

中菲行國際物流股份有限公司  
DIMERCO EXPRESS CORPORATION

Stock Code : 5609



***DIMERCO***

Connecting Asia with the world

**2022**  
**Annual Report**

Taiwan Stock Exchange Market Observation Post System: <http://mops.twse.com.tw>

Dimerco Annual report is available at: <https://dimerco.com/investor-information>

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Not applicable

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## Reports to Shareholders:

Dear 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 2023 shareholders meeting.

As per the KPMG audited Dimerco Express Group 2022 Financial Statement, the consolidated sales revenue in 2022 was NTD41,174 billion, an increase of 5.6% compared with the previous year. The net profit after tax reached NTD2.53 billion, an increase of 9.9% compared with the previous year. The earnings per share (EPS) after tax is NTD18.71, an increase of 10.2% compared with the previous year. With the efforts of all employees, the sales revenue, net profit after tax, and earnings per share (EPS) after tax have all reached historical highs.

In 2022, the international transportation and logistics market was facing severe challenges. The global economy has been affected by factors such as inflation, US Federal Reserve balance sheet reduction and interest rate hike, China's lockdown by zero-Covid policy, and the Russian invasion of Ukraine. Moreover, there were negative factors, such as pandemic-related global supply chain disruptions. The operational challenges faced by international logistics service providers were extremely severe. Despite this, Dimerco Express Group has achieved excellent revenue and profit performance and repeatedly set new records. This is mainly due to Dimerco's global network of forwarding and logistics locations and our cloud-based SCM international logistics service platform. With clear market positioning and effective digital marketing to attract customers, Dimerco Express Group has been able to deliver solid results.

Dimerco's 150+ service locations have been established in important niche markets globally, providing customers with a one-stop solution for consistent international transportation and logistics services. Based on excellent operational performance across the network, our services have gained popularity and good reviews.

Dimerco Express Group's cloud-based international logistics service platform and digital tools play a key role in enhancing the company's competitive edge.

- Through big data analysis, we gain a deeper understanding of customer needs.
- Through our Cloud Networking SCM Platform – the Dimerco Value Plus System (with Information Security Certification including ISO27001:2013 BSI Certification NO. IS

743553) – we can adapt quickly to market change and provide diverse and localized service to satisfy customers' supply chain management needs.

- We continue to digitalize processes, including our use of Robotic Process Automation (RPA) to enhance efficiency, reduce operating costs and increase profits.
- Our MyDimerco portal provides customers a one-stop resource for freight tracking and performance – anywhere, anytime, from any device. Customers appreciate this mobile intelligence capability, which greatly enhances our customer service.

Looking to the future, Dimerco is well prepared to face the coming challenges in the global transportation and logistics market. The international economic outlook is still weak, inventory needs to be reduced and/or adjusted, and the US-China rivalry and the Russia-Ukraine conflict continue. The US interest rate hikes have caused a crisis of confidence and credit in the banking system. Although inflation is slowing down, it still poses potential threat. Demand for international transportation remains weak, and a third-quarter improvement is uncertain. However, we will leverage our established resources, digital capabilities, and strong management team to adapt to the market volatility and utilize our Dimerco Value Plus System to provide diverse and localized solutions to meet our customers' needs and achieve our business goals. Those goals, as always, are to satisfy our customers, to achieve our business management objectives in compliance with our ESG standard, to support and to reward our productive and 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 6, 2023

Other Business information for year 2022:

(1) Results of Business plan implementation

Unit: NTD'000

Item	IFRS 2021	IFRS 2022	Growth rate %
Operating Revenue	38,986,916	41,174,810	5.6%
Income after Tax	2,310,477	2,538,625	9.9%

(2) Status of Budget Accomplishment

The Company was not obligated to prepare financial forecast for year 2022 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
			2021	2022
Financial Balances	Operating Revenue		38,986,916	41,174,810
	Net operating income		2,690,971	2,574,757
	Income after tax		2,310,477	2,538,625
Profitability	Return on stockholders' equity %		54%	42%
	Income after tax to paid-in capital %		170%	187%
	Earnings per shares (NT\$)		16.98	18.71

#### (4) Status of Research and Development:

Dimerco's digital marketing starts with understanding customer needs and insights into the market to drive all marketing activities. It leverages technology support through data, automation, and analysis, and accelerates decision-making through the agility of a flattened organization structure. Digital marketing works closely with our global sales and marketing team, investing significant and optimal resources to attract, convert, and engage customers through a seamless integration of online and offline services.

Customer expectations for service quality continue to evolve with the rapid development of digital technology and diversified shipping options. The importance of digital strategy will continue to increase during and after the COVID-19 period.

Our company has increased its efforts in digital marketing and launched a brand new global website in 2021. The website clearly communicates our value proposition and reflects the company's strengths and management capabilities across the Asia-Pacific region's supply chain.

In terms of digitalization, our company introduced the Dimerco Value Plus System® (Web 2.0), a self-developed value-added messaging system, on August 1, 2009. The system created a unified platform for sales, operations, and financial management, and enabled effective management through a real-time information system. The CYM (Consolidation Yield Management) and Data Synchronization Method used in the Dimerco Value Plus System® were respectively awarded patent certifications in the United States and Taiwan in 2014, marking the official transition of our company from the digitization stage to the digitalization stage of technology in 2009.

During the stage of digitalization, our company focused on three main directions - cloudification, mobilization, and intelligence - to optimize our internal and external processes through digital technology.

In the area of cloudification, our company incorporated cloud technology in 2017 by migrating the Dimerco Value Plus System® to a public cloud and establishing a hybrid cloud architecture in conjunction with the construction of a private cloud. This approach provided a balance between stability, flexibility, and cost-effectiveness.

In 2018, we established a mobile technology team to develop mobile applications and complemented this with RPA robot technology to extend our service coverage. In the latter half of 2021, we completed the renovation of our external digital portal, offering a one-stop information service that includes online inquiries, booking, cargo tracking, and goods receipt and delivery. This development enables us to offer comprehensive digital services to our customers.

In terms of intelligentization, our company accumulates data in a private cloud-based big data database and utilizes business intelligence technology for analysis, providing real-time and flexible information support. Since 2018, we have also begun to introduce artificial intelligence and machine learning, developing real-time recommendations to give operational processes more intelligence and improve accuracy and efficiency.

Regarding information security issues, given the increasing frequency of security incidents, our company started investing in information security management system in 2017 to ensure the security of our customers' valuable data assets. We approached it from three aspects: People, Process, and Technology, to enhance the overall security resilience. In early 2021, we successfully passed the BSI audit and obtained the ISO 27001:2013 (IS 743553) certification. Later that same year, we also passed the NIST CSF (Cybersecurity Framework) NIST 759307 verification.

Through our self-developed technology, we tightly integrate data/information flows with our information security management system, and further combine with our strategic partners to serve our customers, strengthen service quality, create added value, and effectively help our customers enhance the overall efficiency 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.
- Resilience in information security:  
Equipped with a complete information security management system mechanism, ensuring the high availability of system services.
- 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

Dimerco, the first domestically established international logistics company approved for listing in Taiwan, has been pursuing excellence for over 50 years since its establishment in 1971. Built on the ethical values and corporate culture of Dimerco, the company is dedicated to creating the most competitive international transportation and logistics service provider. Dimerco's growth strategy revolves around global channelization, product diversification, operational optimization, digitalization of systems, and localization of operations, with a focus on network-based services. By seamlessly integrating physical and virtual channels, Dimerco aims to achieve a globally accessible international logistics service.

Since October 1, 2019, the group has implemented an organizational transformation centered around "organizational change, specialized division of labor, team leadership, and intelligent utilization." It has established the Executive Management Board (EMB) to drive innovation and leverage the expertise of its Business Intelligence Technology (BIT) department, which has enhanced its commercial intelligence technology through information technology. Through the self-developed Web 3.0 cloud logistics platform and its mobile intelligent logistics system, Dimerco supports the group's three business units, namely air freight, ocean freight, and contract logistics, to provide comprehensive services to customers as their "Mobile Intelligent Logistics Service Partner."

Following the organizational transformation, Dimerco faced the global COVID-19 crisis in 2020. Leveraging its mobile intelligent platform, fostering team collaboration, and responding rapidly to market changes, Dimerco employed crisis management measures such as multimodal transport and charter flights to provide individualized international transport and logistics solutions to customers. Despite challenges, Dimerco achieved better revenue and profitability in 2020 than in previous years, demonstrating the effectiveness of its organizational transformation.

Entering 2021, Dimerco continues to drive organizational transformation 2.0, with a focus on intelligent utilization starting from March. By emphasizing specialized division of labor, attention to detail, and horizontal connections, the company is implementing a flatter organizational structure. The regional management centers for North America, mainland China and Hong Kong, Southeast Asia, Europe, and Northeast Asia are being integrated into the Central Service Center. This transformation aims to enhance internal management efficiency and strengthen marketing, rapid response, and intelligent adaptation capabilities externally.

Currently, the group's global marketing service network spans over 150 locations, strategically covering key markets such as Taiwan, China, Hong Kong in Greater China; South Korea, Japan in Northeast Asia; Singapore, Malaysia, Thailand, Philippines, Indonesia, Vietnam in Southeast

Asia; India in South Asia; Australia in Oceania; the United States, Canada in North America; and the United Kingdom, the Netherlands, Germany in Western Europe. In addition to expanding its network of owned marketing service points, Dimerco also establishes strategic alliances through joint ventures in North America, Southeast Asia, China, and Europe to increase service channels and cater to important markets worldwide.

With a focus on diversification, Dimerco offers a range of service products, including air freight contracting, ocean freight contracting, and an emphasis on the development of contract logistics. The company integrates multimodal transport, comprehensive logistics warehousing and distribution services, cargo insurance services, import/export customs clearance, domestic transportation in China, cross-border land transportation, and other auxiliary and customized services to enhance its overall service capabilities and value proposition.

Since entering the mainland China market in 1991, Dimerco has deeply cultivated the market and currently operates nearly 80 marketing service points. It has also been awarded the "China Famous Trademark" by the State Administration for Industry and Commerce Trademark Office. With over 50 years of experience in the international logistics industry, Dimerco has maintained close partnerships with top international airlines. It recognizes the environmental burden caused by the emissions of greenhouse gases from traditional transportation tools using fossil fuels. In 2022, Dimerco achieved ISO 14001 and ISO 45001 certifications in China. Its Taiwan-based parent company, Dimerco International Logistics Co., Ltd., completed an internal greenhouse gas inventory and successfully obtained the highest level of certification, "reasonable assurance level," in greenhouse gas verification according to ISO 14064-1:2018 through DNV GL, an accredited verification body recognized by the Environmental Protection Administration.

Moreover, Dimerco has received numerous recognitions, including being named "Airfreight Forwarder of the Year" by Air Cargo Week (ACW), nominations for annual logistics awards hosted by the British International Freight Association (BIFA) and Lloyd's Loading List, and being listed in the Inbound Logistics (IL) Top 3PL List and G75: Green Supply Chain Partners by the US logistics media. It was also awarded the 2022 list of 100 Great Supply Chain Partners by Supply Chain Brain. Dimerco has been highly recognized by the Great Place to Work® Institute in the United States, Singapore, Vietnam, China, Hong Kong, Taiwan, and Thailand, demonstrating the company's commitment to its extensive human resources as a best practice.

In the era of mobile communications and the Internet of Things, with the rapid evolution of artificial intelligence technology, the trend of big data and the application of semi-automation technology, Dimerco has repositioned itself and strives to become a "Mobile Smart-Logistics Service Partner" for its customers. It promises to leverage its self-developed Web 3.0 cloud

logistics platform (Cloud Networking) and the Dimerco Value Plus System®, a digital logistics real-time information system, to enhance business intelligence technology (BIT) and application development, making use of its Information Technology-enhanced BIT department's expertise. By incorporating relevant mobile technologies into the system, the aim is to make automation systems mobile, and to achieve product diversification, service optimization, operational excellence, and management efficiency. This not only strengthens internal information integration to improve the group's operational management performance but also provides customers with real-time information required for supply chain management through diversified website interactive features and integrated databases, thereby assisting customers in enhancing their competitive capabilities in the market.

