



Stock Code: 5609

DIMERCO EXPRESS CORPORATION

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## 2021 Annual Report



Taiwan Stock Exchange Market Observation Post System:

<http://mops.twse.com.tw>

Dimerco Annual report is available at: <http://www.dimerco.com> → Investor Relations

Printed on May 18, 2022

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**4. Name, name of CPA firm, address, website and telephone number for auditing external accountants for the most recent year**

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**5. Name of exchange location for overseas securities listing and trading; and method of query on information of overseas securities**

Inapplicable

**6. Company website:**

Website: <http://www.dimerco.com>

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## Reports to Shareholders:

On behalf of the company's Board of Directors, the Chairman and the entire management team, we would like to express our gratitude to every one of our shareholders for your long-term support of Dimerco Express Group during our promising developments and for sparing your time to participate in the 2022 shareholders meeting.

As per the KPMG audited Dimerco Express Group 2021 Financial Statement, the consolidated sales revenue in 2021 was NTD38,986 billion, an increase of 69.9% compared with the previous year. The net profit after tax reached NTD2.31 billion, an increase of 112.8% compared with the previous year. The earnings per share (EPS) after tax is NTD16.98, an increase of 112.8% compared with the previous year.

With the great changes in Artificial Intelligence Technology, as well as the application of Big Data and semi-automated technologies in the Digital Internet of Things (IoT) era, we at Dimerco Express Group have fully committed to create a "Mobile Intelligence Logistics Service Partner" for our customers on our self-developed Cloud Networking Digital SCM Platform – Dimerco Value Plus System. Coupled with the professionalism and industry know-how of our BIT division, we have successfully introduced and applied the relevant technologies to our system developments, enhancement, and its application with cyber security assurance, to support product diversification, operational optimization, management efficiency and service excellence.

Dimerco Express Group has successfully entered the era of digitization, and with added emphasis on Cyber Security, we have proudly secured an Information Security Certification (including ISO27001:2013 - IS 743553, NIST CSF - Cybersecurity Framework NIST 759307). This focuses on 3 major directions: Cloud Enablement, Mobility, and Intelligence.

We virtually integrated the processes of Marketing & Sales, Customers Service, Operations, Finance Management and Customer Service to digitize and optimize management efficiency for the entire Group of companies. Most importantly, we provide customers with the real-time data they need to optimize their supply chains.

In March 2021, Dimerco Express Group carried out the planned organizational restructure 2.0. The goal is to create a flatter organization that replaces the regional functions with a Central Service Center to achieve improved communication, coordination, and collaboration. Today we provide a faster response to market changes and solutions to our customers with mobility in any locations where the internet is connected.

Concerning Digital Marketing, as customers' requirements change rapidly with the swift development of digital technologies during and after the COVID-19 pandemic, content is the key to Digital Marketing in the internet+ era. In 2021, Dimerco Express Group launched an upgraded external website that clearly conveys Dimerco's value proposition and supply chain management capabilities across Asia Pacific and China. Dimerco has leveraged its database, automation, and analysis capabilities to improve digital marketing efforts and the ability of our global sales and customer service team to respond quickly to customers' needs.

As we step into 2022, the international transportation and logistics market is faced with great opportunities, but also great challenges.

On the positive side, the ratification of the RCEP (Regional Comprehensive Economic Partnership) should positively impact regional trade and transportation activities. The RCEP brings together ten association of Southeast Asian nations (ASEAN), along with China, Japan, South Korea, Australia, and New Zealand, to create the world's largest trading block.

Meanwhile, it is believed that the Biden administration will exempt 352 import tariffs on non-strategic goods and/or materials imported from China, which will help reduce the USA inflation rate by 1.3%. The recent interest rate hike announced by the U.S. Federal Reserve will strengthen the US Dollar against all global currencies, including EUR, GBP, RMB, JPY, SGD, NTD and all other Asian currencies. This will likely boost purchasing power, but will it boost imports into the USA? Well, that will depend on successful navigation of some of the challenges we face.

Supply chain disruptions continue due to many factors, including port congestion, a shortage of chassis, truck drivers, and other essential logistics workers – mainly due to the COVID-19 pandemic. The global pandemic remains as a threat. For instance, the recent lock down in Shanghai crippled transportation out of China causing major supply chain delays.

Other concerns include the ILWU labor negotiation in Long Beach, California, which could lead to a port strike or slowdown. And, of course, the Russia-Ukraine war is expected to continue for some time, harming the global economy and pushing oil prices higher, which will significantly increase the cost of international transportation. The war and sanctions have made many ports, especially in Europe, even more congested, further slowing and disrupting global supply chains.

According to the WTO, global inflation and an economic growth slowdown are inevitable. Global trade volumes and the transportation & logistics operations that support global trade will be subject to change based on multiple variables.

Looking to the future, Dimerco Express Group is well prepared to face the coming challenges in the global transportation and logistics market. We will leverage our strong management team and our Cloud Networking Digital SCM Platform – Dimerco Value Plus System – to adapt quickly to market changes. Our goals, as always, are to satisfy our customers, to achieve our business management objectives in compliance with our ESG standard, to support our valued employees who contribute to the growth of the company, and to deliver a fair return to all our shareholders.

Thank you for your continued support!

Dimerco Express Corporation  
Dimerco Express Group  
Executive Management Board  
June 8, 2022

Other Business information for year 2021:

(1) Results of Business plan implementation

Unit: NTD'000

Item	IFRS 2020	IFRS 2021	Growth rate %
Operating Revenue	22,948,845	38,986,916	69.9%
Income after Tax	1,085,845	2,310,477	112.8%

(2) Status of Budget Accomplishment

The Company was not obligated to prepare financial forecast for year 2021 in accordance with the "Standards on Treatment Guidelines for Disclosure of Financial Forecast Information on Public Companies".

(3) Analysis on financial balances and profitability

Unit: NTD'000

Item		Year	IFRS	IFRS
			2020	2021
Financial Balances	Operating Revenue		22,948,845	38,986,916
	Net operating income		1,219,878	2,690,971
	Income after tax		1,085,845	2,310,477
Profitability	Return on stockholders' equity %		39%	54%
	Income after tax to paid-in capital %		86%	170%
	Earnings per shares (NT\$)		7.98	16.98

## (4) Status of Research and Development:

The Company researched developed the Web2.0 Dimerco Value Plus System® formally implemented on August 1, 2009. It is not only to construct a unified platform of sales, operations and financial accounting management but also build the effective management ability of the real-time information system. Meanwhile, the functions of CYM (Consolidation Yield Management) and Data Synchronization Method in Dimerco Value Plus System® were awarded certification of patents in both United States and Taiwan during 2014. Also, Dimerco Value Plus System® upgraded the system and implemented the latest Web. 3.0 Cloud Networking in December 2017. This self-developed technology is tightly integrated data flow/information flow combined with strategic partners to provide further customer service, enhance service quality and create added value and also effectively help customers improve synergy of supply chain management.

## Feature Highlights

- Supply Chain Orientation:

Integrate sales activity, operations, accounting, and financial management across the Supply Chain in the transportation and logistics industry for management efficiency and customer service excellence.

- Web 3.0 based collaboration on Cloud Networking with Applications:

Eases deployment, connectivity, accessibility, ensures high performance and service reliability, as well as reduces carbon footprint by taking advantage of energy efficient technology.

- Business intelligence:  
Centralizes the data control mechanism to improve data quality, with dynamic and flexible analysis reporting tool for customizable reports.
- Automation:  
Preserves natural resources by reducing paperwork through the automation of integrated work flow and processes across the Supply Chain.
- Customer Focused:  
Collaboration Service Platform as well as Data Integration capabilities for seamless connectivity with our esteemed customers.

Dimerco's integrated e-commerce service platform and global real-time information system (Dimerco Value Plus System® -15861), currently (1) Integrated System consists of (5) Platforms, (8) Operation Modules, (6) Supplementary Functions and (1) Big Data Bank. Such systems may not only upgrade the Company's operating performance but also help customers manage supply chains so as to cut customers' operating cost and enhance their efficiency.

#### 1 System

Dimerco Value Plus System® - One Integrated Transportation & Logistics Service Management System

#### 5 Platforms

Operating platform, service form, cloud networking platform, network safety platform and information development platform

#### 8 Operation Modules

- eSAM - Sales Activities Management System
- eCall Freight System® - Trucking Management System
- eAMS - Air Freight Management System
- eOMS - Ocean Freight Management System
- eWMS - Logistics Warehouse Management System
- eDAS - Domestic Air Freight Management System
- eRMS - Railway Freight Management System for Cross-Border Train Freight (CBTF)
- eFMS - Finance & Accounting Management System

#### 6 Supplementary Functions

- eRate - Rate Query System
- CYM® - Consolidation Yield Management System® (Patent No. I 505230 (TW) & Patent No. US 8,694,440 B2)
- DYM - De-Consolidation Yield Management System



- 3PS - Triangle Trade & 3rd Party Billing Management System
- CBS - Customs Brokerage Management System
- ACS - Automated Centralized Settlement

1 Big Data Bank

Enabled By Data Synchronization Method (Patent No. I 439873 (TW) & Patent No. US 8,850,074 B2 )

## Company Profile

### 2.1 Date of Incorporation:

August 2, 1985

### 2.2 Company History

Aug 1985	The company restructured its departments to independently set up the Air Freights Forwarder Department as Dimerco Air Freight Forwarder Co. Ltd.
Aug 1994	Cash replenishment for NTD 15 millions, shareholder's capital be NTD 25 millions.
Feb 1995	Awarded as the "Outstanding Vendor for year 1994" by China Airlines and EVA Airways.
Mar 1995	Awarded as the "Outstanding Vendor for year 1994" by American Northwest Airlines.
Apr 1995	Acquired the ISO 9002 Certification.
Feb 1996	Awarded as the "Outstanding Vendor for year 1995" by Singapore Airlines and EVA Airways.
Feb 1997	Awarded as the "Outstanding Vendor for year 1996" by EVA Airways.
Mar 1997	Awarded as the "Outstanding Vendor for year 1996" by Singapore Airlines.
Aug 1997	Awarded as the "Outstanding Customer Broker" by Taipei Customs Bureau of the Ministry of Finance.
Aug 1997	Cash and earnings surplus replenishment for NTD 50 millions, shareholder's capital be NTD 75 millions.
Oct 1997	Reinvested in subsidiaries at Hong Kong, Singapore, US and UK.
Nov 1997	Cash replenishment for NTD 115 millions, shareholder's capital be NTD 190 millions.
Feb 1998	Awarded as the "Outstanding Vendor for year 1997" by Singapore Airlines and EVA Airways.
Mar 1998	Prepared for public offering.
Jun 1998	Cash and earnings surplus replenishment for NTD 70.5 millions, shareholder's capital be NTD 260.5 millions.
Aug 1998	Awarded as the "Outstanding Customer Broker" by Taipei Customs Bureau of the Ministry of Finance.

Feb 1999	Awarded as the "Outstanding Vendor for year 1998" by Hong Kong Cathay Pacific Airways.
Mar 1999	Awarded as the "Outstanding Vendor for year 1998" by American Northwest Airlines, United Parcel Service of America, Inc. (UPS), China Airlines and EVA Airways.
Aug 1999	Earnings surplus and capital surplus replenishment for NTD 56.5 millions.
Oct 1999	Established a central billing center.
Dec 1999	Reinvested in Dimerco Express Holding Company Limited, Diversified Freight System Corp.
Jan 2000	Cash replenishment for NTD 56 millions, paid-in capital reached to NTD 373 millions.
Feb 2000	Awarded as the "Outstanding Vendor for year 1999" by Hong Kong Cathay Pacific Airways, China Airlines and EVA Airways.
Aug 2000	Earnings Surplus and Capital Surplus replenishment for NTD 52 millions, paid-in capital reached NTD 425 millions.
Feb 2001	Awarded as the "Outstanding Vendor for year 2000" by Hong Kong Cathay Pacific Airways, China Airlines and Dragonair.
May 2001	Awarded as the "Outstanding Vendor for year 2000" by American Northwest Airlines, EVA Airways.
Jun 2001	Approved for public listing over-the-counter, became the first Taiwan Internal Forwarding Company to be granted for stock listing.
Sep 2001	Dimerco Thailand branch to obtain customer brokerage license.
Oct 2001	Dimerco Express (Taiwan) Company was officially public listed over-the-counter.
Nov 2001	Dimerco obtained the first grade freight forwarding license in Mainland China.
Nov 2001	Earnings surplus and capital surplus for NTD 65 millions, paid-in capital reached NTD 490 millions.
Dec 2001	Dimerco extended its territories in Europe and founded the joint ventures companies in Ireland and UK.
Mar 2002	Signed with Nortel Network on a service level agreement for logistics and distribution warehouse services.
Mar 2002	Established office at Zhu Hai City.
Apr 2002	Marketing service network in Mainland China of Dimerco extended to Southwest (Cheng Du, Chong Qing).
Jun 2002	Five branches of Dimerco obtained NVOCC licenses in Mainland China.

Aug 2002	Earnings surplus and capital surplus replenishment for NTD 70 millions, paid-in capital reached NTD 560 millions.
Sep 2002	Logistic centre at Tao Yuan officially established and opened its bonded warehouse.
Nov 2002	Dimerco Mainland China branches Beijing, Tianjin, Shanghai, Fuzhou, Xiamen were granted for customer brokers licenses.
Jan 2003	Awarded as the "Outstanding Vendor for year 2002" by American Northwest Airlines.
Feb 2003	Awarded as the "Outstanding Vendor for year 2002" by Hong Kong Cathay Pacific Airways, China Airlines.
Feb 2003	Approved by Ministry of Finance of the Securities and Futures Commission to collect and issue convertible bonds for USD 10 millions.
Mar 2003	Established Chengdu office.
Apr 2003	Established Nanjing and Ningbo offices.
Jun 2003	Established Dallas office.
Jul 2003	Established Dalian and Yenta offices.
Aug 2003	Dimerco and Uni-Group Worldwide UTS formed strategic alliances – Type goods transportation.
Aug 2003	Earnings surplus and capital surplus replenishment for NTD 100 millions, paid-in capital reached NTD 660 millions.
Feb 2004	Dimerco Beijing Subsidiary was awarded second in year 2003 International Sales Agent.
Mar 2004	Dimerco Mainland China Subsidiary was awarded by Beijing Finance Bureau for "Excellent Enterprise Award for Foreign Investment Enterprise Financial Reporting in year 2002".
Jul 2004	Earnings surplus and capital surplus replenishment for NTD 65 millions, paid-in capital reached NTD 725 millions.
Nov 2004	Established Wuhan, Kunshan, Wuxi, Hangzhou and Xi'an offices.
Jan 2005	Established Yiwu and Chongqing offices.
Feb 2005	Dimerco Mainland China Subsidiary was awarded "Excellent Enterprise Award for Foreign Investment Enterprise Financial Reporting in year 2003".
Feb 2005	Established San Francisco (Logistics) office.
Apr 2005	Established Huizhou office.

Jun 2005	Subsidiary of Dimerco awarded top 30th in ranking for “China Hundred Companies in year 2004”.
Jun 2005	Established Shijiazhuang office.
Jul 2005	Dimerco acquired the approval on Domestic Air Transport Sales Agency Businesses etc on Mainland China.
Jul 2005	Awarded 667th ranking for Public Listing among Mainland China, Hong Kong and Taiwan in year 2004.
Aug 2005	Earnings surplus and capital surplus replenishment for NTD 85 millions, paid-in capital reached NTD 810 millions, capital raised to be used for expansion of worldwide sales network.
Sep 2005	Creditors of convertible bonds requested to convert USD 500 thousands of convertible bonds, and use its own funds and other related intermediation of funds from the open market to repurchase USD 950 thousands of convertible bonds. Paid-in capital amounted to NTD 122,384 thousands (Including 2,000 thousands shares of treasury stocks).
Oct 2005	Established US Hartford office.
Dec 2005	To align with the future strategic development of the company, the company transferred its long-term investments including Dimerco Express Corp., Dimerco Express (U.K.) Ltd., Dimerco Express (Singapore) Pte. Ltd and Dimerco Air Forwarders (H.K.) Ltd and other subsidiaries through equity swap to its 100% holding subsidiary Dimerco International Logistics Corporation.
Dec 2005	Established Shunde office.
Jan 2006	Established Nantong office.
Mar 2006	Dimerco Beijing Company was awarded as the Best Freight Forwarding Agent by Cathay Pacific Airways and Dragonair.
May 2006	Awarded the top 586th in ranking for Best 1000 services in year 2005.
Jun 2006	Established Chuan Zhou Office.
Jun 2006	Dimerco acquired the Insurance Agency qualification in Mainland China.
Jun 2006	Distribution of inland transportation service network in China – Beijing, Shanghai, Guangzhou, Shenzhen, Fuzhou, Xiamen, Tianjin and Qingdao
Jun 2006	Established Jinan and Songjiang offices.
Jun 2006	Dimerco joint venture capital with Vietnamese company commenced its operation.
Jun 2006	Dimerco International Transportation Co. Ltd was elected as “China Logistics Enterprise with Integrity”.

Jun 2006	Diversified Transportation (China) Co. Ltd was officially opened in mid-July.
Aug 2006	Established Fuqing office.
Sep 2006	Established Shenzhen (Logistics) and Shenyang offices.
Dec 2006	Established Harbin and Langfang offices.
Jan 2007	Established Japan (Tokyo) representative office.
Feb 2007	Established Rizhao office.
Mar 2007	Established India (Guinea) representative office.
Mar 2007	Awarded as the "Best Freight Forwarder" by Cathay Pacific Airways and Dragonair.
Apr 2007	Established Taicang office.
Apr 2007	Dimerco's operation sites were officially over than 100 offices.
May 2007	Established Lianyungang, Qingpu, Jiading and Hsiangan offices.
May 2007	Dimerco Group was elected by the Commonwealth Magazine as the top 79th in ranking for "Taiwan Best 500 Services" in year 2006
May 2007	Dimerco Group was elected by Business Week as top 662th in ranking for public listing among Mainland China, Hong Kong and Taiwan, top 27th in ranking for its transportation business.
Aug 2007	Dimerco Group sponsored Mr. Cheng Wenchang on participation in France 1,200 km bike challenge.
Apr 2008	Dimerco Group established its 126th service site at Australia Lisbon.
May 2008	Dimerco donated to relief earthquake disaster at Sichuan.
May 2008	Dimerco was elected by Commonwealth Magazine as top 71th in ranking for "Taiwan Best 500 Services" in year 2007.
May 2008	Dimerco International Transportation (Shanghai) Co., Ltd., and Dimerco International Transportation Co. Ltd were awarded for AAA grade credit rating enterprise recognition; Dimerco International Transportation (Shanghai) Co., Ltd., which was mainly responsible for Maritime business was also be awarded for AA grade credit rating enterprise recognition.
May 2008	China International Freight Forwarders Associations conducted the best 100 ranking surveys of Year 2007 Annual China International Freight Forwarders Logistics Services which were revealed on 21st May 2008; of which the best 100 ranking for Year 2007

	Annual China International Freight Forwarding Logistics : Dimerco International Transportation Co., Ltd., was ranked at top 29th; the best 50 ranking for Year 2007 Annual China Air Freight Forwarding Logistics : Dimerco International Transportation Co., Ltd., was ranked at top 12th; the best 50 ranking for Year 2007 Annual China Air Freight Forwarding Logistics : Dimerco International Transportation (Shanghai) Co.,Ltd., was ranked at top 24th; the top 50 ranking with cutting-edge services within the best 100 ranking for Year 2007 Annual China International Freight Forwarding Logistics : Dimerco International Transportation (Shanghai) Co.,Ltd., was ranked at top 5th; the top 50 ranking with cutting-edge services within the best 100 ranking for Year 2007 Annual China International Freight Forwarding Logistics : Diversified International Transportation (Shanghai) Co.,Ltd., was ranked at top 11th; for more specific details, please visit the website of China International Freight Forwarders.
Jul 2008	Business site at China Henan, Zhengzhou was officially in operation on 1st Aug 2008.
Jul 2008	Business site at Jiangsu Province, Changshu was officially in operation on 1st Aug 2008.
Aug 2008	Hsinchu business site was officially in operation on 26th Jul 2008, providing maritime services.
Aug 2008	Dimerco Express (USA)Corp – Charlotte business site was officially in operation on 15th Aug 2008.
Aug 2008	On 1st Sep 2008 commenced the business site at China Tianjin to provide Maritime transportation services.
Sep 2008	Dimerco Express (USA)Corp –Milwaukee business site was officially in operation on 15th Sep 2008.
Oct 2008	Hanoi business site of Dimerco Vietfracht (JV) Co., Ltd was officially in operation on 1st Oct 2008.
Oct 2008	We are very honored to announce that the Dimerco International Logistics Group was awarded by the Department of Commerce for Excellent recognition on "Year 2008 Best Business Services Award" ( <a href="http://www.tier.org.tw/">http://www.tier.org.tw/</a> ). With this award, Dimerco so achieved the eligibility to participate in FLAsia (Franchising & Licensing Asia), this exhibition will be held from 16th to 18th of October 2008 in Singapore.
Oct 2008	Dimerco Express (USA)Corp –Houston business site was officially in operation on 15th Oct 2008.
Nov 2008	Taiwan Yilan business site of Dimerco Air Freight Forwarder Co., Ltd., was officially in operation on 1st Nov 2008.
Nov 2008	Dimerco Express (USA)Corp –San Diego business site was officially in operation on 15th Nov 2008.
Dec 2008	China Jiangsi Province, Nanchang office; this office was Dimerco International Logistic Group 139th office.
Feb 2009	Dimerco International Logistic Group established its new site at Taiwan Changhua office; this office be 140th office of the Group.
Feb 2009	Year 2009 Annual Conference Meeting of Dimerco International Logistic Group was held from 9th to 10th Feb at Taipei Regent Hotel; in this two-day conference, other than the participation of the company top management, we also invited major overseas agents to participate in this meeting, in hope to create and provide better services to our customers

	through mutual discussions. Agents cooperated with Dimerco for sales revenues of USD 1 million and above.
Mar 2009	Dimerco International Logistic Group established its new site at Thailand Chiang Mai; this office be 141th office of the Group.
Jul 2009	Dimerco International Logistic Group established its new site at China Guangdong province, Shantou city; this office be 142nd office of the Group.
Jul 2009	China International Freight Forwarders Association (CIFA) surveyed the list of top 100 China International Freight Forwarders of year 2008, and the result was released on 1st July 2009. Dimerco International Freight Forwarder was awarded the top 100 China International Freight Forwarders of year 2008.
Aug 2009	Dimerco successfully developed Web2.0 as its platform for global timely information system, and deployed at various global sites, to effectively integrated customer management, customer services, logistics operations, financial accounting control and other modules.
Aug 2009	Dimerco value-added information system was officially launched on 1st Aug 2009.
Sep 2009	Dimerco International Logistic Group established its new site at China Beijing Economic and Technological Development District; this office be 143rd office of the Group.
Sep 2009	Dimerco International Logistic Group established its new site at China Beijing Haidian; this office be 144th office of the Group.
Oct 2009	Dimerco International Logistic Group established its new site at US Raleigh New Kaliduoni; this office be 145th office of the Group.
Nov 2009	Dimerco International Logistic Group established its new site at US Indianapolis, the capital of Indiana; this office be 146th office of the Group.
Nov 2009	Dimerco International Logistic Group established its new site at US Pittsburgh, Pennsylvania; this office be 147th office of the Group.
Nov 2009	In response to environmental protection, energy saving and carbon reduction, Dimerco International Logistic Group Taiwan branch – Dimerco Air Freight Forwarder Co., Ltd., actively cooperated with domestic major airline companies such as EVA Airways, China Airlines, Cathay Pacific Airways and Dragonair, and participated in the “International Electronic Air Cargo (e-freight)” program promoted by the International Air Transportation Association (IATA).
Nov 2009	Dimerco International Logistic Group established its new site at Mainland China, Longgang, Shenzhen; this office be 148th office of the Group.
Nov 2009	Dimerco International Logistic Group established its new site at Vietnam, Haiphong; this office be 149th office of the Group.
Jan 2010	The warehouse management operation module of the Dimerco value-added information system was officially launched.
Jan 2010	Dimerco International Logistic Group established its new site at China, Guangdong province, Panyu; this office be 150th office of the Group.
Jan 2010	Year 2009 Annual China Cargo Account Settlement System (CASS) Agent ranking was officially announced. The ranking was ranged from highest to lowest amount based on the settlement amount of each agent company with CASS during year 2009. Dimerco International Transportation Agency Co., Ltd., under Dimerco International Logistic Group



	was awarded top 20th in ranking.
Apr 2010	Dimerco Shanghai branch was awarded A class regulatory warehouse.
May 2010	Dimerco International Logistic Group established its new site at Southern Thailand, Hat Yai; this office be 151th office of the Group.
May 2010	Dimerco International Logistic Group established its new site at China Hebei Province, Tangshan City; this office be 152nd office of the Group.
May 2010	Dimerco International Logistic Group established its new site at US Utah, Salt Lake City; this office be 153rd office of the Group.
Aug. 2010	Dimerco International Logistic Group established its new site in Luoyang, Henan Province, China; this office be 154rd office of the Group.
Sep. 2010	Dimerco International Logistic Group established its new site in Yinchuan, Ningxia, China; this office be 155rd office of the Group.
Oct. 2010	Dimerco International Logistic Group established its new site in Taizhou, Zhejiang, China; this office be 156rd office of the Group.
Nov. 2010	Dimerco International Logistic Group established its new site in Danang City, Vietnam; this office be 157rd office of the Group.
Dec. 2010	Dimerco International Logistic Group established its new site in Fenggang, Guangdong, China; this office be 158rd office of the Group.
Feb. 2011	Dimerco International Logistic Group established its new site in Springfield Massachusetts, U.S.A; this office be 159rd office of the Group.
Mar 2011	Dimerco International Logistic Group established its new site in Changping, Guangdong Province, China; this office be 160rd office of the Group.
Mar 2011	Dimerco International Logistic Group established its new site in Yangzhou, Jiangsu Province, China; this office be 163rd office of the Group.
Apr 2011	Dimerco named "2010 China Advanced Logistics Providers Award".
May 2011	Dimerco International Logistic Group established its new site in San Jose, CA, U.S.A.; this office be 164rd office of the Group.
Jun 2011	Dimerco Express (Taiwan) Corporation Determined to Apply for Double Certification of AEO and ISO 28000.
July 2011	Dimerco International Logistic Group established its new site in Huangpu, Guangzhou, China; this office be 165rd office of the Group.
July 2011	Dimerco awarded as Y2010 Top 500 companies in Service Industry in Taiwan and Top 1000 Enterprises of China, Hong Kong, and Taiwan by Common Wealth.
Aug. 2011	Dimerco Named "Top 20 Global Airfreight Forwarders" in A&A Report.
Sep. 2011	Dimerco Named CIFA honors and Beijing Office Celebrates 15th Anniversary.

Oct. 2011	Dimerco International Logistic Group established its new site in Ho Chi Minh City, Vietnam; this office be 165rd office of the Group.
Jan. 2012	Dimerco Receives AEO Certification in Taiwan.
Jan. 2012	Dimerco acquires a US based customs brokerage service company, MYK Global Services Inc.
Feb. 2012	Dimerco International Logistic Group established its new site in Taoyuan, Taiwan; this office be 165rd office of the Group.
Mar 2012	Dimerco Customs Brokerage Services Co. Ltd. provides customs brokerage service in U.S.A.
July 2012	Dimerco becomes first UKAS ISO28000 Certified Company in Taiwan.
Aug. 2012	Dimerco Customs Brokerage Services in Los Angeles starts operation on Aug.15.
Oct. 2012	Dimerco's India JV starts operation & Company renamed as Dimerco Express Corporation on Oct 1.
Feb. 2013	Dimerco Receives Green Sustainability Award and Dimerco Netherlands is officially AEO Certified.
Mar 2013	Dimerco Malaysia receives TAPA Class-A FSR Certification.
Apr 2013	Dimerco launches new Less-Than-Truckload (LTL) services in early May.
Aug. 2013	Dimerco International Logistic Group established its new site in Wuhu, Anhui Province ; The operation day was Aug.1 .
Sep. 2013	Dimerco Receives "Best ACSC SCM Achievement" Award.
Mar 2014	Dimerco founder & Chairman Mr. Paul Chien names Mr. Edward Lin as CEO to represent inheritance by generation.
Apr 2014	Dimerco Ranked Top by Taipei Customs Administration with Customs Declaration Submission thru Electronic XML.
May 2014	Dimerco Consolidation Yield Management System© (CYM) and successfully filed for a US patent.
May 2014	Dimerco International Logistic Group established its new site in Hefei, Anhui Province, China; The operation day was May 30.
July 2014	Dimerco Announces Cambodia JV Operation and Full ownership of Australia offices.
Oct. 2014	Dimerco Launches its "China Plus - China Integrated Value+ Services" and Image Video globally.
Nov. 2014	Dimerco Receives 2014 China Advanced Logistics Company Award.

Dec. 2014	Dimerco Accredited with China Well-Known Trademark.
Dec. 2014	Dimerco International Logistic Group established its new site in Changsha, Hunan Province, China; The operation day was Jan. 1 .
Jan. 2015	Dimerco Received "NETGEAR Best Logistics Partner Runner-Up" .
Apr 2015	Dimerco Singapore Receives TAPA Class-A FSR Certification
Jun 2015	Dimerco ranked on 2014's Largest Forwarders by Air Freight Metric Tonnes
Jun 2015	Dimerco Received the 2015 AFLAS Award
Aug 2015	New 3rd tier office set up in Yancheng, Jiangsu Province, China
Aug 2015	One and Only Taiwanese Company: Dimerco's Subsidiaries Both Honorably Named in CIFA 2014 Top 100 and Air Cargo Top 50 Logistics Listings
Sept 2015	New office set up in Changzhou Jiangsu Province, China
Sept 2015	New office set up in Rotterdam, Netherlands
Sept 2015	Dimerco Opens New Rotterdam Office in September
Sept 2015	New office set up in Jia Xing, Zhejiang Province, China
Oct 2015	Dimerco New Office Set Up in Walnut Creek, CA, U.S.A.
Nov 2015	New office set up in Yinchuan, Ningxia, China
Nov 2015	New office set up in Zhuhai, Guangdong, China
Feb 2016	Dimerco named Top 5 freight forwarders of Chennai Air Cargo Complex
Apr 2016	Dimerco sponsored the Mid-Peninsula Boys & Girls Club (MPBGC) Invitational Golf Tournament
Apr 2016	From vision to reality - Dimerco is recognized as one of the most competitive global transportation & logistics service providers, integrators & consultants
May 2016	Dimerco celebrates the success of its debut on Air Cargo News' latest Top 25 Global Freight Forwarders List, as well as being ranked by Transport Topics' 2016 as a Top Ocean Freight Forwarder among leading competitors.

Jun 2016	Diversified Freight System (DFS) Corporation, was granted the Authorized Economic Operator (AEO) certification by Taiwan's Keelung Customs Office
Jun 2016	New office set up in Ahmedabad, India
Jun 2016	Dimerco is Awarded as "Airfreight Forwarder of the Year 2016" by Air Cargo Week
July 2016	Dimerco Zhongjing International Express Co., Ltd. and Dimerco International Transportation (Shanghai) Co., Ltd. are both ranked in the Top 100 International Freight Forwarders and Top 50 Air International Freight Forwarders lists by China International Freight Forwarders Association (CIFA) at the Y2015 Top Lists annual award ceremony held in Dalian, China on July 28, 2016.
Aug 2016	New office set up in Hyderabad, India
Aug 2016	Dimerco impresses in India with another industry award
Sep 2016	HJN operating vessel tracking information - HJN / YML / EMC website
Sep 2016	Dimerco celebrates success in China.
Oct 2016	New office set up in Shunde, Guangdong, China
Oct 2016	New office set up in Guangzhou, Guangdong, China
Nov 2016	New office set up in Guangzhou, Guangdong, China and Mumbai, India.
Dec 2016	New office set up in Qingdao, Shandong, China
Dec 2016	New office set up in Xiamen, Fujian, China
Feb 2017	Dimerco was ranked as the best employee welfare among the forwarding industry by Wealth Magazine in Taiwan. [February 2017- 522 edition]
Apr 2017	Dimerco new office set up in Portland, OR, U.S.A
May 2017	Dimerco celebrates Its Strong Growth in Ocean Freight with Recognition by Transport Topic.
May 2017	Dimerco approved Tax Credit by Taiwan Government first time for the IT innovation on its R&D Investment.
May 2017	Dimerco wins Air freight Forward of the Year 2017.
Apr 2018	New office set up in Wuhan, Hubei, China.

Apr 2018	Dimerco Express Group rolls out latest technology to keep ahead of the curve.
Apr 2018	New office set up in Linyi, Shandong, China.
May 2018	Dimerco New Office Set Up in Irvine, CA, U.S.A. on May 08,2018
May 2018	Dimerco crowned Airfreight Forwarder of the Year for third time.
Jul 2018	MTO accreditation opens growth opportunity for Dimerco in India
Aug 2018	New office set up in Shanghai, China
Aug 2018	Strengthening owned customs brokerage service, Dimerco's new India JV starts operation on August 1st
Sep 2018	Dimerco named as awards finalist for second year by Lloyd's Loading List
Oct 2018	New office set up in Suzhou, China (Ocean Freight)
Oct 2018	New office set up in Hefei, China (Ocean Freight)
Nov 2018	Dimerco Highlighted China and ASEAN Inbound Logistics Capability at China International Import Expo
Dec 2018	Supporting developmentally disabled children in Taiwan, Dimerco provides 100 lunch boxes with love at its Annual Friendship Golf Tournament
Jan 2019	New office set up in Singapore (Ocean Freight)
Jan 2019	Dimerco carries out dual-brand strategy with dedicated ocean freight service team in Singapore
Feb 2019	Dimerco highlights its historical milestone with corporate value and strength at Annual Management Meeting
Mar 2019	Dimerco delivers urgent Aerospace cargo from US to China in 5 days
Apr 2019	New office set up in Seattle, U.S.A.
Apr 2019	Dimerco expands North American network with new Seattle office
Jun 2019	New office set up in Nanjing, China
Jun 2019	New office set up in Chongqing, China

Sep 2019	New office set up in Mianyang, China
Sep 2019	New office set up in Nansha, China
Oct 2019	Dimerco Express Group has restructured to set up an Executive Management Board (EMB)
Dec 2019	Dimerco collaborates with strategic Mexico partner to facilitate logistics for Villanueva
Jan 2020	Dimerco and Elanders enter joint venture for air and sea freight forwarding business
Apr 2020	Dimerco achieves recognition of AEO accreditation across China
Sep 2020	New office set up in Shenzhen, China
Apr 2021	Dimerco achieved the internationally recognized ISO 27001 certification for Dimerco Value Plus System® by BSI (British Standards Institute)
Jul 2021	Dimerco Hosts 2021 Annual Shareholders' Meeting
Jul 2021	Dimerco celebrates 50-year milestone and has marked the milestone with the unveiling of a dynamic new website, which is linked to the company's market leading Dimerco Value Plus System® via a range of new features, and a commemorative video that reflects Dimerco's impressive growth and many accolades over the years.
Oct 2021	New Sales Office Set Up in New Jersey
Dec 2021	Dimerco Locks in Cyber Security with NIST CSF Certification
Mar 2021	Dimerco Expands to Phoenix, AZ USA – Joint Venture with BC Logistics
Mar 2021	New office set up in Savannah, U.S.A.

## Corporate Governance Report

### 3.1 Organization

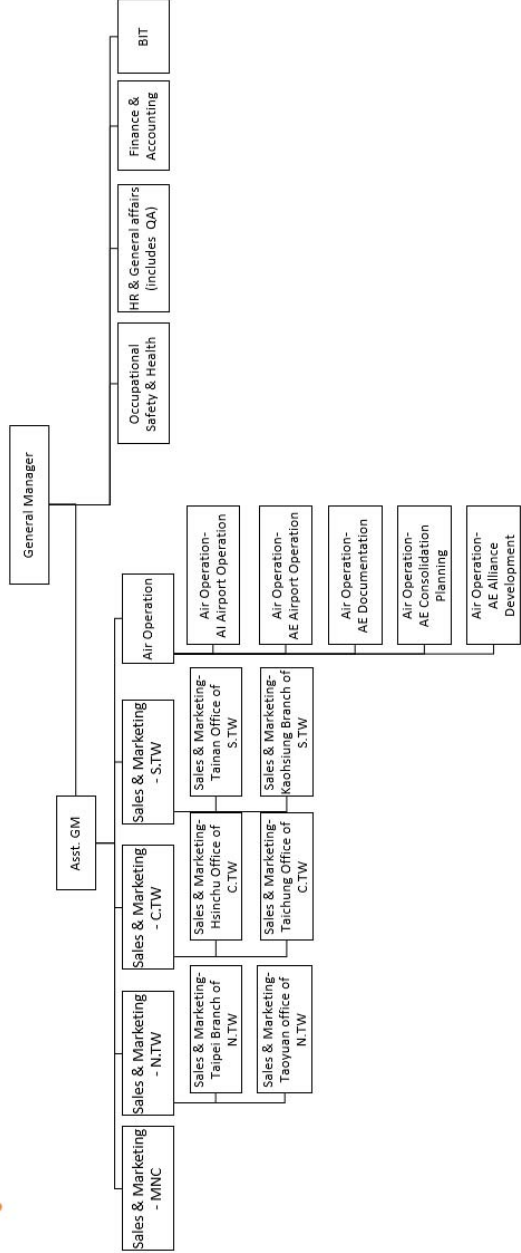
Our company is engaged in international transportation and logistics services, possessing dense global marketing serves network, its business-invested enterprises cover Sea and Air Freight Forwarders, Sea/Air, Air/Sea Joint Transportation, Customers Declaration/Inspections, Truck Transportation, China Inland Transportation, Warehousing, Real Estate Investment and Supply Chain Management services and consulting businesses. In the process of disruptive innovation, "in terms of organizational restructure, specialization, teamwork and the application of intelligent technology", the Company established the Executive Management Board (EMB) on 1st October 2019. In addition, our company has a Group General Office responsible for promoting global business and sales, with a General Manager at the head office, responsible for managing business operations in Taiwan areas.

#### 3.1.1 Organization Chart

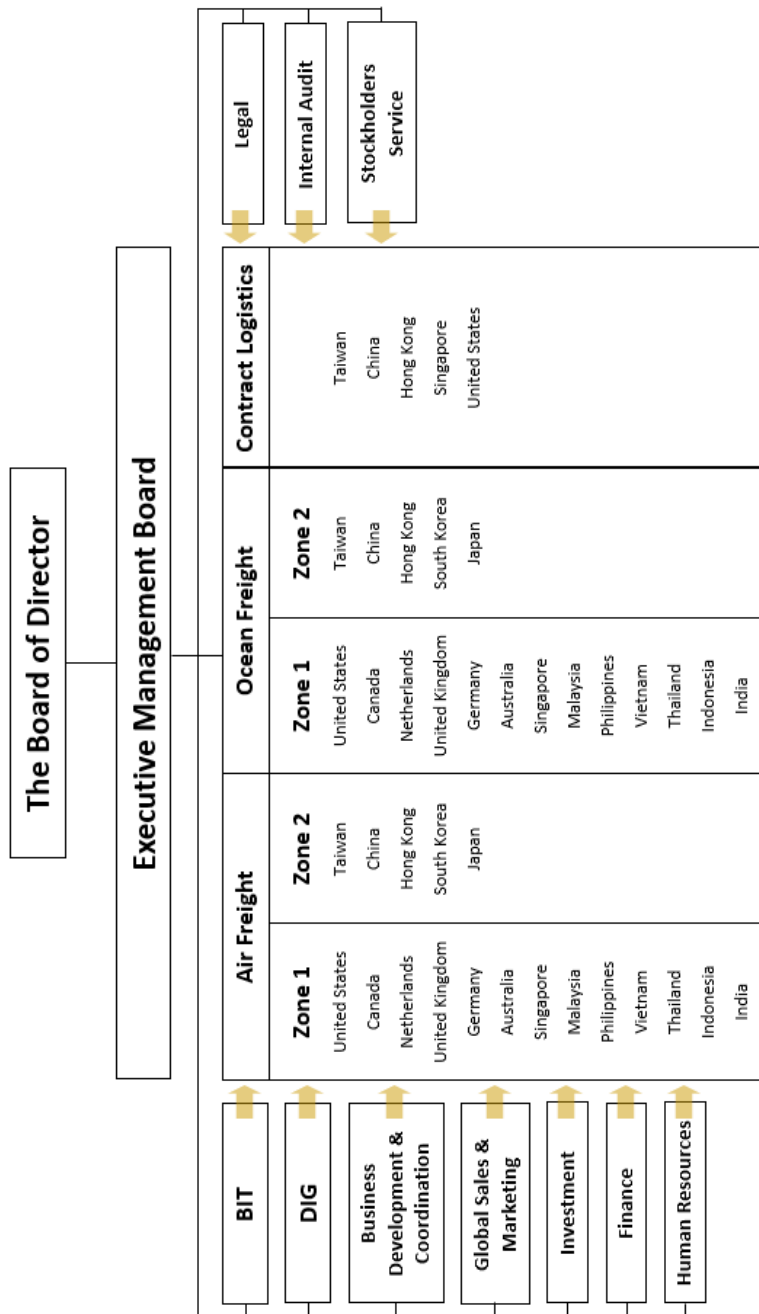


### Dimerco Express Corporation Organization Chart of DIMTW

Effective Date : 2022/1/1



# Dimerco Express Group Global Organization Chart





### 3.1.2 Major Corporate Functions

Department	Job Functions and Descriptions
Business Intelligence Technology (BIT)	Responsible for the planning and execution of the network and information connection of the group's subsidiaries
Digital Division (DIG)	Responsible for the group's digital technology development and digital marketing planning and execution.
Business Development & Coordination	Responsible for operation planning and integration of internal coordination and communication, expansion of the service network and maintenance & development of agent relationship.
Global Sales & Marketing	Responsible for the group's global marketing and business planning and execution.
Investment	In charge of investment and investor relation maintenance
Finance	Responsible for group's finance & accounting related matters.
Human Resources	To develop Human resources planning and implementation.
Legal	To review company contracts, assist on resolving overseas and domestic litigation cases, insurance related matters, and compilation of regulation.
Internal Audit	Assist the staffs of the group subsidiaries to fulfill their responsibilities and determine the accuracy of their work to improve the effectiveness of entire organization.
Stockholders Service	Responsible for shareholder's related services



Title	Name	Gender	Election (on) Date	Term of service	Date of first elected	Shareholding during service		Shareholding at present		Shareholding of children at present		Shareholding names of others	Primary Experiences and Educational Background	Current position in this company and other companies		Spouse or relatives within second degree managers, directors or supervisors				
						No. of Shares	Share holdin g %	No. of Shares	Share holdin g %	No. of Shares	Share holdin g %			No. of Shares	Share holdin g %	Name of Company	Term of service	Term of service	No. of service Shares	No. of Shareho lding %
Director	Chen, Wen-Li	Female	2021.07.08	3 Years	2021.07.08	1,626,687	1.29	1,756,821	1.29	102,600	0.08	0	0	Foreign Settlement Company Limited Dimeco Express Holding Co., Ltd. Dimeco International Logistics (Shanghai) Co., Ltd. Dimeco International Logistics Service Co., Ltd. Diversified Transportation (HK & China) Co. Ltd. Diversified (Shenzhen) International Logistics Service Co., Ltd. Diversified Transportation (CHINA) CO., LTD. Diversified International Logistics Co. Ltd. Diversified International Logistics Pre. Ltd. Dimeco International Logistics Company Limited Dimeco Express (India) Pvt. Ltd.	Director Director Director Director Director Director Director Director Director Director	Nil	Nil	Nil	Nil	
Director	MEC Electronics Corporation Representative: Yang, Wei-Yen	Male	2021.07.08	3 Years	1985.8.2	6,188,040	4.80	7,279,243	5.25	0	0	0	0	JOSE RIZAL COLLEGE MEC IMEX INC. President	Nil	Nil	Nil	Nil	Nil	
Director	Chuang, Si-Wei	Male	2021.07.08	3 Years	2003.6.13	116,993	0.09	450,352	0.33	0	0	0	0	Feng Chia University Dimeco Data System Corporation ,Chairman cum General Manager	Foreign Settlement Company Ltd. in HK Dimeco Data System Corporation	Director Chairman Director	Nil	Nil	Nil	Nil

Title	Name	Gender	Election (on) Date	Term of service	Date of first elected	Shareholding during service		Shareholding at present		Shareholding of spouse, minor children at present		Shareholding held in the names of others		Primary Experiences and Educational Background	Current position in this company and other companies		Spouse or relatives within second degree kinship who are managers, directors or supervisors		
						No. of Shares	Shareholding %	No. of Shares	Shareholding %	No. of Shares	Shareholding %	No. of Shares	Shareholding %		No. of Shares	Shareholding %	No. of Shares	Shareholding %	Name of Company
Independent Director	Yang, Wei-Tian	Male	2021.07.08	3 Years	2018.06.8	0	0.00	0	0.00	0	0.00	0	0	The University of Hong Kong, E-Commerce-MSc The Swire Group; Swire Shipping Cathay Pacific	HKUST Committee Member Hong Kong Sinfonietta	Nil	Nil	Nil	Nil
Independent Director	Chen, Yin-Fan	Male	2021.07.08	3 Years	2015.06.18	0	0.00	0	0.00	0	0.00	0	0	Soochow University Sesoda Corporation, General Manager Sesoda Corporation, Chairman	Nil	Nil	Nil	Nil	Nil
Independent Director	Chou Kuo Hsing	Male	2021.07.08	3 Years	2021.07.08	0	0.00	0	0.00	0	0.00	0	0	Department of Business Administration, NCCU China Airlines Senior Vice President China Pacific Catering Services Ltd, Chairman	NIL	Nil	Nil	Nil	Nil

### Major shareholders of the corporate shareholders

- 25 -

April 9, 2022

Name of corporate shareholders	Major shareholders of the corporate shareholders
MEC Electronics Corporation	Yang, Wei-Yen

Remark 1: Directors or supervisors who are representatives of corporate shareholders should fill in the names of corporate shareholders.

Remark 2: Fill out the names of the major shareholder of corporate shareholder (whose shareholding % is within top 10) and its shareholding %. If the main shareholder being legal entity, should also complete the following table 2 as follows.

Remark 3: Corporate shareholder is a non-company organization. It is required to fill out the names of the shareholder which is the funder and donator and its shareholding %法

**Major shareholders of Long Han Industrial Co., Ltd.**

April 9, 2022

MEC Electronics Corporation	Major shareholders	Share Holding
1	Yang, Wei-Yen	23.09%
2	Yang, Wei-Chuan	10.56%
3	Lin, Ying	12.57%
4	Lin, Yu	36.00%
5	Yang, Jou-An	8.89%
6	Yang, Jou-Han	8.89%
Total	6 persons	100%

## Professional qualifications and independence analysis of directors and supervisors

Apr 11, 2021

Criteria	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience		Independence Criteria(Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director			
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9		10	11	12
Name																
Chien, Yao-Huai			V				V	V	V	V	V	V	V	V	V	Nil
Chien, Wen-Li			V				V	V	V	V	V	V	V	V	V	Nil
MEC Electronics Corporation Representative: Yang, Wei-Yen			V				V	V	V	V	V	V	V	V	V	Nil
Chuang, Si-Wei			V				V	V	V	V	V	V	V	V	V	Nil
Yang, Wei-Tian			V				V	V	V	V	V	V	V	V	V	Nil
Chien, Yin-Fan			V				V	V	V	V	V	V	V	V	V	Nil
Chou Kuo Hsing			V				V	V	V	V	V	V	V	V	V	Nil

Note: Please tick the corresponding boxes if directors or supervisors have been any of the following during the two years prior to being elected or during the term of office.

- Not an employee of the Company or any of its affiliates.
- Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
- Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
- Not a director, supervisor, or employee of a parent company (The independent directors established by the law or local national laws and regulators shall not be limited to this).
- More than half of the shares that are not on the board of directors of the company or have voting rights are the directors, supervisors or employees of other companies controlled by the same person (but if it is the company or its parent company, subsidiary or subsidiary of the same parent company).
- Directors, supervisors or employees of other companies or institutions that are not the same person or spouse with the company's chairman, general manager or equivalent, but if the company and its parent company, subsidiary (if the independent directors established by subsidiaries of the same parent company in accordance with this law or local national laws serve concurrently, they are not limited to this).
- Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.
- Not a professional individual who, or an owner, partner, director, supervisor, or officer of a specified company or institution that has a financial or business relationship with the Company.
- Not having a marital relationship or relative within the second degree of kinship to any other director of the Company.
- Not being a person of any conditions defined in Article 30 of the Company Law.
- Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

### 3.2.2 Management Team

Title	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	Chien, Yao-Huai	Male	1985.8.2	5,042,085	3.71%	153,965	0.11%	0	0	National Chung Hsing University, Department of Law Dimarco Air Freight Forwards Co., Ltd., General Manager	Refer to 3.2	Nil	Nil	Nil
President	Chiou, Jun-Rung	Male	2019.10.28	156,600	0.12%	0	0	0	0	Dimarco Express Corporation, President	Nil	Nil	Nil	Nil
Deputy General Manager	Zhong, Hong-Zhi	Male	2011.2.8	1,080	0.00%	0	0	0	0	Aletheia University Exojet Technology Corporation, Assistant General Manager & Vice President of ShangHai Office	Nil	Nil	Nil	Nil
Vice President for Investment and Investor Relations	Ruan, Yao-Chang	Male	2012.3.26	1,080,926	0.79%	0	0	0	0	State University of New York, MBA Ernest & Young CPA Firm	Nil	Nil	Nil	Nil
Group Financial Controller	Chen, Ching-Chi	Female	2012.3.26	138,977	0.10%	0	0	0	0	Master of Financial Management University of Siegen, Germany Taiwan DHL Global Forwarding (shares) the company's financial manager	Nil	Nil	Nil	Nil

Remark 1: Regardless of title, including the General Manager, Deputy General Managers and associates, head of all departments and branches, as well as any position equivalent to General Manager, Deputy General Managers and associates, should always make the disclosure.

Remark 2: Related experiences on holding current positions, should there be any services with current auditing firm or affiliated companies of the aforementioned periods, titles and job duties should be disclosed.

Remark 3: When the general manager or equivalent (the top manager) and the chairman are the same person, are relatives such as spouse or one parent, they should disclose the reasons, rationally, necessity and corresponding measures (such as increasing the number of independent directors More than half of the directors did not serve as employees or managers, etc.)





