of climate risk can be integrated into the overall risk management system. 5 If using scenario analysis to evaluate the tenacity when facing climate change risk, the scenario used, parameter, hypothesis, analysis factor and main financial impact shall be described. 6 If there's a transformation plan corresponding to climate risk management, the plan content, and the indicator and goal for identifying and managing physical risk and transition risk shall be described.	Comprehensive illustrate from the first to the sixth topic:

(I) The management structure of climate risk and opportunity of the Company

Category	Executive summary
Governance	Board of Directors: The top governance unit of climate issue of the Company. It is responsible for supervision and decision-making. Sustainability Steering Committee: The Chairman serves as the chair. He reviews the climate change strategy and goal of the Company and reports them to the Board of Directors. Sustainable Development Group: It sets up four functional teams: company governance, green logistics, employee care and social participation, and customer service. The convener is responsible for coordinating the affairs related to the Board of Directors and reporting them to the Sustainability Steering Committee.
Strategy	We identify the potential financial impact of climate risk in the short term and mid term on company operation. Meanwhile, we identify material climate risk and opportunity together qualitatively through relevant units, and formulate countermeasures.
Risk Management	We use the TCFD structure to build the climate risk identification and management process, and include the climate risk identification and evaluation into the risk management scope.
Indicator and goal	We set the management indicator of climate change. In 2022 we introduced ISO 14064-1 GHG inventory, disclosed relevant data, examined the risk of Scope 1, 2 and 3, and set the mitigation strategy.

(II) Climate change risk and opportunity and their corresponding strategy

Type	Physical risk				
Key factor	Timing affected	Risk	Opportunity	Financial impact	Responding strategy
Flood, drought	Short term	Reduction in revenue and loss of property due to impacted business, leading to higher natural disaster premium.	Increase our operational resilience against the natural disaster.	Revenue Operation cost Operating expense	Situation wall management: We adopted the best transportation route.
Type	Transition risk				
ESG sustainable investment	Short term	Impact on company image	Satisfy the expectation of stakeholder and enhance corporate reputation	Affect the investment position of equity fund	Maintain a good communication channel with stakeholders. Ask the bank first to find out the sustainability-linked indicator items required for the company business, to return the items to relevant units of the subsidiary to collect data and perform improvement. If the indicator becomes mandatory in future, the financing resource of the Company will not be affected.
GHG emission control, carbon tax and carbon fee	Mid term	Total carbon emission and carbon trading, carbon fee and carbon tax system	Use differentiation to increase competitiveness	Operation cost	Collect information on progress of collecting carbon fee and charging method
Type	Transition risk				
Key factor	Timing affected	Risk	Opportunity	Financial impact	Responding strategy
New low carbon technology ■ Hybrid carrier ■ Renewable energy	Mid term	Investment in low carbon transportation. Renewable energy regulation and green procurement	Use differentiation to increase competitiveness	Capital expenditure Operation cost	Green electricity setup is executed at the depots. Prioritize purchase of environmental products with environmental protection label, energy saving label and water saving label recognized by the government, to implement green procurement.

Item	Implementations status
7 If internal carbon pricing is used as the planning tool, the pricing basis shall be explained.	No relevant information is available for now.
8 If climate relevant goals have been set, the event, GHG emission scope, schedule and annual progress covered shall be explained. If carbon offsets or renewable energy certificate (RECs) has been used to achieve the relevant goal, the source and quantity of the offset carbon reduction credit or the quantity of renewable energy certificate (RECs) shall be explained.	ISO 14064-1 GHG emission inventory is introduced in 2022 (the base year is 2021). Third-party certification has been acquired. Refer to "GHG inventory and assurance" for detail. The base year is 2021. Relevant goals will be set and disclosed based on the data in 2021.
9 GHG inventory and assurance	Please refer to "II GHG inventory and assurance".

II GHG inventory and assurance

Company profile	According to the rules for sustainable development roadmap of listed company, at least the following shall be disclosed (note)
☐ Companies with capital of NT$ 10 billion and above, steel industry and cement industry	☐ Parent company individual inventory
☐ Companies with capital of NT$ 5 billion but below NT$ 10 billion	☐ Consolidated financial statement with subsidiary inventory
■ Companies with capital below $5 billion	☐ Parent company individual assurance
	☐ Consolidated financial statement with subsidiary assurance

Note:
The capital of the Company is below NT$ 5 billion. The parent company individual shall complete GHG inventory by 2026 and complete assurance by 2028 according to rules. The subsidiary in the consolidated financial statement shall complete inventory in 2027 and complete assurance by 2029.

Data year: 2021

Scope 1	Total emission (ton CO_2e)	Density (ton CO_2e/million NTD)	Assurance institution	Assurance explanation
Parent company	57,096.2064	4.49	SGS Taiwan Limited	2023.01.27 Passed the three-stage examination. The certificate has been obtained.
Subsidiary	N/A	N/A		
Total	57,096.2064	4.49		

Scope 2	Total emission (ton CO_2e)	Density (ton CO_2e/million NTD)	Assurance institution	Assurance explanation
Parent company	23,460.0433	1.84	SGS Taiwan Limited	2023.01.27 Passed the three-stage examination. The certificate has been obtained.
Subsidiary	N/A	N/A		
Total	23,460.0433	1.84		

Corporate Governance Operations

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

Item	Operations			Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
1 Establishment of ethical corporate management policies and programs				None
(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" approved by the Board of Directors. They specify the requirements that the employees of the Company must follow for their external transactions and the establishment of the whistleblowing system. The principles have been disclosed on the official website of the Company. The relevant ethical corporate management statement is stated explicitly in the "Employment Contract." All new employees are required to sign the Contract. Besides this, the Contract is promoted to all employees and all employees have joined the education training associated with the Contract. Execution of ethical corporate management is reported to the Board of Directors every year (submitted to the Board of Directors on November 11, 2022).	
(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. A "Corporate Responsibility and Bribe Prohibition" clause is incorporated in the procurement agreement to ensure compliance with all the laws and regulations in every respect of the operations. We upgraded the firewall and database of the computer devices to ensure confidentiality and security of business data. Developers selected by the information department are required to sign the confidentiality agreement before we disclose the internal information required for collaboration. We continue to provide education training. In the trade secret course in 2022, 1,047 employees joined the online training.	

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

Item	Yes	No	Summary	Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
(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," "Code of Ethical Conduct," and "Employee Work Rules," and effects of insurance ethics for the employees in service to reduce and spread the risk to the Company and shareholders. A reporting mailbox is available on our official website for internal and external staff. Once the reported case has been accepted, the identity of the whistleblower and the whistleblowing content are kept confidential during investigation. If the employee has been proved in violation after investigation, the Company will take adequate legal action when necessary to protect the reputation and rights of the Company.	
2 Implementation of the ethical corporate management				None
(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) The Company following our supplier management policy has establish the "Supplier Selection Management Regulations" and other related regulations on the management and selection of suppliers, standard procurement procedures, and annual supplier assessment. We conduct regular assessment to avoid transactions with the suppliers recorded as having unethical conduct. Relevant clauses are incorporated in the agreement.	
(2) Does the Company establish a unit dedicated to promoting ethical corporate management under supervision by the Board of Directors and whether such unit reports 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) To fulfill our responsibility to supervise ethical management, we have our internal audit unit to carry out relevant audits. On August 10, 2022, the Board of Directors approved the establishment of the "Sustainability Steering Committee" and "Sustainable Development Team" together. The "Corporate Governance" function team is responsible for promoting corporate governance matters such as ethical corporate management, anti-corruption, anti-bribery and compliance at our company. Execution of ethical corporate management is reported to the Board of Directors every year (submitted to the Board of Directors on November 11, 2022). Please refer to other important information below for the implementation of the ethical management policy of the Company.	
(3) Does the Company define any policy against conflict of interest, provide adequate channels, and implement the same thoroughly?	V		(3) The Company is always engaged in every business activity fairly, honestly, ethically, and transparently. A reporting mailbox is set up for conflict of interest matters. It is an appropriate complaint channel to ensure prevention of these matters.	

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

Item	Yes	No	Summary	Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
(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) We have a complete accounting system and internal control mechanism. All the financial reports are subject to the CPAs' audit to ensure effective disclosure of the financial information. In addition to the self-assessment to be implemented on a regular basis every year under the internal control system, the auditors shall conduct regular/periodic audits depending on the requirements of the law and the operations of the Company, present an internal control system declaration, and submit the audit result and a follow-up improvement plan to the Board of Directors and the management on a regular basis to ensure the effectiveness of the audit.	
(5) Does the Company organize internal or external training on a regular basis to maintain ethical management?	V		(5) The Company communicate the importance of integrity to all employees during the internal regular/irregular meetings or training courses. Meanwhile, the Company communicates regulations of insider trading prevention to internal staffs every month, to enhance our moral value and implement the ethical management.	
3 Operation of the Company's whistleblowing system				None
(1) Does the Company define a specific whistleblowing and rewarding system, and establish convenient whistleblowing channels, and assign competent dedicated personnel to deal with the situation?	V		(1) In addition to spontaneous investigation through the internal audit system, we establish the reporting system "Corporate Sustainable Development/Stakeholders/ Whistleblowing system." The management will grant awards in case any serious illegal activities or any events affecting the supply chain security are discovered in the reporting.	
(2) Does the Company define the standard operating procedure for investigation after acceptance of a reported misconduct, the follow-up actions to be taken after the investigation, and relevant confidentiality mechanism?	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.	
(3) Does the Company adopt any measures to prevent the whistleblowers from being abused after reporting misconduct?	V		(3) We promise to protect the personal information and privacy of the whistleblower adequately. We promise to protect the whistleblower from being treated inappropriately or sustaining damage and, by doing so, encourage employees to report illegal conduct.	

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

Item	Operations			Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof
	Yes	No	Summary	
4 Enhancement of information disclosure				None
Does the Company disclose the Ethical Corporate Management Best-Practice Principles and the effectiveness of implementation thereof on its website and Market Observation Post System?	V		The Company establish the regulations related to ethical management and disclose them in "Corporate Sustainability/ Corporate Governance/Internal Regulations" on our official website. We strictly fulfill our responsibility for the disclosure of the Company's information and only execute the disclosure pursuant to relevant laws and regulations in order to improve the transparency of the information.	

5 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.

6 Other important information enabling 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 conflict of interest occurs, affected personnel shall not participate in the discussion or voting as required under the recusal principle.

(2) We firmly believe that the ethical management as a corporate culture is critical for the sustainable and sound development of the Company, and thus communicate relevant cases and anti-corruption principles to the employees on an irregular basis at monthly meetings.

(3) The Company established the dedicated "Sustainability Steering Committee" in 2022. It will report the implementation status of the ethical management to the Board of Directors on a regular basis at least once a year.

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

We have established the "Corporate Governance Best-Practice Principle," "Corporate Sustainable Development Best-Practice Principles," "Code of Ethical Conduct," and "Ethical Corporate Management Best-Practice Principles" and made them available for search on the official website of the Company.

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

1. We provide complete information on the corporate governance implementation in the "Investor" and "Sustainable Development" sections on the official website of the Company.

2 The implementation of ethical management policy of the Company in 2022:

Items	Summary
System establishment	• Revise the "Corporate Governance Best Practice Guidelines" to implement corporate governance systems based on five principles: protecting shareholder rights, strengthening functions of the board of directors, enhancing the role of audit committee, respecting the rights of stakeholders, and improving information transparency. • Establish a "Code of Ethics" that guides all employees and stakeholders to conduct themselves following ethical standards, with a focus on preventing conflicts of interest, avoiding opportunities for personal gain, maintaining confidentiality, promoting fair transactions, and prohibiting insider trading.
Suppliers management	• Conduct regular assessments in accordance with relevant supplier management regulations to avoid transactions with those who have records of dishonest behavior. Include "Corporate Responsibility and Anti-Bribery" clauses in procurement contracts and adhere to all regulations related to business operations to maintain integrity.
Effectiveness of internal control	• Regularly reviewing the effectiveness of the company's internal control system and implementing risk management measures to control potential risks.
Regulations to follow	• The legal department regularly conducts regulatory compliance audits to check if the system is in line with legal requirements and to ensure relevant anti-fraud measures are implemented for the purpose of maintaining business integrity.
Propaganda/Education training	• Propagated cases and principles of anti-corruption and bribery to employees in the monthly meetings. • When investigating shares changes every month, we will also propagate internal regulations prohibiting an insider from trading its shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports. • Law Courses – "Consumer Protection Act and Fair Trade Act" has 479 online training and is in progress. • Whistle-blowing system – the company website sets up an e-mail address for reporting and appealing.
Performance transparency	• Prepare the Company's annual budget and submit it to the board of directors for review. • Hold 2 investor conferences every year.

Implementation of the Internal Control System

I. Statement of Internal Control System

March 15, 2023

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 2022:

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.

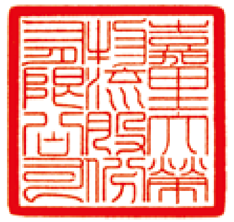
4. Kerry TJ has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.

5. Based on the findings of such evaluation, Kerry TJ believes that, on December 31, 2022, 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.

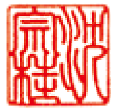
6. This Statement is an integral part of Kerry TJ's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.

7. This Statement was passed by the Board of Directors in their meeting held on March 15, 2023, with none of the ten attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

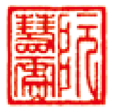
Kerry TJ Logistics Company Limited



Shen, Chung-Kui
Chairman



Juan, Hui-Wen
General Manager of Finance and Administration



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 2022 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 5 case of labor inspection deficiency, and improvement has been carried out.

The Company performed various internal control system operation inspections in 2022 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
2022.03.10	Board of Directors	1 Proposal for distribution of remuneration to employees and directors in 2021. 2 Proposal for the review of the 2021 "Internal Control Statement." 3 Proposal for preparation of the 2021 business report as well as consolidated and individual financial statement. 4 Evaluating independence and competency of CPAs and appointment of CPAs to audit the 2022 financial statement. 5 Determination of the date, time, venue, agenda, and relevant matters of the 2022 annual meeting of shareholders. 6 Proposal for reviewing the agenda of the 2022 annual meeting of shareholders. 7 To elect directors and independent directors. 8 Proposal on removal of non-compete restrictions for directors and representatives. 9 Proposal for Amendment to Provisions of the "Articles of Incorporation." 10 Proposal for Amendment to Provisions of the "Procedures for Acquisition and Disposal of Assets" 11 Loan fund to investee companies. 12 Proposal for sell the shares of investee company.	1 All the proposals were adopted and delivered to relevant units for discussion and implementation. 2 The 2022 annual meeting of shareholders was held on June 15, 2022.

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
2022.05.05	Board of Directors	1 Proposal for 2021 distribution of earnings. 2 Proposal for modifying the agenda of the 2022 annual meeting of shareholders. 3 Qualification examination of directors and independent directors candidates. 4 Proposal for reviewing the budget for construction of the New-Qianzhen Station. 5 Appointment of General Manager of Integrated Logistics.	All the proposals were adopted and had been completely implemented in accordance with the result of the resolution.
2022.06.15	Shareholders' meeting	1 Acknowledgement of the 2021 business report and all the final statements. 2 Acknowledgement of 2021 distribution of earnings. 3 Proposal for Amendment to Provisions of the "Articles of Incorporation." 4 Proposal for Amendment to Provisions of the "Procedures for Acquisition and Disposal of Assets" 5 To elect directors and independent directors. 6 Proposal for removal of the non-competition restrictions against the new directors and their representatives.	1 Acknowledged the 2021 business report and all the final statements. 2 The record date of distribution was set on July 12, 2022 as resolved at the shareholders' and Board of Directors' meetings. The distribution was fully implemented on August 10, 2022 (cash dividend of $1.65 per share). 3 Election of directors and the "Articles of Incorporation" were registered upon approval of the Ministry of Economic Affairs on July 6, 2022, and announced on the website of the Company. 4 The amended "Procedures for Acquisition and Disposal of Assets" has announced on the website of the Company. 5 Approved the removal of the non-competition restrictions against the new directors and their representatives.
2022.06.15	Board of Directors	1 To elect new chairman. 2 Proposal for determining the schedule of the ex-dividend date with respect to the 2021 distribution of earnings.	The ex-dividend date was set on July 12, 2022; the cash dividend distribution date was set on August 10 of the same year and the dividends distributed.
2022.08.10	Board of Directors	Appointment of the 5th term of Remuneration Committee members.	All the proposals were adopted and completely implemented in accordance with the result of the resolution.

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
2022.11.11	Board of Directors	1 Proposal for change independent auditors due to internal restructuring at accounting firm. 2 Proposal for review of the 2023 audit plan. 3 Approving the 2022 audit fee for CPA. 4 Proposal for review of the 2023 business plan and budget. 5 To insure the liability insurance for directors and managers. 6 Personnel adjustment.	All the proposals were adopted and delivered to relevant units for discussion and implementation.
2023.03.15	Board of Directors	1 Proposal for distribution of remuneration to employees and directors in 2022. 2 Proposal for preparation of the 2022 business report as well as consolidated and individual financial statement. 3 Proposal for the review of the 2022 "Internal Control Statement." 4 Evaluating independence and competency of CPAs and appointment of CPAs to audit the 2023 financial statement. 5 Proposal on removal of non-compete restrictions for directors and representatives. 6 Determination of the date, time, venue, agenda, and relevant matters of the 2023 annual meeting of shareholders. 7 Proposal for reviewing the agenda of the 2022 annual meeting of shareholders. 8 Proposal for 2022 distribution of earnings.	All the proposals were adopted and delivered to relevant units for discussion and implementation.

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:

March 31, 2023

Title	Name	Onboard date	Dismissal date	Resignation/dismissal reason
General Manager	Chang, Kuo-Tien	2019.08.14	2022.06.30	Retired
General Manager	Wu,Yu-Hsiang	2020.07.01	2022.07.31	Resigned

Information Regarding the Company's Independent Auditor

Audit Fee

Unit: NT$ thousand

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee (1)	Total	Remarks
Deloitte & Touche	Yang, Chi-Sheng Su, Ting-Chien	2022.01.01~2022.06.30	6,676	410	7,086	(2)
	Wu, Lie-Dong Su, Ting-Chien	2022.07.01~2022.12.31				

Note:
(1) The "Others" items of non-audit fees include the following services: Tax consultation (Transfer pricing report) NT$ 350K, salary review NT$30K and tax on undistributed earnings correction credit NT$ 30K.
(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

Due to internal restructuring at firm, the company change its auditors from Yang, Chi-Sheng and Su, Ting-Chien to Wu, Lie-Dong and Su, Ting-Chien from 2022 Q3.

(1) Regarding the former CPA

<table>
<tr><td>Replacement Date</td><td colspan="4">Third quarter of 2022</td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="4">Due to internal restructuring at firm.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPA did not accept the appointment</td><td colspan="2">Parties
Status</td><td>CPA</td><td>The Company</td></tr>
<tr><td colspan="2">Termination of appointment</td><td colspan="2" rowspan="2">Not applicable</td></tr>
<tr><td colspan="2">No longer accepted (continued) appointment</td></tr>
<tr><td>Other issues (except for unqualified issues) in the audit reports within the last two years</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Differences with the company</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of Financial Statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Remarks/specify details:</td></tr>
<tr><td>Other Revealed Matters</td><td colspan="4">None</td></tr>
</table>

(2) Regarding the successor CPA

Name of accounting firm	Deloitte & Touche
Name of CPA	Wu, Lie-Dong
Date of appointment	Third quarter of 2022
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

(3) The Reply of predecessor auditor on Article 10.6.1 and Article 10.6.2.3 of the Regulations: Not applicable.

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	2022 Holding Increase (Decrease)	2022 Pledged Holding Increase (Decrease)	As of Apr 2, 2023 Holding Increase (Decrease)	As of Apr 2, 2023 Pledged Holding Increase (Decrease)
Director	Da Ji International Limited	-	-	-	-
Representative	Da Ji International Limited Representative: Shen, Chung-Kui	-	-	-	-
Representative	Da Ji International Limited Representative: Tong, Shao Ming	-	-	-	-
Representative	Da Ji International Limited Representative: Kong, Kwok Kei[2]	-	-	-	-
Representative	Da Ji International Limited Representative: Tse, Kai Chi[2]	-	-	-	-
Representative	Da Ji International Limited Representative: Juan, Hui-Wen	-	-	-	-
Director	Hsinchu Transportation Co., Ltd.	-	-	-	-
Representative	Hsinchu Transportation Co., Ltd. Representative: Hsu, Chia-Yao[3]	-	-	-	-
Representative	Hsinchu Transportation Co., Ltd. Representative: Hsieh, Wen-Chien[3]	-	-	-	-
Director	Chen, Tse-Tsung	-	-	-	-
Independent Director	Kuo, Tsung-Hsiung	-	-	-	-
Independent Director	Liu, Zou-Hsin	-	-	-	-
Independent Director	Hsu, Chung-Ming[4]	-	-	-	-
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.	-	-	-	-

Title[1]	Name	2022 Holding Increase (Decrease)	2022 Pledged Holding Increase (Decrease)	As of Apr 2, 2023 Holding Increase (Decrease)	As of Apr 2, 2023 Pledged Holding Increase (Decrease)
Major Shareholder held using the name of others	Da Ji International Limited	-	-	-	-
Major Shareholder held using the name of others	Tong Li Investment Co., Ltd.	-	-	-	-
Chairman and CEO	Shen, Chung-Kui	-	-	-	-
Integrated Logistics General Manager	Chen, Chun-Yi[5]	-	-	-	-
Integrated Logistics General Manager	Chang, Kuo-Tien[5]	-	-	-	-
Finance and Administration General Manager	Juan, Hui-Wen	-	-	-	-
Business Planning General Manager	Wang, Ju-Peng[6]	489,913	-	-	-
Information Technology General Manager	Hung,Chang-Yi[7]	-	-	-	-
Information Technology General Manager	Wu,Yu-Hsiang[7]	-	-	-	-
Business Planning Director	Huang, Yu-Tsung[8]	-	-	-	-
Integrated Logistics Deputy General Manager	Jiang, Guo-Xi	-	-	-	-
Operational Division of Northern Region Regional General Manager	Teng, De-Chang	-	-	-	-
Operational Division of Southern Region Regional General Manager	Lin, Shih-Mao[9]	-	-	-	-
Operational Division of Southern Region Regional General Manager	Liao, Chieh-Hua[9]	-	-	-	-
General Affairs Division Senior Assistant General Manager	Hu, Ming-Chang	-	-	-	-
Human Resources Division Senior Assistant General Manager	Hsu, Yao-Jen[10]	-	-	-	-
Finance and Accounting Division Senior Manager	Chen, Ya-Li	-	-	-	-

Note:

(1) The counterparty in any such transfer or pledge of equity interests is not a related party.

(2) Da Ji International Limited changed its representatives on March 7, 2023: Director Kong, Kwok Kei took office, and director Tse, Kai Chi resigned.

(3) The Company had re-elected 10 directors (including 4 independent directors) at the annual general meeting on June 15, 2022. Ms. Hsieh, Wen-Chien, the representative of Hsinchu Transportation Co., Ltd. resigned and the new representative was Mr. Hsu, Chia-Yao.

(4) The Company had re-elected 10 directors (including 4 independent directors) at the annual general meeting on June 15, 2022. Mr. Hsu, Chung-Ming was the new independent director.

(5) General Manager of Integrated Logistics Chang, Kuo-Tien retired on June 30, 2022, and General Manager Chen, Chun-Yi took office on July 1, 2022.

(6) General Manager of Marketing and Sales Wang, Ju-peng, was the General Manager of the subsidiary company Kerry Express from July 1, 2022, to September 30, 2022. In addition, he has concurrently served as the General Manager of Business Planning since February 1, 2023. Afterward, he resigned from the position of General Manager of Marketing and Sales on March 1, 2023, and was seconded to be the Genaral Manager of the subsidairy company Karry Pharma..

(7) General Manager of Information Technology Wu,Yu-Hsiang resigned on July 31, 2022, and General Manager Hung, Chang-Yi took office on August 1, 2022.

(8) Director of Business Planning Huang, Yu-Tsung resigned on January 31, 2023.

(9) Regional General Manager of Operational Division of Southern Region Liao, Chie-Hua has changed to the subsidiary Kerry Pharma Logistics Co., Ltd. as the Deputy General Manager on January 1, 2023. Regional General Manager Lin, Shih-Mao has changed from Operational Division of Central Region to Operational Division of Southern Region on January 1, 2023.

(10) Promoted on January 24, 2022.

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: Shen, Chung-Kui	-	-	-	-	-	-	Da Ji International Limited Tong Li Investment Co., Ltd.	Same person of representative	
Tong Li Investment Co., Ltd.	38,118,000	8.16%	-	-	-	-	(2)	(2)	
Tong Li Investment Co., Ltd. Representative: Shen, Chung-Kui	-	-	-	-	-	-	Taiwan Kerry Investments Co., Ltd. Da Ji International Limited	Same person of representative	
Da Ji International Limited	27,972,000	5.99%	-	-	-	-	(2)	(2)	
Da Ji International Limited Representative: Shen, Chung-Kui	-	-	-	-	-	-	Taiwan Kerry Investments Co., Ltd. Tong Li Investment Co., Ltd.	Same person of representative	
Ying Hsin International Investments Co., Ltd.	14,882,000	3.19%	-	-	-	-	(3)	(3)	
Ying Hsin International Investments Co., Ltd. Representative: Hsu, Yu-Jui	-	-	-	-	-	-	Hsinchu Transportation Co., Ltd. The Ambassador Hotel Co., Ltd.	Same person of representative	
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. The Ambassador Hotel Co., Ltd.	Same person of representative	
The Ambassador Hotel Co., Ltd.	6,867,000	1.47%	-	-	-	-	(3)	(3)	
The Ambassador Hotel Co., Ltd. Representative: Hsu, Yu-Jui	-	-	-	-	-	-	Ying Hsin International Investments Co., Ltd. Hsinchu Transportation Co., Ltd.	Same person of representative	
Jin Der Sheng Co., Ltd.	5,913,000	1.27%	-	-	-	-	(3)	(3)	
Jin Der Sheng Co., Ltd. Representative: Tsai,Ting-He	-	-	-	-	-	-	Ying Hsin International Investments Co., Ltd.	The supervisor of the company	
Chen, Tse-Tsung	5,058,028	1.08%	1,202,353	0.26%	-	-	-	-	
Wang, Ju-Pin	2,990,129	0.64%	377,184	0.08%	-	-	-	-	
The Special Account of HSBC Taipei as Custodian for Sincere KAR International Small Capital Fund	2,791,000	0.60%	-	-	-	-	-	-	

Note:

(1) Current Shareholding record date is 2023.4.2, it is the book closure date for the shareholders meeting in 2023.

(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., The Ambassador Hotel Co., Ltd., and Jin Der 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.	20,000,000	100%	-	-	20,000,000	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.[2]	-	-	510,000	51%	510,000	51%
T-Join (BVI) International Limited	28,185,000	100%	-	-	28,185,000	100%
T-Join (HongKong) International Limited	32,594,604	49%	-	-	32,594,604	49%
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) Taipei City office of commerce had agreed to Kerry Fruit Co., Ltd. dissolve on May 16, 2022, and the dissolution and liquidation procedures are in progress.

(3) The shares are based on the actual holding of the shares on December 31, 2022.