Dimerco's self-developed Dimerco Value Plus System® continues to innovate and currently holds two patents in Taiwan and the United States:

- (1) Consolidation Yield Management System and Method® (CYM): This system saves manpower and time, optimizing operations, improving efficiency, and reducing learning curves. It integrates and strengthens the ability for consolidation and shipping across multiple sites (hubs and satellite cities). It also enables pre-planning of consolidation and enhances the efficiency of consolidation before shipment.
- (2) Data Synchronization Method®: This method effectively combines data uploaded from subsidiary servers worldwide and stores it in a central database. With the use of business intelligence analytics tools, it provides accurate data reporting, enabling global customers to obtain the required data in real-time.

The MyDimerco online system of this platform connects upstream and downstream vendors and customers. Through the concept and capabilities of a virtual office and intelligent mobile technology, it provides customers with efficient services anytime, anywhere. Systems such as the eSAM (Sales Management System) and eCall Freight System® (Delivery Truck Management System) offer seamless and efficient services. The Purchase Order Management System (POMS) helps customers reduce operating costs and improve efficiency, successfully establishing an integrated mobile smart logistics capability that combines the virtual and the real, and is boundless in its reach.

## **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 Freight 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 FL Asia (Franchising & Licensing Asia), this exhibition will be held from 16th to 18th of October 2008 in Singapore.
Oct 2008	Dimerco Express (USA)Corp –Huston 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 2022	Dimerco Expands to Phoenix, AZ USA – Joint Venture with BC Logistics
Mar 2022	New office set up in Savannah, U.S.A.
May 2022	Dimerco become the first in China to obtain ISO 14001 and ISO 45001 certifications.
Jun 2022	Dimerco holds 111th annual shareholders' meeting.
Jul 2022	Dimerco is once again listed in the Top 3PL List by Inbound Logistics, a US logistics authority, and was recognized as a Green Supply Chain Partner G75: Green Supply Chain Partners 2022.
Aug 2022	Set up a new maritime subsidiary, Diversified Freight System Philippines Corporation, in the Philippines on August 1.
Aug 2022	Dimerco was honored as one of the "2022 list of 100 Great Supply Chain Partners" by the well-known American media, Supply Chain Brain, for the first time.
Oct 2022	Dimerco was certified in Thailand by the Great Place to Work® Institute after being recognized in the US, Singapore, Vietnam, China, Hong Kong, and Taiwan in 2021.
Nov 2022	Dimerco became the first in Taiwan to obtain the ISO 14064-1:2018 certification and declared its goal to strengthen its green supply chain.
Feb 2023	Dimerco recently held its "2023 Global Managers Conference" in Singapore to celebrate its record-breaking revenue for the year.
Feb 2023	Dimerco continues to strengthen supply chain cargo security and customs clearance efficiency. Its Singapore subsidiary has been awarded the international certifications of "Good Distribution Practice for Medical Devices (GDPMDS)" and "Secure Trade Partnership (STP) - STP-Plus" for its excellent distribution practices and commitment to trade security.

## 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 2022, the company continued to expand its global footprint by establishing new shipping operation centers in Savannah Port, USA, and the Philippines. Additionally, it formed a joint venture subsidiary in Phoenix, Arizona, USA. These initiatives aim to strengthen its core competitiveness and position the company as the preferred logistics partner for high-tech industry clients in the North American region.

1. Company Organizational Chart: please refer to page 25
2. Group Organizational Chart: please refer to page 26
3. The business operations of each major department are as follows:

(1) Executive Management Board(EMB)&Group Headquarters:

Responsible for formulating the overall business strategy and plans for the group, overseeing operations, research and development, as well as managing legal and public relations affairs.

Department	Job Functions and Descriptions
Business Intelligence Technology Department(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

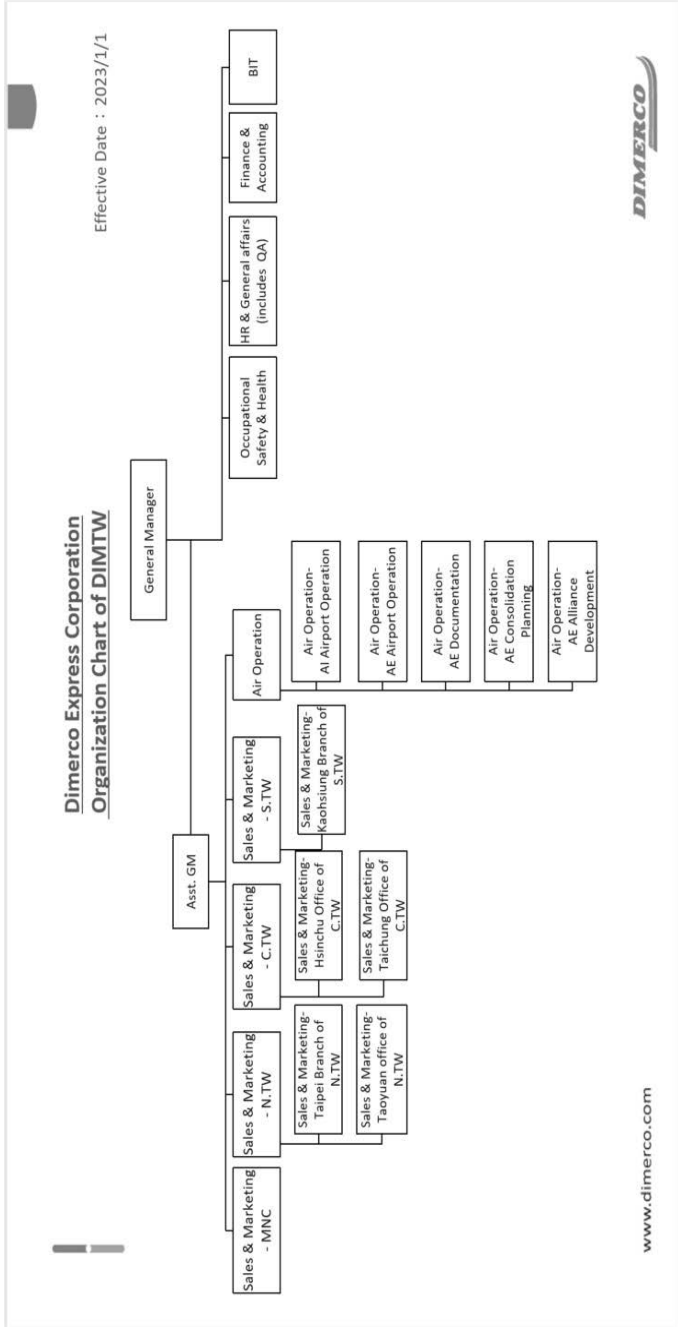
(2) Dimerco Express Corporation Taiwan Branch:

Responsible for the operation, integration, and related business activities in Taiwan region.

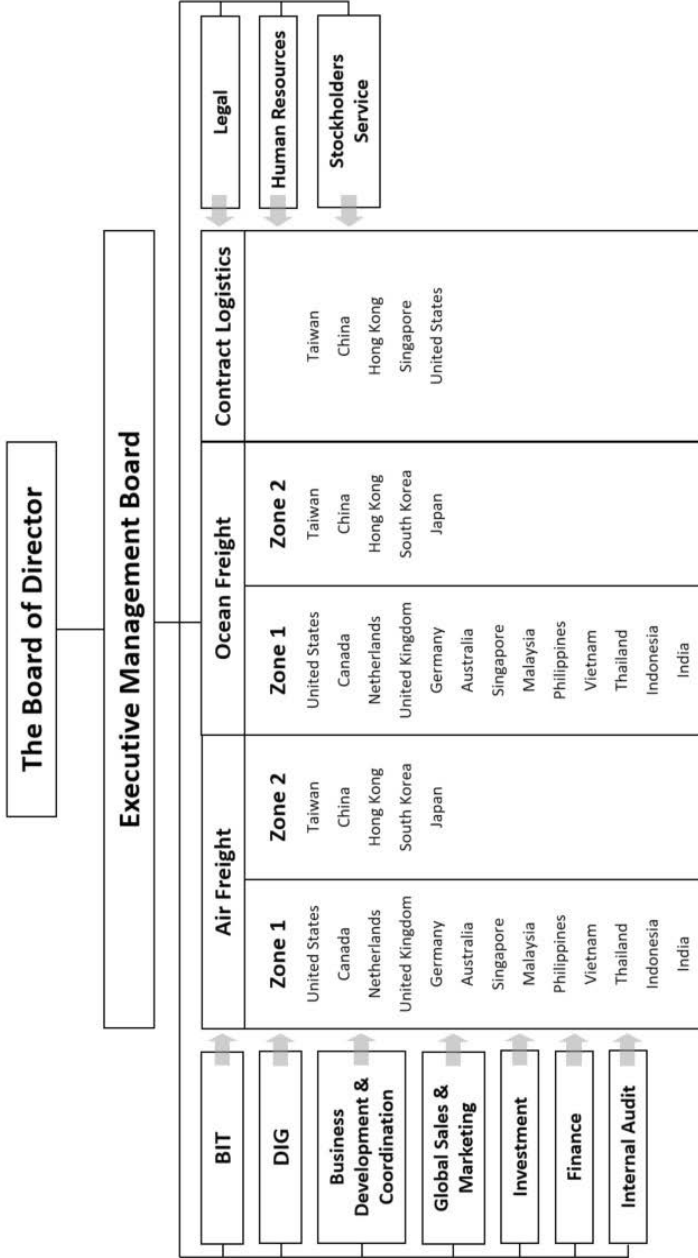
Department	Job Functions and Descriptions
General Manager's Office	Responsible for the planning and execution of the network and information connection of the group's subsidiaries
Occupational Safety and Health	Responsible for work environment and employee safety protection matters.
Human Resources Management (including Quality Assurance)	Responsible for human resources planning and execution, as well as handling planning and providing management-level reports.
Business Intelligence Technology	Responsible for computer and network maintenance, system development, and related business activities.
Finance and Accounting	Responsible for finance, treasury, cash budgeting, accounting operations, tax reporting, and cost calculation.
Contract Logistics	Responsible for logistics and warehousing services.
Air Freight Operations	Responsible for airport import and export customer service, operations and freight forwarding services, customs clearance, vehicle dispatch,

	airport customs declaration, customs clearance, and cargo consolidation.
Northern Taiwan Business Office	Responsible for domestic and international operations, marketing, import and export, and business activities in Northern Taiwan.
Central Taiwan Business Office	Responsible for domestic and international operations, marketing, import and export, and business activities in Hsinchu and Taichung.
Southern Taiwan Business Office	Responsible for domestic and international operations, marketing, import and export, and business activities in Tainan and Kaohsiung.
Sales and Marketing	Responsible for integrated and strategic planning in Taiwan region.