## Remuneration Range

Bracket	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	Chien, Yin-Fan Chou, Kuo Hsing	Chien, Yin-Fan Chou, Kuo Hsing	Chien, Yin-Fan Chou, Kuo Hsing	Chien, Yin-Fan Chou, Kuo Hsing
NT\$ 1,000,000 ~ NT\$ 2,000,000				
NT\$ 2,000,000 ~ NT\$ 3,500,000	Lin, Tien-Song Ruan, Yao-Chiang	Lin, Tien-Song Ruan, Yao-Chiang	Lin, Tien-Song	Lin, Tien-Song
	Representative – Yang Wei-Yen of Long Han Industrial Co., Ltd., Lin, Tien-Song, Chuang, Si-Wei, Ruan, Yao-Chang, and Chien, Yao-Huai	Representative – Yang, Wei-Yen of Long Han Industrial Co., Ltd., Lin, Tien-Song, Chuang, Si-Wei, Ruan, Yao-Chang, and Chien, Yao-Huai	Representative – Yang, Wei-Yen of Long Han Industrial Co., Ltd., Chuang, Si-Wei,	Representative – Yang, Wei-Yen of Long Han Industrial Co., Ltd., Chuang, Si-Wei,
NT\$3,500,000 ~ NT\$ 5,000,000				
	Representative – Yang, Wei-Yen of Long Han Industrial Co., Ltd., Chien, Wen-Li Chuang, Si-Wei, Chien, Yao-Huai	Representative – Yang, Wei-Yen of Long Han Industrial Co., Ltd., Chien, Wen-Li Chuang, Si-Wei, Chien, Yao-Huai	Representative – Yang, Wei-Yen of Long Han Industrial Co., Ltd., Chien, Wen-Li Chuang, Si-Wei, Chien, Yao-Huai Ruan Yao-Chang	Representative – Yang, Wei-Yen of Long Han Industrial Co., Ltd., Chien, Wen-Li Chuang, Si-Wei, Chien, Yao-Huai Ruan Yao-Chang
NT\$ 5,000,000 ~ NT\$ 10,000,000				
NT\$ 10,000,000 ~ NT\$ 15,000,000				
NT\$ 15,000,000 ~ NT\$ 30,000,000				
NT\$ 30,000,000 ~ NT\$ 50,000,000				
NT\$ 50,000,000 ~ NT\$ 100,000,000				
Over NT\$ 100,000,000				
Total	8 persons	8 persons	8 persons	8 persons

Remark 1: Names of the directors should be separately disclosed (Corporate Shareholder should separately disclose the name of the Corporate Shareholder and its representative person), each of the expense items paid are disclosed aggregately. Should the directors also as adjured General Manager or Deputy General Manager, this schedule and the one below (3) should also be completed.

Remark 2: Refer to the remunerations of the directors for the most recent year (including salaries of the directors, additional compensation on duties imposed, pension, severance pay, various bonus, incentive payment etc.).

Remark 3: To fill in the amount of proposed allotment of the remunerations of the directors by the board of directors for the most recent year before the resolution at shareholders' annual meeting on earnings surplus distribution proposal.

Remark 4: Refer to the related operating expenses of the directors for the most recent year (including travelling expenses, special expense, all kinds of allowances, dormitories, cars and all forms of tangible assets provided). Such as when providing housing, cars and other personal or proprietary transportation expenses; the nature and cost of assets, actual rental or rental imputed at fair market value, oil resources and other benefits should be disclosed. If drivers are provided, please illustrate the relevant compensations of the company paid to the drivers, but not to be included in the remunerations.

Remark 5: Refer to remunerations received by the directors who are also adjunct employees for the most recent year (including adjunct as General Manager, Deputy General Manager, other managers and employees) on salaries, additional compensations on duties imposed, pension, severance pay, various bonus, incentive payments, traveling expenses, special expenses, all kinds of allowances, dormitories, car and all forms of tangible assets provided. Such as when providing housing, car and other personal or proprietary transportation expenses; the nature and cost of assets, actual rental or rental imputed at fair market value, oil resources and other benefits should be disclosed. If drivers are provided, please illustrate the relevant compensations of the company paid to the drivers, but not to be included in the remunerations.

Remark 6: Refer to the directors who are also adjunct employees for most recent year (including adjunct as General Manager, Deputy General Manager, other managers and employees) who had received employee bonus (including stock dividends and cash dividends), should disclose the proposed allotment amount of employee bonus by the board of directors before the resolution at shareholder's annual meeting on earnings surplus distribution proposal. If the amount cannot be estimated, then shall compute the proposed allotment amount for this year based on the proportion of actual allotment for last year, and should complete the schedule 1(f)(ii). The stock dividend amount for public listed companies should be computed based on financial fair value (i.e. closing price as of balance sheet date) required for issuers reporting guidelines; if not public listed companies, the stock dividend amount should be computed based on net asset value as of the ending date of annual accounting period which the respective earning surplus is earned.

Remark 7: Should disclose total amount of all kind of remunerations paid to the directors by all companies (including our company) listed in the consolidated statements.

Remark 8: To disclose the names of the directors in the respective remuneration range for the total amount of remuneration paid to each individual director.

Remark 9: To disclose the names of the directors in the respective remuneration range for the total amount of remunerations paid to each individual director.

Remark 10: Net profit after tax refers to the net profit after tax for the most recent year.

Remark 11: a. Should fill in this column as "yes" or "nil" for company directors who had received remunerations from non-subidiaries on reinvesting purpose.

b. If the column is marked "yes", should voluntarily fill in the amount of remuneration received. The amount of remuneration received in accordance with the position of the company directors acting for non-subidiaries on reinvestment purpose should be consolidated in columns "G" & "H" of the remuneration range schedule and the column should be renamed as "all the reinvestment businesses".

c. Remunerations here refer to all the remunerations, compensations, employee bonus and compensations due to operating expenses of our company directors acting as the directors, supervisors or managers for non-subidiaries on reinvesting purpose.

\* The components of the remunerations disclosed in this schedule have a different concept as the proceeds of income in the income tax law. Therefore, this schedule is for information disclosure purpose of and not for tax purpose.

**Remuneration of Supervisors**

Unit: NT\$ thousands

Title	Name	Remuneration				Ratio of total remuneration (A+B+C) to net income (%)		Compensation paid to supervisors from an invested company other than the company's subsidiary
		Base Compensation(A) The company's consolidated financial statements	Bonus to Supervisors(B) The company's consolidated financial statements	Allowances(C) The company's consolidated financial statements	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	
Supervisor	Ho, Chi-Ming	0	5,245	0	0	0.22%	0.22%	Nil
Supervisor	Zhu, Fu-Yi	0	5,245	0	0	0.22%	0.22%	

Bracket	Name of Supervisors	
	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	-	-
NT\$ 1,000,000 ~ NT\$ 2,000,000	-	-
NT\$ 2,000,000 ~ NT\$ 3,500,000	Ho, Chi-Ming · Zhu, Fu-Yi	Ho, Chi-Ming · Zhu, Fu-Yi
NT\$ 3,500,000 ~ NT\$ 5,000,000	-	-
NT\$ 5,000,000 ~ NT\$ 10,000,000	-	-
NT\$ 10,000,000 ~ NT\$ 15,000,000	-	-
NT\$ 15,000,000 ~ NT\$ 30,000,000	-	-
NT\$ 30,000,000 ~ NT\$ 50,000,000	-	-
NT\$ 50,000,000 ~ NT\$ 100,000,000	-	-
Over NT\$ 100,000,000	-	-
Total	2 Persons	2 Persons

## Compensation of President and Vice President

Unit: NT\$ thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (D)			Ratio of total compensation (A+B+C+D) to net income(%)		Compensation paid to the president and vice president from an invested company other than the company's subsidiary
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements		
								Cash	Stock	Cash	Stock		
Chairman	Chien, Yao-Huai												
President	Chiou, Jiun-Rung	8,591	8,591	569	569	4,136	4,136	15,680	0	15,680	0	0.68%	0.68%
Deputy General Manager	Chung, Hung-Chih												
Vice President for Investment and Investor Relations	Ruan, Yao-Chang												Nil

Bracket	Name of President and Vice President	
	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	-	-
NT\$ 1,000,000 ~ NT\$ 2,000,000	-	-
NT\$ 2,000,000 ~ NT\$ 3,500,000	Chung, Hung-Chih, Chien, Yao-Huai	Chung, Hung-Chih, Chien, Yao-Huai
NT\$ 3,500,000 ~ NT\$ 5,000,000	-	-
NT\$ 5,000,000 ~ NT\$ 10,000,000	Ruan, Yao-Chang	Ruan, Yao-Chang
NT\$ 10,000,000 ~ NT\$ 15,000,000	Chiou, Jiun-Rung	Chiou, Jiun-Rung
NT\$ 15,000,000 ~ NT \$30,000,000	-	-
NT\$ 30,000,000 ~ NT \$50,000,000	-	-
NT\$ 50,000,000 ~ NT\$ 100,000,000	-	-
Over NT\$100,000,000	-	-
Total	4 Persons	4 Persons

Status of distribution of employee bonus on managers (names) and its allot

Managers	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - In Cash	Total	Unit: NT\$ thousands	
						Employee Bonus - in Stock (Fair Market Value)	Ratio of Total Amount to Net Income (%)
	Chairman	Chien, Yao-Huai					
	President	Chiou, Jiun-Rung					
	Vice President for Investment and Investor Relations	Ruan, Yao-Chang	0-	15,680	15,680		0.68%
	Deputy General Manager	Chung, Hung-Chih					
	Group Financial Controller	Chen, Ching-Chi					

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

A. Analysis of proportion of total remunerations paid to our directors, supervisors, General Manager and Deputy General Managers on net profit after tax for recent two years disclosed in our company and all companies shown in the consolidated statements; and illustrate on the policies, standards, components and computation formula of the remuneration payment; in addition to their correlations with business performance evaluation.

The proportion of total remunerations paid to our Directors and Managers on net profit after tax in year 2020 was lower than that in year 2019. The proportion of total remunerations paid to Supervisors on net profit after tax in year 2020 was the same as in year 2019. And the dividend policy states in the Articles of Incorporation: The Articles of Incorporation states should there be any surplus after closing of the annual accounts, the company should first pay off the tax to make up for losses in previous years, sub-put 10% as legal reserve, and if there is still a surplus, then shall be the distribution of employee bonus (no less than 5%), directors and supervisors compensations (no more than 5%). Policies, standards, components and computation formula of the remuneration payment are in accordance with the profitability and assessment of business performance evaluation.

Year	2021		2020	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Directors	1.93%	1.93%	2.78%	2.78%
Supervisors	0.23%	0.23%	0.77%	0.77%
Managers	0.68%	0.68%	2.33%	2.33%

B. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance.

Remuneration is appropriated according to the business performance of the company in the year and the stipulated percentage in Article 23 of the Articles of Incorporation, which stipulate that: "From the profit earned by the Company as shown through the annual account closing, the sum to pay all taxes and to make good previous loss, if any, shall be first withheld, then 10% for legal reserve and then for special reserve as required by law. The final surplus, if any, shall have at least 5% taken for bonus to employees, and no more than 5% taken as remuneration to the directors and supervisors." The annual earning distribution status shall be submitted to the board of directors for discussion before being sent to the shareholders' meeting for resolution.

The compensation for presidents and vice presidents shall be released according to the company's performance evaluation system.

The compensation is measured based on the employee's personal achievements, contribution made to the business operation, and the market averages. It has a positive correlation with the performance of the company's business.

### 3.3 Implementation of Corporate Governance

#### 3.3.1 Board of Directors

A total of 6 meetings of the Board of Directors were held in the previous period. Director and supervisor's attendance was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) 【B/A】	Remarks
Chairman	Chien, Yao-Huai	9	0	100%	
Director	Representative of Corporate shareholder, MEC Electronics Corporation: Yang, Wei-Yen	9	0	100%	
Director	Chien, Wen-Li	4	0	100%	New
Director	Chuang, Si-Wei	9	0	100%	
Independent Director	Chien, Yin-Fan	9	0	100%	
Independent Director	Yang, Wei-Tian	6	0	100%	
Independent Director	Chou, Kuo Hsing	6	0	100%	New

Other mentionable items:

1. If there are the circumstances referred to in Article 14-3 of Securities and Exchange Act and resolutions of the directors' meetings objected by Independent Directors or subject to qualified opinion and recorded or declared in writing, the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion should be specified: None
2. If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified: None
3. Measures taken to strengthen the functionality of the Board (For example, The Board of Directors has established an Audit Committee and a Compensation Committee to assist the Board in carrying out its various duties.) and evaluate the operational situation: In order to improve the information transparency, the company set the Procedures for Handling Material Inside Information as the guideline to uphold operation transparency, avoid information divulged, and ensure consistency and accuracy of the information.

Note 1 : Directors and supervisors who belong to juristic person should disclose the name of corporate shareholder and representative of its name.

Note 2 :

- (1) If there are directors or supervisors leaving before the end of the year, the leaving date should be remarked. And actual attendant rate (%) should be calculated as the time of attendance /the times of board of director during the service.
- (2) If there is a re-election of directors and supervisors before the end of years, both original and new ones should be noted. The date of election date and the status of the directors and supervisors should remarked. The actual attendant rate (%) should be calculated as the time of attendance /the times of board of director during the service.

### 3.3.2 Audit Committee (Attendance of Supervisors for Board Meeting)

#### A. Audit Committee

A total of 2 meetings of the board of directors were held in the previous period. Supervisor's attendance was as follows:

Title	Name	Attendance in Person(B)	Attendance rate (%) 【B/A】	Remarks
Independent Director	Chien, Yin-Fan	2	100%	
Independent Director	Yang, Wei-Tian	2	100%	
Independent Director	Chou, Kuo Hsing	2	100%	
Other mentionable items:				
<p>1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:</p> <p>(1) Matters referred to in Article 14-5 of the Securities and Exchange Act.</p> <p>(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.</p> <p>2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None</p> <p>3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)</p> <p>(1)The internal auditors have communicated the result of the audit reports to the members of the Audit Committee periodically, and have presented the findings of all audit reports in the quarterly meetings of the Audit Committee. Should the urgency of the matter require it, the Company's chief internal auditor will inform the members of the Audit Committee outside of the regular reporting. The communication channel between the Audit Committee and the internal auditor has been functioning well.</p> <p>(2)The Company's CPAs have presented the findings or the comments for the quarterly corporate financial reports, as well as those matters communication of which is required by law, in the regular quarterly meetings of the Audit Committee. Under applicable laws and regulations, the CPAs are required to communicate to the Audit Committee any material matters that they have discovered. The communication channel between the Audit Committee and the CPAs has been functioning well.</p>				

#### B. Attendance of Supervisors for Meetings of Board of Directors

A total of 6 meetings of the board of directors were held in the previous period. Supervisor's attendance was as follows:

Title	Name	Attendance in Person(B)	Attendance rate (%) 【B/A】	Remarks
Supervisor	Zhu, Fu-Yi	5	100%	
Supervisor	Ho, Chi-Ming	5	100%	
Other mentionable items:				
<p>1. Composition and responsibilities of supervisors:</p> <p>(1)Communications between supervisors and the Company's employees and shareholders (e.g. the communication channels and methods, etc.): The Company has set up a supervisor's mailbox: supervisor@dimerco.com, so that employees and shareholders have adequate access to the supervisors for communications.</p> <p>(2)Communications between supervisors and the Company's Chief Internal Auditor and CPA (e.g. the items, methods and results of the audits of corporate finance or operations, etc.):</p> <p>A. Communications with Chief Internal Auditor: Supervisors hold Supervisors Meeting each quarter and keep the meeting minutes. The Directors, President and the company's</p>				



top management are then notified of important discussions and resolutions. All Supervisors had attended on each occasion, and the Chief Internal Auditor was also present at the meetings to report on audit operations and major internal auditing matters, including execution, reporting, and monitoring of Supervisors' instructions. In addition, Supervisors obtained audit reports on a monthly basis, which were submitted by the Chief Internal Auditor.

B. Communications with the CPA: Supervisors hold Supervisors Examination Meeting and obtained the examined reports. There were two Supervisors Examination Meetings, on March 25, 2015 and May 7, 2015 respectively. All Supervisors had attended on each occasion, and the CFO, Chief Internal Auditor and CPAs were also present at the meetings to discuss related subjects, including execution, reporting and monitoring of Supervisors' instructions.

2. If a supervisor expresses an opinion during a meeting of the Board of Directors, the dates of meetings, sessions, contents of motions, resolutions of the directors' meetings and the Company's response to supervisor's opinion should be specified: None

**3.3.3 Corporate Governance Execution Status and Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”**

Item			Implementation Status	Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons
	yes	no	Summary Description	
1. Did company follow the principle of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” to disclose Corporate Governance Best-Practice Principles?	V		Our company has followed the principle of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” to set up Corporate Governance Best-Practice Principles yet. But as mentioned, our company had followed operation of the spirit implementation of corporate governance related to corporate governance norms. Board of directors will set up “Corporate Governance Best-Practice Principles” in future. Besides, the principles of board meetings related to corporate governance norms were set up. Shareholders’ meeting rules, internal control systems, acquisition or disposal of asset disposal program, loans to others operating procedures and practices of endorsement and guarantee. Of all information can get from our website.	Follow the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.
2.Shareholding Structure & Shareholders’ Rights				
I. Did company set up internal control systems to deal with shareholder proposals, doubts, disputes and litigation matters by following the procedure?	V		I. The Company has designated appropriate departments, such as Investor Relations, Public Relations, Legal Department, etc., to handle shareholder suggestions or complaints. Also, stock affairs agency Yuanta Polaris Securities assist with shareholder matters.	Follow the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.
II. The Company’s possession of a list of major shareholders and a list of ultimate owners of these major shareholders?	V		II. The Finance & Shared Services Division is responsible for collecting the updated information of major shareholders and the list of ultimate owners of these major shareholders.	
III. Did company build and execute the Risk management mechanism and “firewall” between affiliated companies?	V		III. Except the parent company had built a system of internal control, Supervision System was held to control subsidiary company. The risk management system and firewall were set appropriately between the parent company and its subsidiaries.	
IV. Did company set up interior principles to forbid employee from buying stocks with non-publish information?	V		IV. Insider Trading Prevention Measures was made to forbid all employees, managers and directors, as well as other important person from insider trading behavior.	
3.Composition and Responsibilities of the Board of Directors				
I. Did members of board of directors prepare diversified policy based on composition?	V		I. The Company has set the “Corporate Governance Best-Practice Principles” and “Procedures for Election of Directors and Supervisors”. The members of Board of Directors need to take diversification under their consideration. Nomination of directors, the company followed rigorous way, not only had professional experience in academic and business but also followed directors’ diversification. The company has seven directors includes two independent directors and one of them is female. All the members have work experiences in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the company. They can provide professional advices from different points of view. This can improve the operating performance and management efficiency for the company.	Follow the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.

<p>II. Except for setting salary remuneration committee and the audit committee by law, did the company build various functional committees in voluntary?</p> <p>III. Did company set Board performance assessment ways and assessment methods to evaluate the performance every year?</p> <p>IV. Did company evaluate CPAs' independence regularly?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>II. All important decisions are processed by the company board of directors, and establish salary compensation committee. re-elected two independent directors 2015.</p> <p>III. Due to the corporate working concept, the responsibilities of board of directors are supervising, instructing and evaluating the performance of business team and appointing or dismissing managers. The members of board of directors had experienced in academic and business with high ethical standards and commitment. Holding director meeting quarterly to pass solutions and discuss future strategies in order to create profit for shareholders. The great perform of board of directors could be proved by company's long term performance.</p> <p>IV. The Company regularly evaluates CPAs' independence. To confirm the CPAs are not interested parties, the company needs to assure whether they are board of directors or shareholders of our company or be paid by our company. The rotation of CPA has to follow the related regulations.</p>	
<p>4. Did company build the communicate tunnel between stakeholders and also establish stakeholders area on website to reply them the issue of corporate social responsibility</p>	<p>V</p>		<p>The Company has designated appropriate departments to communicate with stakeholders on a case by case basis as needed. Furthermore, the contact information providing access to the Company's spokesperson and relevant departments is available on the Company's website.</p>	<p>Follow the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".</p>
<p>5. Did the company appoint a professional stock affairs agency to cope with shareholders activities?</p>	<p>V</p>		<p>The company appointed Yuanta Polaris Securities Co., Ltd. Stock Transfer Agency Department of shareholders to handle the transaction.</p>	<p>Follow the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".</p>
<p>6. Information Disclosure</p> <p>I. Establishment of a corporate website to disclose information regarding the Company's financials, business and corporate governance status.</p> <p>II. Other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, webcasting investors conference).</p>	<p>V</p> <p>V</p>		<p>I. The Company has set up a Chinese/English website (<a href="http://www.dimerco.com">http://www.dimerco.com</a>) to disclose information regarding the Company's financials, business and corporate governance status.</p> <p>II. The company has designated appropriate persons to handle information collection and disclosure. The Company has established a system. Investor conference information is disclosed on the corporate website.</p>	<p>Follow the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".</p>
<p>7. Other important information to facilitate better understanding of the Company's corporate governance practices (e.g., employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors):</p>	<p>V</p>		<p>The advanced study situation of directors and supervisors: Directors and supervisors are equipped with professional knowledge and will collect the information of finance, accounting and legal for directors to absorb related information - Such as Accounting Research and Development Foundation held the public company in charge of finance and accounting professional certification classes. The situation of Risk management strategies and the execution of risk measure standard: The company developed a strict internal control system and audited by internal auditor from time to time. Also insure other insurance-related property to avoid risks. The situation of customer protection and the execution of customer policy: Under the principle of customer first, the internal-related rules was set up according to consumer protection law and etc. for employees to follow. The situation of purchasing liability insurance for directors and supervisors: None.</p>	<p>Follow the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".</p>

<p>8. If the Company has implemented a self-corporate governance evaluation or has authorized any other professional organization to conduct such an evaluation, the evaluation results, major deficiencies or suggestions?</p>	<p>V</p>	<p>According to the rule of Taiwan Securities and Exchange Center to build up a Corporate Governance Evaluation, Dimerco Express Corporation has completed self-assessment of Corporate Governance Evaluation in the system in Jan 2018. It will be evaluated and announced the grading by annual basis in the following year. Foundation Securities and Futures Institute has announced 12th Disclosure of Information Evaluation and Dimerco was graded "A".</p>	<p>Follow the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".</p>
<p>9. The company has conducted a self-assessment of corporate governance in accordance with the "Corporate Governance Evaluation System" established by the Corporate Governance Center of the Taiwan Stock Exchange in January 2020. In the future, the company will review the evaluation results and evaluate possible improvements . In addition, the ranking range of the sixth corporate governance evaluation is the top 36% ~ 50%.</p>			

### 3.3.4 Composition, Responsibilities and Operations of Compensation Committee:

The board of directors approved organizational rules of the Remuneration Committee on December 21, 2011 and the remuneration committee was set up by the end of Y2011.

#### A. Professional Qualifications and Independence Analysis of Remuneration Committee Members:

Title	Criteria	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note 2)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remarks (Note 3.)
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Name Chien, Yin-Fan			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Name Yang, Wei-Tian			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Name Chou, Kuo Hsing			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

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

- Not an employee of the Company or any of its affiliates.
- Not a director or supervisor of affiliated companies. Not applicable in cases where the person is an independent director of the parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
- Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranking in the top 10 in holdings.
- Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three sub-paragraphs.
- Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company, or who holds shares ranking in the top five holdings.
- More than half of the shares that are not on the board of directors of the company or have voting rights are the directors, supervisors or employees of other companies controlled by the same person (but if it is the company or its parent company, subsidiary or subsidiary of the same parent company) (The independent directors established by the law or local national laws and regulations shall not be limited to this.)
- Directors, supervisors or employees of other companies or institutions that are not the same person or spouse with the company's chairman, general manager or equivalent, but if the company and its parent company, subsidiary (if the independent directors established by subsidiaries of the same parent company in accordance with this law or local national laws serve concurrently, they are not limited to this); Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution which has a financial or business relationship with the Company.
- Not a professional individual, who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
- Not a person of any conditions defined in Article 30 of the Company Law.

## B. Attendance of Members at Remuneration Committee Meetings

There are 3 members in the Remuneration Committee. A total of 2 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	Chien, Yin-Fan	2	0	100%	
Member	Yang, Wei-Tian	2	0	100%	
Member	Chou, Kuo Hsing	1	0	50%	New
Other mentionable items:					
1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.					
2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.					

### Important resolutions of Remuneration Committee :

April 1, 2022

Date	Type of meeting	Important Resolutions
Mar. 17, 2022	Remuneration Committee Meeting	1. Review 2022 management change and principal of salary adjustment 2. Review 2021 proposal for the distribution of directors remuneration and employee bonus
Aug. 6, 2021	Remuneration Committee Meeting	1. Planning of 2022 Remuneration Committee meetings schedule. 2. Review 2020 distribution of directors remuneration and employee bonus
Mar. 16, 2021	Remuneration Committee Meeting	1. Review 2021 management change and principal of salary adjustment 2. Review 2020 proposal for the distribution of directors remuneration and employee bonus
Aug. 7, 2020	Remuneration Committee Meeting	1. Planning of 2021 Remuneration Committee meetings schedule. 2. Review 2020 distribution of directors remuneration and employee bonus
Mar. 20, 2020	Remuneration Committee Meeting	1. Review 2020 proposal for the salary Increment of employees 2. Review 2019 proposal for the distribution of directors remuneration and employee bonus
Mar 20, 2019	Remuneration Committee Meeting	1. Review 2019 proposal for the salary Increment of employees 2. Review 2018 proposal for the distribution of directors remuneration and employee bonus
Mar 14, 2018	Remuneration Committee Meeting	1. Review 2018 management change and principal of salary adjustment 2. Review 2017 proposal for the distribution of directors remuneration and employee bonus
Jul 25, 2017	Remuneration Committee Meeting	1. Review 2017 proposal for the salary Increment of employees 2. Review 2016 proposal for the distribution of directors remuneration and employee bonus
Mar 13, 2017	Remuneration Committee Meeting	1. Review 2016 proposal for the distribution of directors remuneration and employee bonus 2. Review 2017 proposal for the salary Increment of employees
Dec 12, 2016	Remuneration Committee Meeting	Verify business administrators' regulations for salaries and performance evaluation
Mar. 16, 2016	Remuneration Committee Meeting	1. Review 2014 proposal for the distribution of directors remuneration and employee bonus 2. Review 2015 proposal for the salary Increment of employees
Mar. 25, 2015	Remuneration Committee Meeting	1. Review 2014 plan for the distribution of directors remuneration and employee bonus 2. Review 2015 plan for the related salary of employees
Aug. 8, 2014	Remuneration Committee Meeting	1. Review 2013 proposal for the distribution of directors remuneration and employee bonus 2. Review 2014 proposal for the salary Increment of employees
Mar. 17, 2014	Remuneration Committee Meeting	1. Review 2013 plan for the distribution of directors remuneration and employee bonus 2. Review 2014 plan for the related salary of employees
Aug. 12, 2013	Remuneration Committee Meeting	1. Review 2012 proposal for the distribution of directors remuneration and employee bonus 2. Review 2013 proposal for the salary Increment of employees
Apr. 1, 2013	Remuneration Committee Meeting	1. Review 2012 plan for the distribution of directors remuneration and employee bonus 2. Review 2013 plan for the related salary of employees
Aug. 23, 2012	Remuneration Committee Meeting	1. Review 2011 proposal for the distribution of directors remuneration and employee bonus 2. Review 2012 proposal for the salary Increment of employees
Mar. 15, 2012	Remuneration Committee Meeting	1. Review 2011 plan for the distribution of directors remuneration and employee bonus 2. Review 2012 plan for the related salary of employees

### 3.3.5 Corporate Social Responsibility:

1. The best way to reduce the carbon footprint is to strengthen the use of information technology, which can reduce unnecessary resource consumption. Dimerco will continue to develop information

technology. As of July 2017, according to statistics from the International Air Transport Association (IATA, International Air Transport Association), The electronic bill of lading (e-Air Waybill / e-AWB) program has performed well, and its penetration rate is ranked 8th among the Top-50 global air cargo contractors.

2. Dimerco has not only assisted refugees in Northern Thailand, victims of the 921 earthquake in Taiwan, and participated in the development of educational facilities in China's Anhui province but also donated books, educational material, clothes and sponsorship for clubs and associations around the world.
3. Belong to service industry, didn't come put with polluted outputs. To carry out environmental policy, we not only implement paperless online job but also make reusable tableware for employees and customers. Besides, replace plastic bags with paper bags. We will keep our best on this issue.
4. The causes of the differences between SCR item and implementation status :

Item	Implementation Status			Deviations from "Corporate Social Responsibility Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Summary Description	
<p>1. Corporate Governance Implementation</p> <p>(1) Does the company declare its corporate social responsibility policy and examine the results of the implementation? Compensation policies, effective reward system and combing the performance appraisal system with CSR?</p> <p>(2) Does the company provide educational training on corporate social responsibility on a regular basis?</p> <p>(3) Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?</p> <p>(4) Does the company declare a reasonable salary remuneration policy, and integrate the employee performance appraisal system with its corporate social responsibility policy, as well as establish an effective reward and disciplinary system?</p>	V		<p>(1) In order to meet the related international standards, the company assure safety working environment and protect labor rights. The company already set Corporate Social Responsibility Policy and Environmental Policy to prevent pollution and fulfill social responsibility. The policies have been implemented to our global subsidiaries. The related information was posted on <a href="http://www.dimerco.com">www.dimerco.com</a></p> <p>(2) The company has provided educational training on corporate social responsibility on a regular basis and setup an effective reward and disciplinary system.</p> <p>(3) The company's corporate office has implemented and discussed corporate social responsibility issues with its subsidiaries management</p> <p>(4) Objective of corporate governance is to balance the stakeholders, which is also one of the important stakeholders "social." The company considers corporate governance and operational goals to setup a reasonable salary remuneration policy. The corporate social responsibility is also one of an indicator.</p>	None
<p>2. Sustainable Environment Development</p> <p>(1) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</p> <p>(2) Does the company establish proper environmental management systems based on the characteristics of their industries?</p> <p>(3) Does the company monitor the impact of climate change on its operations and conduct greenhouse gas inspections, as well as establish company strategies for energy conservation and carbon reduction?</p>	V	V	<p>(1) Purchase recycled ink and toner cartridges regeneration, not only to protect the Earth's environment, can reduce the cost of buying new products.</p> <p>(2) The establishment of Dimerco web2.0 Value Plus System through automation and integration of various internal supply chain process, from the business, operations, financial to accounting reduced paper documents and integrated supply chain upstream and downstream work to protect natural resources.</p> <p>(3) Climate change has become the global issue. It also becomes the important task of our company's sustainable operation. We utilized international accreditation criteria as the base of greenhouse gas and carbon reduction to draw up the strategy of climate change adaptation and mitigation as below: Reduce, Reuse, Recycle: The simplest part of going green involves reducing our usage of stationary, paper cups, chopsticks, and bottled water. Cans, bottles, and paper will be separated into appropriate recycling units. Employees will get into the habit of using non-disposable cups and eco-friendly items to eliminate waste. Additionally, looking at other opportunities such as purchasing remanufactured ink and toner cartridges not only saves the environment</p>	None



Item	Implementation Status			Deviations from "Corporate Social Responsibility Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Summary Description	
			<p>but it is less expensive than new cartridges. Dimerco will develop a green purchasing policy to reduce waste in the office. To help go green, Dimerco will produce durable cups and chopsticks as a gift to employees and our customers.</p> <p>Build up Paperless and Green Working Environment through IT/IS Solutions:</p> <p>One of the best ways to reduce the carbon footprint is to enhance or/and utilize the available IT solutions in order to reduce or eliminate unnecessary resource consumption. Dimerco will continuously explore a variety of methods of going green by investing in information technology, development, and application.</p> <p>Transportation Management:</p> <p>Having an efficient transportation management system is another optimum way to reduce the carbon footprint left by Dimerco. Through the development of dedicated service modes of transportation and network optimization strategy based on our customers' requirements Dimerco will be able to save transportation miles and fuel reducing greenhouse gas emissions. This is practiced currently through the Dimerco system. The Consolidation Yield Management (CYM) module consolidates all their shipments into one shipment resulting in reducing package and usage of space which optimizes the allocation arrangement of carriers to avoid the waste of resource and protect our environment.</p>	
<p>3. Preserving Public Welfare</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>(2) Has the company set up an employee hotline or grievance mechanism to handle complaints with appropriate solutions?</p> <p>(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?</p> <p>(4) Does the company setup a communication channel with employees on a regular basis, as well as reasonably inform employees of any significant changes in operations that may have an impact on them?</p> <p>(5) Does the company provide its employees with career development and training sessions?</p> <p>(6) Does the company establish any consumer protection mechanisms and appealing procedures regarding research development, purchasing, producing, operating and service?</p> <p>(7) Does the company advertise and label its goods and services according to relevant regulations and international standards?</p> <p>(8) Does the company evaluate the records of suppliers' impact on the environment and society before taking on business partnerships?</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p> <p>V</p> <p>V</p> <p>V</p> <p>V</p>		<p>(1) Refer to labor relation</p> <p>(2) Set hotline and complaints channels of communication refer to details of labor relations.</p> <p>(3) The safety of the work environment and employee protection measures, regular disinfection of carpets and drinking fountains maintained by full-time companies for overall work environment.</p> <p>(4) The monthly review meeting will inform and discuss with all departments for any significant changes in operations.</p> <p>(5) Refer to labor relation</p> <p>(6) For the customer service of the company, the staffs of the customer service department quickly handle customer complaints matters in an efficient mode of operation to provide better services quality.</p> <p>(7) Refer to overview of business operations</p> <p>(8) The ability and problem solving through the EDI (Electronic Data Interchange), Dimercoe electronic information can be</p>	None

Item	Implementation Status			Deviations from "Corporate Social Responsibility Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary Description	
(9) Do the contracts between the company and its major suppliers include termination clauses which come into force once the suppliers breach the corporate social responsibility policy and cause appreciable impact on the environment and society?	V		passed to cargo agents, airlines, shipping companies and customers. This information exchange enables more accurate data to be provided to customers more efficient and also reduce the waste of resources and electricity such as fax paper and so on. (9) While signing the contract with suppliers, Dimerco always demands our suppliers to match related requirements on eco-friendliness, safety and health, labor rights, and labor conditions. The contract will be cancelled or terminated once a supplier violate the rule and cause a strong effect to the environment and society.	
4. Enhancing Information Disclosure (1) Does the company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System (MOPS)?	V		The company disclosed the immediately important company news, financial figures for all of investors. <a href="http://www.dimerco.com">http://www.dimerco.com</a> → Investor Relation The company has not yet a CSR report, but the relevant information on corporate responsibility are all revealed to external sites	None
5. If the Company has established the corporate social responsibility principles based on "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation:				
The company has not yet established "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies," however, the company has fully implemented green policies. Other information please refers to no. 6.				
6. Other important information to facilitate better understanding of the company's corporate social responsibility practices : Social Contribution and Volunteer Events March 28, 2016 Dimerco Express Group sponsored the Mid-Peninsula Boys & Girls Club (MPBGC) Invitational Golf Tournament. Rotary International held the experiencing activities of picking and making tea. Dimerco helps disadvantaged and minorities, and sponsor children's concert of rare diseases. Dimerco Supported Shoes Donation to Africa on Jun. 26.  Multi-occupation collaboration Samsung Running Festival, Mean Well Family Day, Dimerco Supported Earth Hour- Turn Off on Mar. 29, 2014, Dimerco participated one million tree planting activities in Taipei, Taiwan to adopt 0.25 hectares of land, plant trees, and concerted effort to reduce 120 tons of carbon emissions				
7. A clear statement shall be made below if the corporate social responsibility reports were verified by external certification institutions: The Company is a service industry, so it did not have product certification, but the company has been given a good business services brand award organized by the Ministry of Economic Affairs in Y2008. Dimerco joined Million Trees / Forest Project & Network that held by HIMA FOUNDATION since 2011 and also got invited by the host to attend Forum on the occasion of wetlands green sustainable Awards Ceremony. Dimerco received Green & Sustainability Award from Earth Day Organization on January 12, 2013.				

Note: 1. Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation.  
2. Companies who have compiled CSR reports may cite the source from specific pages of their CSR reports instead.

### 3.3.6 Ethical Corporate Management:

In order to fulfill our oversight responsibilities to expose company regulatory compliance, financial transparency and instant messages, the Board of Directors has established a variety of channels, such as: financial experts, internal audit, etc. to supervise company operations. In addition, the board of directors guides the management team for the marketing strategy and quarterly has the regular meeting with management team to judge the likelihood of success of these strategies. And also regularly review progress in strategy and urged the management team when needed to make adjustments. The responsibilities of the board are the assessment of the performance for the management team and the appointment and removal of managers. Operation between the business management team and the Board has to maintain a good communication and focus on the implementation of the Board's instructions and business operations to create the best interests of shareholders.

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?</p> <p>(2) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?</p> <p>(3) Does the company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?</p>	V		<p>According to Dimerco Manual Chapter 1 section 5.2, the Integrity program is a clear commitment from the Dimerco Express Group (hereafter as Dimerco) governing ethics, compliance and business conduct. The Integrity program reflects our longtime values and defines us in every aspect of our global business, now and into the future. These common values are a promise to our employees, our customers, our suppliers, our shareholders, our partners and all of the communities in which we trade.</p>	No
<p>2. Fulfill operations integrity policy</p> <p>(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p> <p>(2) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?</p> <p>(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?</p> <p>(5) Does the company regularly hold internal and external educational trainings on operational integrity?</p>	V		<p>(1) According to Dimerco Manual Chapter 1 section 5.2, the company has evaluated business partners' ethical records and includes ethics-related clauses in business contracts.</p> <p>(2) The company has established an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity</p> <p>(3) According to Dimerco Manual Chapter 1 section 5.4.7, the company has established policies to prevent conflicts of interest and provide appropriate communication channels, and implements it.</p> <p>(4) Internal Auditor will execute annual internal audit program, trace the items need to be improved, and prepare the internal audit report for BOD's review.</p> <p>(5) Refer to Labor Relation</p>	No
<p>3. Operation of the integrity channel</p> <p>(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?</p> <p>(3) Does the company provide proper whistleblower protection?</p>	V		<p>According to Dimerco Manual Chapter 1 section 5, the company has established an integrity hotline and proper whistleblower protection.</p>	No
<p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?</p>	V		<p>Assigned Legal department to disclose its ethical corporate management policies and the results refer to Dimerco website for the details. <a href="http://www.dimerco.com">http://www.dimerco.com</a></p>	No
<p>5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation. There have been no differences.</p>				
<p>6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies). Not applicable.</p>				

### 3.3.7 Corporate Governance Guidelines and Regulations

Please refer to the Company's website at <http://www.dimerco.com>

### 3.3.8 Other Important Information Regarding Corporate Governance

Not Applicable

### 3.3.9 Internal Control System

Please refer to page 56 of the Chinese annual report.

### 3.3.10 Major Resolutions of Shareholders' Meeting and Board Meetings

Status of last shareholders' extempore meetings: 8th Jul 2021

1. Acceptance of the proposal on business report and financial accounts of year 2020

Execution status: Approved by resolution.

2. Approval on the proposal of distribution of earnings surplus of year 2020.

Execution status: Set the ex-dividend date is June 21<sup>st</sup> 2021 and the payable date is July 9<sup>th</sup> 2021 (Cash dividend per share is NT\$ 5.2.). Set the ex-right date is September 4<sup>th</sup> 2021 and the payable date is October 15<sup>th</sup> 2021 (Stock dividend per share is NT\$ 0.8.)

Important resolutions of the board:

Date	Item	Major resolutions
10 <sup>th</sup> May 2022	Board of Directors	Recognized year 2022 Q1 audited financial statements and reports
17 <sup>th</sup> Mar 2022	Board of Directors	1. Recognized year 2020 internal audited report 2. Recognized year 2020 individual and consolidated financial statements and reports 3. Year 2020 retained earing distribution
9 <sup>th</sup> Dec 2021	Board of Directors	Recognized year 2022 business plan and budget.
9 <sup>th</sup> Nov 2021	Board of Directors	Recognized year 2021 Q3 audited financial statements and reports
6 <sup>th</sup> Aug 2021	Board of Directors	1. Recognized year 2021 Q2 audited financial statements and reports 2. Determine the ex-right base date
8 <sup>th</sup> Jul 2021	Board of Directors	Approved Mr. Chien Yao-Huai continue as Chairman by resolution.
18 <sup>th</sup> Jun 2021	Board of Directors	Announced the change of date and location for shareholder's meeting due to COVID-19 pandemic.
28 <sup>th</sup> May 2021	Board of Directors	Determine ex-dividend base date
7 <sup>th</sup> May 2021	Board of Directors	Recognized year 2021 Q1 audited financial statements and reports
15 <sup>th</sup> Apr 2021	Board of Directors	1. Proposed and reviewed the candidates of directors and independent directors. 2. Proposal for a new share issue through capitalization of earnings
16 <sup>th</sup> Mar 2021	Board of Directors	1. Recognized year 2020 internal audited report 2. Recognized year 2020 individual and consolidated financial statements and reports 3. Year 2020 retained earing distribution
17 <sup>th</sup> Dec 2020	Board of Directors	Recognized year 2021 business plan and budget.
10 <sup>th</sup> Nov 2020	Board of Directors	Recognized year 2020 Q3 audited financial statements and reports
10 <sup>th</sup> Aug 2020	Board of Directors	Recognized year 2020 Q2 audited financial statements and reports
9 <sup>th</sup> Jun 2020	Board of Directors	Determine the ex-right and ex-dividend base date
8 <sup>th</sup> May 2020	Board of Directors	Recognized year 2020 Q1 audited financial statements and reports
20 <sup>th</sup> Mar 2020	Board of Directors	1. Recognized year 2019 internal audited report 2. Recognized year 2019 individual and consolidated financial statements and reports 3. Year 2019 retained earing distribution
16 <sup>th</sup> Dec 2019	Board of Directors	Recognized year 2020 business plan and budget.
11 <sup>th</sup> Nov 2019	Board of Directors	Recognized year 2019 Q3 audited financial statements and reports
8 <sup>th</sup> Aug 2019	Board of Directors	Recognized year 2019 Q2 audited financial statements and reports
10 <sup>th</sup> June 2019	Board of Directors	To determine the ex-right and ex-dividend base date
8 <sup>th</sup> May 2019	Board of Directors	Recognized year 2019 Q1 audited financial statements and reports
20 <sup>th</sup> Mar 2019	Board of Directors	1. Recognized year 2018 internal audited report 2. Recognized year 2018 individual and consolidated financial statements and reports 3. Year 2018 return earing distribution
11 <sup>th</sup> Dec 2018	Board of Directors	Recognized year 2019 business plan and budget.
9 <sup>th</sup> Nov 2018	Board of Directors	Recognized year 2018 Q3 audited financial statements and reports
6 <sup>th</sup> Aug 2018	Board of Directors	Recognized year 2018 Q2 audited financial statements and reports
23 <sup>th</sup> July 2018	Board of Directors	To determine the ex-right and ex-dividend base date
9 <sup>th</sup> May 2018	Board of Directors	Recognized year 2018 Q1 audited financial statements and reports
15 <sup>th</sup> Mar 2018	Board of Directors	1. Recognized year 2017 internal audited report 2. Recognized year 2017 individual and consolidated financial statements and reports 3. Year 2017 retained earing distribution
12 <sup>th</sup> Dec 2017	Board of Directors	Recognized year 2018 business plan and budget.
8 <sup>th</sup> Nov 2017	Board of Directors	Recognized year 2017 Q3 audited financial statements and reports
9 <sup>th</sup> Aug 2017	Board of Directors	Recognized year 2017 Q2 audited financial statements and reports
3 <sup>th</sup> Jul 2017	Board of Directors	To determine the ex-right and ex-dividend base date
15 <sup>th</sup> May 2017	Board of Directors	Recognized year 2017 Q1 audited financial statements and reports

16 <sup>th</sup> Mar 2017	Board of Directors	<ol style="list-style-type: none"> <li>1. Recognized year 2016 audited financial statements and reports</li> <li>2. Proposal for distribution of year 2016 earnings surplus.</li> <li>3. Resolution for the date and issues of year 2016 annual shareholders meeting</li> <li>4. Approval of year 2016 Internal Control Declaration Statement.</li> </ol>
12 <sup>nd</sup> Dec 2016	Board of Directors	<ol style="list-style-type: none"> <li>1. Recognized year 2016 business plan and budget.</li> <li>2. Recognized Treasury stocks transferring</li> <li>3. Recognized the key audit matters</li> </ol>
10 <sup>th</sup> Nov 2016	Board of Directors	Recognized year 2016 Q3 audited financial statements and reports
8 <sup>th</sup> Aug 2016	Board of Directors	Recognized year 2016 Q2 audited financial statements and reports
8 <sup>th</sup> July 2016	Board of Directors	To determine the ex-right and ex-dividend base date
11 <sup>th</sup> May 2016	Board of Directors	Recognized year 2016 Q1 audited financial statements and reports
17 <sup>th</sup> Mar 2016	Board of Directors	Recognized year 2015 Q4 audited financial statements and reports
16 <sup>th</sup> Dec 2015	Board of Directors	Recognized year 2016 business plan and budget.
17 <sup>th</sup> Nov 2015	Board of Directors	Prepare share buyback program
11 <sup>th</sup> Nov 2015	Board of Directors	Recognized year 2015 Q3 audited financial statements and reports
8 <sup>th</sup> Sept 2015	Board of Directors	Applied for marine operating certificate
11 <sup>th</sup> Aug 2015	Board of Directors	Recognized year 2015 Q2 audited financial statements and reports
20 <sup>th</sup> July 2015	Board of Directors	Prepare share buyback program
18 <sup>th</sup> Jun 2015	Board of Directors	To determine the ex-right and ex-dividend base date
18 <sup>th</sup> Jun 2015	Board of Directors	The company chairman election
7 <sup>th</sup> May 2015	Board of Directors	Recognized year 2015 Q1 audited financial statements and reports
25 <sup>th</sup> Mar 2015	Board of Directors	Recognized year 2014 Q4 audited financial statements and reports
16 <sup>th</sup> Dec 2014	Board of Directors	Recognized year 2015 business plan and budget.
6 <sup>th</sup> Nov 2014	Board of Directors	Recognized year 2014 Q3 audited financial statements and reports
8 <sup>th</sup> Aug 2014	Board of Directors	Recognized year 2014 Q2 audited financial statements and reports
26 <sup>th</sup> June 2014	Board of Directors	To determine the ex-right and ex-dividend base date
7 <sup>th</sup> May 2014	Board of Directors	Recognized year 2014 Q1 audited financial statements and reports
24 <sup>th</sup> Mar 2014	Board of Directors	<ol style="list-style-type: none"> <li>1. Proposal for Issuance of New Restricted Employee Shares</li> <li>2. The proposal of purchasing new office.</li> </ol>
17 <sup>th</sup> Mar 2014	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of year 2013 Q4 audited financial statements and Reports</li> <li>2. Proposal for distribution of year 2013 earnings surplus.</li> <li>3. Resolution for the date and issues of year 2014 annual shareholders meeting</li> <li>4. Approval of year 2013 Internal Control Declaration Statement.</li> <li>5. Appoint group CEO case</li> <li>6. Election of members of Remuneration Committee</li> <li>7. The amendment of Dimerco accounting policy</li> </ol>
17 <sup>th</sup> Jan 2014	Board of Directors	<ol style="list-style-type: none"> <li>1. The Third times treasury shares bought back write-off cases</li> </ol>
17 <sup>th</sup> Dec 2013	Board of Directors	<ol style="list-style-type: none"> <li>1. Recognized Bank Guarantee</li> <li>2. Y2014 Internal Audit added IFRS Audit</li> <li>3. Investment Project Progress Report</li> </ol>
7 <sup>th</sup> Nov 2013	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of year 2013 Q3 audited financial statements and reports</li> <li>2. Bank Guarantee Admitted</li> </ol>
13 <sup>th</sup> Aug 2013	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of year 2013 Q2 audited financial statements and reports</li> </ol>
19 <sup>th</sup> Jul 2013	Board of Directors	<ol style="list-style-type: none"> <li>1. To determine the ex-right and ex-dividend base date</li> <li>2. Report the status of investment plan and discuss the next action plan.</li> <li>3. Report Y2013 Q2 the operating result of revenues and net income and discuss the operating strategy for the 2<sup>nd</sup> half year.</li> <li>4. Report the proposal of 4th buyback of Treasury Stock if it didn't be distributed to employees before the due date on Jan 19, 2014.</li> </ol>
11 <sup>th</sup> Jun 2013	Board of Directors	Discussion of Investment Plan
14 <sup>th</sup> May 2013	Board of Directors	Approval of year 2013 Q1 audited financial statements and reports
2 <sup>nd</sup> Apr 2013	Board of Directors	<ol style="list-style-type: none"> <li>1. Proposal for distribution of year 2012 earnings surplus.</li> <li>2. Approval of year 2012 Internal Control Declaration Statement.</li> </ol>
15 <sup>th</sup> Mar 2013	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of year 2012 Q4 audited financial statements and reports</li> <li>2. Resolution for the date and issues of year 2013 annual shareholders meeting</li> </ol>
18 <sup>th</sup> Dec 2012	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of year 2013 business plan and budget.</li> <li>2. The status of IFRS Implementation</li> <li>3. The amendment of rules of internal control</li> </ol>
15 <sup>th</sup> Aug 2012	Board of Directors	Approval of year 2012 Q2 audited financial statements and reports
10 <sup>th</sup> Jul 2012	Board of Directors	Report the status of change company name and decide the base date of change company name
12 <sup>th</sup> June 2012	Board of Directors	Election of Chairman
9 <sup>th</sup> May 2012	Board of Directors	Discussion of change company name as Dimerco Express Corporation
16 <sup>th</sup> Mar 2012	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of year 2011 Q4 audited financial statements and reports</li> <li>2. Proposal for distribution of year 2011 earnings surplus.</li> <li>3. Resolution for the date of year 2012 annual shareholders meeting</li> </ol>
21 <sup>st</sup> Dec 2011	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of year 2012 business plan and budget.</li> <li>2. Report FRFFirst adoption</li> <li>3. Decided members of Remuneration Committee</li> </ol>
5 <sup>th</sup> Dec 2011	Board of Directors	<ol style="list-style-type: none"> <li>1. Purchase USA brokerage company (MYK)</li> <li>2. Discussion of Buyback of Treasury Stock</li> <li>3. European reorganized the structure of operation</li> </ol>
16 <sup>th</sup> Aug 2011	Board of Directors	<ol style="list-style-type: none"> <li>1. Approval of year 2011 Q2 audited financial statements and reports</li> </ol>

		2. Discussion of Buyback of Treasury Stock
13 <sup>th</sup> Jul 2011	Board of Directors	1. To determine the ex-right and ex-dividend base date 2. The base date of issuance new stocks of capital increment and total new shares
30 <sup>th</sup> June 2011	Board of Directors	1. Report the status of IFRS implementation in Y2011 Q2 2. Report 4 <sup>th</sup> buyback of Treasury Stock
31 <sup>st</sup> Mar 2011	Board of Directors	1. Approval of year 2010 Q4 audited financial statements and reports 2. Approval of year 2010 earning surplus distribution
23 <sup>rd</sup> Mar 2011	Board of Directors	Resolution of Buyback of Treasury Stock
15 <sup>th</sup> Dec 2010	Board of Directors	Approval of the audit plan for year 2011 Internal Auditing
30 <sup>th</sup> Nov 2010	Board of Directors	Resolution of Buyback of Treasury Stock
18 <sup>th</sup> Aug 2010	Board of Directors	Approval of year 2010 Q2 audited financial statements and reports
12 <sup>th</sup> July 2010	Board of Directors	To determine the ex-right and ex-dividend base date
11 <sup>th</sup> June 2010	Board of Directors	1. Report IFRS 2nd quarter execution 2. Report the status of bank guarantee
31 <sup>st</sup> Mar 2010	Board Meeting	1. Approval of year 2009 audited financial statements and consolidated financial reports. 2. Approval of year 2009 earning surplus distributions.
12 <sup>th</sup> Mar 2010	Board Meeting	1. Resolution for year 2010 annual shareholders meeting to be held on 8 <sup>th</sup> Jun 2010. 2. Approval of year 2009 Internal Control Declaration Statement.
15 <sup>th</sup> Dec 2009	Board Meeting	Approval of year 2010 business plan and budget.
25 <sup>th</sup> Aug 2009	Board Meeting	Approval of year 2009 Q2 audited financial statements and reports
3 <sup>rd</sup> Aug 2009	Board Meeting	To determine the ex-right and ex-dividend base date
26 <sup>th</sup> Jun 2009	Board Meeting	Approval of the appointment of Mr. Paul Chien as Chairman
4 <sup>th</sup> May 2009	Board Meeting	Discussion the list of nominees for directors and supervisors re-election
7 <sup>th</sup> Apr 2009	Board Meeting	1. Approval of year 2008 audited financial statements and consolidated financial reports. 2. Approval of year 2008 earning surplus distributions.
31 <sup>st</sup> Mar 2009	Board Meeting	1. Resolution for year 2009 annual shareholders meeting to be held on 26 <sup>th</sup> Jun 2009. 2. Approval of year 2008 Internal Control Declaration Statement.
9 <sup>th</sup> Dec 2009	Board Meeting	Approval of the audit plan for year 2009 Internal Auditing
19 <sup>th</sup> Sep 2008	Board Meeting	Resolution for reacquisition of company stocks
26 <sup>th</sup> Aug 2008	Board Meeting	Approval of 2 <sup>nd</sup> half of year 2008 financial report of the parent company and its consolidated financial report
25 <sup>th</sup> Jul 2008	Board Meeting	Resolution for the ex-right and ex-dividend base date
28 <sup>th</sup> Apr 2008	Board Meeting	1. Proposal for distribution of year 2007 earnings surplus. 2. Approval of year 2007 Internal Control Declaration Statement.
14 <sup>th</sup> Apr 2008	Board Meeting	Approval of year 2007 audited financial statements and consolidated financial reports.
31 <sup>st</sup> Mar 2008	Board Meeting	Resolution for year 2008 annual shareholders meeting to be held on 18 <sup>th</sup> Jun 2008.
11 <sup>th</sup> Dec 2007	Board Meeting	Approval of the audit plan for year 2008 Internal Auditing
29 <sup>th</sup> Aug 2007	Board Meeting	Approval of 2 <sup>nd</sup> half of year 2007 audited financial statements and consolidated financial reports.
14 <sup>th</sup> Aug 2007	Board Meeting	Approval of rolling over of short-term consolidated facilities from Mega International Bank for NTD 123 millions and EUR 50,000.
2 <sup>nd</sup> Aug 2007	Board Meeting	Resolution for base dates on the ex-right and ex-dividend; and capital replenishment by issuing new stocks.
22 <sup>nd</sup> Jun 2007	Shareholders meeting	1. Year 2006 business report. 2. Supervisors inspected on year 2006 financial accounts. 3. Acceptance of year 2006 financial accounts. 4. Acceptance of year 2006 earnings surplus distribution. 5. Proposal of capital replenishment by issuance of new stocks from earnings surplus cum capital reserves and employee bonuses of year 2006.
3 <sup>rd</sup> May 2007	Board Meeting	Resolution for distribution of year 2006 earnings surplus.
18 <sup>th</sup> Apr 2007	Board Meeting	1. Approval of year 2006 audited financial statements and consolidated financial reports. 2. Approval of year 2006 Internal Control Declaration Statement.
29 <sup>th</sup> Mar 2007	Board Meeting	1. Resolution for the time, venue and contents of annual shareholders meeting for year 2007. 2. Approval of amendments on the company's "Rules and procedures for Board meetings", "Procedures on acquisition or disposal of assets", "Internal Control System".
19 <sup>th</sup> Jan 2007	Board Meeting	Approval of alteration of address for Kao Hsiung branch office locaton.
12 <sup>th</sup> Dec 2006	Board Meeting	1. Assignment of legal representatives for reinvestment businesses in Mainland China. 2. Acceptance of the audit plan for year 2007 Internal Auditing
30 <sup>th</sup> Aug 2006	Board Meeting	Approval of 2 <sup>nd</sup> half of year 2006 audited consolidated financial statements and reports.
24 <sup>th</sup> Aug 2006	Board Meeting	Approval of 2 <sup>nd</sup> half of year 2006 audited financial statements and reports.
1 <sup>st</sup> Aug 2006	Board Meeting	Resolution for base dates on the ex-right and ex-dividend; and capital replenishment by issuing new stocks.
24 <sup>th</sup> Jul 2006	Board Meeting	Obtained financing from The International Commercial Bank of China for 123 millions.
5 <sup>th</sup> Jul 2006	Board Meeting	Replacement of financial auditing external auditors.
23 <sup>rd</sup> Jun 2006	Shareholders meeting	1. Year 2005 business report. 2. Supervisors inspected on year 2005 financial accounts.