Capital Overview

Capital and Shares

Source of Capital

Unit: Shares/NTD$ thousand

Month/ Year	Par Value	Authorized Capital: Shares	Authorized Capital: Amount	Paid-in Capital: Shares	Paid-in Capital: Amount	Remark: Source of capital	Remark: Capital Increase by Assets Other than Cash	Remark: 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$51,508	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
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: Issued Shares	Authorized Capital: Un-issued Shares	Authorized Capital: Total	Remarks
Common Stock	467,000,498	232,999,502	700,000,000	None

Note:
Preferred stock issued: None

Information for Shelf Registration:

None

Status of Shareholders

As of April 2, 2023

Item / Number	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	1	6	176	46,722	134	47,039
Shareholding (shares)	2,192,000	339,504	288,018,890	153,309,599	23,140,505	467,000,498
Percentage	0.47	0.07	61.67	32.83	4.96	100.00

Shareholding Distribution Status

A. Common Shares

As of April 2, 2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage (%)
1 ~ 999	22,087	2,419,315	0.52
1,000 ~ 5,000	21,611	40,642,210	8.70
5,001 ~ 10,000	1,951	15,099,732	3.23
10,001 ~ 15,000	493	6,278,893	1.34
15,001 ~ 20,000	278	5,087,568	1.09
20,001 ~ 30,000	213	5,334,205	1.14
30,001 ~ 40,000	80	2,857,095	0.61
40,001 ~ 50,000	63	2,972,932	0.64
50,001 ~ 100,000	117	8,257,029	1.77
100,001 ~ 200,000	43	5,985,650	1.28
200,001 ~ 400,000	28	7,494,959	1.61
400,001 ~ 600,000	15	7,225,530	1.55
600,001 ~ 800,000	15	10,568,083	2.26
800,001 ~ 1,000,000	7	6,285,269	1.35
1,000,001 or over	38	340,492,028	72.91
Total	47,039	467,000,498	100.00

B. Preferred Shares: None.

List of Major Shareholders

As of April 2, 2023

Shareholding / Shareholder's Name	Shares	Percentage
Taiwan Kerry Investment Co., Ltd.	183,276,410	39.25%
Tong Li Investment Co., Ltd.	38,118,000	8.16%
Da Ji International Limited	27,972,000	5.99%
Ying Hsin International Investment Co., Ltd.	14,882,000	3.19%
Hsinchu Transportation Co., Ltd.	9,471,271	2.03%
The Ambassador Hotel Co., Ltd.	6,867,000	1.47%
Jin Der Sheng Co., Ltd.	5,913,000	1.27%
Chen, Tse-Tsung	5,058,028	1.08%
Wang, Ju-Pin	2,990,129	0.64%
The Special Account of HSBC Taipei as Custodian for Sincere KAR Emerging Markets Small Capital Fund	2,791,000	0.60%

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

Unit: NT$/thousand shares

Year / Item	2022	2021
Market Price per Shar		
Highest Market Price	56.90	80.40
Lowest Market Price	33.60	40.00
Average Market Price	40.83	48.93
Net Worth per Share (Note 1)		
Before Distribution	24.71	23.45
After Distribution	23.06	21.80
Earnings per Share		
Weighted Average Shares	467,001	467,001
Diluted Earnings Per Share	2.66	2.99
Adjusted Diluted Earnings Per Share	2.66	2.99
Dividends per Share (Note 1)		
Cash Dividends	1.65	1.65
Stock Dividends	-	-
• Dividends from Retained Earnings	-	-
• Dividends from Capital Surplus	-	-
Accumulated Undistributed Dividends (Note 2)	-	-
Return on Investment		
Price / Earnings Ratio (Note 3)	15.35	16.36
Price / Dividend Ratio (Note 4)	24.75	29.65
Cash Dividend Yield Rate (Note 5)	3.42%	3.37%

Note:

(1) The 2022 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

In 2021, the company has submitted a resolution to the shareholders' meeting to amend the dividend policy of the Articles of Incorporation, 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

1. The company's distribution of dividends of last 5 years is listed as follows and the dividend policy will be remained stable and sustainable.
2. The proposal for the distribution of 2022 profits was passed at the meeting of the Board of Directors on March 15, 2023. The proposal for distribution of dividends will be discussed at the annual shareholders' meeting.

NTD per share

Year	Dividend
2018	1.56
2019	1.45
2020	1.68
2021	1.65
2022	1.65

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, Directors and Supervisors

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 and Directors for 2021 Approved in the Board of Directors Meeting

1. Recommended distribution of compensation of employees, directors and supervisors in cash is NT$14,573,750 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

Unit: NT$

Items	Amount approved in the Board of Directors' meeting (March 10, 2022)
Remuneration to employees in cash	16,731,900
Director's remuneration	16,731,900

Note:
The distribution of employee compensation and remuneration of directors in 2021 were paid in cash, and the actual distribution amount was the same as the resolution of the board of directors and the amount recognized in the account.

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:**

(I) 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), B2C (Business to Consumer), B2B2C (integration of companies and consumers via an e-commerce platform) 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
- IT equipment for computers, communication devices and consumer electronics
- Industrial products
- e-commerce/cross-border e-commerce

2 Logistics project service:
- e-commerce platform/live online shopping (including collection and receiving goods from positive and reverse logistics/dispatch to receive goods)
- Chain store & hypermarket/retail sales channel (including collecting and receiving goods from positive and reverse logistics/inter-store transfer/sales counter setup & removal/household appliances distribution)
- Costco channel (including integrated warehouse and store distribution/pallet lease/integrated warehouse and store container transport/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 goods tracking system

(II) Supply chain integration and logistics service

1 Total supply chain logistics resolution; major industries are described below:
- Fashion products and haute couture
- Electronic technology
- Food and catering
- FMCG
- Industry and raw material
- Nutraceutical biotechnology

2 Warehouse management
- Storage at ambient and constant temperature, , and separate temperature-controlled cold/freezing storage environment
- Value-added services including devaning, inbound, tally, outbound and customized label printing, and gift box assembly
- Bonded logistics service
- Recovery, renovation, and disposal from reverse logistics

3 Cold chain logistics (including low-temperature storage and distribution)
- Carrier freezing units and temperature sensing devices to monitor storage and temperature variation during the 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 goods from positive and reverse logistics/multi-store transfer)
- Costco channel (including integrated warehouse and store distribution/integrated warehouse and inter-store container transporting/e-commerce distribution service)
- Full load transport (including multipoint distribution)

4 COD service

5 Customized POD service and real-time goods tracking system

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

(I) Kerry Pharma Logistics Limited

Major service items include provision of logistics, distribution and storage services for the manufacturers, agents and distributors of medical products such as medicines, medical devices, and health foods within the scope of GDP (Good Distribution Practice).

1 Service item
- Consignment service
  - Positive logistics distribution
  - Reverse logistics receiving/return
  - Positive & reverse logistics (to-and-fro service)
- Special value-added service
  - COD service
  - Fixed-point distribution
  - logistics in hospital
  - Goods launch service
  - Unpacking checkout
  - Recovery of shipping document and control certificate
- Special reserved transport service
  - Temperature controlled reserved transport below 25℃, reserved cold storage transport at 2-8℃
  - Reserved transport of special pharmaceuticals
  - One-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 vaccine distribution projects
  - Secondary processing service for drugs and medical devices
  - 4PL service

2 Storage service
- Temperature controlled warehouse below 25℃/cold storage at 2-8℃/ultra-low temperature from -20°C to -70°C storage
  - Customized storage management service
  - Inbound inspection, picking, packaging, and shipping management, inventory management of drugs and pharmaceuticals
  - Management of controlled drugs
  - Storage data exchange and feedback service
  - Drugs and pharmaceuticals recovery and disposition services
- Educational training and management of professional pharma logistics personnel
- Integrated supply chain planning, information system integration service
- Full pharma logistics record on the system and complete temperature record
- Information system remote backup to ensure completeness of customer’s logistics data

3 Acquired recognition from MOHW as an "outstanding company in GDP (Good Distribution Practice) pharma inspection".

4 Passed GDP (Good Distribution Practice) certification.

5 Passed ISO9001 certification.

6 Passed GMP (Good Manufacturing Practice) certification.

7 Passed ISO13485 certification.

8 Passed GMP (Good Manufacturing Practice) labeling certification.

(II) 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
- Distribution and transport service
  - Special reserved direct delivery
  - Pickup, distribution and transshipment
  - Professional transport for channels and integrated warehouses
  - CFS storage and transport
  - Furniture assembly and distribution
  - Electric equipment installation and delivery
  - Special goods delivery and assembly

2 Passed AEO (Authorized Economic Operator) certification

(III) 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

(IV) 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

(V) Kerry Express Co., Ltd.

1 Service item
- One-day express service in Taiwan
- Outlying/offshore island air express service
- Small packet and document delivery
- Overnight prompt delivery service
- Metro motorcycle express
- e-commerce express
- COD service

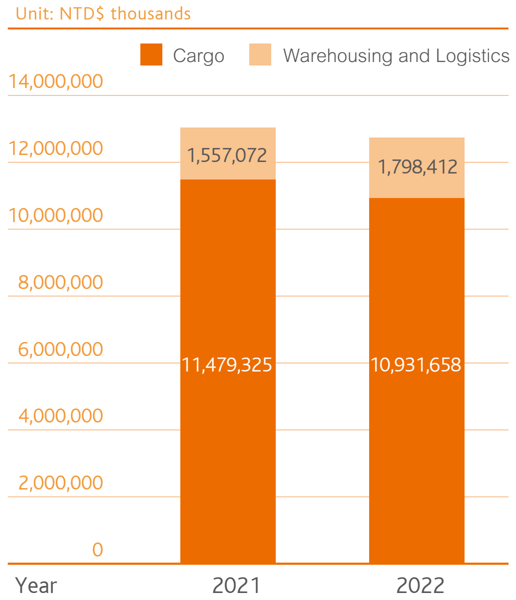
III Weight of business

(I) The business items of the Company are, according to their nature, classified into cargo transport, logistics & storage, and other value-added services. The weight of individual items is described below:

1 The production value of the cargo transport was NT$10,931,658,000 or 85.87% in the overall production value.

2 The production value of the logistics & storage and other service items was NT$1,798,412,000 or 14.13% in the overall production value.

Production value and weight of business of Kerry TJ Logistics



Overview of the Industry

I Status quo and development of the industry

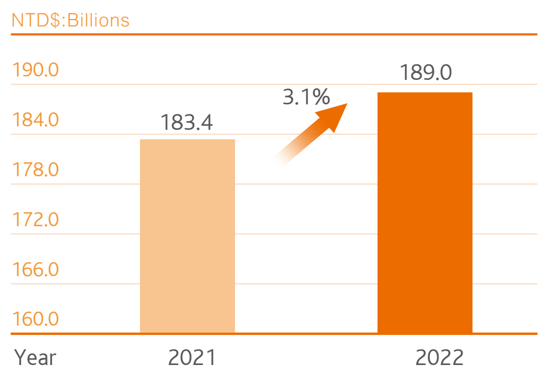
(I) Status quo of the automobile cargo transport service industry in Taiwan in 2022
(Source: Monthly Statistics of Transportation and Communications, MOTC; figures were collected up to the printing date of this annual report):

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) in Taiwan had an overall production value of NT$ 189 billion in the growing domestic economic environment in 2022, indicating a growth rate of 3.1% in comparison with the production value of NT$183.4 billion in 2021.

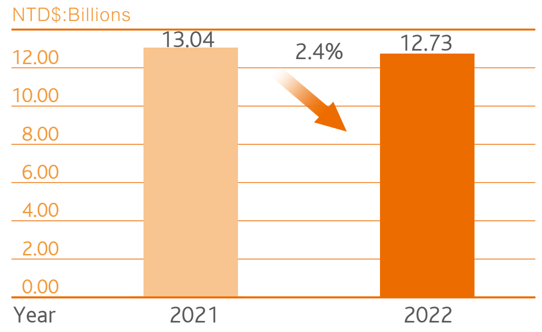
2 The total production value of the Company in combination with the affiliates in 2022 was NT$12.73 billion with a decrease 2.4% in comparison with the production value of NT$13.04 billion in 2021. The Company actively adjusted the cargo transportation structure and improved the operating environment in the second half year of 2022, the overall production value slightly decreased.

Trend Comparison of Kerry TJ Logistics Revenue Growth with Market Value

Production Value of Automobile Cargo Transport Service



Production Value of KTJ



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

1 Ambient temperature logistics service

(1) Transport service 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 in a highly effective manner and meet the requirements of various customer. Currently more than 200 stations have been set up in Taiwan, including business offices, transshipment hubs, and cargo terminals, to form a densely deployed network that provides strong support for our collection and distribution services.

(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 lead to 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, move from another location, or resumes 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 what do not acquire the GDP permit shall not be engaged in the business related to distribution of western pharmaceuticals.

(4) MINISTRY OF HEALTH AND WELFARE Notice (03/18/2021): Establishment of the "Medical Device Classification and Medical Device's Dealers Shall Establish a Medical Device Good Distribution System Specified in Article 24 of the Medical Devices Act" taking effect on May 1, 2023. Establishment of the "Medical Device Classification and Medical Device's Dealers Shall Establish a Medical Device Good Distribution System Specified in Article 24 of the Medical Devices Act" requires that the medical device dealers that have received the permit for the listed items in the attachment and the medical device dealers input under the authorization of the former shall establish a medical device good distribution system, meet the Medical Device good Distribution Practice, and receive a transport and distribution permit after being reported to and approved by the central competent authority.

3 Container transporting service

(1) According to the statistical data of the MOTC, the container loading and unloading volume at ports in 2022 reached up to 14.69 million TEUs, indicating a 4.9% decrease in comparison with 2021. (Source: 2022 Main Indicators of Transportation and Communications, MOTC)

(2) The vehicles that do not meet the requirements shall be eliminated to ensure compliance with the Air Pollution Control Act. We strive for the subsidy from the government to reduce the impact on the coat.

(3) In consideration of the development of bigger 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) Taipei Port plans to invest 2 billion to establish a smart warehousing and logistics park, integrating the Group's local advantages in Bali and quickly introducing the card slot warehousing business into the logistics and transportation business.

(5) Integrate the advantages of the customs declaration of the Science Park and the trailers of T.Join itself, improve the business extension of Kaohsiung Port and various science parks, and integrate the logistics service needs of the customer's supply chain.

4 Bonded logistics service

The core competitiveness was in the area of bonded logistics for each science parks. A one-stop procurement and logistics system is available to the customers to meet their demands in the fields of storage, clearance of goods, air cargo bound 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 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 cargos 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 audit at the business premises of the cold chain logistics companies on an irregular basis to protect the food safety for the people. 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.

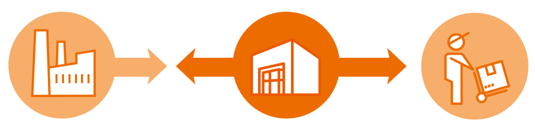
II **Connection between the upstream, midstream and downstream logistics companies**

In the traditional circulation 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 a 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, 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 manufactures may control the data of purchase, sale and storage more effectively. The storage management and effective data analysis provide logistics companies more accurate and diverse purchase data and distribution requirements in great quantity. This way, logistics companies can estimate the cost and distribution efficiency more accurately and quote more reasonable.

As a result, manufacturers will need less distributors/wholesalers and even be incorporated in the commodity structure and channel strategy. Once modern logistics centers have developed to its 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 stakeholders is illustrated below:



Upstream source of goods

- Domestic corporate customer
  Manufacturer, distributor Agent, logistics provider
- E-commerce platform operator
- Domestic consumer
- International corporate customer
- Cross-border e-commerce operator

Midstream logistics company

- Storage service
- Distribution service
- Transport service
- Import & export clearance/ freight forwarding services

Downstream receiver of goods

- Domestic corporate customer
  Factory, channel, store
  Integrated warehouse, logistics provider
- Domestic consumer
- International corporate customer
- International logistics/ contractor
- Cross-border e-commerce operator

III Development trend of the logistics industry and competition

(I) 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 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 replace 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 the 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 pursue 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/virtual 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 all the time. 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 themselves 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 the fluctuation of the market, and upgrade their professional level by optimizing processes, introduce new equipment, and applying information technology. In addition, as an intermediary business, 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-ecommerce, 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 customer's requirement.

(II) Competition and challenge

1 Development of e-commerce

The need of e-commerce increased due to the pandemic. The online retail sales in 2022 is about NT$49.28 billion, an increase of about 19.27% in a year. Online sales accounted for about 11.51% of overall retail sales. This shows that e-commerce changed the traditional sales approach. Consumers' demand for speed, discount, sustainability and logistics all increased due to the pandemic.

While Taiwan enters the post-epidemic era, consumers have built a new consumption habit. E-commerce is no longer restricted to B2C (Business To Customer). New e-commerce models such as C2C (Customer To Customer), O2O (Online To Offline) and OMO (Online Merge Offline) are emerging. These models strive for consumer-oriented services.

Therefore, deep retail becomes the new core value of the retail industry, enhancing consumer stickiness and sustainability. Instead of group sales, we create hyper personalization for customers, which is delicate personalized sales.

While the e-commerce operating model is changing, logistics service providers must provide more diversified services (from storage to distribution) because the offline purchase behaviors are mostly transferred to online shopping. This model integrating virtuality with reality brings more demands of the e-commerce platform for the logistics and storage services and, on the other hand, is a test to the logistics service providers to demonstrate their ability in providing integrated services. From the picking operation in the warehouse, 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 higher service quality of the delivery personnel than manufacturers, indicating that logistics service providers must provide their employees with regular 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. Delivery of system data and dedicated fleets are set up 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 requirements of the logistics service provider 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 metro regions results in substantial increase of the land cost and business stations are forced to move to outskirts or the size of the land for the stations must be adjusted. The restrictive land category conditions and inconvenient outward accesses make acquisition of land lots for stations another restriction on the development of the logistics industry.

3 New competitors

The government recently allows the colleague from China to invest in Taiwan and they enter Taiwan market officially with a large amount of capital. This stimulates the existing logistics service providers in Taiwan to break through old practices in efficiency, quality, service items, information, and employee welfare on an ongoing basis to keep and even enhance their competitiveness in this liberalization wave without the worry of elimination. 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, PC-Home, 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 Ubereat, are new types of competitors trying to enter the logistics market. Taxi companies whose revenue was reduced substantially due to the severe pandemic in 2021 also transferred their target to the logistics market.

4 Information equipment 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 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 find out the financially most 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.

(III) 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. Commodities must be sorted at the front end based on their properties and the services to the end consumers are provided through optimal configuration of vehicles. 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 are increasing and measures are taken to adapt to the trade liberalization trend in the world, the logistics industry in Taiwan should develop itself with the goal to meet the multiple service requirements of the customer, build highly responsive and flexible 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 TMS and WMS systems still operated in AS 400 to open platforms and improve the service quality and operating efficiency of the abnormal temperature, low temperature, express, and medicine transport and storage business. Our goal is to eliminate AS400 by 2025.
2 Complete ISO 27701 Personal information privacy information management system certification. Integrate the management system of information security and privacy protection. Provide management and protection when corporate organizations collect, handle or store personal information. Help all corporations to stably manage information security of corporation, organization and individual.
3 Optimize the situation room system and provide more business Indicators as assistance in analysis for the top management in making decision on the business operation.
4 Develop the real-time operating information board system, provide business indicator information such as cost efficiency to the station manager.
5 Introduce cargo status integration platform. Integrate cargo status in systems in the Group, including low temperature, ambient temperature, medicine and delivery. Provide cargo status connection need for internal and external systems. Enhance operating efficiency and customer satisfaction.
6 Optimize KP App 2.0 device application. Add the code scanning application module for cargo status record. Complete the system function. Improve the overall service quality and operation efficiency. .
7 Integrate vehicle repair records of the Group; otherwise data would be scattered in different systems and it would be hard to check complete repair and maintenance records of the vehicle. Optimize the payable transfer process to significantly reduce onsite working time and rework, and increase work efficiency.
8 Monthly settlement maintenance notification and management for motorcycle is introduced into the engineering affairs system; extend the service life of motorcycle, keep track of the repair and maintenance expense for each motorcycle, and help the operating unit keep track of and manage the motorcycle condition effectively.
9 Rebuild the daily settlement storage structure of the engineering affairs system. Introduce the safety stock and dead stock function. Provide the stock analysis report. Enhance the stock liquidity. Prevent inventory loss and repair delay.
10 Science Park Logistics Co., Ltd. continues to implement the IoV project and optimize WMS. By using IoV project and WMS along with Handheld Terminal and App operating process, we can save the labor work and enhance immediacy of company information.
11 KFI completed the server backup establishment, cloud remote backup planning and information security protection establishment (antivirus monitoring system) to enhance information security.
12 Introduce the online receivable convenience store payment service of LINE account. We provide diverse payment methods and customer satisfaction is enhanced.
13 The SDWAN projects around Taiwan integrates and manages firewall equipment of all business offices. MIS controls network equipment centrally and adjusts the exclusive line based on usage behavior to control the line status effectively. Perform automatic backup and information security protection regularly to prevent data leakage. This achieves network security and protects corporate operation.

Long and short term business development plans

I Short term business development plan

(I) Setup of operating bases

The Guanyin Logistics Center is launched 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.

In this construction renewal project, a vertically integrated building is constructed with additional automatic sorters and multi-story platforms to facilitate the sorting in the field, centralization of the distribution personnel, and separation of the employees and goods. This practice is more favorable for the reduction of the labor cost and increase of the goods distribution efficiency.

A great deal of automation is applied for the Xizhi Pharma Logistic Park to provide integrated distribution services of ambient temperature and pharma logistics.

(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 commodities and increase the customer satisfaction in conjunction with the existing metro express and one-day delivery service of the Group's Kerry Express.
2 Large commodities are transported by the fleet of the Group's T.Join Transportation. Diversified operation mode is adopted to improve competitiveness of the corporate partners on the market.
3 To ensure delivery quality, we will no longer outsource delivery starting from 2022 and we will only use our own vehicles for delivery.
4 Commodities must be stacked properly to reduce accidents and transport cost.

(III) Improvement of service quality

1 Organized regular training on service etiquette and sales talk to integrate response skills in the daily life of the driver and customer service/office personnel.

2 Invite internal/external instructors to give lectures on an irregular 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 goods 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 understand 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. Create an exclusive fleet, e.g. cold chain, delivery, medicine, high-technology and bonded fleet, to provide a professional, integrated service.

2 Take more care of key customers and provide them with deeper and more extensive value-added services such as full load at ambient temperature, distribution to chain stores around Taiwan, and container transportation service.

3 Develop commodities of the same properties, engage in the channel business of the same type, and make use of the cluster effect.

4 The operation cost has increased. Considering the overall labor supply and demand in the market, we no longer accept over-long, over-wide, over-weight, or irregular-shaped cargo from 2022, to prevent occupational injury of the driver.

5 Pursue Group's synergy, such as developing B2B fruit supply markets, participating in government bidding projects, providing catering services, and marketing freezing units aiming at low-temperature transport vehicles of agricultural and aquatic products.

6 Introduce and promote internationally famous coffee and to multiply brand benefit.

7 Invest in new venues and automated equipment. Integrate resources of the Group and the strategic deployment of the operation site.

II Long term business development plan

(I) Planning of operating policies

1 Integrate assets and share idle equipment between affiliates.

2 Plan multiple value-added services, such as one-day delivery from North to South and vice versa, motorcycle delivery in six municipalities, 4PL distribution and agency, and money flow.

3 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 serve network around Taiwan.

4 Develop international logistics; make use of Kerry Logistics Network's bases in the world to extend and integrate logistics services with cross-border IFF business; provide domestic logistics storage, distribution, and value-added services

5 Be dedicated to developing various professional logistics techniques and control the safety of food logistics for the people in Taiwan.

(II) Enhancement of backend support

1 Establish a cross-department and cross-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 commodities and the time frame 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 proposing team to provide individualized plans and solve the logistics problems of the customer.

4 Enhance the vehicle and refreezing unit maintenance and repair efficiency and skill, screen parts and components to ensure their quality, reduce the frequency and time of the vehicles to enter the workshop, and eliminate Phase 1 and Phase 2 vehicles according to laws to improve the 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 Overview and analysis of Kerry TJ Logistics market

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

1 Transport service within designated route(s)

(1) B2B (Business to Business): The recent epidemic drove transformation of companies. Kerry TJ Logistics are dedicated to developing the important node of each corporate logistics. Though it looks 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, influencers and live sellers 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 understand 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 the temperature during the 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 Limited

(1) As the 2022 data of the Department of Industrial Technology, Ministry of Economic Affairs shows, due to the increase in the number of people infected with the epidemic, in order to alleviate the symptoms of infection, the demand of self-medication has increased. In the second half of the year, the epidemic prevention policies of various countries will gradually be relaxed, and global economic activities will recover. It is estimated that the production value in 2022 will be about NT$ 84.56 billion, an increase of 3% compared with 2021.

(2) Pharma logistics costs (transport and storage) occupy about 3%~5% (about NT$ 2.54 billion ~NT$ 4.23 billion) of the value of the medicine. In the respect of the transport service, 90% of the pharmaceutical manufacturers and firms outsource pharma transport services and more than 50% of the warehouse operators outsource distribution services. In these circumstances, Kerry Pharma Logistics has a share of about 50% on the pharma distribution market.

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 2,590,005 TEUs were transported in and from the ports of the Republic of China in 2022. Taipei

Port had the highest increase rate, and Taichung Port and Keelung Port showed negative growth. (Source: 2022 Main Indicators of Transportation and Communications, MOTC).

(3) By combining the metro areas of Taipei City and New Taipei City, it is expected to have rapid growth at the Taipei Port in the express service business.

3 Science Park Logistics Co., Ltd.

With the extensive experience in local science park, 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-conductor to enter its supply chain system rapidly. Although 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's demands.

4 Kerry Cold Chain Equipment Company Limited

The purchase volume of refrigerated and frozen food packages increases due to the impact of the COVID-19. Transport of the vaccine requires accurate temperature control and higher quality of the cold chain equipment. The overall demand on the cold chain market in Taiwan increases substantially.

5 Kerry Express Co., Ltd.

The one-day delivery from Taipei to Kaohsiung, metro document express, small packet, e-commerce home delivery services are the core competitiveness. Kerry Express provides customer with fast, convenient, and premium delivery experience like sending the objects personally, and plays a role to finish the "last mile" in the rapidly developed e-commerce supply chain. The consumer behavior changes in recent years and the change of the home delivery business ranging from online to offline services is evident. Cross-industry alliance, automated process and equipment as well as information technology, such as use of apps and electronic services, are the indispensable means to overcome the challenge in the high demand for manpower in order to reduce the cost and optimize the service quality for the customers to create a win-win situation.

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.

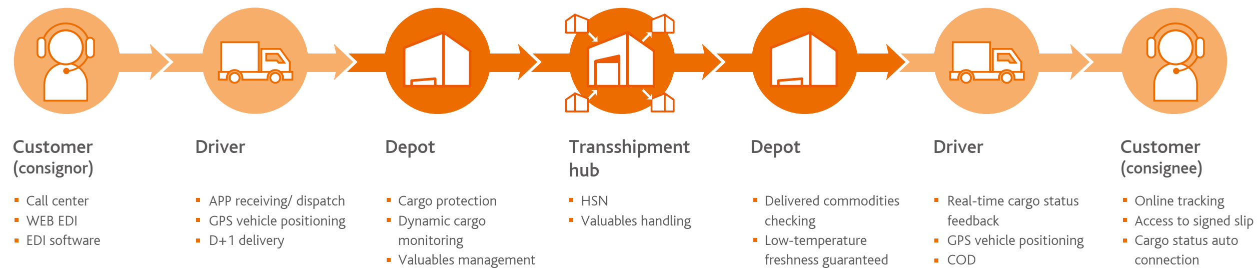
Important applications of major products and production process

I Major service items 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 positive and reverse logistics.