### 3.1.1 Organization Chart



# Dimerco Express Group Global Organization Chart



April 2022

### 3.2 Directors, Supervisors and Management Team

#### 3.2.1 Directors and Supervisors

April 7, 2023

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	Share holding %	No. of Shares	Share holding %	No. of Shares	Share holding %	No. of Shares	Share holding %		Name of Company	Term of service		No. of Shares	holding %
Chairman	Chien, Yao-Huai	Male	2021.07.08	3 Years	1965.8.2	4,487,595	3.71	5,042,085	3.79	153,985	0.12	0	0	National Chung Hsing University	Dimerco Express Group.	Dimerco Express (UK) Limited Director Dimerco Express Singapore Pte. Ltd. Director Dimerco Air Forwarders (H.K.) Ltd. Director Diversified Freight System Corporation Chairman Dimerco Express Holding Company Limited Director Foreign Settlement Company Ltd. Director Dimerco Express Phils., Inc. Director Dimerco Express Korea Corp. Director Dimerco Express Netherlands B. V. Director Diversified Freight System Ltd. Director Dimerco Logistics Sdn. Bhd. Director Danao Muhibbah Sdn. Bhd. Diversified Transportation (HK&China) Co., Ltd. Director Dimerco International Logistics Corporation Director Dimerco Express (Thailand) Co., Ltd. Director Global Marketing & System Co., Ltd. Director Foreign Settlement Company Ltd. In HK Director Dimerco International Transportation (Shanghai) Co., Ltd. Director Dimerco Express (Malaysia) SDN BHD Director Dimerco Express (U.S.A.) Corp. Director Dimerco Express (Canada) Corp. Director Diversified Int'l service logistics system Director Diversified Transportation (China) Co., Ltd. Director Dimerco Express(Australia) Pty.Ltd. Director	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 whose kinship who are managers, directors or supervisors	
						No. of Shares	Share From 1% %	No. of Shares	Share From 1% %	No. of Shares	Share From 0.05 % %	No. of Shares	Share From 0.05 % %		Name of Company	Term of service		Term of service
Director	Chien, Wen-Li	Female	2021.07.08	3 Years	2021.07.08	1,626,687	1.29	1,756,821	1.32	107,600	0.08	0	0	Sagehan Valley State University Dimerco Express Corporation Corporate Director and Special Assistant to CEO Dimerco Express Corporation Managing Director of Contract Logistics	Foreign Settlement Company Limited Dimerco Express Holding Co., Ltd. Dimerco International Logistics (Shanghai) Co., Ltd. Diversified (Shanghai) 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 Pte. Ltd. Dimerco International Logistics Company Limited Dimerco Express (India) Pvt. Ltd.	Director Director Director Director Director Director Director Director Director Director	Ni Ni	Ni Ni
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	5.47	0	0	0	0	JOSE RIZAL COLLEGE MEC IMEX INC. President	Dimerco Express Holding Company Ltd Dimerco Express Phils., Inc. Global Marketing & System Co., Ltd. MEC IMEX INC Dimerco International Logistics Corporation Foreign Settlement Company Ltd. in HK	Director Director Director Chairman Director Director	Ni Ni	Ni Ni
Director	Chuang, Shi-Wei	Male	2021.07.08	3 Years	2003.6.13	116,993	0.09	450,352	0.34	0	0	0	0	Feng Chia University Dimerco Data System Corporation, Chairman cum General Manager	Dimerco Data System Corporation	Chairman	Ni	Ni



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 with degree kinship who are 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	
Independent Director	Yang, Wei-Tam	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-Mis. The Swire Group: Swire Shipping Cathay Pacific	HKUST Committee Member Hong Kong Sinfonietta	NI	NI
Independent Director	Chien, 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	NI	NI
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	NI	NI

### Major shareholders of the corporate shareholders

April 7, 2023

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 donor and its shareholding %.

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

April 7, 2023

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

1. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors:  
Apr 7, 2023

Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience		Independence Criteria(Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director			
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9		10	11	12
Chien, Yao-Huai		V		V	V	V	V	V	V	V	V	V	V	V	V	Nil
Chien, Wen-Li		V		V	V	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	V	V	V	Nil
Chuang, Si-Wei		V		V	V	V	V	V	V	V	V	V	V	V	V	Nil
Yang, Wei-Tian		V		V	V	V	V	V	V	V	V	V	V	V	V	Nil
Chien, Yin-Fan		V		V	V	V	V	V	V	V	V	V	V	V	V	Nil
Chou Kuo-Hsing		V		V	V	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 affiliate's affiliates.
- Not a natural-person shareholder who holds shares, 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 in-law relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.
- 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.
- 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, local national laws and regulations shall not be limited to this).
- Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of 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 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 having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- Not been a person of any conditions defined in Article 30 of the Company Law.
- Not a governmental, judicial person or its representative as defined in Article 27 of the Company Law.

2. Diversity and Independence of the Board of Directors:

The board of directors of our company consists of 7 members, including 4 non-independent directors and 3 independent directors, with 1 female director. The board as a whole possesses the following capabilities: operational judgment, accounting and financial analysis, management, crisis handling, industry knowledge, international market outlook, leadership, and decision-making.

a. Diversity policy:

To strengthen corporate governance and promote the sound development of the board composition and structure, the composition of the board members should consider diversity. Appropriate diversity policies should be formulated based on the company's operations, business model, and development needs. This may include but is not limited to basic conditions and values (gender, age, nationality, culture, ethnicity, etc.) and professional knowledge and skills (such as law, accounting, industry, finance, marketing, or technology).

b. Specific management objectives:

The board of directors of our company guides the company's strategy, oversees management, and is accountable to the company and shareholders. The operational arrangements and arrangements of the corporate governance system ensure that the board of directors exercises its powers in accordance with laws, the company's articles of incorporation, or shareholder resolutions.

c. The current status of diversity implementation among board members is as follows: The current board of directors of our company consists of 7 members, including 4 non-independent directors and 3 independent directors (including 1 female director). The board as a whole possesses the following capabilities: operational judgment, accounting and financial analysis, management, crisis handling, industry knowledge, international market outlook, leadership, and decision-making. The board members also have industry experience and professional competence.

Director's Name	Diversity Core Initiatives	Gender	Professional competence							
			Business judgment	Business management	Accounting and financial analysis	Crisis management	Industry knowledge	International market outlook	Leadership ability	Decision-making ability
Chien, Yao-Huai		Male	✓	✓	✓	✓	✓	✓	✓	✓
Chien, Wen-Li		Female	✓	✓	✓	✓	✓	✓	✓	✓
MEC Electronics Corporation Representative: Yang, Wei-Yen		Male	✓	✓	✓	✓	✓	✓	✓	✓
Chuang, Si-Wei		Male	✓	✓	✓	✓	✓	✓	✓	✓
Yang, Wei-Tian		Male	✓	✓	✓	✓	✓	✓	✓	✓
Chien, Yin-Fan		Male	✓	✓	✓	✓	✓	✓	✓	✓
Chou Kuo Hsing		Male	✓	✓	✓	✓	✓	✓	✓	✓

**List of Major Shareholders**

Shareholder's Name	Shareholding	
	Shares	Percentage
MEC Electronics Corporation	7,279,243	5.47%
Chien, Yao-Huai	5,042,085	3.79%
Universal Consulting Ltd.	3,522,960	2.65%
Mo Hsin Investment Ltd.	2,874,960	2.16%
Ruel Cheng Investment Ltd.	2,680,880	2.01%
AGM INVESTMENT LTD	2,362,000	1.77%
Su, Yu-Shin	2,307,607	1.73%
Deng Fu Ltd.	1,759,693	1.32%
Chien, Wen-Li	1,756,821	1.32%
Chien, Wen-Yi	1,724,887	1.30%

Note: The shareholding ratio is calculated based on 136,080,000 shares.

### 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	3.79%	153,965	0.11%	0	0	National Chung Hsing University, Department of Law Dimerco Air Freight Forwards Co., Ltd., General Manager.	Refer to 3.2	Nil	Nil	Nil
President	Chiou, Jiun-Rung	Male	2019.10.28	156,600	0.12%	0	0	0	0	Dimerco 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 Expojet 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	0.81%	0	0	0	0	Slate 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, rationality, 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.)

### 3.2.3 Remuneration of Directors (including independent Director), Supervisors, President, and Vice President Remuneration of Directors

Title	Name	Remuneration						Relevant remuneration received by directors who are also employees				Ratio of total compensation (A+B+C+D+E+F+G) to net income (%)		Compensation paid to directors from an invested company other than the company's subsidiary					
		Base Compensation(A)		Severance Pay(B)		Bonus to Directors(C)		Allowances(D)		Ratio of total remuneration (A+B+C+D) to net income (%)		Salary, Bonuses, and Allowances (E)			Severance Pay (F)		Profit Sharing- Employee Bonus (G)		
		The company's financial statements	Companies in the consolidated financial statements	The company's financial statements	Companies in the consolidated financial statements	The company's financial statements	Companies in the consolidated financial statements	The company's financial statements	Companies in the consolidated financial statements	The company's financial statements	Companies in the consolidated financial statements	The company's financial statements	Companies in the consolidated financial statements		The company's financial statements	Cash	Stock	The company	Companies in the consolidated financial statements
Director	Chen, Yao-Huai	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Nil
Director	Chen, Wen-Li	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Nil
Director	Lin, Tien-Song	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Nil
Director	Ruan, Yao-Chang.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Nil
Director	Representative -Yang Wei-Yen of MEC Electronics Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Nil
Director	Chuang, Si-Wei	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Nil
Total	6 persons	-	-	42,071	42,071	1,574	1,574	1,79%	1,79%	1,923	1,923	109	209	-	-	1.87%	1.87%	-	Nil
Independent Director	Yang, Wei-Tian	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Nil
Independent Director	Chen, Yin-Fan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Nil
Independent Director	Chou Kuo Hsing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Nil
Total	3 persons	1,920	1,920	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Nil

Unit: NT\$ thousands

## Remuneration Range

Bracket	Name of Directors		
	Total of (A+B+C+D)	Companies in the consolidated financial statements	Total of (A+B+C+D+E+F+G)
	The company	Companies in the consolidated financial statements	The company
Under NT\$ 1,000,000	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			
NT\$3,500,000 ~ NT\$ 5,000,000			
NT\$ 5,000,000 ~ NT\$ 10,000,000	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
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	6 persons	6 persons	6 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 adjunct General a 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). It 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). 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-subsiararies 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-subsiararies 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-subsiararies 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 financial statements	Bonus to Supervisors(B) The company financial statements	Allowances(C) The company 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	0.21%	0.21%	Nil
Supervisor	Zhu, Fu-Yi	0	5,245	0	0	0.21%	0.21%	

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	-	-
NT\$ 3,500,000 ~ NT\$ 5,000,000	Ho, Chi-Ming, Zhu, Fu-Yi	Ho, Chi-Ming, Zhu, Fu-Yi
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	-	-

**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	Cash	Stock	Cash	Stock		The company
Chairman	Chien, Yao-Huai														
President	Chiou, Jun-Rung														
Deputy General Manager	Chung, Hung-Chih	7,741	7,741	543	543	3,937	3,937	16,267	0	16,267	0		0.64%	0.64%	
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	-	-
NT\$ 3,500,000 ~ NT\$ 5,000,000	Chung, Hung-Chih	Chung, Hung-Chih
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,, Chien, Yao-Huai	Chiou, Jiun-Rung,, Chien, Yao-Huai
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	
						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	16,267	16,267	0.64%	
	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 2022 was lower than that in year 2021. The proportion of total remunerations paid to Supervisors on net profit after tax in year 2022 was the same as in year 2021. 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	2022		2021	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
	Directors	1.87%	1.87%	1.93%
Supervisors	0.21%	0.21%	0.23%	0.23%
Managers	0.64%	0.64%	0.68%	0.68%

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	6	0	100%	
Director	Representative of Corporate shareholder, MEC Electronics Corporation: Yang, Wei-Yen	6	0	100%	
Director	Chien, Wen-Li	6	0	100%	
Director	Chuang, Si-Wei	6	0	100%	
Independent Director	Chien, Yin-Fan	6	0	100%	
Independent Director	Yang, Wei-Tian	6	0	100%	
Independent Director	Chou, Kuo Hsing	6	0	100%	

Other mentionable items:

1. If any of the following situations occur in the operation of the board of directors, the date of the board of directors, the period, the content of the proposal, the opinions of all independent directors and the company's handling of the opinions of independent directors shall be stated: (1) Matters listed in Article 14-3 of the Securities and Exchange Act: Please refer to pages 66-68 of the annual report. (2) In addition to the above matters, other board resolutions that have been opposed or reserved by independent directors and have records or written statements: Please refer to pages 66-68 of the annual report.
2. The implementation of the avoidance of interest-related proposals by directors shall state the name of the director, the content of the proposal, the reason for avoiding interests, and the participation in voting: None."
3. Listed and OTC companies should disclose the evaluation cycle and period, evaluation scope, method and evaluation of the self (or peer) evaluation of the board of directors: Please refer to page 44 of the annual report."

4. Evaluation of the goals and implementation of strengthening the functions of the board of directors in the current and recent years:

- (1) Strengthening the functions of the board of directors: Since 2011, our company has set up a salary and compensation committee, which is responsible for assisting the board of directors in regular evaluations and setting salaries and compensation for directors and managers. For implementation details, please refer to "Remuneration Committee Operation Information" on pages 48-49.
- (2) Enhancing information transparency: The financial information, major resolutions, and director participation in training courses of our company have been disclosed on the Market Observation Post System in accordance with relevant laws and regulations. The financial business information of our company is also disclosed on the company's website to provide real-time information to investors.