		3. Acceptance of year 2005 financial accounts. 4. Acceptance of year 2005 earnings surplus distribution. 5. Proposal of capital replenishment by issuance of new stocks from earnings surplus cum capital reserves and employee bonuses of year 2005. 6. Amendments of partial articles of The Articles of Incorporation.
5th May 2006	Board Meeting	1. Amendments of the retention amount for convertible bonds. 2. Draft for "Rules and procedures for Board meetings"
27 <sup>th</sup> Apr 2006	Board Meeting	1. Acceptance of year 2005 audited financial statements and consolidated financial reports. 2. Resolution for distribution of year 2005 earnings surplus.
5th Apr 2006	Board Meeting	1. Resolution for the date of annual shareholders meeting for year 2006. 2. Updated Internal Control System in writing.

### 3.3.10 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors

Not Applicable

### 3.3.11 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D

Not Applicable

## 3.4 Information Regarding the Company's Audit Fee and Independence

### 3.4.1 Audit Fee

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Remarks
KPMG	Ms. Huang, Bo Shu Ms. Chang, Chun-I	2021.01.01~2021.12.31	

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

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

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resource	Others	Subtotal		
KPMG	Ms. Huang, Bo Shu	3,850	0	0	0	929	929	2021.01.01 ~2021.12.31	Transfer Pricing Report and Master file.
	Ms. Chang, Chun-I								

### 3.4.2 Replacement of CPA

#### A. Regarding the former CPA

Replacement Date	2022.01.01		
Replacement reasons and explanations	Due to the provisions of the generally accepted auditing standards of the Republic of China, the CPAs were changed from Ms. Huang, Bo Shu and Ms. Chang, Chun-I to Ms. Chang, Chun-I and Kuang, Chun-Hsiu in Y2022.		
Describe whether the Company terminated or the CPA did not accept the appointment	Parties		
	Status	CPA	The Company
	Termination of appointment	N/A	N/A
	No longer accepted (continued) appointment	N/A	N/A
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	Yes	N/A	Accounting principles or practices
		N/A	Disclosure of Financial Statements
		N/A	Audit scope or steps
		N/A	Others
	None	N/A	
	Remarks/specify details:		
Other Revealed Matters	N/A		



## B. Regarding the successor CPA

Name of accounting firm	KPMG
Name of CPA	Kuang, Chun-Hsiu
Date of appointment	2022.01.01
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

### 3.4.3 Audit Independence

The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2021

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

Title	Name	Unit: Share			
		2021		As of April 9, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Chien, Yao-Huai	433,487	0	0	0
Director	Chien, Wen-Li	130,134	0	0	0
Director	Representative of Corporate shareholder, MEC Electronics Corporation Yang, Wei-Yen	1,091,203	0	0	0
Director	Chuang, Si-Wei	333,359	0	0	0
Independent Director	Yang, Wei-Tian	0	0	0	0
Independent Director	Chien, Yin-Fan	0	0	0	0
Independent Director	Chien, Yin-Fan	0	0	0	0
President	Chiou, Jiun-Rung	11,600	0	0	0
Deputy General Manager	Chung, Hung-Chih	80	0	0	0
Group Financial Controller	Chen, Ching-Chi	10,294	0	0	0

#### 3.5.1 Shares Trading with Related Parties : N/A

### 3.5.2 Shares Pledge with Related Parties: N/A

### 3.6 Information Disclosing the Relationship between any of the Company's Top Ten Shareholders

Name	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		The relationship between any of the Company's Top Ten Share holders		Remarks %
	Shares	%	Shares	%	Shares	%	Name	Relation	
MEC Electronics Corporation	7,279,243	5.35%	-	-	-	-	-	-	-
Representative –Yang, Wei-Yen of MEC Electronics Corporation	-	-	218,247	0.16%	-	-	-	-	-
Chien, Yao-Huai	5,042,085	3.71%	153,965	0.11%	-	-	Chien, Wen-Li Chien, Wen-Chun	Father -daughter	-
Universal Consulting Ltd.	3,522,960	2.59%	-	-	-	-	-	-	-
Representative –Lee Dionsion Jr. of Universal Consulting Ltd.	-	-	1,224,670	0.90%	-	-	Johnny Lee	Brothers	-
Mo Hsin Investment Ltd.	2,874,960	2.11%	-	-	-	-	-	-	-
Representative –Chou, Mu-Hao of Mo Hsin Investment Ltd.	-	-	-	-	-	-	-	-	-
Legal & General UCITS ETF COMPANY	2,817,490	2.07%	-	-	-	-	-	-	-
Su, Yu-Shin	2,307,607	1.70%	-	-	-	-	-	-	-
Ruei Cheng Investment Ltd.	1,759,693	1.32%	-	-	-	-	-	-	-
Representative –Chien, Wen-Chun of Ruei Cheng Investment Ltd.	1,355,220	1.00%	11,691	0.01%	-	-	Chien, Yao-Huai	Father -daughter	-
Deng Fu Ltd.	1,759,693	1.29%	-	-	-	-	-	-	-
Representative –Johnny Lee of Deng Fu Ltd.	-	-	-	-	-	-	Lee Dionsion Jr	Brothers	-
Chien, Wen-Li	1,756,821	1.29%	-	-	-	-	Chien, Yao-Huai	Father -daughter	-
Mai, Yu Tian	1,700,735	1.25%	-	-	-	-	-	-	-

### 3.7 Ownership of Shares in Affiliated Enterprises

Unit: shares/ %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Diversified Freight System Corp.	1,200,000	99.99	0	0	1,200,000	99.99
Dimerco Express Holding Co. Ltd.	3,089,000	100.00	0	0	3,089,000	100.00
Dimerco International Logistics Corporation	1,000	100.00	0	0	1,000	100.00

## IV. Capital Overview

### 4.1 Capital and Shares

#### 4.1.1 Source of Capital

##### A. Issued Shares

Unit: Share/NT\$

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
Aug 1985	10	1,000,000	10,000,000	1,000,000	10,000,000	Establishment of Company Registration	Nil	---
Aug 1994	10	2,500,000	25,000,000	2,500,000	25,000,000	Capital Replenishment by Cash 15,000,000	Nil	---
Aug 1997	10	20,000,000	200,000,000	7,500,000	75,000,000	Capital Replenishment by Earnings Surplus 5,000,000 Capital Replenishment by Cash 45,000,000	Nil	---
Nov 1997	10	20,000,000	200,000,000	19,000,000	190,000,000	Capital Replenishment by Cash 115,000,000	Nil	---
Jun 1998	10	30,000,000	300,000,000	26,500,000	260,500,000	Capital Replenishment by Earnings Surplus 20,500,000 Capital Replenishment by Cash 50,000,000	Nil	Remark 1
Aug 1999	10	35,000,000	350,000,000	31,700,000	317,000,000	Capital Replenishment by earnings surplus and capital reserves 56,500,000	Nil	Remark 2
Jan 2000	10	44,000,000	440,000,000	37,300,000	373,000,000	Capital Replenishment by Cash 56,000,000	Nil	Remark 3
Aug 2000	10	44,000,000	440,000,000	42,500,000	425,000,000	Capital Replenishment by earnings surplus and capital reserves 52,000,000	Nil	Remark 4
Nov 2001	10	62,000,000	620,000,000	49,000,000	490,000,000	Capital Replenishment by earnings surplus and capital reserves 65,000,000	Nil	Remark 5
Aug 2002	10	110,000,000	1,100,000,000	56,000,000	560,000,000	Capital Replenishment by earnings surplus and capital reserves 70,000,000	Nil	Remark 6
Aug 2003	10	110,000,000	1,100,000,000	66,000,000	660,000,000	Capital Replenishment by earnings surplus and capital reserves 100,000,000	Nil	Remark 7
Jul 2004	10	118,000,000	1,180,000,000	72,500,000	725,000,000	Capital Replenishment by earnings surplus and capital reserves 65,000,000	Nil	Remark 8
Aug 2005	10	120,500,000	1,205,000,000	81,000,000	810,000,000	Capital Replenishment by earnings surplus and capital reserves 85,000,000	Nil	Remark 9
Sep 2005	10	1,238,417	12,384,170	82,238,417	822,384,170	First time conversion of overseas unsecured negotiable convertible bonds into common stock for 1,238,417 shares	Nil	Remark 10
Oct 2006	10	120,500,000	1,205,000,000	91,900,000	919,000,000	Capital Replenishment by earnings surplus and capital reserves 96,615,830	Nil	Remark 11
Oct 2007	10	120,500,000	1,205,000,000	100,200,000	1,002,000,000	Capital Replenishment by Earnings Surplus 83,000,000	Nil	Remark 12
Oct 2008	10	138,000,000	1,380,000,000	116,000,000	1,160,000,000	Capital Replenishment by Earnings Surplus 158,000,000	Nil	Remark 13
Oct 2009	10	138,000,000	1,380,000,000	123,000,000	1,230,000,000	Capital Replenishment by Earnings Surplus 70,000,000	Nil	Remark 14
July 2010	10	138,000,000	1,380,000,000	131,000,000	1,310,000,000	Capital Replenishment by Earnings Surplus 80,000,000	Nil	Remark 15
July 2011	10	138,000,000	1,380,000,000	135,000,000	1,350,000,000	Capital Replenishment by Earnings Surplus 40,000,000	Nil	Remark 16
Mar 2014	10	138,000,000	1,380,000,000	133,000,000	1,330,000,000	Write-off Treasury Stock 20,000,000	Nil	Remark 17
June 2014	10	138,000,000	1,380,000,000	131,000,000	1,310,000,000	Write-off Treasury Stock 20,000,000	Nil	Remark 18
Oct 2014	10	138,000,000	1,380,000,000	129,000,000	1,290,000,000	Write-off Treasury Stock 20,000,000	Nil	Remark 19
Sep 2018	10	138,000,000	1,380,000,000	126,000,000	1,260,000,000	Write-off Treasury Stock 30,000,000	Nil	Remark 20
Sep 2021	10	168,000,000	1,680,000,000	136,080,000	1,360,800,000	Capital Replenishment by Earnings Surplus 10,080,000	Nil	Remark 21

Remark 1: Approval no.:(1998)Tai Sai Zheng (one)No. 27451  
 Remark 2: Approval no.:(1999)Tai Sai Zheng (one)No. 63675  
 Remark 3: Approval no.:(1999)Tai Sai Zheng (one)No. 110263  
 Remark 4: Approval no.:(2000)Tai Sai Zheng (one)No. 58288  
 Remark 5: Approval no.:(2001)Tai Sai Zheng (one)No. 166245  
 Remark 6: Approval no.: Tai Sai Zheng (one)No. 0910143800  
 Remark 7: Approval no.: Tai Sai Zheng (one)No. 0920131682  
 Remark 8: Approval no.: Jing Guan Zheng (one)No. 09301314198  
 Remark 9: Approval no.: Jing Guan Zheng (one)No. 0940132104  
 Remark 10: Approval no.: Zheng Gui Jian (one)No. 0940201622  
 Remark 11: Approval no.: Zheng Gui Jian (one)No. 0950027470  
 Remark 12: Approval no.: Zheng Gui Jian (one)No. 0960203341  
 Remark 13: Approval no.: Zheng Gui Jian (one)No. 0970202178  
 Remark 14: Approval no.: Zheng Gui Jian (one)No. 0980202178  
 Remark 15: Approval no.: Zheng Gui Jian (one)No. 0990035003  
 Remark 16: Approval no.: Jing Guan Zheng (one)No. 1000032276  
 Remark 17: Approval no.: Jing Shou Shang No. 10301040870  
 Remark 18: Approval no.: Jing Guan Zheng (one)No. 10301109420  
 Remark 19: Approval no.: Jing Guan Zheng (one)No. 10301219720  
 Remark 20: Approval no.: Jing Shou Shang No. 107011111150  
 Remark 21: Approval no.: Jing Shou Shang No. 11001164720

## B. Type of Stock

Unit: Thousand Shares

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Registered Common Stock	136,080	31,920	168,000	

Overall reporting system and related information: None

## C. Information for Shelf Registration: N/A

### 4.1.2 Status of Shareholders

April 9, 2022

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	2	192	34,158	161	34,513
Shareholding (shares)	0	608,000	20,724,454	91,138,917	23,608,629	136,080,000
Percentage	0.00%	0.45%	15.23%	66.97%	17.35%	100.00%

#### 4.1.3 Shareholding Distribution Status

##### A. Common Shares

April 9, 2022

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	17,123	1,200,097	0.88%
1,000 ~ 5,000	14,800	26,072,538	19.16%
5,001 ~ 10,000	1,419	9,968,178	7.33%
10,001 ~ 15,000	503	5,994,881	4.41%
15,001 ~ 20,000	177	3,139,966	2.31%
20,001 ~ 30,000	175	4,312,792	3.17%
30,001 ~ 50,000	117	4,656,567	3.42%
50,001 ~ 100,000	87	6,076,743	4.47%
100,001 ~ 200,000	42	5,878,468	4.32%
200,001 ~ 400,000	26	7,418,178	5.45%
400,001 ~ 600,000	14	7,170,534	5.27%
600,001 ~ 800,000	4	2,879,042	2.12%
800,001 ~ 1,000,000	1	865,000	0.64%
1,000,001 or over	25	50,447,016	37.07%
Total	34,513	136,080,000	100.00%

\*not include treasury stock

##### B. Preferred Shares: None

#### 4.1.4 List of Major Shareholders

Shareholder's Name	Shareholding	
	Shares	Percentage
MEC Electronics Corporation	7,279,243	5.35%
Chien, Yao-Huai	5,042,085	3.71%
Universal Consulting Ltd.	3,522,960	2.59%
Mo Hsin Investment Ltd.	2,874,960	2.11%
Legal & General UCITS ETF COMPANY	2,817,490	2.07%
Su, Yu-Shin	2,307,607	1.70%
Ruei Cheng Investment Ltd.	1,796,880	1.32%
Deng Fu Ltd.	1,759,693	1.29%
Chien, Wen-Li	1,756,821	1.29%
Mai, Yu Tian	1,700,735	1.25%

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

Unit: NT\$/share; thousand share

Items	2020	2021	01/01/2022 - 3/31/2022
<b>Market Price per Share</b>			
Highest Market Price	73.80	160.00	115.50
Lowest Market Price	19.10	55.40	95.00
Average Market Price	53.74	92.65	104.42
<b>Net Worth per Share</b>			
Before Distribution	22.01	31.66	27.66
After Distribution	16.81	Note 8	Note 8 & 9
<b>Earnings per Share</b>			
Weighted Average Shares (thousand shares)	126,000	136,080	136,080
Diluted Earnings Per Share	8.62	16.98	4.54
<b>Dividends per Share</b>			
Cash Dividends	5.20	10.20	-
Stock Dividends			
• Dividends from Retained Earnings	0.8	0.8	-
• Dividends from Capital Surplus	-	-	-
Accumulated Undistributed Dividends	4,818	5,695	1,393,711
<b>Return on Investment</b>			
Price / Earnings Ratio (Note 1)	6.23	5.46	-
Price / Dividend Ratio (Note 2)	10.33	9.08	-
Cash Dividend Yield Rate (Note 3)	9.7%	11.01%	-

\* If there is capital increase by retained earning or capital surplus, company should disclose information about market value adjustment by the issued shares and information about cash dividends.

Note 1 : Show the highest and lowest market value of common stock, in addition, use sales price and sales volume to calculate the annual average market value.

Note 2 : Please use the ending outstanding shares and fill the amount followed by next year's board committee.

Note 3 : Before-and-after distribution of EPS should be disclosed if there is any situation of no charge dividends which should be adjustment to past period.

Note 4 : If the requirement of equity securities rules that the dividend payable should be accumulated and have to pay when the company has profit. The amount of accumulated dividend payable should be disclosed.

Note 5 : Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 6 : Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 7 : Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 8 : Net Worth per Share and Earnings per Share amount should be showed by the nearest quarter which audited and certified by CPA.

Note 9 : Use IFRS information that CPA audited and certified.

#### **4.1.6 Dividend Policy and Implementation Status**

##### **A. Dividend Policy**

If earnings are available for distribution at the end of a fiscal year, 10% of net earnings – that is, after offsetting any loss from prior year(s) and paying all taxes and dues – shall be set aside as legal reserve and appropriated in accordance with the Securities Exchange Law. The remaining net earnings can be distributed along with prior accumulated unappropriated retained earnings. The Board of Directors will consider the above-mentioned factors when making the dividend distribution proposal. Dividends will be distributed in accordance with the resolution approved by the Board of Directors and at the annual shareholders' meeting. The remaining balances will be distributed in the following manner:

##### **B. Proposed Distribution of Dividend**

17<sup>th</sup> Mar. 2022, after set aside NTD 230,715,301 as legal reserve according Company Law and the Articles of Incorporation, Board of Directors proposed to distribute NTD 41,625,476 as remuneration for directors and supervisors, NTD 145,689,165 as remuneration for employees. Dividends for shareholders NTD 1,388,016,000 will be proposed in the annual shareholders' meeting for resolution.

#### **4.1.7 Employee and Directors' and Supervisors' Remuneration**

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

If earnings are available for distribution at the end of a fiscal year, 10% of net earnings – that is, after offsetting any loss from prior year(s) and paying all taxes and dues – shall be set aside as legal reserve and appropriated in accordance with the Securities Exchange Law. The remaining net earnings can be distributed along with prior accumulated unappropriated retained earnings. The Board of Directors will consider the above-mentioned factors when making the dividend distribution proposal.

The Articles of Incorporation prescribes the following for the employee and compensation for directors and supervisors:

1. No less than 5% as a remuneration for employees;
2. No more than 5 % as remuneration for directors and supervisors;

If the above-mentioned remuneration for employees is in the form of a stock bonus, it may also be distributed to employees of subsidiary companies. The Board of Directors is authorized to work out the conditions and procedures of making such distribution.

The estimated remuneration for employees is NTD 145,689 thousand, remuneration for directors and supervisors is NTD 41,625 thousand as of 2020.

##### **C. Profit Distribution for employees and Directors' and Supervisors' remuneration:**

The Board of Directors proposed to distribute NTD 145,689 thousand as remuneration for employees and NTD 41,625 thousand as remuneration for directors and supervisors for the year 2021. The amount Board of Directors proposed to distribute is consistent with the amount stated in the 2021 Consolidated Financial Report.

#### **4.1.8 Buyback of Treasury Stock: Not application**

#### **4.2 Bonds: Not application**

#### **4.3 Global Depository Receipts: Not application**

#### **4.4 Employee Stock Options: Not application**

#### **4.5 Status of New Shares Issuance in Connection with Mergers and Acquisitions: Not application**

#### **4.6 Financing Plans and Implementation: Not application**

## V. Operational Highlights

### 5.1 Business Activities

Dimerco provides a comprehensive range of logistics services to capture changing market trends, building stable relationships and growing together with customers and partners. Driven by our customer-oriented culture, we enjoy exploring the supply chain needs of our customers, helping them find the best logistics solution through mutual cooperation, business intelligence technology capability, and a professional and flexible service team.

#### (I) Business area

Thorough logistics services

- International air freight including charter flight services
- International sea freight
- Multimodal transport, including Sea/Air freight, Air/Sea freight, and cross-border road freight (truck, railway)
- Contract logistics

Local logistics in China

- Customs declaration/commodity inspection
- Cargo insurance service
- Global logistics management consulting

Business Intelligence Technology

The Dimerco Value Plus System® was successfully upgraded and the latest Web.3.0 Cloud Networking and intelligent mobile applications were introduced in 2017–2019. With the concept and the capability of a virtual office, the Company provides customers high quality services anytime and anywhere using smart devices.

- MyDimerco cooperative service platform

With an interface and system that people can easily interact with, the Company helps the customer learn the whole transportation management process. It includes the process of sending the raw materials to the factory and the process of sending finished products that are processed and packaged to the market distribution centers around the world. With the transportation management process, the Company can perform effective analysis and meet the key performance indicator target.

- POMS, Purchase Order Management System

In 2017, Dimerco demonstrated its IT capability by launching an intelligent management platform POMS (Purchase Order Management System), dedicated to enhancing the overall efficiency of our supply chain management focused on our customers' orders. Not only does POMS connect with customers' purchase order management systems, and synchronize with the Dimerco Value Plus System® for online booking, but it also enables customers to keep track of real-time information on sales, shipping, purchasing and warehousing.

- Cross-Border eCommerce EDI Integration

Cross border e-commerce has advanced from a stage of rapid rise to booming development in recent years. Dimerco has reinforced its organizational power to develop new business by forming an action team, integrating sales and customer services around the world, and continued to win over a number of multinational companies and cross border e-commerce companies. Its self-developed Dimerco Value Plus System® allies customers, international logistics providers (referring to Dimerco) and local couriers, performing electronic data interchange (EDI) to help customers synchronize all logistics information with local couriers. Ultimately, the Company successfully achieves the fastest delivery of goods from warehouses to customers within their required timeframe.

- eCallFreight® System – an intelligent logistics front end system

To integrate the door-to-door services of international transportation and mobile logistics system, Dimerco launched the development of a truck dispatch management system called the "eCallFreight® System" at the beginning of 2015, strengthening the connections between truck dispatch, pickup and distribution services in the front-end and back-end of international logistics. By implementing this solution, the Company cooperated with local logistics partners by using IoT (Internet of Things) to unify data streams and information flows to achieve digitalization. Meanwhile, the Company established a substantial database to improve the safety of cargo freight, and maximize operational efficiency and quality of service.

- Value+ Mobile Assistance APP(VMA): Provide field personnel with more convenient, faster, and easier access of import and export goods shipment data at any time and any place. Update



relevant milestones and upload photographs to provide customers with more instantaneous goods information.

- eWMS APP: Through the mobile phone APP coupled with a handheld scanning device, warehouse managers may engage in simpler and more intuitive operations according to customers' different needs. The actual operations and system updates are integrated to accelerate and ensure smoother operating processes and reduce operational errors.
- Miles Do APP: In order to prevent problems with air import and export and enhance operational speed, this APP all-in-one features, including data cross-checking, printing label, and milestone I order to provide service contents with higher quality.
- Dimerco MFA (Multi-Factor Authentication): In order to ensure ERP system login security. The Dimerco MFA has been self-developed. Verification codes can be obtained via the APP or e-mail in order to ensure the identity of the user at login and reduce information security risks.
- DimBot: By integrating Machine Learning and AI, the computer will be able to assist the primary user in completing daily operations, obtain correct flight information from Airline websites, automatically update the ERP system, and automatically send notifications in the event of abnormal situations. In order to reducing users' usual work, the efficiency of information acquisition can also be obtained, thereby providing higher quality and faster services.

#### Industries that main customers are in

The Company's revenue distribution 2021 are categorized into High-tech Electronics, Computers & Peripherals 22.8%, Semiconductors 16.5%, Transportation 13.3%, Machine Tools 8.1%, Raw Materials 5.0%, Medical Equipment 4.5%, Auto Components 4.5%, Communications 4.4%, Apparel & Textiles 3.7%, Solar Energy 3.7%, Retail 3.2% and Personal Products 2.5%.

#### New project development and promoted service

- In view of the increasing importance of the ability to maintain customer information security and protection, an application of the "Plan to improve and upgrade the security of logistics IoT information" at the Department of Commerce, MOEA in 2020. The dual certification of ISO27001 and NIST CSF was completed in 2021.
- In the era of cellular IoT, with the wide use of smart wearables, augmented reality, big data and cloud computing, the demand for intelligent mobile applications is expected to rise exponentially. Not only has Dimerco continuously advanced its business intelligence technologies to meet the changing environment, but also integrated and utilized mobile technologies, business intelligence, and RPA (Robotic Process Automation) to provide customers management and service solutions with greater efficiency.
- To facilitate the development of contract logistics, Dimerco continues to cultivate and enhance outreach of its integrated logistics services in China, Hong Kong, Singapore, Taiwan, the United States and Germany.
- Strengthening the expansion of cross-border trucking service between Southeast Asia and mainland China. Published an image video to promote the Company's technology capability in 2020, integrated the door-to-door services of international transportation and mobile logistics system by utilizing its self-developed truck dispatch management system called the "eCallFreight® System," and published a customized cross-border trucking service video in 2021, hoping to effectively increase the transportation flexibility for customers.
- Moving towards diversified all-rounded logistic services, in addition international transport services, contract logistics, and cross-domain truck products, Dimerco shall continue to strengthen the promotion of cross-domain railway transport between China and Europe. The plan for air transport transfer to truck logistics from China to Mexico with a transit stop in the United States has been developed to effectively solve the problem of direct flights and cabin seat shortages.
- The Company utilizes its business intelligence technology and resources within the Group to strengthen the promotion of logistics services such as long-haul international Sea/Air LCL, and customized charter flights for large precision instruments.
- Dimerco continues to actively carry out business development and investment related activities in North America, Mainland China, Europe, India and Southeast Asia.
- Dimerco continues to cooperate with airlines on the IATA eAWB program.
- The Company performs research and development on its business intelligence technology logistics platform and continuously optimizes its operation. In the era of

digitalization, the Company utilizes the functions of the information system to provide more diversified value-added services to our customers through in-depth internal and external supply chain integration.

- Through the update of Dimerco website (www.dimerco.com) with market trends, real-time tracking of air and sea cargos are provided for global customers, the MyDimerco platform offers value-added services to customers, including customer logistics statistical reports, global logistics distribution solutions, etc. In 2021, the platform was redesigned. Through technological integration, customers' digital experiences in terms of real-time market information, network price inquiry, and logistic knowledge sharing was strengthened.
- Dimerco builds a professional services team to expand its services to more customers in other major industries, such as aerospace, apparel & textiles, auto components, consumer electronics, cross border e-commerce, medical equipment, oil & gas, and semiconductors and solar energy equipment.

## (II) Industry Overview:

[Change in the logistics industry and the arrangement of the Group]

Although the main business of the Company is air and ocean freight forwarding, under the global logistics operation structure it is closely linked to industries such as road freight, warehousing, import and export customs clearance, distribution, supply chain management, finance, and information services. The Company will strengthen its contract logistics services by the end of 2019. Besides setting up corresponding departments for the above industries to handle the operation and invest in related businesses, Dimerco cooperates with companies around the world to form a complete global logistics and transport network. All processes from the acquisition of raw materials to the delivery to the required end can be provided by Dimerco under the arrangement of the Company. We provide our customers with the most effective and efficient time, cost, human resources and cargo control mechanisms from production to sale.

Relationship with the upstream, mid-stream and downstream industries: As a transport company, Dimerco mainly provides air freight services. The service is largely provided to companies that deal with import/export business. The upstream suppliers, manufacturers and exporters ask the forwarder to book a flight from the airline company. When the supply of empty flight room is greater than the demand, the transportation fee drops. On the contrary, when the demand of empty flight room is greater than the supply, the transportation fee increases. When a flight is arranged, the road transport company will deliver the cargo to be exported to the air freight container yard. The Company that handles the customs declaration business will report the import/export information to customs. After the cargo customs clearance is complete, the cargo will be delivered to the destination through air transportation. Based on different requirements, different distribution and sales methods will be arranged. A local truck transport company will then deliver the cargo to the downstream manufacturers, importers or locations designated by the end customer. This way, the whole air freight transportation process is complete.

From 2017 to 2019, in view of the rapid change of artificial intelligence, the application of big data and semi-automation in the era of cellular IoT, Dimerco has repositioned itself and strived to become a "Mobile Intelligence Logistics Service Provider" of customers. The Company is committed to using its self-developed Dimerco Value Plus System®, an intelligent logistics real-time information platform on Web 3.0 cloud network, to develop more competitive BIT (Business Intelligence Technology) and applications. Through the expertise of its Business Intelligence Technology (BIT) division enhanced by Information Technology, the Company has deployed relevant mobile technologies in its system, and mobilized its automated system, moving towards product diversification, service excellence, operational optimization, and increased management efficiency. Faced with the COVID-19 pandemic in 2020 affecting global trade operations, Dimerco's crisis contingency plan has shown remarkable effectiveness. Diversified and flexible customized charter flights and multimodal logistics related solutions have been launched, which complimented by professional technological strength has led to the ability to achieve virtual-real integration and far-reaching mobile smart logistics integration.

Stepping into 2021, more than half a century has passed since the founding of Dimerco. With smart applications as the basic spirit and focus, and through professional division of labor, attention to detail, and horizontal connection as the basis, in addition to continuously promoting organizational reform 2.0, organizational flattening transformation has also been carried out. In

response to changes in post-pandemic global logistics models and consumption habits, the new official website was officially opened, and the 50th year anniversary image video was released on July 15. The group and supply chain collaborators and customers were disclosed to jointly embrace the trend of digital logistics and moving toward the new milestone hand in hand. Furthermore, in view of the logistics industry faced with the increasingly complex information security risks and rampant hacker events, Dimerco is committed to providing customers with stringent and trustworthy information security management services in line with the industrial practices. It shall continue to deem defending customers' business confidentiality as its duty. It received ISO 27001 information security management certification and NIST CSF cybersecurity framework certification recognized by the BSI (British Standards Institute) at the beginning and the end of the year.

#### [Global economy and industry development]

In the face of emerging countries with a shortage of vaccines, delayed vaccination schedules, and a lack of medical capacity, such as Malaysia, India, Vietnam, Thailand, etc., the Chinese National Federation of Industries has pointed out that the pandemic tightness in South Asia and Southeast Asia have resulted in the local governments' adoption of stricter control measures during Q2 and Q3 of 2021. Take Malaysia for example, the lockdown measures have caused disruptions in automobile, semiconductor, and medical equipment industries. In order to implement pandemic prevention, the government imposed restrictions and control on different industries. The manufacturers were forced to reduce production or shut down operations in compliance with the new measures. The Vietnam authorities promulgated the "three on-the-spot" targeting areas subjected to more pandemic situations. Production factories must make arrangements for employees to "produce on the spot, eat on the spot, and rest on the spot" in order to operate normally. According to statistics, since the implementation of strict anti-pandemic control in July 2021, the production capacities in many cities and provinces declined substantially. The factories in Southeast Asia that shutdown due to infection clustering have affected the world, causing problems in related product supply chains.

Among global semiconductor application categories, 3C (computer, communication, and consumer electronics) applications were the top three application categories in the early days. The rise in the electronification of terminal electronic products has led to yearly increases in the ratios of other application categories. It has been pointed out in [ieknet.iek.org.tw](http://ieknet.iek.org.tw) that computing semiconductors remain the first application category in 2021. From 2022 to 2025, the first application category will be replaced by wireless communication semiconductors. In particular, the global market share of global automotive semiconductors will rise to 10.8% in 2024, making it the third application category. In the face of the growth momentum of the global semiconductor market after 2022, the World Semiconductor Trade Statistics (WSTS) predicts that the yearly positive growth will continue. However, Gartner predicts that the global semiconductor market will see a decline trend in 2023, indicating uncertainties still exist in the semiconductor market in the future.

The latest World Bank Global Economic Prospects Report shows that after a 5.5% rebound in the global economic growth rate in 2021, the global economy will substantially slow down to 4.1% in 2022, reflecting the continuous COVID-19 outbreak, reduced fiscal support, and sustained supply chain bottlenecks. The global economy will further shrink to 3.2% in 2023. Looking onto the international trends in 2022, with the increasing popularization of vaccination and the gradual weakening of virus lethality, the pandemic's impact on the real economy is gradually declining. The recovery of the global economy is expected to continue. However, due to the base period factor and the diminished support strength of the world's fiscal and monetary policies, the economic growth rate will be lower than that of 2021. Based on the 2021 and 2022 global economic growth forecast of International Monetary Fund (IMF), United Nation (UN), and World Bank (WB), the recovery of the global economy will continue but at a slower pace.

#### [Air freight market]

The growth in global air freight in November 2021 showed a significant slowdown. This reflected the COVID-19 pandemic had caused a shortage of manpower and the significantly disrupted supply chain. According to the International Air Transport Association (IATA), the air freight demand calculated by cargo ton kilometers in November 2021 increased by 3.7% compared to

the same period in 2019 before the pandemic outbreak and less than half of the 8.2% increase in October. In particular, the increase in air freight demand in the Asia-Pacific region only accounted for 1.1%.

During the pandemic period in 2021, the large-scale shutdown of global civil passenger aircrafts resulted in a greatly reduced the passenger plane belly capacity. All-cargo planes became the main source of transport. Due to personnel shortage, limited port operation capacity, lengthened operation cycles, shipping schedule delays, etc. the full loads in port of entry yards and assemblage and distribution facilities in Europe and the United States led to slower turnovers in all links of the supply chain. The effectiveness of capacity supply was further reduced, leading to soaring global sea freight. Some businesses had no choice but choose air transport, which aggravated imbalanced supply and demand in the air freight market.

For the freight part, according to a report of Financial Times, U.K., the freight for Shanghai-North America routes increased to USD14 per kilogram for the first time on December 6, a nearly 1-fold increase compared to USD8 at the end of August and even breaking the historical high of USD12 in early 2020. The Freightos Baltic Index, FBX and the data of TAC Ocean Freight Co. Ltd. show that the air freight for Hong-Kong-Europe/U.S. routes and Frankfurt-Northern America routes have increased in the same pace. The soaring air freight is primarily the result of enterprises switching to air transport to delivery fashion products, consumer electronic products, automotive e parts, and semiconductor parts and components during the period of port congestion around the world. In addition, the emergence of Omicron variants has prompted enterprises to order COVID-19 rapid test kits and personal protective gears.

Looking ahead, the global shipping port congestion, cargo shortage, and supply chain disorder in 2022 will boost growth in shipping cargo volume. According to the estimates of IATA, the global air cargo volume will continue to see growth. A 4.9% annual increase is anticipated in 2022. With the continuous improvement in electric vehicle (EV), 5G, AI, and related technologies, the transportation demand of semiconductor and related electronic parts and components will see support. The drop in freight rates will also aid in an increase in the gross profit. The air freight market operations are expected to remain strong in 2022.

#### [Sea freight market]

According to the “Review of Maritime Transport 2021” released by the United Nations Conference on Trade and Development (UNCTAD), although the COVID-19 pandemic triggered a global health and economic crisis, the trading volume rebound was related to a large number of economic stimulation plans, consumption expenditure, and e-commerce growth. In particular, consumption in the United States brought about a surge in the demand for related products. Moreover, due to equipment shortage, reduced service reliability, port congestion, prolonged shipping schedule delays, and a combination of other factors have resulted in supply chain bottlenecks, as well as recovery setbacks. The global trade recovery since the end of 2020 carried on to 2021. As of 2021, the global shipping trade volume recovered to the standard before the pandemic broke out. The global trade volume reached 12 billion tons, a 3.6% increase compared to 2020.

The capacity marketing 2021 featured “three highs and two lows”. In particular, “three highs” refers to: First, there was a high level of delivery of new ships. In 2021, the new delivery capacity exceeded 1,000,000 TEU, a year-on-year increase of more than 20%. Secondly, there was a high level of ships entered the shipping routes. Many major carbon owners joined mainline operations one after another in 2021. According to the statistics of Alphaliner, as of early December 2021, the European and U.S. routes showed a 17.8% year-on-year increase in average weekly capacity. Thirdly, there was a high level of additional orders. Due to the fleet development needs and the fact that there was a market capacity shortage, a wave of shipbuilding was set off in 2021, resulting in additional orders hitting a record high. “Two lows” refers to low dismantling capacity and low idle capacity. With the continuous pressure on the supply chain and the extreme scarcity of capacity resources during the pandemic, the dismantling of old and obsolete ships in the container shipping market has been put on hold. The yearly dismantling capacity has hit a record low. At the same time, the market's idle capacity also continues to drop. As of the end of 2021, the idle capacity (exclusive of dock repairs) was approximately 15,000 TEU, accounting for a history low of only 0.5% of the total capacity of the global fleet.

According to estimates of the analysis agency, the 2022 global container cargo volume is expected to achieve 4%~6% increase in 2022, with 2021 as the basis. Despite the slowing growth rate, the total volume remains at a high standard. Shipping consulting agency Clarksons has pointed out that: With the enhanced degree of free trading among PCEP member states, the demand for routes in the Asian region will increase by 5%, boosting 4.6% overall growth in shipments for the routes in other regions. The new topic of carbon emission reduction and low carbon have gradually emerged. Shipping companies and customers have also reached a consensus on the issue of supply chain carbon emission reduction. The shipping industry has also launched low-carbon transformation, moving towards production approaches with low energy consumption and low carbon emissions, which is an inevitable trend.

[Industry Trends]

In 2022, it is expected that the global industry will be under the impact of geopolitics and global protectionism. According to Deloitte Taiwan, the major countries will actively support local supply chains. In particular, the two strategic industries of semiconductor and electric vehicle (EV) receive the greatest attention by countries around the world. For example, U.S., China, and Japan governments have inputted considerable policy subsidies to actively support key technologies and supply chains and strengthen the independence of chips. The global technology and electronic manufacturers also actively deconcentrate suppliers and production sites in order to create a resilience supply chain, as well as promoting the reorganization and displacement of the global semiconductor and electronic supply chain. In the automotive field, the market demand for automotive chips remains strong. The semiconductor value for each vehicle is expected to increase by 10 folds by 2030. However, based on the "Deloitte TMT Predictions 2022", the global chip shortage is feared to be far from over in 2022. Enterprises should be fully prepared for electronic product delivery schedules delays until 2023. That said, the global semiconductor sales in 2021 still showed 25% growth, and additional 10% growth is anticipated for 2022. The semiconductor market's strong demands are expected to boost the global industrial and economic development.

In addition to the transfer of the semiconductor and electric vehicle (EV) supply chain, the net-zero carbon goal, timetable, and relevant policies of major countries and corporate giants have triggered the world's concern for sustainable manufacturing, leading to a substantive increase in related investments. This is because carbon emission costs regarded as external costs in the past have gradually become internalized, which substantially affect remuneration for shareholders and investors. The Financial Supervisory Commission R.O.C. (Taiwan) also announced some eligible TWSE/TPEX Listed and OTC-listed companies shall designate a chief information security officer before the end of 2022 in order to reduce occurrences of information security issues in enterprises, reduce posing major impacts on the market and general public. Therefore, enterprises should be prepared in advance and strengthen information security and other preventive functions.

(III) Technology and R&D status:

In order to optimize our management and serve customers around the world, Dimerco successfully developed an integrated e-commerce service platform and global real-time information system – the 'Dimerco Value Plus System®' – on August 1, 2009. We have since upgraded this system in 2017 and introduced the latest Web 3.0 Cloud Networking and mobile technology to streamline our supply chain management by integrating the business processes of sales, operations, accounting and financial management, to build the world's most competitive international logistics and transportation service company. The features of this system include intelligent mobile applications, the capabilities of global real-time cargo tracking, customized applications and reporting. The global information visibility brought by its patented EDI integration also helps the Company better adopt RPA (Robotic Process Automation), providing customers service excellence. Through this system and the concept of a virtual office, Dimerco utilizes its business intelligence technology to provide customers high quality services anywhere and anytime, using smart devices. Moreover, with our experience in the logistics industry over a decade, the strategic alliance and relationship with our partners, and our professional teamwork, Dimerco is able to help the customer lower its operating cost and improve efficiency. What's more, Dimerco can ensure that the supply chain management of its customers is highly efficient and stable.

1. The Company vertically integrates marketing management system, international logistics operation system and financial management system.
2. Horizontal integration: It covers the international logistics operating system.

- (1) International air freight including charter flight services
  - (2) International ocean freight
  - (3) Multimodal transport, including Sea/Air freight, Air/Sea freight, and cross-border road freight (truck, railway)
  - (4) Contract logistics
    - DC, Distribution Center
    - Reverse Logistics
    - SL, Service Logistics
    - VMI, Vendor Managed Inventory
  - (5) Local logistics in China
  - (6) Customs declaration/commodity inspection
  - (7) Cargo insurance service
  - (8) Global logistics management consulting
3. Dimerco continues to innovate and enhance the efficiency and professionalism of its international logistics network, and has obtained patents in the United States and Taiwan.
- (1) Development of Consolidation Yield Management System (CYM)
  - (2) Data Synchronization Method<sup>®</sup>
- (IV) Long-term and short-term business development plan:
1. Short-term business development plan:  
 Dimerco insists on bringing service value to its customers. By building integral Dimerco Value Plus System<sup>®</sup>, a mobile intelligence logistics system on Web 3.0 cloud networking to provide target industry customers international logistics management, sales, operation, finance, and services, the Company not only offers diversified high value-added products and high-quality operations to fulfill customers' needs, but also re-configures and unites with customers with its strong team of regional sales, local sales and customer services to exploit business opportunities. The Company has reinforced its organizational power, its marketing and service network in Europe, the U.S., Asia Pacific and China, expanded the Indian market, and integrated strategic partners from all over the world.
    - (1) Dimerco plans to develop and enhance outreach of its contract logistics services in China, Hong Kong, Singapore, Taiwan, the U.S. and Germany.
    - (2) Dimerco promotes a truck dispatch management system called the "eCallFreight<sup>®</sup> System." With the system, the connection between the truck dispatch, pick-up and delivery services at the front end and back end of the international logistics can be improved.
    - (3) We promote multimodal transport, including cross-border truck transport services in the countries of the Association of Southeast Asian Nations and in China, and the cross-border railway transport services in central Europe.
    - (4) Dimerco promotes the charter flight service for customized giant precision instruments.
    - (5) Dimerco promotes the cross-border eCommerce EDI integration.
    - (6) Dimerco continues to cooperate with airline companies on the IATA eAWB program to improve our marketing skills and international logistics services.
    - (7) Dimerco provides more services for society, participates in environmental events and cooperative education programs and realizes our corporate social responsibility.
    - (8) Subsidiaries in the Group are applying for the AEO (Authorized Economic Operator) certification since Dimerco wants to expand the scope of the safe supply chain and fulfill the commitment of providing professional logistics services. Therefore, the service security will be upgraded.
    - (9) Dimerco continues to advance its edge in business intelligence technology, strengthening the service to meet global customers' requirements in the supply chain and establish long-term partnerships with them. In addition, in view of the increasing importance of the ability to maintain customer information security and protection, an application of the "Plan to improve and upgrade the security of logistics IoT information" at the Department of Commerce, MOEA in 2020. The ISO27001 and NIST CSF certification was completed in 2021.
    - (10) Dimerco has formed an action team, expanded business in its target industries and target regions with market orientation to serve more customers in major industries, such as aerospace, apparel and textile, auto components, consumer electronics, cross-border e-commerce, medical equipment, fuel and gas, semiconductor and solar energy equipment. The Company aims to provide tailored solutions to a variety of customers, helping them lower transportation costs, and conduct periodic performance

reviews.

## 2. Long-term business development plan:

Dimerco will continue to expand business in the “Greater China Economic Zone” and in the countries of the Association of Southeast Asian Nations. The Group is committed to reinforcing the organizational power of the Company. In addition, Dimerco strengthens the capacity in regional marketing by forming an action team of specialists in regional marketing, and local sales and customer service departments to expand the business and provide services for customers. It is expected that the action team can help the Company acquire more customers and offer diversified logistics services that are “customer-oriented.” Dimerco is hoping that with the plan, business around the globe will grow. With effective alliances or mergers, Dimerco expands the business scope and enriches corporate resources. In addition, the Company reinforces the international network and has become more aware of the market trends. As a result, the overall corporate competitiveness can be improved, and the Company can strive for a win-win situation for our strategic partners. The Group emphasizes ethical values together with corporate culture and sets the direction and strategy for business management with the concept of innovation and revolution. Dimerco makes good use of professional resources for the implementation. We value each strategic partner and local employees regardless of their race or religion. Dimerco performs localization to create a win-win situation. Besides this, we are in pursuit of sustainable operations for the Dimerco Express Group.

In order to optimize our management and serve customers around the world, Dimerco successfully developed an integrated e-commerce service platform and global real-time information system – the ‘Dimerco Value Plus System®’ – in 2009. We have since upgraded this system in December 2017 and introduced the latest Web 3.0 Cloud Networking. Its (CSP, Collaboration Service Platform) connects upstream and downstream vendors and customers with intelligent mobile technology through the concept and capability of a virtual office, i.e. its “eSAM” for sales management, “eCallFreight® System” for truck dispatch management, providing customers high-efficiency services anytime and anywhere. The Company helps customers reduce operating costs and improve efficiency via (POMS, Purchase Order Management System).

With the aim to “perform organizational change, provide professional service, lead with the team and adopt artificial intelligence,” Dimerco Express Group established the Executive Management Board (EMB) on October 1, 2019. Furthermore, the professional Business Intelligence Technology (BIT) Department improved information technology and created a Web 3.0 Cloud Networking on an intelligent mobile logistics system. The Company made progress both in the virtual and real worlds to provide services for customers anytime and anywhere and became the “mobile and intelligent logistics partner” of customers. Meanwhile, the Business Intelligence Technology (BIT) Department supported the business units of air freight, ocean freight and contract logistics in the Group. With the BIT Department, the Company could provide diverse products and the best service. Moreover, operation in the Company could be optimized and the management could become more efficient.

Dimerco rolled out its organizational restructuring 2.0 in March 2021, focusing on business intelligence applications, aiming to flatten its organizational structure on the basis of professional service, a detail-oriented approach, and horizontal communication. The Company has integrated regional management teams from North America, Greater China, Southeast Asia, Europe and Northeast Asia into a Central Service Center (CSC) to achieve effective internal management, as well as to strengthen marketing, provide a quick response and utilize intelligent applications to accommodate sudden changes. The Company will fulfill its mission by providing professional service, leading with the team, and adopting business intelligence technology.

Moreover, Dimerco is committed to keeping our promises for the environmental policies. We will spare no effort in realizing the responsibility as a corporate social citizen to implement sustainable management. Dimerco hopes to become green partners with global customers, alliances and society. We perform environmental protection with actual deeds. For example, we have transparent data connection with our partners and customers. Therefore, less paper will be used, and we can have a green working environment. Since early 2022, the greenhouse gas launch plan was investigated in cooperation with a consulting firm. In addition

to gradually setting Science Based Target Initiatives, SBTi, complete electric vehicle (EV) applications and joining the EV100 line by 2030 have been planned. It is Dimerco's goal to walk down every road in the world with "Global Vision, Local Touch" borne in mind. That is also the blueprint and strategy of corporate sustainable development. Dimerco will face every challenge in the future and expand the business globally. We aim to become the leading shipping and logistics company in the world.

## 5.2 Market and Sales Overview

### 5.2.1 Market Analysis

A. Main Service Areas		Unit: NT\$ ,000			
Export Destination	Year	2020		2021	
		Amount	%	Amount	%
America		227,675	19.98%	442,226	26.89%
Europe		26,097	2.29%	71,914	4.37%
Asia		885,513	77.73%	1,130,187	68.73%
Net export revenue		1,139,284	100.00%	1,644,327	100.00%

### B. Main Competitions and Market Share

#### (1) Main Competitors

As the aviation cargo contracting industry in Taiwan has regional competitive advantages and a flexible operation mode close to Taiwanese enterprises, the main competitors are Taiwanese large-scale international companies.

#### Main Competitions in Taiwan

Logistic Company	Advantage Routes
Morrison Express	China, Europe and US
Yan Wing Logistics Limited	USA, Southeast Asia
Taiwan Express	China
Panalpina	Europe
Dolphin Logistics	China

#### (2) Market Share

According to the statistics of the Civil Aeronautics Administration (Ministry of Transportation and Communications) and Taipei Airfreight Forwarders and Logistics Association of Taiwan (TAFLA), the market shares of the Company from 2017 to 2021 were 2.72%, 2.44%, 2.83%, 3.20% and 2.73%, respectively, 0.10% higher than the average market share in the industry.