(2) Integrated logistics service - Customized integrated supplied chain logistics solutions are provided, covering the storage at different temperature (ambient, constant and low temperature), circulation and processing, bounded and cold chain logistics (less-than-truck-load transport freezing/refrigeration, special reserved transport) and other distribution services.

(3) The major transport service process are illustrated below:



II Major service items of affiliates and important applications are described below:

(1) Kerry Pharma Logistics Limited - Provide pharmaceutical manufacturers, agents, distributors with logistics, distribution and storage services covering medicines, medical devises and health foods 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 around Taiwan, pallet cargos, furniture assembly, and installation and delivery of electric equipment, including container transportation service at multiple ambient and low temperature.

(3) Science Park Logistics Co., Ltd. - Located at Tainan and Hsinchu Science Parks, Science Park Logistics are dedicated to providing bonded storage, transport, and customs clearance services. It provides customers with total logistics solutions using 4PL management technique and customize dedicated logistics management procedures that can produce the best benefit.

(4) Kerry Cold Chain Equipment Company Limited - Engage in maintenance and repair of transport equipment, act as an agent to sale, install, maintain and repair foreign 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 one-day express service around Taiwan, metro document express service, and e-commerce and small packet delivery services; provide customer with fast, convenient, and premium delivery experience.

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

I 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.

II Name list of major sales customer: The customers of the Company and the affiliates (excluding Kerry Fruit) mostly need the less-than-truck-load distribution as well as warehouse tally and processing 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%.

Production and sales volumes in the most recent two years

I Production in the Last Two Years

Category	2022 Capacity (Kiloton)	2022 Output (Kiloton)	2022 Amount (NTD thousands)	2021 Capacity (Kiloton)	2021 Output (Kiloton)	2021 Amount (NTD thousands)
Cargo	4,598	3,818	10,931,658	4,654	3,864	11,479,325
Warehousing, Logistics and Others[(1)]	-	-	1,798,412	-	-	1,557,072
Total	4,598	3,818	12,730,070	4,654	3,864	13,036,397

Note: Capacity refers to the quantituy 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

Category	2022 Amount (NTD thousands)	2022 %	2021 Amount (NTD thousands)	2021 %
Domestic	12,730,070	100	13,036,397	100
Export	-		-	
Total	12,730,070		13,036,397	

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		2022	2021	As of Jan 31, 2023
Number of Employees		5,487	5,594	5,371
Average Age		41.24	40.86	41.74
Average Years of Service		8.17	8.42	8.72
Education	Ph.D.	0.02%	0.02%	0.00%
	Masters	1.42%	1.50%	1.47%
	Bachelor's Degree	35.39%	35.07%	35.43%
	Senior High School	52.61%	52.45%	52.62%
	Below Senior High School	10.56%	10.96%	10.48%

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 was fined NT$147,500 in total for air pollution emission in 2022. The costs and related punishments are shown as follows: Other affiliated companies did not sustain losses nor were fined due to pollution of the environment.

No.	Date	Document No.	Violated Provision	Violation	Punishment
1	2022.01.11	Document No.: No. 21-111-010211	Paragraph 1, Article 36 of the Air Pollution Control Act	Vehicle with plate number 370-HG violated the Air Emission Standards of Mobile Source.	A fine of NT$5,000; a 1-hour environmental protection lecture.
2	2022.04.25	Document No.: No. 21-111-040140	Paragraph 1, Article 36 of the Air Pollution Control Act	Vehicle with plate number 096-HG violated the Air Emission Standards of Mobile Source.	A fine of NT$5,000; a 1-hour environmental protection lecture.
3	2022.05.16	Document No.: No. 23-111-050003	Paragraph 2, Article 23 of the Air Pollution Control Act and Article 6 of Management Regulations for Construction Project Air Pollution Control Facilities	Based on the deficiency points and handling principles outlined in the regulations for managing air pollution prevention facilities in construction projects, a total of 28 defects were found due to the construction project owner's violation of the regulations.	A fine of NT$100,000; a 2-hour environmental protection lecture.
4	2022.06.22	Document No.: No. 21-111-060414	Paragraph 3, Article 40 of the Air Pollution Control Act	Vehicle with plate number RX-336 violated the Air Emission Standards of Mobile Source.	A fine of NT$500.
5	2022.06.26	Document No.: No. 21-111-061396	Paragraph 3, Article 40 of the Air Pollution Control Act	Vehicle running on diesel fuel that does not possess a valid Autonomous Management Label of the highest grade or equivalent has entered the air quality maintenance zones of this city.	A fine of NT$1,000.
6	2022.07.01	Document No.: No. 21-111-070001	Paragraph 1, Article 36 of the Air Pollution Control Act	Vehicle with plate number 061-XN violated the Air Emission Standards of Mobile Source.	A fine of NT$6,000; a 1-hour environmental protection lecture.
7	2022.07.19	Document No.: No. 21-111-070015	Paragraph 1, Article 45 of the Air Pollution Control Act	Failing inspection.	A fine of NT$5,000; a 1-hour environmental protection lecture.
8	2022.07.21	Document No.: No. 21-111-071353	Paragraph 3, Article 40 of the Air Pollution Control Act	Vehicle running on diesel fuel that does not possess a valid Autonomous Management Label of the highest grade or equivalent has entered the air quality maintenance zones of this city.	A fine of NT$1,000.
9	2022.07.21	Document No.: No. 21-111-071428	Paragraph 1, Article 36 of the Air Pollution Control Act	Vehicle violated the Air Emission Standards of Mobile Source.	A fine of NT$3,000.
10	2022.08.08	Document No.: No. 21-111-080324	Paragraph 3, Article 40 of the Air Pollution Control Act	Vehicle running on diesel fuel that does not possess a valid Autonomous Management Label of the highest grade or equivalent has entered the air quality maintenance zones of this city.	A fine of NT$1,000.

No.	Date	Document No.	Violated Provision	Violation	Punishment
11	2022.08.24	Document No.: No. 21-111-080725	Paragraph 3, Article 40 of the Air Pollution Control Act	Vehicle running on diesel fuel that does not possess a valid Autonomous Management Label of the highest grade or equivalent has entered the air quality maintenance zones of this city.	A fine of NT$1,000.
12	2022.08.25	Document No.: No. 21-111-080067	Paragraph 1, Article 36 of the Air Pollution Control Act	Vehicle violated the Air Emission Standards of Mobile Source.	A fine of NT$5,000.
13	2022.09.14	Document No.: No. 21-111-090471	Paragraph 1, Article 36 of the Air Pollution Control Act	Vehicle with plate number 480-Q6 violated the Air Emission Standards of Mobile Source.	A fine of NT$500.
14	2022.10.11	Document No.: No. 21-111-100145	Paragraph 1, Article 36 of the Air Pollution Control Act	Vehicle violated the Air Emission Standards of Mobile Source.	A fine of NT$3,000.
15	2022.10.11	Document No.: No. 21-111-100146	Paragraph 1, Article 36 of the Air Pollution Control Act	Vehicle violated the Air Emission Standards of Mobile Source.	A fine of NT$3,000.
16	2022.10.24	Document No.: No. 21-111-100824	Paragraph 3, Article 40 of the Air Pollution Control Act	Vehicle with plate number 480-Q6 violated the Air Emission Standards of Mobile Source.	A fine of NT$500.
17	2022.11.09	Document No.: No. 21-111-110335	Paragraph 3, Article 40 of the Air Pollution Control Act	Vehicle running on diesel fuel that does not possess a valid Autonomous Management Label of the highest grade or equivalent has entered the air quality maintenance zones of this city.	A fine of NT$1,000.
18	2022.11.15	Document No.: No. 21-111-110594	Paragraph 3, Article 40 of the Air Pollution Control Act	Vehicle running on diesel fuel that does not possess a valid Autonomous Management Label of the highest grade or equivalent has entered the air quality maintenance zones of this city.	A fine of NT$2,000.
19	2022.11.17	Document No.: No. 21-111-110626	Paragraph 3, Article 40 of the Air Pollution Control Act	Vehicle running on diesel fuel that does not possess a valid Autonomous Management Label of the highest grade or equivalent has entered the air quality maintenance zones of this city.	A fine of NT$1,000.
20	2022.11.17	Document No.: No. 21-111-110631	Paragraph 3, Article 40 of the Air Pollution Control Act	Vehicle running on diesel fuel that does not possess a valid Autonomous Management Label of the highest grade or equivalent has entered the air quality maintenance zones of this city.	A fine of NT$1,000.
21	2022.12.06	Document No.: No. 21-111-120211	Paragraph 3, Article 40 of the Air Pollution Control Act	Vehicle running on diesel fuel that does not possess a valid Autonomous Management Label of the highest grade or equivalent has entered the air quality maintenance zones of this city.	A fine of NT$2,000.

Current and Potential Estimated Amount and Countermeasures

In order to actively implement environmental protection and perform corporate social responsibilities, the Company and our affiliates further implement routine testing and maintenance for vehicles in accordance with the laws.

Labor Relations

Employee Welfare, Continuing Education, Training, Retirement 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.

I Compensation system – Provide a competitive compensation system, allowing our employees to share the Company's operating results.

(I) Salary is set at a competitive level.

(II) Bonus for three festivals: Dragon Boat Festival bonus, Moon Festival bonus and year-end bonus.

(III) Employee dividend: Reward system based on performance.

(IV) Annual salary adjustment based on individual performance.

(V) Other bonuses: Recommendation bonus, proposal bonus, marketing bonus, etc.

II Welfare measure – Provide comprehensive welfare measures to balance work and life.

(I) Employee welfare subsidy: Subsidies for marriages, funerals and hospitalization.

(II) Gifts from Employee Welfare Committee: Gifts for employees' birthdays, senior employees, retired employees, the Labor Day on May 1, the Moon Festival, etc.

(III) Medical check-ups: Provide annual routine medical check-ups and healthcare programs better than those required by the regulations for our employees.

(IV) Company activities, birthday dinner parties, spring parties with lucky draw activities, higher-education stipend program to employees with children.

III Training development - We are dedicated to setting up learning maps for different functions and checking the competency gap. The six focuses are "new employee orientation," "self-development training," "professional competency training," "managerial competency training," "general competency training," and "internal instructors training." The organization operating strategy and goal are integrated with career development to plan for employee training to cultivate logistics talents.

(I) Recruit orientation training

We promote the cultivation plan exclusive to new employee and help the new employee become familiar with the workplace and organization culture. We share actual cases to guide employees to think in the right way. We assign counselors to help the new employees adapt to the environment.

(II) Self-development training

We introduced a training and learning platform in 2018 for our employees to develop and improve their abilities through the platform. We provide various external learning resources and create a diverse learning environment.

(III) Professional skill training

We check the professional knowledge and skill required for all critical positions in short term, mid term and long term, plan for the training blueprint, and prepare career development for employees.

(IV) Managerial skill training

We plan for the management course based on the competency requirement on each level. Professional lectures guide and help employee become excellent management and leadership talents. In the meantime, we promote a training program for management trainees in the hope of building a pool of excellent managerial leaders for the Company.

(V) General competency training

Our internal instructors and external learning resources provide employees with chances to take the common/general competency training courses, including personnel affairs, labor safety, health management, legal concept, language proficiency and administrative and documentation.

(VI) Internal instructors training

We promote professional training of internal instructor. We provide physical course instructor training and digital course instructor training, focusing on professional knowledge of instructor, including teaching attitude, teaching skill, and teaching material preparation capability. The training helps improve their teaching skills and quality.

IV 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.

(I) Provide national health insurance and labor insurance in accordance with the laws.

(II) 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.

(III) Group insurance for employees' dependents: Provide preferential ratings to take care of not only the employees but also their families.

(IV) 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 applied to the old pension system, we have contributed 10% of their salary monthly as their pension funds. At present, the labor pension fund has accumulated NT$ 510,869 thousand.

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. In 2021, we has remitted NT$ 159,144 thousand.

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$750,000 in total for employer–employee disputes (including the violations of the Labor Standards Act that were found in labor inspections) in 2022. The costs and related punishments are shown as follows:

No.	Date	Document No.	Violation	Amount of Fines (NT$)
1	2022.03.31	FU-LAO-TUNG-TZU N. 1110113284	Overtime exceeded 46 hours per month, violating Paragraph 2, Article 32 of the Labor Standards Act Statutory 11-hour break was not provided for workers on shifts, violating Paragraph 2, Article 34 of the Labor Standards Act	100,000
2	2022.07.06	FU-LAO-TZU-TZU N. 1113933006	Overtime exceeded 46 hours per month, violating Paragraph 2, Article 32 of the Labor Standards Act	50,000
3	2022.12.13	BEI-SHI-LAO-TUNG-TZU N. 11160292442	Overtime exceeded 46 hours per month, violating Paragraph 2, Article 32 of the Labor Standards Act	600,000

Current and Potential Estimated Amount and Countermeasures

To cope with reduction in workforce and labor shortage in job market in recent time, we will incorporate relevant labor inspection punishment cases in the items to be improved, enhance the dissemination of these laws and regulations, deploy manpower effectively, upgrade the transport equipment, and improve labor conditions on an ongoing basis. In addition, the Company is committed to the harmony between the employees and the employer, and knows very well that good labor conditions bring stable business development and a harmonious labor–management relationship.

Protective Measures for Working Environment and Employee Personal Safety

1. A 24-hour surveillance system is installed at adequate locations in the workplace. An entrance control facility is installed at the entrance of the warehouse or where the high-price goods are stored, to guarantee employee safety.
2. Well ventilation and adequate natural light are required for workplace planning. Specialists have been assigned to take charge of cleaning and hygiene of workplace every day.
3. First-aid medicine and medical supplies are placed at adequate locations in the workplace (fully automatic electronic sphygmomanometer) available for employees to use.
4. We commission qualified suppliers to maintain water dispensers monthly to ensure the supply of hygienic drinking water for the employees.
5. We assign a sufficient number of qualified first-aid personnel based on the number of staff at the workplace. They are retrained periodically to maintain their professional first-aid skills, and they will be able to provide emergency care when an emergency occurs.
6. The regular employee health check-up is held every year.
7. Contracted medical service personnel are hired to implement employee health grading management, and conduct health education dissemination. Employee health personnel arrange on-site health services periodically, perform flu control and other health promotion activities.
8. We formulated our documents of plans related to "prevention of abnormal workload-triggered disorders," "prevention of ergonomic hazards," "maternity protection," and "prevention of unlawful infringement." We comply with the spirit of management for PDCA, to fulfill preventive strategies and measures through continuous evaluation, improvement and modification.
9. Prevention of sexual harassment at the workplace: Reporting channels and related regulations are available.
10. To maintain our employees' safety and health, we set up a safety and health management unit based on the laws, appoint a Class-I manager of occupational safety and health affairs and an occupational safety and health management specialist. In addition, we establish various management 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," and "Regulations for Contractors' Safety and Health Management." We require all units to implement safety and health measures based on standard operations, and review the outcome during execution from time to time and amend operational standards from time to time to ensure the occupational safety and health of the employees.
11. We install fire control systems in accordance with the Fire Services Act, including an alarm system, sprinkler system, escape equipment, and fire extinguishers. We implement self-inspection and equipment maintenance monthly. We commission qualified fire safety equipment maintenance institutions to perform annual fire safety equipment inspection and reporting according to the laws. We organize fire protection exercises on a regular basis to help employees become familiar with the operations of the firefighting and escape systems.
12. For prevention of occupational disasters and effective control of accidents, the Company performs investigations, statistical analyses and improvement in accordance with the laws, and conducts occupational safety inspection and management by arranging regular walk-around patrols to improve the environmental safety continuously. We enhance the educational training of the employees on occupational safety and health, arouse their hazard awareness, and help them avoid danger before a hazard occurs.

Management of Information and Communication Security

Security Policy

We implement the Company's information security governance on a long-term basis, and strictly abide by the Company Act, Trade Secrets Act, the Communication Security and Surveillance Act, Personal Data Protection Act and its enforcement rules, Electronic Signatures Act and other laws and regulations governing commercial behavior. We are dedicated to the improvement of the information security performance by implementing well-established internal control systems, providing educational training based on the cultivation and retention of talents, enhancing the communication of internal and external information, enforcing regulations on daily work and administration, and making information security policies and systems more complete.

Risk Management

The Board of Directors is the highest decision-making unit of risk management. It aims to comply with regulations, promote and fulfill overall risk management of the company, approve risk management policy of the company, and ensure effectiveness of risk management. The Information General Division performs risk analysis every year. It integrates and manages all the important risks that may have an effect on the operation of the systems, and takes action in advance to ensure effective prevention.

Costs Incurred from Substantial Information and Communication Security Events in the Most Recent Year up to the Publication Date of the Annual Report

None

Current and Potential Estimated Amount and Countermeasures

None

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	
Construction contract	Contractor: Lih Hwa Construction Company Limited	05.27.2021-05.26.2028	Construction in Lot Chang'an, Xizhi District, New Taipei City	None	
Construction contract	Contractor: Lih Hwa Construction Company Limited	07.15.2022-02.07.2024	Construction in Qianzhen Dist., Kaohsiung 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	
Superficies contract	Leasor:Taiwan Sugar Corporation	10.19.2021-10.18.2041	Right to use the land in Qianzhen District, Kaohsiung 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

I. Consolidated Condensed Balance Sheet - Based on IFRS

Unit: NTD$ thousands

Item		Year / Financial Summary for The Last Five Years 2022	2021	2020	2019	2018
Current assets		3,797,723	3,818,502	3,725,922	3,895,234	3,066,470
Property, plant and equipment		15,254,641	14,508,482	13,366,991	13,110,979	11,240,723
Right-of-use assets		4,603,740	4,725,748	3,563,856	3,364,419	-
Intangible assets		342,122	360,201	373,601	386,225	100,622
Other assets		742,991	749,032	638,534	763,775	952,253
Total assets		24,741,217	24,161,965	21,668,904	21,520,632	15,360,068
Current liabilities	Before distribution	3,386,859	3,383,238	3,228,405	3,710,799	2,779,290
	After distribution	2,616,308	2,612,687	4,012,966	4,387,950	3,507,811
Non-current liabilities		9,191,303	9,245,246	7,617,796	7,795,315	3,682,644
Total liabilities	Before distribution	12,578,162	12,628,484	10,846,201	11,506,114	6,461,934
	After distribution	11,807,611	11,857,933	11,630,762	12,183,265	7,190,455
Equity attributable to shareholders of the parent		11,539,550	10,952,255	10,268,269	9,483,751	8,878,139
Capital stock		4,670,005	4,670,005	4,670,005	4,670,005	4,670,005
Capital surplus		2,308	2,308	2,308	2,308	2,308
Retained earnings	Before distribution	6,806,556	6,227,281	5,641,470	4,807,048	4,229,044
	After distribution	6,036,005	5,456,730	4,856,909	4,129,897	3,500,523
Other equity interest		60,681	52,661	(45,514)	4,390	(23,218)
Treasury stock		-	-	-	-	-
Non-controlling interest		623,505	581,226	554,434	530,767	19,995
Total equity	Before distribution	12,163,055	11,533,481	10,822,703	10,014,518	8,898,134
	After distribution	11,392,504	10,762,930	10,038,142	9,337,367	8,169,613

Note:
(1) 2022 annual financial information was verified by CPA.
(2) The 2022 earnings distibution amount has not yet been discussed by the Shareholders' meeting as of the date of printing of this annual report.

II. Consolidated Condensed Statement of Comprehensive Income - Based on IFRS

Unit: NTD$ thousands

Item	Year / Financial Summary for The Last Five Years 2022	2021	2020	2019	2018
Revenue	12,730,070	13,036,397	12,344,210	11,855,676	10,383,996
Gross profit	2,345,141	2,517,363	2,669,453	2,394,730	1,941,485
Operating Income/loss	1,677,705	1,812,125	1,961,928	1,708,658	1,435,239
Non-Operating Income and Expenses	7,548	24,076	6,090	16,165	119,398
Net income before tax	1,685,253	1,836,201	1,968,018	1,724,823	1,554,637
Net income from continuing operations	1,365,715	1,483,488	1,570,394	1,406,755	1,222,623
Loss from discontinued operations	-	-	-	-	-
Net profit (loss) for current term	1,365,715	1,483,488	1,570,394	1,406,755	1,222,623
Other comprehensive income (loss) during the term (Net amount after tax)	118,033	73,082	(36,473)	(22,312)	8,633
Total comprehensive income for the term	1,483,748	1,556,570	1,533,921	1,384,443	1,231,256
Net income attributable to					
Shareholders of the parent	1,240,351	1,394,789	1,497,426	1,352,312	1,216,548
Non-controlling interests	125,364	88,699	72,968	54,443	6,075
Total comprehensive income (loss) attributable to					
Shareholders of the parent	1,357,846	1,468,547	1,461,669	1,334,133	1,225,165
Non-controlling interests	125,902	88,023	72,252	50,310	6,097
Earnings per share	2.66	2.99	3.21	2.90	2.61

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) 2022 annual financial information was verified by CPA.

III. Individual Condensed Balance Sheet - Based on IFRS

Unit: NTD$ thousands

Item		2022	2021	2020	2019	2018
Current assets		2,367,839	2,530,647	2,741,140	3,168,043	2,351,767
Property, plant and equipment		13,212,878	12,478,789	11,361,651	11,039,664	10,892,388
Right-of-use assets		2,830,389	2,828,776	2,094,611	1,761,139	-
Intangible assets		-	-	-	-	-
Other assets		2,814,305	2,617,262	2,278,011	2,218,286	1,572,597
Total assets		21,225,411	20,455,474	18,475,413	18,187,132	14,816,752
Current liabilities	Before distribution	2,399,504	2,303,796	2,191,360	2,647,570	2,267,591
	After distribution	1,628,953	1,533,245	2,975,921	3,324,721	2,996,112
Non-current liabilities		7,286,357	7,199,423	6,015,784	6,055,811	3,671,022
Total liabilities	Before distribution	9,685,861	9,503,219	8,207,144	8,703,381	5,938,613
	After distribution	8,915,310	8,732,668	8,991,705	9,380,532	6,667,134
Capital stock		4,670,005	4,670,005	4,670,005	4,670,005	4,670,005
Capital surplus		2,308	2,308	2,308	2,308	2,308
Retained earnings	Before distribution	6,806,556	6,227,281	5,641,470	4,807,048	4,229,044
	After distribution	6,036,005	5,456,730	4,856,909	4,129,897	3,500,523
Other equity interest		60,681	52,661	(45,514)	4,390	(23,218)
Treasury stock		-	-	-	-	-
Total equity	Before distribution	11,539,550	10,952,255	10,268,269	9,483,751	8,878,139
	After distribution	10,768,999	10,181,704	9,483,708	8,806,600	8,149,618

Year: Financial Summary for The Last Five Years

Note:
(1) 2022 annual financial information was verified by CPA.
(2) The 2022 earnings distibution amount has not yet been discussed by the Shareholders' meeting as of the date of printing of this annual report.

IV. Individual Condensed Statement of Comprehensive Income - Based on IFRS

Unit: NTD$ thousands

Item	2022	2021	2020	2019	2018
Revenue	10,074,718	10,565,689	10,133,871	9,823,283	9,297,035
Gross profit	1,274,707	1,601,765	1,869,827	1,716,254	1,653,434
Operating Income/loss	905,598	1,209,660	1,475,739	1,369,213	1,302,108
Non-Operating Income and Expenses	522,637	430,066	336,042	246,988	219,405
Net income before tax	1,428,235	1,639,726	1,811,781	1,616,201	1,521,513
Net income from continuing operations	1,240,351	1,394,789	1,497,426	1,352,312	1,216,548
Loss from discontinued operation	-	-	-	-	-
Net profit (loss) for current term	1,240,351	1,394,789	1,497,426	1,352,312	1,216,548
Other comprehensive income (loss) during the term (Net amount after tax)	117,495	73,758	(35,757)	(18,179)	8,617
Total comprehensive income for the term	1,357,846	1,468,547	1,461,669	1,334,133	1,225,165
Earnings per share	2.66	2.99	3.21	2.90	2.61

Year: Financial Summary for The Last Five Years

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) 2022 annual financial information was verified by CPA.

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

Year	Name of CPA	Audit 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
2021	Yang, Chi-Sheng/Su,Ting-Chien	Unqualified opinion
2022	Wu, Lie-Dong/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 2022	2021	2020	2019	2018
Financial structure (%)	Debt to asset ratio (%)	50.84	52.27	50.05	53.47	42.07
	Ratio of long-term capital to property, plant and equipment	139.99	143.22	137.96	135.84	111.92
Solvency (%)	Current ratio	112.13	112.87	115.41	104.97	110.33
	Quick ratio	108.42	108.94	111.34	101.97	101.73
	Interest earned ratio (times)	13.62	17.14	19.54	15.62	43.84
Operating performance	Accounts receivable turnover (times)	6.12	6.38	6.40	6.37	5.95
	Average collection period	59.64	57.21	57.03	57.29	61.34
	Inventory turnover (times)	1.01	2.33	2.21	2.23	2.80
	Accounts payable turnover (times)	14.13	14.48	15.79	22.33	18.70
	Average days in sales	361.38	156.65	165.15	163.67	130.36
	Property, plant and equipment turnover (times)	0.86	0.94	0.93	0.97	0.96
	Total assets turnover (times)	0.52	0.57	0.57	0.64	0.71
Profitability	Return on total assets (%)	6.02	6.87	7.67	8.10	8.45
	Return on stockholders' equity (%)	11.53	13.27	15.07	14.88	14.16
	Pre-tax income to paid-in capital ratio (%) – Operating income	35.93	38.80	42.01	36.59	30.73
	Pre-tax income to paid-in capital ratio (%) – Pre-tax income	36.09	39.32	42.14	36.93	33.29
	Profit ratio (%)	10.73	11.38	12.72	11.87	11.77
	Earnings per share (NTD$)	2.66	2.99	3.21	2.90	2.61
Cash flow	Cash flow ratio (%)	74.87	72.56	94.17	72.30	48.18
	Cash flow adequacy ratio (%)	111.91	104.23	95.48	80.65	71.54
	Cash reinvestment ratio(%)	7.15	7.04	10.42	8.90	3.14
Leverage	Operating leverage	1.72	1.67	1.58	1.65	1.38
	Financial leverage	1.09	1.07	1.06	1.07	1.02

Note:

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

(i) The interest earned ratio of 2022 is less than 2021, due to earnings before interest and tax decreased year over year.

(ii) The decrease in turnover ratio and increase in average days in sales is due to the decrease in the cost of goods sold.

(2) All financial reports from 2018-2022 were audited by CPA.