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 be 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 4 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	4	100%	
Independent Director	Yang, Wei-Tian	4	100%	
Independent Director	Chou, Kuo Hsing	4	100%	

Other mentionable items:

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:  
 (1) Matters referred to in Article 14-5 of the Securities and Exchange Act  
 (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.
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

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.)

(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.

(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.

Date	Meeting Category	Significant Resolutions
2022.11.09	2022 4 <sup>th</sup>	Consolidated Financial Statements for 2022Q3.
2022.08.09	2022 3 <sup>rd</sup>	Consolidated Financial Statements for 2022Q2.
2022.05.10	2022 2 <sup>nd</sup>	Consolidated Financial Statements for 2022Q1.
2022.03.17	2022 1 <sup>st</sup>	1. Operating Report, Individual Financial Statements, and Consolidated Financial Statements for the Fiscal Year 2021, and Profit Distribution Proposal. 2. Internal Audit Report for the First Quarter of the Fiscal Year 2022.

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

Item	yes	no	Implementation Status	Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons
	yes V	no		
<p>1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?</p>	V		<p>Summary Description</p> <p>The company has established its own principles and operates and implements corporate governance practices based on the spirit of corporate governance. In addition, regulations related to corporate governance, such as board meeting rules, shareholder meeting rules, internal control systems procedures for acquiring or disposing of assets, procedures for lending funds to others, and endorsement and guarantee operations, have been established. Information can be obtained through the company's website for the benefit of investors.</p>	Follow the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.
<p>2. Shareholding Structure and Shareholders' Rights</p> <p>(1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?</p> <p>(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?</p> <p>(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?</p> <p>(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?</p>	V		<p>(1) The company has established a spokesperson/proxy spokesperson system to handle shareholder suggestions or disputes. In addition, Yuanta Securities, the share transfer agent, assists in handling shareholder affairs.</p> <p>(2) The company keeps abreast of the actual controlling shareholders of the company and the list of ultimate controllers of major shareholders.</p> <p>(3) In addition to the internal control and internal audit systems established by the parent company, there are also monitoring systems in place for subsidiary companies. Adequate risk control mechanisms and firewalls have been established between the parent company and its subsidiaries.</p> <p>(4) The company has established a “Management of Insider Trading Prevention” policy, which regulates all employees, managers, directors of the company, and individuals who have access to the company's information based on their professional or control relationships. Any conduct that may involve insider trading is strictly prohibited.</p>	Follow the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.



<p>3. Composition and responsibilities of the board of directors</p> <p>(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?</p>	<p>✓</p>	<p>(1) 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 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.</p>	<p>Follow the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies".</p>
<p>(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?</p>	<p>✓</p>	<p>(2) All important decisions are processed by the company board of directors, and establish salary compensation committee, re-elected two independent directors 2015.</p>	
<p>(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors; implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?</p>	<p>✓</p>	<p>(3) 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>(4) Does the Company regularly evaluate its external auditors' independence?</p>	<p>✓</p>	<p>(4) 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. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers</p>	<p>✓</p>	<p>The company's corporate governance unit is undertaken by the Finance Department, which is responsible for providing real-time</p>	<p>Follow the "Corporate Governance Best-Practice Principles for TWSE/TPEx</p>

<p>and has it appointed a chief corporate governance officer, with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?</p>			<p>information to shareholders through the Public Information Observation System or the company's website. The unit assists in maintaining an up-to-date list of major shareholders with significant ownership in the company. It also provides necessary information to directors and supervisors for their business operations, handles matters related to board meetings and shareholders' meetings in accordance with the law, manages company registration and changes, prepares minutes of board and shareholders' meetings, and conducts regular assessments of the independence and suitability of auditors.</p>	Listed Companies'.
<p>5. Has the Company established channels for communicating with its stakeholders, (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?</p>	V		<p>The company, depending on the circumstances, instructs relevant departments to communicate with stakeholders. The company's website provides contact information for the spokesperson and various relevant business departments to ensure appropriate responses to stakeholders' concerns, including issues related to corporate social responsibility.</p>	Follow the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".
<p>6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?</p>	V		<p>The company appointed Yuanfa Polaris Securities Co., Ltd. Stock Transfer Agency Department of shareholders to handle the transaction.</p>	Follow the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".
<p>7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status? (2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)? (3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?</p>	V		<p>(1) The company discloses relevant information through its website (<a href="http://www.dimerco.com">http://www.dimerco.com</a>) in both Chinese and English versions. (2) The company regularly and irregularly discloses relevant information on the Public Information Observation System and its own website, and implements a spokesperson system. The company also holds occasional corporate briefings and discloses information in accordance with regulations. (3) The company did not announce and file its annual financial report within two months after the end of the accounting year. However, it announced and filed the first, second, and third quarter financial reports and monthly operating conditions ahead of the prescribed deadlines.</p>	Follow the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".
<p>8. Has the Company disclosed other information to facilitate a better</p>	V		<p>(1) The training situation of the directors and supervisors of the Company.</p>	Follow the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".

<p>understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?</p>	<p>The directors and supervisors of the Company possess relevant professional knowledge. The Company regularly completes financial, accounting, and legal information for the reference of the directors. They also participate in relevant professional training as needed, such as the legal responsibilities of directors and supervisors of publicly listed companies in preventing and detecting corporate fraud, provided by the Chinese Corporate Governance Association.</p> <p>(2) The implementation of risk management policies and risk measurement standards; in addition to establishing a rigorous internal control system and conducting regular internal audits to assess the implementation, the Company has also obtained relevant insurance coverage to mitigate risks.</p> <p>(3) The implementation of policies for consumer or customer protection: Under the policy of prioritizing consumers and customers, internal regulations have been established in accordance with the spirit of consumer protection laws and other relevant laws for employees to follow and execute.</p> <p>(4) As for the Company's purchase of liability insurance for directors and supervisors, and its social responsibility, the Company has not yet purchased liability insurance for directors and supervisors.</p>	<p>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 2023. In the future, the company will review the evaluation results and evaluate possible improvements. In addition, the ranking range of the ninth corporate governance evaluation is the top 66% ~ 80%.</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 Remuneratio n 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	Chien Yin-Fan		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0		
Independent Director	Yang Wei-Tian		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0		
Independent Director	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; 8. Not a director, supervisor, officer, or shareholder holding 3% 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	2	0	100%	

Other mentionable items:

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

Important resolutions of Remuneration Committee :

April 1, 2023

Date	Type of meeting	Important Resolutions
Mar. 15, 2023	Remuneration Committee Meeting	1. Review 2023 management change and principal of salary adjustment 2. Review 2022 proposal for the distribution of directors remuneration and employee bonus
Aug. 9, 2022	Remuneration Committee Meeting	1. Planning of 2023 Remuneration Committee meetings schedule.
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.
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 Promotion of Sustainable Development - Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

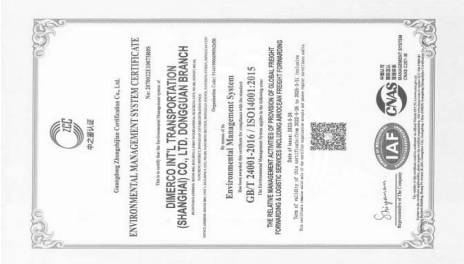
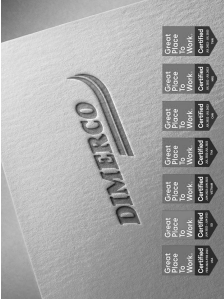
As an international company, Dimerco not only pursue business development, but also strive to make the greatest effort for the sustainable development of the Earth, reducing carbon emissions and energy consumption generated by shipping. In addition to minimizing the emissions and energy consumption generated during shipping to reduce our impact on the Earth, Dimerco share and provide feedback to improve our living environment, and hold ourselves to the highest professional and ethical standards, providing feedback to all customers and investors who trust Dimerco.

Item	Implementation status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
<p>1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board? (The TWSE/TPEX listed company shall report the implementation status. This is not a comply- or-explain provision.)</p>	V	<p>1. Sustainability Team established in 2022 °</p> <p><u>GLOBAL LOGISTICS SUSTAINABILITY (GLS) TEAM</u></p> <p>2. To promote the organization to implement carbon reduction and sustainable work, the ESG Steering Committee specially established</p>	

		<p>the "Greenhouse Gas Inventory Promotion Organization", the structure of which is as shown above. The ESG Committee for Energy Saving &amp; Carbon Emission Reduction convenes and manages the overall strategic direction, and approves the release of the annual GHG inventory project and report; the Executive Secretary is served by Business Development &amp; Coordination of the Central Service Center (CSC), which is mainly responsible for supervising, providing various resources required for the implementation of GHG inventory, coordinating relevant departments to cooperate with information collection operations, and assigning the establishment of an internal audit team; The inventory team leader of each group is appointed by the relevant departments to assist the Executive Secretary in coordinating the GHG inventory operation, which is an important role in charge of the collection, compilation, filing, and archiving of the inventory records, and the Inventory Committee is responsible for providing the data and corroborating information required by the team leader.</p>
		<p>3. The ESG Steering Committee authorized by the Board of Directors of Dimerco Group is the top management of climate change-related issues and sustainable management and performs the supervision and management responsibilities of the sustainable development of the Group (including the company). ESG Committee for Energy Saving &amp; Carbon Emission Reduction is established under the ESG Steering Committee, which is jointly established by the Business Intelligence Technology (BIT) Department, Central Service Center (CSC) and Internal Audit (IA) Department of the Dimerco Group. The key work is to focus on sustainable logistics services, supply chain negotiation and carbon reduction operations. The organizational structure of the Group's sustainable development promotion is shown</p>



<p>2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2) (The TWSE/TPEX listed company shall report the implementation status. This is not a comply-or-explain provision.)</p>	<p>V</p>	<p>above.</p> <p>1. Dimerco started since 2022 on GHG emissions calculation.</p> <table border="1" data-bbox="140 459 423 981"> <thead> <tr> <th>No.</th> <th>Name of site</th> <th>Ownership</th> <th>Address</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Taipei Branch Taoyuan Airport Office</td> <td>Self-owned Lease</td> <td>11 and 12-1 F., No. 160, Sec. 6, Min Chuan E Rd., Neihu Dist., Taipei City 114, Taiwan Rm. T4005, 4F., No. 101, Hangxiang Rd., Dayuan Dist., Taoyuan City 337, Taiwan</td> </tr> <tr> <td>3</td> <td>TACT Logistics Office</td> <td>Lease</td> <td>3F., No. 10-1, Hangeqin N. Rd., Dayuan Dist., Taoyuan City 337, Taiwan</td> </tr> <tr> <td>4</td> <td>Hsinchu Office</td> <td>Lease</td> <td>7F-1, No. 38, Tai-Yuen St., Zhubei City, Hsinchu County 302, Taiwan</td> </tr> <tr> <td>5</td> <td>Taichung Office</td> <td>Lease</td> <td>12F-8, No. 201, Sec. 2, Wensun Rd., Xitun Dist., Taichung City 407, Taiwan</td> </tr> <tr> <td>6</td> <td>Kaohsiung Branch</td> <td>Lease</td> <td>6F-3, No. 110, Sanduo 4th Rd., Lingya Dist., Kaohsiung City 802, Taiwan</td> </tr> </tbody> </table> <p><small>Note: The main office of this Taipei Branch includes 11th floor and 12-1th floor, of which the 11th floor is the main address.</small></p> <p>The base year is 2021, with a period from January 1, 2021, to December 31, 2021. The setting of reporting boundaries is mainly based on ISO 14064-1:2018 (Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals). GHG emissions can be aggregated into six categories at the organizational level. Furthermore, the criteria for the significance of indirect emissions will be applied and documented to determine which indirect emissions to include in the GHG inventory, in accordance with the anticipated purpose of use, the availability and integrity of data, and the proportion of emissions.</p> <p>2. For the significant indirect emissions, the emission sources concerned by the main intended users (i.e. the company's clients) shall be the essential inventory categories (goods transportation). The identification subcategories mainly include purchased electricity, goods transportation, business travel, purchased electricity upstream indirect emissions, fuel emissions from forklift (excluded from category 1).</p>	No.	Name of site	Ownership	Address	1	Taipei Branch Taoyuan Airport Office	Self-owned Lease	11 and 12-1 F., No. 160, Sec. 6, Min Chuan E Rd., Neihu Dist., Taipei City 114, Taiwan Rm. T4005, 4F., No. 101, Hangxiang Rd., Dayuan Dist., Taoyuan City 337, Taiwan	3	TACT Logistics Office	Lease	3F., No. 10-1, Hangeqin N. Rd., Dayuan Dist., Taoyuan City 337, Taiwan	4	Hsinchu Office	Lease	7F-1, No. 38, Tai-Yuen St., Zhubei City, Hsinchu County 302, Taiwan	5	Taichung Office	Lease	12F-8, No. 201, Sec. 2, Wensun Rd., Xitun Dist., Taichung City 407, Taiwan	6	Kaohsiung Branch	Lease	6F-3, No. 110, Sanduo 4th Rd., Lingya Dist., Kaohsiung City 802, Taiwan
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6	Kaohsiung Branch	Lease	6F-3, No. 110, Sanduo 4th Rd., Lingya Dist., Kaohsiung City 802, Taiwan																							