Approximate market share of Dimerco and other businesses in the market

Unit: Ton

Year Item	2020					2021				
	TPE Airfreight Volume	Dimerco Contracted Volume	Dimerco Market Share (%)	Average Contract Volume in the Industry	Average Market Share in the Industry (%)	TPE Airfreight Volume	Dimerco Contracted Volume	Dimerco Market Share (%)	Average Contract Volume in the Industry	Average Market Share in the Industry (%)
Total import and export	888,264	28,433	3.20%	897.24	0.10%	1,138,041	31,019	2.73%	1,130	0.10%

Data Source: Civil Aeronautics Administration (Ministry of Transportation and Communications) and Taipei Airfreight Forwarders and Logistics Association of Taiwan (TAFLA)

Note 1: Dimerco Contracted Volume is supplied by Dimerco

Note 2: Average Contract Volume in the Industry=TPE Airfreight Volume ÷ Number of businesses in the industry (Note 4)

Note 3: Average Market Share in the Industry (%) = Average Contract Volume in the Industry ÷ TIA Airfreight Volume

Note 4: According to the statistics on the register of members of TAFLA, the number of members of the industry from 2017 to 2021 was respectively 996, 977, 996, 990 and 1,007.

(3) Key Performance Index

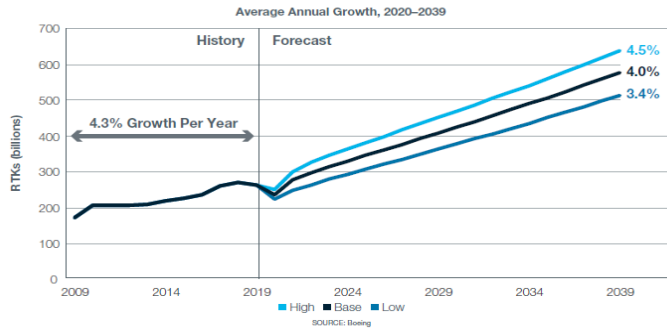
- a. Based on the key performance indicators such as the export tonnage and market share, Dimerco was ranked 11th in 2021.

Unit: Ton

2021			
Ranking	Airfreight Forwarder	Total of Export Tonnage	Export Market Share (%)
1.	ECI TAIWAN CO., LTD.	60,127	9.21%
2.	MORRISON EXPRESS CORP., LTD.	43,781	6.70%
3.	SCHENKER (H.K.) LTD. TAIWAN BRANCH	35,151	5.38%
4.	DHL Global Forwarding	24,032	3.68%
5.	DSV Air & Sea Co.,Ltd.	22,871	3.50%
6.	KINTETSU WORLD EXPRESS (TAIWAN) INC.	20,852	3.19%
7.	NIPPON EXPRESS (TAIWAN) CO., LTD.	17,760	2.72%
8.	KUEHNE + NAGEL LTD.	14,626	2.24%
9.	DOLPHIN CO., LTD.	14,568	2.23%
10.	UPS INT'L INC. TAIWAN BRANCH	14,464	2.21%
11.	DIMERCO EXPRESS CORPORATION	12,846	1.97%
12.	YUSEN LOGISTICS (TAIWAN) LTD.	12,279	1.88%
13.	PANDA AIR EXPRESS CO., LTD.	12,144	1.86%
14.	RACER LOGISTICS CO., LTD.	11,512	1.76%
15.	DHL Express Taiwan	10,880	1.67%
	Others	325,185	49.79%
	Total	653,078	100.00%

### C. Projection of the Global Airfreight Market

World Air Cargo Traffic Will Grow 4.0% Per Year Over the Next 20 Years



- (1) International air transportation will drive the global airfreight market to grow up to 2039. In the next 20 years, the global air freight volume is expected to grow by 4.0% each year.
- (2) Global air freight volume (in terms of RTK) has been estimated to increase from 264 billion RTKs in 2019 to 578 billion RTKs in 2039
- (3) (4) Asia will be leading the global air freight market in growth, with East Asia estimated to expand by 4.9% on an annual basis in the next 20 years.

(Data Source: Boeing, Air Cargo World – IATA report)

### D. Competitive Advantages

Dimerco was founded in 1971. Taiwan is an island nation; therefore, economic development is mainly export-oriented. Plus the increasing volume of global trade, airfreight services are definitely demanded in the market and have certain market advantages. Therefore, since its founding, Dimerco has set its goal to become a global airfreight service provider, and to achieve this goal, the corporation continues to improve the health of organization and expand its integrated marketing and service network. The following is a summary of Dimerco's competitive advantages.

- (1) Clear market positioning
- (2) Professional logistic services for e-commerce
- (3) Experienced professional teams
- (4) Long-term and stable cooperative relationship with several airlines
- (5) Central accounting system for reduced exchange rate risks

After Dimerco launched AEO validation application, the Taipei and Kaohsiung Customs AEO Validation Team visited the Taipei, Taoyuan, Hsinchu and Taichung offices, as well as the Kaohsiung subsidiary in November 2011 to carry out the AEO validation process. The validation is done based on a set of 14 standards and the self-assessment list. At the end of the year, Dimerco successfully passed the AEO validation conducted by the Customs Administration, Ministry of Finance on December 20th 2011 and received the Safety Certified Quality Enterprise AEO Certificate simultaneously from the Taipei and Kaohsiung Customs. Taipei Customs certified Dimerco for three practices, freight forwarding, customs clearance and warehousing and Kaohsiung Customs certified two practices, freight forwarding and customs clearance. As an international logistics service company, Dimerco's business covers airfreight forwarding, customs clearance and warehousing. AEO validation enabled us to build a complete and safe supply chain management system, which serves as a platform for management and consolidation, reinforced the Company's health and competitiveness and enabled the Company to meet customers' and market demand in safety. In addition, we expect the system to ensure the completeness, accuracy

and safety of Dimerco's international cargo transport services and compliance with the supply chain related regulations and international standards and help us gain substantive benefits, such as expedited clearance, when clearing customs for export goods. General Manager, Mr. Chou, expects that Dimerco's contracted cargo will enjoy the benefits and convenience of green pass in other countries through customs agreements.

Dimerco is not only a registered member of the International Air Transport Association (IATA), but also a member of CTPAT certified by the US Customs. Through ISO 9002 certification, Dimerco provides the best quality of services. Dimerco positions itself as "the logistic expert in the Greater China Region" and has been successfully certified for logistics and transport services in China. With complete certification, we are able to offer our customers the most efficient and most complete range of services. The joint venture in Vietnam is also equipped with class 1 forward qualification to provide all-rounded logistic services for your cargo in and out of Vietnam.

In addition, Dimerco merged a renowned customs clearance service, MYK Global Services Inc. on January 16th 2012. This merger sped up Dimerco's development in the US. Recently, Dimerco has received a confirmation from the US Customs and this customs clearance service has been successfully renamed as Dimerco Customs Brokerage Co., Ltd. Dimerco Express (USA) Corp. will work closely with Dimerco Customs Brokerage Services Co., Ltd. to provide Dimerco's global customers a seamless one-stop service through its fine reputation and quality customs clearance abilities.

#### **E. Favorable and Unfavorable Factors in Future Development**

- (1) Favorable Factors
  - a. Globalization
  - b. World and regional GDP growth
  - c. Just in time concept
  - d. Tariff decreasing which was owing to oil price and availability
  - e. Deregulation and new trade relations
  - f. Development of aircrafts (ex. wide-body freighters and lower decks)
  
- (2) Unfavorable Factors
  - g. Industry relocation
  - h. Trade barrier and restrictions
  - i. Directional imbalance
  - j. Competition
  - k. Currency revaluation

#### **5.2.2 Production Procedures of Main Products**

Dimerco is a transport service provider, offering mainly international transport services. Our services have been expanded into the distribution system with a goal to achieve global logistics in future development. We offer door-to-door services; that is, in addition to customs clearance service, we plan the products and services, including procedures, schedule, delivery and warehousing, for our customers to help them cut down the time spent on running the procedures. In addition, Dimerco offers comprehensive after-sale services. Our customer service personnel are trained to respond and handle customer complaints in the first instance and provide high-quality services in the most efficient way.

#### **5.2.3 Supply Status of Main Materials**

Dimerco is a transport service provider; therefore, unlike the manufacturing businesses, no raw materials are involved in our operations. Our main costs are the payment to the airlines for the freight, and our main suppliers of airfreight spaces are Eva Air, China Airlines, Dragon Airlines and Cathay Pacific Airways. The supply of airfreight spaces is stable.

## 5.2.4 Major Suppliers and Clients

### A. Major Suppliers in the Last Two Calendar Years

Unit: NT\$ '000

Ranking	2020				2021				As of March 31 2022			
	Name	Net Value of Supply	Percentage of Annual Supply (%)	Relation with Dimerco	Supplier Name	Net Value of Supply	Percentage of Annual Supply (%)	Relation with Dimerco	Supplier Name	Net Value of Supply	Percentage of Annual Supply (%)	Relation with Dimerco
1	A1	349,780	24.94%	None	A4	593,114	32.29%	None	A4	179,543	34.95%	None
2	A4	343,654	24.50%	None	A1	336,081	18.30%	None	A1	141,779	27.60%	None
3	A6	34,217	2.44%	None	A5	86,417	4.70%	None	A5	16,522	3.22%	None
4	A5	29,923	2.13%	None	A23	55,431	3.02%	None	A6	9,540	1.86%	None
5	A24	26,195	1.87%	None	A24	28,077	1.53%	None	A23	9,019	1.76%	None
6	A23	17,850	1.27%	None	A6	24,623	1.34%	None	A11	7,525	1.47%	None
7	A8	17,437	1.24%	None	A33	18,097	0.99%	None	A33	5,282	1.03%	None
8	A28	13,117	0.94%	None	A8	17,346	0.94%	None	A34	4,825	0.94%	None
9	A30	13,672	0.97%	None	A34	14,395	0.78%	None	A18	4,756	0.93%	None
10	A11	9,811	0.70%	None	A32	12,522	0.68%	None	A8	4,668	0.91%	None
	Others	546,923	38.99%	None	Others	650,823	35.43%	None	Others	130,191	25.35%	
	Net Supply	1,402,579	100.00%		Net Supply	1,836,926	100.00%		Net Supply	513,650	100.00%	

Note: 1. Among the top 10 suppliers, only China Airlines and Cathay Pacific Airways reached 10% in net value of supply.

Note 2: TWSE/TPEX listed companies are required to disclose audited or auditor-reviewed financial information available before the publication date of annual report.

### B. Major Clients in the Last Two Calendar Years

Unit: NT\$ '000

Ranking	2020				2021				As of March 31 2022			
	Name	Net Sales	Percentage to Annual Net Sales (%)	Relationship with Dimerco	Name	Net Sales	Percentage to Annual Net Sales (%)	Relationship with Dimerco	Name	Net Sales	Percentage to Annual Net Sales (%)	Relationship with Dimerco
1	S15	101,957	6.25%	None	S15	172,817	8.11%	None	S15	48,076	7.60%	None
2	S45	73,424	4.50%	None	S48	124,696	5.85%	None	S48	24,487	3.87%	None
3	S14	64,722	3.97%	None	S14	95,285	4.47%	None	S44	19,961	3.15%	None
4	S43	36,061	2.21%	None	S23	78,724	3.69%	None	S23	17,844	2.82%	None
5	S46	34,986	2.14%	None	S18	49,454	2.32%	None	S9	15,575	2.46%	None
6	S44	34,348	2.10%	None	S9	47,747	2.24%	None	S25	15,185	2.40%	None
7	S23	32,968	2.02%	None	S50	44,568	2.09%	None	S36	14,322	2.26%	None
8	S25	29,497	1.81%	None	S44	40,866	1.92%	None	S4	13,007	2.05%	None
9	S18	27,407	1.68%	None	S36	40,769	1.91%	None	S50	12,550	1.98%	None
10	S47	27,328	1.67%	None	S25	39,108	1.83%	None	S14	10,799	1.71%	None
	Others	1,169,169	71.65%	None	Others	1,397,514	65.56%	None	Others	441,161	69.70%	None
	Net Supply	1,631,867	100.00%		Net Supply	2,131,549	100.00%		Net Supply	632,967	100.00%	

Note: 1. Among the top 10 customers, only Taiwan Semiconductor reached 10% in net sales.

Note 2: TWSE/TPEX listed companies are required to disclose audited or auditor-reviewed financial information available before the publication date of annual report.

### 5.2.5 Table Production Value and Volume in the Most Recent Two Years

Dimerco is not a manufacturer, so this table does not apply.

### 5.2.6 Table of Sales Value in the Most Recent Two Years

Unit: NT\$ '000

Year Country	2020				2021			
	Weight	%	Value	%	Weight	%	Value	%
Total import	15,339	51.19%	1,139,284	69.81%	15,969	48.56%	1,644,327	77.14%
Total export	13,094	43.70%	250,930	15.38%	15,050	45.77%	281,626	13.21%
Others	1,531	5.11%	241,653	14.81%	1,865	5.67%	205,596	9.65%
Total	29,964	100.00%	1,631,867	100.00%	32,884	100.00%	2,131,549	100.00%

### 5.3 Human Resources

Number of employees, average years of service, average age and distribution of education in the most recent two years up to the date of printing of this annual report

Year	2020	2021	As of first quarter of 2022	
Total number of employees	168	146	150	
Average age	38.9	40.1	39.7	
Average years of service	8.7	9.7	9.4	
Distribution of education %	PhD -	-	-	
	Master's Degree	14.9%	14.4%	13.3%
	Undergraduate	72.6%	78.8%	77.3%
	High School	8.9%	9.6%	9.3%
	Less than High School -	-	-	-

Note: Information is accurate as of the publication date of this annual report.

### 5.4 Environmental Protection Expenditure

Not applicable.

### 5.5 Labor Relations

The section below discloses employee benefits, retirement system, status of implementation and agreement between the employer and employees:

#### 1. Employee Welfare

Dimerco has placed high emphasis on employee welfare. The Company has set up the Employee Welfare Committee as required by regulations and organizes various recreational activities that are open to all employees. A portion of the Company's capital or operating income is appropriated to fund the activities along with a fixed percentage of contributions from employees' salaries. The aggregated fund is managed by the Employee Welfare Committee. The members of the committee are elected by the employees and re-elected in a fixed term. Dimerco also offers a complete package of employee benefits, as listed in the section below:

- (1) Insurance: In addition to labor insurance and National Health Insurance, Dimerco insures our employees with Fubon Life Group Accident Insurance and One-year Hospitalization Group Health Insurance.
- (2) Meal Subsidy: Dimerco gives out credits for meals.
- (3) Annual employee and family sports event and year-end party.
- (4) Employee Day: The 15th of every month is employee day. The Employee Welfare Committee throws a birthday party for employees born in that month and invites the

employees to social with each other over a session of afternoon tea serving delicious refreshments.

- (5) Scholarships for employees' children and self-learning by employees: Dimerco set up a performance sharing mechanism to support the employees and grow with them in the journey to reach another peak of Dimerco's glory.
- (6) Employee Care Fund: Dimerco cares for our employees' lives. We offer cash relief and gifts for special occasions to convey our care, congratulations and condolences.
- (7) Others: Short essay competition on corporate social responsibility issues, online English learning, and extra benefits for overtime working during holidays.

## 2. Employee Education and Training:

Continuous education is the keystone in Dimerco's employee development strategies. Dimerco offers a wide range of training programs to employees of different capacities, including new employee training, work-specific training and management training.

The table below exhibits the internal and external training programs launched in 2021 and the status of implementation.

### A. External Training Unit: NT\$

Training Category	Name of Course	No. of Trainee	Hours	Expenditure
Work-Specific Training	Air Freight Declaration Regulation	1	6.0	0
	Dangerous Goods Regulation Training- Initial Training	5	3.5	56,000
	Dangerous Goods Regulation Training- Recurrent Training	3	40.0	21,000
	Regulated Agent and Dangerous Goods Recognizing Training- Initial Training	4	24.0	3,600
	Regulated Agent and Dangerous Goods Recognizing Training- Recurrent Training	4	16.0	1,200
	Free Trade Zone Self Governing Personnel Training	4	8.0	7,860
	AEO Supply Chain Security Personnel	2	96.0	10,220
	SOLE-DL Logistics Administrator	1	18.0	17,500
	Corporate Cyber Security	1	3.5	3,600
	Work Field Illegal Violation Precaution and Handling	1	3.5	0
	Analysis of Labor Litigation Act 10-1	1	3.5	0
	Post-epidemic: EAP Personnel Training and Execution	1	3.5	0
	Labor and Health Insurance and Labor Litigation Act Authentic Class	1	3.5	8,000
First Aider's Safety & Health Education	3	3.5	11,500	
Management Training	Influence to Taiwan of International Economics Conference	1	3.0	0

### B. Internal Training

Unit: NT\$

Training Category	Name of Course	No. of Trainee	Hours	Expenditure
New Employee Training	Introduction to Dimerco culture	19	1.5	658
	Introduction to Dimerco systems	19	1.5	658
	Introduction to Dimerco human resource management	19	1.5	658
	Telephone manners	19	0.5	658
	C-TPAT / AEO	19	1.5	658
Work-Specific Training	Introduction of Models and Containers	67	1.0	3,5424
	Introduction of Dangerous Goods	50	1.5	2,630
	Regulated Agent and Dangerous Goods Recognizing	69	1.0	1,958

2021 Logistics Operators Case Study	35	1.5	0
Ocean business development of DIMKHH	6	1.0	0
IRFQ Operating Training	15	1.0	0
Billing Issuing Training	35	1.0	2,735
Knowing Risk Assessment	49	0.5	0
Identification of Suspicious Persons, Mail Packages and Explosives	52	0.5	0
General Health and Safety Education	120	1.0	4,995
Y2021 Information Security Training	132	1.5	13,294
Excel Training	61	1.5	3,931
Stay Away from Myocardial Infarction- Starting with Maintain Healthy Life Style	62	1.0	1,200
Investment Bookstore	77	1.5	6,119

### C. Others

- (1) Dimerco has been licensed by Customs Administration, Ministry of Finance, for Class 1 customs clearance service since 2007. Dimerco has been recognized by Customs Administration, Ministry of Finance, as "Authorized Economic Operator" since 2011.
- (2) Dimerco Kaohsiung Subsidiary has been licensed by Customs Administration (Ministry of Finance) for Class 1 customs clearance service since 2008. Dimerco has been recognized by Customs Administration, Ministry of Finance, as "Authorized Economic Operator" since 2011.
- (3) Dimerco has been certified by ISO 9001:2008 in 1995 and obtained the latest version of ISO 9001:2015 certification in 2018.

#### 3. Retirement System and Implementation

For the purpose of taking care of our employees' lives, Dimerco set up the Employee Retirement Plan. Every month, the Company transfers 0.3% of the total of employees' salaries into the Dimerco International Logistics Co., Ltd. Employee Retirement Fund Supervisory Committee account at the Central Trust Agency as employees' retirement fund. All employees that have worked in Dimerco for 15 years and have reached the age of 55 or have worked in Dimerco for 25 years or have worked in Dimerco for 10 years and have reached the age of 60 are eligible to apply for retirement. Retirement pension is calculated based on the formula given in the Labor Standards Act.

#### 4. Agreement between Employer and Employees:

- (1) The Company's senior management meets with heads of departments on a weekly basis for the latter to convey and consolidate the opinions and feedback from employees for follow-up actions.
- (2) An opinion poll is conducted prior to the making of major decisions involving the rights of employees and employees' opinions are taken into consideration in the process of decision-making.
- (3) Heads of departments communicate with the employees from time to time to understand their status and help them resolve issues if necessary.
- (4) Carry out employee satisfaction surveys to allow every employee to have a voice.

#### 5. Employee Code of Conduct:

- (1) Employee Code of Conduct or Code of Ethics:

The Code of Conduct has been drawn up by Dimerco to regulate the conduct of Dimerco employees.

The details are as follows:

- a. Employees shall follow the rules of the Company and all legal regulations and duly carry out their work.
- b. Employees shall uphold the Company's business philosophy and help the Company build a positive corporate image.

- c. Employees shall receive customers in an enthusiastic, friendly and courteous manner and provide high-quality services.
  - d. Employees shall follow the orders and assignments of supervisors and strive to achieve work with high-quality work and enhanced performance.
  - e. Employees shall respect the Company's schedules by reporting to work on time and never terminate work or leave post unauthorized.
  - f. Employees shall treasure public properties and fulfill their duty in caring for the properties without intentional or unintentional wastage. Employees causing damage to company properties will be liable for the compensation and disciplined as stipulated in the work rules.
  - g. Employees shall report issues of work to their immediate supervisors and never bypass any level of authority, unless the issues involve emergency or special situations.
  - h. Employees shall never leak out or lose any confidential documents or diagrams came into contact during business transactions or at work.
  - i. Employees shall maintain the workplace and the surrounding environment in safe, hygienic, clean and tidy manner and take all necessary measures to prevent burglary, fire or damages of other natural disasters.
  - j. Employees shall never bring or allow others to bring combustible or flammable substances, dangerous objects, such as sharp cutlery or prohibited substances into any vehicles or the workplace.
  - k. Employees shall not take public properties out of the workplace unauthorized.
  - l. Employees required to wear uniform shall dress as demonstrated by the work rules and keep their appearances clean and presentable to maintain the corporate image of Dimerco.
  - m. Employees may not engage in gambling, drinking or physical confrontation, make loud noises or play mindlessly, take off shirts or wear slippers or wooden slippers or chew betel nuts in the workplace. Smoking is prohibited in the office outside of the designated smoking area.
- (2) The Codes of Conduct is published in the Company's bulletin and all employees are expected to follow the codes closely.
  - (3) The Company has also set up the Dimerco International Logistics Co., Ltd. Employee Performance Evaluation Guidelines. Employees are informed of the regulations, rules and codes of conduct. Rewards and disciplines are also enforced timely according to the above-disclosed rules.
  - (4) The Operating Procedures for Handling Major Internal Information shall serve as the guiding principles for Dimerco's directors, supervisors, managers and employees. All conducts of Dimerco's directors, supervisors and employees shall be governed by the Dimerco International Logistics Co., Ltd. Operating Procedures for Trading with Individuals of Special Relations and between Businesses under the Group. These operating procedures clearly stated that directors, supervisors, managers and employees shall meet full compliance with the laws, regulations and administrative orders, including regulations governing insider trading.
6. Work Environment and Personal Safety Protection:
- (1) Work Environment
    - a. Dimerco and its branches and subsidiaries are staffed with dedicated personnel to handle employee safety and health related administration, including coordinating labor safety and health management, continuously making improvements for various safety and health measures and creating a safe, healthy, comfortable and friendly workplace.
    - b. All employees are required to wear an employee identification badge when entering the office area and access is controlled by electronic access card.



- c. Visitors are required to register at the front counter and deposit an identification card upon entering the office area. All guests must be accompanied by employees of Dimerco.
- (2) Personal Safety Protection: Dimerco has insured all employees with Nan Shan Life Insurance Company, Ltd. for occupational injury insurance.

Please disclose losses due to labor disputes, the estimated amount likely to occur in the future and the responding measures in the recent years and up to the date of printing of this annual report. If the amount cannot be reasonably assessed, please the reason: none.

Dimerco sees its employees as the most valuable assets of the Company; therefore, we place high emphasis on employees career planning and give the best effort to maintain positive labor relations and harmony in the Company. Dimerco offers a complete package of remuneration and benefits, including standardized salary, annual leaves, retirement plans, labor insurance and National Health Insurance, group insurance and various recreational activities at irregular intervals. Dimerco also offers comprehensive education and training programs to our employees, encouraging them to reinforce their work skills and plan personal careers based on their interests.

#### 5.6 Important Contracts

Nature of Contract	Party	Contract Date		Main Contract	Terms of Limitation
		Starting	Ending		
Office accident insurance	XX Property Insurance Co., Ltd.	10-Jan-22	10-Jan-23	Insurance	
Software service agreement	XXXX Co., Ltd.	1-Jan-21	31-Dec-21	Information	
FTZ warehousing agreement	XXXX Co., Ltd.	1-Jan-21	31-Dec-21	Warehousing Service	
Cargo freight service agreement	XXXX Co., Ltd.	1-Nov-21	31-Oct-22	Undertaking of freight service	

7. Litigation or Non-litigation Incidents: none.
8. Major asset trading in the most recent year up to the date of printing of this annual report: none.

## VI. Financial Information

### 6.1 Five-Year Financial Summary

#### 6.1.1 Condensed Balance Sheet

##### A. Consolidated Condensed Balance Sheet – Based on IFRS

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years (Remark 1)					Financial data of ending date in 31th March, 2022
		2017	2018	2019	2020	2021	
Current assets		3,365,816	3,730,979	4,075,487	5,374,891	8,499,242	9,215,049
Property, Plant and Equipment		633,305	629,148	608,305	561,771	544,456	549,522
Intangible assets		26,476	26,844	34,179	32,921	33,068	72,867
Other assets		186,215	194,564	490,548	724,617	670,089	724,940
Total assets		4,211,812	4,581,535	5,208,519	6,694,200	9,746,567	10,562,378
Current liabilities	Before distribution	2,135,363	2,438,204	2,797,173	3,574,709	5,107,987	6,427,574
	After distribution	2,284,043	2,627,204	2,968,533	4,330,709	Remark 3	Remark 3
Non-current liabilities		174,516	53,731	184,870	240,414	203,606	213,702
Total liabilities	Before distribution	2,309,879	2,491,935	2,982,043	3,815,123	5,311,593	6,641,276
	After distribution	2,458,559	2,680,935	3,153,403	3,890,723	Remark 3	Remark 3
Equity attributable to shareholders of the parent		1,770,520	1,997,189	2,132,762	2,772,745	4,308,504	3,764,019
Capital stock		1,290,000	1,260,000	1,260,000	1,260,000	1,360,800	1,360,800
Capital surplus		26,118	19,362	19,362	19,632	19,362	19,362
Retained earnings	Before distribution	702,941	805,267	1,020,715	1,934,470	3,485,623	2,715,072
	After distribution	554,261	616,267	849,355	1,178,470	Remark 3	Remark 3
Other equity interest		(164,583)	(87,440)	(167,315)	(441,087)	(577,281)	(331,215)
Treasury stock		(83,956)	-	-	-	-	-
Non-controlling interest		131,413	92,411	93,714	106,332	126,470	157,083
Total equity	Before distribution	1,901,933	2,089,600	2,226,476	2,879,077	4,434,974	3,921,102
	After distribution	1,753,253	1,900,600	2,055,116	2,123,077	Remark 3	Remark 3
<p>Remark:</p> <p>1 The 2022 first quarter-financial statement has been reviewed and certified by the CPA.</p> <p>2 The amount of increments in equity from revaluation and the revaluation date should be disclosed.</p> <p>3 The "After distribution" amount will be decided by next year's shareholder meeting.</p>							

**B. Consolidated Condensed balance sheet – Based on ROC GAAP**

Unit: NT\$ thousands

Year		Financial Summary for The Last Five Years(Remark 1)				
		2017 (not applicable)	2018 (not applicable)	2019 (not applicable)	2020 (not applicable)	2021 (not applicable)
Item						
Current assets						
Funds & Long-term investments						
Fixed assets						
Intangible assets						
Other assets						
Total assets						
Current liabilities	Before distribution					
	After distribution					
Long-term liabilities						
Other liabilities						
Total liabilities	Before distribution					
	After distribution					
Capital stock						
Capital surplus						
Retained earnings	Before distribution					
	After distribution					
Unrealized gain or loss on financial instruments						
Cumulative translation adjustments						
Net loss unrecognized as pension cost						
Total equity	Before distribution					
	After distribution					
Remark: 1 The financial information of last five years were audited and certified by the CPA. 2 There is no revaluation during last five years.						

## 6.1.2 Condensed Statement of Comprehensive Income/Condensed Statement of Income

### A. Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NT\$ thousands

Item \ Year	Five-Year Financial Summary(Remark 1)					Financial data of ending date in 31th March, 2022
	2017	2018	2019	2020	2021	
Operating revenue	17,533,280	18,444,415	17,803,331	22,948,845	38,986,916	11,380,929
Gross profit	2,448,043	2,513,526	2,959,204	3,736,947	5,822,325	1,572,088
Income from operations	281,161	284,970	503,706	1,219,878	2,690,971	756,610
Non-operating income	(10,128)	29,497	(10,383)	25,856	35,065	30,723
Non-operating expenses	271,033	314,467	493,323	1,245,734	2,726,036	787,333
Income before tax	219,159	269,024	405,121	1,101,305	2,357,631	641,461
Net income (Loss)	219,159	269,024	405,121	1,101,305	2,357,631	641,461
Other comprehensive income (income after tax)	(254,690)	73,465	(74,802)	(273,508)	(124,878)	229,848
Total comprehensive income	(35,531)	342,489	330,319	827,797	2,232,753	871,309
Net income attributable to shareholders of the parent	206,819	263,022	403,635	1,085,845	2,310,477	617,465
Net income attributable to non-controlling interest	12,340	6,002	1,486	15,460	47,154	23,996
Comprehensive income attributable to Shareholders of the parent	(44,449)	338,669	324,573	811,343	2,190,959	843,531
Comprehensive income attributable to non-controlling interest	8,918	3,820	5,746	16,454	41,794	27,778
Earnings per share	1.67	2.09	3.20	7.98	16.98	4.54
Remark:						
1 Financial summary for the last five years were based on ROC GAAP, show on the following B.						
2 The 2022 first quarter-financial statement has been reviewed and certified by the CPA.						

## B. Consolidated Condensed Statement of Income – Based on ROC GAAP

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years (Remark 1)				
		2017 (not applicable)	2018 (not applicable)	2019 (not applicable)	2020 (not applicable)	2021 (not applicable)
Operating revenue						
Gross profit						
Income from operations						
Non-operating income						
Non-operating expenses						
Income before tax						
Income from operations of continued segments - after tax						
Income from discontinued operations						
Extraordinary gain or loss						
Cumulative effect of accounting principle changes						
Net income						
Earnings per share						
Remark:	1 The financial information of last five years were audited and certified by the CPA.					

### 6.1.3 Auditors' Opinions from 2017 to 2021

Year	CPA Firm	CPA's Name	Auditing Opinion
2017	KPMG CPA Firm	Kuang, Chun-Hsiu, Huang, Bo-Shu	Unqualified Opinion
2018	KPMG CPA Firm	Huang, Bo-Shu, Yu, An-Tian	Unqualified Opinion
2019	KPMG CPA Firm	Huang, Bo-Shu, Yu, An-Tian	Unqualified Opinion
2020	KPMG CPA Firm	Huang, Bo-Shu, Chang, Chun-I	Unqualified Opinion
2021	KPMG CPA Firm	Huang, Bo-Shu, Chang, Chun-I	Unqualified Opinion

## 6.2 Five-Year Financial Analysis

### A. Consolidated Financial Analysis – Based on IFRS

Item (Remark 4)		Year (Remark 3)		Financial Analysis for the Last Five Years(Remark 3)					Financial data of ending date in 31th March, 2022 (Remark 1)
				2017	2018	2019	2020	2021	
Financial structure (%)	Debt Ratio	54.84	54.39	57.25	56.99	54.50	62.88		
	Ratio of long-term capital to property, plant and equipment	320.68	332.13	366.01	512.5	814.57	713.55		
Solvency (%)	Current ratio	157.62	153.02	145.70	150.36	166.39	143.37		
	Quick ratio	157.56	152.97	145.70	150.36	166.39	143.37		
	Interest earned ratio (times)	36.68	42.87	24.25	68.03	176.36	169.38		
Operating performance	Accounts receivable turnover (times)	8.46	8.36	7.64	10.08	11.30	14.30		
	Average collection period	43.68	44.93	47.77	36.20	32.31	25.52		
	Inventory turnover (times)	-	-	-	-	-	-		
	Accounts payable turnover (times)	-	-	-	-	-	-		
	Average days in sales	-	-	-	-	-	-		
	Property, plant and equipment turnover (times)	26.74	29.22	28.77	39.23	70.49	81.93		
Profitability	Total assets turnover (times)	4.15	4.20	3.64	3.86	4.74	5.28		
	Return on total assets (%)	5.33	6.26	8.62	18.75	28.83	29.91		
	Return on stockholders' equity (%)	10.15	13.18	18.70	42.54	63.13	72.64		
	Pre-tax income to paid-in capital (%)	21.01	24.96	39.15	98.87	200.33	231.43		
	Profit ratio (%)	1.25	1.46	2.28	4.80	6.05	5.64		
	Earnings per share (NT\$)	1.67	2.09	3.20	8.62	16.98	4.54		
Cash flow	Cash flow ratio (%)	19.89	10.27	32.96	55.17	31.41	19.24		
	Cash flow adequacy ratio (%)	109.66	131.73	204.56	200.05	328.80	131.73		
	Cash reinvestment ratio (%)	7.45	4.09	31.08	59.73	22.60	30.40		
Leverage	Operating leverage	1.15	1.15	1.48	1.18	1.08	1.08		
	Financial leverage	1.03	1.03	1.04	1.02	1.01	1.01		

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

- Ratio of long-term capital to property, plant and equipment increased due to increase of shareholder's equity this year.
- Interest earned ratio increased due to increase of net income before tax this year.
- Operating performance related ratio increased due to increase of operating revenue this year.
- Profitability related ratio increased due to increase of operating revenue this year.
- Cash flow related ratio increased due to increase of net cash flow from operating and decrease of current liabilities this year.

#### Remark:

- This year's cash flow of operating performance amounts is negative number, so we don't show the cash flow ratio.
- The 2017 first quarter-financial statement has been reviewed and certified by the CPA.
- The last five years were followed by ROC GAAP, show on the following B, we used IFRS from 2012.
- The end of the report should list the following formulas:
  - Financial structure  
Debt Ratio=Total Liabilities/Current Liabilities  
Ratio of long-term capital to property, plant and equipment=(Current Assets-Inventory-Prepaid expenses)/Current Liabilities
  - Solvency  
Current ratio=Current Assets/Current Liabilities  
Quick ratio=(Current Assets s-Inventory-Prepaid expenses)/Current Liabilities  
Interest earned ratio (times)=(Net Income + Tax expense + Interest expense)/Interest expenditure
  - Operating performance  
Accounts receivable turnover (times)=Net Sales/Average Accounts Receivables(including Accounts Receivable and Notes Receivable caused by operating)  
Average collection period=365/ Accounts receivable turnover (times)  
Inventory turnover (times)=Cost of sales/Average Inventory  
Accounts payable turnover (times)=cost of sales/average Accounts Payable( including Accounts Payable and Notes payable caused by operating)  
Average days in sales=365/ Inventory turnover (times)  
Property, plant and equipment turnover (times)=Net sales/average net amount of property, plant and equipment  
Total assets turnover (times)=Net Sales/average Total Assets
  - Profitability  
Return on total assets (%)=(Net Income + Interest Expense X (1-Tax Rate))/ average Total Assets  
Return on stockholders' equity (%)=Net Income/average Total Equity  
Profit ratio (%)=Net Income/Net Sales  
Earnings per share (NT\$)=(Controlling Interest Shares-Preferred Stock dividends)/weighted average outstanding shares
  - Cash flow  
Cash flow ratio (%)=Cash flow from Operating Performance/Current Liabilities  
Cash flow adequacy ratio (%)= Cash flow from Operating Performance for last five years/last five years(Capital Expense + Increase of Inventory + Cash dividend)  
Cash reinvestment ratio (%)=( Cash flow from Operating Performance- Cash dividend)/(Gross property, plant and equipment + Long-term Investment + Other non-current Liabilities + working capital)
  - Leverage  
Operating leverage=(Net operating revenue-variable cost of sales and expenses)/operating gain  
Financial leverage= operating gain/( operating gain-interest expense)

5 The EPS formulas above should notice:

- Use the weighted average common share, not the end of the period.
- Any trade about issuance of common stock for cash or treasury stock should consider the outstanding period and calculate the weighted average share.
- Any case of capital reserves should trace back to adjust.
- If the preferred share is non-convertible cumulated, dividend should be minus from net income, if its non-cumulated, net income should minus dividend, net loss shouldn't.

6. Consolidated 6 The analysis of cash flow should notice:

- the net amount of Cash flow from Operating Performance means the Cash flow from Operating Performance in the Cash Flow Statement.
- Capital Expense means annual capital investment's cash out flow
- The increase of inventory will only counted when end-inventory larger than beginning-inventory, otherwise, will be \$0.
- Cash dividend included common share and preferred share.
- Property, plant and equipment means the amounts already minus accumulated depreciation.

7 The security issuing entity should separate the operating income and loss to fixed and variable.

8 If the stock have no par-value or its not \$10, the calculation of the capital ratio should used the controlling company's capital ratio.

### Financial Analysis – Based on ROC GAAP

Item \ Year		Financial Analysis for the Past Five Years				
		2017 (not applicable)	2018 (not applicable)	2019 (not applicable)	2020 (not applicable)	2021 (not applicable)
Financial structure (%)	Debt Ratio					
	Ratio of long-term capital to fixed assets					
Solvency (%)	Current ratio					
	Quick ratio					
	Interest earned ratio (times)					
Operating performance	Accounts receivable turnover (times)					
	Average collection period					
	Inventory turnover (times)					
	Accounts payable turnover (times)					
	Average days in sales					
	Fixed assets turnover (times)					
	Total assets turnover (times)					
Profitability	Return on total assets (%)					
	Return on stockholders' equity (%)					
	Ratio to issued capital (%)	Before distribution				
		After distribution				
	Profit ratio (%)					
Earnings per share (NT\$)						
Cash flow	Cash flow ratio (%)					
	Cash flow adequacy ratio (%)					
	Cash reinvestment ratio (%)					
Leverage	Operating leverage					
	Financial leverage					
Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)						

Remark:

1. The last five years financial information has been audited and certified by the CPA.

2. The end of the report should list the following formulas:

a. Financial structure

Debt Ratio=Total Liabilities/Current Liabilities

Ratio of long-term capital to property, plant and equipment=(Current Assets-Inventory-Prepaid expenses)/Current Liabilities

b. Solvency

Current ratio=Current Assets/Current Liabilities

Quick ratio=(Current Assets s-Inventory-Prepaid expenses)/Current Liabilities

Interest earned ratio (times)=(Net Income + Tax expense + Interest expense)/Interest expenditure

c. Operating performance

Accounts receivable turnover (times)=Net Sales/Average Accounts Receivables(including Accounts Receivable and Notes

Receivable caused by operating)

Average collection period=365/ Accounts receivable turnover (times)

Inventory turnover (times)=Cost of sales/Average Inventory

Accounts payable turnover (times)=cost of sales/average Accounts Payable( including Accounts Payable and Notes payable caused by operating)

- Average days in sales= $365 / \text{Inventory turnover (times)}$   
 Property, plant and equipment turnover (times)= $\text{Net sales}/\text{average net amount of property, plant and equipment}$   
 Total assets turnover (times)= $\text{Net Sales}/\text{average Total Assets}$
- d. Profitability  
 Return on total assets (%)= $[\text{Net Income} + \text{Interest Expense} \times (1 - \text{Tax Rate})] / \text{average Total Assets}$   
 Return on stockholders' equity (%)= $\text{Net Income}/\text{average Total Equity}$   
 Profit ratio (%)= $\text{Net Income}/\text{Net Sales}$   
 Earnings per share (NT\$)= $(\text{Controlling Interest Shares} - \text{Preferred Stock dividends}) / \text{weighted average outstanding shares}$
- e. Cash flow  
 Cash flow ratio (%)= $\text{Cash flow from Operating Performance}/\text{Current Liabilities}$   
 Cash flow adequacy ratio (%)= $\text{Cash flow from Operating Performance for last five years}/\text{last five years}(\text{Capital Expense} + \text{Increase of Inventory} + \text{Cash dividend})$   
 Cash reinvestment ratio (%)= $(\text{Cash flow from Operating Performance} - \text{Cash dividend}) / (\text{Gross property, plant and equipment} + \text{Long-term Investment} + \text{Other non-current Liabilities} + \text{working capital})$
- f. Leverage  
 Operating leverage= $(\text{Net operating revenue} - \text{variable cost of sales and expenses}) / \text{operating gain}$   
 Financial leverage= $\text{operating gain} / (\text{operating gain} - \text{interest expense})$
3. The EPS formulas above should notice:  
 a. Use the weighted average common share, not the end of the period.  
 b. Any trade about issuance of common stock for cash or treasury stock should consider the outstanding period and calculate the weighted average share.  
 c. Any case of capital reserves should trace back to adjust.  
 d. If the preferred share is non-convertible cumulated, dividend should be minus from net income, if its non-cumulated, net income should minus dividend, net loss shouldn't.
4. The analysis of cash flow should notice:  
 a. the net amount of Cash flow from Operating Performance means the Cash flow from Operating Performance in the Cash Flow Statement.  
 b. Capital Expense means annual capital investment's cash out flow  
 c. The increase of inventory will only counted when end-inventory larger than beginning-inventory, otherwise, will be \$0.  
 d. Cash dividend included common share and preferred share.  
 e. Property, plant and equipment means the amounts already minus accumulated depreciation.
5. The security issuing entity should separate the operating income and loss to fixed and variable.

### 6.3 Audit Committee's Audit Report for Current Year

Audit Committee's Audit Report

Dimerco Express Corporation  
 Audit Committee's Audited Report

Board of Directors made up of year 2021 company's annual business report financial statements (includes consolidated financial reports) had been audited by KPMG. The audit report that provided by KPMG, annual business report, and the motion of profit distribution had been audited by the Audit Committee without inconsistent. This report is prepared according to Securities and Exchange Act and Company Act.

DIMERCO EXPRESS CORPORATION  
 2022 ANNUAL SHAREHOLDERS' MEETING

Audit Committee Chairman: Bill Chien

March 17, 2022

### 6.4 Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report

Please refer to page 86 to 142.

### 6.5 Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report

Please refer to page 143 to 204.



**Dimerco Express Corporation**  
**Parent company only Financial Statements and Independent**  
**Auditors' Report**

**For the Years Ended December 31, 2021 and 2020**

**Address: 11F., No. 160, Sec. 6, Minquan E. Rd., Neihu Dist., Taipei City**  
**Contact number: (02)2796-3660**

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## **Independent Auditors' Report**

To Dimerco Express Corporation,

### **Audit opinion**

We have audited the financial statements of Dimerco Express Corporation (the "Company"), which comprise the balance sheet as of December 31, 2021 and 2020, and the parent company only statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, (including a summary of significant accounting policies).

In our opinion which is based on our audit result and audit report from other CPAs (please refer to Other matters), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020 and its financial performance and its cash flows for the year ended December 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for the audit opinion**

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the paragraph "Auditor's responsibilities for the audit of the parent company only financial statements". We are independent of the Dimerco Express Corporation 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 are convinced, based on our audit results and other audit reports from other auditors, that we have acquired enough and appropriate audit evidence to provide a basis of audit opinion.

### **Other matters**

Audits of some investments through the equity method held by the Company were not conducted by us but by other auditors. Therefore, in the opinion we expressed on the said parent company only financial statements, such investees' amounts listed in the financial statements were based on the audit report by other auditors. The carrying amount recognized from the investments stated above were NT\$1,467,598 thousand and NT\$872,395 thousand, or accounted for 18% and 16% of total assets, respectively, at December 31, 2021 and 2020. Share of profits recognized from subsidiaries or associated entities were NT\$229,315 thousand and NT\$104,758 thousand, or 10% and 9% of total pretax income, respectively, for the year ended 2021 and 2020.

## **Key audit matters**

Key audit matters refer to the most vital matters in our audit of the parent company only financial statements of the Dimerco Express Corporation for the year ended December 31, 2021, based on our professional judgment. These matters were addressed in our audit of the parent company only financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters. Key audit matters of the consolidated financial statements of the Company are stated as follows:

### **1. Revenue Recognition**

Please refer to Note(4)(12) “Revenue recognition” for related accounting policy, and Note(6)(12) “Revenue disclosure for contractual revenue.

Description of key audit matters:

Revenue is mainly generated from providing contractual ocean and air freight forwarding services. It is recognized as current income when the goods are sent to ship based on the delivery contract with the price determined. As the time at which the goods are shipped is variant based on each contract, the management of the Company determines the time at which revenue is recognized under different operating conditions. We, therefore, list the item as a key audit matter.

Audit procedures:

Our principal audit procedure and communication through auditing instructions sent to associated international auditors and other auditors are as follows:

Conduct tests to its internal control system for revenue recognition to ensure the efficacy of the system;

Obtain revenue records for certain period from the computer system to verify the completeness of recognition cycle;

Sample monthly transaction records from top 10 customers and sales details for the entire year to evaluate authenticity of the transaction, accuracy of transaction amounts and reasonableness of recognition timing;

Compare sampled bills of lading from airline companies and data compiled by the Company to verify if the corresponding transactions have entered to the computer system;

Test sales records for transactions completed during a certain period before and after the reporting date to verify the appropriateness for the timing of revenue recognition;

### **2. Cost estimate**

Please refer to Note(4)(12) “Revenue recognition” for related accounting policy on cost estimation, and Note(6)(13) for detailed cost disclosure.

Description of key audit matters:

Operating costs from the Company and its investee entities through equity method include local delivery and international air and ocean freights, which contain identifying risks involving completeness of and accuracy of amounts. We, therefore, list the item as a key audit matter.

Audit procedures:

Our principal audit procedure and communication through auditing instructions sent to associated international auditors and other auditors are as follows:

- Conduct tests to its internal control system for cost recognition to ensure the efficacy of the system;
- Sample monthly transaction records from top 10 customers and sales details for the entire year to verify whether relevant costs are listed with reasonableness and followed by corresponding revenue recognition;
- Send confirmation letters to verify accounts payable at the end of the period. For transactions with airline companies of significant balance, sample the actual payments made during a certain period after the reporting date to evaluate the reasonableness of cost estimation for the period;
- Examine statement of related-party transactions to evaluate whether the payables to overseas subsidiaries for services have reasonably listed in the statement;
- Test sampled cost records for sales transactions completed during a certain period before and after the reporting date to verify the appropriateness for the timing of cost recognition.

#### **Responsibilities of the management and the governing bodies for the parent company only financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulation Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the parent company only financial statements, the management is responsible for assessing the ability of the Dimerco Express Corporation in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Dimerco Express Corporation or cease the operations without other viable alternatives.

The corporate governance unit (including supervisors) of the Company is responsible for supervising the procedures of financial reporting.

#### **Auditor's responsibilities for the audit of the parent company only financial statements**

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the parent company only financial statements, they are considered material.

We have utilized our professional judgment and maintained professional doubt when performing the audit work in accordance with the auditing standards generally accepted in the Republic of China. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the parent company only financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Dimerco Express Corporation's internal control.

3. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Dimerco Express Corporation's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent company only financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Dimerco Express Corporation to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information on entities accounted for using the equity method to express an opinion on the parent only financial statement. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion about the Dimerco Express Corporation.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Dimerco Express Corporation's parent company only financial statements for the year ended December 31, 2021. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

KPMG Taiwan

CPA:

Competent Security Authority : Tai-Cai-Zheng-Liu-Zi No. 0920122026  
Approval Document No. : Jin-Guan-Zheng-Shen-Zi No. 1050036075  
March 17, 2022

**Dimerco Express Corporation**  
**Balance Sheets**

**For the Years Ended December 31, 2021 and 2020**

Unit: NTS thousand

	2021.12.31		2020.12.31	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current assets:</b>				
1100 Cash and cash equivalents (Note 6(1))	\$ 213,918	3	115,834	2
1150 Notes receivable (Note 6(2))	17,789	2,377	-	-
1170 Accounts receivable (Note 6(2))	396,090	5	210,286	4
1180 Accounts receivable - related parties, net (Notes 6(1) and 7)	271,555	3	61,059	1
1210 Other receivables - related parties (Note 7)	1,407	-	-	-
1470 Other current assets	6,087	-	17,099	-
<b>Total current assets:</b>	<u>906,846</u>	<u>11</u>	<u>406,655</u>	<u>7</u>
<b>Non-current assets:</b>				
Financial assets at fair value through other comprehensive income -				
Non-current	390	-	390	-
Investments using the equity method (Note 6(3))	6,867,177	86	4,961,935	90
Property, plant and equipment (Notes 6(4), 8 and 9)	189,940	3	189,620	3
Right-of-use assets (Note 6(5))	12,182	-	11,231	-
Deferred tax assets (Note 6(19))	2,359	-	2,710	-
Guarantee deposits paid	5,075	-	5,045	-
Other non-current assets (Note 6(2), 8 and 9)	3,660	-	3,660	-
<b>Total non-current assets:</b>	<u>7,080,985</u>	<u>89</u>	<u>5,175,029</u>	<u>93</u>
<b>Total assets</b>	<u>\$ 7,987,831</u>	<u>100</u>	<u>\$ 5,581,684</u>	<u>100</u>
13XX				
<b>Liabilities and equity</b>				
<b>Current liabilities:</b>				
Short-term borrowings (Note 6 (4), (6) and 8)	\$ 676,592	9	700,392	13
Notes payable	31,371	-	24,633	1
Accounts payable	72,474	1	60,161	1
Accounts payable - related parties	184,299	2	47,944	1
Dividends payable	5,695	-	4,818	-
Current tax liabilities	65,144	1	18,743	-
Lease liabilities (Note 6(7))	1,166,166	15	1,048,963	19
Advances from customers (Note 7)	104,896	1	104,896	2
Other current liabilities (Note 6 (14))	276,280	3	213,773	4
<b>Total current liabilities</b>	<u>1,426,074</u>	<u>17</u>	<u>1,182,733</u>	<u>22</u>
<b>Non-current liabilities:</b>				
Lease liabilities - non-current (Note 6(7))	2,976	-	4,678	-
Long-term payable - related parties	217,568	3	219,815	4
Net defined benefit liabilities (Note 6(8))	15,810	-	16,183	-
Guarantee deposits received	93	-	285	-
Other non-current liabilities (Note 7)	2,016,806	26	1,385,605	25
<b>Total Non-current liabilities:</b>	<u>2,253,253</u>	<u>29</u>	<u>1,626,566</u>	<u>29</u>
<b>Total liabilities</b>	<u>3,679,327</u>	<u>46</u>	<u>2,809,299</u>	<u>51</u>
<b>Shareholders' equity (Note 6(8) and (10)) :</b>				
Share capital	1,360,800	17	1,260,000	23
Capital surplus	19,362	-	19,362	-
Retained earnings:				
Legal reserve	502,575	6	394,064	7
Special reserve	441,086	6	182,174	3
Unappropriated earnings	2,541,962	32	1,338,432	24
Unappropriated earnings	3,485,623	44	1,934,470	34
Other equity:				
Exchange differences on the translation of financial statements of foreign operations	(557,281)	(7)	(441,087)	(8)
<b>Total equity</b>	<u>4,308,504</u>	<u>54</u>	<u>2,772,145</u>	<u>49</u>
<b>Total liabilities and equity</b>	<u>\$ 7,987,831</u>	<u>100</u>	<u>\$ 5,581,684</u>	<u>100</u>

13XX Total assets

2-3XXX Total liabilities and equity

Other equity: Exchange differences on the translation of financial statements of foreign operations

(Please see accompany notes to financial statements)

Chairman: Chien, Yao-Huai

General Manager: Chiu, Chun-Jung

Accounting Manager: Chen, Ching-Chi

**Dimerco Express Corporation**  
**Statements of Comprehensive Income**  
**For the Years Ended December 31, 2021 and 2020**

Unit: NT\$ thousand

	2021		2020	
	Amount	%	Amount	%
4000 <b>Operating income (Notes 6 (12) and (7))</b>	\$ 2,131,549	100	1,631,867	100
5000 <b>Operating costs (Note 6(13))</b>	<u>1,852,432</u>	87	<u>1,391,480</u>	85
5900 <b>Gross profit</b>	<u>279,117</u>	13	<u>240,387</u>	15
6000 <b>Operating expenses (Note 6 (4) (5) (7) (8) (14) and 7)</b>				
6100     Marketing expenses	95,287	5	92,907	6
6200     Management expenses	194,483	9	90,140	6
6450     Expected credit loss (reversed)	2,668	-	(270)	-
<b>Total operating expenses</b>	<u>292,438</u>	14	<u>182,777</u>	12
6900 <b>Operating income (loss)</b>	<u>(13,321)</u>	(1)	<u>57,610</u>	3
7000 <b>Non-operating income and expense (Notes 6 (3) (7) (15) and 7):</b>				
7100     Interest income	40	-	85	-
7010     Other income	366,278	17	4,256	-
7020     Other gains and losses	1,427	-	(3,299)	-
7050     Financial costs	(5,961)	-	(7,167)	-
7070     Share of profit or loss of subsidiary & associates accounted for using equity method	<u>2,034,908</u>	95	<u>1,055,711</u>	65
<b>Total non-operating income and expenses:</b>	<u>2,396,692</u>	112	<u>1,049,586</u>	65
7900 <b>Profit before tax from continuing operations</b>	2,383,371	111	1,107,196	68
7950 <b>Less: Income tax expenses (Note 6(9))</b>	<u>72,894</u>	3	<u>21,351</u>	1
8200 <b>Net profit for the period</b>	<u>2,310,477</u>	108	<u>1,085,845</u>	67
8300 <b>Other comprehensive income (Note 6(8)):</b>				
8310 <b>Items not reclassified to profit or loss</b>				
8311     Remeasurement of defined benefit plans	(2,778)	-	2,707	-
8330     Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(546)	-	(3,437)	-
8349     Less: Income tax related to items not reclassified	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Titles that will not be reclassified as profit or loss</b>	<u>(3,324)</u>	<u>-</u>	<u>(730)</u>	<u>-</u>
8360 <b>Titles that could be reclassified as profit (loss) accounts in the future</b>				
8361     Exchange differences on the translation of financial statements of foreign operations	(111,135)	(5)	(273,772)	(17)
8380     Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(5,059)	-	-	-
8399     Less: Income tax related to titles will be reclassified	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total titles that could be reclassified as profit (loss) accounts in the future</b>	<u>(116,194)</u>	<u>(5)</u>	<u>(273,772)</u>	<u>(17)</u>
8300 <b>Comprehensive income for the period</b>	<u>(119,518)</u>	<u>(5)</u>	<u>(274,502)</u>	<u>(17)</u>
8500 <b>Total comprehensive income for the period</b>	<u>\$ 2,190,959</u>	<u>103</u>	<u>\$ 811,343</u>	<u>50</u>
Diluted earnings per share (unit: NT\$) (Note 6(11))				
9750     Basic earnings per share	<u>\$ 16.98</u>		<u>7.98</u>	
9850     Diluted earnings per share	<u>\$ 16.77</u>		<u>7.87</u>	

(Please see accompany notes to financial statements)

Chairman: Chien, Yao- Huai     General Manager: Chiu, Chun- Jung     Accounting Manager: Chen, Ching-Chi



**Dimerco Express Corporation**  
**Statements of Changes in Equity**

For the Years Ended December 31, 2021 and 2020

Unit: NT\$ thousand

Note	Retained earnings						Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	
Code	3110	3200	3310	3320	3350	3300	3xxx
A1	\$ 1,260,000	19,362	353,700	182,174	484,841	1,020,715	2,132,762
B1	-	-	40,364	-	(40,364)	-	-
B5	-	-	-	-	(171,360)	(171,360)	(171,360)
D1	-	-	-	-	1,085,845	1,085,845	1,085,845
D5	-	-	-	-	(730)	(730)	(274,502)
D6	-	-	-	-	1,085,115	1,085,115	811,343
Z1	1,260,000	19,362	394,064	182,174	1,358,232	1,934,470	2,772,745
B1	-	-	108,511	-	(108,511)	-	-
B5	-	-	-	258,912	(258,912)	-	-
B6	-	-	-	-	(655,200)	(655,200)	(655,200)
B9	100,800	-	-	-	(100,800)	-	-
D1	-	-	-	-	2,310,477	2,310,477	2,310,477
D5	-	-	-	-	(3,324)	(3,324)	(119,518)
D6	-	-	-	-	2,307,153	2,307,153	2,190,959
Z1	<u>1,460,800</u>	<u>19,362</u>	<u>502,575</u>	<u>441,086</u>	<u>2,541,962</u>	<u>3,485,624</u>	<u>4,408,504</u>

Exchange differences on the translation of financial statements of foreign operations

3410 (167,315)

Total equity

3xxx

**Balance at January 1, 2020**  
Earning appropriation and distribution:  
Provision of legal reserve  
Cash dividends on common stock  
Net profit for the period  
Comprehensive income for the period  
Total comprehensive income for the period  
**Balance at December 31, 2020**  
Earning appropriation and distribution:  
Provision of special reserve  
Cash dividends on common stock  
Stock dividends on common stock  
Net profit for the period  
Comprehensive income for the period  
Total comprehensive income for the period  
**Balance as at December 31, 2021**

(Please see accompany notes to financial statements)

General Manager: Chiu, Chun-Jung

Accounting Manager: Chen, Ching-Chi

Chairman: Chien, Yao-Huai

**Dimerco Express Corporation**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2021 and 2020**

		<b>Unit: NTS thousand</b>	
		<b>2021</b>	<b>2020</b>
AAAA	<b>Cash flow from operating activities</b>		
A10000	<b>Net profits before tax for the period</b>	\$ 2,383,371	1,107,196
A20000	<b>Adjustments:</b>		
A20010	Income and expense items		
A20100	Depreciation expense	17,899	19,169
A20200	Amortization expense	236	215
A20300	Expected credit loss (reversed)	2,668	(270)
A20900	Interest expense	5,961	7,167
A21200	Interest income	(40)	(85)
A21300	Dividend income	(130)	(168)
A22400	Share of profit or loss of subsidiary & associates accounted for using equity method	(2,034,908)	(1,055,711)
A22500	Disposal of property, plant and equipment	(590)	-
A20010	<b>Total income and expenses</b>	(2,008,904)	(1,029,683)
A30000	<b>Total net changes in assets and liabilities related to operating activities</b>		
A31000	<b>Net change in assets related to operating activities:</b>		
A31130	Notes receivable	(15,412)	(238)
A31150	Accounts receivable	(188,472)	(53,119)
A31160	Accounts receivable – related parties	(210,496)	(7,047)
A31190	Other receivables – related parties	(1,407)	-
A31240	Other current assets	11,012	(3,477)
A31000	<b>Net change in assets related to operating activities:</b>	(404,775)	(63,881)
A32000	<b>Net change in liabilities related to operating activities:</b>		
A32130	Notes payable	6,718	2,283
A32150	Accounts payable	12,313	26,955
A32160	Accounts payable - related parties	136,355	2,931
A32230	Other current liabilities	62,507	112,488
A32240	Net defined benefit liability	(3,151)	(3,098)
A32000	<b>Total net change in liabilities related to operating activities</b>	214,742	141,559
A30000	<b>Total net changes in assets and liabilities related to operating activities</b>	(190,033)	77,678
A20000	<b>Total adjustments</b>	(2,198,937)	(952,005)
A33000	<b>Cash inflow from operations</b>	184,434	155,191
A33100	Interest received	40	85
A33200	Dividends received	130	6,224
A33300	Interest paid	(5,961)	(7,167)
A33500	Income tax paid	(26,212)	(1,632)
AAAA	<b>Net cash inflow from operating activities</b>	152,431	152,701
BBBB	<b>Cash flow from investing activities:</b>		
B01800	Acquisition of investment accounted for using the equity method	(8,000)	(183,547)
B02000	Increase in prepayments for investments	-	(10,000)
B02700	Acquisition of property, plant and equipment	(5,669)	(4,759)
B02800	Proceeds from disposal of property, plant and equipment	590	-
B03700	Increase (decrease) in Guarantee deposits paid	(30)	(1,483)
B04500	Acquisition of intangible assets	-	(330)
B07600	Dividend income received from investments using equity methods	20,916	-
BBBB	<b>Net cash inflow (outflow) from investing activities</b>	7,807	(200,119)
CCCC	<b>Cash flow from financing activities:</b>		
C00100	Increase in short-term borrowings	2,626,125	429,050
C00200	Decrease in short-term borrowings	(2,650,125)	(438,050)
C03000	Increase in guarantee deposits received	(192)	(15)
C03700	Increase in other payables - related parties	628,954	100,349
C04020	Lease principal repayment	(12,593)	(14,275)
C04500	Distribution of cash dividends	(654,323)	(168,829)
CCCC	<b>Net cash outflow from financing activities</b>	(62,154)	(91,770)
EEEE	<b>Net increase (decrease) in cash and cash equivalent for the current period</b>	98,084	(139,188)
E00100	<b>Opening balance of cash and cash equivalents</b>	115,834	255,022
E00200	<b>Ending balance of cash and cash equivalents</b>	\$ 213,918	115,834

(Please see accompany notes to financial statements)

Chairman: Chien, Yao- Huai

General Manager: Chiu, Chun- Jung

Accounting Manager: Chen, Ching-Chi

**Dimerco Express Corporation**  
**Notes to parent company only Financial Statements**  
**For the Years Ended December 31, 2021 and 2020**  
**(Unless otherwise stated, all amounts are in thousands of NTD)**

**I. Company History**

Dimerco Express Corporation (the “Company”), originally named as Dimerco Air Freight Corporation and renamed in June 2012, was incorporated on August 1985 under the Company Act and other associated regulations of Republic of China. The Company is primarily involved with (1) airfreight forwarding business; (2) sea freight forwarding; (3) import/export customs declaration business; and (4) operations and investments in the aforementioned businesses

**II. Date and Procedure for Approval of Financial Statements**

The parent company only financial statements were approved by the Board of Directors for release on March 17, 2022.

**III. Application of Newly Issued and Amended Standards and Interpretations**

(I) Impact of adoption of new and revised standards and interpretations endorsed by the FSC

The Company has adopted the newly revised IFRSs listed below starting from January 1, 2022, which will not cause a material impact on the parent company only financial statements.

- Amendments to IFRS 4 (Deferral of effective date of IFRS 9)
- Interest Rate Benchmark Reform—Phase 2—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The Company has adopted the newly revised IFRSs listed below starting from April 1, 2022, which will not cause a material impact on the parent company only financial statements.

- Amendment to IFRS 16 (COVID-19-Related Rent Concessions After June 30, 2021)

(II) Impact of not adopting the IFRS endorsed by the FSC

The Company has assessed the application of the newly revised IFRS that have taken effect on January 1, 2022, which will not cause a material impact on the parent company only financial statements.

- Amendments to IAS 16 (Property, Plant and Equipment — Proceeds before Intended Use)
- Amendments to IAS 37 (Onerous Contracts — Cost of Fulfilling a Contract)
- Annual Improvements to IFRSs 2018-2020 Cycle
- Amendments to IFRS 3 (Reference to the Conceptual Framework)

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

### (III) New and revised standards and interpretations not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standard Board (IASB), but have not yet to be endorsed or interpreted by FSC:

<u>Standards or interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 (Classification of Liabilities as Current or Non-current)	<p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	January 1, 2023

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

The Company does expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements.

## IV. Summary of Significant Accounting Policies

A summary of the significant accounting policies adopted in the parent company only financial statements is as follows. The accounting policies below have been applied consistently throughout the reporting period presented in the parent company only financial statements.

### (I) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### (II) Basis of preparation

#### 1. Basis for measurement

Except the following significant accounts, unless otherwise noted (please refer to accounting policy for each title) the financial statements have been prepared on a historical cost basis:

#### 2. Functional currency and currency presented

The Company adopts the currency used in the main economic environment in which each system under it operates as its functional currency. The financial statements are presented in New Taiwan Dollar (TWD), which is the Company's financial currency. All financial information presented in NTD is in the unit of thousands of NTD.

### (III) Foreign currency

#### 1. Foreign currency transaction

Foreign currency transactions are translated into functional currency at the exchange rate prevailing on the transaction date. On the end date of each reporting period

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

(hereinafter referred to as the “balance sheet date”), foreign currency monetary items are translated into the functional currency at the exchange rate prevailing on the balance sheet date. Foreign currency non-monetary items measured at fair value are translated into the functional currency at the exchange rate prevailing on the day of measurement. Foreign currency non-monetary items measured at historical cost are translated at the exchange rate prevailing on the transaction date.

Exchange differences are generally recognized in profit of loss, except for those related to the following, which are recognized in other comprehensive income:

- (1) An investment in equity securities designated as at fair value through other comprehensive income;
  - (2) An financial liability designated to hedge for the net investment of foreign operation units to the extent that the hedge are effective; or
  - (3) Qualifying cash flow hedges to the extent that the hedge are effective.
2. Foreign operations

The asset and liabilities of foreign operations are translated into the presentation currency at the exchange rates at the reporting date. The income or expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned or not likely occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

### (IV) Criteria for classification of current and non-current assets and liabilities

Assets that meet one of the following criteria are classified as current assets; all other assets that are not current assets are classified as non-current assets:

1. It is expected to be realized, or intended to be sold or consumed, in the normal operation cycle;
2. Assets held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. Assets that are cash or cash equivalents, excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date.

Liabilities that meet one of the following criteria are classified as current liabilities; all other liabilities that are not current liabilities are classified as non-current liabilities:

1. It is expected to be settled in the normal operating cycle;
2. Liabilities held primarily for the purpose of trading;
3. Liabilities expected to be settled within 12 months after the balance sheet date; or
4. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date. However, the terms of a liability that could, at the option of the counterparty, result in its settlement by issue of equity instruments do not affect its classification.

### (V) Cash and cash equivalents

Cash and cash equivalent comprise cash demand deposits and short-term and highly liquid investments that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value.

The saving deposits maturing in three months, held for the purpose of meeting short-term cash commitments, rather than for investment or other purpose and readily convertible to known amount of cash with an insignificant risk of changes in value, are

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

reported as cash equivalents.

### (VI) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual terms of the financial instruments. Financial assets (except receivables that do not contain significant financial components) or financial liabilities that are not measured at fair value through profit or loss are initially measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financial components are initially measured at transaction prices.

#### 1. Financial assets

If the purchase or sale of financial assets conforms to the regular way purchase or sale, the Company shall adopt trade date accounting or settlement date accounting consistently to recognize the purchase or sale of the financial assets in the same category.

Financial assets are classified as financial assets at amortized cost and equity instrument investments at fair value through other comprehensive income upon initial recognition. The Company only reclassifies all affected financial assets from the first day of next reporting period when changing the financial assets management model.

##### (1) Financial assets at amortized cost

If the financial assets are in alignment with the following criteria and not designated as at fair value through profit or loss, such assets are measured at amortized cost:

- Held under a certain business model, of which the objective is to collect contractual cash flows by holding the financial assets.
- The cash flows on specific dates specified in the contractual terms are solely payments for the principal and interest on the principal amount outstanding.

Such assets are subsequently amortized by the effective interest method plus or less the initially recognized amount using the effective interest method, adjusted for the allowance for losses measured at amortized cost. Interest income, foreign exchange gains or losses, and impairment losses are recognized in profit or loss. Upon derecognition, the gain or loss is included in profit or loss.

##### (2) Financial assets at fair value through other comprehensive income (FVOCI)

Upon initial recognition, the Company may make an irrevocable election to recognize subsequent changes in fair value of equity instrument investments not held for trading in other comprehensive income. The foregoing election is made as per each instrument.

Investments in equity instruments are subsequently measured at fair value. Dividend income (unless it clearly represents a recovery of part of an investment cost) is recognized in profit or loss. The remaining net gain or loss is recognized as other comprehensive income and is not reclassified to profit or loss.

Dividend income from investments in equity is recognized on the date on which the Company is entitled to receive the dividend (usually the ex-dividend date).

##### (3) Impairment of financial assets

The Company recognized loss allowances for expected credit losses (ECL) measured at amortized costs.

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

The allowance for losses for the financial assets below are measured at 12-month expected credit losses, and the allowance for losses for the rest are measured at the lifetime expected credit losses:

- Debt securities are judged to be of low credit risk on the balance sheet date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Allowance for losses on accounts receivable and contract assets are measured at lifetime expected credit losses.

Lifetime expected credit losses refer to the expected credit losses arising from all possible default events during the expected duration of a financial instrument.

Twelve-month expected credit losses are expected credit losses on a financial instrument arising from possible default events within 12 months after the balance sheet date (or a shorter period if the expected duration of the financial instrument is less than 12 months).

The maximum period over which expected credit losses are measured is the maximum contract period over which the Company is exposed to credit risk

When determining whether the credit risk has increased significantly since the initial recognition, the Company takes into account reasonable and corroborative information (obtainable without undue cost or effort), including qualitative and quantitative information, and analyzes it based on the Company's historical experience, credit assessments, and forward-looking information.

Expected credit losses are an estimate of weighted probability of credit losses over the expected lifetime of a financial instrument. Credit losses are measured at the present value of all cash shortfalls, that is the difference between the cash flows that the Company can receive as per the contract and the cash flows that the Company expects to receive. Expected credit losses are discounted at the effective interest rate on the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events have occurred with an adverse effect on the estimated future cash flows of the financial asset.

The allowance for losses for a financial asset measured at amortized cost is deducted from the carrying amount of the asset. For debt securities at FVOCI, the loss allowance or reversal is charged to profit or loss and is recognized in other comprehensive income (instead of reducing the carrying amount of the asset).

When the Company cannot reasonably expect to recover the whole or part of a financial asset, it directly reduces the total carrying amount of the financial asset. The Company determines that when the debtor is unable to generate sufficient cash flows to repay the amount written off. However financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due.

#### (4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred to other entities.

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

### 2. Financial liabilities and equity instruments

#### (1) Classification of liabilities and equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity as per the substance of a contractual agreement and the definition of financial liabilities and equity instruments.

#### (2) Equity transactions

Equity instruments are any contractual assets that entitle rights to the Company after the liability portion are offset from the assets. Equity instruments issued by the Company are recognized for an amount after deducting the direct issuing cost from the proceeds collected.

#### (3) Treasury stocks

Consideration paid (including direct cost attributed) for equity instrument buyback recognized by the Company is recorded as decrease in an equity component. Shares buyback are treasury stocks. Proceeds received from resale or reissuance of treasury stocks are treated as equity increase. Any surplus or loss generated from the transaction is recognized as capital surplus or retain earnings (when capital surplus is insufficient to offset)

#### (4) Financial liabilities

Financial liabilities are classified as those at amortized cost or at fair value through profit or loss. Financial liabilities are classified at fair value through profit or loss if they are held for trading, derivatives, or designated upon initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and the relevant net gain and loss, including any interest expense, is recognized in profit or loss.

#### (5) Derecognition of financial liabilities

The Company derecognizes financial liabilities when contractual obligations have been fulfilled, cancelled, or expired.

On derecognition of a financial liability, the difference between the carrying amount and the consideration payable (including any non-cash assets transferred or liabilities assumed) is recognized as non-operating income or expenses.

#### (6) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of balance sheet only when the Company currently has a legally enforceable right to set off the amount and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

### (VII) Investment in associates

Associates are enterprises which the Company has significant influence, not controlling power, over the finance and operation policy of. The Company is deemed to have such an influence when it holds 20% to 50% voting rights of an entity.

Under the equity method, investments in an associate are initially recognized at cost, and the investment cost includes the transaction cost. The carrying amount of an investment in an associate includes the goodwill identified at the time of the initial investment, less any accumulated impairment losses.

The Company's parent company only financial statements include, from the date of it having significant influence to the date of it losing significant influence, after adjusting associates' accounting policies to be consistent with those adopted by Company, include the



## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

amount of profit or loss and other comprehensive income from investment in each associate recognized in proportion to the equity held. When an associate undergoes a change in equity that is not related to profit or loss or other comprehensive income without affecting the Company's shareholding in the associate, the Company recognizes the share of changes in equity attributable to the Company in capital surplus in proportion to its shareholding.

Unrealized gains resulting from transactions between the Company and an associate have been offset to the extent of the Company's interest in the associate. The approach to offset unrealized loss is the same as that for unrealized gain but only to the extent that when there is no evidence of impairment.

When the Company's share of losses on an associate equals or exceeds its interest in the associate, the Group discontinues recognizing its share of further losses. 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 said associate.

### (VIII) Subsidiaries

The subsidiaries which the Company is holding for controlling are measured under equity method in the financial statements. Under equity method, the net income, other comprehensive income in the parent company only financial statements are equivalent to those in the consolidated financial statements. Total equity in the parent company only financial statement is equivalent to equity attributable to shareholders of the parent.

The changes in ownership of the subsidiaries not causing loss of the control power are recognized as equity transactions.

### (IX) Property, plant and equipment

#### 1. Recognition and measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

When the useful lives of material components of property, plant and equipment are different, they are treated as separate items (major components) of property, plant and equipment.

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

#### 2. Subsequent cost

Subsequent expenditures are capitalized only when it is probable that the future economic benefits will flow to the Company.

#### 3. Depreciation

Depreciation is calculated at the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful life of each component.

Land is not depreciated.

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

The estimated useful life for the current and comparative periods are as follows:

Buildings	4 ~ 56 years
Transportation equipment	3 years
Office equipment	1~16 years
Leasehold improvement	2~6 years

Depreciation methods, useful lives and residue values, are reviewed at each reporting date, adjusted if appropriate.

### (X) Lease

The Company assesses whether a contract is or contains a lease on the date of the establishment the contract and determines a contract is or contains a lease if the contract transfers control over the use of the identified asset for a period of time in exchange for consideration.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive.

The right-of-use asset is subsequently depreciated on a straight-line basis from the lease commencement date to the end of the useful life of the right-of-use asset or the end of the lease term, whichever is earlier. In addition, the Company regularly assesses whether the right-of-use asset is impaired and accounts for any impairment loss that has occurred, and adjusts the right-of-use asset if the lease liability is remeasured.

The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. If the interest rate implicit in a lease is easy to be determined, the discount rate is said rate; if it is not easy to determine such a rate, the Company's incremental borrowing rate is adopted. Generally speaking, the Company adopts its incremental borrowing rate as the discount rate.

Lease payments included in the lease liability measurement include:

1. Fixed payments, including substantive fixed payments;
2. The lease payment depends on the change in an index or rate, and the index or rate on the lease commencement date is adopted for the initial measurement;
3. The residual value guarantee amount expected to be paid; and
4. The exercise price or penalty to be paid when it is reasonably ascertains that the purchase or lease termination will be executed.

Interest on lease liabilities is subsequently accrued using the effective interest method, and the amount is re-measured under each of the circumstances below:

1. Changes in the index or rate used to determine lease payments result in changes in future lease payments;
2. There is a change in the residual value guarantee amount expected to be paid;
3. There is a change in the evaluation of the option of purchasing the asset;
4. A change in the evaluation of whether to extend or terminate a lease has resulted in a change in the evaluation of the lease term;
5. The subject leased, scope of lease, or other terms are modified.

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

When the lease liability is re-measured due to the aforementioned changes in the index or rate used to determine the lease payment, changes in the residual value guarantee amount, and changes in the evaluation of the purchase, extension, or termination, the carrying amount of the right-of-use asset is adjusted accordingly. When the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications with a reduced scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between said amount and the remeasured amount of the lease liability is recognized in profit or loss.

The Company presents right-of-use assets and lease liabilities not in alignment with the definition of investment property on a separate line in the balance sheet.

The Company has elected not to recognize right-of-use assets and lease liability for short-term leases and leases of low-value assets. The Company recognizes the lease payment associated with these leases as expense on a straight-line basis over the lease term.

### (XI) Impairment of non-financial assets

The Company evaluates if there is any sign of impairment of non-financial assets (except deferred tax assets) at the balance sheet date. The Group estimates the recoverable amount of such assets with a sign of impairment.

Impairment testing aims at the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount is the higher of the individual asset or the air value of the cash-generating unit less cost of disposal and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects present market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognized when the recoverable amount of an individual asset or cash-generating unit is lower than the carrying amount thereof.

Impairment losses are recognized immediately in profit or loss with the carrying amount of the cash-generating unit's amortized goodwill reduced first; then the carrying amount of each asset in proportion to the carrying amount thereof in the unit reduced.

The recoverable amount of a non-financial asset is limited to the carrying amount (after depreciation or amortization) which was determined previously before the occurrence of the impairment.

### (XII) Revenue recognition

#### 1. Revenue from customer contracts

Revenue is measured as the consideration to which the transfer of goods or services is expected to be entitled. The Company recognizes revenue when its service satisfies a performance obligation. The Company's main revenue items are described as follows:

The Company provides a range of forwarding services, including air freight, ocean freight and customs declaration. Revenue is recognized for services provided during the reporting period.

#### 2. Cost of customer contracts

Shipping costs, covering air and ocean freights, are estimated when revenue is recognized and are expensed based on vendor invoices or quotations.

### (XIII) Employee benefits

#### 1. Defined contribution plan

Obligations for contribution to the defined contribution plans are expensed during the period when related service is provided from the employees.

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

### 2. Defined benefit plan

The Company's net obligation to the defined benefit plan is calculated by discounting the amount of future benefits earned by employees for services provided in the current or prior periods to the present value for each benefit plan, less the fair value of any plan assets.

Defined benefit obligations are calculated annually by a qualified actuary using the projected unit credit method. When the result of the calculation may be favorable to the Company, the asset recognized is limited to the present value of any economic benefits that could be derived from the plan in the form of a refund of contributions or a reduction in future contributions. Any minimum contribution requirements are taken into account when the present value of economic benefits is calculated.

The remeasurement of the net defined benefit liability, including actuarial gains or losses, return on plan assets (excluding interest), and any changes in the effect of asset caps (excluding interest) are recognized immediately in other comprehensive income and accumulated in retained earnings. The Company determines net interest expense (income) on net defined benefit liability (asset) based on the net defined benefit liability (asset) and discount rates determined at the beginning of the annual reporting period. Net interest expense and other expenses on defined benefit plans are recognized in profit or loss.

When the plan is revised or curtailed, the resulting change in benefits related to service costs in the prior periods or curtailment gains or losses is recognized immediately in profit or loss. When the settlement occurs, the Company recognizes it in the settlement gain or loss of the defined benefit plan.

### 3. Short-term employee benefits

Short-term employee benefits are expensed when the relevant services are provided. If the Company has a present legal or constructive payment obligation due to an employee's past services and the obligation can be estimated reliably, the amount of benefits is recognized in liabilities.

#### (XIV) Share-based payments

Share-based payments granted to employees are initially measured at fair value on the granted date and recognized as labor cost with corresponding increase in equity during the period when employee have the unconditional right to the compensation. The labor cost recognized is adjusted according to qualifying service condition and number of shares granted based on non-market-value vesting condition. The final recognition is measured according to qualifying service condition and number of shares granted based on non-market-value vesting condition on the vesting date.

The non-vesting conditions regarding share-based payment awards have been reflected in the measurement of the fair value of share-based payment on the grant date, and differences between expected and actual results do not need to be verified and adjusted.

#### (XV) Government grants

The Company recognizes an unconditional government grant as other income when the grant is received. Government grants to compensate for the Company's expenses or losses and relevant expenses in the same period are recognized in profit or loss on a systematic basis.

#### (XVI) Income tax

Income taxes comprise current taxes and deferred taxes. Current income tax and deferred tax are recognized in profit or loss, except in relation to business combinations or items directly recognized in equity or other comprehensive income.

Current taxes comprise the expected tax payables or receivables on taxable profits (losses) for the year and any adjustment to the tax payable and receivable in respect of previous years.

Deferred tax is recognized based on the temporary differences between the carrying amounts of an asset and liability for financial reporting purposes and its tax base.

## **Dimerco Express Corporation Notes to Parent Company Only Financial Statements**

Unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized, as well as deductible temporary differences are recognized in deferred tax assets. It is reviewed at each reporting date and is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to when the related asset is realized or the related liability is settled, using tax rates enacted or substantively enacted at the reporting date.

The Company will offset deferred tax assets and deferred tax liabilities only when the criteria below are met at the same time:

1. Has the statutory enforcement power to offset current income tax assets and current income tax liabilities; and
2. Deferred tax assets and deferred tax liabilities are related to one of the following taxpayers with income tax levied by the same tax authority:
  - (1) The same taxpayer; or
  - (2) Different taxpayers but each taxpayer intends to settle the current tax liabilities and assets on a net basis or to realize both in each future period, in which significant amounts of deferred tax assets are expected to be recovered and deferred tax liabilities are expected to be settled.

### **(XVII) Earnings per share**

The Company presents basic and diluted earnings per share attributable to holders of the Group's ordinary shares. Basic earnings per share is calculated as the profit attributable to shareholders of the Company divided by the weighted average number of ordinary shares outstanding adjusted by the number of treasury shares. Additional shares from the conversion of accumulated earnings and capital surplus are shares outstanding through retroactive adjustment.

Diluted earnings per share is calculated by having the profit or loss attributable to the equity holders of the Company's ordinary shares and the weighted average number of ordinary shares outstanding adjusted for the effect of all potential dilutive ordinary shares. Dilutive potential ordinary shares are remuneration to employee distributed by shares

### **(XVIII) Information on Segments**

The segments information is disclosed in the Company's consolidated financial statements; therefore, the Company does not disclose easement information in these statements.

## **V. Key Sources of Uncertainty over Critical Accounting Judgments, Assumptions, and Estimation**

The preparation of the financial statement is in conformity with "Regulations Governing the Preparation of Financial Reports by Securities Issuers." The management is required to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from estimates.

The management continues to review estimates and basic assumptions, and changes in accounting estimates are recognized in the period in which they are changed and future periods affected.

There is no information regarding significant recognitions arising from accounting policies and major judgments, or information regarding major adjustment that will be made in the next period arising from potential and significant risks due to the uncertainty of assumptions and estimates.

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

### VI. Description of Significant Account Titles

#### (I) Cash and cash equivalents

	<b>2021.12.31</b>	<b>2020.12.31</b>
Cash on hand	\$ 1,545	1,468
Checking deposit	15,481	13,542
Demand deposit	183,055	100,824
Time deposit	13,837	-
Cash and cash equivalents in statement of cash flows	<b>\$ 213,918</b>	<b>115,834</b>

Please refer to Note 6(16) for the disclosure of interest rate risk and sensitivity analysis of the Company's financial assets and liabilities.

#### (II) Notes and accounts (including related parties) and overdues receivable

	<b>2021.12.31</b>	<b>2020.12.31</b>
Notes receivable	\$ 17,789	2,377
Accounts receivable	401,086	213,347
Accounts receivable - related parties	271,555	61,059
Overdues	736	3
Less: Allowance for losses - account receivable	4,996	3,061
Allowance - overdue	736	3
	<b>\$ 685,434</b>	<b>273,722</b>

All receivables of the Company have been applied with discounts or provided as collaterals.

The Company adopts a simplified approach to estimate expected credit losses for all notes and accounts receivables, which are measured at lifetime expected credit losses. To this end, such notes and accounts receivables are grouped by common credit risk characteristics that represent a customer's ability to pay all amounts due as per the contract terms with forward-looking information incorporated. The Company's expected credit loss analysis for the notes and accounts receivable is as follows:

	<b>2021.12.31</b>		<b>2020.12.31</b>
<b>Carrying amount of accounts receivable</b>	<b>Weighted average expected credit loss rate</b>	<b>Allowance for lifetime expected credit losses</b>	
Not past due	\$ 634,319	0%	-
Overdue for 0-30 days	49,275	1%	469
Overdue for 31-60 days	5,773	60%	3,464
Overdue for 61-90 days	1,799	100%	1,799
	<b>\$ 691,166</b>		<b>5,732</b>

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

	<b>2020.12.31</b>		
	<b>Carrying amount of accounts receivable</b>	<b>Weighted average expected credit loss rate</b>	<b>Allowance for lifetime expected credit losses</b>
Not past due	\$ 255,778	0%	-
Overdue for 0-30 days	18,272	25%	628
Overdue for 31–60 days	1,580	75%	1,280
Overdue for 61–90 days	425	100%	425
Overdue for more than 365 days	<u>731</u>	100%	<u>731</u>
	<b><u>\$ 276,786</u></b>		<b><u>3,064</u></b>

The changes in allowances for losses on the Company's notes and accounts receivable are as follows:

	<b>2021</b>	<b>2020</b>
Opening balance	\$ 3,064	3,334
Impairment losses recognized (reversed)	<u>2,668</u>	<u>(270)</u>
Ending balance	<b><u>\$ 5,732</u></b>	<b><u>3,064</u></b>

### (III) Investments using the equity method

A summary of Company's investments accounted for using the equity method at the reporting date is as follows:

	<b>2021.12.31</b>	<b>2020.12.31</b>
Subsidiary	\$ 6,653,336	4,763,913
Associates	<u>213,841</u>	<u>198,012</u>
Total	<b><u>\$ 6,867,177</u></b>	<b><u>4,961,925</u></b>

#### 1. Subsidiary

Please refer to the consolidated financial statements for the year ended December 31, 2021.

#### 2. Associates

The information on associates with materiality to the Company is as follows:

<b>Name</b>	<b>Relations with the Group</b>	<b>Core operation location /Country of registration</b>	<b>Proportion of ownership interest and voting rights</b>	
			<b>2021.12.31</b>	<b>2020.12.31</b>
ITG Air & Sea GmbH	Air and ocean freight logistics business	Germany	25.00%	25.00%

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

The information on associates with materiality to the Company is as follows:

The Company acquired 25% shareholding of ITG Air & Sea GmbH (ITG hereafter) for \$183,547 thousand (or €5,458 thousand) and, therefore, has significant influence to the entity. Summary of financial information of ITG GmbH:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Current assets	\$ 1,065,828	631,992
Non-current assets	88,923	97,331
Current liabilities	(778,586)	(418,694)
Non-current liabilities	(39,569)	(37,345)
Net assets	<u>\$ 336,596</u>	<u>273,284</u>
Net assets attributable to the Company	<u>\$ 84,149</u>	<u>68,321</u>

	<u>2021</u>	<u>2020</u>
Operating revenue	<u>\$ 4,283,299</u>	<u>2,416,850</u>
Net income of continuing business units for the period	\$ 126,150	50,819
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 126,150</u>	<u>50,819</u>
Total comprehensive income attributable to the Company for the period	<u>\$ 31,538</u>	<u>12,704</u>

	<u>2021</u>	<u>2020</u>
The Company's share of the net assets from associated entities at the beginning of the period	\$ 198,012	-
Total comprehensive income attributable to the Company for the period	31,538	12,704
Shareholding of associates acquired for the period	-	183,547
Dividend received for the period	(7,769)	-
Translation adjustment	(7,940)	1,761
Carrying amount of the Company's equity in associates at the end of the period	<u>\$ 213,841</u>	<u>198,012</u>

### 3. Collateral

None of the above investments using the equity method by the Company was pledged as collateral as of December 31, 2021 and 2020.



## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

### (IV) Property, plant and equipment

The cost, depreciation, and change of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2022, were as follows:

	Land	Buildings	Transportation equipment	Office equipment	Leasehold improvement	Total
Cost or deemed cost:						
Balance on January 1, 2021	\$ 156,092	48,913	476	42,448	3,384	251,313
Addition	-	-	-	5,669	-	5,669
Disposal	-	-	(476)	-	-	(476)
Balance on December 31, 2021	<u>\$ 156,092</u>	<u>48,913</u>	<u>-</u>	<u>48,117</u>	<u>3,384</u>	<u>256,506</u>
Balance on January 1, 2020	\$ 156,092	48,913	476	38,580	3,394	247,455
Addition	-	-	-	4,759	-	4,759
Disposal	-	-	-	(891)	(10)	(901)
Balance on December 31, 2020	<u>\$ 156,092</u>	<u>48,913</u>	<u>476</u>	<u>42,448</u>	<u>3,384</u>	<u>251,313</u>
Depreciation:						
Balance on January 1, 2021	\$ -	20,966	476	36,903	3,338	61,683
Depreciation	-	948	-	4,366	45	5,359
Disposal	-	-	(476)	-	-	(476)
Balance on December 31, 2021	<u>\$ -</u>	<u>21,914</u>	<u>-</u>	<u>41,269</u>	<u>3,383</u>	<u>66,566</u>
Balance on January 1, 2020	\$ -	20,019	476	33,965	3,164	57,624
Depreciation	-	947	-	3,829	184	4,960
Disposal	-	-	-	(891)	(10)	(901)
Balance on December 31, 2020	<u>\$ -</u>	<u>20,966</u>	<u>476</u>	<u>36,903</u>	<u>3,338</u>	<u>61,683</u>
Book value:						
December 31, 2021	<u>\$ 156,092</u>	<u>26,999</u>	<u>-</u>	<u>6,848</u>	<u>1</u>	<u>189,940</u>
December 31, 2020	<u>\$ 156,092</u>	<u>27,947</u>	<u>-</u>	<u>5,545</u>	<u>46</u>	<u>189,630</u>
January 1, 2020	<u>\$ 156,092</u>	<u>28,894</u>	<u>-</u>	<u>4,615</u>	<u>230</u>	<u>189,831</u>

As of December 31, 2021 and 2022, the property, plant and equipment had been pledged as collateral for short-term borrowings and guaranteed financing: please refer to Note (8)

### (V) Right-of-use assets

The Company leases assets including offices, warehouses and transport equipment. Inform about the cost and depreciation of leased assets is as follows:

	Buildings	Transportation equipment	Total
Cost of right-of-use assets:			
Balance on January 1, 2021	\$ 11,460	1,846	13,306
Addition	15,834	-	15,834
Decrease	(6,573)	(1,680)	(8,253)
Balance on December 31, 2021	<u>\$ 20,721</u>	<u>166</u>	<u>20,887</u>
Balance on January 1, 2020	\$ 25,240	2,923	28,163
Addition	11,460	166	11,626
Decrease	(25,240)	(1,243)	(26,483)
Balance on December 31, 2020	<u>\$ 11,460</u>	<u>1,846</u>	<u>13,306</u>

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Depreciation of right-of-use assets:			
Balance on January 1, 2021	\$ 955	1,120	2,075
Depreciation	11,897	643	12,540
Decrease	<u>(4,230)</u>	<u>(1,680)</u>	<u>(5,910)</u>
Balance on December 31, 2021	<u><b>\$ 8,622</b></u>	<u><b>83</b></u>	<u><b>8,705</b></u>
Balance on January 1, 2020	\$ 12,620	1,183	13,803
Depreciation	13,575	634	14,209
Decrease	<u>(25,240)</u>	<u>(697)</u>	<u>(25,937)</u>
Balance on December 31, 2020	<u><b>\$ 955</b></u>	<u><b>1,120</b></u>	<u><b>2,075</b></u>
Book value:			
December 31, 2021	<u><b>\$ 12,099</b></u>	<u><b>83</b></u>	<u><b>12,182</b></u>
December 31, 2020	<u><b>\$ 10,505</b></u>	<u><b>726</b></u>	<u><b>11,231</b></u>
January 1, 2020	<u><b>\$ 12,620</b></u>	<u><b>1,740</b></u>	<u><b>14,360</b></u>

### (VI) Short-term borrowings

The Company's short-term loans and borrowing terms are summarized as follows:

#### 1. Short-term borrowings

	<u>2021.12.31</u>			
	<u>Currency</u>	<u>Interest rate range (%)</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bank borrowings	NTD	0.85	2022	\$ 583,025
Unsecured bank borrowings	EUR	0.55	2022	<u>93,567</u>
Total				<u><b>\$ 676,592</b></u>
	<u>2020.12.31</u>			
	<u>Currency</u>	<u>Interest rate range (%)</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bank borrowings	NTD	0.65-0.98	2021	<u><b>\$ 700,592</b></u>

The un-utilized short-term credit was \$722,925 thousand and \$311,548 thousand for the years ended December 31, 2021 and 2020, respectively.

#### 2. Long-term borrowings

The un-utilized short-term credit was \$150,000 thousand for the years ended December 31, 2021 and 2020, respectively.

For information on the Company's interest risk, currency risk and liquidity risk, please refer to Note 6 (16)

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

### (VII) Lease liabilities

The carrying amounts of the Company's lease liabilities are as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Current	<u>\$ 9,163</u>	<u>6,563</u>
Non-current	<u>\$ 2,976</u>	<u>4,678</u>

Please refer to Note 6(16) "Financial instruments for maturity analysis.

Lease amounts recognized through profit and loss were as follows:

	<u>2021</u>	<u>2020</u>
Interest expense on lease liabilities	<u>\$ 130</u>	<u>157</u>
Expenses on low-value leased assets (excluding short-term, low-value leases)	<u>\$ 249</u>	<u>267</u>

Lease amounts recognized in statement of cash flows were as follows:

	<u>2021</u>	<u>2020</u>
Total cash outflow from leases	<u>\$ 12,972</u>	<u>14,699</u>

### (VIII) Employee benefits

#### 1. Defined benefit plan

The reconciliation between the present value of the defined benefit obligation and the fair value of the plan assets is as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Present value of the defined benefit obligation	\$ 48,505	45,129
Fair value of the plan assets	(32,695)	(28,946)
Net defined benefit liability	<u>\$ 15,810</u>	<u>16,183</u>

The Company's defined benefit plan is transferred to the pension reserve account with the Bank of Taiwan. Pension payment for each employee to which the Labor Standards Act applies is calculated based on the number of units obtained for the length of services and the average salary for the six months prior to retirement.

#### (1) Composition of plan assets

The pension fund contributed by the Company in accordance with the Labor Standards Act is under the overall management of the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the "Bureau of Labor Funds"). As per the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the minimum income from the use of the fund, distributed annually, shall not be lower than the income from two-year time deposits with the interest rates offered by local banks.

As of 2021 reporting date, the fund allocated to the employees' pension reserve account with Bank of Taiwan was \$32,695 thousand. The information on the use of the assets of the labor pension fund includes the yield rate and the asset allocation of the fund. Please refer to the information published on the website of the Bureau of Labor Funds.

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

(2) Changes in the present value of the defined benefit obligation

The changes in the present value of the Company's defined benefit obligations in 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Defined benefit obligation on January 1	\$ 45,129	47,308
Current service cost and interest	278	465
Remeasurement of net defined benefit (asset) liability		
- Actuarial gain or loss from changes in financial assumptions	3,098	(2,069)
Benefits paid by the plan	-	(575)
Defined benefit obligation on December 31	<u>\$ 48,505</u>	<u>45,129</u>

(3) Changes in fair value of the plan assets

The changes in the fair value of the Company's defined benefit plan assets in 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Fair value of the plan assets on January 1	\$ (28,946)	(25,320)
Interest income	(188)	(262)
Remeasurement of net defined benefit liability		
- Return on plan asset (excluding current interest)	(320)	(638)
Contribution to the plan	(3,241)	(3,301)
Benefits paid by the plan	-	575
Fair value of the plan assets on December 31	<u>\$ (32,695)</u>	<u>(28,946)</u>

(4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company was as follows:

	<u>2021</u>	<u>2020</u>
Net interest on net defined benefit liability	<u>\$ 90</u>	<u>203</u>
Operating expenses	<u>\$ 90</u>	<u>203</u>

(5) Actuarial assumptions

The following are the Company's principal actuarial assumptions for determining defined obligation at the reporting date.

	<u>2021.12.31</u>	<u>2020.12.31</u>
Discount rate	0.625%	0.625%
Future salary increase	3.000%	3.000%

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

The Company expects to contribute \$2,962,000 to the defined benefit plan within one year after the 2021 balance sheet date

The weighted average duration of the defined benefit plan is 11.76 years.

(6) Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Company should exercise judgments and conduct estimation to determine relevant actuarial assumptions on the balance sheet date, including discount rates and future salary changes. Changes in any actuarial assumptions may materially affect the amount of the Company's defined benefit obligation.

The effect of changes in the main actuarial assumptions adopted on December 31, 2021 and 2020 on the present value of the defined benefit obligation is as follows:

	<b>Effect on the defined benefit obligation</b>	
	<b>Increase by 0.25%</b>	<b>Decrease by 0.25%</b>
December 31, 2021		
Discount rate	\$ (1,036)	1,071
Future salary increase rate	1,023	(998)
December 31, 2020		
Discount rate	\$ (1,027)	1,063
Future salary increase rate	1,015	(986)

The sensitivity analysis above is based on the analysis of the effect of a change in a single assumption while other assumptions remain unchanged. It is reasonably probable that changes in several assumptions are inter-correlated with each others. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumption used in the preparation of sensitivity analysis for 2021 and 2020.

2. Defined contribution plan

The Company's defined contribution plan is as per the Labor Pension Act, and the Company makes a contribution equal to 6.00% of each employee's monthly salary to employees' individual pension accounts under the Bureau of Labor Insurance. Under this plan, after the Company has provided a fixed amount to the Bureau of Labor Insurance, it has no legal or constructive obligation to pay additional amounts.

The Company's pension expenses under the defined contribution plan in 2021 and 2020 were \$6,010 thousand and \$6,676 thousand, respectively, which have been contributed to the Bureau of Labor Insurance.

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

### (XIX) Income tax

#### 1. Income tax expense

The details of the Company's income tax expenses for 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Income tax expense in this period		
Generated during the period	\$ 72,038	7,735
5% surtax on undistributed earnings	-	9,636
Adjustment to the income tax for the prior period	505	1,452
	<u>72,543</u>	<u>18,823</u>
Deferred tax expense		
Temporary differences occurring and reversed	351	2,528
Income tax expense	<u>\$ 72,894</u>	<u>21,351</u>

The reconciliation of income tax and profit before tax for 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Profit before tax	<u>\$ 2,383,371</u>	<u>1,107,196</u>
Income tax calculated at the domestic tax rate where the Company is located	\$ 476,674	221,439
Profit recognized under equity method	(406,982)	(211,142)
Dividend income	1,528	(34)
5% surtax on undistributed earnings	-	9,636
Adjustment for prior periods	505	1,452
Other	1,169	-
Total	<u>\$ 72,894</u>	<u>21,351</u>

#### 2. Deferred tax assets and liabilities

##### (1) Unrecognized deferred tax liabilities

No deferred tax liabilities were recognized for the temporary differences related to investments in subsidiaries for the year ended December 31, 2021 and 2020, as the Company is able to control the timing of the reversal of the differences and it is probable that they will not reverse in the foreseeable future. Related amounts:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Amount of deferred tax liabilities not recognized	<u>\$ 1,408,666</u>	<u>955,063</u>

## Dimercio Express Corporation Notes to Parent Company Only Financial Statements

### (2) Deferred tax assets and liabilities recognized

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

Deferred tax assets:

	Defined benefit plan	Loss carryfor wards	Unrealized exchange profits or losses	Other	Total
<b>January 1, 2021</b>	\$ 2,799	-	(89)	-	2,710
Debit (Credit) Income statement	(630)	-	214	65	(351)
<b>December 31, 2021</b>	<u>\$ 2,169</u>	<u>-</u>	<u>125</u>	<u>65</u>	<u>2,359</u>
<b>January 1, 2020</b>	\$ 3,419	1,735	84	-	5,238
Debit (Credit) Income statement	(620)	(1,735)	(173)	-	(2,528)
<b>December 31, 2020</b>	<u>\$ 2,799</u>	<u>-</u>	<u>(89)</u>	<u>-</u>	<u>2,710</u>

### 3. Approval of income tax returns

The Company's income tax returns through 2018 were examined and approved by the tax authority.

### (X) Capital and other equity

#### 1. Common shares

As of December 31, 2021 and 2020, the Company's authorized capital was \$1,680,000 thousand for a total of 168,000 shares, with a par value of \$10. The issued shares were 136,080 thousand shares and 126,000 thousand shares, respectively; and all the funds of issued shares had been received.

Through a resolution in the shareholders' meeting on June 08, 2021, the Company has increased its capital from retain earnings recapitalization, 80 free shares for every 1000 shares owned. The application has approved by the Financial Supervisory commission; and September 09, 2021 is the base date for the capital increase. Related registration procedures required by the law have been completed.

#### 2. Capital surplus

The balance of the Company's capital surplus is as follows:

	2021.12.31	2020.12.31
Share issued at a premium	\$ 15,000	15,000
Gains on sale of fixed assets	28	28
Changes in ownership interests in subsidiaries	4,334	4,334
	<u>\$ 19,362</u>	<u>19,362</u>

According to the Company Act, capital surplus can only be used to offset a deficit, then can the realized capital surplus be distributed as cash dividends according to the original percentage held by the shareholders. The realized capital surplus referred to in the preceding paragraph includes the premium from shares issued in excess of the par value and the income from gifts. Pursuant to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus to be used as capital shall not exceed 10% of the paid-in capital.

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

### 3. Retained earnings

The Company's Article of Incorporation of the Company, requires that after -tax earnings shall first be offset against accumulated deficit (including adjustments to unappropriated earnings), and then 10% of the remaining shall be set aside as legal reserve up to the point when the balance of legal reserve reaches the paid-in capital of the Company. And special reserves are to be provided or reversed according to the regulations. If there is still remaining balance, combined with the beginning unappropriated retained earnings (including adjustments to unappropriated earnings), the Company shall ask the Board of Directors to make distribution through new share issuance to be approved by the shareholders' meeting.

When making dividend and bonus distribution in cash, a resolution for such distribution shall be adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total members before a report of such distribution submitted to the shareholders' meeting.

The Company considers the following factors for distributing dividends in order to ensure the shareholders' return on investment and to respond to the economic cycle and to improve the Company's financial structure:

- (1) To meet the Company's needs for expanding the business scale in the future.
- (2) To ensure that the Company's earnings per share level is stable.
- (3) Take into account the Company's cash flow and operating surplus.

The Company is currently in the growing stage and will plan to expand its service network over the next few years and will need funds to do so. When the Company distributes its earnings, no less than 10% of the dividends will be distributed in cash to shareholders.

#### (1) Legal reserve

Pursuant to the Company Act, the Company shall first set aside 10% of its earnings as legal reserve when allocating its earnings. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. When the Company suffers no losses, it may, upon a resolution by the shareholders' meeting, issue new shares or pay out cash from the legal reserve, but only to the extent that such reserve exceeds 25% of the paid-in capital.

#### (2) Special reserve

In accordance with the regulations stipulated by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.



## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

### (3) Earnings distribution

On March 16, 2021, the board of directors resolved to distribute cash dividends from the earnings in 2020 and on July 8, 2021, the shareholders' meeting approved the stock dividends and other earnings appropriations from the earnings in 2020. The appropriation of earnings for 2019 was approved by the stockholders' meeting on June 9, 2020. The dividends distributed to shareholders were as follows:

	2020		2019	
	Dividend payout ratio (NT\$)	Amount	Dividend payout ratio (NT\$)	Amount
Dividends attributable to ordinary shareholders:				
Cash	\$ 5.20	655,200	1.36	171,360
Stock	0.80	<u>100,800</u>	-	-
Total		<u>\$ 756,000</u>		<u>171,360</u>

The above information is available on the Market Observation Post System.