Individual Financial Analysis - Based on IFRS

Item		Year: Financial Analysis for the Last Five Years 2022	2021	2020	2019	2018
Financial structure (%)	Debt to asset ratio (%)	45.63	46.46	44.42	47.85	40.08
	Ratio of long-term capital to property, plant and equipment	142.48	145.46	143.32	140.76	115.21
Solvency (%)	Current ratio	98.68	109.85	125.09	119.66	103.71
	Quick ratio	97.88	108.64	123.85	118.69	102.02
	Interest earned ratio (times)	15.83	22.69	26.22	20.88	47.02
Operating performance	Accounts receivable turnover (times)	6.22	6.55	6.53	6.27	6.10
	Average collection period	58.68	55.73	55.90	58.21	59.84
	Inventory turnover (times)	-	-	-	-	-
	Accounts payable turnover (times)	16.20	16.03	15.83	18.64	19.74
	Average days in sales	-	-	-	-	-
	Property, plant and equipment turnover (times)	0.78	0.89	0.90	0.90	0.89
	Total assets turnover (times)	0.48	0.54	0.55	0.60	0.66
Profitability	Return on total assets (%)	6.32	7.48	8.48	8.54	8.71
	Return on stockholders' equity (%)	11.03	13.15	15.16	14.73	14.12
	Pre-tax income to paid-in capital ratio (%) – Operating income	19.39	25.90	31.60	29.32	27.88
	Pre-tax income to paid-in capital ratio (%) – Pre-tax income	30.58	35.11	38.80	34.61	32.58
	Profit ratio (%)	12.31	13.20	14.78	13.77	13.09
	Earnings per share (NTD$)	2.66	2.99	3.21	2.90	2.61
Cash flow	Cash flow ratio (%)	69.68	69.50	107.04	77.32	57.69
	Cash flow adequacy ratio (%)	90.62	89.22	86.52	76.69	71.61
	Cash reinvestment ratio(%)	3.96	3.73	7.98	6.51	3.05
Leverage	Operating leverage	2.10	1.75	1.59	1.63	1.37
	Financial leverage	1.12	1.07	1.05	1.06	1.02

Note:

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

(i) The interest earned ratio of 2022 is less than 2021, due to earnings before interest and tax decreased year over year.

(2) All financial reports from 2018-2022 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 preferred stocks)/ 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 2022 Business Report, Financial Statements, and proposal for distribution of annual earnings. The CPA Lie-Dong Wu 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

March 15, 2023

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 Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2022 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 No. 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:

Chung-Kui Shen
Chairman

March 15, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Kerry TJ Logistics Co., Limited

Opinion

We have audited the accompanying consolidated financial statements of Kerry TJ Logistics Co., Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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 (collectively referred to as the "consolidated financial statements").

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, 2022 and 2021, 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 Financial Statements by Certified Public Accountants and the Standards of Auditing of 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, 2022. 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, 2022 is as follows:

<u>Recognition of freight logistics revenue</u>

The Group's major source of revenue comes from freight logistics, and the amount of freight logistics revenue is measured based on freight rates and freight volume in accordance with the Group's revenue recognition policies. Since unapproved freight rates may cause revenue to be recognized incorrectly, the recognition of freight logistics revenue has been identified as a key audit matter, refer to Notes 4 and 31 for the details.

We obtained an understanding of the setup and changes in the system flow of the main price file (freight rates table/contract rates table) and evaluated the design and determined the implementation of the related controls, and we also performed tests of controls.

The main audit procedures that we performed are as follows:

1. We obtained the freight rate deviation table, checked the rationality of differences between the listed freight rates and the actual rates paid, and we also checked that rates were approved by the relevant supervisors.

2. We obtained an understanding of the logic process of generating freight rate deviation table and recalculated and verified the accuracy of the report calculation logic.

3. We performed the substantive analytical procedures on freight logistics revenue.

Other Matter

We have also audited the parent company only financial statements of Kerry TJ Logistics Co., Limited as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 Standards of Auditing of 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 Standards of Auditing of 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, 2022, 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 Lie-Dong Wu and Ting-Chien Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2023

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 CO., LIMITED AND SUBSIDIARIES | CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 6)	$ 1,629,801	7	$ 1,506,806	6
Notes receivable (Notes 4, 7 and 20)	312,067	1	432,258	2
Accounts receivable (Notes 4, 7, 20 and 26)	1,691,550	7	1,718,696	7
Other receivables (Notes 4 and 26)	11,768	-	8,190	-
Inventories (Notes 4 and 10)	61,705	-	56,015	-
Prepayments (Note 26)	63,969	-	76,745	1
Other current assets	26,863	-	19,792	-
Total current assets	3,797,723	15	3,818,502	16
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 8)	-	-	10,925	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	254,962	1	248,295	1
Investments accounted for using the equity method (Notes 4, 12 and 26)	102,907	1	100,507	-
Property, plant and equipment (Notes 4, 5, 13, 26, 27 and 28)	15,254,641	62	14,508,482	60
Right-of-use assets (Notes 4, 5 and 14)	4,603,740	19	4,725,748	20
Other intangible assets (Notes 4 and 26)	92,026	-	110,105	1
Goodwill (Note 4)	250,096	1	250,096	1
Deferred tax assets (Notes 4 and 22)	45,687	-	90,109	-
Other non-current assets (Notes 4, 15 and 27)	339,435	1	299,196	1
Total non-current assets	20,943,494	85	20,343,463	84
TOTAL	$ 24,741,217	100	$ 24,161,965	100

KERRY TJ LOGISTICS CO., LIMITED AND SUBSIDIARIES | CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022		2021	
LIABILITIES AND EQUITY	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term bank loans (Notes 4 and 16)	$ 450,000	2	$ 269,000	1
Notes payable	157	-	632	-
Accounts payable (Note 26)	655,692	3	832,241	3
Other payables (Notes 17 and 26)	1,324,510	5	1,344,592	6
Current tax liabilities (Notes 4 and 22)	136,508	1	153,795	1
Lease liabilities - current (Notes 4, 5 and 14)	457,801	2	441,566	2
Current portion of long-term bank loans (Notes 4, 16 and 27)	-	-	56,718	-
Other current liabilities	362,191	1	284,694	1
Total current liabilities	3,386,859	14	3,383,238	14
NON-CURRENT LIABILITIES				
Long-term bank loans (Notes 4, 16 and 27)	4,466,200	18	4,252,512	18
Deferred tax liabilities (Notes 4 and 22)	583,688	2	586,896	2
Lease liabilities - non-current (Notes 4, 5 and 14)	4,012,276	16	4,068,568	17
Net defined benefit liabilities - non-current (Notes 4 and 18)	107,360	1	314,465	1
Deposits received	21,527	-	22,553	-
Other non-current liabilities	252	-	252	-
Total non-current liabilities	9,191,303	37	9,245,246	38
Total liabilities	12,578,162	51	12,628,484	52

KERRY TJ LOGISTICS CO., LIMITED AND SUBSIDIARIES | CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022		2021	
LIABILITIES AND EQUITY	Amount	%	Amount	%
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	$ 4,670,005	19	$ 4,670,005	19
Capital surplus	2,308	-	2,308	-
Retained earnings				
Legal reserve	1,397,670	6	1,260,632	5
Special reserve	299,916	1	345,430	2
Unappropriated earnings	5,108,970	21	4,621,219	19
Total retained earnings	6,806,556	28	6,227,281	26
Other equity	60,681	-	52,661	-
Total equity attributable to owners of the Company	11,539,550	47	10,952,255	45
NON-CONTROLLING INTERESTS	623,505	2	581,226	3
Total equity	12,163,055	49	11,533,481	48
TOTAL	$ 24,741,217	100	$ 24,161,965	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, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 26)	$ 12,730,070	100	$ 13,036,397	100
OPERATING COSTS (Notes 10, 21 and 26)	10,384,929	82	10,512,838	81
GROSS PROFIT	2,345,141	18	2,523,559	19
OPERATING EXPENSES (Notes 21 and 26)	667,436	5	711,434	5
PROFIT FROM OPERATIONS	1,677,705	13	1,812,125	14
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Interest income	2,874	-	902	-
Other income (Notes 21 and 26)	126,848	1	104,529	1
Other gains and losses (Note 21)	3,744	-	19,238	-
Finance costs (Note 21)	(133,542)	(1)	(113,777)	(1)
Share of profit of associates accounted for using the equity method (Note 12)	5,330	-	5,220	-
Valuation gain on financial assets at fair value through profit or loss (Note 8)	2,294	-	7,964	-
Total non-operating income and expenses	7,548	-	24,076	-
PROFIT BEFORE INCOME TAX	1,685,253	13	1,836,201	14
INCOME TAX EXPENSE (Notes 4 and 22)	319,538	2	352,713	3
NET PROFIT FOR THE YEAR	1,365,715	11	1,483,488	11

(Continued)

KERRY TJ LOGISTICS CO., LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	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)	$ 137,484	1	($ 31,292)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	8,000	-	98,800	1
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 22)	(27,497)	-	6,258	-
	117,987	1	73,766	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(20)	-	(534)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	66	-	(150)	-
	46	-	(684)	-
Other comprehensive income for the year, net of income tax	118,033	1	73,082	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,483,748	12	$ 1,556,570	12

(Continued)

KERRY TJ LOGISTICS CO., LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 1,240,351	10	$ 1,394,789	11
Non-controlling interests	125,364	1	88,699	-
	$ 1,365,715	11	$ 1,483,488	11
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 1,357,846	11	$ 1,468,547	11
Non-controlling interests	125,902	1	88,023	1
	$ 1,483,748	12	$ 1,556,570	12
EARNINGS PER SHARE (Note 23)				
Basic	$ 2.66		$ 2.99	
Diluted	$ 2.65		$ 2.98	

(Concluded)

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

KERRY TJ LOGISTICS CO., LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (Note 19)										
			Retained Earnings				Other Equity				
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings	Exchange Differences on Translation Foreign Operations	Unrealized Gain (Loss) on Investments in Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests (Note 19)	Total Equity
BALANCE AT JANUARY 1, 2021	$ 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
Appropriation of 2020 earnings											
Legal reserve	-	-	151,157	-	(151,157)	-	-	-	-	-	-
Special reserve	-	-	-	45,514	(45,514)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(784,561)	(784,561)	-	-	(784,561)	-	(784,561)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(61,231)	(61,231)
Net profit for the year ended December 31, 2021	-	-	-	-	1,394,789	1,394,789	-	-	1,394,789	88,699	1,483,488
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(24,417)	(24,417)	(625)	98,800	73,758	(676)	73,082
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,370,372	1,370,372	(625)	98,800	1,468,547	88,023	1,556,570
BALANCE AT DECEMBER 31, 2021	4,670,005	2,308	1,260,632	345,430	4,621,219	6,227,281	11,597	41,064	10,952,255	581,226	11,533,481
Appropriation of 2021 earnings											
Legal reserve	-	-	137,038	-	(137,038)	-	-	-	-	-	-
Special reserve	-	-	-	(45,514)	45,514	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(770,551)	(770,551)	-	-	(770,551)	-	(770,551)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(83,623)	(83,623)
Net profit for the year ended December 31, 2022	-	-	-	-	1,240,351	1,240,351	-	-	1,240,351	125,364	1,365,715
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	109,475	109,475	20	8,000	117,495	538	118,033
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	1,349,826	1,349,826	20	8,000	1,357,846	125,902	1,483,748
BALANCE AT DECEMBER 31, 2022	$ 4,670,005	$ 2,308	$ 1,397,670	$ 299,916	$ 5,108,970	$ 6,806,556	$ 11,617	$ 49,064	$ 11,539,550	$ 623,505	$ 12,163,055

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

KERRY TJ LOGISTICS CO., LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,685,253	$ 1,836,201
Adjustments for:		
Depreciation expense	1,298,595	1,179,433
Amortization expense	35,873	40,177
Expected credit losses	641	811
Valuation gain on financial assets at fair value through profit or loss, net	(2,294)	(7,964)
Finance costs	133,542	113,777
Interest income	(2,874)	(902)
Dividend income	(61,014)	(19,840)
Share of profit of associates accounted for using the equity method	(5,330)	(5,220)
Gain on disposal of property, plant and equipment, net	(13,771)	(9,438)
Property, plant and equipment transferred to expense	557	129
Loss on disposal of other intangible assets	6,750	-
Gain on disposal of investments accounted for using the equity method	(2,592)	-
Write-down (reversal) of inventories	(7,127)	8,579
Gain on lease modifications	(961)	(13)
Other revenue	(8,229)	(7,655)

(Continued)

KERRY TJ LOGISTICS CO., LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
Net changes in operating assets and liabilities:		
Notes receivable	$ 120,191	($ 81,436)
Accounts receivable	26,505	(149,431)
Other receivables	(3,591)	(1,781)
Inventories	1,437	(4,908)
Prepayments	12,776	(4,884)
Other current assets	(7,071)	14,932
Other non-current assets	(16,560)	(22,098)
Notes payable	(475)	(1,903)
Accounts payable	(176,549)	214,465
Other payables	(17,483)	(68,347)
Other current liabilities	77,497	15,381
Net defined benefit liabilities	(69,621)	(66,483)
Cash generated from operations	3,004,075	2,971,582
Interest received	2,887	909
Interest paid	(148,106)	(117,369)
Income tax paid	(323,108)	(401,852)
Net cash generated from operating activities	2,535,748	2,453,270

(Continued)

KERRY TJ LOGISTICS CO., LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from financial assets at fair value through other comprehensive income capital reduction	$ 1,333	$ 38,790
Proceeds from sale of financial assets at fair value through profit or loss	13,219	-
Net cash inflow from disposal of investments in associates	2,592	-
Payments for property, plant and equipment	(961,010)	(1,263,209)
Proceeds from disposal of property, plant and equipment	26,654	14,794
Decrease (increase) in refundable deposits	(3,872)	8,800
Payments for other intangible assets	(3,740)	(3,428)
Increase in other non-current assets	(11,905)	(6,438)
Increase in prepayments for equipment	(562,684)	(514,884)
Dividends received	64,010	19,840
Net cash used in investing activities	(1,435,403)	(1,705,735)

(Continued)

KERRY TJ LOGISTICS CO., LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term bank loans	$ 2,438,000	$ 3,324,000
Repayments of short-term bank loans	(2,257,000)	(3,099,000)
Repayments of short-term bills payable	-	(54,973)
Proceeds from long-term bank loans	4,757,200	5,130,000
Repayments of long-term bank loans	(4,600,230)	(4,596,400)
Increase (decrease) in deposits received	(1,026)	696
Repayment of the principal portion of lease liabilities	(460,070)	(606,615)
Dividends paid	(770,551)	(784,561)
Dividends paid to non-controlling interests	(83,623)	(61,231)
Net cash used in financing activities	(977,300)	(748,084)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(50)	(530)
NET INCREASE (DECREASE) IN CASH	122,995	(1,079)
CASH AT THE BEGINNING OF THE YEAR	1,506,806	1,507,885
CASH AT THE END OF THE YEAR	$ 1,629,801	$ 1,506,806

(Concluded)

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

KERRY TJ LOGISTICS CO., LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Kerry TJ Logistics Co., Limited (the "Company") was incorporated in the Republic of China (ROC) in December 1959. The Company is mainly engaged in the business of automobile cargo transportation within designated routes, container transportation, warehousing and refrigeration delivery.

The Company's parent company, Kerry Logistics (Taiwan) Investments Limited, held 53.4% of the Company's ordinary shares on December 31, 2022 and 2021.

The Company's original intermediate parent company is Kerry Logistics Services Limited (KLSL), which was owned by Kerry Logistics Network Limited (KLN). KLSL sold all its businesses in Taiwan (including all the Company's ordinary shares) to Treasure Seeker Group Limited (TSGL), which was owned by Hong Kong Kerry Holding Limited (KHL) on September 27, 2021. KHL became the intermediate parent company of the Company from that date. However, KHL is Kerry Group Limited's subsidiary. The Group's ultimate controller is still Kerry Group Limited.

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 15, 2023.

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

a. Initial application of the amendments to 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)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

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

Note 2: The amendments will be 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 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of above standards and interpretations will not have a material impact on the Group's financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the above standards and interpretations on the Group'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 consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs as endorsed and issued into effect 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 net 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, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, 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 an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3) Level 3 inputs are unobservable inputs for an asset or liability.

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.

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).

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 statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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, the amount of any non-controlling interests in the acquiree, 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 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.

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.

f. Foreign currencies

In preparing the financial statements of each individual entity, 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 denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from 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 item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries or associates) that are prepared using functional currencies which 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 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.

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.

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 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.

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.

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 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 methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates 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.

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 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.

k. Intangible assets

1) Intangible assets acquired separately

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 lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On the derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

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 or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

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 issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss, 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 categories

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, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 25.

ii. Financial assets at amortized cost

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

i) The financial assets are 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 assets 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, refundable deposits and other financial assets, 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 asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) 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 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 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.

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.

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 considers the following situations as indication 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. 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. 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.

2) Financial liabilities

a) Subsequent measurement

All 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. Provisions

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.

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.

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 by 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 consolidated 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 or variable lease payments which depend on an index or a rate. 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 lessee's incremental borrowing rate will be used.

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 or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, 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. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use assets of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease. Lease liabilities are presented on a separate line in the consolidated 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, 2022, that results in the revised consideration for the lease substantially less than the consideration for the lease immediately preceding the change. 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. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

s. 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 expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under 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 in which they occur. 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 it occurs. 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 plans. 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.

t. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) 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 liability is not recognized on taxable temporary differences arising from the initial recognition of goodwill. 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 and associates, 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 such temporary differences 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

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, estimations, and assumptions, on 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 possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates on cash flows, growth rates, discount rates, profitabilities, etc. 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 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	
	2022	2021
Cash on hand and petty cash	$ 67,918	$ 89,148
Checking accounts and demand deposits	1,561,883	1,417,658
	$ 1,629,801	$ 1,506,806

7. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	2022	2021
Notes Receivable		
At amortized cost		
Gross carrying amount	$ 312,148	$ 432,339
Less: Allowance for impairment loss	(81)	(81)
	$ 312,067	$ 432,258
Accounts Receivable		
At amortized cost		
Gross carrying amount	$ 1,699,720	$ 1,726,829
Less: Allowance for impairment loss	(8,170)	(8,133)
	$ 1,691,550	$ 1,718,696

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. 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 and the aggregate value of transactions concluded is spread amongst approved counterparties. 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 evidence 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 notes and accounts receivable:

	Within 120 Days	Over 120 Days
December 31, 2022		
Expected credit loss rate (%)	0%-1%	0%-100%
Gross carrying amount	$ 2,004,009	$ 7,859
Loss allowance (Lifetime ECLs)	(2,941)	(5,310)
Amortized cost	$ 2,001,068	$ 2,549

	Within 120 Days	Over 120 Days
December 31, 2021		
Expected credit loss rate (%)	0%-0.1%	0%-75%
Gross carrying amount	$ 2,150,615	$ 8,553
Loss allowance (Lifetime ECLs)	(4,214)	(4,000)
Amortized cost	$ 2,146,401	$ 4,553

The above aging schedule was based on the account booking dates.

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	December 31	
	2022	2021
Balance at January 1	$ 8,214	$ 8,294
Net remeasurement of loss allowance	641	811
Amount written off	(604)	(891)
Balance at December 31	$ 8,251	$ 8,214

8. FINANCIAL ASSETS AT FVTPL - NON-CURRENT

	December 31	
	2022	2021
Domestic unlisted preference shares		
PKR Offshore Co., Ltd. ("PKRO")	$ -	$ 10,925
Domestic unlisted ordinary shares		
Hantek Technology Co., Ltd. ("Hantek")	-	-
	$ -	$ 10,925

Hantek wound up operations as approved by the competent authority in 2006. As of 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 Company does not have control; and as stipulated in the PKRO'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 FVTOCI, they were classified as investments in debt instruments at FVTPL.

In December 2021, the Company's board of directors approved to dispose of PKRO and signed the share purchase agreement on January 27, 2022. The contractual consideration was $13,219 thousand. On May 6, 2022, the transfer of shares was completed.

9. FINANCIAL INSTRUMENTS AT FVTOCI - NON-CURRENT

	December 31	
	2022	2021
Domestic unlisted ordinary shares		
Everterminal Co., Ltd. ("Everterminal")	$ 163,702	$ 164,502
J.Shine International Logistics Co., Ltd. ("J.Shine")	78,222	69,222
Chunghwa Express Co., Ltd. ("Chunghwa Express")	10,392	10,392
Develop Cultural and Creative Valve Venture Capital Co., Ltd. ("Develop Cultural")	2,293	3,826
Omnihealth Group,Inc. ("Omnihealth")	353	353
West Lake Resortopia Corp ("West Lake")	-	-
Taskco E-Business Corp. ("Taskco")	-	-
	$ 254,962	$ 248,295

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.

10. INVENTORIES

	December 31	
	2022	2021
Raw materials	$ 61,705	$ 52,605
Merchandise	-	3,410
	$ 61,705	$ 56,015

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was $134,742 thousand and $130,600 thousand, respectively.

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2022	2021
Inventory write-downs (reversed)	($ 7,127)	$ 8,579

Inventory write-downs were reversed due to the sale of inventories that were originally recognized as a depreciation loss.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	Main Business	% of Ownership December 31 2022	% of Ownership December 31 2021	Remark
The Company	Rong Xing Investment Corporation ("Rong Xing")	Professional investment business	100	100	
	T-join (BVI) International Limited ("T-join (BVI)")	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	
	Science Park Logistics Co., Ltd. ("SPL")	Logistics transportation business	60	60	
The Company and subsidiaries	Kerry Cold Chain Equipment Company Limited ("KCC")	Transportation tools and parts manufacturing	100	100	
Rong Xing	Kerry Pharma Logistics Co., Ltd. ("KP")	Car freight business	90	90	
	Kerry Fruit Company Limited ("KF")	Fruit and vegetable wholesale	51	51	Note

Note: The dissolution and liquidation of KF were approved by the shareholders in their meeting on April 18, 2022, and the dissolution date was April 30, 2022. As of the date of the auditors' audit report, the liquidation procedures have not been completed.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31			
	2022		2021	
Investee	Carrying Amount	Percentage of Ownership (%)	Carrying Amount	Percentage of Ownership (%)
Material associates				
T-Join (HK) International Limited ("T-Join (HK)")	$ 78,341	49	$ 76,868	49
Cobang Nanjing Logistics Limited ("Cobang Nanjing")	24,566	25	23,639	25
Associates that are not individually material				
Posh Kerry Renewables Co., Ltd. ("Posh Kerry")	-	-	-	40
Lian He Circulate Co., Ltd. ("Lian He")	-	46	-	46
	$ 102,907		$ 100,507	

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.

The board of directors of the Company has made a resolution to dispose of Posh Kerry in March 2022 and signed a sale agreement for a consideration of $2,592 thousand in September 2022, the transfer of shares was completed on November 10, 2022.

Lian He wound up operations as approved by the competent authority in 2014, and as of the date of the auditors' audit 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 2022 and 2021 were calculated based on their financial statements which have been audited for the same periods.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery	Transportation Equipment	Lease Improvements	Other Equipment	Construction In Progress	Total
Cost								
Balance at January 1, 2022	$ 5,761,728	$ 7,547,845	$ 561,456	$ 5,579,747	$ 911,612	$ 628,349	$ 1,183,165	$ 22,173,902
Additions	-	73,405	13,838	72,327	22,530	24,244	766,661	973,005
Disposals	-	-	(8,705)	(349,813)	(61,018)	(52,168)	-	(471,704)
Reclassified	-	250,403	95,845	448,106	10,448	64,786	(336,167)	533,421
Balance at December 31, 2022	$ 5,761,728	$ 7,871,653	$ 662,434	$ 5,750,367	$ 883,572	$ 665,211	$ 1,613,659	$ 23,208,624
Accumulated depreciation								
Balance at January 1, 2022	$ -	$ 3,100,846	$ 288,473	$ 3,071,828	$ 743,294	$ 460,979	$ -	$ 7,665,420
Depreciation expenses	-	287,915	44,104	305,705	34,607	75,053	-	747,384
Disposals	-	-	(7,797)	(341,153)	(60,274)	(49,597)	-	(458,821)
Balance at December 31, 2022	$ -	$ 3,388,761	$ 324,780	$ 3,036,380	$ 717,627	$ 486,435	$ -	$ 7,953,983
Carrying amount at December 31, 2022	$ 5,761,728	$ 4,482,892	$ 337,654	$ 2,713,987	$ 165,945	$ 178,776	$ 1,613,659	$ 15,254,641
Cost								
Balance at January 1, 2021	$ 5,761,728	$ 6,151,811	$ 472,122	$ 5,345,505	$ 867,507	$ 579,239	$ 1,639,780	$ 20,817,692
Additions	-	52,221	22,516	96,405	21,692	50,229	997,745	1,240,808
Disposals	-	(96,836)	(33,919)	(303,922)	(2,207)	(32,389)	-	(469,273)
Reclassified	-	1,440,649	100,737	441,759	24,620	31,270	(1,454,360)	584,675
Balance at December 31, 2021	$ 5,761,728	$ 7,547,845	$ 561,456	$ 5,579,747	$ 911,612	$ 628,349	$ 1,183,165	$ 22,173,902
Accumulated depreciation								
Balance at January 1, 2021	$ -	$ 2,945,902	$ 285,450	$ 3,088,210	$ 704,323	$ 426,816	$ -	$ 7,450,701
Depreciation expenses	-	251,633	36,942	282,622	40,886	66,553	-	678,636
Disposals	-	(96,689)	(33,919)	(299,004)	(1,915)	(32,390)	-	(463,917)
Balance at December 31, 2021	$ -	$ 3,100,846	$ 288,473	$ 3,071,828	$ 743,294	$ 460,979	$ -	$ 7,665,420
Carrying amount at December 31, 2021	$ 5,761,728	$ 4,446,999	$ 272,983	$ 2,507,919	$ 168,318	$ 167,370	$ 1,183,165	$ 14,508,482

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 the operational development, in August 2018, the board of directors resolved to reconstruct buildings in Chongxin station on their own land. The construction contract, with a total contract price of $589,481 thousand (including tax), was signed in April 2020, and the recognized amount of construction in progress was $505,270 thousand based on the degree of completion of construction, of which $505,270 thousand has been paid.

In consideration of the operational development, in January 2021, the board of directors resolved to construct buildings in Xizhi station on their leased land. The construction contract, with a total contract price of $1,218,000 thousand (including tax), was signed in May 2021, and the recognized amount of construction in progress was $580,000 thousand based on the degree of completion of construction, of which $580,000 thousand has been paid.

In consideration of the operational development, in November 2021, the board of directors resolved to construct buildings in QianZhen station on their leased land. The construction contract, with a total contract price of $661,200 thousand (including tax), was signed in July 2022, and the recognized amount of construction in progress was $220,400 thousand based on the degree of completion of construction, of which $220,400 thousand has been paid.

As of December 31, 2022, constructions are still in progress; refer to Note 28 and Table 4.