<p>3. Environmental Issues</p> <p>(1) Has the Company set an environmental management system designed to industry characteristics?</p>	<p>V</p>	<p>Dimerco has achieved international standards ISO 14001 and ISO 45001 in 2022 for its environmental management and occupational health and safety management systems for its subsidiary in China.</p> <p>Besides, Dimerco not only improves its environmental performance through more efficient use of resources and reduction of waste but also proves ongoing commitment to its loyal workforce with mutual growth between the company and its employees worldwide by receiving Great Place to Work (GPTW) recognition in China, Hong Kong, Singapore, Taiwan, USA and Vietnam in 2021, and also Thailand in 2022.</p>	
			

Item	Implementation status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V	<p>Dimerco has achieved automated workflows through a secure cloud system, reducing unnecessary paperwork between internal departments, agents, operators, and customers. We are a leader in the IATA e-AWB project, committed to end-to-end paperless air cargo transportation processes.</p> <p>Due to significant differences in cost and carbon emissions between transportation modes such as air, sea, rail, and road, Dimerco has promoted green logistics solutions aimed at changing existing freight methods and choosing environmentally friendly transportation. Additionally, the company plans to integrate all transportation systems through its patented CYM® (Consolidated Yield Management) system (Patent No. I 505230) to reduce carbon footprints.</p> <p>In addition, Dimerco has been implementing energy-saving measures in its office environments for many years, including replacing traditional fluorescent lamps with LED energy-saving lamps at its operational units in Taiwan. This measure has now been fully implemented and a temperature control measure of 25°C has been implemented worldwide.</p> <p>Through the implementation of GHG inventory in 2022, the foundation of the pathway for CO2 reduction will be laid. Dimerco sets a goal of reducing the total emissions of Category 1 and 2 by 18% in 2030, and use 100% renewable energy for the electricity purchased by the office in 2050.</p>	

<p>(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?</p>	<p>V</p>	<p>Since 2022, Dimerco has started working with consulting companies to evaluate potential risks and opportunities, as well as the corresponding measures that will be taken in the future.</p> <p>Dimerco implements GHG inventory in accordance with ISO 14064-1:2018 and sets reporting boundaries. Subsequently, through established base year setting, recalculation procedures, and identification principles of significant indirect emission sources, the selection of base year is completed and the scope of indirect emission sources is established. Simultaneously, activity data collection and data management procedures have been followed and emission factors have been selected to calculate emissions. After the inventory is established, the information will be archived and disclosed to intended users while the inventory will be used for subsequent promotion of GHG reduction.</p>	
<p>(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?</p>	<p>V</p>	<p>(1) Greenhouse gases: including carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, nitrogen trifluoride, and others announced by the competent authorities. They are classified into direct emissions (Scope 1), energy indirect emissions (Scope 2), and other indirect emissions (Scope 3).</p> <p>(2) Water usage</p> <p>(3) Waste: classified into the total weight of hazardous and non-hazardous waste. Non-manufacturers may not need to distinguish between the two and only disclose the total weight of waste, explaining the statistical method based on the industry characteristics.</p> <p>For the calculation on Scope 1, 2 &amp; 3 of GHG Emission, the base year is 2021, with a period from January 1, 2021, to December 31 while the GHG inventory report are set by six freight bases of Dimerco in Taiwan in 2022 for annual report disclosure.</p>	

<p>4. Social Issues</p> <p>(1)Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	<p>V</p>	<p>Please refer to Labor Relations.</p>	
<p>(2)Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?</p>	<p>V</p>	<p>Please refer to Labor Relations.</p> <p>As of early 2023, the proportion of female employees in the group was 55%.</p>	
<p>(3)Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?</p>	<p>V</p>	<p>Please refer to Labor Relations.</p> <p>Workplace environment and employee personal safety protection measures include regular disinfection of carpets and water dispensers, which are maintained by a dedicated company responsible for the overall work environment.</p>	
<p>(4)Has the Company established effective career development training programs for employees?</p>	<p>V</p>	<p>Please refer to Labor Relations and the implementation of external and internal training and development for employees in 2022.</p> <p>The company holds monthly meetings to communicate and coordinate significant operational changes that may have an impact on employees.</p>	
<p>(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products</p>	<p>V</p>	<p>The company has a dedicated customer service team to promptly address customer complaints and ensure efficient operations for delivering excellent service quality. Through Electronic Data Interchange (EDI) and problem-solving capabilities, Dimerco is able to transmit electronic information of goods to agents, airlines, transportation companies, and</p>	

<p>and services, and implement consumer protection and grievance policies?</p>		<p>customers. This exchange of information enhances data accuracy, improves efficiency for users, and reduces resource waste, such as paper and electricity consumption associated with fax communication.</p>
<p>(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?</p>	<p>V</p>	<p>When entering into contracts with suppliers, our company includes compliance with labor laws and avoidance of environmental hazards as necessary declaration items. We require suppliers to commit to relevant corporate social responsibility policies and establish provisions for damages and compensation. In the event of supplier violations that significantly impact the environment and society, we reserve the right to terminate or dissolve the contract at any time.</p>
<p>5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for thereports above?</p>	<p>V</p>	<p>Dimerco received ISO 14064-1 certification in 2022 under rigorous third-party verification by DNV, which gave us the highest possible rating for adherence to the GHG measurement standards. (verified categories as below))</p>

6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: None

7. Other important information to facilitate better understanding of the company's promotion of sustainable development: [www.dimerco.com](http://www.dimerco.com)

Note 1: If "Yes" is ticked in the "Implementation status" column, please concretely describe the major policies, strategies, and measures adopted and the status of their implementation. If "No" is ticked in the "Implementation status" column, please explain the deviations and the reasons in the "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons" column and explain the Company's plans for adoption of related policies, strategies, and measures in the future. However, for Items 1 and 2, the TWSE/TPEX listed company shall describe its governance and supervisory framework for sustainable development, including but not limited to management policy, strategy and goal formulation, review measures, etc. It additionally shall describe the company's risk management policies or strategies for operations-related environmental, social, and corporate governance issues, and their assessment status.

Note 2: The materiality principle refers to focusing on environmental, social and corporate governance issues likely to have a material impact on the Company's investors and other stakeholders.

Note 3: Regarding the method for disclosure, please refer to the "SAMPLE ANNUAL REPORT" page on the website of the Taiwan Stock Exchange Corporate Governance Center.



### 3.3.6 Climate-Related Information:

#### 1. Implementation of Climate-Related Information

Item	Implementation status
<p>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</p> <p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p> <p>3. Describe the financial impact of extreme weather events and transformative actions.</p> <p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p> <p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p> <p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p> <p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p> <p>9. Greenhouse gas inventory and assurance status (separately fill out in point 1-1 below).</p>	<p>The ESG Steering Committee authorized by the Board of Directors (BOD) of Dimercio Group is the top management of climate change-related issues and sustainable management and performs the supervision and management responsibilities of the sustainable development of the Group (including the company).</p> <p>The committee coordinates with related departments and reports to BOD on annual base.</p> <p>ESG Committee for Energy Saving &amp; Carbon Emission Reduction is established under the ESG Steering Committee, which is jointly established by the Business Intelligence Technology (BIT) Department, Central Service Center (CSC) and Internal Audit (IA) Department of the Dimercio Group.</p> <p>The key work is to focus on sustainable logistics services, supply chain negotiation and carbon reduction operations.</p> <p>Through the implementation of GHG inventory in 2022, the foundation of the pathway for CO2 reduction will be laid. With the base year of 2021, Dimercio sets a goal of reducing the total emissions of Category 1 and 2 by 18% in 2030, and use 100%</p>



renewable energy for the electricity purchased by the office in 2050. And the verification is as below in details.	
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**1-1. Greenhouse Gas Inventory and Assurance Status**

Instructions for Completing the Table:

1. Scope 1 and Scope 2 information in this table shall be disclosed according to the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Scope 3 information may be voluntarily disclosed by the business.
2. The company may conduct the greenhouse gas inventory in accordance with the following standards:  
 (1) The Greenhouse Gas Protocol (GHG Protocol).  
 (2) ISO 14064-1 issued by the International Organization for Standardization.
3. The assurance body shall meet the provisions regarding assurance of sustainability reports prescribed by the TWSE and the TPEX.
4. The information for subsidiaries may be reported individually, or in aggregate (e.g., by country or by region), or on a consolidated basis (Note 1).
5. The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT\$ 1 million) should be disclosed (Note 2).
6. The proportion of total emissions from operating sites or subsidiaries not included in the inventory calculation shall not be more than 5%. "Total emissions" above means the quantity of emissions calculated according to the mandatory inventory scope referred to in point 1 of these Instructions for Completing the Table.
7. The description of assurance status shall summarize the content of the assurance report of the assurance body, and the complete assurance opinion shall be appended to the annual report (Note 3).

<p>Basic information of the company</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Capital of NT\$10 billion or more, iron and steel industry, or cement industry</li> <li><input type="checkbox"/> Capital of NT\$5 billion or more but less than NT\$10 billion</li> <li><input checked="" type="checkbox"/> Capital of less than NT\$5 billion</li> </ul>	<p>Minimum required disclosure under the Sustainable Development Roadmap for TWSE/TPEX Listed Companies:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Inventory for parent company only</li> <li><input type="checkbox"/> Inventory for all consolidated entities</li> <li><input type="checkbox"/> Assurance for parent company only</li> <li><input type="checkbox"/> Assurance for all consolidated entities</li> </ul>
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Scope 1	Total emissions(Metric tons CO2e)	(Metric tons CO2e / NT\$ 1 million)(Note 2)	Intensity	Assurance body	Description of assurance status (Note 3)
Dimerco Express Corporation	50.194		0.011		
Subsidiary(ies)_				Det Norske Veritas (DNV)	For the Direct GHG emissions, the reliability of the information within the Inventory Report (2021) were verified with reasonable level of assurance.
(Note 1)					
Total	50.194		0.011		
Scope 2	Total emissions (Metric tons O2e)		Intensity (Metric tons CO2e / NT\$ 1 million)(Note 2)	Assurance body	Description of assurance status (Note 3)
Dimerco Express Corporation	74.552		0.016		
Subsidiary(ies)_				Det Norske Veritas (DNV)	For the Indirect GHG emissions from imported energy, the reliability of the information within the Inventory Report (2021) were verified with reasonable level of assurance.
(Note 1)					
Total	74.552		0.016		
Scope 3	58,867.025				

**3.3.7 Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for**

**TWSE/TPEX Listed Companies and the Reasons**

Evaluation item	Implementation status (Note))		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p>	V		Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
<p>(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?</p>	V		Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
<p>(3) Does the company clearly set out the operating procedures,</p>	V		Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.