On March 17, 2022, the Board of Directors resolved to appropriate 2021 surplus as cash dividends and proposed to distribute stock dividends from the surplus, and the amounts to be distributed to shareholders were as follows

	2021	
	Dividend payout ratio (NT\$)	Amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 10.20	<u>1,388,016</u>

### 4. Other equity interests (net of tax)

	Exchange differences on the translation of financial statements of foreign operations
Balance on January 1, 2021	\$ (441,087)
Exchange differences on translating net assets of foreign operations	(111,135)
Share of exchange differences of associates accounted for using the equity method	<u>(5,059)</u>
Balance on December 31, 2021	<u>\$ (557,281)</u>
Balance on January 1, 2020	\$ (167,315)
Exchange differences on translating net assets of foreign operations	(261,279)
Share of exchange differences of associates accounted for using the equity method	<u>(12,493)</u>
Balance on December 31, 2020	<u>\$ (441,087)</u>

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

### (XI) Earnings per share

The computation of basic earnings per share and diluted earnings per share are as follows:

#### 1. Basic earnings per share

	<u>2021</u>	<u>2020</u>
Net profit for the period	<u>\$ 2,310,477</u>	<u>1,085,845</u>
Weighted average number of ordinary shares outstanding	<u>136,080</u>	<u>136,080</u>
Basic earnings per share (unit: NT\$)	<u>\$ 16.98</u>	<u>7.98</u>

#### 2. Diluted earnings per share

	<u>2021</u>	<u>2020</u>
Net profit for the period	<u>\$ 2,310,477</u>	<u>1,085,845</u>
Weighted average number of ordinary shares outstanding (basic)	136,080	136,080
Effect of potentially dilutive ordinary share:		
Remuneration for employees	<u>1,671</u>	<u>1,862</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>137,751</u>	<u>137,942</u>
Diluted earnings per share (unit: NT\$)	<u>\$ 16.77</u>	<u>7.87</u>

### (XII) Revenue from customer contracts - the revenue details

	<u>2021</u>			
	<u>Asia</u>	<u>Americas</u>	<u>Europe</u>	<u>Total</u>
Main Product/Service:				
Revenues from air freight	\$ 1,536,326	428,554	78,093	2,042,973
Revenues from ocean freight	6,018	-	3,632	9,650
Other	<u>76,201</u>	<u>2,021</u>	<u>704</u>	<u>78,926</u>
	<u>\$ 1,618,545</u>	<u>430,575</u>	<u>82,429</u>	<u>2,131,549</u>
	<u>2020</u>			
	<u>Asia</u>	<u>Americas</u>	<u>Europe</u>	<u>Total</u>
Main Product/Service:				
Revenues from air freight	\$ 1,235,441	243,209	45,052	1,523,702
Revenues from ocean freight	3,873	76	51	4,000
Other	<u>101,310</u>	<u>2,404</u>	<u>451</u>	<u>104,165</u>
	<u>\$ 1,340,624</u>	<u>245,689</u>	<u>45,554</u>	<u>1,631,867</u>

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

### (XIII) Costs

The details of the Company's operating costs for 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Output costs	\$ 1,805,433	1,341,659
Input costs	8,607	3,701
Other costs	38,392	46,120
	<u><u>\$ 1,852,432</u></u>	<u><u>1,391,480</u></u>

### (VIX) Employees, directors and supervisors' remuneration

The Company's Articles of Incorporation stipulate that if the Company has a profit at the end of the year ("profit" refers to the pre-tax income before deducting the amount of employee compensation and remuneration to directors and supervisors), it shall allocate no less than 5% of the profit to the employee compensation and no more than 5% of the same to the remuneration to directors and supervisors. However, that the Company shall first reserve a sufficient amount to compensate its accumulated deficits (including the adjusted amount of undistributed earnings).

The employee compensation referred in the preceding paragraph may be made in the form of stock or cash. Those employees may include the employees of parents or subsidiaries of the company meeting certain specific requirements. Remuneration to directors and supervisors referred in the preceding paragraph may only be made in cash.

The amount of employee compensation was estimated to be \$145,689 thousand and \$97,726 thousand for 2021 and 2020, respectively; the amount of directors' and supervisors' compensation was estimated to be \$41,625 thousand and \$29,318 thousand, respectively. These estimated amounts were calculated using the Company's pre-tax net income before deducting the amount of employees', directors' and supervisors' compensation multiplied by the distributive factors of employees' compensation and directors' and supervisors' remuneration as specified in the Company's Articles of Incorporation, and were reported as operating expenses. For more information, please visit Market Observation Post System. There was no discrepancy between the amount of remuneration to employees, directors and supervisors resolved by the Board of Directors and the amount estimated in the parent company only financial statements for the years ended December 31, 2021 and 2020.

### (XV) Non-operating income and expenses

#### 1. Interest income

The details of the Company's interest income are as follows:

	<u>2021</u>	<u>2020</u>
Interest on bank deposits	\$ 40	85

#### 2. Other income

The details of the Company's other income for 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Rental incomes	\$ 660	660
Dividend income	130	168
Other income-Other		
Government grants	4,000	3,400
Income from management fees	354,190	-
Other	7,298	28
Other income - Other	<u>365,488</u>	<u>3,428</u>
Other income	<u><u>\$ 366,278</u></u>	<u><u>4,256</u></u>

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

### 3. Other gains and losses

The details of the Company's other gains and losses in 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Gain on disposal of property, plant and equipment	\$ 590	-
Gain on foreign currency exchange	837	(3,299)
Other gains and losses, net	<u>\$ 1,427</u>	<u>(3,299)</u>

### 4. Financial costs

The Company's financial costs for 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Interest expense		
Bank borrowings	\$ 5,831	7,010
Lease liabilities	130	157
Financial costs, net	<u>\$ 5,961</u>	<u>7,167</u>

## (XVI) Financial instruments

### 1. Credit risk

#### (1) Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk was \$909,884 thousand and \$398,651 thousand for the years ended December 31, 2021 and 2020, respectively.

#### (2) Credit concentration risk

The revenues generated from the sales to a single multinational customer were approximately 0% in 2021 and 6% in 2020.

### 2. Liquidity risk

The table below indicates the contractual maturity dates for financial liabilities, including estimated interest but excluding the effect of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
<b>December 31, 2021</b>							
Non-derivative financial assets							
Short-term bank borrowings	\$ 676,592	682,117	682,117	-	-	-	-
Notes payable	31,371	31,371	31,371	-	-	-	-
Accounts payable - (include related parties)	256,773	256,773	256,773	-	-	-	-
Long-term payable - related parties	217,568	217,568	-	-	-	-	217,568
Guarantee deposits received	93	93	-	1	-	92	-
Lease liabilities	12,139	12,234	4,622	4,621	2,991	-	-
Dividends payable	5,695	5,695	5,695	-	-	-	-
	<u>\$ 1,200,231</u>	<u>1,205,851</u>	<u>980,578</u>	<u>4,622</u>	<u>2,991</u>	<u>92</u>	<u>217,568</u>

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

### December 31, 2020

Non-derivative financial assets							
Short-term bank borrowings	\$ 700,592	703,790	703,790	-	-	-	-
Notes payable	24,653	24,653	24,653	-	-	-	-
Accounts payable - (include related parties)	108,105	108,105	108,105	-	-	-	-
Long-term payable - related parties	219,815	219,815	-	-	-	-	219,815
Guarantee deposits received	285	285	-	193	-	92	-
Lease liabilities	11,241	11,241	3,282	3,281	4,678	-	-
Dividends payable	4,818	4,818	4,818	-	-	-	-
	<u>\$ 1,069,509</u>	<u>1,072,707</u>	<u>844,648</u>	<u>3,474</u>	<u>4,678</u>	<u>92</u>	<u>219,815</u>

The Company does not expect that the timing of the cash flows for the maturity analysis will occur significantly earlier or that the actual amounts will be significantly different.

### 3. Exchange rate risk

#### (1) Exposure to exchange rate risk

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

		<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<b>December 31, 2021</b>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	10,815	27.6740	299,298
EUR	\$	187	31.3570	5,852
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	\$	11,838	27.6740	327,608
<b>December 31, 2020</b>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	2,933	28.1070	82,449
EUR	\$	7,658	34.5660	264,720
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	\$	7,000	28.1070	196,762

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

### (2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable and accounts payable which are denominated in different foreign currencies. A 3% depreciation of the TWD against the USD and EUR as of December 31, 2021 and 2020 would have decreased the net income before tax by \$674 for the year ended 2021 and increased \$4,512 thousand for the year ended 2020. This analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases.

### (3) Exchange gain or loss on monetary items

The amount of exchange gain or loss (both realized and unrealized) on the translation of monetary items into the Company's functional currency for 2021 and 2020 was \$837 thousand and \$(3,299) thousand, respectively.

### 4. Interest rate analysis

The Company's interest rate risk on financial assets and financial liabilities is described in Liquidity Risk Management in this Note.

The following sensitivity analysis is based on the derivative and non-derivative instruments with exposure to interest rates at the end of the reporting period. For floating-rate liabilities, the analysis is based on an assumption that the amount of a liability outstanding at the balance sheet date is outstanding throughout the year. The sensitivity to a 1% change in interest rate is used when reporting the interest rate risk internally to key management personnel and also represents the management's assessment of the reasonably possible change in interest rates.

If interest rates had increased or decreased by 1%, the Company's net income before tax would have decreased or increased by approximately \$6,766 thousand and \$7,006 thousand for the years ended December 31, 2011 and 2010, respectively, with all other variables remaining constant. This is mainly due to the Company's borrowings at floating interest rates.

### 5. Information on fair value

The Company's management believes that the carrying amounts of the Company's financial assets and financial liabilities measured at amortized cost in the parent company only financial statements are similar to their fair values.

## (XVII) Financial risk management

### 1. Summary

The Company is exposed to the risks below due to the use of financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

This note indicates the Company's exposure to each of the above risks and its objectives, policies, and procedures for risk measurement and management. Please refer to the notes to the parent company only financial statements for more quantitative information.

### 2. Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The management of the Company is responsible for the developing and managing the risk management policy of the Company and reporting its operating results to the Board periodically.

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

The formulation of the Company's risk management policy aims to identify and analyze the risks faced by the Company, set appropriate risk limits and control, and monitor risks and observance of risk limits. The risk management policy and system are regularly reviewed to reflect changes in market conditions and the Company's operations. The Company develops a disciplined and constructive control environment through training, management guidelines, and operating procedures, enabling all employees to understand their roles and responsibilities.

The Company's Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

### 3. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in financial instruments.

#### (1) Accounts and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The accounts receivable from a single multinational customer accounted for approximately 13% and 10% of the Company's accounts receivable as of December 31, 2021 and 2020, respectively.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

If the goods are sold with the ownership retention clause, the Company may have the right to claim the security if payment has not been received. The Company does not request for collateral for accounts receivable and other receivables.

#### (2) Investment

The credit risk exposure in the bank deposits is measured and monitored by the Company's finance department. Considering that the Company deals only with banks and other external parties with good credit standing, management is not expecting non-compliance issues and significant credit risk.

#### (3) Guarantee

The Company's policy is to provide financial guarantees only to those subsidiaries in which the Company holds more than 50% of the shares. For information on the Company's endorsement/ guarantee as of December 31, 2021, please refer to Note 13.

### 4. Liquidity risk

Liquidity risk is the risk arising when the Company cannot deliver cash or other financial assets to settle financial liabilities and fails to fulfill relevant obligations. The Company's approach to managing liquidity is to ensure, as much as possible, that the Company, under normal circumstances and pressure, has sufficient liquidity to cover its liabilities as they fall due, without resulting in a risk of incurring unacceptable losses or causing damage to the Company's reputation.

## Dimercio Express Corporation Notes to Parent Company Only Financial Statements

In general, the Company does have sufficient cash to meet its expected operating expense requirements for 60 days, including the payment for financial obligations, excluding any potential effects that cannot be reasonably anticipated under extreme circumstances, such as: natural disasters.

### 5. Market risk

Market risk refers to the risk that affects the Company's revenue or the value of financial instruments held due to changes in market prices, such as changes in exchange rates, interest rates, or equity instrument prices. The purpose of market risk management is to control the exposure to market risks within a range of tolerance and optimize return on investment.

#### (1) Exchange rate risk

The Company's exposure to currency risk is on sales and costs that are denominated in a currency other than the respective functional currencies of the Company. The functional currency of the Company is the New Taiwan Dollars. The currency used in these transactions is denominated in US Dollars.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

#### (2) Exchange rate risk

The Company's policy is to ensure that the interest rate for its borrowings is close to the market rate. The Company periodically reviews the interest rate range with banks. Given that market interest rates do not have significant changes, the change in interest rates is not considered to be material to cash flow risk.

### (XVIII) Capital management

The Board of Directors of the Company's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of the Company's share capital, capital surplus and retained earnings. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company's return on capital is targeted to be between 5% and 20%.

The Company has not changed its capital management strategy as of December 31, 2021.

### (XIX) The investing and financing activities on non-cash transactions

The Company's investing and financing activities on non-cash transactions for the years ended 2021 and 2020 were as follows:

Acquisition of right-of-use assets by lease, please refer to Note 6(6).

Reconciliation of liabilities arising from financing activities were as follows:

The Company's reconciliation of liabilities arising from financing activities for the years ended 2021 and 2020 were as follows:

	2021.1.1	Cash flows	Non-cash	2021.12.31
			changes	
			Other	
Short-term borrowings	\$ 700,592	(24,000)	-	676,592
Lease liabilities	11,241	(12,593)	13,491	12,139
Total amount of the liabilities arising from financing activities	<u>\$ 711,833</u>	<u>(36,593)</u>	<u>13,491</u>	<u>688,731</u>

	2020.1.1	Cash flows	Non-cash	2020.12.31
			changes	
			Other	
Short-term borrowings	\$ 709,592	(9,000)	-	700,592
Lease liabilities	14,436	(14,275)	11,080	11,241
Total amount of the liabilities arising from financing activities	<u>\$ 724,028</u>	<u>(23,275)</u>	<u>11,080</u>	<u>711,833</u>



## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

### VII. Related Party Transactions

(I) Names and relationship with related parties

The following are the related parties that have had transactions with the Company and the Company's subsidiaries during the periods covered in the financial statements:

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Dimerco Interational Logistic Corp. (DIL)	Subsidiary of the Company
Dimerco Express Holding Co., Ltd. (Holding)	"
Diversified Freight System Corp. (DFSTW)	"
Dimerco Express (Singapore) Pte Ltd. (DIMSG)	"
Foreign Settlement Co., Ltd. (FSC)	"
Foerign Settlement Co., Ltd. (FSCHK)	"
Diversified International Logistics Co., Ltd.(DILTW)	"
Dimerco Air Forwarders (HKG) Ltd. (DIMHK)	"
Dimerco Express (U.K.) Ltd. (DIMGB)	"
Dimerco Express (U.S.A.) Corp. (DIMUS)	"
Global Marketing System Co., Ltd. (GMS)	"
Dimerco Logistics (Shanghai) Co., Ltd. (DILSHA)	"
Diversified International Transportation (Shanghai) Co., Ltd. (DIMCN)	"
Dimerco International Logistics (Shenzhen) Co., Ltd. (DILSZX)	"
Dimerco Zhongjing Int'l Express Co., Ltd. (Dimerco Zhongjing)	"
Dimerco Vietfracht (JV) Co., Ltd. (DIMVN)	"
Dimerco Logistics Sdn Bhd. (DILMY)	"
Dimerco Express (Thailand) Corp. Ltd. (DIMTH)	"
Dimerco Express Phils. Inc. (DIMPH)	"
imerco Express (Australia) Pty Ltd (DIMAU)	"
Dimerco Express (Korea) Corp. (DIMKR)	"
Dimerco Express (Canada) Corp. (DIMCA)	"
Diversified International Service Logistics System Corporation (DSLUS)	"
Dimerco Express (Malaysia) Sdn. Bhd. (DIMMY)	"
Dimerco Express Netherlands B.V. (DIMNL)	"
Diversified Freight System Ltd. (DFSHK)	"
Diversified Transportation (HK & China) Co., Ltd. (DTLHK)	"

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

Name of related parties	Relationship with the Company
Diversified International Transportation (Shanghai) Co., Ltd. (DFSCN)	Subsidiary of the Company
Diversified Transportation (China) Co., Ltd. (DTLCN)	"
Dimerco Customs Brokerage Co. Ltd (DCBUS)	"
Dimerco Express (India) Pte Ltd. (DIMIN)	"
Danau Muhibbah Sdn. Bhd.	"
Peerless Express Forwarders Corp.	"
Diversified International Logistics (Shanghai) Co., Ltd.	"
Diversified Freight System (Singapore) Pte. Ltd (DFSSG)	"
Diversified International Logistics (Shenzhen) Co., Ltd. (DILYTN)	"
Diversified International Logistics Ptd Ltd (DILSIN)	"
ITG Air & Sea GmbH (ITG)	Associates

### (II) Significant related-party transactions

#### 1. Operating incomes

The amounts of significant sales transactions and outstanding balances between the Company and related parties were as follows:

	2021	2020
Subsidiary		
DIMUS	\$ 234,737	295,788
DIMCN	83,951	112,003
DFSCN	72,090	8,483
Other subsidiaries	292,111	207,509
Associates	3,480	1,154
	<b>\$ 686,369</b>	<b>624,937</b>

The aforesaid revenues were derived from the Company's export freight forwarding and LCL consolidation businesses, which the Company entrusted to its affiliate in the destination to collect and transfer the business from Company's customers to the Company.

The terms and conditions under which the Company engages its affiliates to collect and transfer the revenue from the Company's contracts are the same as those under which the Company engages other agents.

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

2. Payment collection on behalf of the Company, freight expenses (recognized as a deduction from operating income)

	<u>2021</u>	<u>2020</u>
Subsidiary		
DIMCN	\$ 269,428	168,459
DIMUS	131,982	84,055
DIMKR	93,668	27,291
Dimerco Zhongjing	93,004	87,730
DIMHK	66,148	42,381
Other subsidiaries	284,304	190,675
Associates	<u>15,357</u>	<u>13,672</u>
	<u><b>\$ 953,891</b></u>	<u><b>614,263</b></u>

The aforesaid revenue is generated from the import freight forwarding business. The Company was commissioned by an affiliate in the exporting country to collect the contract revenue from its customers and transfer it to that affiliate.

The terms and conditions under which the Company is entrusted by its related parties to collect and transfer revenue from their contracts are the same as those under other freight contracts.

3. Accounts receivable from related parties

The amounts of accounts receivable between the Company and related parties were as follows:

<u>Account in the book</u>	<u>Type of related party</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
Accounts receivable	Subsidiary		
	DIMUS	\$ 41,906	23,198
	DIMCN	41,348	9,204
	DFSCN	57,425	2,178
	DIMMY	8,304	2,578
	Dimerco Zhongjing	86,918	4,186
	DIMGB	6,964	1,083
	DIMSG	6,824	5,073
	Other subsidiaries	21,354	13,234
	Associates	<u>512</u>	<u>325</u>
		<u><b>\$ 271,555</b></u>	<u><b>61,059</b></u>

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

### 4. Accounts payable to related parties

The amounts of accounts payables between the Company and related parties were as follows:

<u>Account in the book</u>	<u>Type of related party</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
Accounts payable	Subsidiary		
	DIMCN	\$ 46,287	18,157
	FSCHK	44,434	2,946
	DIMUS	24,307	6,014
	DIMKR	17,897	3,160
	Dimerco Zhongjing	15,386	4,881
	DIMMY	10,582	2,273
	Other subsidiaries	24,553	10,113
	Associates	853	400
		<u>\$ 184,299</u>	<u>47,944</u>

### 5. Long-term financing arrangement (recorded as long-term accounts payable - related parties)

The Company's financing arrangements to related parties are as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Subsidiary		
FSC	\$ 119,550	119,550
Holding	26,066	26,473
Other subsidiaries	-	714
	<u>\$ 145,616</u>	<u>146,737</u>

### 6. Endorsement/guarantee

The Company provided guarantees to its subsidiaries for the performance of freight forwarding contracts as of December 31, 2021 and 2020, of which \$27,680 and \$29,368, respectively, were provided by the banks.

### 7. Advance receipts - related parties

The following is a summary of the amounts received from related parties for advance management service fees:

<u>Account in the book</u>	<u>Type of related party</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
Advance receipts - related parties	Subsidiary		
	FSC	\$ 104,896	104,896
Long-term advance receipts - related parties	Subsidiary		
	FSC	2,016,806	1,385,605
		<u>\$ 2,121,702</u>	<u>1,490,501</u>

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

### 8. Income from management fees and income from using the information system

The Company entered into the consulting contracts for management and information system services with its affiliates to provide the affiliates with marketing and information system development services. The Company also paid the related expenses on behalf of the affiliates. The Company received management fee income of \$101,968 and \$179,146 from its subsidiaries for the aforesaid transactions in 2021 and 2020, respectively, which were recognized as a deduction of management fee in the years ended December 31, 2021 and 2020. The information system consulting revenue received from subsidiaries in 2020 was \$354,190 thousand, which was recognized as other income.

### 9. Other

(1) The Company made payments of \$44,278 thousand and \$44,971 thousand (both in US\$1,600 thousand) on behalf of its subsidiary, FSC, as of December 31, 2021 and 2020, respectively, which were recognized as long-term accounts payable - related parties.

(2) DIMHK, the subsidiary of the Company, made payments of \$27,674 thousand and \$28,107 thousand (both in US\$1,000 thousand) on behalf of the Company as of December 31, 2021 and 2020, respectively, which were recognized as long-term accounts payable - related parties.

(3) Key management personnel compensation

Key management personnel compensation includes:

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 43,037	27,912
Post-employment benefits	812	810
	<u>\$ 43,849</u>	<u>28,722</u>

## VIII. Pledged Assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
Time deposits (recognized in other non-current assets)	Customs duties guarantee	\$ 3,000	3,000
Time deposits (recognized in other non-current assets)	Collaterals to banks for the guarantee performance of freight forwarding business of the Company's subsidiaries.	660	660
Property, plant and equipment:			
Land	Collaterals to banks for long-term and short-term bank borrowings, and performance guarantees for the Company and its subsidiaries engaged in freight forwarding business.	-	41,792
Buildings	"	-	16,506
		<u>\$ 3,660</u>	<u>61,958</u>

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

### IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

- (I) The Company provided certificates of deposit and premises collaterals to banks as performance guarantee for freight forwarding contracts as of December 31, 2021 and 2020. The amount of guarantee provided by banks for performance guarantee was \$120,000 thousand and \$100,000 thousand, respectively, and the amount used was \$77,900 thousand and \$77,968 thousand, respectively.
- (II) The Company issued \$2,800 thousand and \$1,400 thousand of guarantee notes for freight forwarding business as of December 31, 2021 and 2020, respectively; in addition, the Company paid \$3,000 thousand of customs duty for freight forwarding business as of December 31, 2011 and 2010 separately.

### X. Major Disaster Loss: None

### XI. Material Events After the Balance Sheet Date: None

### XII. Others

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By Nature	2021			2020		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expenses						
Salaries and wages	18,128	326,587	344,715	22,168	260,823	282,991
Labor insurance and national health insurance	271	12,878	13,149	-	13,062	13,062
Pension expenses	-	6,100	6,100	-	6,879	6,879
Remuneration to directors	-	41,625	41,625	-	23,388	23,388
Other employee benefits	-	7,897	7,897	-	7,123	7,123
Depreciation expense	-	17,899	17,899	-	19,169	19,169
Amortization expense	-	237	237	-	215	215

Additional information on the number of employees and employee benefit expenses for the years ended December 31, 2021 and 2020 are summarized below:

	2021	2020
Number of employees	<u>151</u>	<u>182</u>
Number of directors who were not employees	<u>7</u>	<u>6</u>
The average employee benefit	<u>\$ 2,582</u>	<u>1,762</u>
The average salaries and wages	<u>\$ 2,394</u>	<u>1,608</u>
Changes of the average salaries and wages	<u>48.88%</u>	
Remuneration to supervisor	<u>\$ 5,246</u>	<u>8,566</u>

The Company's salary and remuneration policies (including directors, supervisors, managers, and employees) are as follows:

The Company's Articles of Incorporation stipulate that if the Company has a profit at the end of the year ("profit" refers to the pre-tax income before deducting the amount of employee compensation and remuneration to directors and supervisors), it shall allocate no less than 5% of the profit to the employee compensation and no more than 5% of the same to the remuneration to directors and supervisors. However, that the Company shall first reserve a sufficient amount to compensate its accumulated deficits (including the adjusted amount of undistributed earnings). The employee compensation may be made in the form of stock or cash. Those employees may include the employees of parents or subsidiaries of the company meeting certain specific requirements. Remuneration to directors and supervisors may only be made in cash. The employee compensation and remuneration to directors and supervisors shall be resolved by the Board of Directors and reported to the shareholders' meeting.

# Dimerco Express Corporation Notes to Parent Company Only Financial Statements

## XIII. Additional Disclosures

### (I) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the year ended December 31, 2021:

#### 1. Loans to other parties:

Unit: Thousand dollars

Number	The lender of funds	The borrower of funds	Accounting title	Related parties or not	Maximum amount for the current year	Ending balance	Actual amounts drawn	Interest rate	Purposes for the borrower (note 1)	Amount of business transactions	Reasons for the necessity of short-term financing	Amount of allowance for bad debts	Collateral Name	The limit for individual funds financing (Note 2)	The maximum limit of funds financing (Note 2)
1	HOLDING	The Company	Payments due from related parties	Yes	28,864	26,066	26,066	-	2	-	Working capital	-	-	430,850	1,723,402
2	FSC	The Company	Payments due from related parties	Yes	119,551	119,550	119,550	-	2	-	Working capital	-	-	430,850	1,723,402

Note 1:

(1) Those with business contact, please fill in 1.

(2) Those necessary for short term financing, please fill in 2.

Note 2: In accordance with the “Procedures for Lending Funds to Others” stipulated by the Company, the total amount of funds lent to others by the Company and its subsidiaries shall not exceed 40% of the Company’s net worth, and the amount of funds lent to a single enterprise shall not exceed 10% of the Company’s net worth.

#### 2. Endorsements/guarantees for other parties:

Number	The company providing the endorsement and/or guarantee	The party receiving the endorsement and/or guarantee		Endorsement/guarantee limit for a single entity (Note 2)	Maximum endorsement and guarantee balance of current period	Endorsement and guarantee balance by the end of the period	Actual amounts drawn	The endorsemnts and/or guarantees secured with property	Total endorsements and guarantees as a percentage of equity in the most recent financial statement	The ceiling amount of endorsement/guarantees (Note 2)	Guarantee and endorsement of parent company to subsidiary	Guarantee and endorsement by subsidiary to parent company	The endorsement/guarantee for China
		Company	Relationship (Note 1)										
0	The Company	DIMKR	3	272,160	24,099	23,385	23,385	23,385	0.54%	544,320	Y	N	N
0	The Company	DIMVN	3	272,160	7,178	4,013	4,013	4,013	0.09%	544,320	Y	N	N
0	The Company	DIMIN & DIMTH	3	272,160	1,176	282	282	282	0.01%	544,320	Y	N	N

Note 1: The relationship between the entity for which the endorsement/guarantee is made and the Company:

1. The Company has business relationship.

2. Subsidiaries in which the Company directly holds more than 50 percent of its voting shares.

3. An investee in which the Company and subsidiary holds more than 50 percent of its voting shares.

4. Subsidiaries in which the Company directly holds more than 90 percent of its voting shares.

5. Where company that fulfill its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders

for purposes of undertaking a construction project.

6. Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

7. Where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other

Note 2: In accordance with the “Procedures for Endorsement and Guarantees” stipulated by the Company, the total amount of the endorsement and guarantee provided by the Company shall not exceed 40% of the Company’s paid-in capital, and the endorsement and guarantee provided to a single enterprise shall not exceed 20% of the Company’s paid-in capital.

#### 3. Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

Companies held	Types and names of marketable securities	Relationship with the securities issuer	Account in the book	End of the period				Remarks
				Number of shares	Carrying amount	Shareholding ratio (%)	Fair value (Note 1)	
The Company	Stock: GLOBAL SKY EXPRESS (TAIWAN) LTD	-	Financial assets at fair value through other comprehensive income-Non-current	10,000	100	1.00 %	100	
The Company	EVERGREEN AIR CARGO SERVICES CORPORATION	-	Financial assets at fair value through other comprehensive income-Non-current	29,000	290	0.02 %	290	
DIMSG	Burwill Holdings Ltd.	-	Financial assets at fair value through other comprehensive income-Non-current	22,000	17	-	17	
DIMSG	Stamford Land	-	Financial assets at fair value through other comprehensive income-Non-current	5,000	35	-	35	

Note 1: Financial assets at fair value through other comprehensive income - non-current are measured at their net worth or carrying amount at the end of the reporting period because they were not traded in the open market.

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

- Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20% of the Company's paid-in capital: None
- Acquisition of individual real estate with amount exceeding the lower of \$300 million or 20% of the Company's paid-in capital: None
- Disposal of individual real estate with amount exceeding the lower of \$300 million or 20% of the Company's paid-in capital: None
- The purchase or sale of goods from related parties with amounts exceeding the lower of \$100 million or 20% of the Company's paid-in capital:

Name of the company	Counterparty name	Relationship	Transactions				Trading terms different from general trade and reasons		Notes/ accounts receivable (payable)		Remarks
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	The credit period	Unit price	The credit period	Balance	Percentage of total notes/ accounts receivable (payable)	
The Company	DIMUS	Sub-subsiary	(Sales)	(234,737)	11.01 %	(Note 1)	-	-	2,497	-%	
DIMUS	The Company	Sub-subsiary	Purchase	234,737	3.79 %	(Note 1)	-	-	(2,497)	-%	
DIMCN	The Company	Sub-subsiary	(Sales)	(269,428)		(Note 2)	(Note 1)	-	46,287	5%	
The Company	DIMCN	Sub-subsiary	Purchase	269,428		(Note 2)	(Note 1)	-	(46,287)	(16)%	
DIMUS	The Company	Sub-subsiary	(Sales)	(131,982)		(Note 2)	(Note 1)	-	24,307	2%	
The Company	DIMUS	Sub-subsiary	Purchase	131,982		(Note 2)	(Note 1)	-	(24,307)	(8)%	
FSCHK	The Company	Subsidiary of the Company	(Sales)	(106,685)		(Note 2)	(Note 1)	-	44,434	3%	
The Company	FSCHK	Subsidiary of the Company	Purchase	106,685		(Note 2)	(Note 1)	-	(44,434)	(15)%	
FSCHK	ZJDCN	Subsidiary	(Sales)	(314,902)	20.87 %	(Note 1)	-	-	175,043	24%	
ZJDCN	FSCHK	Subsidiary	Purchase	314,902	4.74 %	(Note 1)	-	-	(175,043)	(30)%	
FSCHK	DFSCN	Subsidiary	(Sales)	(271,149)	17.97 %	(Note 1)	-	-	34,607	5%	
DFSCN	FSCHK	Subsidiary	Purchase	271,149	5.21 %	(Note 1)	-	-	(34,607)	(17)%	
FSCHK	DIMCN	Subsidiary	(Sales)	(148,023)	9.81 %	(Note 1)	-	-	28,036	4%	
DIMCN	FSCHK	Subsidiary	Purchase	148,023	3.06 %	(Note 1)	-	-	(28,036)	(4)%	
FSCHK	DIMUS	Subsidiary and sub-subsiary	(Sales)	(245,977)	16.30 %	(Note 1)	-	-	288,864	39%	
DIMUS	FSCHK	Subsidiary and sub-subsiary	Purchase	245,977	3.98 %	(Note 1)	-	-	(288,864)	(36)%	

Note 1: The purchase (sales) prices are calculated based on the market price, there is no material difference in the terms of receipt (payment) between the general vendors and customers.

Note 2: Freight received and paid on behalf of others is recognized as a deduction from operating income, not the cost of revenue, and therefore is not included in the calculation of the percentage of total purchases (sales).

- Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the Company's paid-in capital:

The company booked in the receivables	Counterparty name	Relationship	Ending balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Amounts received in subsequent period	Provision for loss allowance
					Amount	Process		
FSC	The Company	Subsidiary of the Company	163,829 (Note 1)	-%	-	-	-	-
FSC	DIL	Subsidiary	216,717 (Note 2)	-%	-	-	-	-

Note 1: The amount was \$119,551 thousand for financing arrangement and \$44,278 thousand for accounts receivable on behalf of others.

Note 2: It is the account receivable on behalf of others.



## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

### 9. Trading in derivative instruments: None

#### (II) Information on investees:

The following is the information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):

Investor	Investee	Location	Main business	Original investment amount		Holding, end of period		Profit or loss of the investee for the period	Share of profits/losses of investee	Remarks
				End of the period	The end of last year	Number of shares	Percentage of ownership			
The company	DFSTW	Taiwan	Ocean freight forwarding	15,444	15,444	1,200,000	99%	506,264	251,068	251,068
The company	HOLDING	Bermuda	Holding company	164,845	164,845	3,089,000	100%	1,852,587	729,714	729,714
The company	DIMSG	Singapore	Ocean and air freight forwarding, distribution and warehousing	108,362	108,362	4,650,000	86%	425,310	40,902	35,221
The company	DIL	BVI Suzhou	Holding company	472,313	472,313	(註一)	100%	3,265,599	796,409	796,409
The company	FSC	BVI Suzhou	Central account settlement	315	315	10,000	20%	247,332	391	78
The company	FSCHK	Hong Kong	Central account settlement	236	236	7,500	15%	349,142	1,278,526	191,778
The company	ETG GmbH	Germany	Ocean and air freight forwarding	183,547	183,547	6,275	25%	213,841	126,150	31,538
The company	DILTW	Taiwan	Distribution and warehousing	8,000	-	800,000	80%	7,102	(1,123)	(898)
DFSTW	FSCHK	Hong Kong	Central account settlement	235	235	7,500	15%	400,707	1,278,526	191,779
DFSTW	DILTW	Taiwan	Distribution and warehousing	2,000	-	200,000	20%	1,776	(1,123)	(225)
DIL	DIMUS	U.S.A.	Ocean and air freight forwarding	238,686	238,686	4,961,000	100%	680,845	163,858	163,858
DIL	DIMGB	United Kingdom	Ocean and air freight forwarding	(5,624)	(5,624)	300,000	37%	(10,171)	(2,580)	(967)
DIL	DIMSG	Singapore	Ocean and air freight forwarding, distribution and warehousing	23,904	23,904	750,000	14%	51,125	40,902	5,681
DIL	DIMHK	Hong Kong	Ocean and air freight forwarding, distribution and warehousing	427,348	427,348	300,000	99%	2,521,361	610,723	610,723
DIL	GMS	Hong Kong	Distribution and warehousing	-	-	-	100%	22,438	17,113	17,113
GMS	DFSSG	Singapore	Distribution and warehousing	13,482	13,482	600,000	100%	25,242	7,352	7,352
GMS	DIMPH	Philippines	Ocean and air freight forwarding	38,399	38,399	180,000	60%	57,448	18,048	10,831
GMS	DILHK	Hong Kong	Distribution and warehousing	-	-	-	100%	42,824	4,082	4,082
DILHK	DILSG	Singapore	Distribution and warehousing	4,215	-	-	100%	(93)	(4,253)	(4,253)
FSCHK	DIMGB	United Kingdom	Ocean and air freight forwarding	20,126	20,126	500,000	63%	(1,092)	(2,580)	(1,612)
DIMUS	DCBUS	U.S.A.	Custom brokerage	13,532	13,532	1,000	100%	38,822	3,634	3,634
DIMHK	FSC	BVI Suzhou	Central account settlement	954	954	30,000	60%	897	391	23,460
DIMHK	DIMVN	Vietnam	Freight forwarding	2,090	2,090	-	75%	23,101	18,012	13,509
DIMHK	FSCHK	Hong Kong	Central account settlement	550	550	17,500	35%	928,219	1,278,526	447,484
DIMSG	FSC	BVI Suzhou	Central account settlement	318	318	10,000	20%	299	391	7,820
DIMSG	DIMIN	India	Freight forwarding	5,303	5,303	960,000	60%	9,281	2,101	1,260
HOLDING	DIMMY	Malaysia	Ocean and air freight forwarding	65,516	65,516	250,000	100%	134,331	31,423	31,423
HOLDING	DILMY	Malaysia	Global forwarding services	-	1,592	-	- %	-	-	92
HOLDING	DIMTH	Thailand	Ocean and air freight forwarding	7,642	7,642	735,000	49%	46,319	26,733	13,097
HOLDING	DIMPH	Philippines	Ocean and air freight forwarding	4,026	4,026	120,000	40%	40,620	18,048	7,217
HOLDING	DIMAU	Australia	Ocean and air freight forwarding	16,460	16,460	60,000	100%	(35,287)	2,521	2,521
HOLDING	DIMKR	Korea	Ocean and air freight forwarding	19,386	19,386	120,000	100%	70,617	27,465	27,465
HOLDING	DIMCA	Canada	Air freight forwarding	15,646	15,646	-	100%	125,764	61,485	61,485
HOLDING	DIMNL	Netherlands	Ocean and air freight forwarding	11,644	11,644	1,000	100%	21,425	19,573	19,573
HOLDING	DFSHK	Hong Kong	Ocean freight forwarding	25,393	25,393	71,000	99%	1,282,910	563,436	563,379
HOLDING	DTLHK	Hong Kong	Transportation	41,076	41,076	89,000	100%	46,317	3,156	3,156
HOLDING	DSLUS	U.S.A.	Distribution and warehousing	15,840	15,840	50,000	100%	30,667	816	816
DFSHK	FSCHK	Hong Kong	Central account settlement	566	566	17,500	35%	928,219	1,278,526	447,484
DIMMY	Danau Muhibbah Sdn. Bhd.	Malaysia	Real estate investment	-	2,621	-	- %	-	-	-
DIMPH	Peerless Express Forwarders Corp.	Philippines	Freight forwarding	954	954	1,600,000	40%	-	225	90
DIMSG	Logicentrix India Pvt Ltd.	India	Custom brokerage	-	1,830	-	- %	-	-	-

Note 1: It is a limited liability company.

## Dimerco Express Corporation Notes to Parent Company Only Financial Statements

### (III) Information on investment in mainland China:

- The names of investees in Mainland China, the main businesses and products, and other information:

Names of investees in mainland China	Main business	Paid-in capital	Type of investment method (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profit or loss of the investee for the period	Percentage of ownership of the Company's direct or indirect investments	Investment gains and losses recognized during the period (Note 2)	Investment carrying value at the end of the period	Investment income remitted back as of the end of the period
					Outward remittance	Recover						
					Unit: Thousand dollars							
Dimerco Zhongxing Int'l Express Co., Ltd.	Provide international transportation services for import and export cargo by ocean and air	84,928	(II)	24,962	-	-	24,962	112,417	75%	84,312	238,936	-
Dimerco Logistics (Shanghai) Co., Ltd.	Distribution and warehousing	5,970	(II)	5,535	-	-	5,535	1,160	99%	1,160	(57,690)	-
Diversified International Transportation (Shanghai) Co., Ltd.	Provide international transportation services for import and export cargo by ocean and air	163,377	(II)	-	-	-	-	50,629	100%	50,629	323,727	-
Dimerco International Logistics (Shenzhen) Co., Ltd.	Distribution and warehousing	10,958	(II)	-	-	-	-	(24,760)	100%	(24,760)	(16,812)	-
Diversified International Transportation (Shanghai) Co., Ltd.	Provide international transportation services for import and export cargo by ocean and air	59,777	(II)	-	-	-	-	113,437	100%	113,437	277,092	-
Diversified Transportation (China) Co., Ltd.	Transportation	29,802	(II)	-	-	-	-	1,176	100%	1,176	21,204	-
Dalian Yuhang International Transport Agency Co., Ltd.	Ocean and air freight forwarding	38,666	(II)	-	-	-	-	16,365	25%	4,010	23,049	-
Diversified International Logistics (Shanghai) Co., Ltd.	Provide international transportation services for import and export cargo by ocean and air	13,684	(II)	-	-	-	-	(2,212)	100%	(2,212)	402	-
Diversified International Logistics (Shenzhen) Co., Ltd.	Provide international transportation services for import and export cargo by ocean and air	1,293	(II)	-	-	-	-	2,905	100%	2,905	4,207	-

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

- Investing directly in Mainland China
- Investing the companies in Mainland China through third parties (through their parties in Bermuda and BVI).
- Others.

Note 2: The financial statements were reviewed by an international accounting firm that cooperates with the R.O.C. accounting firm.

- Limitation on investment in Mainland China:

Accumulated amount of investment from Taiwan to mainland China at the end of the period	Amount of investment approved by the Investment Commission, MOEA	Investment quota for mainland China as stipulated by the Investment Commission, MOEA
30,497 (USD 1,102 )	66,418 (USD 2,400 )	2,585,102

Note 1: 60% of net equity.

Note 2: The exchange rate as of December 31, 2021 was US\$1.00 to NT\$27.674.

- Significant transactions:

The significant inter-company transactions with subsidiary in Mainland China for the year ended December 31, 2021, are disclosed in "Information on significant transactions".

### (IV) Information on major shareholders:

Name of principal shareholder	Shares	Number of shares held	Shareholding ratio
MEC ELECTRONICS CORPORATION		7,279,243	5.34%

## XIV. Information on Segments

Please refer to the consolidated financial statements as of and for the year ended December 31, 2021.

**Dimerco Express Corporation**  
**Statement of cash and cash equivalents**  
**December 31, 2021**

**Unit: NTS thousand**  
**Unit of foreign currency: Thousand dollars**

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Cash	Petty cash	\$ 1,545
Bank deposits	Demand deposit	73,190
	Checking deposit	15,481
	Foreign currency deposit	
	USD4,258, @27.6740	103,989
	EUR187, @31.3574	5,852
	Other	24
	Time deposit (interest rate at 0.18%, maturity date on 1/20/2022)	<u>13,837</u>
	Subtotal	<u>212,373</u>
		<b><u>\$ 213,918</u></b>

**Statement of notes receivables**

<u>Name of customer</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Non-related parties:			
Customer A	Operation	\$ 8,049	
Customer B	"	2,432	
Customer C	"	1,065	
Other (Less than 5% of the ending balance)	"	<u>6,243</u>	
		<b><u>\$ 17,789</u></b>	

**Dimerco Express Corporation**  
**Statement of accounts receivable**

**December 31, 2021**

**Unit: NT\$ thousand**

<u>Name of customer</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Related parties:			
DIMUS	Operation	\$ 41,906	
DIMCN	"	41,348	
DFSCN	"	57,425	
DIMMY	"	8,304	
Dimerco Zhongjing	"	86,918	
DIMGB	"	6,964	
DIMSG	"	6,824	
Other (Less than 5% of the ending balance)	"	<u>21,866</u>	
		<u>271,555</u>	
Non-related parties:			
Customer A	Operation	45,129	
Customer B	"	26,790	
Customer C	"	23,794	
Customer D	"	22,465	
Other (Less than 5% of the ending balance)	"	282,908	
Less: Allowance for losses		<u>4,996</u>	
		<u>396,090</u>	
		<u><b>\$ 667,645</b></u>	

**Statement of other current assets**

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Prepaid expenses		\$ 3,773	
Other		<u>2,314</u>	
Total		<u><b>\$ 6,087</b></u>	

**Dimereo Express Corporation**

**Statement of changes in investment accounted for using the equity method**

**For the Years Ended December 31, 2021 and 2020**

Unit: NT\$ thousand

Name	Opening balance		Increase in the period		Decrease in the period		Ending balance		Market value or net worth of equity (Note 1)		Provision of guarantees or pledges	Remarks
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount (Note 3)	Number of shares (in thousands)	Amount (Notes 4)	Number of shares (in thousands)	Shareholding ratio (%)	Amount	Unit price		
Dimereo Express (Singapore) Pte. Ltd.	4,650	\$ 400,085	-	35,221	-	9,996	4,650	86	425,310	914,664	425,310	None
Dimereo International Logistics Corporation	(Note 2)	2,515,904	-	796,409	-	46,714	(Note 2)	100	3,265,599	(Note 2)	3,265,599	None
Dimereo Express Holding Co., Ltd.	3,089	1,149,103	-	730,657	-	27,173	3,089	100	1,852,587	599,7368	1,852,587	None
Diversified Freight System Corp.	1,200	273,473	-	251,068	-	18,277	1,200	99	506,264	421,8867	506,264	None
Foreign Settlement Co., Ltd.	10	251,124	-	78	-	3,870	10	20	247,332	24,733.3	247,332	None
Foreign Settlement Co., Ltd. (H.K.)	23.5	174,224	-	191,778	-	16,860	23.5	15	349,142	14,857,1064	349,142	None
ITG Air&Sea GmbH, Schwaig	6,275	198,012	-	31,538	-	15,709	6,275	25	213,841	34,0782	213,841	None
Diversified International Logistics Co. Ltd.	-	-	800	8,000	-	898	800	-	7,102	8,8775	7,102	None
		<b>\$ 4,961,925</b>		<b>2,044,749</b>		<b>139,497</b>			<b>6,867,177</b>		<b>6,867,177</b>	

Note 1: The market value was estimated based on the carrying value as of the balance sheet date.

Note 2: It is a limited company.

Note 3: These are the additional investment of 38,000 thousand, the gain of \$2,035,806 thousand accounted for under the equity method, and the actuarial gain or loss of \$94.7 thousand on comprehensive income for the year.

Note 4: This includes \$116,194 thousand of exchange differences arising on translation of foreign operations, \$20,916 thousand of cash dividends from investments accounted for under the equity method, \$898 thousand of losses recognized under the equity method and \$1,489 thousand of actuarial gains and losses on comprehensive income.

**Dimerco Express Corporation**  
**Statement of short-term borrowings**  
**December 31, 2021**

Unit: NT\$ thousand

<u>Type of borrowing</u>	<u>Explanation</u>	<u>Ending balance</u>	<u>Contract duration</u>	<u>Interest rate range (%)</u>	<u>Financing facilities</u>	<u>Mortgage or guarantee</u>	<u>Remarks</u>
Credit borrowings	E.Sun Commercial Bank, Ltd.	\$ 95,025	Due within one year	0.85	300,000	None	
	DBS Bank	30,000	Due within one year	0.85	300,000	None	
	Cathay United Bank	158,000	Due within one year	0.85	200,000	None	
	Standard Chartered Bank	<u>393,567</u>	Due within one year	0.55	USD 20,500	None	
Total		<u>\$ 676,592</u>					

**Statement of Notes Payable**

<u>Name of customer</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Non-related parties:			
Customer A	Operation	\$ 5,155	
Customer B	"	2,812	
Customer C	"	2,158	
Customer D	"	2,000	
Other (Less than 5% of the ending balance)	"	<u>19,246</u>	
		<u>\$ 31,371</u>	

**Dimerco Express Corporation**  
**Statement of Accounts Payable**

**December 31, 2021**

**Unit: NT\$ thousand**

<u>Name of customer</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Related parties:			
DIMCN	Operation	\$ 46,287	
FSCHK	"	44,434	
DIMUS	"	24,307	
DIMKR	"	17,897	
Dimerco Zhongjing	"	15,386	
DIMMY	"	10,582	
Other (Less than 5% of the ending balance)	"	<u>25,406</u>	
Subtotal		<u>184,299</u>	
Non-related parties:			
Customer A	"	27,423	
Customer B	"	24,548	
Customer C	"	3,936	
Other (Less than 5% of the ending balance)	Operation	<u>16,567</u>	
Subtotal		<u>72,474</u>	
Total		<u><u>\$ 256,773</u></u>	

**Statement of other current liabilities**

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Directors' and supervisors' remuneration and employees' compensation payables		\$ 202,497	
Salary and bonus payables		17,542	
Service expenses payables		5,572	
Other		<u>50,669</u>	
		<u><u>\$ 276,280</u></u>	

**Dimerco Express Corporation**  
**Statement of Selling Expenses**  
**For the Years Ended December 31, 2021 and 2020 Unit: NT\$ thousand**

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Salaries		\$ 73,394	
Insurance expenses		7,268	
Pensions		5,318	
Postage and phone/Fax expense		2,325	
Supplies expense		2,038	
Entertainment		1,737	
Other		<u>3,207</u>	
Total		<u><u>\$ 95,287</u></u>	



**Dimerco Express Corporation**  
**Statement of the Management Expenses**  
**For the Years Ended December 31, 2021 and 2020 Unit: NT\$ thousand**

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Salaries		\$ 219,820	
Sales promotion expense		5,470	
Entertainment		4,291	
Data processing fees		5,208	
Consultant fees		8,341	
Insurance expenses		9,223	
Depreciation expense		17,899	
Service expenses		6,735	
Miscellaneous expenses		19,464	
Less: Management fees paid for others		<u>(101,968)</u>	
		<b><u>\$ 194,483</u></b>	

Please refer to Note 6(4) of the Financial Statements for the statement of changes in property, plant and equipment.

Please refer to Note 6(4) of the Financial Statements for the statement of changes in accumulated depreciation of property, plant and equipment.

Please refer to Note 6(5) of the Financial Statements for the statement of changes in right-of-use assets.

Please refer to Note 6(4) of the Financial Statements for the statement of changes in accumulated depreciation of right-of-use assets

Please refer to Note 6(12) of the Financial Statements for the statement of changes in operating income.

Please refer to Note 6(13) of the Financial Statements for the statement of changes in operating costs.

**DIMERCO EXPRESS CORPORATION  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2021 and 2020**

**Address: 11F, No. 160, Sec. 6, Min Chuan East Road, Taipei,  
Taiwan, R.O.C.**

**Telephone: (02)2796-3660**

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## **Representation Letter**

The entities that are required to be included in the combined financial statements of Dimerco Express Corporation as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Dimerco Express Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Dimerco Express Corporation

Chairman: Chien Yao-Huai

Date: March 17, 2022



安侯建業聯合會計師事務所

KPMG

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## Independent Auditor's Report

To the Board of Directors of Dimerco Express Corporation:

### Opinion

We have audited the consolidated financial statements of Dimerco Express Corporation and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("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 Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the report of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.



## **Other Matter**

We did not audit the financial statements of certain subsidiaries. The financial statements of these subsidiaries were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these companies, is based solely on the reports of the other auditors. The consolidated total assets for these subsidiaries amounted to \$1,883,650 thousand and \$1,509,293 thousand as of December 31, 2021 and 2020, respectively, constituted 19% and 23% of consolidated total assets, of each financial reporting date. Their net revenues for the years ended December 31, 2021 and 2020, amounted to \$8,401,764 thousand and \$5,482,217 thousand, respectively, constituted 22% and 24% of consolidated net revenues for the years then ended.

We did not audit the financial statements of ITG Air & Sea GmbH, whose investments were recognized using the equity method. The financial statements of ITG Air & Sea GmbH were audited by an other auditor, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for ITG Air & Sea GmbH, was based solely on the report of the an other auditor. The financial statements of ITG Air & Sea GmbH reflect total assets constituting both 2% of consolidated total assets at December 31, 2021 and 2020, and the share of profit of associates accounted for using the equity method constituting both 1% of consolidated total income before tax, for the years then ended, respectively.

Dimerco Express Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unqualified opinion with other matter section.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this auditor's report are as follows:

### **1. Revenue recognition**

Please refer to note 4(m) "revenue from contracts with customers" for accounting policy related to revenue recognition, and note 6(m) for the disclosure related to revenue of the consolidated financial statements.

Description of key audit matter:

The Group mainly generates revenue from providing service of air freight and ocean freight forwarding. Revenue is recognized when the goods are consigned for transportation based on each shipping term and the transportation fee can be reasonably determined. Wherein the timing of delivery is different for each shipping term; therefore, the management of the Group needs to determine the accuracy of the timing for revenue recognition. Therefore, revenue recognition is considered as one of our key audit matters in our audit.

How the matter was addressed in our audit:

The key audit procedures performed by us and procedures noted in the audit instructions sent to the international accounting firm in cooperation with the R.O.C. accounting firm and other firms are as follows:

- Testing the effectiveness of the internal control over sales.
- Selecting a period of sales data from the system, and determining the completeness of the revenue recognition.
- Obtaining the list of top ten sales customers and sales data of the year, then performing test-of-detail by selecting samples from each month to evaluate the existence of the sales and the accuracy of the amount recognized, as well as the appropriateness of sales recognition.
- Obtaining the master bill of lading provided by the airline and the summarize documents prepared by the Group, as well as selecting sample from the summarized documents to determine whether the related house bill of lading have been recognized appropriately.
- Performing sales cut-off test of a period before and after the financial position date by vouching relevant documents of sales transactions to determine whether the timing of revenue recognition is appropriate.

## 2. Cost accrual

Please refer to note 4(m) "revenue from contracts with customers" for accounting policy related to cost accrual and note 6(n) for the disclosure related to cost of the consolidated financial statements.