Information about interest capitalization is as follows:

	For the Year Ended December 31	
	2022	2021
Capitalized interest amount	$ 16,957	$ 3,925
Capitalization rate	1.22%	1.02%

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 27.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Land	$ 1,056,265	$ 1,086,225
Buildings	3,452,015	3,542,744
Machinery	89,298	87,468
Transportation equipment	6,162	9,311
	$ 4,603,740	$ 4,725,748

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 432,145	$ 1,669,214
Depreciation charge for right-of-use assets		
Land	$ 30,484	$ 44,219
Buildings	466,498	406,380
Machinery	48,990	44,644
Transportation equipment	5,239	5,554
	$ 551,211	$ 500,797

Except for the addition and depreciation listed above, there was no major sublease or impairment of the Group's right-of-use assets in 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 457,801	$ 441,566
Non-current	$ 4,012,276	$ 4,068,568

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2022	2021
Land	1.15%-2.35%	1.16%-2.35%
Buildings	1.15%-2.98%	1.16%-2.98%
Machinery	1.15%-2.14%	1.16%-2.14%
Transportation equipment	1.15%-2.2%	1.2%-2.2%

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	
	2022	2021
Expenses relating to short-term leases	$ 89,980	$ 76,095
Total cash outflow for leases	($ 639,280)	($ 758,460)

The Group's leases of certain buildings, machinery and transportation equipment qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

e. Changes in liabilities arising from financing activities

For the year ended December 31, 2022

	Balance at January 1, 2022	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Other	Balance at December 31, 2022
Lease liabilities	$ 4,510,134	($ 460,070)	$ 432,145	($ 12,132)	$ 4,470,077

For the year ended December 31, 2021

	Balance at January 1, 2021	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Other	Balance at December 31, 2021
Lease liabilities	$ 3,461,728	($ 606,615)	$ 1,669,214	($ 14,193)	$ 4,510,134

15. OTHER NON-CURRENT ASSETS

	December 31	
	2022	2021
Refundable deposits	$ 110,096	$ 106,224
Prepayments for equipment	108,882	102,831
Other financial assets (Note 27)	72,462	55,902
Other prepayments	47,995	34,239
	$ 339,435	$ 299,196

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Unsecured borrowings	$ 450,000	$ 269,000
Unsecured borrowings interest rate (%)	1.41-1.73	0.97-1.15

b. Long-term borrowings

	December 31	
	2022	2021
Unsecured borrowings	$ 2,827,200	$ 3,091,000
Secured borrowings	1,639,000	1,218,230
	4,466,200	4,309,230
Less: current portion	-	(56,718)
	$ 4,466,200	$ 4,252,512
Unsecured borrowings interest rate (%)	1.03-1.90	0.88-1.23
Secured borrowings interest rate (%)	1.26-1.80	0.97-1.20

The bank loan is secured by the Group's own land, buildings and machinery, refer to Note 27 for the details. The loan period of the Company is 2 years, with monthly interest payments and repayment of principal at maturity. The loan period of SPL is 3 years, with monthly and quarterly interest payments and repayment of principal.

17. OTHER LIABILITIES

	December 31	
	2022	2021
Payables for salaries or bonuses	$ 687,360	$ 577,331
Payables for annual leave	86,053	88,842
Payables for purchases of equipment	82,146	87,108
Payables for labor and health insurance	79,624	77,821
Payables for business and other tax	57,988	63,025
Payables for pension (new system)	47,510	47,793
Payables for accidents	37,005	30,972
Payables for compensation of employees and remuneration of directors	29,148	33,464
Others	217,676	338,236
	$ 1,324,510	$ 1,344,592

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company, KCC, TJ, KF, KGT, KE, KP and SPL adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company 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 defined benefit plans adopted by the Company, KP and SPL in accordance with the Labor Standards Act is operated by the government of the ROC. 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 consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 618,229	$ 831,970
Fair value of plan assets	(510,869)	(517,505)
Net defined benefit liabilities	$ 107,360	$ 314,465

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, 2022	$ 831,970	($ 517,505)	$ 314,465
Service cost			
Current service cost	6,195	-	6,195
Net interest expense (income)	4,872	(3,051)	1,821
Recognized in profit or loss	11,067	(3,051)	8,016
Remeasurement			
Actuarial (gain) loss			
Changes in demographic assumptions	(873)	-	(873)
Changes in financial assumptions	(18,709)	-	(18,709)
Experience adjustments	(76,787)	(41,115)	(117,902)
Recognized in other comprehensive income	(96,369)	(41,115)	(137,484)
Contributions from the employer	-	(77,637)	(77,637)
Benefits paid	(128,439)	128,439	-
	(128,439)	50,802	(77,637)
Balance at December 31, 2022	$ 618,229	($ 510,869)	$ 107,360

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	$ 887,859	($ 538,203)	$ 349,656
Service cost			
Current service cost	7,354	-	7,354
Net interest expense (income)	3,644	(2,253)	1,391
Recognized in profit or loss	10,998	(2,253)	8,745
Remeasurement			
Actuarial (gain) loss			
Changes in demographic assumptions	2,126	-	2,126
Changes in financial assumptions	(15,393)	-	(15,393)
Experience adjustments	52,329	(7,770)	44,559
Recognized in other comprehensive income	39,062	(7,770)	31,292
Contributions from the employer	-	(75,228)	(75,228)
Benefits paid	(105,949)	105,949	-
	(105,949)	30,721	(75,228)
Balance at December 31, 2021	$ 831,970	($ 517,505)	$ 314,465

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 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 using the future salaries of plan participants. As such, an increase in the salaries 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 are as follows:

	December 31	
	2022	2021
Discount rate(s)	1.10%-1.33%	0.50%-0.59%
Expected rate(s) of salary increase	1.00%-3.00%	1.00%-3.00%

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

	December 31	
	2022	2021
Discount rate(s)		
0.5% increase	($ 14,139)	($ 24,808)
0.5% decrease	$ 15,440	$ 45,596
Expected rate(s) of salary increase		
0.5% increase	$ 15,303	$ 45,760
0.5% decrease	($ 14,153)	($ 24,742)

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

	December 31	
	2022	2021
The expected contributions to the plan for the next year	$ 46,457	$ 50,075
The average duration of the defined benefit obligation	3.3-11.47 years	3.6-11.28 years

19. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
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 paid and the carrying amount of the subsidiaries' equity on acquisition) and donations received 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 dividends policy

The shareholders of the Company held their regular meeting on July 20, 2021 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). Under the dividends 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 compensation of employees and remuneration of directors after the amendment, refer to Note 21.

The Company's dividends policy shall be made based on the following: the future operational developments, capital budget, the changes and competitions of industry environment, long-term financial capital plans. The interests of shareholders, long-term financial plans, and other factors should also be taken into account. The cumulative distributable earnings shall be allocated not less than 10% of the net profit after tax to shareholders; the distribution of dividends to shareholders shall be allowed by the cash or shares, and the cash dividends shall not be less than 50% of the total dividends. Only when there are sudden major capital expenditures that the cash dividends shall be reduced to 20% of the total dividends.

According to the dividends policy in the Articles before amendments, 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.

The distribution of dividends and bonuses to shareholders shall be allowed by cash or shares, and the cash dividends shall not be less than 50% of the total dividends. Only when there are sudden major capital expenditures that the cash dividends shall be reduced to 20% of the total dividends. The actual rates and methods of distribution of dividends shall be based on operating conditions. 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.

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 the deficit. 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.

If a special reserve appropriated on the first-time adoption of IFRSs relates to property, plant and equipment other than land, the special reserve may be reversed continuously over the period of use. The special reserve relating to land may be reversed on the disposal or reclassification of the related assets. A proportionate share of the special reserve relating to exchange differences on translating the financial statements of foreign operations (including the subsidiaries of the Company) will be reversed on the Group's disposal of foreign operations; on the Group's loss of significant influence, however, the entire special reserve will be reversed. The additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

The appropriations of earnings for 2021 and 2020, which were approved in the shareholders' meetings in June 2022 and July 2021, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2021	2020
Legal reserve	$ 137,038	$ 151,157
(Reversal of) special reserve	(45,514)	45,514
Cash dividends	770,551	784,561
Cash dividends per share (NT$)	1.65	1.68

The appropriation of earnings for 2022, which was proposed by the Company's board of directors on March 15, 2023, was as follows:

	For the Year Ended December 31 2022
Legal reserve	$ 134,982
Cash dividends	770,551
Cash dividends per share (NT$)	1.65

The appropriation of earnings for 2022 will be resolved by the shareholders in their meeting to be held on May 31, 2023.

d. Special reserve

	December 31	
	2022	2021
Special reserve		
Initial application of IFRS	$ 299,916	$ 299,916
Debit to other equity items	-	45,514
	$ 299,916	$ 345,430

e. Other equity items

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 11,597	$ 12,222
Share from subsidiaries and associates accounted for using the equity method	20	(625)
Balance at December 31	$ 11,617	$ 11,597

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 41,064	($ 57,736)
Recognized for the year		
Unrealized gain/(loss) - equity instruments	8,000	95,000
Share from associates accounted for using the equity method	-	3,800
Balance at December 31	$ 49,064	$ 41,064

f. Non-controlling interests

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 581,226	$ 554,434
Share in profit for the year	125,364	88,699
Cash dividends	(83,623)	(61,231)
Remeasurement of net defined benefit plans	512	(616)
Other comprehensive income/(loss) during the year		
Share in other comprehensive income of subsidiaries accounted for using the equity method	26	(60)
Balance at December 31	$ 623,505	$ 581,226

20. REVENUE

	For the Year Ended December 31	
	2022	2021
Main revenue		
Freight transportation	$ 10,931,658	$ 11,479,325
Warehouse logistics	1,570,985	1,259,484
Others	160,821	159,008
	12,663,464	12,897,817
Merchandise revenue	66,606	138,580
	$ 12,730,070	$ 13,036,397

a. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable and accounts receivable	$2,003,617	$2,150,954	$1,920,898

b. Contracts that have not been fully completed

As of December 31, 2022 and 2021, 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 FROM CONTINUING OPERATIONS

Net profit from continuing operations includes the following:

a. Other income

	For the Year Ended December 31	
	2022	2021
Dividend income	$ 61,014	$ 19,840
Grant income	35,875	-
Fee revenue	6,351	7,100
Others	23,608	77,589
	$ 126,848	$ 104,529

b. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Gain on disposal of property, plant and equipment	$ 13,771	$ 9,438
Gain on disposal of investments accounted for using the equity method	2,592	-
Loss on disposal of intangible assets	(6,750)	-
Others	(5,869)	9,800
	$ 3,744	$ 19,238

c. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	$ 44,065	$ 37,681
Interest on lease liabilities	89,230	75,750
Interest on short-term bills payable	247	346
	$ 133,542	$ 113,777

d. Depreciation and amortization expenses

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 747,384	$ 678,636
Right-of-use assets	551,211	500,797
	$ 1,298,595	$ 1,179,433
Depreciation expense classified by function		
Operating cost	$ 1,254,373	$ 1,131,658
Operating expense	44,222	47,775
	$ 1,298,595	$ 1,179,433
Amortization expense classified by function		
Operating cost	$ 19,162	$ 20,626
Operating expense	16,711	19,551
	$ 35,873	$ 40,177

e. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Salaries and bonuses	$ 3,781,576	$ 3,875,452
Defined contribution plan	202,166	200,063
Defined benefit plans	8,016	8,745
Employee insurance expense	439,404	440,009
Other employee benefits	175,395	171,276
	$ 4,606,557	$ 4,695,545
Classified by function		
Operating cost	$ 4,200,550	$ 4,292,328
Operating expense	406,007	403,217
	$ 4,606,557	$ 4,695,545

f. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at the rates of 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors in March 2023 and March 2022, respectively, are as follows:

	For the Year Ended December 31			
	2022		2021	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	1%	$14,574	1%	$16,732
Remuneration of directors	1%	14,574	1%	16,732

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors 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 income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 306,425	$ 338,894
Income tax on unappropriated earnings	3	4
Adjustments for prior years	(607)	(2,643)
	305,821	336,255
Deferred tax		
In respect of the current year	12,020	16,442
Adjustments for prior years	1,697	16
	13,717	16,458
Income tax expense recognized in profit or loss	$ 319,538	$ 352,713

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

	For the Year Ended December 31	
	2022	2021
Income tax expense calculated at the statutory rate	$ 317,786	$ 355,548
Adjustment:		
Permanent differences	10,687	14,530
Temporary differences	(12,020)	(16,442)
Unrecognized temporary differences	(399)	340
Loss carryforwards used in the current year	(9,629)	(15,082)
Income tax on unappropriated earnings	3	4
Current tax expense	306,428	338,898
Deferred tax expense		
Temporary differences	12,020	16,442
Adjustments for prior years' tax	1,090	(2,627)
Income tax expense recognized in profit or loss	$ 319,538	$ 352,713

b. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

	For the Year Ended December 31, 2022			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets				
Temporary differences				
Defined benefit plans	$ 62,891	($ 13,922)	($ 27,497)	$ 21,472
Payables for annual leave	16,602	(160)	-	16,442
Valuation loss on assets held for sale	5,361	(54)	-	5,307
Others	5,255	(2,789)	-	2,466
	$ 90,109	($ 16,925)	($ 27,497)	$ 45,687
Deferred Tax Liabilities				
Temporary differences				
Land value increment tax	$ 531,964	$ -	$ -	$ 531,964
Property, plant and equipment	35,433	(1,098)	-	34,335
Intangible assets	19,499	(2,167)	-	17,332
Others	-	(57)	-	57
	$ 586,896	($ 3,208)	$ -	$ 583,688

	For the Year Ended December 31, 2021			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets				
Temporary differences				
Defined benefit plans	$ 69,930	($ 13,297)	$ 6,258	$ 62,891
Payables for annual leave	15,556	1,046	-	16,602
Valuation loss on assets held for sale	5,520	(159)	-	5,361
Unrealized loss on disaster	9,003	(9,003)	-	-
Others	3,565	1,690	-	5,255
	$ 103,574	($ 19,723)	$ 6,258	$ 90,109
Deferred Tax Liabilities				
Temporary differences				
Land value increment tax	$ 531,964	$ -	$ -	$ 531,964
Property, plant and equipment	36,531	(1,098)	-	35,433
Intangible assets	21,666	(2,167)	-	19,499
	$ 590,161	($ 3,265)	$ -	$ 586,896

c. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2022	2021
Loss carryforwards		
Expiry in 2022	$ -	$ 1,675
Expiry in 2023	-	14,662
Expiry in 2024	-	11,883
Expiry in 2026	-	18,942
Expiry in 2027	22,023	24,684
Expiry in 2028	738	738
Expiry in 2029	1,096	1,096
Expiry in 2030	3,167	3,167
	$ 27,024	$ 76,847
Deductible temporary differences		
Payables for annual leave	$ 3,842	$ 5,835

d. Except for the Company's income tax assessment through 2019, the income tax returns of the Group through 2020 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

		Net Profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NTD)
For the year ended December 31, 2022				
Basic earnings per share				
Profit for the year attributable to owners of the Company	$	1,240,351	467,000	$ 2.66
Effect of potentially dilutive ordinary shares				
Compensation of employees		-	462	
Diluted earnings per share				
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$	1,240,351	467,462	$ 2.65
For the year ended December 31, 2021				
Basic earnings per share				
Profit for the year attributable to owners of the Company	$	1,394,789	467,000	$ 2.99
Effect of potentially dilutive ordinary shares				
Compensation of employees		-	470	
Diluted earnings per share				
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$	1,394,789	467,470	$ 2.98

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be 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. 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.

The capital structure of the Group consists of net debt (borrowings offset by cash) and equity of the Group (comprising issued ordinary shares, capital surplus, retained earnings and other equity).

Key management personnel of the Group reviews the capital structure on an annual basis. As part of this review, the key management personnel considers 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.

25. 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.

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
December 31, 2022				
Financial assets at FVTOCI				
Domestic unlisted shares investments	$ -	$ -	$ 254,962	$ 254,962
December 31, 2021				
Financial assets at FVTPL				
Domestic unlisted shares investments	$ -	$ -	$ 10,925	$ 10,925
Financial assets at FVTOCI				
Domestic unlisted shares investments	$ -	$ -	$ 248,295	$ 248,295

There were no transfers between Levels 1 and 2 in 2022 and 2021.

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

For the year ended December 31, 2022

	Financial Assets at FVTPL	Financial Assets at FVTOCI
Financial Assets	Debt Instruments	Equity Instruments
Balance at January 1, 2022	$ 10,925	$ 248,295
Unrealized valuation gain on financial assets at FVTPL	2,294	-
Unrealized valuation gain on financial assets at FVTOCI	-	8,000
Disposal of financial assets	(13,219)	-
Capital reduction	-	(1,333)
Balance at December 31, 2022	$ -	$ 254,962

For the year ended December 31, 2021

	Financial Assets at FVTPL	Financial Assets at FVTOCI
Financial Assets	Debt Instruments	Equity Instruments
Balance at January 1, 2021	$ 2,961	$ 188,285
Unrealized valuation gain on financial assets at FVTPL	7,964	-
Unrealized valuation gain on financial assets at FVTOCI	-	98,800
Capital reduction	-	(38,790)
Balance at December 31, 2021	$ 10,925	$ 248,295

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of non-publicly traded equity investments are mainly determined by using the asset approach and market approach.

c. **Categories of financial instruments**

	December 31	
	2022	2021
Financial assets		
Financial assets at amortized cost (Note 1)	$ 3,827,744	$ 3,828,076
Mandatorily classified as at FVTPL	-	10,925
Investments in equity instruments at FVTOCI	254,962	248,295
Financial liabilities		
Amortized cost (Note 2)	$ 5,930,403	$ 5,889,972

Note 1: The balances include financial assets at amortized cost, which comprise cash, notes receivable, accounts receivable, other receivables, refundable deposits and other financial assets and so on.

Note 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 (including current portion) and deposits received and so on.

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 domestic and international financial markets, 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 arising from the Group's deposits, bank borrowings and lease liabilities at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates on the balance sheet reporting period date were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Short-term bank loan	$ 300,000	$ 269,000
Lease liabilities	4,470,077	4,510,134
Cash flow interest rate risk		
Bank deposits (including other financial assets)	1,584,039	1,412,778
Short-term bank loans	150,000	-
Long-term bank loans (including current portion of long-term bank loans)	4,466,200	4,309,230

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, 2022 and 2021 would have decreased/increased by $303 thousand and $290 thousand, respectively, which was mainly a result of variable-rate deposits and 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. At the end of the year, 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 its obligation, could be equal to the total of the following:

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.

The Group transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

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	
	2022	2021
Unutilized bank loan limits	$ 5,279,373	$ 5,830,548

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
December 31, 2022					
Non-interest bearing	$ 359,450	$ 279,807	$ 16,427	$ 165	$ -
Lease liabilities	61,211	86,131	389,845	1,507,218	3,444,004
Variable interest rate liabilities	6,544	162,350	56,347	4,418,638	124,711
Fixed interest rate liabilities	300,067	-	-	-	-
	$ 727,272	$ 528,288	$ 462,619	$ 5,926,021	$ 3,568,715
December 31, 2021					
Non-interest bearing	$ 410,175	$ 372,498	$ 50,048	$ 152	$ -
Lease liabilities	59,457	94,725	377,491	1,547,547	3,595,998
Variable interest rate liabilities	1,279	10,587	88,784	4,285,946	-
Fixed interest rate liabilities	15,053	200,589	54,130	-	-
	$ 485,964	$ 678,399	$ 570,453	$ 5,833,645	$ 3,595,998

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
December 31, 2022	$ 537,187	$ 1,507,218	$ 975,048	$ 543,698	$ 656,930	$ 1,268,328
December 31, 2021	$ 531,673	$ 1,547,547	$ 1,081,452	$ 513,472	$ 659,416	$ 1,341,658

26. TRANSACTIONS WITH RELATED PARTIES

Transactions, balances, revenues and expences between the Company and its subsidiaries, which are related parties of the Company, 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	Relationship Party Category
Kerry Logistics (Taiwan) Investments Limited	The Company's parent
Posh Kerry	Associates
TKI	Other related party
Da Ji International Limited ("DA JI")	Other related party
Tong Li Investment Company ("TONG LI")	Other related party
Kerry Freight International Company Limited ("KFI")	Other related party
Kerry Logistics Hong Kong Limited ("KLHK")	Other related party
Kerry Freight Hong Kong Limited ("KFHK")	Other related party
KLN SERVICES SDN.BHD.	Other related party
Kerry ESG (HK) Company Limited	Other related party
PACC Offshore Services Holdings Ltd., (PACC Offshore)	Other related party
Kerry Coffee Company Limited	Other related party
PKR Offshore Co., Ltd.	Other related party
Taiwan Sugar Group ("Taiwan Sugar")	Other related party
HCT Logistics Co., Ltd. ("HCT")	Other related party
Hungli Marketing Co., Ltd.	Other related party
Hsieh, Wen-Chien	Other related party

(Concluded)

b. Operating transactions

	For the Year Ended December 31	
Related Party Category	2022	2021
Operating Revenue		
Other related parties	$ 39,625	$ 37,984
Associates	-	293
	$ 39,625	$ 38,277
Operating Cost		
Other related parties	$ 4,701	$ 6,774
Operating Expense		
Other related parties	$ 1,947	$ 32,025

	For the Year Ended December 31	
Related Party Category	2022	2021
Other income		
Other related parties	$ 4,981	$ 1,886
Associates	-	33
	$ 4,981	$ 1,919

The terms and conditions of transactions with related parties and those with 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	2022	2021
Accounts receivable		
Other related parties	$ 3,132	$ 3,714

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

	December 31	
Related Party Category	2022	2021
Accounts payable		
Other related parties	$ 882	$ 1,033

c. Other related party transactions

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

	For the Year Ended December 31	
Related Party Category	2022	2021
Other related parties	$ 178	$ 80

d. Disposal of property, plant and equipment

	December 31	
Related Party Category	2022	2021
Other related parties	$ 465	$ -

e. **Disposal of financial assets**

For the year ended December 31, 2022

Related Party Category/ Name	Items	Number of Shares	Underlying Asset	Proceeds	Gain on Disposal
Other related parties					
PACC Offshore	Investments accounted for using the equity method	600 thousand	Posh Kerry	$ 2,592	$ 2,592

f. **Disposal of other assets**

		Proceeds	
		For the Year Ended December 31	
Related Party Category	Line Item	2022	2021
Other related party	Supplies inventory (classified as prepayments)	$ 85	$ -

g. **Remuneration of key management personnel**

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

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 167,518	$ 152,287
Termination benefits	4,215	4,015
	$ 171,733	$ 156,302

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

27. 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	
	2022	2021
Property, plant and equipment	$ 2,211,063	$ 2,378,299
Other financial assets - non-current (classified as non-current assets)	72,462	55,902
	$ 2,283,525	$ 2,434,201

28. SIGNIFICANT UNRECOGNIZED COMMITMENTS

a. Unrecognized commitments were as follows:

	December 31	
	2022	2021
Acquisition of property, plant and equipment	$ 1,045,455	$ 1,014,107

b. Significant unrecognized commitments were as follows:

	Guarantor Bank	Guaranteed Project	Due Date	Amount
December 31, 2022				
The Company	CTBC Bank - Tunnan branch	Operation related business	December 2022 to March 2025	$ 16,791
SPL	Bank of Taiwan - Tainan Science-Based Industrial Park branch	Tariff-related, commodity tax accounting and logistics center establishment etc.	April 2023 to September 2025	45,987
KP	Taipei Fubon Bank - Anho branch	Operation related business	February 2022	7,587
	Hua Nan Commercial Bank - Hsinsheng branch	Operation related business	March 2023	9,062
				$ 79,427
December 31, 2021				
The Company	CTBC Bank - Tunnan branch	Operation related business	December 2021 to January 2023	$ 13,685
SPL	Bank of Taiwan - Tainan Science-Based Industrial Park branch	Tariff-related, commodity tax accounting and logistics center establishment etc.	April 2022 to September 2024	65,118
KP	Taipei Fubon Bank - Anho branch	Operation related business	February 2022	7,587
	Hua Nan Commercial Bank - Hsinsheng branch	Operation related business	March 2023	9,062
				$ 95,452

29. 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.

30.SEPARATELY DISCLOSED ITEMS

a. **Information on significant transactions:**

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) Other: Intercompany relationships and significant intercompany transactions: Table 7.

b. Information on investees: 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 ending 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.

31. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments were as follows:

a. Segment revenues and results

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

	LTL	Logistics	Others	Adjustment and Elimination	Total
For the Year Ended December 31, 2022					
Revenues from external customers	$ 10,282,900	$ 2,347,732	$ 99,438	$ -	$ 12,730,070
Inter-segment revenues	2,033,295	340	729,812	(2,763,447)	-
Segment revenue	$ 12,316,195	$ 2,348,072	$ 829,250	($ 2,763,447)	$ 12,730,070
Segment income	$ 1,264,343	$ 335,403	($ 39,617)	$ 38,342	$ 1,677,705
Interest revenue					2,874
Other income					150,835
Other loss					(12,619)
Finance costs					(133,542)
Profit before income tax					$ 1,685,253

	LTL	Logistics	Others	Adjustment and Elimination	Total
For the Year Ended December 31, 2021					
Revenues from external customers	$ 10,633,151	$ 2,194,814	$ 208,432	$ -	$ 13,036,397
Inter-segment revenues	2,146,970	4,265	467,461	(2,618,696)	-
Segment revenue	$ 12,780,121	$ 2,199,079	$ 675,893	($ 2,618,696)	$ 13,036,397
Segment income	$ 1,497,386	$ 309,160	($ 15,356)	$ 20,935	$ 1,812,125
Interest revenue					902
Other income					138,076
Other loss					(1,125)
Finance costs					(113,777)
Profit before income tax					$ 1,836,201

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 accounted for using the equity method, lease income, interest income, gains or losses on disposal of property, plant and equipment, exchange gains or losses, 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.

The Group had not reported segment assets and liabilities information to the chief operating decision maker. Thus, no disclosure is made.

b. Geographical information

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

c. Information on major customers

No revenue from a single customer accounted for at least 10% of the Group's operating revenue in 2022 and 2021.

TABLE 1

KERRY TJ LOGISTICS CO., LIMITED AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed (Note 2)	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral Item	Collateral Value	Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
0	KTJ	KP	Receivable from related parties	Yes	$ 60,000	$ 30,000	$ -	-	Short-term financing	$ -	For working capital	$ -	-	$ -	$ 576,977	$ 2,307,910
		KE	Receivable from related parties	Yes	60,000	30,000	-	-	Short-term financing	-	For working capital	-	-	-	576,977	2,307,910

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. Please refer to Table 7.