<p>behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?</p>		<p>and feedback to relevant departments at the end of the year, authorizing them to evaluate and review response strategies. The initiatives are then implemented in the following year in alignment with established goals and projects, and periodic reports are submitted to the board of directors. The company's governance objective is to balance the interests of stakeholders, including "society" as an important stakeholder. Considering corporate governance and operational goals, the company has established a reasonable compensation policy, with corporate social responsibility being one of the indicators.</p>	
<p>2. Ethical Management Practice</p> <p>(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?</p> <p>(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?</p> <p>(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?</p>	<p>√</p> <p>√</p> <p>√</p>	<p>(1) Section 5.2 of Chapter 1 in the company's employee handbook provides detailed guidelines that the company's business activities should avoid engaging in any dishonest or unethical behavior.</p> <p>(2) The company emphasizes the importance of ethical business practices and has established a dedicated unit within the group office to promote and oversee the implementation of ethical business management. This unit is responsible for formulating and implementing policies and preventive measures related to ethical business practices and regularly reports to the board of directors.</p> <p>(3) The company has outlined in Section 5.4.7 of the employee handbook the establishment of a policy to prevent conflicts of interest and the provision of appropriate channels for disclosure.</p>	<p>Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</p>

<p>(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?</p> <p>(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?</p>	<p>(4) The company carries out an annual internal audit plan to assess and monitor areas for improvement, and submits the annual audit report to the Board of Directors.</p> <p>(5) Please refer to Labor Relations.</p>	<p>Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</p>
<p>3. Implementation of Complaint Procedures</p> <p>(1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?</p> <p>(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?</p> <p>(3) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?</p>	<p>The company has established a reporting channel and a disciplinary and grievance system for violations of integrity and business ethics, as outlined in Chapter 5, Section 4, 11 of the employee handbook.</p>	<p>Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</p>

<p>4. Strengthening Information Disclosure</p> <p>Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the MarketObservation Post System (MOPS)?</p>	<p>A dedicated person is responsible for regularly and irregularly disclosing information related to the company's integrity and business ethics on the external website: <a href="http://www.dimerco.com">http://www.dimerco.com</a>.</p>	<p>Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</p>
<p>5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation:</p> <p>Although the company has not established the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," the Board of Directors of Dimerco Express Group has decided to establish an ethical framework called "Dimerco's Commitment to Ethics and Business Conduct" to detect and prevent any violations of the U.S. Foreign Corrupt Practices Act (FCPA) and other applicable anti-bribery laws. In accordance with this, Dimerco has adopted a clear company policy to prevent violations of the FCPA and establish standards and procedures for compliance by all Dimerco employees, consultants, and agents. These rules, included in our FCPA compliance program, serve to reasonably reduce the risk of violating the FCPA or other national anti-bribery laws. The Board of Directors of Dimerco has decided to establish the following policies as the foundation of its FCPA policy and implementation plan.</p> <p>6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles):</p> <p>The company has established the "Code of Conduct for Ethics and Business Practices" policy. For detailed information, please refer to our company website at <a href="http://www.dimerco.com">www.dimerco.com</a>.</p>		

Note: Regardless of whether "Yes" or "No" is ticked regarding the implementation status, an explanation should still be provided in in the explanation column for each item.

**3.3.8 Other Important Information Regarding Corporate Governance**  
Not Applicable

**3.3.9 Internal Control System**  
Please refer to page 65 of the Chinese annual report.

**3.3.10 Any legal penalties imposed on the company and its internal personnel, penalties imposed by the company on its internal personnel for violations of internal control system regulations, and major deficiencies and improvement measures should be disclosed for the most recent fiscal year and up to the printing date of the annual report:**  
Not Applicable

**3.3.11 Major Resolutions of Shareholders' Meeting and Board Meetings**

- Status of last shareholders' extempore meetings: 8th Jun 2022
1. Acceptance of the proposal on business report and financial accounts of year 2021  
Execution status: Approved by resolution.
  2. Approval on the proposal of distribution of earnings surplus of year 2021.  
Execution status: Set the ex-dividend date is June 22<sup>nd</sup>, 2022 and the payable date is July 8<sup>th</sup> 2022 (Cash dividend per share is NT\$ 10.7.).

Important resolutions of the board:

Date	Item	Major resolutions
15 <sup>th</sup> Mar 2023	Board of Directors	1. Recognized year 2022 internal audited report 2. Recognized year 2022 individual and consolidated financial statements and reports 3. Year 2022 retained earning distribution
9 <sup>th</sup> Nov 2022	Board of Directors	Recognized year 2022 Q3 audited financial statements and reports
12 <sup>th</sup> Oct 2022	Board of Directors	Implement treasury stock repurchase plan
9 <sup>th</sup> Aug 2022	Board of Directors	Recognized year 2022 Q2 audited financial statements and reports
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 2021 internal audited report 2. Recognized year 2021 individual and consolidated financial statements and reports 3. Year 2021 retained earning 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 earning 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 earning 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 earning 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>rd</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 earning 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>rd</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	1. Recognized year 2016 audited financial statements and reports 2. Proposal for distribution of year 2016 earnings surplus. 3. Resolution for the date and issues of year 2016 annual shareholders meeting 4. Approval of year 2016 Internal Control Declaration Statement.
12 <sup>th</sup> Dec 2016	Board of Directors	1. Recognized year 2016 business plan and budget. 2. Recognized Treasury stocks transferring 3. Recognized the key audit matters
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	1. Proposal for issuance of New Restricted Employee Shares 2. The proposal of purchasing new office.
17 <sup>th</sup> Mar 2014	Board of Directors	1. Approval of year 2013 Q4 audited financial statements and reports 2. Proposal for distribution of year 2013 earnings surplus 3. Resolution for the date and issues of year 2014 annual shareholders meeting 4. Approval of year 2013 Internal Control Declaration Statement. 5. Appoint group CEO case 6. Election of members of Remuneration Committee 7. The amendment of Dimercio accounting policy
17 <sup>th</sup> Jan 2014	Board of Directors	1. The Third times treasury shares bought back write-off cases
17 <sup>th</sup> Dec 2013	Board of Directors	1. Recognized Bank Guarantee 2. Y2014 Internal Audit added IFRS Audit



7 <sup>th</sup> Nov 2013	Board of Directors	3. Investment Project Progress Report 1. Approval of year 2013 Q3 audited financial statements and reports 2. Bank Guarantee Admitted
13 <sup>th</sup> Aug 2013	Board of Directors	1. Approval of year 2013 Q2 audited financial statements and reports 1. To determine the ex-right and ex-dividend base date 3. Report the status of investment plan and discuss the next action plan. 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.
19 <sup>th</sup> Jul 2013	Board of Directors	Discussion of Investment Plan Approval of year 2013 Q1 audited financial statements and reports
11 <sup>th</sup> Jun 2013	Board of Directors	1. Proposal for distribution of year 2012 earnings surplus.
14 <sup>th</sup> May 2013	Board of Directors	2. Approval of year 2012 Internal Control Declaration Statement.
2 <sup>nd</sup> Apr 2013	Board of Directors	1. Approval of year 2012 Q4 audited financial statements and reports 2. Resolution for the date and issues of year 2013 annual shareholders meeting
15 <sup>th</sup> Mar 2013	Board of Directors	1. Approval of year 2013 business plan and budget. 2. The status of IFRS Implementation 3. The amendment of rules of internal control
18 <sup>th</sup> Dec 2012	Board of Directors	Approval of year 2012 Q2 audited financial statements and reports
15 <sup>th</sup> Aug 2012	Board of Directors	Report the status of change company name and decide the base date of change company name
10 <sup>th</sup> Jul 2012	Board of Directors	Election of Chairman
12 <sup>th</sup> June 2012	Board of Directors	Discussion of change company name as Dimenco Express Corporation
9 <sup>th</sup> May 2012	Board of Directors	1. Approval of year 2011 Q4 audited financial statements and reports 2. Proposal for distribution of year 2011 earnings surplus. 3. Resolution for the date of year 2012 annual shareholders meeting
16 <sup>th</sup> Mar 2012	Board of Directors	1. Approval of year 2012 business plan and budget. 2. Report IFRS First adoption 3. Decided members of Remuneration Committee
21 <sup>st</sup> Dec 2011	Board of Directors	1. Purchase USA brokerage company (MYK) 2. Discussion of Buyback of Treasury Stock 3. European reorganized the structure of operation
5 <sup>th</sup> Dec 2011	Board of Directors	1. Approval of year 2011 Q2 audited financial statements and reports 2. Discussion of Buyback of Treasury Stock
16 <sup>th</sup> Aug 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
13 <sup>th</sup> Jul 2011	Board of Directors	1. Report the status of IFRS implementation in Y2011 Q2 2. Report 4 <sup>th</sup> buyback of Treasury Stock
30 <sup>th</sup> June 2011	Board of Directors	1. Approval of year 2010 Q4 audited financial statements and reports 2. Approval of year 2010 earning surplus distribution Resolution of Buyback of Treasury Stock
31 <sup>th</sup> Mar 2011	Board of Directors	Approval of the audit plan for year 2011 Internal Auditing Resolution of Buyback of Treasury Stock
23 <sup>th</sup> Mar 2011	Board of Directors	Approval of year 2010 Q2 audited financial statements and reports To determine the ex-right and ex-dividend base date
15 <sup>th</sup> Dec 2010	Board of Directors	1. Report IFRS 2nd quarter execution 2. Report the status of bank guarantee
30 <sup>th</sup> Nov 2010	Board of Directors	1. Approval of year 2009 audited financial statements and consolidated financial reports. 2. Approval of year 2009 earning surplus distributions.
18 <sup>th</sup> Aug 2010	Board of Directors	
12 <sup>th</sup> July 2010	Board of Directors	
11 <sup>th</sup> June 2010	Board of Directors	
31 <sup>st</sup> Mar 2010	Board Meeting	

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 supervisor's 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 NTID 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 location.
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	<ol style="list-style-type: none"> <li>1. Year 2005 business report</li> <li>2. Supervisors inspected on year 2005 financial accounts.</li> <li>3. Acceptance of year 2005 financial accounts.</li> <li>4. Acceptance of year 2005 earnings surplus distribution.</li> <li>5. Proposal of capital replenishment by issuance of new stocks from earnings surplus cum capital reserves and employee bonuses of year 2005.</li> <li>6. Amendments of partial articles of The Articles of Incorporation.</li> </ol>
5 <sup>th</sup> May 2006	Board Meeting	<ol style="list-style-type: none"> <li>1. Amendments of the retention amount for convertible bonds.</li> <li>2. Draft for "Rules and procedures for Board meetings".</li> </ol>
27 <sup>th</sup> Apr 2006	Board Meeting	<ol style="list-style-type: none"> <li>1. Acceptance of year 2005 audited financial statements and consolidated financial reports.</li> <li>2. Resolution for distribution of year 2005 earnings surplus.</li> </ol>
5 <sup>th</sup> Apr 2006	Board Meeting	<ol style="list-style-type: none"> <li>1. Resolution for the date of annual shareholders meeting for year 2006.</li> <li>2. Updated Internal Control System in writing.</li> </ol>

### 3.3.12 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

### 3.3.13 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

### 3.3.14 Managerial participation in corporate governance-related education and training

Job Title	Name	Course Name	Organizer	Training Hours	Training Expense
Group CFO	Chen, Ching-Chi	Continuous Education Program for Securities Industry Accountants in Listed Companies	Taiwan Accounting Research and Development Foundation	12	8,000
Internal Audit Director	Li, Chun-Ching	Common omissions in the preparation of corporate financial reports and practical compliance with internal audit and internal control laws and regulations	Taiwan Accounting Research and Development Foundation	6	3,500
Internal Audit Director	Li, Chun-Ching	Internal audit personnel's audit control practices for information security	Taiwan Accounting Research and Development Foundation	6	3,500
Assistant Internal Audit Manager	Chong, Bao-Cheng	Cross-strait tax audit and regulatory analysis practice	Taiwan Institute of Internal Auditors	6	3,000
Assistant Internal Audit Manager	Chong, Bao-Cheng	Common internal audit and control deficiencies and case analysis of Taiwan-funded subsidiaries	Taiwan Institute of Internal Auditors	6	3,300
Group Finance Manager	Chen, Ting-Hsin	Continuous Education Program for Securities Industry Accountants in Listed Companies	Taiwan Accounting Research and Development Foundation	12	8,000