Description of key audit matter:

The cost of the Group consists of local and international transportation cost. There is a risk in identifying the completeness of the accrual cost and the accuracy of the amount accrued. Therefore, the cost accrual is considered as one of our key audit matters in our audit.

How the matter was addressed in our audit:

The key audit procedures performed by us and procedures noted in the audit instructions sent to the international accounting firm in cooperation with the R.O.C. accounting firm and other firm are as follow:

- Testing the effectiveness of the internal control over purchase.
- Performing test-of-detail by selecting the same samples in connection with the audit of top ten sales customers and the sales data of year from each month, and evaluate whether the related cost have been matched with the recognition of revenue and accrued appropriately.
- Sending confirmation letter for the ending balance of accounts payable. Selecting samples with significant amount from the reconciled documents between the Group and the vendors and vouching the subsequent payment to determine whether the costs accrued at the financial position date were reasonable.
- Performing purchase cut-off test of a period before and after the financial position date by vouching relevant documents of cost transactions to determine whether the timing of cost accrual is appropriate.



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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRIC, 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 supervisors) are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Po-Shu Huang and Chun-I Chang.

KPMG

Taipei, Taiwan (Republic of China)  
March 17, 2022

#### Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**DMERCO EXPRESS CORPORATION AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current assets:</b>				
1100 Cash and cash equivalents (note 6(a))	3,438,378	35	2,856,190	43
1150 Notes receivable, net (note 6(b))	25,919	-	7,284	-
1170 Accounts receivable, net (notes 6(b) and 7)	4,587,395	47	2,281,490	34
1470 Other current assets (note 8)	446,950	5	229,927	3
<b>Total current assets</b>	<u>8,499,642</u>	<u>87</u>	<u>5,374,891</u>	<u>80</u>
<b>Non-current assets:</b>				
1517 Financial assets at fair value through other comprehensive income – non-current	442	-	444	-
1551 Investments accounted for using the equity method (note 6(c))	236,889	3	217,725	3
1600 Property, plant and equipment (notes 6(d), 8 and 9)	544,456	6	561,771	9
1755 Right-of-use assets (note 6(e))	298,555	3	389,410	7
1805 Goodwill (note 6(f))	32,780	-	32,921	-
1840 Deferred income tax assets (note 6(f))	27,820	-	31,999	-
5920 Refundable deposits	76,837	1	75,841	1
1990 Other non-current assets (notes 6(b), 8 and 9)	29,846	-	9,198	-
<b>Total non-current assets</b>	<u>1,247,325</u>	<u>13</u>	<u>1,319,309</u>	<u>20</u>
<b>Liabilities and Equity</b>				
<b>Current liabilities:</b>				
Short-term borrowings (notes 6(d), (g) and 8)				
Notes payable	42,310	-	30,302	-
Accounts payable (note 7)	3,500,904	37	2,233,517	33
Dividends payable (note 6(f))	5,695	-	4,818	-
Income tax payable	309,422	3	79,289	1
Current lease liabilities (note 6(h))	136,893	1	161,481	2
Other current liabilities (note 6(n))	456,171	5	364,710	6
<b>Total current liabilities</b>	<u>5,107,588</u>	<u>53</u>	<u>3,574,709</u>	<u>53</u>
<b>Non-current liabilities:</b>				
Deferred income tax liabilities (note 6(i))	184	-	198	-
Non-current lease liabilities (note 6(h))	133,127	1	200,255	3
Net defined benefit liabilities (note 6(i))	18,994	-	22,749	-
Other non-current liabilities	51,391	1	17,212	-
<b>Total non-current liabilities</b>	<u>203,606</u>	<u>2</u>	<u>240,414</u>	<u>3</u>
<b>Total liabilities</b>	<u>5,311,193</u>	<u>55</u>	<u>3,815,123</u>	<u>56</u>
<b>Equity attributable to owners of parent (note 6(o) and (k)):</b>				
Common stock	1,560,800	14	1,260,000	19
Capital surplus	19,362	-	19,362	-
Retained earnings:				
Legal reserve	502,575	5	394,064	6
Special reserve	441,086	5	182,174	3
Unappropriated retained earnings	2,541,962	26	1,358,232	20
Other equity:	3,485,623	36	1,934,470	29
Foreign currency translation differences for foreign operations	(57,281)	(6)	(441,087)	(6)
<b>Total equity attributable to owners of parent</b>	<u>4,308,504</u>	<u>44</u>	<u>2,772,745</u>	<u>42</u>
<b>Non-controlling interests</b>	126,570	1	106,332	2
<b>Total equity</b>	<u>4,434,074</u>	<u>45</u>	<u>2,879,077</u>	<u>44</u>
<b>Total liabilities and equity</b>	<u>\$ 9,746,567</u>	<u>100</u>	<u>\$ 6,694,200</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	2021		2020	
	Amount	%	Amount	%
4000 <b>Operating revenue (notes 6(m) and 7)</b>	38,986,916	100	22,948,845	100
5000 <b>Operating costs (notes 6(n))</b>	33,164,591	85	19,211,898	84
5900 <b>Gross profit from operations</b>	5,822,325	15	3,736,947	16
6000 <b>Operating expenses (notes 6(b), (d), (e), (h), (i), (o) and 7):</b>				
6100 Selling expenses	978,574	2	749,681	2
6200 Administrative expenses	2,115,592	6	1,754,468	8
6450 Expected credit loss for bad debt expense	37,188	-	12,920	-
<b>Total operating expenses</b>	3,131,354	8	2,517,069	10
6900 <b>Net operating income</b>	2,690,971	7	1,219,878	6
7000 <b>Non-operating income and expenses (notes 6(c), (h) and (p)):</b>				
7100 Interest income	8,885	-	6,271	-
7010 Other income	20,973	-	49,347	-
7020 Other gains and losses	(14,796)	-	(27,887)	-
7050 Finance costs	(15,545)	-	(18,585)	-
7060 Share of profit of associates accounted for using the equity method	35,548	-	16,710	-
<b>Total non-operating income and expenses</b>	35,065	-	25,856	-
7900 <b>Profit from continuing operations before tax</b>	2,726,036	7	1,245,734	6
7950 <b>Less: Income tax expenses (note 6(j))</b>	368,405	1	144,429	1
<b>Net income</b>	2,357,631	6	1,101,305	5
8300 <b>Other comprehensive income:</b>				
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311 Gains (losses) on remeasurements of defined benefit plans	(3,324)	-	(730)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	(3,324)	-	(730)	-
8360 <b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8361 Exchange differences on translation of foreign financial statements	(121,554)	-	(272,778)	(1)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	(121,554)	-	(272,778)	(1)
8300 <b>Other comprehensive income</b>	(124,878)	-	(273,508)	(1)
8500 <b>Total comprehensive income (loss)</b>	2,232,753	6	827,797	4
<b>Profit attributable to:</b>				
8610 Owners of parent	2,310,477	6	1,085,845	5
8620 Non-controlling interests	47,154	-	15,460	-
<b>Total comprehensive income (loss) attributable to:</b>	2,357,631	6	1,101,305	5
8710 Owners of parent	2,190,959	6	811,343	4
8720 Non-controlling interests	41,794	-	16,454	-
<b>Earnings per share (NT dollars) (note 6(l))</b>	2,232,753	6	827,797	4
9750 Basic earnings per share	16.98		7.98	
9850 Diluted earnings per share	16.77		7.87	

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent						Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Share capital	Capital surplus	Legal Reserve	Special reserve	Retained earnings	Total			
<b>Balance at January 1, 2020</b>	1,260,000	19,362	353,700	182,174	484,841	1,020,715	(167,315)	2,132,762	2,226,476
Appropriation and distribution of retained earnings:	-	-	-	-	(40,364)	-	-	-	-
Legal reserve appropriated	-	-	40,364	-	(40,364)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(171,360)	(171,360)	-	(171,360)	(175,196)
Net income	-	-	-	-	1,085,845	1,085,845	-	1,085,845	1,101,305
Other comprehensive income	-	-	-	-	(730)	(730)	(273,772)	(274,502)	(275,508)
Total comprehensive income	-	-	-	-	1,085,115	1,085,115	(273,772)	811,343	827,797
<b>Balance at December 31, 2020</b>	1,260,000	19,362	394,064	182,174	1,558,232	1,934,470	(441,087)	2,772,745	2,879,077
Appropriation and distribution of retained earnings:	-	-	-	-	(108,511)	-	-	-	-
Legal reserve appropriated	-	-	108,511	-	(108,511)	-	-	-	-
Special reserve appropriated	-	-	-	258,912	(258,912)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(655,200)	(655,200)	-	(655,200)	(655,200)
Stock dividends of ordinary share	100,800	-	-	-	(100,800)	(100,800)	-	-	-
Net income	-	-	-	-	2,310,477	2,310,477	-	2,310,477	2,357,631
Other comprehensive income	-	-	-	-	(3,324)	(3,324)	(116,194)	(119,518)	(124,878)
Total comprehensive income	-	-	-	-	2,307,153	2,307,153	(116,194)	2,190,959	2,237,753
Subsidiary distribute cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	(21,656)
<b>Balance at December 31, 2021</b>	1,560,800	19,362	502,575	441,086	2,541,962	3,485,623	(657,281)	4,308,504	4,434,974

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
<b>Net income before tax</b>	\$ 2,726,036	1,245,734
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit and loss:</b>		
Depreciation expense	227,124	225,235
Amortization expense	277	260
Expected credit losses	37,188	12,920
Net gain on financial assets or liabilities at fair value through profit or loss	(610)	-
Interest expense	15,545	18,585
Interest income	(8,885)	(6,271)
Dividend income	(130)	(168)
Share of profit of associates accounted for using the equity method	(35,548)	(16,710)
Gain on disposal of property, plant and equipment	(1,160)	(26)
Loss on disposal of investments accounted for using equity method	21	-
Unrealized foreign exchange loss	22,266	36,626
Loss on lease modification	(2,232)	-
Total adjustments to reconcile profit and loss	253,856	270,451
<b>Changes in operating assets and liabilities:</b>		
<b>Net changes in operating assets:</b>		
Notes receivable	(18,635)	(2,058)
Accounts receivable	(2,343,093)	(35,430)
Other current assets	(217,023)	(131,948)
Total changes in operating assets, net	(2,578,751)	(169,436)
<b>Net changes in operating liabilities:</b>		
Notes payable	12,008	3,165
Accounts payable	1,267,387	602,432
Other current liabilities	71,461	127,228
Net defined benefit liabilities	(7,169)	(1,997)
Total changes in operating liabilities, net	1,343,687	730,828
Total changes in operating assets and liabilities, net	(1,235,064)	561,392
Total adjustments	(981,208)	831,843
Cash inflow generated from operations	1,744,828	2,077,577
Interest received	8,885	6,271
Dividends received	130	168
Interest paid	(15,545)	(18,585)
Income taxes paid	(134,107)	(93,336)
<b>Net cash provided by operating activities</b>	1,604,191	1,972,095
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets designated at fair value through profit or loss	(167,603)	-
Proceeds from disposal of financial assets designated at fair value through profit or loss	168,216	-
Acquisition of investments accounted for using the equity method	(2,148)	(183,547)
Proceeds from disposal of investments accounted for using the equity method	375	-
Acquisition of property, plant and equipment	(27,243)	(8,413)
Proceeds from disposal of property, plant and equipment	1,375	1,413
Decrease in refundable deposits	(596)	8,364
Increase in other non-current assets	(21,025)	(1,522)
Dividends received from associates accounted for using equity method	10,365	2,985
<b>Net cash used in investing activities</b>	(38,284)	(180,720)
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	2,626,125	429,050
Decrease in short-term borrowings	(2,650,125)	(438,050)
Payment of lease liabilities	(190,402)	(199,572)
Increase in other non-current liabilities	34,179	2,715
Cash dividends paid	(654,323)	(172,665)
Subsidiary distribute cash dividends to non-controlling interests	(21,656)	-
<b>Net cash used in financing activities</b>	(856,202)	(378,522)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(126,917)	(271,438)
<b>Net increase in cash and cash equivalents</b>	582,788	1,141,415
<b>Cash and cash equivalents at beginning of period</b>	2,856,190	1,714,775
<b>Cash and cash equivalents at end of period</b>	\$ 3,438,978	2,856,190

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

DIMERCO EXPRESS CORPORATION (DIMITW or the Company) (originally named Dimerco Express (Taiwan) Corporation, changed in June 2012) was incorporated in August 1985 as a company limited by shares under the laws of the Republic of China (ROC). The consolidated financial statements comprise DIMITW and its subsidiaries (together referred to as the "Group"). The Group is primarily engaged in the business of air freight forwarding, ocean freight forwarding, and customs brokerage service, and related investing activities.

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

The consolidated financial statements were approved by the Board of Directors and issued on March 17, 2022.

**(3) New standards, amendments and interpretations adopted:**

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

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

The Group does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements.

**(4) Summary of significant accounting policies**

The significant accounting policies presented in the consolidated financial statements are summarized as follows. The accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

- (a) Statement of compliance

These consolidated annual financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

- (b) Basis of preparation

- (i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise stated (Refer to the summary of the significant accounting policies).

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interests in subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity and attributed to the shareholders of the parent.

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

Subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Primary business	Shareholding		Remarks
			December 31, 2021	December 31, 2020	
The Company	Dimerco International Logistic Corp. (DIL)	Holding company	100.00 %	100.00 %	
The Company	Dimerco Express Holding Co., Ltd. (Holding)	Holding company	100.00 %	100.00 %	
The Company	Dimerco Freight System Corporation (DFSTW)	Global logistics service	99.99 %	99.99 %	
The Company	Dimerco Express (Singapore) Pte Ltd. (DIMSG)	Global logistics service	86.11 %	86.11 %	
The Company	Foreign Settlement Co., Ltd. (FSC)	Settlement center	20.00 %	20.00 %	
The Company	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	15.00 %	15.00 %	
The Company	Diversified International Logistics Co., Ltd (DILTW)	Global Logistics service	80.00 %	- %	
DIMHK	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	35.00 %	35.00 %	
DFSHK	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	35.00 %	35.00 %	



**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of subsidiary	Primary business	Shareholding		Remarks
			December 31, 2021	December 31, 2020	
DFSTW	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	15.00 %	15.00 %	
DFSTW	Diversified International Logistics Co., Ltd (DILTW)	Global Logistics service	20.00 %	- %	
DIMSG	Foreign Settlement Co., Ltd. (FSC)	Settlement center	20.00 %	20.00 %	
DIMHK	Foreign Settlement Co., Ltd. (FSC)	Settlement center	60.00 %	60.00 %	
DIL	Dimerco Air Forwarders (HK) Ltd. (DIMHK)	Global logistics service	99.99 %	99.99 %	
DIL	Dimerco Express (Singapore) Pte Ltd. (DIMSG)	Global logistics service	13.89 %	13.89 %	
DIL	Dimerco Express (UK) Ltd. (DIMGB)	Global logistics service	37.50 %	37.50 %	
DIL	Dimerco Express (U.S.A.) Corp. (DIMUS)	Global logistics service	100.00 %	100.00 %	
DIL	Global Marketing System Co., Ltd. (GMS)	Global logistics service	100.00 %	100.00 %	
DIMHK	Dimerco International Logistics (Shanghai) Co., Ltd. (DILSHA)	Global logistics service	99.99 %	99.99 %	
DIMHK	Dimerco International Transportation (Shanghai) Co., Ltd. (DIMCN)	Global logistics service	100.00 %	100.00 %	
DIMHK	Dimerco International Logistics (Shenzhen) Co., Ltd. (DILSZX)	Global logistics service	100.00 %	100.00 %	
DIMHK	Dimerco Zhongxing Int'l Express Co., Ltd. (ZJDCN)	Global logistics service	75.00 %	75.00 %	
DIMHK	Dimerco Vietfracht (JV) Co., Ltd. (DIMVN)	Global logistics service	75.00 %	75.00 %	
FSCHK	Dimerco Express (UK) Ltd (DIMGB)	Global logistics services	62.50 %	62.50 %	
FSCHK	Diversified (Shenzhen) International Logistics Service Co., Ltd. (DILYTN)	Global logistics services	50.00 %	50.00 %	
GMS	Dimerco Express Phil. Inc (DIMPH)	Global logistics services	60.01 %	60.01 %	
GMS	Diversified International Logistics Service Company Ltd.	Global logistics services	100.00 %	100.00 %	
GMS	Diversified Freight System (Singapore) Pte. Ltd. (DFSSG)	Global logistics services	100.00 %	100.00 %	
GMS	Dimerco International Logistics Company (DILHK)	Global logistics services	100.00 %	100.00 %	
GMS	Diversified (Shenzhen) International Logistics Service Co., Ltd. (DILYTN)	Global logistics services	50.00 %	50.00 %	
Holding	Dimerco Logistics Sdn Bhd. (DILMY)	Global logistics service	- %	49.00 %	Note 1
Holding	Dimerco Express (Thailand) Corp. Ltd. (DIMTH)	Global logistics service	48.99 %	48.99 %	Note 2
Holding	Dimerco Express Phils. Inc. (DIMPH)	Global logistics service	39.99 %	39.99 %	
Holding	Dimerco Express (Australia) Pty Ltd. (DIMAU)	Global logistics service	100.00 %	100.00 %	

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of subsidiary	Primary business	Shareholding		Remarks
			December 31, 2021	December 31, 2020	
Holding	Dimerco Express (Korea) Corp. (DIMKR)	Global logistics service	100.00 %	100.00 %	
Holding	Dimerco Express (Canada) Corp. (DIMCA)	Global logistics service	100.00 %	100.00 %	
Holding	Diversified International Service Logistics System Corporation (DSLUS)	Global logistics service	100.00 %	100.00 %	
Holding	Dimerco Express (Malaysia) Sdn. Bhd. (DIMMY)	Global logistics service	100.00 %	100.00 %	
Holding	Dimerco Express Netherlands B.V. (DIMNL)	Global logistics service	100.00 %	100.00 %	
Holding	Diversified Freight System Ltd. (DFSHK)	Global logistics service	99.99 %	99.99 %	
Holding	Diversified Transportation (HK & China) Co., Ltd. (DTLHK)	Global logistics service	100.00 %	100.00 %	
DFSHK	Diversified International Transportation (Shanghai) Co., Ltd. (DFSCN)	Global logistics service	100.00 %	100.00 %	
DTLHK	Diversified Transportation (China) Co., Ltd. (DTLCN)	Global logistics service	100.00 %	100.00 %	
DIMUS	Dimerco Customs Brokerage Co. Ltd. (DCBUS)	Brokerage service	100.00 %	100.00 %	
DIMSG	Dimerco Express (India) Pte Ltd. (DIMIN)	Global logistics service	60.00 %	60.00 %	
DIMMY	Danau Muhibbah Sdn.Bhd	Real estate investment	- %	100.00 %	Note 1
DIMPH	Peerless Express Forwarders Corp.	Global logistics service	39.99 %	39.99 %	Note 2
DILHK	Diversified International Logistics Pte Ltd (DILSG)	Global logistics service	100.00 %	- %	

Note 1: The subsidiary has been liquidated in 2021.

Note 2: The Group owns less than 50% of the subsidiaries' voting stock, but the Group has control over the subsidiaries' financial and operating policies through agreement with other investors. Therefore, the Group includes the subsidiaries in the consolidated financial statements.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
  - a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
  - qualifying cash flow hedges to the extent that the hedges are effective.
- (ii) Foreign operations

The assets and liabilities of foreign operations, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with high liquidity that are subject to an insignificant risk of changes in their fair value.

Time deposits with maturity of three months or less from the acquisition date are listed in cash and cash equivalents because they are held for the purpose of meeting short-term cash commitments instead of investment or other purposes. They are also readily convertible to fixed amount of cash, and are subject to an insignificant risk of changes in value.

(g) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

## DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date on which the Group's right to receive payment is established, which in the case in profit or loss of quoted securities is normally the ex-dividend date.

#### 3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and trade receivable, other receivable and guarantee deposit).

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

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ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### 4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

#### (ii) Financial liabilities and equity instruments

##### 1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### 2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

## DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

#### 4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

#### 5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

#### 6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

#### (h) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

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

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

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

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	4~56 years
Transportation equipment	3~5 years
Office equipment	1~16 years
Lease improvement	2~6 years
Other equipment	2~6 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.



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(j) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee, the Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by using the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase, extension or the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

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When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents its right-of-use assets that do not meet the definition of investment and its lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize the right-of-use assets and lease liabilities for its short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Intangible assets – goodwill

(i) Recognition

Upon conversion to the IFRSs endorsed by the Financial Supervisory Commission, R.O.C., the Group can choose to restate all business combinations that occurred after January 1, 2012 (inclusive). For those acquisitions that occurred prior to January 1, 2012, any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets recognized at the date of acquisition is recognized as goodwill.

(ii) Measurement

Goodwill is measured at cost, less accumulated impairment losses.

It is tested for impairment annually, or more frequently when there is an indication that the cash generating unit may be impaired. Impairment loss for goodwill cannot be reversed.

(l) Impairment – non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Non-financial assets an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue from contracts with customers

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

i) Freight Forwarding

The Group provides air freight forwarding, ocean freight forwarding and custom brokerage services. Revenue from providing services is recognized in the accounting period in which the services are rendered.

(ii) Contract Cost

Transportation cost which consists of air and ocean cost is accrued based on the invoice or quote price provided by the vendor, upon the time of income recognition.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Share-based payment

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

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

(p) Government grants and government assistance

The Group recognizes an unconditional government grant on profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(q) Income tax

Income taxes comprise current taxes and deferred income taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred income taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years.

## DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Temporary difference resulting from initial recognition of goodwill cannot be recognized as deferred tax.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities and
  - (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either
    - 1) the same taxable entity; or
    - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Treasury stock should be deducted from outstanding shares. Stock dividends from retained earnings and capital surplus are adjusted retroactively as outstanding shares.

Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

- (s) Operating segment information

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

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

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

There are no critical judgments in applying accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements. Neither are the information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Cash on hand	\$ 4,260	4,434
Checking accounts and savings deposits	3,113,565	2,560,763
Time deposits	<u>321,153</u>	<u>290,993</u>
Cash and cash equivalents in consolidated statement of cash flows	<b><u>\$ 3,438,978</u></b>	<b><u>2,856,190</u></b>

Please refer to note 6(q) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Notes and accounts receivable

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Notes receivable	\$ 25,919	7,284
Accounts receivable	4,692,243	2,351,327
Accounts receivable—related parties	4,678	2,501
Less: allowance for doubtful accounts—accounts receivable	104,848	69,837
allowance for doubtful accounts—overdue receivable	<u>4,678</u>	<u>2,501</u>
	<b><u>\$ 4,613,314</u></b>	<b><u>2,288,774</u></b>

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The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision was determined as follows:

	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 4,247,744	0%	-
1 to 30 days past due	403,687	12%	49,552
31 to 60 days past due	60,184	81%	48,749
61 to 90 days past due	6,633	100%	6,633
91 to 365 days past due	1,607	100%	1,607
More than 365 days	<u>2,985</u>	100%	<u>2,985</u>
	<b><u>\$ 4,722,840</u></b>		<b><u>109,526</u></b>

	<b>December 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 2,144,951	0%	-
1 to 30 days past due	177,527	21%	38,528
31 to 60 days past due	25,391	81%	20,567
61 to 90 days past due	3,033	100%	3,033
91 to 365 days past due	754	100%	754
More than 365 days	<u>9,456</u>	100%	<u>9,456</u>
	<b><u>\$ 2,361,112</u></b>		<b><u>72,338</u></b>

The movement in the allowance for accounts receivable and notes receivables were as follows:

	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 72,338	60,891
Impairment losses recognized	37,188	12,920
Impairment loss reversed and others	<u>-</u>	<u>(1,473)</u>
Balance at December 31	<b><u>\$ 109,526</u></b>	<b><u>72,338</u></b>

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(c) Investments accounted for using the equity method

A summary of the Group's investments accounted for using the equity method at the reporting date is as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Associates	<b>\$ 236,889</b>	<b>217,725</b>

(i) Associates

The details of significant associate were as follows:

<b>Name of associate</b>	<b>Existing relationship with the Group</b>	<b>Main operating location / country of registration</b>	<b>Proportion of equity and voting rights</b>	
			<b>December 31, 2021</b>	<b>December 31, 2020</b>
ITG Air & Sea GmbH	Global air and ocean freight forwarder	Germany	25.00 %	25.00 %

A summary of the financial information of the significant associate is as follows:

1) Summary of financial information of ITG Air & Sea GmbH

The Group acquired 25% of the shares of ITG Air & Sea GmbH (hereinafter referred as ITG GmbH) for \$183,547 thousand (EUR5,458 thousand ) in cash in 2020, and therefore the group has significant influence on ITG GmbH.

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current assets	\$ 1,065,828	631,992
Non-current assets	88,923	97,331
Current liabilities	(778,586)	(418,694)
Non-current liabilities	(39,569)	(37,345)
Net assets	<b>\$ 336,596</b>	<b>273,284</b>
The Group's share of net assets	<b>\$ 84,149</b>	<b>68,321</b>
	<b>2021</b>	<b>2020</b>
Revenue	<b>\$ 4,283,299</b>	<b>2,416,850</b>
Profit from continuing operations	\$ 126,150	50,819
Other comprehensive income	-	-
Profit and total comprehensive income	<b>\$ 126,150</b>	<b>50,819</b>
The Group's share of profit and total comprehensive income	<b>\$ 31,538</b>	<b>12,704</b>



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	<b>2021</b>	<b>2020</b>
Beginning balance of the equity of the associate attributable to the Group	\$ 198,012	-
Total comprehensive income (loss) of the associate attributable to the Group	31,538	12,704
Acquisition of associate	-	183,547
Dividends received from associates	(7,769)	-
Exchange difference	(7,940)	1,761
Ending balance of the equity of the associate attributable to the Group	<b>\$ 213,841</b>	<b>198,012</b>

- 2) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Carrying amount of individually insignificant associates' equity	<b>\$ 23,048</b>	<b>19,713</b>
	<b>2021</b>	<b>2020</b>
Attributable to the Group:		
Profit from continuing operations	\$ 4,010	4,006
Other comprehensive income	-	-
Total comprehensive income	<b>\$ 4,010</b>	<b>4,006</b>

(ii) Collateral

As of December 31, 2021 and 2020, the Group did not provide any investment accounted for using the equity method as collaterals for its loans.

(d) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	<b>Land</b>	<b>Buildings</b>	<b>Transportation equipment</b>	<b>Office equipment</b>	<b>Leasehold improvements</b>	<b>Other equipment</b>	<b>Total</b>
Cost or deemed cost:							
Balance at January 1, 2021	\$ 182,787	520,506	31,619	141,310	56,139	53,171	985,532
Additions	-	-	4,258	13,294	8,440	1,251	27,243
Disposals	-	-	(2,037)	(9,853)	(5,396)	(2,064)	(19,350)
Effect of changes in exchange rates	(410)	(7,996)	1,386	(4,576)	(1,060)	(730)	(13,386)
Balance at December 31, 2021	<b>\$ 182,377</b>	<b>512,510</b>	<b>35,226</b>	<b>140,175</b>	<b>58,123</b>	<b>51,628</b>	<b>980,039</b>
Balance at January 1, 2020	\$ 184,645	542,760	36,978	154,022	60,618	59,108	1,038,131
Additions	-	-	9	4,111	2,140	2,153	8,413
Disposals	-	-	(3,802)	(14,184)	(3,503)	(4,075)	(25,564)
Effect of changes in exchange rates	(1,858)	(22,254)	(1,566)	(2,639)	(3,116)	(4,015)	(35,448)
Balance at December 31, 2020	<b>\$ 182,787</b>	<b>520,506</b>	<b>31,619</b>	<b>141,310</b>	<b>56,139</b>	<b>53,171</b>	<b>985,532</b>

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	Land	Buildings	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
Depreciation and impairment loss:							
Balance at January 1, 2021	\$ -	188,659	22,949	120,819	44,670	46,664	423,761
Depreciation	-	14,167	3,266	10,650	6,849	2,617	37,549
Disposal	-	-	(2,037)	(9,444)	(5,555)	(2,099)	(19,135)
Effect of changes in exchange rates	-	(2,190)	1,470	(4,962)	29	(939)	(6,592)
Balance at December 31, 2021	<u>\$ -</u>	<u>200,636</u>	<u>25,648</u>	<u>117,063</u>	<u>45,993</u>	<u>46,243</u>	<u>435,583</u>
Balance at January 1, 2020	<u>\$ -</u>	<u>182,197</u>	<u>24,369</u>	<u>129,927</u>	<u>43,147</u>	<u>50,186</u>	<u>429,826</u>
Depreciation	-	13,770	3,433	7,376	7,268	3,723	35,570
Disposal	-	-	(3,793)	(12,677)	(3,265)	(4,442)	(24,177)
Effect of changes in exchange rates	-	(7,308)	(1,060)	(3,807)	(2,480)	(2,803)	(17,458)
Balance at December 31, 2020	<u>\$ -</u>	<u>188,659</u>	<u>22,949</u>	<u>120,819</u>	<u>44,670</u>	<u>46,664</u>	<u>423,761</u>
Carrying value:							
December 31, 2021	<u>\$ 182,377</u>	<u>311,874</u>	<u>9,578</u>	<u>23,112</u>	<u>12,130</u>	<u>5,385</u>	<u>544,456</u>
December 31, 2020	<u>\$ 182,787</u>	<u>331,847</u>	<u>8,670</u>	<u>20,491</u>	<u>11,469</u>	<u>6,507</u>	<u>561,771</u>
January 1, 2020	<u>\$ 184,645</u>	<u>360,563</u>	<u>12,609</u>	<u>24,095</u>	<u>17,471</u>	<u>8,922</u>	<u>608,305</u>

As of December 31, 2021 and 2020, the property, plant and equipment of the Group had been pledged as collateral for long-term and short-term borrowings; please refer to note 8.

(e) Right-of-use assets

The Group leases its assets including land-use right, offices, warehouse, transportation equipment and other equipment. Information about leases for which the Group as a lessee was presented below:

	Land	Building	Transportation equipment	Other equipment	Total
Cost:					
Balance at January 1, 2021	\$ 43,947	509,221	34,728	77,113	665,009
Additions	-	61,836	17,937	33,647	113,420
Decreases	-	(50,084)	(11,541)	(26,365)	(87,990)
Effect of changes in exchange rates	(677)	(33,666)	(264)	19,387	(15,220)
Balance at December 31, 2021	<u>\$ 43,270</u>	<u>487,307</u>	<u>40,860</u>	<u>103,782</u>	<u>675,219</u>
Balance at January 1, 2020	<u>\$ 47,005</u>	<u>372,617</u>	<u>38,006</u>	<u>70,124</u>	<u>527,752</u>
Additions	-	228,232	7,080	20,530	255,842
Lease modification	-	(48,083)	(8,111)	(9,084)	(65,278)
Effect of changes in exchange rates	(3,058)	(43,545)	(2,247)	(4,457)	(53,307)
Balance at December 31, 2020	<u>\$ 43,947</u>	<u>509,221</u>	<u>34,728</u>	<u>77,113</u>	<u>665,009</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2021	\$ 3,667	198,531	21,318	52,083	275,599
Depreciation	3,645	143,517	11,468	30,945	189,575
Decreases	-	(46,258)	(11,294)	(23,299)	(80,851)
Effect of changes in exchange rates	(90)	(6,116)	90	(1,543)	(7,659)
Balance at December 31, 2021	<u>\$ 7,222</u>	<u>289,674</u>	<u>21,582</u>	<u>58,186</u>	<u>376,664</u>
Balance at January 1, 2020	<u>\$ 1,307</u>	<u>135,907</u>	<u>15,103</u>	<u>30,524</u>	<u>182,841</u>
Depreciation	328	142,511	14,263	32,563	189,665
Lease modification	-	(48,078)	(6,987)	(9,090)	(64,155)
Effect of changes in exchange rates	2,032	(31,809)	(1,061)	(1,914)	(32,752)
Balance at December 31, 2020	<u>\$ 3,667</u>	<u>198,531</u>	<u>21,318</u>	<u>52,083</u>	<u>275,599</u>
Carrying amounts:					
December 31, 2021	<u>\$ 36,048</u>	<u>197,633</u>	<u>19,278</u>	<u>45,596</u>	<u>298,555</u>
December 31, 2020	<u>\$ 40,280</u>	<u>310,690</u>	<u>13,410</u>	<u>25,030</u>	<u>389,410</u>
January 1, 2020	<u>\$ 45,698</u>	<u>236,710</u>	<u>22,903</u>	<u>39,600</u>	<u>344,911</u>

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(f) Goodwill

	<b>Goodwill</b>
Balance at January 1, 2021	\$ 32,921
Effect of changes in exchange rates	(141)
Balance at December 31, 2021	<b>\$ 32,780</b>
Balance at January 1, 2020	\$ 34,179
Effect of changes in exchange rates	(1,258)
Balance at December 31, 2020	<b>\$ 32,921</b>

(g) Short-term borrowings

The details, terms and clauses of the Group's short-term borrowings were as follows:

(i) Short-term borrowings

	<b>December 31, 2021</b>		
	<b>Interest rate</b>	<b>Maturity</b>	<b>Amount</b>
	<b>(%)</b>	<b>year</b>	<b>\$</b>
Unsecured bank loans	0.55~0.88	2022	<b>\$ 676,592</b>
	<b>December 31, 2020</b>		
	<b>Interest rate</b>	<b>Maturity</b>	<b>Amount</b>
	<b>(%)</b>	<b>year</b>	<b>\$</b>
Unsecured bank loans	0.65~0.98	2021	<b>\$ 700,592</b>

As of December 31, 2021 and 2020, the unused credit facilities of the Group's short-term borrowings amounted to \$722,925 thousand and \$311,548 thousand, respectively.

Please refer to note 6(q) for the information on the interest rate, foreign currency, and liquidity risk.

The Group has pledged certain assets against the loans; please refer to note 8 for additional information.

(ii) Long-term borrowings

As of December 31, 2021 and 2020, the unused credit facilities of the Group's long-term borrowings all amounted to \$150,000 thousand.

Please refer to note 6(q) for the information on the interest rate, foreign currency, and liquidity risk.

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The Group has pledged certain assets against the loans; please refer to note 8 for additional information.

(h) Lease liabilities

The Group's lease liabilities were as follow:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current	<u>\$ 136,893</u>	<u>161,481</u>
Non-current	<u>\$ 133,127</u>	<u>200,255</u>

For the maturity analysis, please refer to note 6(q).

The amounts recognized in profit or loss were as follows:

	<b>2021</b>	<b>2020</b>
Interest on lease liabilities	<u>\$ 9,529</u>	<u>12,238</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 43,028</u>	<u>28,213</u>

The amounts recognized in the statement of cash flows for the Group were as follows:

	<b>2021</b>	<b>2020</b>
Total cash outflow for leases	<u>\$ 242,959</u>	<u>240,023</u>

(i) Employee benefits

(i) Defined benefit plans

The following table shows a reconciliation between the present value of the defined benefit obligation and the fair value of plan assets:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Present value of defined benefit obligation	\$ 66,653	66,670
Fair value of plan assets	<u>(48,671)</u>	<u>(44,910)</u>
Net accrued pension liabilities	<u>\$ 17,982</u>	<u>21,760</u>
Recorded under:		
Accrued pension liabilities	<u>\$ 18,904</u>	<u>22,749</u>
Net defined benefit assets (recorded under other non-current assets)	<u>\$ 922</u>	<u>989</u>

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Domestic entities of the Group established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement.

1) Composition of plan assets

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

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$48,671 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of defined benefit plan obligation

The movements in present value of the Group's defined benefit plan obligations for the years ended December 31, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Defined benefit obligation at January 1	\$ 66,670	63,063
Current service costs and interest	858	3,144
Remeasurements of net defined benefit liability (asset)		
— Actuarial gains and losses arising from changes in financial assumptions	452	1,203
Benefits paid by the plan	-	(575)
Effect of movements in exchange rates	<u>(1,327)</u>	<u>(165)</u>
Defined benefit obligation at December 31	<u><u>\$ 66,653</u></u>	<u><u>66,670</u></u>

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3) Movements in fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Group of years ended December 31, 2021 and 2020, were as follows:

	<b>2021</b>	<b>2020</b>
Fair value of plan assets at January 1	\$ (44,910)	(40,132)
Interest income	(484)	(709)
Remeasurements of net defined benefit liability		
– Return on plan assets (excluding amounts included in net interest expense)	368	165
– Actuarial gains and losses arising from changes in financial assumptions	2,504	(638)
Contributions paid by the employer	(4,177)	(3,301)
Benefits paid by the plan	-	575
Effect of movements in exchange rates	(1,972)	(870)
Fair value of plan assets at December 31	<b>\$ (48,671)</b>	<b>(44,910)</b>

4) Expenses recognized in profit or loss

The expenses recognized on profit or loss for the Group for years ended December 31, 2021 and 2020, were as follows:

	<b>2021</b>	<b>2020</b>
Net interest on defined benefit liability (asset)	<b>\$ 374</b>	<b>2,435</b>
Operating expenses	<b>\$ 374</b>	<b>2,435</b>

5) Actuarial assumptions

The principal actuarial assumptions used to determine the present value of the defined benefit obligation were as follows:

	<b>2021.12.31</b>	<b>2020.12.31</b>
Discount rate	0.625~4.700%	0.625~7.600%
Future salary increase rate	3.000%	1.000~3.000%

The Group expects to make contributions of \$2,962 thousand to the defined benefit plans in the year following the reporting date of 2021.

The weighted average duration of the defined benefit obligation is 11.40 to 18.40 years.

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6) Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Company uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligation.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<b>Impact on defined benefit obligation</b>	
	<b>Increase 0.25%</b>	<b>Decrease 0.25%</b>
December 31, 2021		
Discount rate	\$ (1,183)	1,224
Future salary increase rate	1,179	(1,150)
December 31, 2020		
Discount rate	\$ (1,176)	1,218
Future salary increase rate	1,181	(1,147)

The above sensitivity analysis is analyzed based on the effect of changes in a single assumption under the condition that other assumptions remain constant. In practice, many changes in assumptions may be linked together. The method used for sensitivity analysis and calculation of net pension liability is the same.

The methods of measurement and the assumptions used for the sensitivity analysis are the same as for the previous year.

(ii) Defined contribution plans

Domestic entities of the Group contribute 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

Foreign subsidiaries of the Group adopted defined contribution pension plans and made contributions based on the regulations set by the local authority and recognized the contributed amount as current year's expenses.

The Group's pension costs under the defined contribution method were \$36,053 thousand and \$29,586 thousand for 2021 and 2020, respectively. Payment was made to the Bureau of Labor Insurance and the local authorities of the consolidated overseas subsidiaries.

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(j) Income tax

(i) Income tax expenses

The components of income tax in the years 2021 and 2020 were as follows:

	<b>2021</b>	<b>2020</b>
Current income tax expense		
Current period	\$ 360,446	127,724
Undistributed earnings additional tax	4,907	10,910
Adjustment for prior periods	(1,113)	5,078
	364,240	143,712
Deferred tax expense		
Origination and reversal of temporary differences	4,165	717
Income tax expense from continuing operations	<b>\$ 368,405</b>	<b>144,429</b>

Reconciliation of income tax expense (benefit) and profit before tax for 2021 and 2020 is as follows:

	<b>2021</b>	<b>2020</b>
Profit excluding income tax	<b>\$ 2,726,036</b>	<b>1,245,734</b>
Income tax using the Company's domestic tax rate	\$ 542,207	249,147
Effect of tax rates in foreign jurisdiction	(161,063)	(114,987)
Dividend income	1,528	(34)
Non-deductible expenses	2,094	(7,048)
Undistributed earnings additional tax	4,907	10,910
Tax-exempt income	(9,960)	(15,278)
Underestimate of prior year's income	(1,113)	5,078
Others	(10,195)	16,641
Total	<b>\$ 368,405</b>	<b>144,429</b>

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred tax liabilities

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2021 and 2020. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Unrecognized deferred tax liabilities	<b>\$ 1,408,666</b>	<b>955,063</b>



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2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities for 2021 and 2020 were as follows:

Deferred income tax assets:

	Defined benefit plans	Tax losses	Unrealized foreign exchange	Allowance for doubtful accounts	Others	Total
Balance at January 1, 2021	\$ 7,299	8,056	47	14,066	2,531	31,999
Recognized in profit or loss	<u>(1,876)</u>	<u>(6,417)</u>	<u>(1,210)</u>	<u>6,961</u>	<u>(1,637)</u>	<u>(4,179)</u>
<b>Balance at December 31, 2021</b>	<b>\$ 5,423</b>	<b>1,639</b>	<b>(1,163)</b>	<b>21,027</b>	<b>894</b>	<b>27,820</b>
Balance at January 1, 2020	\$ 7,440	7,974	1,230	12,764	3,549	32,957
Recognized in profit or loss	<u>(141)</u>	<u>82</u>	<u>(1,183)</u>	<u>1,302</u>	<u>(1,018)</u>	<u>(958)</u>
<b>Balance at December 31, 2020</b>	<b>\$ 7,299</b>	<b>8,056</b>	<b>47</b>	<b>14,066</b>	<b>2,531</b>	<b>31,999</b>

Deferred income tax liabilities:

	Defined benefit plans	Others	Total
Balance at January 1, 2021	\$ (198)	-	(198)
Recognized in profit or loss	<u>14</u>	<u>-</u>	<u>14</u>
<b>Balance at December 31, 2021</b>	<b>\$ (184)</b>	<b>-</b>	<b>(184)</b>
Balance at January 1, 2020	\$ (217)	(222)	(439)
Recognized in profit or loss	<u>19</u>	<u>222</u>	<u>241</u>
<b>Balance at December 31, 2020</b>	<b>\$ (198)</b>	<b>-</b>	<b>(198)</b>

(iii) Examination and approval

The tax returns of DIMTW have been examined by the tax authorities through 2018.

(k) Capital and other equity

(i) Common stock

As of December 31, 2021 and 2020, the total value of the authorized ordinary shares both amounted to \$1,680,000, with a par value of \$10 per share, totaling 168,000 thousand shares. As of December 31, 2021 and 2020, the issued ordinary shares were 136,080 thousand shares and 126,000 thousand shares, respectively. All issued shares were paid up upon issuance.

On July 8, 2021, the general meeting of shareholders approved a resolution to distribute the retained earnings, wherein, 80 shares per thousand shares were to be distributed as stock dividends. The application of the capital increase was approved by the Financial Supervisory Commission, with September 4, 2021 as the date of capital increase. The relevant registration procedures has been completed.

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(ii) Capital surplus

The balances of capital surplus as of December 31, 2021 and 2020, were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Share capital	\$ 15,000	15,000
Gain on disposal of assets	28	28
Changes in ownership interests in subsidiaries	4,334	4,334
	<b>\$ 19,362</b>	<b>19,362</b>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

DIMTW's articles of incorporation stipulate that its net earnings from the current year shall first be used to pay income tax, offset prior years' deficits (including adjustments to unappropriated earnings) and provide 10% as legal reserve, unless the accumulated amount of legal reserve is equal to or over the amount of common stock; then, accrue or reverse the special reserve in accordance with the regulations or rules of authority. The remainder, along with the beginning balance of unappropriated earnings (including the adjustments to unappropriated earnings) is subject to the stockholders' approval for the distribution.

In addition, to maintain the stockholders' return on investment, to accommodate the operating cycles, and to strengthen the financial structure of the Company, the following factors were taken into consideration for dividend distribution:

- 1) the future expansion needs of the Company;
- 2) maintaining a stable earnings per share level of the Company;
- 3) the cash flows and operating results.

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Furthermore, considering that the Company is in a constant growth stage in its business cycle, there will be needs for expansion and working capital in the next few years. However, cash dividends may not be less than 10%.

1) Legal reserve

The ROC Company Act stipulates that companies must retain 10% of their annual net earnings, as defined in the Act, until such retention equals the amount of issued share capital. When a company has not incurred any loss, it may, pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares or cash. Only the portion of legal reserve which exceeds 25% of the issued share capital may be distributed.

2) Special reserve

In accordance with Ruling issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amount of cash dividends of appropriations of earnings for 2020 had been approved in the meeting of the board of directors on March 16, 2021. And the amount of shares dividends and other items of appropriations of earnings for 2020 had been proposed in the shareholders' meeting on July 8, 2021. The appropriations of earnings for 2019 had been approved in the shareholders' meeting on June 9, 2020. These earnings were appropriated as follows:

	2020		2019	
	Amount per share (NTD)	Total Amount	Amount per share (NTD)	Total Amount
Dividends distributed to ordinary stockholders:				
Cash	\$ 5.20	655,200	1.36	171,360
Cash (capital surplus)	0.80	<u>100,800</u>	-	<u>-</u>
Total		<u>\$ 756,000</u>		<u>171,360</u>

The related information can be obtained from the Market Observation Post System.

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On March 17, 2022, the Company's Board of Directors resolved to appropriate the 2021 earnings. These earnings were appropriated as follows:

	<b>2021</b>	
	<b>Amount per share (NT dollars)</b>	<b>Total amount</b>
Dividends distributed to common shareholders:		
Cash	\$ 10.20	<b>1,388,016</b>
(iv) Other equities (income after tax)		
	<b>Foreign exchange differences arising from foreign operations</b>	
Balance as of January 1, 2021	\$ (441,087)	
Foreign exchange differences arising from foreign operations	(116,194)	
Balance as of December 31, 2021	<b>\$ (557,281)</b>	
Balance as of January 1, 2020	\$ (167,315)	
Foreign exchange differences arising from foreign operations	(273,772)	
Balance as of December 31, 2020	<b>\$ (441,087)</b>	

(l) Earnings per share

The calculation of DIMTW's basic earnings per share and diluted earnings per share for the years 2021 and 2020, was as follows:

(i) Basic earnings per share

	Unit: thousand shares	
	<b>2021</b>	<b>2020</b>
Net income attributable to ordinary shareholders of the Company	<b>\$ 2,310,477</b>	<b>1,085,845</b>
Weighted-average number of ordinary shares	<b>136,080</b>	<b>136,080</b>
Basic earnings per share (in NT dollars)	<b>\$ 16.98</b>	<b>7.98</b>

(ii) Diluted earnings per share

	<b>2021</b>	<b>2020</b>
Net income attributable to ordinary shareholders of the Company	<b>\$ 2,310,477</b>	<b>1,085,845</b>
Weighted-average number of ordinary shares (basic)	136,080	136,080
Impact of potential common shares		
Effect of employee stock bonus	1,671	1,862
Weighted-average number of ordinary shares (diluted)	<b>137,751</b>	<b>137,942</b>
Diluted earnings per share (in NT dollars)	<b>\$ 16.77</b>	<b>7.87</b>

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(m) Revenue from contracts with customers

	<b>2021</b>			
	<b>Asia</b>	<b>Americas</b>	<b>Europe</b>	<b>Total</b>
Major products/services lines:				
Air freight forwarding	\$ 17,049,457	2,943,986	254,118	20,247,561
Ocean freight forwarding	10,619,165	4,463,995	1,190,938	16,274,098
Others	<u>1,833,521</u>	<u>586,200</u>	<u>45,536</u>	<u>2,465,257</u>
	<b><u>\$ 29,502,143</u></b>	<b><u>7,994,181</u></b>	<b><u>1,490,592</u></b>	<b><u>38,986,916</u></b>
	<b>2020</b>			
	<b>Asia</b>	<b>Americas</b>	<b>Europe</b>	<b>Total</b>
Major products/services lines:				
Air freight forwarding	\$ 12,449,857	1,314,904	158,511	13,923,272
Ocean freight forwarding	5,039,259	2,362,684	235,341	7,637,284
Others	<u>152,592</u>	<u>1,188,893</u>	<u>46,804</u>	<u>1,388,289</u>
	<b><u>\$ 17,641,708</u></b>	<b><u>4,866,481</u></b>	<b><u>440,656</u></b>	<b><u>22,948,845</u></b>

(n) Cost

The details of the Group's cost were as follows:

	<b>2021</b>	<b>2020</b>
Air transportation cost	\$ 17,523,994	11,685,780
Ocean transportation cost	13,784,519	6,312,758
Other cost	<u>1,856,078</u>	<u>1,213,360</u>
	<b><u>\$ 33,164,591</u></b>	<b><u>19,211,898</u></b>

(o) Employee compensation and directors' and supervisors' remuneration

In accordance with the Company's articles, DIMITW should contribute no less than 5% of the profit as employee compensation and less than 5% as directors' and supervisors' remuneration when it has realized profit for the year. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. The payment for director and supervisors' remuneration is must be in the form of cash.

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For the years ended December 31, 2021 and 2020, the Company estimated its employees' compensation were \$145,689 thousand and \$97,726 thousand, respectively, and the estimated amounts of directors' and supervisors' remuneration were \$41,625 thousand and \$29,318 thousand, respectively. The estimated amounts mentioned above are calculated as the net profit before tax, excluding employee compensation and directors' and supervisors' remuneration, of each period multiplied by the percentage of employee compensation and directors' and supervisors' remuneration as specified in the Company's articles. The estimations are recorded under operating expenses in 2021 and 2020. The information mentioned above can be accessed on the Market Observation Post System. There were no differences between the actual amounts of remuneration to employees, directors and supervisors distributed for the years 2021 and 2020, and the estimated amounts in the financial statements.

(p) Non-operating income and expenses

(i) Interest income

The details of the Group's interest income were as follows:

	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	<u>\$ 8,885</u>	<u>6,271</u>

(ii) Other income

The details of the Group's other income were as follows:

	<u>2021</u>	<u>2020</u>
Dividend income	\$ 130	168
Government grants	10,239	44,357
Other	<u>10,604</u>	<u>4,822</u>
Total other income	<u>\$ 20,973</u>	<u>49,347</u>

(iii) Other gains and losses

The details of the Group's other gain and losses were as follows:

	<u>2021</u>	<u>2020</u>
Gains (losses) on disposal of property, plant and equipment	\$ 1,160	26
Losses on disposal of investments	(21)	-
Gains (losses) on foreign exchange	9,900	(26,157)
Net gains on disposal of financial assets measured at fair value through profit or loss	610	-
Compensation losses	(24,317)	-
Others gains and losses	<u>(2,128)</u>	<u>(1,756)</u>
Other gains and losses, net	<u>\$ (14,796)</u>	<u>(27,887)</u>

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(iv) Finance costs

The details of the Group's finance costs were as follows:

	<u>2021</u>	<u>2020</u>
Interest expense		
Bank loan	\$ 6,016	6,347
Lease liabilities	<u>9,529</u>	<u>12,238</u>
Net finance cost	<u>\$ 15,545</u>	<u>18,585</u>

(q) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2021 and 2020, the maximum amount exposed to credit risk amounted to \$8,129,171 thousand and \$5,221,249 thousand, respectively.