TABLE 2

KERRY TJ LOGISTICS CO., LIMITED AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

No.	Endorser/ Guarantor	Endorsee/Guarantee Name	Endorsee/Guarantee Relationship (Note 1)	Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Year	Outstanding Endorsement/ Guarantee at the End of the Year	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 2)	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
0	KTJ	KP	1, 2	$ 2,307,910	$ 670,000	$ 385,000	$ 385,000	Credit	3.34%	$ 5,769,775	Y	N	N
		KE	1, 2	2,307,910	210,000	100,000	100,000	Credit	0.87%	5,769,775	Y	N	N
		KCC	1, 2	2,307,910	120,000	60,000	60,000	Credit	0.52%	5,769,775	Y	N	N
		KF	1, 2	2,307,910	35,000	-	-	Credit	-	5,769,775	Y	N	N

Note 1: The relationship between endorser/guarantor and the endorsee/guarantee can be classified into the following 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 30% of the net assets of the endorsing/guaranteeing company based on its latest financial statements, and 10% 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 CO., LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022 Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
KTJ	Shares						
	Everterminal	None	Financial assets at FVTOCI - non-current	3,664,509	$ 154,794	8	$ 157,192
	J.Shine	None	Financial assets at FVTOCI - non-current	3,543,000	78,222	15	78,625
	Chunghwa Express	None	Financial assets at FVTOCI - non-current	700,000	10,392	7	11,511
	Omnihealth	None	Financial assets at FVTOCI - non-current	48,659	353	1	388
	Taskco	None	Financial assets at FVTOCI - non-current	2,500,000	-	4	-
	Hantek	None	Financial assets at FVTPL - non-current	6,631,775	-	8	-
Rong Xing	Shares						
	Develop Cultural	None	Financial assets at FVTOCI - non-current	600,001	2,293	1	2,337
	Everterminal	None	Financial assets at FVTOCI - non-current	214,400	8,908	-	9,180
	West Lake	None	Financial assets at FVTOCI - non-current	100,000	-	-	-

TABLE 4

KERRY TJ LOGISTICS CO., 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, 2022

(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer if Counterparty is A Related Party: Property Owner	Relationship	Transaction Date	Amount	Pricing Reference	Purpose of Acquisition	Other Terms
KTJ	Plant engineering	2018.8.9	$ 589,481	Payment according to the progress of completion, $505,270 has been paid as of the balance sheet date	Lihua Construction Company Ltd.	None	-	-	-	$ -	Construction on company-owned land	Logistic center	-
KTJ	Plant engineering	2021.1.28	1,218,000	Payment according to the progress of completion, $580,000 has been paid as of the balance sheet date	Lihua Construction Company Ltd.	None	-	-	-	-	Construction on company-leased land	Logistic center	-
KTJ	Plant engineering	2021.11.5	661,200	Payment according to the progress of completion, $220,400 has been paid as of the balance sheet date	Lihua Construction Company Ltd.	None	-	-	-	-	Construction on company-leased land	Logistic center	-

TABLE 5

KERRY TJ LOGISTICS CO., 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, 2022

(In Thousands of New Taiwan Dollars)

			Transaction Details			Transaction Details	Abnormal Transaction		Notes/Accounts Receivable (Payable)		
Purchaser or Seller	Related Party	Relationship	Purchase/Sale	Amount	%	Payment Terms	Unit Price	Payment Terms	Ending Balance	%	Note
KTJ	TJ	Parent to subsidiary	Operating costs	$ 1,503,574	60	30-60 days	$ -	-	($ 155,198)	(30)	
	KCC	Parent to subsidiary	Operating costs	253,288	78	30-60 days	-	-	(85,867)	(17)	
	KE	Parent to subsidiary	Operating costs	295,226	28	30-60 days	-	-	(48,359)	(9)	
TJ	KTJ	Subsidiary to parent	Sale	(1,504,567)	(83)	30-60 days	-	-	156,504	74	
KCC	KTJ	Subsidiary to parent	Sale	(597,846)	(78)	30-60 days	-	-	85,867	99	
KE	KTJ	Subsidiary to parent	Sale	(295,170)	(50)	30-60 days	-	-	48,359	55	

Note: Intercompany accounts and transactions have been eliminated. Please refer to Table 7.

TABLE 6

KERRY TJ LOGISTICS CO., LIMITED AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

					Overdue			
Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Amount	Action Taken	Amounts Received in Subsequent Period	Allowance for Impairment Loss
TJ	KTJ	Subsidiary to parent	$ 156,504	9.02	$ -	-	$ 129,578	$ -

TABLE 7

KERRY TJ LOGISTICS CO., LIMITED AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2021 (In Thousands of New Taiwan Dollars)

Number	Investee Company	Counterparty	Relationship (Note)	Transaction Details: Financial Statement Account	Amount	Payment Terms	% to Total Operating Revenue or Assets
0	KTJ	TJ	1	Operating revenue	$ 8,027	-	-
				Other income	992	-	-
				Accounts payable	155,198	-	1
		KP	1	Operating revenue	39,610	-	-
				Other income	26,009	-	-
				Accounts receivable	5,269	-	-
				Other receivables	7,330	-	-
				Accounts payable	7,956	-	-
		KCC	1	Operating revenue	1,476	-	-
				Other income	2,316	-	-
				Accounts payable	85,867	-	-
				Prepayments for equipments	19,345	-	-
		KE	1	Operating revenue	86,188	-	1
				Other income	4,647	-	-
				Accounts receivable	43,237	-	-
				Accounts payable	48,359	-	-
		KF	1	Operating revenue	325	-	-
				Other income	63	-	-
		SPL	1	Operating revenue	584	-	-
				Other receivables	12,706	-	-
1	KCC	KTJ	2	Operating revenue	$ 597,846	-	5
		KP	3	Operating revenue	46,611	-	-
		KE	3	Operating revenue	13,284	-	-
		TJ	3	Operating revenue	37,631	-	-
		KF	3	Operating revenue	85	-	-
		SPL	3	Operating revenue	39	-	-
2	TJ	KTJ	2	Operating revenue	1,504,567	-	12
		KE	3	Operating revenue	8,285	-	-
		SPL	3	Operating revenue	40,219	-	-
				Accounts receivable	9,802	-	-
		KP	3	Operation revenue	6,230	-	-
3	KP	KTJ	2	Operating revenue	40,877	-	-
				Other income	289	-	-
4	KE	KTJ	2	Operating revenue	295,170	-	2
		SPL	3	Operating revenue	91	-	-
		KP	3	Operating revenue	17	-	-
5	SPL	KTJ	2	Operating revenue	231	-	-
		TJ	3	Operating revenue	1,738	-	-

Note: 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 CO., LIMITED AND SUBSIDIARIES
INFORMATION ON INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2022

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount		
KTJ	TJ (Note)	Taiwan	Container freight business	$ 148,350	$ 148,350	16,425	100	$ 318,253	$ 74,429	$ 74,422
	Rong Xing (Note)	Taiwan	Professional investment business	151,131	151,131	20,000,000	100	420,465	103,554	103,563
	KCC (Note)	Taiwan	Transportation tools and parts manufacturing	45,000	45,000	6,231,986	64	76,209	46,871	26,728
	KE (Note)	Taiwan	Car freight business	278,000	278,000	265,000	100	315,825	48,728	46,837
	T-Join (BVI) (Note)	British Virgin Islands	Professional investment business	933,405	933,405	28,185,000	100	(285)	(86)	(86)
	KGT (Note)	Taiwan	International trade business	1,000	1,000	100,000	100	4,684	(4)	(4)
	SPL (Note)	Taiwan	Logistics transportation business	947,124	947,124	43,051,101	60	1,047,021	307,389	176,809
	T-Join (HK)	Hong Kong	Professional investment business	125,953	125,953	32,594,204	49	78,341	3,007	1,473
	Lian He	Taiwan	General merchandise	10,000	10,000	1,000,000	22	-	-	-
Rong Xing	KP (Note)	Taiwan	Car freight business	82,258	82,258	9,000,000	90	315,576	106,625	96,356
	KCC (Note)	Taiwan	Transportation tools and parts manufacturing	25,000	25,000	3,462,214	36	27,090	46,871	14,860
	KF (Note)	Taiwan	Fruit and vegetable wholesale	5,100	5,100	510,000	51	3,879	(5,758)	(2,936)
	Lian He	Taiwan	General merchandise	10,320	10,320	1,099,996	24	-	-	-

Note: Significant intercompany accounts and transactions have been eliminated.

TABLE 9

KERRY TJ LOGISTICS CO., LIMITED AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars and Foreign Currencies)

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, 2022	Remittance of Funds: Outward	Remittance of Funds: Inward	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2022 (Note 2)	Accumulated Repatriation of Investment Income as of December 31, 2021
T-Join Transportation Beijing	Warehousing and Automobile Cargo Transportation Business	$ 148,636 (USD 4,840)	(2)	$ 139,891	$ -	$ -	$ 139,891	$ 7,670	49	$ 3,758	$ 103,544	$ -
T-Join Transportation Wuhan (Note 4)	Warehousing and Automobile Cargo Transportation Business	61,420 (USD 2,000)	(2)	66,727	-	-	66,727	(1,228)	49	(602)	16,260	-
T-Join Transportation Shenyang (Note 4)	Warehousing and Automobile Cargo Transportation Business	61,420 (USD 2,000)	(2)	66,727	-	-	66,727	(3,842)	49	(1,883)	12,241	-
T-Join Transportation Kunming (Note 4)	Warehousing and Automobile Cargo Transportation Business	64,491 (USD 2,100)	(2)	71,013	-	-	71,013	(957)	49	(469)	14,910	-
Cobang Nanjing	Warehousing and Automobile Cargo Transportation Business	79,370 (RMB 18,000)	(1)	20,768	-	-	20,768	17,049	15	2,560	14,757	2,996

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 3)
$ 676,668 (US 21,388 and RMB 4,500)	$ 781,443 (US 24,369 and RMB 7,500)	$ 6,923,730

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 financial statements audited by CPA 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) has disposed of its shares in 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 in 2013. As of December 31, 2022, the disposal proceeds have not been remitted back to Taiwan.

TABLE 10

KERRY TJ LOGISTICS CO., LIMITED
INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2022

Name of Major Shareholder	Shares: Number of Shares	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, including shares that had not yet completed registration and physical 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 been issued but have not yet completed registration and physical 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., Limited

Opinion

We have audited the accompanying financial statements of Kerry TJ Logistics Co., Limited (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, 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 the Standards of Auditing of 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, 2022. 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 company's financial statements for the year ended December 31, 2022 is as follows:

Recognition of freight logistics revenue

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

We obtained an understanding of the setup and changes in the system flow of the main price file (freight rates table/contract rates table) and evaluated the design and determined the implementation of the related controls, and we also performed tests of controls.

The main audit procedures that we performed are as follows:

1. We obtained the freight rate deviation table, checked the rationality of differences between the listed freight rates and the actual rates paid, and we also checked that rates were approved by the relevant supervisors
2. We obtained an understanding of the logic process of generating freight rate deviation table and recalculated and verified the accuracy of the report calculation logic.
3. We performed the substantive analytical procedures on freight logistics 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 Standards of Auditing of 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 Standards of Auditing of 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 audit. We remain solely responsible for our audit opinion.

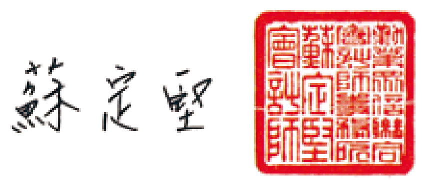
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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, 2022 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 Lie-Dong Wu and Ting-Chien Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China



March 15, 2023

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 CO., LIMITED | BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 6)	$ 755,173	4	$ 754,907	4
Notes receivable (Notes 4, 7 and 18)	280,383	1	396,215	2
Accounts receivable (Notes 4, 7, 18 and 24)	1,264,292	6	1,288,239	6
Other receivables (Notes 4 and 24)	32,021	-	54,494	-
Prepayments	19,197	-	27,787	-
Other current assets	16,773	-	9,005	-
Total current assets	2,367,839	11	2,530,647	12
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 8)	-	-	10,925	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	243,761	1	235,761	1
Investments accounted for using the equity method (Notes 4, 10 and 24)	2,260,798	11	2,063,223	10
Property, plant and equipment (Notes 4, 5, 11, 24, 25 and 26)	13,212,878	62	12,478,789	61
Right-of-use assets (Notes 4, 5 and 12)	2,830,389	14	2,828,776	14
Deferred tax assets (Notes 4 and 20)	30,158	-	71,097	1
Other non-current assets (Notes 4, 13, 24 and 25)	279,588	1	236,256	1
Total non-current assets	18,857,572	89	17,924,827	88
TOTAL	$ 21,225,411	100	$ 20,455,474	100

KERRY TJ LOGISTICS CO., LIMITED | BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022		2021	
LIABILITIES AND EQUITY	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term bank loans (Notes 4 and 14)	$ 400,000	2	$ 200,000	1
Accounts payable (Note 24)	512,218	2	573,912	3
Other payables (Note 15)	897,689	4	947,050	5
Current tax liabilities (Notes 4 and 20)	56,873	-	91,163	-
Lease liabilities - current (Notes 4, 5 and 12)	326,445	2	313,116	1
Other current liabilities	206,279	1	178,555	1
Total current liabilities	2,399,504	11	2,303,796	11
NON-CURRENT LIABILITIES				
Long-term bank loans (Notes 4, 14 and 25)	4,366,200	21	4,130,000	20
Deferred tax liabilities (Notes 4 and 20)	531,964	3	531,964	3
Lease liabilities - non-current (Notes 4, 5 and 12)	2,310,625	11	2,254,874	11
Net defined benefit liabilities - non-current (Notes 4 and 16)	69,481	-	273,904	1
Deposits received	7,550	-	8,250	-
Investments accounted for using the equity method - credit (Notes 4 and 10)	285	-	179	-
Other non-current liabilities	252	-	252	-
Total non-current liabilities	7,286,357	35	7,199,423	35
Total liabilities	9,685,861	46	9,503,219	46

KERRY TJ LOGISTICS CO., LIMITED | BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022		2021	
LIABILITIES AND EQUITY	Amount	%	Amount	%
EQUITY				
Ordinary shares	$ 4,670,005	22	$ 4,670,005	23
Capital surplus	2,308	-	2,308	-
Retained earnings				
Legal reserve	1,397,670	7	1,260,632	6
Special reserve	299,916	1	345,430	2
Unappropriated earnings	5,108,970	24	4,621,219	23
Total retained earnings	6,806,556	32	6,227,281	31
Other equity	60,681	-	52,661	-
Total equity	11,539,550	54	10,952,255	54
TOTAL	$ 21,225,411	100	$ 20,455,474	100

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

KERRY TJ LOGISTICS CO., LIMITED
STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 18 and 24)	$ 10,074,718	100	$ 10,565,689	100
OPERATING COSTS (Notes 19 and 24)	8,800,011	87	8,963,924	85
GROSS PROFIT	1,274,707	13	1,601,765	15
OPERATING EXPENSES (Notes 19 and 24)	369,109	4	392,105	4
PROFIT FROM OPERATIONS	905,598	9	1,209,660	11
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Interest income (Note 24)	1,744	-	822	-
Other income (Notes 19 and 24)	169,624	2	94,680	1
Other gains and losses (Note 19)	15,331	-	14,842	-
Finance costs (Note 19)	(96,098)	(1)	(75,607)	(1)
Share of profit of subsidiaries and associates accounted for using the equity method (Note 10)	429,742	4	387,365	4
Valuation gain on financial assets at fair value through profit or loss (Note 8)	2,294	-	7,964	-
Total non-operating income and expenses	522,637	5	430,066	4
PROFIT BEFORE INCOME TAX	1,428,235	14	1,639,726	15
INCOME TAX EXPENSE (Notes 4 and 20)	187,884	2	244,937	2
NET PROFIT FOR THE YEAR	1,240,351	12	1,394,789	13

(Continued)

KERRY TJ LOGISTICS CO., LIMITED
STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	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)	$ 135,470	1	($ 29,386)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	8,000	-	95,000	1
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method (Note 10)	1,099	-	2,892	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 20)	(27,094)	-	5,877	-
	117,475	1	74,383	1
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)	20	-	(625)	-
Other comprehensive income for the year, net of income tax	117,495	1	73,758	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,357,846	13	$ 1,468,547	14
EARNINGS PER SHARE (Note 21)				
Basic	$ 2.66		$ 2.99	
Diluted	$ 2.65		$ 2.98	

(Concluded)

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

KERRY TJ LOGISTICS CO., LIMITED
STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(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 (Note 17)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings	Exchange Differences on Translation Foreign Operations	Unrealized Gain (Loss) on Investments in Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2021	$ 4,670,005	$ 2,308	$ 1,109,475	$ 299,916	$ 4,232,079	$ 5,641,470	$ 12,222	($ 57,736)	$ 10,268,269
Appropriation of 2020 earnings									
Legal reserve	-	-	151,157	-	(151,157)	-	-	-	-
Special reserve	-	-	-	45,514	(45,514)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(784,561)	(784,561)	-	-	(784,561)
Net profit for the year ended December 31, 2021	-	-	-	-	1,394,789	1,394,789	-	-	1,394,789
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(24,417)	(24,417)	(625)	98,800	73,758
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,370,372	1,370,372	(625)	98,800	1,468,547
BALANCE AT DECEMBER 31, 2021	4,670,005	2,308	1,260,632	345,430	4,621,219	6,227,281	11,597	41,064	10,952,255
Appropriation of 2021 earnings									
Legal reserve	-	-	137,038	-	(137,038)	-	-	-	-
Special reserve	-	-	-	(45,514)	45,514	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(770,551)	(770,551)	-	-	(770,551)
Net profit for the year ended December 31, 2022	-	-	-	-	1,240,351	1,240,351	-	-	1,240,351
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	109,475	109,475	20	8,000	117,495
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	1,349,826	1,349,826	20	8,000	1,357,846
BALANCE AT DECEMBER 31, 2022	$ 4,670,005	$ 2,308	$ 1,397,670	$ 299,916	$ 5,108,970	$ 6,806,556	$ 11,617	$ 49,064	$ 11,539,550

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

KERRY TJ LOGISTICS CO., LIMITED
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,428,235	$ 1,639,726
Adjustments for:		
Depreciation expense	977,305	895,165
Amortization expense	16,689	17,981
Expected credit losses	604	875
Valuation gain on financial assets at fair value through profit or loss, net	(2,294)	(7,964)
Finance costs	96,098	75,607
Interest income	(1,744)	(822)
Dividend income	(58,441)	(19,562)
Share of profit of subsidiaries and associates accounted for using the equity method	(429,742)	(387,365)
Gain on disposal of property, plant and equipment, net	(13,031)	(7,449)
Property, plant and equipment transferred to expense	557	125
Gain on disposal of investments accounted for using the equity method	(2,592)	-
Gain on lease modifications	(244)	(13)
Other revenue	(7,506)	(6,953)
Net changes in operating assets and liabilities:		
Notes receivable	115,832	(80,084)
Accounts receivable	23,343	(69,397)
Other receivables	(7,514)	(15,264)
Prepayments	8,590	(659)
Other current assets	(7,768)	5,766
Other non-current assets	3,000	(21,448)
Accounts payable	(61,694)	29,548
Other payables	(47,196)	(13,826)
Other current liabilities	27,724	16,226
Net defined benefit liabilities	(68,953)	(66,964)
Cash generated from operations	1,989,258	1,983,249
Interest received	1,731	815

(Continued)

KERRY TJ LOGISTICS CO., LIMITED
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
Interest paid	($ 110,662)	($ 79,199)
Income tax paid	(208,329)	(304,575)
Net cash generated from operating activities	1,671,998	1,600,290
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from financial assets at fair value through other comprehensive income capital reduction	-	36,646
Proceeds from sale of financial assets at fair value through profit or loss	13,219	-
Net cash inflow from disposal of investments in associates	2,592	-
Payments for property, plant and equipment	(785,340)	(1,086,067)
Proceeds from disposal of property, plant and equipment	16,857	11,984
Increase in refundable deposits	(6,092)	(2,486)
Decrease in loans to related parties	30,000	-
Increase in other non-current assets	(11,736)	-
Increase in prepayments for equipment	(562,947)	(499,141)
Dividends received	291,833	181,311
Net cash used in investing activities	(1,011,614)	(1,357,753)
CASH FLOWS FROM FINANCING ACTIVITES		
Proceeds from short-term bank loans	2,350,000	3,150,000
Repayments of short-term bank loans	(2,150,000)	(2,950,000)
Proceeds from long-term bank loans	4,657,200	5,030,000
Repayments of long-term bank loans	(4,421,000)	(4,430,000)
Increase (decrease) in deposits received	(700)	500
Repayment of the principal portion of lease liabilities	(325,067)	(503,287)
Dividends paid	(770,551)	(784,561)
Net cash used in financing activities	(660,118)	(487,348)
NET INCREASE (DECREASE) IN CASH	266	(244,811)
CASH AT THE BEGINNING OF THE YEAR	754,907	999,718
CASH AT THE END OF THE YEAR	$ 755,173	$ 754,907

(Concluded)

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

KERRY TJ LOGISTICS CO., LIMITED
NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Kerry TJ Logistics Co., Limited (the "Company") was incorporated in the Republic of China (ROC) in December 1959. The Company is mainly engaged in the business of automobile cargo transportation within designated routes, container transportation, warehousing and refrigeration delivery.

The Company's parent company, Kerry Logistics (Taiwan) Investments Limited, held 53.4% of the Company's ordinary shares on December 31, 2022 and 2021.

The Company's original intermediate parent company is Kerry Logistics Services Limited (KLSL), which was owned by Kerry Logistics Network Limited (KLN). KLSL sold all its businesses in Taiwan (including all the Company's ordinary shares) to Treasure Seeker Group Limited (TSGL), which was owned by Hong Kong Kerry Holding Limited (KHL) on September 27, 2021. KHL became the intermediate parent company of the Company from that date. However, KHL is Kerry Group Limited's subsidiary. The Group's ultimate controller is still Kerry Group Limited.

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 15, 2023.

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

a. Initial application of the amendments to 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)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

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

Note 2: The amendments will be 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 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of above standards and interpretations will not have a material impact on the Company's financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of the above standards and interpretations 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 net 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, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, 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 an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3) Level 3 inputs are unobservable inputs for an 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. 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.

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 denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from 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 item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting financial statements, the financial statements of the Company's foreign operations (including subsidiaries or associates) that are prepared using functional currencies which 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 losses, 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 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 Company 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 methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates 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

1) Intangible assets acquired separately

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 lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On the derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets

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, 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 or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit 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 issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss, 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 categories

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, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 23.

ii. Financial assets at amortized cost

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

i) The financial assets are 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 assets 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, refundable deposits and other financial assets, 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 asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) 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.

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 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 considers the following situations as indication 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. 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.

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. 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.

2) Financial liabilities

a) Subsequent measurement

All 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.

k. Provisions

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.

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.

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 Company are determined based on the contracts, and the related revenue is recognized when services are rendered.

m. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company 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 Company as lessee

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 by 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 or variable lease payments which depend on an index or a rate. 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 lessee's incremental borrowing rate will be used.

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 or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, 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. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use assets of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease. Lease liabilities are presented on a separate line in the balance sheets.

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, 2022, that results in the revised consideration for the lease, which less than the consideration for the lease immediately preceding the change. 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.

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.

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.

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.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

p. 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 expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under 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 in which they occur. 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 it occurs. 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 Company's defined benefit plans. 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.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) 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 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 such temporary differences 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 Company 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

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 the acquisition of a subsidiary, the tax effect is included in the accounting for the investments in a subsidiary.

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, estimations, and assumptions, on 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 Company considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates on cash flows, growth rates, discount rates, profitabilities, etc. 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 Company occurs.

Key Sources of Estimation Uncertainty

a. 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.

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	
	2022	**2021**
Cash on hand and petty cash	$ 66,372	$ 81,723
Checking accounts and demand deposits	688,801	673,184
	$ 755,173	$ 754,907

7. ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE

	December 31	
	2022	**2021**
Notes receivable		
At amortized cost		
Gross carrying amount	$ 280,383	$ 396,215
Less: Allowance for impairment loss	-	-
	$ 280,383	$ 396,215
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 1,268,292	$ 1,292,239
Less: Allowance for impairment loss	(4,000)	(4,000)
	$ 1,264,292	$ 1,288,239

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. 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 and the aggregate value of transactions concluded is spread amongst approved counterparties. 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 evidence 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 notes and accounts receivable:

	Within 120 Days	Over 120 Days
December 31, 2022		
Expected credit loss rate (%)	0%	73%
Gross carrying amount	$ 1,543,005	$ 5,670
Loss allowance (Lifetime ECLs)	-	(4,000)
Amortized cost	$ 1,543,005	$ 1,670
December 31, 2021		
Expected credit loss rate (%)	0%	75%
Gross carrying amount	$ 1,682,913	$ 5,541
Loss allowance (Lifetime ECLs)	-	(4,000)
Amortized cost	$ 1,682,913	$ 1,541

The above aging schedule was based on the account booking dates.

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ 4,000	$ 4,000
Net remeasurement of loss allowance	604	875
Amount written off	(604)	(875)
Balance at December 31	$ 4,000	$ 4,000

8. FINANCIAL ASSETS AT FVTPL - NON-CURRENT

	December 31	
	2022	2021
Domestic unlisted preference shares		
PKR Offshore Co., Ltd. ("PKRO")	$ -	$ 10,925
Domestic unlisted ordinary shares		
Hantek Technology Co.,Ltd. ("Hantek")	-	-
	$ -	$ 10,925

Hantek wound up operations as approved by the competent authority in 2006. As of the date of the auditors' audit 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 Company does not have control; and as stipulated in the PKRO'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 FVTOCI, they were classified as investments in debt instruments at FVTPL.

In December 2021, the Company's board of directors approved to dispose of PKRO and signed the share purchase agreement on January 27, 2022. The contractual consideration was $13,219 thousand. On May 6, 2022, the transfer of shares was completed.

9. FINANICIAL INSTRUMENTS AT FVTOCI - NON-CURRENT

	December 31	
	2022	2021
Domestic unlisted ordinary shares		
Everterminal Co., Ltd. ("Everterminal")	$ 154,794	$ 155,794
J.Shine International Logistics Co., Ltd. ("J. Shine")	78,222	69,222
Chunghwa Express Co., Ltd. ("Chunghwa Express")	10,392	10,392
Omnihealth Group,Inc. ("Omnihealth")	353	353
Taskco E-Business Corp. ("Taskco")	-	-
	$ 243,761	$ 235,761

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.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments accounted for using the equity method

	December 31			
	2022		2021	
Investee	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
Unlisted ordinary shares				
Investments in subsidiaries				
Science Park Logistics Co., Ltd. ("SPL")	$ 1,047,021	60	$ 990,011	60
Rong Xing Investment Company ("Rong Xing")	420,465	100	316,507	100
T.Join Transportation Co., Ltd. ("TJ")	318,253	100	315,658	100
Kerry Express Company Limited ("KE")	315,825	100	268,988	100
Unlisted ordinary shares				
Investments in subsidiaries				
Kerry Cold Chain Equipment Company Limited ("KCC")	76,209	64	90,503	64
Kerry Global Trading Company Limited ("KGT")	4,684	100	4,688	100
	2,182,457		1,986,355	
Material associate				
T-Join (HK) International Limited ("T-Join (HK)")	78,341	49	76,868	49
Associates that are not individually material				
Posh Kerry Renewables Co., Ltd. ("Posh Kerry")	-	-	-	40
Lian He Circulate Co., Ltd. ("Lian He")	-	22	-	22
	-		-	
	$ 2,260,798		$ 2,063,223	

(Concluded)

Investments accounted for using the equity method - credit

	December 31			
	2022		2021	
Investee	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
Unlisted ordinary shares				
Investments in subsidiaries				
T-join (BVI) International Limited (T-join (BVI))	($ 285)	100	($ 179)	100

(Concluded)

For information on the nature of activities, principal places of business and countries of incorporation of the aforementioned investments accounted for using the equity method, and investment accounted for using the equity method - credit, please refer to Table 7.

The board of directors of the Company has made a resolution to dispose of Posh Kerry in March 2022 and signed a sale agreement for a consideration of $2,592 thousand in September 2022, the transfer of shares was completed on November 10, 2022.

Lian He wound up operations as approved by the competent authority in 2014, and as of the date of the auditors' audit report, the liquidation procedures have not yet been completed.