### 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. Chang, Chun-I Ms. Guah, Chun-Xiu	2022.01.01~2022.12.31	

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

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		
KPMG	Ms. Huang, Bo Shu	4,320	0	0	0	2022.01.01 ~2022.12.31	1. Fairness Opinion for Treasury Stock Purchase NTD80,000. 2. Tax Filing NTD300,000 3. Transfer Pricing Report NTD150,000. 4. Tax Consultation NTD325,000. 5. Salary Information for Full-time Non-Executive Employees NTD50,000.
	Ms. Chang, Chun-I		605	605	605		

### 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	CPA	The Company
	Status		
	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

**C. The company shall disclose the content of the reply letter from the former certified public accountant: N/A**

**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 2022

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

Title	Name	2022			Unit: Share As of April 7, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	
Chairman	Chien, Yao-Huai	0	0	0	0	
Director	Chien, Wen-Li	0	0	0	0	
Director	Representative of Corporate shareholder, MEC Electronics	0	0	0	0	

	Corporation Yang, Wei-Yen				
Director	Chuang, Si-Wei	0	0	0	0
Independent Director	Yang, Wei-Tien	0	0	0	0
Independent Director	Chien, Yin-Fan	0	0	0	0
Independent Director	Chien, Yin-Fan	0	0	0	0
President	Chiou, Juhn-Rung	0	0	0	0
Deputy General Manager	Chung, Hung-Chih	0	0	0	0
Group Financial Controller	Chen, Ching-Chi	0	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	5.47%	-	-	-	-	-	-	-
Representative –Yang, Wei-Yen of MEC Electronics Corporation	-	-	218,247	0.16%	-	-	-	-	-
Chien, Yao-Huai	5,042,085	3.79%	153,965	0.12%	-	-	Chien, Wen-Li Chien, Wen-Chun Chien, Wen-Yi	Father -daughter	-
Universal Consulting Ltd. Representative –Lee Dionson Jr. of Universal Consulting Ltd.	3,522,960	2.65%	-	-	-	-	-	-	-
Mo Hsin Investment Ltd.	2,874,960	2.60%	1,224,670	0.92%	-	-	Johnny Lee	Brothers	-
Representative –Chou, Mu-Hao of Mo Hsin Investment Ltd.	-	-	-	-	-	-	-	-	-
Ruei Cheng Investment Ltd.	2,680,880	2.01%	-	-	-	-	Chien, Yao-Huai	Father -daughter	-
Representative –Chien, Wen-Chun of Ruei Cheng Investment Ltd.	544,220	0.41%	-	-	-	-	-	-	-
AGM INVESTMENT LTD.	2,362,000	1.77%	-	-	-	-	-	-	-
Representative –Peng Shi-Xiao of AGM INVESTMENT LTD	-	-	-	-	-	-	-	-	-



Su, Yu-Shin	2,307,607	1.73%	-	-	-	-	-	-	-
Deng Fu Ltd.	1,759,693	1.32%	-	-	-	-	-	-	-
Representative – Johnny Lee of Deng Fu Ltd.	-	-	-	-	-	-	-	Lee Dionston Jr	Brothers
Chien, Wen-Li	1,756,821	1.32%	107,600-	0.08%-	-	-	-	Chien, Yao-Huai	Father-daughter
Chien, Wen-Yi	1,724,887	1.30%	-	-	-	-	-	Chien, Yao-Huai	Father-daughter

### 3.7 Ownership of Shares in Affiliated Enterprises

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership		Unit: shares/ %
	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 reserves100,000,000	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

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 8, 2023

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	0	191	34,134	171	34,496
Shareholding (shares)	0	0	26,706,455	85,829,954	23,543,591	136,080,000
Percentage	0.00%	0.00%	19.62%	63.08%	17.30%	100.00%

#### 4.1.3 Shareholding Distribution Status

##### A. Common Shares

April 7, 2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	18,263	1,182,051	0.89%
1,000 ~ 5,000	13,772	24,964,953	18.76%
5,001 ~ 10,000	1,379	9,829,361	7.39%
10,001 ~ 15,000	469	5,589,622	4.2%
15,001 ~ 20,000	165	2,929,348	2.2%
20,001 ~ 30,000	156	3,848,686	2.89%
30,001 ~ 40,000	66	2,304,324	1.73%
40,001 ~ 50,000	47	2,139,003	1.61%
50,001 ~ 100,000	71	4,956,034	3.72%
100,001 ~ 200,000	37	5,106,833	3.84%
200,001 ~ 400,000	24	6,891,664	5.18%
400,001 ~ 600,000	15	7,557,227	5.68%
600,001 ~ 800,000	4	2,696,042	2.03%
800,001 ~ 1,000,000	1	984,000	0.74%
1,000,001 or over	27	53,100,852	39.14%
Total	34,496	136,080,000*	100%

\*exclude 3,000,000 shares of 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	5.47%
Chien, Yao-Huai	5,042,085	3.79%
Universal Consulting Ltd.	3,522,960	2.65%
Mo Hsin Investment Ltd.	2,874,960	2.16%
Ruei Cheng Investment Ltd.	2,680,880	2.01%
AGM INVESTMENT LTD	2,362,000	1.77%
Su, Yu-Shin	2,307,607	1.73%
Deng Fu Ltd.	1,759,693	1.32%
Chien, Wen-Li	1,756,821	1.32%
Chien, Wen-Yi	1,724,887	1.30%

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

Unit: NT\$/share; thousand share

Items	2021	2022	01/01/2023 - 3/31/2023
<b>Market Price per Share</b>			
Highest Market Price	160.00	115.50	85.80
Lowest Market Price	55.40	57.60	77.60
Average Market Price	92.65	85.67	82.24
<b>Net Worth per Share</b>			
Before Distribution	31.66	44.1	34.77
After Distribution	Note 8	Note 8	Note 8
<b>Earnings per Share</b>			
Weighted Average Shares (thousand shares)	136,080	136,080	136,080
Diluted Earnings Per Share	16.98	18.71	1.95
<b>Dividends per Share</b>			
Cash Dividends	10.2	10.7	-
Stock Dividends			
• Dividends from Retained Earnings	-	-	-
• Dividends from Capital Surplus	-	-	-
Accumulated Undistributed Dividends	5,695	20,665	1,476,487
<b>Return on Investment</b>			
Price / Earnings Ratio (Note 1)	5.46	4.58	-
Price / Dividend Ratio (Note 2)	9.08	8.01	-
Cash Dividend Yield Rate (Note 3)	11.01	12.49	-

\* 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

15<sup>th</sup> Mar. 2023, after set aside NTD 254,674,637 as legal reserve according Company Law and the Articles of Incorporation, Board of Directors proposed to distribute NTD 42,071,058 as remuneration for directors and supervisors, NTD 147,500,761 as remuneration for employees. Cash dividends for shareholders NTD 1,456,056,000 and Stock dividends for shareholders NTD 68,040,000 will be proposed in the annual shareholders' meeting for resolution.

#### 4.1.7 The proposed free stock distribution at this shareholders' meeting and its impact on the company's operating performance and earnings per share:

In the fiscal year 111, the portion of shareholder dividends from the earnings distribution will be distributed in the form of cash dividends.

#### 4.1.8 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 147,501 thousand, remuneration for directors and supervisors is NTD42,071 thousand as of 2022.

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

- (1) Distribution of cash dividends to employees and remuneration for directors and supervisors:

In 2022, it is proposed to distribute employee remuneration in the amount of NT\$147,501 thousand and remuneration for directors and supervisors in the amount of NT\$42,071 thousand. The proposed amounts for cash dividends to employees and remuneration for directors and supervisors are consistent with the estimated amounts in the company's consolidated financial statements for 2022.

(2) Starting from 2008, the implementation of employee profit sharing and the recognition of remuneration for directors and supervisors as expenses, any differences between the estimated employee remuneration and remuneration for directors and supervisors in the financial statements for 2022 will be recorded as income or expenses for 2022.

(3) Taking into consideration the proposed employee remuneration and remuneration for directors and supervisors for 2022 as expenses attributed to the earnings of the year, the calculated after-tax basic earnings per share would increase from NTD 16.98 to NTD18.71 , an increase of NTD1.73.

C. Distribution of Earnings for Employee Compensation and Director/Supervisor Remuneration in the Previous Year:

The resolution for the distribution of earnings for the fiscal year 2021 was approved by the Board of Directors on March 17, 2022, and the distribution report was presented at the shareholders' meeting on June 8, 2022

**4.1.9 Buyback of Treasury Stock:**

A. On October 12, 2022, a board meeting was held, and it was resolved to repurchase 3,000,000 treasury shares and transfer the shares to employees.

B. The repurchase of company shares from the Taiwan Stock Exchange centralized market was completed on December 8, 2022. A total of 3,000,000 treasury shares were repurchased, accounting for 2.2% of the total issued shares of the company. The average repurchase price per share was NT\$67.

**4.1.10 According to the "Guidelines for the Disclosure of Annual Report Information by Publicly Issued Companies," Appendix 15, the names, acquisitions, and subscription details of the top ten managers who have obtained employee stock options certificates and whose subscription amount exceeds NT\$30 million up to the date of the annual report's printing are as follows: Not application**

**4.2 Bonds: Not application**

**4.3 Preferred Stock: Not application**

**4.4 Global Depository Receipts: Not application**

**4.5 Employee Stock Options: Not application**

**4.6 Restricted Stock: Not application**

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

**4.8 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 and builds stable relationships and matures 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 a more optimized interactive interface system or mobile version, 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. In addition to cargo tracking, the Company also provide customers with understanding of shipment volume and price analysis, real-time online reporting, and other services to quickly and effectively analyze and achieve customer critical performance indicators.

#### •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 photograph. In addition, it is also equipped with the Vendor Mode, a real-time feedback function for cargo Proof of Delivery information developed specifically for field or outsourced truck drivers by Dimerco, allowing customers to receive more timely cargo 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.
- MyHome Plus App: To provide customers with better service, Dimerco has developed the MyHome Plus App for its employees, allowing them to easily and quickly access important company information and communication through their mobile phones. The app includes functions such as important company activity messages, internal news releases, Freight Market Forecast, eAWB Monitor, contact information for major branches, holiday and attendance status inquiries, etc. Through these functions, employees can quickly understand the current market situation, provide customers with a better pricing foundation, and assist customers in making more suitable arrangements for their cargo and services.
- RPA (Robotic Process Automation) Process Automation: With years of cultivating digital capabilities, Dimerco has positioned 2023 as the year of digital transformation and established an RPA seed team to conduct in-depth research on global logistics service processes. By utilizing RPA software, the team has achieved unified and digitalized information, enhancing operational and management efficiency, as well as service levels.

#### Industries that main customers are in

The Company's revenue distribution 2022 are categorized into High-tech Electronics, Computers & Peripherals 26.6%, Semiconductors 20.3%, Transportation 11.9%, Machine Tools 7.2%, Raw Materials 4.1%, Medical Equipment 3.7%, Communications 4.0%, Apparel & Textiles, 3.5%, 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 ISO27001:2013 and NIST CSF was completed in 2021. And planning to complete the preparation and requirements related to the new version of ISO27001:2022 by 2023 and expect to obtain the verification of the new version of ISO27001:2022 by January 2024.
- 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. And will complete the comprehensive revamp of MyDimerco in 2022, providing customers with a more interactive and user-friendly collaborative service platform.

Dimerco has been established for more than half a century. 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 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. In 2022, Dimerco successfully passed the ISO 27001:2013 certification for information security management accredited by the British Standards Institute (BSI), and continues to improve. We are expected to upgrade to the new ISO27001:2022 information security management certification in the re-certification review by 2024.

Stepping into 2022, in response to the trend of green logistics market, Dimerco conducted its first greenhouse gas inventory and successfully passed the highest level of ISO 14064-1:2018 greenhouse gas verification standard. Based on the year 2021 as a reference, the company has set a target to reduce the total emissions of Category 1 and Category 2 by 18% by 2030. Moreover, the company has set a vision to achieve 100% renewable energy use for its external electricity procurement by 2050.