2) Concentration of credit risk

As of December 31, 2021 and 2020, there was no account receivable concentration of credit risk.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>December 31, 2021</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 676,592	677,464	677,464	-	-	-	-
Notes payable	42,310	42,310	42,310	-	-	-	-
Accounts payable	3,500,904	3,500,904	3,500,904	-	-	-	-
Lease liabilities	270,020	277,581	70,363	70,363	89,855	47,000	-
Dividend payable	5,695	5,695	5,695	-	-	-	-
	<u>\$ 4,495,521</u>	<u>4,503,954</u>	<u>4,296,736</u>	<u>70,363</u>	<u>89,855</u>	<u>47,000</u>	<u>-</u>
<b>December 31, 2020</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 700,592	706,774	706,774	-	-	-	-
Notes payable	30,302	30,302	30,302	-	-	-	-
Accounts payable	2,233,517	2,233,517	2,233,517	-	-	-	-
Lease liabilities	361,736	371,865	83,001	83,001	107,141	98,722	-
Dividend payable	4,818	4,818	4,818	-	-	-	-
	<u>\$ 3,330,965</u>	<u>3,347,276</u>	<u>3,058,412</u>	<u>83,001</u>	<u>107,141</u>	<u>98,722</u>	<u>-</u>

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

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(iii) Currency risk

1) Exposure to foreign currency risk

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

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<b>December 31, 2021</b>			
Financial assets:			
Monetary items:			
USD	\$ 22,413	27.764	620,244
HKD	\$ 5,650	3.548	20,047
EUR	\$ 780	31.357	24,460
Financial liabilities:			
Monetary items:			
USD	\$ 11,838	27.674	327,608
<b>December 31, 2020</b>			
Financial assets:			
Monetary items:			
USD	\$ 10,966	28.107	318,674
HKD	\$ 9,208	3.626	34,525
EUR	\$ 1,356	34.566	46,175
Financial liabilities:			
Monetary items:			
USD	\$ 7,000	28.107	196,762

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, and trade and other receivables that are denominated in foreign currency. A weakening (strengthening) of 3% of the NTD against the foreign currency as of December 31, 2021 and 2020, would have increased or decreased the net income before tax by \$10,114 thousand and \$6,078 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. In 2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$9,900 thousand and \$(26,157) thousand, respectively.



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(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 1%, the Group's net income before tax would have decreased or increased by \$6,766 thousand and \$7,006 thousand in 2021 and 2020, respectively, with all other variable factors remaining constant. This was mainly due to the Group's borrowing at variable rates and investment in variable-rate bills.

(v) Fair value

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Group's financial assets and liabilities are valued approximately to their fair value, and are not based on observable market date and the value measurements which are not reliable. No additional fair value disclosure is required in accordance to the regulations.

		<b>December 31, 2021</b>				
		<b>Carrying amount</b>	<b>Fair value</b>			
			<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through other comprehensive income	Unlisted stocks (domestic and overseas)	<u>\$ 442</u>	<u>-</u>	<u>-</u>	<u>442</u>	<u>442</u>
		<b>December 31, 2020</b>				
		<b>Carrying amount</b>	<b>Fair value</b>			
			<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through other comprehensive income	Unlisted stocks (domestic and overseas)	<u>\$ 444</u>	<u>-</u>	<u>-</u>	<u>444</u>	<u>444</u>

## DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- 2) Valuation techniques and assumptions used in fair value determination – Non-derivative financial instruments

If the instruments have no quoted market price in active market, the Group uses market comparison approach to evaluate the fair value. The main assumption is based on the investee’s earnings before tax, interest expense, depreciation, and amortization and the listed (over the counter) company’s earnings used in computing the market price. The estimated price has been discounted due to the price of the securities lacks the liquidity. The China financial instruments are evaluated at the redeemable market value provided by the financial institution.

- 3) Fair value hierarchy

The Group used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair value levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b) Level 2: inputs, other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

There was no such situation that the Group reclassified the financial instruments from one level to another as of the reporting date.

- 4) Reconciliation of Level 3 fair values

	<b>Unquoted equity instruments</b>
Balance at January 1, 2021	\$ 444
Effect of changes in exchange rates	(2)
Balance at December 31, 2021	<b>\$ 442</b>
Balance at January 1, 2020	\$ 447
Effect of changes in exchange rates	(3)
Balance at December 31, 2020	<b>\$ 444</b>

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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(r) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note has information on risk exposure and the objectives, policies, and process of risk measurement and management. For detailed information, please refer to the related note on each risk.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The management is responsible for developing and monitoring the Group's risk management policies and reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how the management monitors whether risk is in compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

1) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly during deteriorating economic circumstances. The Group's receivables in 2021 and 2020 are not concentrated on any group of customers.

## DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the Board of Directors; these limits are reviewed regularly. For those customers who fail to meet the Group's benchmark creditworthiness, transactions can only be done on a prepayment basis.

#### 2) Investments

The credit risk exposure in the bank deposits and other financial instruments is measured and monitored by the Group's finance department. Since the Group's contractually obligated counterparties are banks and financial institutions with good credit, there are no compliance issues, and therefore, there is no significant credit risk.

#### 3) Guarantees and endorsements

The policy allows the Group to provide a financial guarantee to its subsidiaries which DIMTW holds over 50% of equity interest. Please refer to note 13 for detailed information on the Group as of December 31, 2021.

#### (iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of the expected cash flows on financial liabilities (other than trade payables) over the succeeding 60 days. The Group also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

#### (v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

#### 1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollar (NTD), US Dollar (USD), Hong Kong Dollar (HKD), Euro (EUR) and China Yuan (CNY). The currencies used in these transactions are the NTD, USD, HKD, EUR and CNY.

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Group adopts a policy of ensuring borrowing interest rate is close to market interest rate and reviewing interest rate interval with banks periodically.

Due to the fluctuation in market interest rate is little, the radiance of interest rate will not cause material cash flow risk.

(s) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings, and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The target of return on capital of the Group is between 5% and 20%.

As of December 31, 2021, there were no changes in the Group's capital management approach.

(t) Financing activities not affecting current cash flow

The Group's reconciliation of liabilities arising from financing activities for the years 2021 and 2020 were as follows:

For right-of-use assets under leases, please refer to note 6 (c).

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes		December 31, 2021
			Foreign exchange movement	Other	
Lease liabilities	\$ 700,592	(24,000)	-	-	676,592
Total liabilities from financing activities	\$ <u>1,062,328</u>	<u>(214,402)</u>	<u>(5,363)</u>	<u>104,049</u>	<u>946,612</u>

	January 1, 2020	Cash flows	Non-cash changes		December 31, 2020
			Foreign exchange movement	Other	
Lease liabilities	\$ 709,592	(9,000)	-	-	700,592
Total liabilities from financing activities	\$ <u>306,595</u>	<u>(199,572)</u>	<u>(2,252)</u>	<u>256,965</u>	<u>361,736</u>
	\$ <u>1,016,187</u>	<u>(208,572)</u>	<u>(2,252)</u>	<u>256,965</u>	<u>1,062,328</u>

(7) Related-party transactions

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Names and relationship with related parties

In this consolidated financial report, the related parties having transactions with the Group are listed as below:

Name of related party	Relationship with the Group
ITG GmbH	An associate

(c) Significant transactions with related parties

(i) Operating revenue

The amounts of significant sales by the Group to related parties were as follows:

	2021	2020
Associates	\$ 481,065	213,992

The associates collect the above-mentioned income deriving from exported freight and shipment on behalf of the Group.

The conditions and terms to related parties are the same as those offered to other vendors.

(ii) Collection and payment on behalf of other parties (recognized as deduction of operation income)

	2021	2020
Associates	169,265	182,562

The associates collect the above-mentioned income deriving from imported freight and shipment on behalf of the Group.

The conditions and terms on business transactions to related parties are the same as those offered to other vendors.

(iii) Receivables from related parties

The details of the Group's receivables from related parties were as follows:

Accounts	Type of related parties	December 31, 2021	December 31, 2020
Account receivables	Associates	\$ 9,599	4,463

(iv) Payables to related parties

The details of the Group's payables to related parties were as follows:

Accounts	Type of related parties	December 31, 2021	December 31, 2020
Account payables	Associates	\$ 8,193	5,454

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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(d) Key management personnel compensation

Key management personnel compensation comprised:

	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 57,894	43,456
Post-employment benefits	812	810
	<b>\$ 58,706</b>	<b>44,266</b>

**(8) Pledged assets**

The carrying values of pledged assets were as follows:

<b>Pledged assets</b>	<b>Object</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Restricted certificates of deposit (recorded under other current assets)	Guarantee for the Group's logistics operations	\$ 949	984
Restricted certificates of deposit (recorded under other non-current assets)	Guarantee for customs	3,000	3,000
Restricted certificates of deposit (recorded under other non-current assets)	Guarantee for the Group's logistics operations	660	660
Property, plant and equipment:			
Land	Guarantee for long-term and short-term borrowings and the Group's logistics operations	-	41,792
Buildings	"	-	16,506
		<b>\$ 4,609</b>	<b>62,942</b>

**(9) Commitments and contingencies**

- (a) The Group provided certificates of deposit, land, and buildings as collateral to the banks for the performance of freight forwarding contracts in 2021 and 2020. As of December 31, 2021 and 2020, the guarantees from the banks were \$176,232 thousand and \$142,144 thousand, respectively, and the used amounts were \$161,812 thousand and \$120,112 thousand, respectively.
- (b) As of December 31, 2021 and 2020, the Group had outstanding letters of credit totaling \$56,232 thousand and \$42,144 thousand, respectively. As of December 31, 2021 and 2020, the guarantees recorded for customs duty were \$5,032 thousand and \$9,372 thousand, respectively.

## DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (c) In 2014, a customer of the consolidated subsidiary had an unclaimed shipment. After notifying the customer and failing to obtain any response from it, resulting in the consolidated subsidiary unable to collect the storage fee from the customer in April 2014, the consolidated subsidiary held an auction and sold the shipment in June 2014. However, the customer filed a lawsuit against the consolidated subsidiary in June 2016 for selling the shipment without the customer's consent and demanded the compensation of USD1,414 thousand. Shenzhen Qianhai Cooperation Zone People's Court held the first hearing in October 2016. On June 4, 2019, the Court ruled that the consolidated subsidiary should compensate the customer the amount of CNY5,615 thousand. However, the consolidated subsidiary disagreed with the ruling and filed an appeal to the court on June 19, 2019. The court, on the other hand, rescinded the original judgement, and handed the case over to the Guangzhou maritime court of PRC on March 15, 2021. The Guangzhou Maritime Court held a hearing on November 10, 2021, and the final result has not yet been determined. The Group assessed that the consolidated subsidiary is likely being liable for compensation, thus recognized the possible loss in 2021.
- (d) The Group is defending a lawsuit filed by its former employees for her alleged wrongful treatment during her tenure and the termination of employment. To protect the rights and interests of the Group, the Group has appointed a lawyer to handle the legal matter. As of December 31, 2021, the cases are still in progress.

**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events: None**

**(12) Other**

The following is a summary statement of employee benefits, depreciation and amortization expenses by function:

By item	By function	Year ended December 31, 2021			Year ended December 31, 2020		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		39,953	2,080,028	2,119,981	62,279	1,438,308	1,500,587
Labor and health insurance		1,086	169,445	170,531	1,209	108,612	109,821
Pension		1,089	35,338	36,427	1,622	30,399	32,021
Directors' remuneration		-	41,625	41,625	-	23,388	23,388
Others		1,440	125,526	126,966	5,040	108,193	113,233
Depreciation		4,742	222,382	227,124	4,757	220,478	225,235
Amortization		-	277	277	-	260	260



## DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (13) Other disclosures

##### (a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

##### (i) Loans extended to other parties

Unit: thousand dollars																
No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period (Note 3)	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral	Individual funding limits (Note 2)	Maximum limit of fund financing (Note 2)	
1	HOLDING	The Company	Accounts receivable from related parties	Yes	26,864	26,066	26,066	-	(2)	-	Operating capital	-	-	-	185,302	741,207
2	PSC	The Company	Accounts receivable from related parties	Yes	119,551	119,550	119,550	-	(2)	-	Operating capital	-	-	-	123,666	494,666

Note 1: Purpose of fund financing for the borrower:

- (1) Business between the two parties.
- (2) Funds required for operations.

Note 2: Based on the Company's guidelines, the allowable aggregate amount of financing provided to others cannot exceed 40% of the Company's stockholders' equity, and the maximum financing provided to an individual counterparty cannot exceed 10% of the Company's stockholders' equity.

Note 3: The amounts were eliminated in the consolidated financial statements.

##### (ii) Guarantees and endorsements for other parties

No.	Name of Guarantees	Counter-party of guarantee or endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged as guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 1)										
0	The Company	DIMVN	3	272,160	7,178	4,013	4,013	4,013	0.09 %	544,320	Y	N	N
0	The Company	DIMIN & DIMTH	3	272,160	1,176	282	282	282	0.01 %	544,320	Y	N	N
0	The Company	DIMKR	3	272,160	24,099	23,385	23,385	23,385	0.54 %	544,320	Y	N	N

Note 1: Relationship with the Company are listed as below:

- (1) A company with which it does business.
- (2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
- (4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
- (5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: Based on the Company's guidelines, the allowable aggregate amount of guarantee and endorsement provided to others cannot exceed 40% of the Company's issued capital, while the guarantee and endorsement for an individual counterparty cannot exceed 20% of the Company's issued capital.

##### (iii) Information regarding securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures)

Name of holder	Category and name of security	Relationship with the security issuer	Recorded account	Ending balance				Maximum investment in 2021	Note
				Number of shares	Carrying amount	Percentage of ownership	Fair value (Note 1)		
The Company	Global Sky Express Taiwan Ltd.	—	Financial assets at fair value through other comprehensive income – non-current	10,000	100	1.00 %	100	100	
The Company	Evergreen Air Cargo Service Corporation	—	Financial assets at fair value through other comprehensive income – non-current	29,000	290	0.02 %	290	290	
DIMSG	Burwill Holdings Ltd.	—	Financial assets at fair value through other comprehensive income – non-current	22,000	17	-	17	18	
DIMSG	Stanford Land	—	Financial assets at fair value through other comprehensive income – non-current	5,000	35	-	35	36	

Note 1: Due to lack of quoted prices, the fair value of financial assets carried at cost – non-current are the net equity or book value of the investment as of the financial position date.

- (iv) Accumulated holding amount of a single security in excess of NT\$300 million or 20% of the paid-in capital: None.
- (v) Acquisition of real estate in excess of NT\$300 million or 20% of the paid-in capital: None.
- (vi) Disposal of real estate in excess of NT\$300 million or 20% of the paid-in capital: None.

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(vii) Sales to or purchases from related parties in excess of NTS100 million or 20% of DIMITW's issued share capital:

Name of company	Counter-party	Relationship	Transaction details			Arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase (Sale)	Amount	Percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	
DIMITW	DIMUS	Sub-Subsidiary	Freight revenue	(234,737)	11.01 %	Note 1	-	-	2,497	- %
DIMUS	DIMITW	Sub-Subsidiary	Freight expense	234,737	3.79 %	Note 1	-	-	(2,497)	- %
DIMCN	DIMITW	Sub-Subsidiary	Freight revenue	(269,428)		Note 1	-	-	46,287	5 %
DIMITW	DIMCN	Sub-Subsidiary	Freight expense	269,428		Note 1	-	-	(46,287)	(16) %
DIMUS	DIMITW	Sub-Subsidiary	Freight revenue	(131,982)		Note 1	-	-	24,307	2 %
DIMITW	DIMUS	Sub-Subsidiary	Freight expense	131,982		Note 1	-	-	(24,307)	(8) %
FSCHK	DIMITW	Sub-Subsidiary	Freight revenue	(106,685)		Note 1	-	-	44,434	3 %
DIMITW	FSCHK	Sub-Subsidiary	Freight expense	106,685		Note 1	-	-	(44,434)	(15) %
FSCHK	ZJDCN	Subsidiary and Sub-Subsidiary	Freight revenue	(314,902)	20.87 %	Note 1	-	-	175,043	24 %
ZJDCN	FSCHK	Subsidiary and Sub-Subsidiary	Freight expense	314,902	4.74 %	Note 1	-	-	(175,043)	(30) %
FSCHK	DFSCN	Subsidiary and Sub-Subsidiary	Freight revenue	(271,149)	17.97 %	Note 1	-	-	34,607	5 %
DFSCN	FSCHK	Subsidiary and Sub-Subsidiary	Freight expense	271,149	5.21 %	Note 1	-	-	(34,607)	(17) %
FSCHK	DIMCN	Subsidiary and Sub-Subsidiary	Freight revenue	(148,023)	9.81 %	Note 1	-	-	28,036	4 %
DIMCN	FSCHK	Subsidiary and Sub-Subsidiary	Freight expense	148,023	3.06 %	Note 1	-	-	(28,036)	(4) %
FSCHK	DIMUS	Subsidiary and Sub-Subsidiary	Freight revenue	(245,977)	16.30 %	Note 1	-	-	288,864	39 %
DIMUS	FSCHK	Subsidiary and Sub-Subsidiary	Freight expense	245,977	3.98 %	Note 1	-	-	(288,864)	(36) %

Note 1: The freight was charged according to market price. No significant difference in terms and conditions from third-party vendors.

Note 2: The freight costs were paid by DIMITW on behalf of its affiliates. Because the sales cost was unrealized, there was no calculation of the percentage of the total purchases (sales).

(viii) Receivables from related parties in excess of NTS100 million or 20% of the paid-in capital

Name of Company	Counter-party	Nature of Relationship	Balance of receivables from related party (note 3)	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivable from related party	Allowance for bad debts
					Amount	Action taken		
FSC	The Company	Subsidiary	163,829 (Note 1)	- %	-	-	-	-
FSC	DIL	Subsidiary	216,717 (Note 2)	- %	-	-	-	-

Note 1: Loan from the subsidiary of \$119,551 thousand and other receivables of \$44,278 thousand.

Note 2: Paid on behalf of DIMITW.

Note 3: The amount was eliminated in the consolidated financial statements.

(ix) Financial derivative instrument transactions: None.

(x) Business relationships and significant intercompany transactions

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with counter-party (Note 2)	Transaction details			Percentage of total consolidated revenue or total assets
				Account name	Amount (Notes 3 and 4)	Terms of trading	
0	The Company	DIMCN	1	Accounts receivable—related parties	14,737	Negotiated	0.15 %
0	The Company	ZJDCN	1	Accounts receivable—related parties	7,770	Negotiated	0.08 %
0	The Company	DIMUS	1	Accounts receivable—related parties	41,906	Negotiated	0.42 %
0	The Company	DIMMY	1	Accounts receivable—related parties	8,304	Negotiated	0.08 %
0	The Company	DFSCN	1	Accounts receivable—related parties	9,949	Negotiated	0.10 %
0	The Company	FSCHK	1	Accounts payable—related parties	44,434	Negotiated	0.45 %
0	The Company	DIMCN	1	Accounts payable—related parties	46,287	Negotiated	0.46 %
0	The Company	DIMSG	1	Accounts payable—related parties	8,004	Negotiated	0.08 %
0	The Company	DIMHK	1	Accounts payable—related parties	8,885	Negotiated	0.09 %
0	The Company	ZJDCN	1	Accounts payable—related parties	15,386	Negotiated	0.15 %

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No. (Note 1)	Name of company	Name of counter-party	Existing relationship with counter-party (Note 2)	Transaction details			Percentage of total consolidated revenue or total assets
				Account name	Amount (Notes 3 and 4)	Terms of trading	
0	The Company	DIMUS	1	Accounts payable – related parties	24,307	Negotiated	0.24 %
0	The Company	DIMKR	1	Accounts payable – related parties	17,897	Negotiated	0.18 %
0	The Company	DIMMY	1	Accounts payable – related parties	10,582	Negotiated	0.11 %
0	The Company	DIMCN	1	Freight revenue – received on behalf	83,951	Negotiated	0.22 %
0	The Company	DIMGB	1	Freight revenue – received on behalf	37,785	Negotiated	0.10 %
0	The Company	DIMSG	1	Freight revenue – received on behalf	41,397	Negotiated	0.11 %
0	The Company	DIMHK	1	Freight revenue – received on behalf	32,493	Negotiated	0.08 %
0	The Company	ZJDCN	1	Freight revenue – received on behalf	42,288	Negotiated	0.11 %
0	The Company	DIMUS	1	Freight revenue – received on behalf	234,737	Negotiated	0.60 %
0	The Company	DIMKR	1	Freight revenue – received on behalf	25,497	Negotiated	0.07 %
0	The Company	DIMMY	1	Freight revenue – received on behalf	37,370	Negotiated	0.10 %
0	The Company	DIMPH	1	Freight revenue – received on behalf	42,149	Negotiated	0.11 %
0	The Company	DIMTH	1	Freight revenue – received on behalf	21,205	Negotiated	0.06 %
0	The Company	DFSCN	1	Freight revenue – received on behalf	72,090	Negotiated	0.19 %
0	The Company	FSCHK	1	Freight expense – deduction of freight revenue	106,685	Negotiated	0.28 %
0	The Company	DFSTW	1	Freight expense – deduction of freight revenue	15,922	Negotiated	0.04 %
0	The Company	DIMCN	1	Freight expense – deduction of freight revenue	269,428	Negotiated	0.69 %
0	The Company	DIMGB	1	Freight expense – deduction of freight revenue	13,562	Negotiated	0.03 %
0	The Company	DIMSG	1	Freight expense – deduction of freight revenue	43,825	Negotiated	0.11 %
0	The Company	DIMHK	1	Freight expense – deduction of freight revenue	66,148	Negotiated	0.17 %
0	The Company	ZJDCN	1	Freight expense – deduction of freight revenue	93,004	Negotiated	0.24 %
0	The Company	DIMVN	1	Freight expense – deduction of freight revenue	11,367	Negotiated	0.03 %
0	The Company	DIMUS	1	Freight expense – deduction of freight revenue	131,982	Negotiated	0.34 %
0	The Company	DIMKR	1	Freight expense – deduction of freight revenue	93,668	Negotiated	0.24 %
0	The Company	DIMMY	1	Freight expense – deduction of freight revenue	53,581	Negotiated	0.14 %
0	The Company	DIMTH	1	Freight expense – deduction of freight revenue	25,849	Negotiated	0.07 %
1	FSC	The Company	2	Accounts receivable – related parties	163,829	Negotiated	1.64 %
1	FSC	DIL	3	Accounts receivable – related parties	216,717	Negotiated	2.17 %
2	HOLDING	The Company	2	Accounts receivable – related parties	26,067	Negotiated	0.26 %
3	FSCHK	DIMCN	3	Sales revenue	148,023	Negotiated	0.38 %
3	FSCHK	DIMSG	3	Sales revenue	63,017	Negotiated	0.16 %
3	FSCHK	DIMHK	3	Sales revenue	95,503	Negotiated	0.25 %
3	FSCHK	ZJDCN	3	Sales revenue	314,902	Negotiated	0.81 %
3	FSCHK	DILHK	3	Sales revenue	9,750	Negotiated	0.03 %
3	FSCHK	DIMVN	3	Sales revenue	25,936	Negotiated	0.07 %
3	FSCHK	DIMUS	3	Sales revenue	245,977	Negotiated	0.63 %
3	FSCHK	DIMKR	3	Sales revenue	11,791	Negotiated	0.03 %
3	FSCHK	DIMMY	3	Sales revenue	33,942	Negotiated	0.09 %
3	FSCHK	DIMNL	3	Sales revenue	19,355	Negotiated	0.05 %
3	FSCHK	DIMPH	3	Sales revenue	30,313	Negotiated	0.08 %
3	FSCHK	DIMTH	3	Sales revenue	42,868	Negotiated	0.11 %
3	FSCHK	DFSHK	3	Sales revenue	55,246	Negotiated	0.14 %
3	FSCHK	DFSCN	3	Sales revenue	271,149	Negotiated	0.70 %

Note 1: Company numbering is as follows:  
(1) Parent company is 0.  
(2) Subsidiary starts from 1.

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Note 2: The number of the relationship with the transaction counterparty represents the following:

- (1) 1 represents downstream transactions.
- (2) 2 represents upstream transactions.
- (3) 3 represents lateral transactions.

Note 3: Only an amount over \$7,000 thousand shall be disclosed.

Note 4: The amount was included in the consolidated financial statements.

(b) Information on investees

The following is the information on investees for the year 2021 (excluding information on investees in Mainland China):

Name of the investor	Name of investee	Location	Main businesses	Initial investment (Amount)		Ending balance			Maximum investment in 2021	Net income (losses) of investee	Investment income (losses)	Notes
				December 31, 2021	December 31, 2020	Shares	Ratio of shares	Carrying amount				
The Company	DFSTW	Taiwan	Ocean freight forwarding	15,444	15,444	1,200,000	99%	506,264	15,444	251,068	251,068	
The Company	HOLDING	Bermuda	Holding company	164,845	164,845	3,089,000	100%	1,852,587	164,845	729,714	729,714	
The Company	DIMSG	Singapore	Global air and ocean freight forwarder and logistics & warehousing	108,362	108,362	4,650,000	86%	425,310	108,362	40,902	35,221	
The Company	DIL	British Virgin Is.	4650000	472,313	472,313	(Note 1)	100%	3,265,599	472,313	796,409	796,409	
The Company	FSC	British Virgin Is.	Settlement center	315	315	10,000	20%	247,332	315	391	78	
The Company	FSCHK	Hong Kong	Settlement center	236	236	7,500	15%	349,142	236	1,278,526	191,779	
The Company	ITG GmbH	Germany	Global air and ocean freight forwarder	183,547	183,547	6,275	25%	213,841	183,547	126,150	31,538	
The Company	DILTW	Taiwan	Logistics & warehousing	8,000	-	800,000	80%	7,102	8,000	(1,123)	(898)	
DFSTW	FSCHK	Hong Kong	Settlement center	235	235	7,500	15%	400,707	235	1,278,526	191,779	
DFSTW	DILTW	Taiwan	Logistics & warehousing	2,000	-	200,000	20%	1,776	2,000	(1,123)	(225)	
DIL	DIMUS	U.S.A.	Global air and ocean freight forwarder	238,686	238,686	4,961,000	100%	680,845	238,686	163,858	163,858	
DIL	DIMGB	U.K.	Global air and ocean freight forwarder	(5,624)	(5,624)	300,000	37%	(10,171)	(5,624)	(2,580)	(967)	
DIL	DIMSG	Singapore	Global air and ocean freight forwarder and logistics & warehousing	23,904	23,904	750,000	14%	51,125	23,904	40,902	5,681	
DIL	DIMHK	Hong Kong	Global air and ocean freight forwarder and logistics & warehousing	427,348	427,348	300,000	99%	2,521,361	427,348	610,723	610,723	
DIL	GMS	Hong Kong	Logistics & warehousing	-	-	(Note 1)	100%	22,438	-	17,113	17,113	
GMS	DFSSG	Singapore	Logistics & warehousing	13,482	13,482	600,000	100%	25,242	13,482	7,352	7,352	
GMS	DIMPH	Philippines	Global air and ocean freight forwarder	38,399	38,399	180,000	60%	57,448	38,399	18,048	10,831	
GMS	DILHK	Hong Kong	Logistics & warehousing	-	-	(Note 1)	100%	42,824	-	4,082	4,082	
DILHK	DILSG	Singapore	Logistics & warehousing	4,215	-	-	100%	(93)	-	(4,253)	(4,253)	
FSCHK	DIMGB	U.K.	Global air and ocean freight forwarder	20,126	20,126	500,000	63%	(1,092)	20,126	(2,580)	(1,612)	
DIMUS	DIMUS	U.S.A.	Brokerage service	13,532	13,532	1,000	100%	38,822	13,532	3,634	3,634	
DIMHK	FSC	British Virgin Is.	Settlement center	954	954	30,000	60%	897	954	391	23,460	
DIMHK	DIMVN	Vietnam	Trucking service	2,090	2,090	-	75%	23,101	2,090	18,012	13,509	
DIMHK	FSCHK	Hong Kong	Settlement center	550	550	17,500	35%	928,219	550	1,278,526	447,484	
DIMSG	FSC	British Virgin Is.	Settlement center	318	318	10,000	20%	299	318	391	7,820	
DIMSG	DIMVN	India	Trucking service	5,303	5,303	960,000	60%	9,281	5,303	2,101	1,260	
HOLDING	DIMMY	Malaysia	Global air and ocean freight forwarder	65,516	65,516	250,000	100%	134,331	65,516	31,423	31,423	
HOLDING	DILMY	Malaysia	Global logistics service	-	1,592	-	%	-	1,592	92	92	
HOLDING	DIMTH	Thailand	Global air and ocean freight forwarder	7,642	7,642	735,000	49%	46,319	7,642	26,733	13,097	
HOLDING	DIMPH	Philippines	Global air and ocean freight forwarder	4,026	4,026	120,000	40%	40,620	4,026	18,048	7,217	
HOLDING	DIMAU	Australia	Global air and ocean freight forwarder	16,460	16,460	60,000	100%	(35,287)	16,460	2,521	2,521	
HOLDING	DIMKR	Korea	Global air and ocean freight forwarder	19,386	19,386	120,000	100%	70,617	19,386	27,465	27,465	
HOLDING	DIMCA	Canada	Air freight forwarder	15,646	15,646	-	100%	125,764	15,646	61,485	61,485	
HOLDING	DIMNL	Netherlands	Global air and ocean freight forwarder	11,644	11,644	1,000	100%	21,425	11,644	19,573	19,573	
HOLDING	DFSHK	Hong Kong	Ocean freight forwarding	25,393	25,393	71,000	99%	1,282,910	25,393	563,436	563,379	
HOLDING	DTLHK	Hong Kong	Trucking service	41,076	41,076	89,000	100%	46,317	41,076	3,156	3,156	
HOLDING	DSLUS	U.S.A.	Logistics & warehousing	15,840	15,840	50,000	100%	30,667	15,840	816	816	
DFSHK	FSCHK	Hong Kong	Settlement center	566	566	17,500	35%	928,219	566	1,278,526	447,484	
DIMMY	Danuai Muhabbah Sdn. Bhd.	Malaysia	Real estate investment	-	2,621	-	%	-	2,621	-	-	

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Name of the investor	Name of investee	Location	Main businesses	Initial investment (Amount)		Ending balance			Maximum investment in 2021	Net income (losses) of investee	Investment income (losses)	Notes
				December 31, 2021	December 31, 2020	Shares	Ratio of shares	Carrying amount				
DIMPH	Peerless Express Forwarders Corp.	Philippines	Trucking service	954	954	1,600,000	40 %	-	954	225	90	
DIMSG	Logcentrix India Pvt Ltd.	India	Brokerage service	-	1,830	-	-	-	1,830	-	-	

Note 1: The company was established as a limited company.

Note 2: The amount was eliminated in the consolidated financial statements, except for ITG GmbH.

#### (c) Information on investment in mainland China

##### (i) The names of investees in Mainland China, the main businesses and products, and other information

Unit: thousand dollars

Name of investee in Mainland China	Main businesses	Issued capital	Method of investment (Note 1)	Beginning remittance balance-accumulative investment (amount) from Taiwan	Current remittance / renewable investment (amount)		Ending remittance balance-accumulative investment (amount) from Taiwan	Net income (losses) of investee	Direct / indirect shareholdings or investments (%) in the Company	Maximum investment in 2021	Current investment income and losses (Note 2 and 3)	Carrying amount (Note 2)	Accumulated remittance of earnings in current period
					Invested amount	Returned amount							
ZDCN	Global air and ocean freight forwarder	54,928	(2)	USD902	24,962	-	USD902	112,417	75 %	41,196	84,312 (1)	238,936	-
DILSHA	Logistics & purchasing	5,970	(2)	USD200	5,535	-	USD200	5,535	99 %	5,970	1,160 (2)	(57,690)	-
DIMCN	Global air and ocean freight forwarder	163,377	(2)	-	-	-	-	50,629	100 %	163,377	50,629 (1)	323,727	-
DILSZX	Logistics & warehousing	10,958	(2)	-	-	-	-	(24,760)	100 %	10,958	(24,760) (2)	(16,812)	-
DFSCN	Global air and ocean freight forwarder	59,777	(2)	-	-	-	-	113,437	100 %	59,777	113,437 (3)	277,092	-
Diversified Transportation (China) Co., Ltd.	Trucking service	29,802	(2)	-	-	-	-	1,176	100 %	29,802	1,176 (2)	21,204	-
Yuhang In'l Logistics (Dalian) Co. Ltd.	Global air and ocean freight forwarder	38,666	(2)	-	-	-	-	16,365	25 %	9,667	4,010 (2)	23,049	-
Diversified (Shanghai) International Logistics Service Company Ltd.	Global air and ocean freight forwarder	13,684	(2)	-	-	-	-	(2,212)	100 %	13,684	(2,212) (2)	402	-
Diversified (Shenzhen) International Logistics Service Company Ltd.	Global air and ocean freight forwarder	1,293	(2)	-	-	-	-	2,905	100 %	-	2,905 (2)	4,207	-

Note 1: The method of investment is divided into the following three methods:

(1) Investing directly in Mainland China.

(2) Through transferring the investment to third-region existing companies then investing in Mainland China (through Bermuda and British Virgin Islands).

(3) Other methods.

Note 2: Expect for Yuhang In'l Logistics (Dalian) Co., Ltd. the amount was eliminated in the consolidated financial statements

(1) The financial statements was audited by an international accounting firm in cooperation with the R.O.C. accounting firm.

##### (ii) Limitation on investment in Mainland China

Unit: thousand dollars

Company name	Aggregate investment amount remitted from Taiwan to Mainland China at end of period (Note 2)	Approved investment (amount) by Ministry of Economic Affairs Investment Commission (Note 2)	Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission (Note 1)
DIMTW	30,497 (USD1,102)	66,418 (USD2,400)	2,585,102

Note 1: It represents 60% of the Company's net equity.

Note 2: USD:NT\$=1:27.674.

##### (iii) Significant transactions

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

##### (d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
MEC ELECTRONICS CORPORATION		7,279,243	5.34 %

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**(14) Segment information**

(a) General information

The Group has three reportable segments: Asia department, Americas department, and Europe department.

The reportable department is a strategic business unit providing different products and services. Because each strategic business unit requires different kinds of techniques and marketing tactics, it should be separately managed. Segments adopt the same accounting policies as those listed in note 4. Segment income is evaluated based on income before tax and is used as the basis for performance evaluation.

(b) Information on income and loss, assets, liabilities, basis of measurement, and the reconciliation for reportable segments

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation but does not include income tax expense and any extraordinary activity. Because taxation and extraordinary activity are managed on a group basis, they are not able to be allocated to each reportable segment. In addition, not all profit or loss from reportable segments includes significant non-cash items such as depreciation and amortization. The reportable amount is consistent with that of the report used by the chief operating decision maker.

The operating segment accounting policies are consistent with those described in note 4 "Significant Accounting Policies".

The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

The Group's operating segment information and reconciliation are as follows:

	2021				
	Asia	Americas	Europe	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 29,502,143	7,994,181	1,490,592	-	38,986,916
Intersegment revenues	914,357	-	-	(914,357)	-
Total revenue	<u>\$ 30,416,500</u>	<u>7,994,181</u>	<u>1,490,592</u>	<u>(914,357)</u>	<u>38,986,916</u>
Reportable segment profit	<u>\$ 2,413,782</u>	<u>295,261</u>	<u>16,993</u>	<u>-</u>	<u>2,726,036</u>
	2020				
	Asia	Americas	Europe	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 17,641,708	4,866,481	440,656	-	22,948,845
Intersegment revenues	632,553	-	-	(632,553)	-
Total revenue	<u>\$ 18,274,261</u>	<u>4,866,481</u>	<u>440,656</u>	<u>(632,553)</u>	<u>22,948,845</u>
Reportable segment profit	<u>\$ 1,119,022</u>	<u>114,788</u>	<u>11,924</u>	<u>-</u>	<u>1,245,734</u>

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The material reconciling items of the above reportable segment are as below:

Total reportable segment revenue after deducting the intersegment revenue were \$437,083 thousand and \$632,553 thousand for the years 2021 and 2020, respectively.

(c) Geographic information

The Group solely provides freight forwarding service. Please refer to the segment information for the revenue. Non-current assets are classified by geographic location.

<u>Geographical information</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Asia	\$ 806,652	906,128
Americas	144,018	154,587
Europe	11,765	7,436
Total	<u>\$ 962,435</u>	<u>1,068,151</u>

Non-current assets include property, plant and equipment, intangible assets, and other assets. They do not include financial instruments, deferred income tax assets, and pension plan assets.

(d) Information about major customers

For the years 2021 and 2020, the Group had no major customer who constituted 10% or more of the net sales.

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

### 7.1 Analysis of Financial Status

Unit: NT\$ thousand

Item \ Year	2020	2021	Difference	
			Amount	%
Current Assets	5,374,891	8,499,242	3,124,351	58.1%
Property · Plant and Equipment	561,771	544,456	(17,315)	(3.1)%
Intangible Assets	32,921	32,780	(141)	(0.4)%
Other Assets	724,617	670,089	(54,528)	(7.5)%
<b>Total Assets</b>	<b>6,694,200</b>	<b>9,746,567</b>	<b>3,052,367</b>	<b>45.6%</b>
Current Liabilities	3,574,709	5,107,987	1,533,278	42.9%
Non-current liabilities	240,414	203,606	(36,808)	(15.3)%
<b>Total Liabilities</b>	<b>3,815,123</b>	<b>5,311,593</b>	<b>1,496,470</b>	<b>39.2%</b>
Capital stock	1,260,000	1,360,800	100,800	8.0%
Capital surplus	19,362	19,362	-	-
Retained Earnings	1,934,470	3,485,623	1,120,342	57.9%
<b>Total Stockholders' Equity</b>	<b>2,879,077</b>	<b>4,434,974</b>	<b>1,555,897</b>	<b>54.0%</b>

- **Effect of change on financial condition:**

Other assets increased: due to accounts receivable increased

Non-current liabilities increased: due to accounts payable increased

### 7.2 Analysis of Operating Results

Unit: NT\$ thousand

Item \ Year	2020	2021	Difference	
			Amount	%
Gross Sales	22,948,845	38,986,916	16,038,071	69.9%
Less: Sales Returns	-	-	-	-
Sales Allowances	-	-	-	-
Net Sales	22,948,845	38,986,916	16,038,071	69.9%
Cost of Sales	19,211,898	33,164,591	13,952,693	72.6%
Gross Profit	3,736,947	5,822,325	2,085,378	55.8%
Operating Expenses	2,517,069	3,131,354	614,285	24.4%
Operating Income	1,219,878	2,690,971	1,471,093	120.6%
Non-operating Income and Expenses(net)	25,856	35,065	9,209	35.6%
Income Before Tax	1,245,734	2,726,036	1,480,302	118.8%
Tax Benefit (Expense)	144,429	368,405	223,976	155.1%
Net Income	1,101,305	2,357,631	1,256,326	114.1%
Attributable to owners of the parent	1,085,845	2,310,477	1,224,632	112.8%
Attributable to non-controlling interest	15,460	47,154	31,694	205.0%

- **Analysis of change on the Gross Profit:**



We do not calculate each item's volume-price differences because of our business characteristic.

### 7.3 Analysis of Cash Flow

#### 7.3.1 Cash Flow Analysis for the Current Year

Unit: NT\$ thousand

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
2,856,190	1,592,266	1,009,478	3,438,978	-	-

1. Operating activities: Cash flow from operating activities increased, this is caused by Accounts Receivable decreased this year and Accounts Payable increased.
2. Investment activities: Cash outflow from Investment activities increased because there is no investment case in this year.
3. Financial activities: Cash outflow from financial activities increased because of the distribution amount of cash dividend increased this year.

#### 7.3.2 Remedy for Cash Deficit and Liquidity Analysis: Not applicable.

#### 7.3.3 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousand

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
3,438,978	1,917,158	1,514,217	3,841,919	-	-

### 7.4 Major Capital Expenditure Items

#### 7.4.1 Major Capital Expenditure Items and Source of Capital

Dimerco is a light-assets company, capital expense to stockholders' equity is below 35%, there's no effect on our operation.

#### 7.4.2 Expected Benefits: none

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

Dimerco's reinvestment are all long-term investment, the main reason is global economic slowdown. In the future, we will keep expanding, China, Asia, Europe and USA market.

### 7.6 Analysis of Risk Management

Risk Management is a necessary course for our company and affiliated company, all of the middle and senior managers are the member of Risk Management Organization. Risk management is based on headquarter, then expands to all affiliate companies distributed to 17 countries. We expect to use effective risk management to reduce strategy, operating and financial risks.

## Risk management organization chart



### Organization explanation:

Risk Management Direct Committee:

\*Reports to Board of Directors

\*Composed of highest managers

\*Directs the improvement of risk control

\*Identifies and authorizes the priority sequence of risk

Work committee of Risk Management

\*Assignment by head company

\*Integrates organizations' Enterprise Risk Management

\*To improve the effect of risk management

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

Effect to income :

Unit: NT\$ thousand

Items	Year 2021
Interest revenue/expense(net)	2,869
Exchange gain/loss(net)	9,900
Interest revenue/expense to net income rate	(0.00)%
Interest revenue/expense to net income rate(before tax)	(0.11)%
Exchange gain/loss(net) to net income rate	(0.03)%
Exchange gain/loss(net) to net income rate (before tax)	(0.36)%

### (1) Interest rate

Our interest rate risk is from the long-term debts which use on operating activities.

### (2) Foreign exchange rates

Customers' cash payment are use local currency or US dollar, each station or agent use US dollar, Euro or CNY. To reduce the fluctuation of exchange rate, we always consider the exchange rate when we collect cash from customers. On the other hand, we use US dollar or Euro in central cash written. We verify accounting records and written twice a month or once a month to reduce effects from time factors. Exchange rate fluctuation causes certain extent effects on our income.

### (3) Inflation

The impact of inflation does not currently have a significant impact on the company's profits and business operations.

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

The company did not engage in any high-risk or high-leveraged investments. The transactions and procedures related to lending and endorsement are based on the Company's "Procedures of Lending" and "Procedures of Endorsement Guarantee.". Furthermore, derivative transactions follow the "Procedures for

**Acquisition and Disposal of Assets”.**

The Company’s “Procedures of Endorsement Guarantee.” Rules that the limit amount of endorsement guarantee is 40% of capital and to corporation is 20% of capital.

Number	Name of the endorsement guarantee company	Company in guaranteed		2022/3/31				Unit: NT\$ thousands	
		Name	Relationship (father-son-grandson structure)	Limit amount to the company	endorsement guarantee balance-high est amount	Ending balance of endorsement guarantee balance	endorsement guarantee balance(use the assets)	Accumulated endorsement guarantee amount to net assets rate	limit amount of endorsement guarantee
0	Dimerco	DIMVN	2	272,160	4,997	4,997	4,997	0.13%	544,320
0	Dimerco	DIMIN & DIMTH	2	272,160	290	290	290	0.01%	544,320
0	Dimerco	DIMKR	2	272,160	24,129	24,129	24,129	0.64%	544,320
0	Dimerco	DILTW	2	272,160	250	250	250	0.01%	544,320

**7.6.3 Future Research & Development Projects and Corresponding Budget**

The company recently two years R & D expenditure proportion of its turnover is in the below table. It is expected to continue to invest R & D expenses of NT \$ 116,900 thousand and improve self-developed ERP system in Y2022.

R & D expenditure accounted for turnover ratio table:

Unit: NT\$ thousands

Year	Research Expenditure	Rate to Operating Income
2021	111,395	0.3%
2022	116,900	0.3%

Our development and research department includes system design and information integration.

Name	Explanation
Dimerco Value Plus System© 3.0	Establish the architecture of Value + 3.0 system to improve system performance and increase productivity while providing highly flexible system through the cloud to the rapid response to changing market demands.

The Cybersecurity Management has been set up to avoid any human intentionally or negligently in error or force majeure to cause any related improper using of the information, data leakage, data tampering and data sabotage or any similar alike incident to happen. To well prevent and handle any possible risks or dangers may upon DIMERCO from time to time, the specific addressing of the Cyber security Management as below:

- 1.Data Recovery Capability NIST
- 2.Maintenance, Monitoring, and Analysis of Audit Logs
- 3.Incident Response and Management
- 4.Malware Defenses

- 5. Controlled Use of Administrative Privileges
- 6. Secure Configurations for Network Devices
- 7. Limitation and Control of Network Ports
- 8. Account Monitoring and Control

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

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

**7.6.11 Effects of, Risks Relating to and Response to Changes in Control over the Company**

Not applicable

**7.6.12 Litigation or Non-litigation Matters**

Not applicable

**7.6.13 Other Major Risks**

Not applicable

**7.7 Other important item**

**VIII. Special Disclosure**

## **8.1 Summary of Affiliated Companies**

### 1. Relevant information of affiliated companies

- (1) Organizational chart of affiliated companies, see page 213
- (2) Consolidated business report of affiliated companies:
  1. Names, foundations dates, main business items of each affiliated companies, refer to page 211 to 212.
  2. Names of each affiliated company's directors, supervisors and General managers; and their respectively shareholdings or capital contributions in such companies, please refer to Chinese Annual report pages 229 to 235.
  3. Other relevant information, please refer to the disclosures in the consolidated financial reports and statements.
- (3) Consolidated financial reports and statements of affiliated companies:  
Not required for preparation.
- (4) Relationship report: Not required for preparation.

## **8.2 Status of handling private equity portfolio and utilization of private funds and its progress on implementation of the project**

Not applicable

## **8.3 Status of stock holdings or disposition of the Company stocks by subsidiaries for the most recent year and as at publication date of year book**

Not applicable

## **8.4 Other Supplementary Explanations:**

Not applicable

## **VIII. Issues of significant impacts on shareholders equity or securities prices stipulated under 2nd paragraph of 2nd item of Securities Exchange Act article no. 36.**

Not applicable

Relationships between the Company and affiliated companies

Company	Code	Foundation Date	Address	Paid-in Capital	Main Operation
Dimerco Air Forwarders (H.K.) Limited.	DIMHK	1977.05	Room A & B, 18/F., Tower B, Billion Centre, Hong Kong	265,577	Air-Freight Ocean-Freight Warehouse Logistics
Dimerco Express( Singapore ) Pte. Ltd	DIMSG	1980.08	80 Marine Parade Road, #10-02 Parkway Parade, Singapore	120,395	Air-Freight Ocean-Freight Warehouse Logistics
Diversified Freight System (Singapore) Pte. Ltd.	DFSSG	2018.12	80 Marine Parade Road, #12-02 Parkway Parade, Singapore	13,202	Warehouse Logistics
Dimerco Express (UK) Limited	DIMGB	1980.04	Office 224-226, The Mille, 1000 Great West Road, United Kingdom	34,023	Air-Freight Ocean-Freight
Dimerco Express (U.S.A.) Corp.	DIMUS	1992.01	955 Dillon Drive, USA	211,456	Air-Freight Ocean-Freight
Foreign Settlement Company Limited	FSC	1999.10	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	1,573	Central Settlement
Diversified Freight System Corporation	DFSTW	1973.05	11F.-1, No.160, Sec. 6, Minquan E. Rd., Neihu, Taiwan	12,000	Ocean-Freight
Diversified International Logistics Co. Ltd.	DILTW	2021.1	Rm. W1010, 1F., No. 107, Hangxiang Rd., Dayuan Dist., Taoyuan City, Taiwan (R.O.C.)	10,000	Warehouse Logistics
Dimerco Express Holding Co., Ltd.	Holding	1995.11	3rd Floor, Par-La-Ville Palace, 14, Par-La-Ville Road, Hamilton, Bermuda	92,865	Holding Company
Dimerco International Transportation (Shanghai) Co.,Ltd	DILSHA	1998.06	30th Factory (A position) No.390, Aidu Road, China	5,970	Warehouse Logistics
Dimerco Zhongjing International Express Co.,Ltd	ZJDCN	1992.08	2205 floor A. Tower Wanda Plaza, No. 93 Jiang, China	54,928	Air-Freight Ocean-Freight
Diversified International Logistics Service Company	DILWGQ	2018.05	30th Factory(A position) No.390, Aidu Road, China	13,684	Air-Freight Ocean-Freight
Diversified Freight System Limited	DFSHK	1984.08	Room A & B, 18/F., Tower B, Billion Centre, Hong Kong	52,875	Ocean-Freight
Dimerco Express ( Phils.) Inc.	DIMPH	1994.07	3F DPC Place, 2322 Chino Roces Avenue, Makati City, Philippines	7,986	Air-Freight Ocean-Freight
Dimerco Express (Malaysia) Sdn. Bhd.	DIMMY	1984.04	No.14, Jalan Pjs 7/21, Bandar Sunway, Malaysia	3,006	Air-Freight Ocean-Freight
Dimerco Express Netherlands B. V.	DIMNL	1998.08	Boeingavenue 213 - 215, Netherlands	17,591	Air-Freight Ocean-Freight
Dimerco Express (Australia) Pty Ltd	DIMAU	1994.02	Suite 5, 15 Forest Road, Hurstville, Australia	48,114	Air-Freight Ocean-Freight
Dimerco Express Korea Corp.	DIMKR	1999.03	Room 1501-1502, Building E, Korea	17,797	Air-Freight Ocean-Freight
Dimerco Express (Canada) Corp.	DIMCA	1990.11	5100 Orbitor Dr., Suite 201, Canada	1,188	Air-Freight
Dimerco Express (Thailand) Co., Ltd.	DIMTH	1991.09	Unit 2003-3 & 2004, 20th Floor, Rasa Tower 1, 555, Thailand	13,438	Air-Freight Ocean-Freight
Diversified Transportation Co., Ltd.	DTLHK	2001.01	Gridlines 13003E -13004E, 13 Floor, Hong Kong	38,158	Cargo Logistics

Company	Code	Foundation Date	Address	Paid-in Capital	Main Operation
Dimerco International Logistics ( Shanghai ) Co.,Ltd	DIMCN	2004.07	Room1101-1104 No.1088, Pudong South Road, China	163,377	Air-Freight Ocean-Freight
Dimerco International Logistics Corporation	DILHK	2019.01	Gridlines 13003E -13004E, 13 Floor, Hong Kong	-	Warehouse Logistics
Diversified International Service Logistics System Corporation	DSLUS	2005.02	455 Eccles Ave. USA	15,032	Warehouse Logistics
Dimerco International Logistics ( Shanghai ) Co.,Ltd	DFSCN	2004.07	Room 1101-1104 No.1088, Pudong South Road, China	59,777	Ocean-Freight
Dimerco Vietfracht (JV) Co., Ltd.	DIMVN	1995.03	07th Floor, V-COALIMEX Building, No.29-31, Vietnam	3,006	Warehouse Logistics
Dimerco International Logistics (Shenzhen) Co., Ltd.	DILSZX	2006.09	RM901,Top Ascent Logistics Bldg.,No.1-3 Taohua Rd. China	10,958	Warehouse Logistics
Diversified (Shenzhen) International Logistics Service Company Limited	DILYTN	2020.05	Unit G, 2nd Floor, China Overseas Logistics Center, No. 15 Mingzhu Street, Yantian Integrated Free Trade Zone, Donghai Community, Yantian Street, Yantian District, Shenzhen, P.R.C.	1,293	Air-Freight Ocean-Freight
Diversified Transportation (China) Co., Ltd.	DTLCN	2005.12	Room A303, Building 1, No.21 Jinwen Road, China	29,802	Cargo Logistics
Global Marketing & System Co., Ltd.	GMS	2005.12	ROOMS 3203A-3205 TOWER TWO LIPPO CENTRE 89 QUEENSWAY Hong Kong	-	Warehouse Logistics
Dimerco Express (India ) Pvt. Ltd.	DIMIN	2012.10	Hybrid Towers 2nd Floor, No. 5AC-101, 2nd Main, India	9,279	Cargo Logistics
Dimerco Customs Brokerage Services Co., Ltd.	DCBUS	2012.01	955 Dillon Dr. Wood Dale, USA	13,532	Customs Brokerage
Foreign Settlement Company Limited	FSCHK	2015.12	Room A & B, 18/F., Tower B, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong	1,586	Central Settlement
Dimerco International Logistics Corporation	DIL	2005.12	P.O.Box957,Offshore Incorporations Centre,Road Town,Tortola, British Virgin Islands	472,313	Holding Company
Yuhang International Logistics(Dalian) Co., Ltd.	YIL	2013.07	Rm.1503, Times Building, China	38,666	Air-Freight Ocean-Freight
Peerless Express Forwarders Corp.	Peerless	2017.11	PCPD Compound 2332 Chino Roces Ave. Ext., Bonifacio Taguig City, Philippines	954	Cargo Logistics





# **Dimerco Express Corporation**

**Chairman: Mr. Chien, Yao-Huai**

**18<sup>th</sup> May 2022**