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery	Transportation Equipment	Lease Improvements	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2022	$ 5,761,728	$ 5,726,250	$ 521,686	$ 4,496,736	$ 802,972	$ 534,603	$ 1,222,324	$ 19,066,299
Additions	-	53,170	12,051	14,890	4,130	17,195	696,303	797,739
Disposals	-	-	(7,547)	(288,857)	(57,584)	(35,572)	-	(389,560)
Reclassified	-	234,765	95,289	433,387	3,672	63,798	(313,714)	517,197
Balance at December 31, 2022	$ 5,761,728	$ 6,014,185	$ 621,479	$ 4,656,156	$ 753,190	$ 580,024	$ 1,604,913	$ 19,991,675
Accumulated depreciation								
Balance at January 1, 2022	$ -	$ 2,620,325	$ 265,049	$ 2,587,852	$ 702,476	$ 411,808	$ -	$ 6,587,510
Depreciation expenses	-	226,185	40,275	230,453	20,385	59,723	-	577,021
Disposals	-	-	(6,736)	(288,172)	(57,063)	(33,763)	-	(385,734)
Balance at December 31, 2022	$ -	$ 2,846,510	$ 298,588	$ 2,530,133	$ 665,798	$ 437,768	$ -	$ 6,778,797
Carrying amount at December 31, 2022	$ 5,761,728	$ 3,167,675	$ 322,891	$ 2,126,023	$ 87,392	$ 142,256	$ 1,604,913	$ 13,212,878
Cost								
Balance at January 1, 2021	$ 5,761,728	$ 4,263,927	$ 435,879	$ 4,308,956	$ 788,690	$ 508,124	$ 1,675,915	$ 17,743,219
Additions	-	31,067	19,368	6,618	4,517	35,676	964,208	1,061,454
Disposals	-	-	(33,900)	(252,303)	(1,903)	(27,438)	-	(315,544)
Reclassified	-	1,431,256	100,339	433,465	11,668	18,241	(1,417,799)	577,170
Balance at December 31, 2021	$ 5,761,728	$ 5,726,250	$ 521,686	$ 4,496,736	$ 802,972	$ 534,603	$ 1,222,324	$ 19,066,299
Accumulated depreciation								
Balance at January 1, 2021	$ -	$ 2,430,160	$ 266,429	$ 2,622,598	$ 674,849	$ 387,532	$ -	$ 6,381,568
Depreciation expenses	-	190,165	32,520	213,314	29,238	51,714	-	516,951
Disposals	-	-	(33,900)	(248,060)	(1,611)	(27,438)	-	(311,009)
Balance at December 31, 2021	$ -	$ 2,620,325	$ 265,049	$ 2,587,852	$ 702,476	$ 411,808	$ -	$ 6,587,510
Carrying amount at December 31, 2021	$ 5,761,728	$ 3,105,925	$ 256,637	$ 1,908,884	$ 100,496	$ 122,795	$ 1,222,324	$ 12,478,789

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 improvements	3-20 years
Other equipment	3-7 years

In consideration of the operational development, in August 2018, the board of directors resolved to reconstruct buildings in Chongxin station on their own land. The construction contract, with a total contract price of $589,481 thousand (including tax), was signed in April 2020, and the recognized amount of construction in progress was $505,270 thousand based on the degree of completion of construction, of which $505,270 thousand has been paid.

In consideration of the operational development, in January 2021, the board of directors resolved to construct buildings in Xizhi station on their leased land. The construction contract, with a total contract price of $1,218,000 thousand (including tax), was signed in May 2021, and the recognized amount of construction in progress was $580,000 thousand based on the degree of completion of construction, of which $580,000 thousand has been paid.

In consideration of the operational development, in November 2021, the board of directors resolved to construct buildings in QianZhen station on their leased land. The construction contract, with a total contract price of $661,200 thousand (including tax), was signed in July 2022, and the recognized amount of construction in progress was $220,400 thousand based on the degree of completion of construction, of which $220,400 thousand has been paid.

As of December 31, 2022, constructions are still in progress; refer to Note 26 and Table 4.

Information about interest capitalization is as follows:

	For the Year Ended December 31	
	2022	2021
Capitalized interest amount	$ 16,957	$ 3,925
Capitalization rate	1.22%	1.02%

The Company's property, plant and equipment leased under operating leases as of December 31, 2022 and 2021 are as follows:

	December 31	
	2022	2021
Cost		
Buildings	$ 272,766	$ 252,976
Other equipment	2,180	3,004
	274,946	255,980
Accumulated depreciation		
Buildings	150,436	129,082
Other equipment	2,180	3,004
	152,616	132,086
	$ 122,330	$ 123,894

Operating leases related to leases of logistic centers, offices, staff dormitories and car parks, between 1 and 10 years. The leases do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	December 31	
	2022	2021
Year 1	$ 24,761	$ 26,764
Year 2	3,767	7,168
Year 3	-	3,945
Year 4	-	178
Year 5	-	178
Year 6 onwards	-	342
	$ 28,528	$ 38,575

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

Buildings	
Main buildings	25-50 years
Decoration	3-15 years

Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 25.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Buildings	$ 2,747,014	$ 2,749,624
Machinery	78,715	72,398
Transportation equipment	4,660	6,754
	$ 2,830,389	$ 2,828,776

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 415,606	$ 1,114,578
Depreciation charge for right-of-use asset		
Buildings	$ 353,969	$ 330,657
Machinery	42,682	43,762
Transportation equipment	3,633	3,795
	$ 400,284	$ 378,214

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 326,445	$ 313,116
Non-current	$ 2,310,625	$ 2,254,874

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2022	2021
Buildings	1.15%-2.29%	1.16%-2.29%
Machinery	1.15%-2.14%	1.16%-2.14%
Transportation equipment	1.15%-2.14%	1.16%-2.14%

c. Material leasing activities and terms

The Company 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 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	
	2022	2021
Expenses relating to short-term leases	$ 57,409	$ 57,652
Total cash outflow for leases	($ 437,082)	($ 602,359)

The Company's leases of certain buildings, machinery and transportation equipment 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.

e. Changes in liabilities arising from financing activities

For the year ended December 31, 2022

	Balance at January 1, 2022	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Other	Balance at December 31, 2022
Lease liabilities	$ 2,567,990	($ 325,067)	$ 415,606	($ 21,459)	$ 2,637,070

For the year ended December 31, 2021

	Balance at January 1, 2021	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Other	Balance at December 31, 2021
Lease liabilities	$ 1,965,864	($ 503,287)	$ 1,114,578	($ 9,165)	$ 2,567,990

13. OTHER NON-CURRENT ASSETS

	December 31	
	2022	2021
Prepayments for equipment	$ 118,465	$ 95,927
Refundable deposits	89,005	82,913
Other prepayments	42,542	24,840
Other financial assets (Note 25)	29,576	32,576
	$ 279,588	$ 236,256

14. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Unsecured borrowings	$ 400,000	$ 200,000
Unsecured borrowings interest rate (%)	1.41-1.51	0.97

b. Long-term borrowings

	December 31	
	2022	2021
Unsecured borrowings	$ 2,727,200	$ 2,991,000
Secured borrowings	1,639,000	1,139,000
	$ 4,366,200	$ 4,130,000
Unsecured borrowings interest rate (%)	1.03-1.90	0.88-1.04
Secured borrowings interest rate (%)	1.26-1.80	0.97-0.98

The bank loan is secured by the Company's own land, buildings and machinery, refer to Note 25 for the details. The loan period is 2 years, with monthly interest payments and repayment of principal at maturity.

15. OTHER LIABILITIES

	December 31	
	2022	2021
Payables for salaries or bonuses	$ 476,163	$ 461,815
Payables for purchases of equipment	79,136	83,694
Payables for labor and health insurance	62,126	63,142
Payables for annual leave	54,775	54,775
Payables for pension (new system)	40,735	41,148
Payables for business and other tax	38,465	49,838
Payables for compensation of employees and remuneration of directors	29,148	33,464
Payables for accidents	27,537	29,959
Others	89,604	129,215
	$ 897,689	$ 947,050

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, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. 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 10% 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 are as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 572,494	$ 784,774
Fair value of plan assets	(503,013)	(510,870)
Net defined benefit liabilities	$ 69,481	$ 273,904

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, 2022	$ 784,774	($ 510,870)	$ 273,904
Service cost			
Current service cost	5,400	-	5,400
Net interest expense (income)	4,630	(3,014)	1,616
Recognized in profit or loss	10,030	(3,014)	7,016
Remeasurement			
Actuarial (gain) loss			
Changes in demographic assumptions	(873)	-	(873)
Changes in financial assumptions	(17,325)	-	(17,325)
Experience adjustments	(76,668)	(40,604)	(117,272)
Recognized in other comprehensive income	(94,866)	(40,604)	(135,470)
Contributions from the employer	-	(75,969)	(75,969)
Benefits paid	(127,444)	127,444	-
	(127,444)	51,475	(75,969)
Balance at December 31, 2021	$ 572,494	($ 503,013)	$ 69,481
Balance at January 1, 2021	$ 843,506	($ 532,024)	$ 311,482
Service cost			
Current service cost	6,611	-	6,611
Net interest expense (income)	3,543	(2,235)	1,308
Recognized in profit or loss	10,154	(2,235)	7,919
Remeasurement			
Actuarial (gain) loss			
Changes in demographic assumptions	1,749	-	1,749
Changes in financial assumptions	(14,729)	-	(14,729)
Experience adjustments	50,043	(7,677)	42,366
Recognized in other comprehensive income	37,063	(7,677)	29,386
Contributions from the employer	-	(74,883)	(74,883)
Benefits paid	(105,949)	105,949	-
	(105,949)	31,066	(74,883)
Balance at December 31, 2021	$ 784,774	($ 510,870)	$ 273,904

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 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 using the future salaries of plan participants. As such, an increase in the salaries 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 are as follows:

	December 31	
	2022	2021
Discount rate(s)	1.15%	0.59%
Expected rate(s) of salary increase	1%	1%

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

	December 31	
	2022	2021
Discount rate(s)		
0.5% increase	($ 13,154)	($ 23,645)
0.5% decrease	$ 14,378	$ 45,030
Expected rate(s) of salary increase		
0.5% increase	$ 14,327	$ 44,608
0.5% decrease	($ 13,236)	($ 23,664)

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

	December 31	
	2022	2021
The expected contributions to the plan for the next year	$ 46,094	$ 49,172
The average duration of the defined benefit obligation	5 years	9 years

17. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
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 paid and the carrying amount of the subsidiaries' equity on acquisition) and donations received 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 dividends policy

The shareholders of the Company held their regular meeting on July 20, 2021 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). Under the dividends 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 compensation of employees and remuneration of directors after the amendment, refer to Note 19.

The Company's dividends policy shall be made based on the following: the future operational developments, capital budget, the changes and competitions of industry environment, long-term financial capital plans. The interests of shareholders, long-term financial plans, and other factors should also be taken into account. The cumulative distributable earnings shall be allocated not less than 10% of the net profit after tax to shareholders; the distribution of dividends to shareholders shall be allowed by the cash or shares, and the cash dividends shall not be less than 50% of the total dividends. Only when there are sudden major capital expenditures that the cash dividends shall be reduced to 20% of the total dividends.

According to the dividend policy in the Articles before amendments, 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.

The distribution of dividends and bonuses to shareholders shall be allowed by cash or shares, and the cash dividends shall not be less than 50% of the total dividends. Only when there are sudden major capital expenditures that the cash dividends shall be reduced to 20% of the total dividends. The actual rates and methods of distribution of dividends shall be based on operating conditions. 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.

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 the deficit. 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.

If a special reserve appropriated on the first-time adoption of IFRSs relates to property, plant and equipment other than land, the special reserve may be reversed continuously over the period of use. The special reserve relating to land may be reversed on the disposal or reclassification of the related assets. A proportionate share of the special reserve relating to exchange differences on translating the financial statements of foreign operations (including the subsidiaries of the Company) will be reversed on the Group's disposal of foreign operations; on the Group's loss of significant influence, however, the entire special reserve will be reversed. The additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

The appropriations of earnings for 2021 and 2020, which were approved in the shareholders' meetings in June 2022 and July 2021, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	2020
Legal reserve	$ 137,038	$ 151,157
(Reversal of) special reserve	(45,514)	45,514
Cash dividends	770,551	784,561
Cash dividends per share (NT$)	1.65	1.68

The appropriation of earnings for 2022, which was proposed by the Company's board of directors on March 15, 2023, was as follows:

	For the Year Ended December 31, 2022
Legal reserve	$ 134,982
Cash dividends	770,551
Cash dividends per share (NT$)	1.65

The appropriation of earnings for 2022 will be resolved by the shareholders in their meeting to be held on May 31, 2023.

d. Special reserve

	December 31	
	2022	2021
Special reserve		
Initial application of IFRS	$ 299,916	$ 299,916
Debit to other equity items	-	45,514
	$ 299,916	$ 345,430

e. Other equity items

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 11,597	$ 12,222
Share from subsidiaries and associates accounted for using the equity method	20	(625)
Balance at December 31	$ 11,617	$ 11,597

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 41,064	($ 57,736)
Recognized for the year		
Unrealized gain/(loss) - equity instruments	8,000	95,000
Share from subsidiaries accounted for using the equity method	-	3,800
Balance at December 31	$ 49,064	$ 41,064

18. REVENUE

	For the Year Ended December 31	
	2022	2021
Main revenue		
Freight transportation	$ 7,686,213	$ 8,324,602
Warehouse logistics	2,347,080	2,198,087
Others	41,425	43,000
	$ 10,074,718	$ 10,565,689

a. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable and accounts receivable	$1,544,675	$1,684,454	$1,535,848

b. Contracts that have not been fully completed

As of December 31, 2022 and 2021, 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 FROM CONTINUING OPERATIONS

Net profit from continuing operations includes the following:

a. Other income

	For the Year Ended December 31	
	2022	2021
Dividend income	$ 58,441	$ 19,562
Grant income	31,547	-
Fee revenue	5,980	6,683
Others	73,656	68,435
	$ 169,624	$ 94,680

b. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Gain on disposal of property, plant and equipment	$ 13,031	$ 7,449
Gain on disposal of investments accounted for using the equity method	2,592	-
Others	(292)	7,393
	$ 15,331	$ 14,842

c. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	$ 41,492	$ 34,187
Interest on lease liabilities	54,606	41,420
	$ 96,098	$ 75,607

d. Employee benefits, depreciation and amortization expenses

	Operating cost	Operating expense	Total
For the year ended December 31, 2022			
Employee benefits expense			
Salaries and bonuses	$ 2,776,666	$ 137,011	$ 2,913,677
Labor and health insurance	312,484	12,708	325,192
Other insurance expense	-	23,308	23,308
Defined contribution plan	153,926	6,053	159,979
Defined benefit plans	6,894	122	7,016
Remuneration of directors	-	18,164	18,164
Other employee benefits	131,537	4,795	136,332
Depreciation expense	929,823	47,482	977,305
Amortization expense	15,305	1,384	16,689
For the year ended December 31, 2021			
Employee benefits expense			
Salaries and bonuses	2,872,406	136,115	3,008,521
Labor and health insurance	314,689	12,302	326,991
Other insurance expense	-	24,294	24,294
Defined contribution plan	153,145	5,999	159,144
Defined benefit plans	7,775	144	7,919
Remuneration of directors	-	21,232	21,232
Other employee benefits	130,705	4,907	135,612
Depreciation expense	845,554	49,611	895,165
Amortization expense	16,033	1,948	17,981

For the years ended December 31, 2022 and 2021, the average annual number of employees of the Company was 4,378 and 4,457, respectively, which included 8 and 7 non-employee directors, respectively. The calculation basis is consistent with employee benefits expense.

For the years ended December 31, 2022 and 2021, the average annual employee benefits expense was $816 thousand and $823 thousand, respectively.

For the years ended December 31, 2022 and 2021, the average annual employee salaries was $667 thousand and $676 thousand, respectively, and the average employee salaries decreased by 1.3% year over year.

The audit committee of the Company is set up to replace the supervisors.

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.

e. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at the rates 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors in March 2023 and March 2022, respectively, are as follows:

	For the Year Ended December 31			
	2022		2021	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	1%	$ 14,574	1%	$ 16,732
Remuneration of directors	1%	14,574	1%	16,732

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors 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	
	2022	2021
Current tax		
In respect of the current year	$ 174,041	$ 234,088
Adjustments for prior years	(2)	(2,408)
	174,039	231,680
Deferred tax		
In respect of the current year	13,845	13,257
Income tax expense recognized in profit or loss	$ 187,884	$ 244,937

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

	For the Year Ended December 31	
	2022	2021
Income tax expense calculated at the statutory rate of 20%	$ 285,647	$ 327,945
Adjustment:		
Permanent differences	(97,761)	(80,600)
Temporary differences	(13,845)	(13,257)
Current tax expense	174,041	234,088
Deferred tax expense		
Temporary differences	$ 13,845	$ 13,257
Adjustments for prior years' tax	(2)	(2,408)
Income tax expense recognized in profit or loss	$ 187,884	$ 244,937

(Concluded)

b. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

	For the Year Ended December 31, 2022			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets				
Temporary differences				
Defined benefit plans	$ 54,781	($ 13,791)	($ 27,094)	$ 13,896
Payables for annual leave	10,955	-	-	10,955
Valuation loss on assets held for sale	5,361	(54)	-	5,307
	$ 71,097	($ 13,845)	($ 27,094)	$ 30,158
Deferred Tax Liabilities				
Temporary differences				
Land value increment tax	$ 531,964	$ -	$ -	$ 531,964

	For the Year Ended December 31, 2021			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets				
Temporary differences				
Defined benefit plans	$ 62,296	($ 13,392)	$ 5,877	$ 54,781
Payable for annual leave	10,556	399	-	10,955
Valuation loss on assets held for sale	5,519	(158)	-	5,361
Others	106	(106)	-	-
	$ 78,477	($ 13,257)	$ 5,877	$ 71,097
Deferred Tax Liabilities				
Temporary differences				
Land value increment tax	$ 531,964	$ -	$ -	$ 531,964

c. Income tax assessments

The income tax returns of the Company through 2019 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)
For the year ended December 31, 2022			
Basic earnings per share			
Profit for the year attributable to owners of the Company	$ 1,240,351	467,000	$ 2.66
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	462	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 1,240,351	467,462	$ 2.65

	Net profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share(NTD)
For the year ended December 31, 2021			
Basic earnings per share			
Profit for the year attributable to owners of the Company	$ 1,394,789	467,000	$ 2.99
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	470	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 1,394,789	467,470	$ 2.98

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be 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. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as going concerns 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 equity of the Company (comprising issued ordinary shares, capital surplus, retained earnings and other equity).

Key management personnel of the Company reviews the capital structure on an annual basis. As part of this review, the key management personnel considers 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.

23. 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
December 31, 2022				
Financial assets at FVTOCI				
Domestic unlisted shares investments	$ -	$ -	$ 243,761	$ 243,761

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Financial assets at FVTPL				
Domestic unlisted shares investments	$ -	$ -	$ 10,925	$ 10,925
Financial assets at FVTOCI				
Domestic unlisted shares investments	$ -	$ -	$ 235,761	$ 235,761

There were no transfers between Levels 1 and 2 in 2022 and 2021.

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

For the year ended December 31, 2022

	Financial Assets at FVTPL	Financial Assets at FVTOCI
Financial Assets	Debt Instruments	Equity Instruments
Balance at January 1, 2022	$ 10,925	$ 235,761
Unrealized valuation gain on financial assets at FVTPL	2,294	-
Unrealized valuation gain on financial assets at FVTOCI	-	8,000
Disposal of financial assets	(13,219)	-
Balance at December 31, 2022	$ -	$ 243,761

For the year ended December 31, 2021

	Financial Assets at FVTPL	Financial Assets at FVTOCI
Financial Assets	Debt Instruments	Equity Instruments
Balance at January 1, 2021	$ 2,961	$ 177,407
Unrealized valuation gain on financial assets at FVTPL	7,964	-
Unrealized valuation gain on financial assets at FVTOCI	-	95,000
Capital reduction	-	(36,646)
Balance at December 31, 2021	$ 10,925	$ 235,761

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of non-publicly traded equity investments are mainly determined by using the asset approach and market approach.

c. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
Financial assets at amortized cost (Note 1)	$ 2,450,450	$ 2,609,343
Mandatorily classified as at FVTPL	-	10,925
Investments in equity instruments at FVTOCI	243,761	235,761
Financial liabilities		
Amortized cost (Note 2)	5,482,245	5,155,030

Note 1: The balances include financial assets at amortized cost, which comprise cash, notes receivable, accounts receivable, other receivables, refundable deposits and other financial assets and so on.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term bank loans, accounts payable, other payables, long-term bank loans and deposits received and so on.

d. Financial risk management objectives and policies

The Company's major financial instruments included equity investments, accounts receivable, accounts payable, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international 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 foreign 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 arising from the Company's deposits, bank borrowings and lease liabilities at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates on the balance sheet date were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Short-term bank loan	$ 250,000	$ 200,000
Lease liabilities	2,637,070	2,567,990
Cash flow interest rate risk		
Bank deposit (including other financial assets)	677,697	659,669
Short-term bank loan	150,000	-
Long-term bank loan	4,366,200	4,130,000

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, 2022 and 2021 would have decreased/increased by $384 thousand and $347 thousand, respectively, which was mainly a result of variable-rate deposits and 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 year, 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 its obligation, could be equal to the total of the following:

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.

The Company transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

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	
	2022	2021
Unutilized bank loan limits	$ 5,037,009	$ 5,476,315

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, 2021					
Non-interest bearing	$ 150,000	$ 175,780	$ 186,148	$ 290	$ -
Lease liabilities	49,872	63,801	289,378	1,057,699	1,822,449
Variable interest rate liabilities	6,390	162,055	54,976	4,316,823	124,711
Fixed interest rate liabilities	250,039	-	-	-	-
	$ 456,301	$ 401,636	$ 530,502	$ 5,374,812	$ 1,947,160
December 31, 2021					
Non-interest bearing	$ 249,833	$ 323,382	$ 697	$ -	$ -
Lease liabilities	45,221	66,154	252,171	1,018,215	1,894,050
Variable interest rate liabilities	1,279	10,071	30,772	4,162,090	-
Fixed interest rate liabilities	53	200,425	-	-	-
	$ 296,386	$ 600,032	$ 283,640	$ 5,180,305	$ 1,894,050

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
December 31, 2022	$ 403,051	$ 1,057,699	$ 505,522	$ 203,304	$ 459,918	$ 653,705
December 31, 2021	$ 363,546	$ 1,018,215	$ 581,857	$ 154,623	$ 454,195	$ 703,375

24. TRANSACTIONS WITH RELATED PARTIES

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	Related Party Category
Kerry Logistics (Taiwan) Investments Limited	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
Posh Kerry	Associate
TKI	Other related party
Da Ji International Limited ("DA JI")	Other related party
Tong Li Investment Company ("TONG LI")	Other related party
Kerry Freight International Company Limited ("KFI")	Other related party
Kerry Logistics Hong Kong Limited ("KLHK")	Other related party
Kerry Freight Hong Kong Limited ("KFHK")	Other related party
KLN SERVICES SDN.BHD.	Other related party
Kerry ESG (HK) Company Limited	Other related party
PACC Offshore Services Holdings Ltd., (PACC Offshore)	Other related party
Kerry Coffee Company Limited	Other related party
PKR Offshore Co., Ltd.	Other related party
HCT Logistics Co., Ltd. ("HCT")	Other related party
Hsieh, Wen-Chien	Other related party

b. Operating transactions

Related Party Category/Name	For the Year Ended December 31 2022	2021
Operating Revenue		
Subsidiaries	$ 170,237	$ 144,061
Other related parties	29,939	29,066
Associates	-	293
	$ 200,176	$ 173,420
Operating Cost		
Subsidiaries		
TJ	$ 1,503,574	$ 1,527,265
Others	589,911	696,235
Other related parties	2,468	2,371
	$ 2,095,953	$ 2,225,871
Operating Expense		
Other related parties	$ 1,423	$ 2,862
Subsidiaries	-	176
	$ 1,423	$ 3,038
Other income		
Subsidiaries	$ 57,660	$ 39,988
Other related parties	4,966	1,886
Associates	-	33
	$ 62,626	$ 41,907

The terms and conditions of transactions with related parties and those with 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 2022	2021
Accounts receivable		
Subsidiaries		
KE	$ 43,237	$ 23,728
Others	6,496	4,017
Other related parties	2,185	2,932
	$ 51,918	$ 30,677

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

Related Party Category/Name	December 31 2022	2021
Accounts payable		
Subsidiaries		
TJ	$ 155,198	$ 176,983
KCC	85,867	62,988
KE	48,359	79,924
Others	7,956	7,677
Other related parties	679	855
	$ 298,059	$ 328,427

c. Loans to related parties (classified as other receivables)

Related Party Category/Name	December 31 2022	2021
Subsidiary		
KP	$ -	$ 30,000

The interest rate, interest income and interest receivable of the Company's loans to subsidiary are as follows:

	For the Year Ended December 31 2022	2021
Interest rate (%)	-	0.959
Interest income	$ 316	$ 287

	December 31 2022	2021
Interest receivable	$ -	$ 22

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 2022	2021
Subsidiary		
SPL	$ 12,706	$ 9,450
KP	7,330	8,816
KE	2,042	2,313
Others	2,595	1,420
Other related parties		
Others	178	80
	$ 24,851	$ 22,079

The balance of construction in progress from related parties on the balance sheet date is as follows:

Related Party Category/Name	December 31 2022	2021
Subsidiary		
KCC	$ -	$ 191,407

The balance of prepayments for equipment from related parties on the balance sheet date is as follows:

Related Party Category/Name	December 31 2022	2021
Subsidiaries		
KCC	$ 19,345	$ 8,068
Others	255	-
	$ 19,600	$ 8,068

e. Disposal of financial assets

For the year ended December 31, 2022

Related Party Category/Name	Items	Number of Shares	Underlying Asset	Proceeds	Gain on Disposal
Other related parties					
PACC Offshore	Investments accounted for using the equity method	600 thousand	Posh Kerry	$ 2,592	$ 2,592

f. Acquisition of property, plant and equipment

	Purchase Price	
	For the Year Ended December 31	
Related Party Category	2022	2021
Subsidiaries		
KCC	$ 344,789	$ 140,174
Others	3,281	-
	$ 348,070	$ 140,174

g. Remuneration of key management personnel

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

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 87,720	$ 91,219
Termination benefits	2,616	2,522
	$ 90,336	$ 93,741

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

25. 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	
	2022	2021
Property, plant and equipment	$ 1,935,045	$ 1,956,430
Other financial assets - non-current (classified as non-current assets)	29,576	32,576
	$ 1,964,621	$ 1,989,006

26. SIGNIFICANT UNRECOGNIZED COMMITMENTS

a. Unrecognized commitments were as follows:

	December 31	
	2022	2021
Acquisition of property, plant and equipment	$ 1,045,455	$ 1,014,107

b. Significant unrecognized commitments were as follows:

	Guarantor Bank	Guaranteed Project	Due Date	Amount
December 31, 2022				
The Company	CTBC Bank - Tunnan branch	Operation related business	December 2022 to March 2025	$ 16,791
December 31, 2021				
The Company	CTBC Bank - Tunnan branch	Operation related business	December 2021 to January 2023	$ 13,685

27. 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.

28. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:
   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.

b. Information on investees: Table 7.

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 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 ending 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 9.

TABLE 1

KERRY TJ LOGISTICS CO., LIMITED AND SUBSIDIARIES
FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Year	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral Item	Collateral Value	Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)
0	KTJ	KP	Receivable from related parties	Yes	$ 60,000	$ 30,000	$ -	-	Short-term financing	$ -	For working capital	$ -	-	$ -	$ 576,977	$ 2,307,910
		KE	Receivable from related parties	Yes	60,000	30,000	-	-	Short-term financing	-	For working capital	-	-	-	576,977	2,307,910

Note: 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.

TABLE 2

KERRY TJ LOGISTICS CO., LIMITED AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

No.	Endorser/ Guarantor	Endorsee/Guarantee Name	Endorsee/Guarantee Relationship (Note 1)	Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Year	Outstanding Endorsement/ Guarantee at the End of the Year	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 2)	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
0	KTJ	KP	1, 2	$ 2,307,910	$ 670,000	$ 385,000	$ 385,000	Credit	3.34%	$ 5,769,775	Y	N	N
		KE	1, 2	2,307,910	210,000	100,000	100,000	Credit	0.87%	5,769,775	Y	N	N
		KCC	1, 2	2,307,910	120,000	60,000	60,000	Credit	0.52%	5,769,775	Y	N	N
		KF	1, 2	2,307,910	35,000	-	-	Credit	-	5,769,775	Y	N	N

Note 1: The relationship between endorser/guarantor and the endorsee/guarantee can be classified into the following 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 30% of the net assets of the endorsing/guaranteeing company based on its latest financial statements, and 10% 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 CO., LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
KTJ	Shares						
	Everterminal	None	Financial assets at FVTOCI - non-current	3,664,509	$ 154,794	8	$ 157,192
	J.Shine	None	Financial assets at FVTOCI - non-current	3,543,000	78,222	15	78,625
	Chunghwa Express	None	Financial assets at FVTOCI - non-current	700,000	10,392	7	11,511
	Omnihealth	None	Financial assets at FVTOCI - non-current	48,659	353	1	388
	Taskco	None	Financial assets at FVTOCI - non-current	2,500,000	-	4	-
	Hantek	None	Financial assets at FVTPL - non-current	6,631,775	-	8	-
Rong Xing	Shares						
	Develop Cultural	None	Financial assets at FVTOCI - non-current	600,001	2,293	1	2,337
	Everterminal	None	Financial assets at FVTOCI - non-current	214,400	8,908	-	9,180
	West Lake	None	Financial assets at FVTOCI - non-current	100,000	-	-	-

TABLE 4

KERRY TJ LOGISTICS CO., 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, 2022

(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer if Counterparty is A Related Party: Property Owner	Relationship	Transaction Date	Amount	Pricing Reference	Purpose of Acquisition	Other Terms
KTJ	Plant engineering	2018.8.9	$ 589,481	Payment according to the progress of completion, $505,270 has been paid as of the balance sheet date	Lihua Construction Company Ltd.	None	-	-	-	$ -	Construction on company-owned land	Logistic center	-
KTJ	Plant engineering	2021.1.28	1,218,000	Payment according to the progress of completion, $580,000 has been paid as of the balance sheet date	Lihua Construction Company Ltd.	None	-	-	-	-	Construction on company-leased land	Logistic center	-
KTJ	Plant engineering	2021.11.5	661,200	Payment according to the progress of completion, $220,400 has been paid as of the balance sheet date	Lihua Construction Company Ltd.	None	-	-	-	-	Construction on company-leased land	Logistic center	-

TABLE 5

KERRY TJ LOGISTICS CO., 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, 2022

(In Thousands of New Taiwan Dollars)

Purchaser or Seller	Related Party	Relationship	Transaction Details: Purchase/Sale	Amount	%	Transaction Details: Payment Terms	Abnormal Transaction: Unit Price	Payment Terms	Notes/Accounts Receivable (Payable): Ending Balance	%	Note
KTJ	TJ	Parent to subsidiary	Operating costs	$ 1,503,574	60	30-60 days	$ -	-	($ 155,198)	(30)	
	KCC	Parent to subsidiary	Operating costs	253,288	78	30-60 days	-	-	(85,867)	(17)	
	KE	Parent to subsidiary	Operating costs	295,226	28	30-60 days	-	-	(48,359)	(9)	
TJ	KTJ	Subsidiary to parent	Sale	(1,504,567)	(83)	30-60 days	-	-	156,504	74	
KCC	KTJ	Subsidiary to parent	Sale	(597,846)	(78)	30-60 days	-	-	85,867	99	
KE	KTJ	Subsidiary to parent	Sale	(295,170)	(50)	30-60 days	-	-	48,359	55	

TABLE 6

KERRY TJ LOGISTICS CO., LIMITED AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2022

(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	$ 156,504	9.02	$ -	-	$ 129,578	$ -

TABLE 7

KERRY TJ LOGISTICS CO., LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2022

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount		
KTJ	TJ	Taiwan	Container freight business	$ 148,350	$ 148,350	16,425	100	$ 318,253	$ 74,429	$ 74,422
	Rong Xing	Taiwan	Professional investment business	151,131	151,131	20,000,000	100	420,465	103,554	103,563
	KCC	Taiwan	Transportation tools and parts manufacturing	45,000	45,000	6,231,986	64	76,209	46,871	26,728
	KE	Taiwan	Car freight business	278,000	278,000	265,000	100	315,825	48,728	46,837
	T-Join (BVI)	British Virgin Islands	Professional investment business	933,405	933,405	28,185,000	100	(285)	(86)	(86)
	KGT	Taiwan	International trade business	1,000	1,000	100,000	100	4,684	(4)	(4)
	SPL	Taiwan	Logistics transportation business	947,124	947,124	43,051,101	60	1,047,021	307,389	176,809
	T-Join (HK)	Hong Kong	Professional investment business	125,953	125,953	32,594,204	49	78,341	3,007	1,473
	Lian He	Taiwan	General merchandise	10,000	10,000	1,000,000	22	-	-	-
Rong Xing	KP	Taiwan	Car freight business	82,258	82,258	9,000,000	90	315,576	106,625	96,356
	KCC	Taiwan	Transportation tools and parts manufacturing	25,000	25,000	3,462,214	36	27,090	46,871	14,860
	KF	Taiwan	Fruit and vegetable wholesale	5,100	5,100	510,000	51	3,879	(5,758)	(2,936)
	Lian He	Taiwan	General merchandise	10,320	10,320	1,099,996	24	-	-	-

TABLE 8

KERRY TJ LOGISTICS CO., LIMITED AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars and Foreign Currencies)

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, 2022	Remittance of Funds: Outward	Remittance of Funds: Inward	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2022 (Note 2)	Accumulated Repatriation of Investment Income as of December 31, 2022
T-Join Transportation Beijing	Warehousing and Automobile Cargo Transportation Business	$ 148,636 (USD 4,840)	(2)	$ 139,891	$ -	$ -	$ 139,891	$ 7,670	49	$ 3,758	$ 103,544	$ -
T-Join Transportation Wuhan (Note 4)	Warehousing and Automobile Cargo Transportation Business	61,420 (USD 2,000)	(2)	66,727	-	-	66,727	(1,228)	49	(602)	16,260	-
T-Join Transportation Shenyang (Note 4)	Warehousing and Automobile Cargo Transportation Business	61,420 (USD 2,000)	(2)	66,727	-	-	66,727	(3,842)	49	(1,883)	12,241	-
T-Join Transportation Kunming (Note 4)	Warehousing and Automobile Cargo Transportation Business	64,491 (USD 2,100)	(2)	71,013	-	-	71,013	(957)	49	(469)	14,910	-
Cobang Nanjing	Warehousing and Automobile Cargo Transportation Business	79,370 (RMB 18,000)	(1)	20,768	-	-	20,768	17,049	15	2,560	14,757	2,996

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 3)
$ 676,668 (USD 21,388 and RMB 4,500)	$ 781,443 (USD 24,369 and RMB 7,500)	$ 6,923,730

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 financial statements audited by CPA 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) has disposed of its shares in 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 in 2013. As of December 31, 2022, the disposal proceeds have not been remitted back to Taiwan.

TABLE 9

KERRY TJ LOGISTICS CO., LIMITED
INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2022

	Shares	
Name of Major Shareholder	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, including shares that had not yet completed registration and physical 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 been issued but have not yet completed registration and physical 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 companies have incurred any financial or cash flow difficulties in 2022 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

Unit: NT$ thousands

Item	Year 2022	Year 2021	Difference Amount	Difference %
Current assets	3,797,723	3,818,502	(20,779)	-0.54%
Property, plant and equipment	15,254,641	14,508,482	746,159	5.14%
Intangible assets	342,122	360,201	(18,079)	-5.02%
Right-of-use assets	4,603,740	4,725,748	(122,008)	-2.58%
Other assets	742,991	749,032	(6,041)	-0.81%
Total assets	24,741,217	24,161,965	579,252	2.40%
Current liabilities	3,386,859	3,383,238	3,621	0.11%
Non-current liabilities	9,191,303	9,245,246	(53,943)	-0.58%
Total liabilities	12,578,162	12,628,484	(50,322)	-0.40%
Equity attributable to owners of the parent	11,539,550	10,952,255	587,295	5.36%
Capital stock	4,670,005	4,670,005	0	0.00%
Capital surplus	2,308	2,308	0	0.00%
Retained earnings	6,806,556	6,227,281	579,275	9.30%
Other interests	60,681	52,661	8,020	15.23%
Non-controlling interest	623,505	581,226	42,279	7.27%
Total equity	12,163,055	11,533,481	629,574	5.46%

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: None.

Financial Performance

Review and analysis of financial performance in the Last Two Years

Unit: NT$ thousands

Item	Year 2022	Year 2021	Difference Amount	Difference %
Revenue	12,730,070	13,036,397	(306,327)	-2.35%
Operating costs	10,384,929	10,519,034	(134,105)	-1.27%
Gross profit	2,345,141	2,517,363	(172,222)	-6.84%
Operating expenses	667,436	705,238	(37,802)	-5.36%
Net operating profit	1,677,705	1,812,125	(134,420)	-7.42%
non-operating income and expenses	7,548	24,076	(16,528)	-68.65%
Net income before tax	1,685,253	1,836,201	(150,948)	-8.22%
Income tax expense	319,538	352,713	(33,175)	-9.41%
Net income	1,365,715	1,483,488	(117,773)	-7.94%
Other comprehensive income (loss)	118,033	73,082	44,951	61.51%
Comprehensive income (loss)	1,483,748	1,556,570	(72,822)	-4.68%

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:

(1) The decrease in net non-operating income and expenses was mainly due to the rise in interest rates and the increase in borrowing interest expenses for financial expenses.

(2) The increase in other comprehensive income was mainly due to the increase in the remeasurement benefits of defined benefit plans for pensions.

Cash Flow

Cash Flow Analysis for the Current Year

Unit: NT$ 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
1,506,806	2,535,748	(2,412,753)	1,629,801	-	-

Analysis on the cash flow changes:

(1) Operating activities: Mainly derived from net inflow after net operating income, depreciation and amortization expenses.

(2)） Investing activities: Mainly due to the acquisition and disposal of fixed assets.

(3) Financing activities: Mainly due to repayment of bank loans, the distribution of cash dividends and the repayment of the principal of lease liabilities.

(4)） Remedy measure of inadequate liquidity: None.

Cash Flow Analysis for the Coming Year

Unit: NT$ 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
1,629,801	2,170,275	(2,386,491)	1,413,585	-	-

Effects of Major Capital Expenditures on Financial Operations in the Recent Years

Major Capital Expenditures and Source of Capital

Unit: NT$ thousandss

Project	Actual or expected source of funds	Total amount of funds required	Actual or Expected Capital Expenditure			
			2022	2021	2020	2019
Buildings	Self-owned funds, Mortgages	3,282,611	840,066	1,049,966	468,827	923,752
Freight Equipment	Self-owned funds, Mortgages	400,013	72,327	96,405	102,469	128,812
Other Equipment	Self-owned funds, Mortgages	265,602	60,612	94,437	46,838	63,715

Anticipated Benefits: It is expected to improve operation performance of next 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 is deep-rooted in the field of marketing channel logistics and has constructed a complete and powerful logistics system, heading toward the goal of a comprehensive and professional international logistics company.

The investment strategy of the Company and subsidiaries aims at long-term investment and focuses on the related industries and the core of the investment. In addition, the operation performance of each invested company is also evaluated periodically.

In 2022, the investment gain in affiliated enterprises recognized under equity method was only NT$5,330 thousand and the dividend income was NT$61,014 thousand. The Company will continue to improve operational performance of the investee companies and will perform group resource integration and application, thereby achieving the goal of sustainable operation and stable profit.

Risk Disclosure

Impact of interest rate, exchange rate fluctuation and inflation condition on the profit/loss of the company and future countermeasures

The main operation regions of the Company and subsidiaries are within the nation domestically, and the service customers are mostly domestic companies or individuals. In addition, the bank borrowing only accounts for approximately 20% of the total assets. If the interest rate is increased or decreased by 1 base point, then, under the condition where all other variables are maintained unchanged, the 2022 net income before tax of the consolidated company is reduced by NT$303 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 oils 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 investment in R&D budget

I. Future R&D plan

(1) The systems suitable for the cloud are planned and transferred to reduce the high maintenance fee of the expensive local machine room. The cloud has a high information security protection system. The system specifications can be extended flexibly anytime to adapt to the changeable environment. Equipment wear and energy use of the local machine room can be reduced to achieve the corporate social responsibility of energy saving and carbon reduction.

(2) The Group continues to execute paperless operation system development and promote electronic signing to customers comprehensively, to achieve corporate social responsibility.

(3) We invest resources into development of the WebEDI platform for the digital experience of the customer, stopped program development of standalone EDI, and are gradually eliminating old versions. We aim to provide high-level customer service and increase operating efficiency.

(4) In order to ensure the security of information and privacy protection, we maintain certificates of "ISO/IEC 27001 Information Security Management Systems" and "ISO/IEC 27701 Privacy Information Management," and update the version to the latest version, ISO 27001:2022.

(5) We optimize the automated equipment system we put into operation, and continue to put into operation the digital equipment (handheld terminal, relabeling equipment) used by logistics worker for distribution. We aim to reduce the onsite labor cost and enhance service quality.

II. Expected investment in R&D budget

After taking an overview of macroeconomic prediction and possible severe market challenges in 2023, NT$20 million will be invested into training of system software development and technology, the same as last year. We will make flexible adjustments according to the situation of the market economy.

Impacts of domestic/foreign important policies and changes of laws on the financial business of the company and countermeasures

The Company and subsidiaries have performed operations in accordance with relevant domestic laws and regulations, and also pay attention to changes in relevant important policies and laws. When it is considered necessary, relevant professionals are also consulted in order to adjust the financial and business performance of the Company and subsidiaries. Accordingly, changes in domestic policies and laws in recent years have not caused any material impacts on the financial and business performance of the Company and subsidiaries.

Impacts of changes in technology (including information and communication risks) and industry on the financial business of the Company and countermeasures

The Company has been providing logistics services for a long time and pursuing sustainable business operations. In order to maintain the Company's competitiveness and keep up with changes in the market environment, our internal technical team observes changes in industry trends, introduces innovative technologies to accelerate the development of information technology, integrates operational development strategies, meets the international information security standard certification and establishes an information system that meets the Company's operational goals. As of the publication date of the annual report, information security incidents have been controlled and monitored through the information security incident response procedures. The incident was blocked by the security control mechanism of defense-in-depth and did not reach the level of activating the crisis management mechanism and statutory notification to the competent authority.

Impacts of change of corporate image on the corporate crisis management and countermeasures

The Company and subsidiaries have always committed to establishing a corporate image of professionalism, distinction, being customer-oriented, and excelling for excellence. In addition, social care and public welfare activity participation are also the main policies upheld by the Company. All changes and countermeasures of material matters of the Company are uniformly announced by the spokesman. Nevertheless, up to the printing date of the annual report, the Company and subsidiaries have not been subject to any matters or events that are sufficient to affect the corporate image.

Expected benefit, possible risk and countermeasure for merger

None.

Expected benefit, possible risk and countermeasure for expansion of facilities

None.

Risks faced during material incoming or sales concentration and responsive measures

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 centralized material incoming and sales.

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

I. On July 18, 2017, the Company signed a lump sum contract with BEST GIVING Construction Co., Ltd. (referred to as BEST GIVING) for the "Project of Construction of Kerry TJ Guanyin Logistics Center" (referred to as the Project), and Chuan Hung Construction Co., Ltd. (referred to as Chuan Hung) acts as the joint guarantor for the Project. BEST GIVING Construction Co., Ltd. further subcontracted the mechanical and electrical engineering of the Project to YUNG LONG ELECTRIC EQUIPMENT ENTERPRISE CO., LTD. (referred to as YUNG LONG). A fire broke out at the site of the Project on February 6, 2019. Before the occurrence of the accident BEST GIVING had not completed the acceptance and delivery of all items of the Project, and the fire was attributable to the improper setting of electrical equipment of YUNG LONG and violation of regulations. The above-mentioned situation resulted in the destruction of parts of the Company's "Guanyin Logistics Center" and the loss of other properties. After the accident, BEST GIVING refused to enter the site to clean up and repair the site and the defects of the Project that had been discovered prior to the break out of the fire. After a legal notice was served, BEST GIVING still refused to perform the obligations under contract, which constituted a breach of contract. The Company on May 24, 2019 terminated its lump sum contract with BEST GIVING, and on December 28, 2019 filed a lawsuit for damages against BEST GIVING, YUNG LONG and Chuan Hung, as well as their on-site and legal representatives, to the Taiwan Taipei District Court, claiming an amount of (same below) NT$429,247,368; such lawsuit is pending at present.

II. BEST GIVING further subcontracted the exterior wall construction of the new construction above to AA Sun Co., Ltd. Before the fire, the Company discovered a defect in the "exterior wall construction" and notified BEST GIVING for repair. After the fire, BEST GIVING still refused to repair the defect in the exterior wall construction. Therefore, the Company claimed compensation of NT$35,240,644 from BEST GIVING for the lawsuit it filed for damages occurred during "Kerry TJ Logistics Guanyin Logistics Center New Construction" against BEST GIVING to the Taiwan Taipei District Court. On August 25, 2022, we reached consensus with BEST GIVING and AA Sun Co., Ltd. AA Sun Co., Ltd. will indemnify NT$28,000,000 for the "Exterior Wall Defect Repair Construction." We reached a settlement in compensation for the exterior wall defect repair fee.

Other significant risks and countermeasures

None.

Other Important Matters

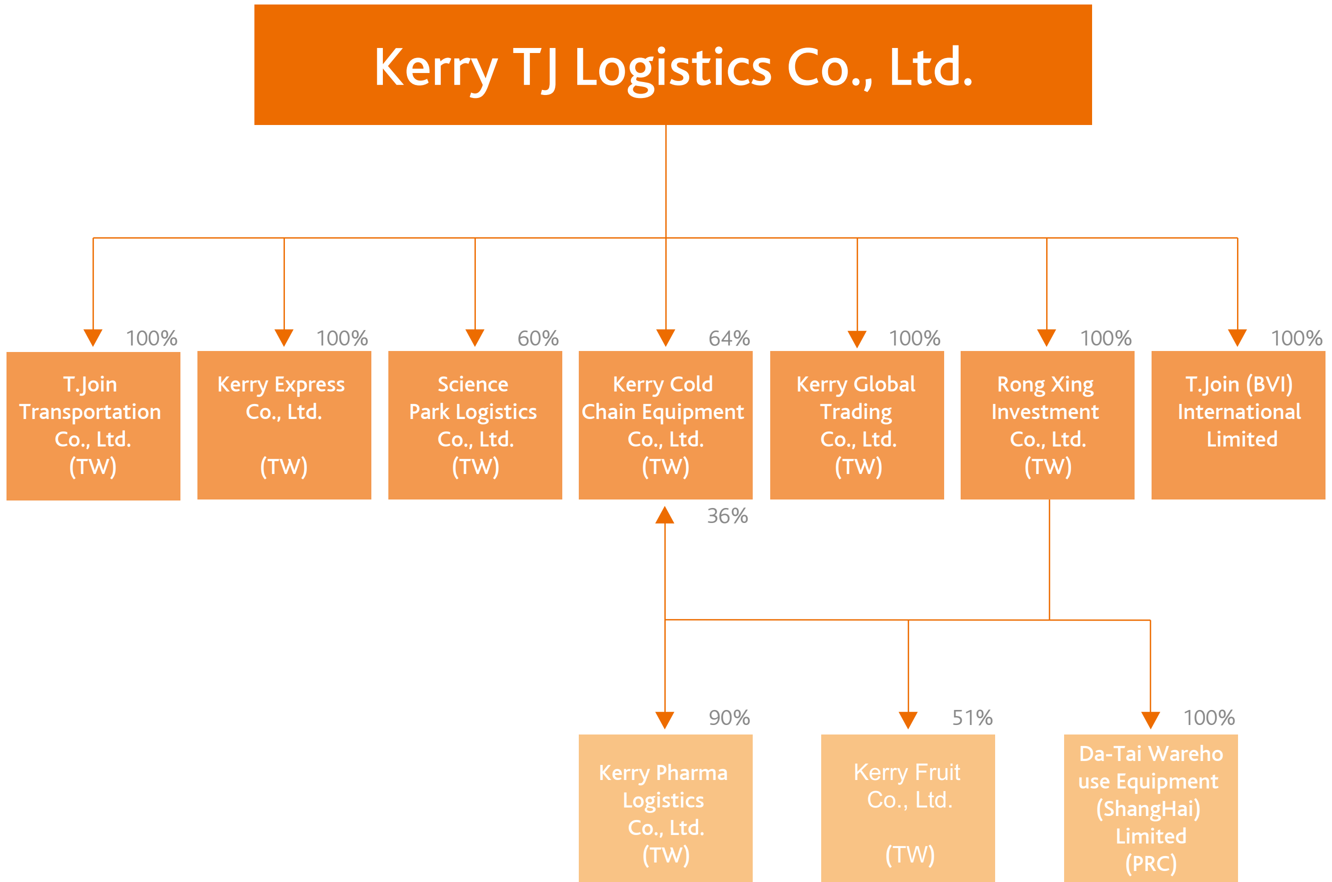
None.

Special Disclosure

Profiles of Affiliates and Subsidiaries

Consolidated Operation Report of Affiliates

1. Affiliate organization chart



* Taipei City office of commerce had agreed to Kerry Fruit Co., Ltd. dissolve on May 16, 2022, and the dissolution and liquidation procedures are in progress.

2. Basic information of Subsidiaries and affiliated enterprises

As of 2022.12.31; Unit: NT$ 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	716,667	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, Xinsheng S. Rd., Zhongzheng Dist., Taipei City, Taiwan	1,000	International trade
Kerry Fruit Co., Ltd.(Note)	2017.08.30	14F.-2, No. 50, Sec. 1, Xinsheng 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, Xinsheng S. Rd., Zhongzheng Dist., Taipei City, Taiwan	200,000	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

Note: Taipei City Office of Commerce has approved Kerry Fruit Co., Ltd. to dissolve on May 16, 2022, and is in the process of dissolution and liquidation.

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

As of March 31, 2023; Unit: shares; %

Affiliate	Title	Name or Representative	Shareholding Shares	Shareholding %
T. Join Transportation Co., Ltd.(1)	Chairman	Kerry TJ Logistics Co., Ltd. representative: Chen, Jo-Lan	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: Chen, Ya-Li	16,425	100.00
	General Manager	Liao, Wen-Chang	-	-
Kerry Express Co., Ltd.(2)	Chairman	Kerry TJ Logistics Co., Ltd. representative: Shen, Chung-Kui	265,000	100.00
	Director	Kerry TJ Logistics Co., Ltd. representative: Li, Yudien	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	Jiang, Guo-Xi	-	-
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: Tong, Shao-Ming	43,051,101	60.07
	Director	Kerry TJ Logistics Co., Ltd. representative: Li, Yudien	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: Tsung, An-Ping	18,633,937	26.00
	Director	Taiwan Sugar Co., Ltd. representative: Tseng, Chien-Chan	18,633,937	26.00
	Supervisor	KuangHsin Amusement Development Co., Ltd. representative: Chou, Sui-Chun	720,000	1.00
	Supervisor	Hu, Ming-Chang	-	-
	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: Juan, Hui-Wen	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: Hsu, Tzu-Yi	3,462,214	35.71
	General Manager	Lin, Tien-Wei	-	-
Kerry Pharma Logistics Co., Ltd.	Chairman	Rong Xing Investment Co., Ltd. representative: Shen, Chung-Kui	9,000,000	90.00
	Director	Rong Xing Investment Co., Ltd. representative: Wang, Ju-Peng	9,000,000	90.00
	Director	Lin, Tsung-Nan	737,467	7.37
	Supervisor	Juan, Hui-Wen	-	-
	General Manager	Wang, Ju-Peng	-	-
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: Juan, Hui-Wen	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: Chang, Chia-Jung	100,000	100.00
Kerry Fruit Co., Ltd.(3)		The company is dissolved and the board of directors no longer exists.		
	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	20,000,000	100.00
	Director	Kerry TJ Logistics Co., Ltd. representative: Juan, Hui-Wen	20,000,000	100.00
	Director	Kerry TJ Logistics Co., Ltd. representative: Li, Yudien	20,000,000	100.00
	Supervisor	Kerry TJ Logistics Co., Ltd. representative: Hu, Ming-Chang	20,000,000	100.00
T-Join (BVI) International Limited	Director	Kerry TJ Logistics Co., Ltd. representative: Shen, Chung-Kui	28,185,000	100.00
	Director	Kerry TJ Logistics Co., Ltd. representative: Juan, Hui-Wen	28,185,000	100.00
	Director	Kerry TJ Logistics Co., Ltd. representative: Hu, Ming-Chang	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.

(3) Taipei City Office of Commerce has approved Kerry Fruit Co., Ltd. to dissolve on May 16, 2022, and is in the process of dissolution and liquidation.

6. Business overview of affiliates

Unit: NT$ 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	629,379	311,131	318,248	1,816,602	92,296	74,429	4,531.47
Kerry Express Co., Ltd.	265,000	361,288	116,503	244,784	592,694	41,146	48,728	183.88
Science Park Logistics Co., Ltd.	716,667	3,019,711	1,758,181	1,261,529	1,394,602	401,487	307,389	4.29
Kerry Cold Chain Equipment Co., Ltd.	96,942	381,436	229,103	152,332	765,223	57,393	46,871	4.83
Kerry Pharma Logistics Co., Ltd.	100,000	1,169,352	833,898	335,455	818,347	145,191	106,625	10.66
Kerry Global Trading Co., Ltd.	1,000	4,443	(241)	4,684	0	(8)	(4)	(0.04)
Kerry Fruit Co., Ltd.	10,000	7,605	0	7,605	24,918	(2,674)	(5,758)	(5.76)
Rong Xing Investment Co., Ltd.	200,000	420,454	33	420,422	0	(979)	103,554	5.18
T-Join(BVI) International Limited	933,405	22	307	(285)	0	(86)	(86)	(0.00)

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.

(3) Kerry Fruit Co., Ltd. has been approved to dissolve in May 2022. As of the end of 2022, the process of liquidation has not been completed, so the financial status is from an unaudited report.

(4) Except for Kerry Global Trading Co., Ltd. and T-Join(BVI) International Limited are based on unaudit reports, all of the business reports of affiliated companies are based on the financial statements audited by CPA on 2022.12.31.

Consolidated Financial Statement of Affiliated Companies

Please refer to Page 125-192.

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

V O I C E

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