[Global economy and industry development]

Looking back at 2022, the pandemic caused major disruptions in the global supply chain, while the conflict between Russia and Ukraine led to shortages of energy and raw materials. The trend of globalization began to reverse as a result of geopolitical tensions, and it is possible that economic blocs with clear barriers could replace the current system, with countries reducing their reliance on other countries with different ideologies for key materials.

China's dynamic "zero-Covid" policy has already dealt a heavy blow to the domestic economy, and other factors such as geopolitical tensions have caused multinational companies to gradually withdraw from China and shift production to other countries, leading to a more diversified supply chain. For example, in late October 2022, a large number of employees left Foxconn's iPhone assembly plant in Zhengzhou, Henan Province, causing significant damage to both Apple and Foxconn. Foxconn plans to significantly expand the workforce at its Indian iPhone assembly plant within two years, and will shift more of the iPhone supply chain to India in the future.

In 2022, the continued growth of domestic demand in most emerging Asian countries benefited from the relaxation of epidemic prevention measures and the reduction of the negative impact of the epidemic, but high inflation suppressed private consumption, and export performance weakened in the second half of the year due to the cooling of the economy in the United States and Europe. Interest rate hikes and weakened external demand also suppressed the performance of the manufacturing industry.

The US government's measures to incentivize the reshoring of manufacturing and prevent China from acquiring advanced technology are viewed as further undermining the current stable global trade system. Many factors have forced companies to restructure their supply chains, with a high concentration of industries in a few countries and productivity impacted, increasing the downside risk of a global economic recession. According to The Economist's analysis, from 2008 to 2019, world trade relative to global GDP fell by about 5 percentage points. Direct investment between the United States and China also decreased from nearly \$30 billion in 2015 to around \$5 billion in 2022.

Looking ahead to 2023, the global economic outlook still faces many risks, such as the possibility that the global economic slowdown trend will continue in 2023, possibly leading to a mild recession, especially in the United States, where the risk of economic recession is increasing due to the lagging effects of the Federal Reserve's radical interest rate hikes, increasing downward pressure on labor market demand, and insufficient consumption momentum. The continued impact of the energy crisis, declining external demand, and tightening monetary policy may even cause the European economy to stagnate in 2023.

As the epidemic prevention and control policies shift, the driving role of consumer demand in economic growth has increased. Although China's economy will recover, factors such as a sluggish real estate market, aging population, and insufficient external demand will to some extent affect its economic growth. The economic growth of most emerging Asian countries will slow down due to the rising interest rates and weakening demand from the US and Europe, but the positive spill-over effect of China's epidemic prevention policy shift will help regional economic performance. The IMF expects that half of the emerging countries will have a lower economic growth rate in 2023 than in 2022. The main downside risks include the uncertain impact of the Russia-Ukraine war on the global economic outlook, negative inflation-related news that could cause severe financial market volatility, and global financial tightening that could push up debt pressures.

In addition, the impact of the US-China dispute has led the US to implement chip export controls on China, and actively ally with the international community to confront China. In March 2022, the US proposed the Chip 4 Alliance as part of a wider plan to enhance semiconductor supply chain security and flexibility, including reducing the world's reliance on China's chip manufacturing. As the US-China technology war intensifies, the US Department of Commerce updated its export control list for China in October 2022, targeting high-end chips, advanced process wafer factories, and higher-end memory. In the future, US companies must stop exporting advanced chips and related manufacturing equipment to China unless they obtain government approval, and cannot provide chips manufactured using US technology in other countries. This will impact globalization development, coupled with major countries continuously promoting the localization and regionalization of critical material supply chains. The US and Europe have successively launched chip acts to strengthen their semiconductor supply chain security, which will continue to affect the global supply chain layout

[Air freight market]

In 2022, the global air cargo peak season was impacted by economic obstacles and a series of interconnected problems. The results were significantly lower than expected. Since the beginning of the year, news of China's inland lockdown and an impending strike at West Coast ports in the US have caused suppliers to increase inventory due to concerns about potential supply chain disruptions. By the second half of the year, a significant amount of inventory had accumulated. However, consumers were worried about rising living costs, coupled with inflation and rising interest rates, leading to a decrease in demand. As both supply and demand were under pressure, demand only occasionally spiked due to e-commerce promotion events. Overall, demand for air cargo was expected to decrease by around 6% compared to 2019. However, due to reduced cargo space on passenger planes, airport congestion, and labor shortages, air cargo prices remained supported, with rates still about 80% higher than before the pandemic.

In the 2021-2022 air cargo market, several significant trends emerged, including airline fleet mergers during the pandemic, shipping giant Maersk's investment in the air cargo sector, the peak in cargo aircraft conversion, and the growth of new cargo plane orders. These trends ran counter to the international political and economic situation, resulting in continuous market turbulence in the logistics supply chain.

According to Boeing's latest forecast at the end of 2022, the pandemic will continue to severely impact the global air cargo market's capacity supply and revenue in the short term. However, in the long run, the growth of the global economy, trade, and industrial manufacturing will be essential drivers of the air cargo market's development over the next 20 years. The annual average growth rates of global GDP, trade, and industrial manufacturing will reach 2.6%, 2.8%, and 2.2%, respectively, and the annual average growth rate of the global air cargo market in revenue tonne kilometers will reach 4.1%.

Looking ahead to 2023, the industry continues to integrate and develop, and the recovery is ongoing

despite headwinds. For example, in 2022, air cargo in North America had already returned to profitability, and there was strong growth in Central and South America. Although air cargo revenue may slow in 2023, airlines still have opportunities for relative growth, and the market demand still presents opportunities for stable recovery.

#### [Sea freight market]

In 2022, affected by loose monetary policies of major economies and the outbreak of the Russia-Ukraine conflict, commodity prices accelerated their upward trend, global inflationary pressure increased, the purchasing power of European and American countries weakened, and demand gradually shrank. Market inventory rose to a high level, China's foreign trade export orders decreased, and export growth rate continued to narrow. From January to November 2022, China's exports increased by 9.1% year-on-year, far lower than the growth rate in the first half of the year (56.3%). In November, China's exports decreased by 8.7% year-on-year, with decreases of 10.6% and 25.4% respectively to the European Union and the United States.

In terms of shipping capacity, although the congestion situation in European and American ports did not ease, the number of container ships with orders continued to increase, and shipping capacity maintained a rapid growth state. By the end of 2022, the shipping capacity of container shipping routes was about 26.143 million TEUs, a year-on-year increase of 4.5%. Against the backdrop of "reduced demand and increased capacity," the international container shipping market is no longer in a situation of "difficulty in obtaining containers," and some trans-Pacific eastbound and Asia to Northern Europe and the Mediterranean voyages have been cancelled, leading to a continuous increase in idle container ships. According to data from Alphaliner, by the end of 2022, the capacity of the global inactive fleet accounted for 5.5% of the total container fleet, higher than the end of 2021 (2.3%).

Since the beginning of 2022, container shipping rates have been continuously declining and by the end of the year, they had almost reached the same level as the same period in 2019. The average price index for Ningbo's export container shipping rates, NCFI, was 2732.4 points, a 16.1% YoY decrease. At the end of December, the index was 763.8 points, an 82.1% YoY decrease and a 21.4% decrease compared to the same period in 2019. The shipping rates for the US East and West routes fell to \$2803/FEU and \$1376/FEU respectively, with YoY decreases of 85.3% and 92.3%, and a 1.1% increase and 14.3% decrease respectively compared to the same period in 2019.

Looking ahead to 2023, the international container shipping capacity surplus is expected to worsen. The US Federal Reserve is continuing to raise interest rates, and issues such as high inflation and an energy crisis are gradually fermenting. Pessimistic economic expectations in Europe and the US will worsen, downstream consumer demand will slow down, factory inventories will continue to grow, and import traders will reduce their orders, leading to a shrinking demand for container shipping. The International Monetary Fund (IMF) predicts that global economic growth will be 2.7% in 2023, lower than 2022 (3.2%), and at least one-third of countries worldwide will fall into an economic recession. Meanwhile, the World Trade Organization (WTO) predicts that global commodity trade volume in 2023 may only increase by 1%, far lower than the previously forecasted 3.4%. In November 2022, the global manufacturing PMI was only 48.7%, a consecutive six-month decline, and two consecutive months below 50%.

In terms of shipping capacity, as the global economy slows down and freight seasonality returns to normal, the demand for ocean freight will decrease. In 2023, vessel waiting times and port operating conditions are expected to return to pre-pandemic levels. In contrast, the domestic coastal transport market in China is expected to steadily increase its demand, with a stable volume and price trend in the first half of the year and an anticipated increase in market activity in the second half.

#### (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.

In 2022, facing the impact of the pandemic and market trends, Dimerco optimized and integrated its internal and external processes through cloud, mobile, and intelligent technologies under information security certifications (ISO 27001:2013 - IS 743553, NIST CSF - Cybersecurity Framework NIST 759307). It positioned 2023 as the year of digital transformation, utilizing technology to enhance its internal digital capabilities and upgrade its online services for customers. Internally, Dimerco developed its own DimBot robot, which automates related services such as sales and cost forecasting, flight forecasts, vessel tracking, and exchange rate analysis using technologies like optical image recognition (OCR), artificial intelligence, and machine learning to provide powerful technological support to its employees. Externally, Dimerco's MyDimerco platform integrates offline and online services to provide customers with personalized dashboards, cargo tracking, online transportation document libraries, online quotations, dynamic reports, and virtual customer service, enabling customers to have 24/7 uninterrupted access to timely information and services. By involving all employees and integrating virtual and real elements, Dimerco has achieved good business results.

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®

(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®, 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® 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. With the year 2021 as the baseline, the company has set a goal to reduce the total emissions of category one and category two by 18% by 2030, and envisions using 100% renewable energy for purchased electricity outside the office by 2050. Internally, the company will implement energy-saving measures, and externally, it will work with partners to achieve carbon reduction. 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, demonstrating the global logistics centered on the Asia-Pacific region (Connecting Asia with the world). 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

Year		Unit: NT\$, '000			
		2021		2022	
Export Destination	Amount	%	Amount	%	
America	442,226	26.89%	382,285	20.78%	
Europe	71,914	4.37%	58,537	3.18%	
Asia	1,130,187	68.73%	1,398,842	76.04%	
Net export revenue	1,644,327	100.00%	1,839,664	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
Raytac DHL UPS	USA, Southeast Asia
GEODIS	Europe
Schenker KUEHNE+NAGEL DSV	Europe, US and Asia
Dolphin Logistics Panda Logistics Taiwan Express	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 2018 to 2022 were 2.44%, 2.83%, 3.20%, 2.73% and 2.94%, 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	2021					2022				
	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	1,138,041	31,019	2.73%	1,130	0.10%	1,027,827	30,226	2.94%	1001	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 2018 to 2022 was respectively 977, 996, 990, 1,007 and 1,027.

### (3) Key Performance Index

a. Based on the key performance indicators such as the export tonnage and market share, Dimerco was ranked 12th in 2022.

Unit: Ton

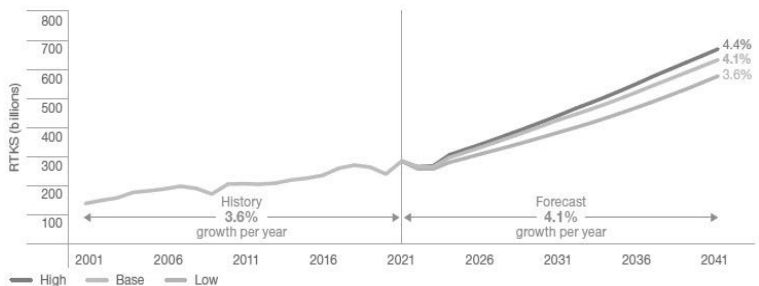
2022			
Ranking	Airfreight Forwarder	Total of Export Tonnage	Export Market Share (%)
1.	ECI TAIWAN CO., LTD.	51,110	9.29%
2.	SCHENKER (H.K.) LTD. TAIWAN BRANCH	38,854	7.06%
3.	MORRISON EXPRESS CORP., LTD.	34,270	6.23%
4.	DSV Air & Sea Co.,Ltd.	26,141	4.75%
5.	DHL Global Forwarding	21,246	3.86%
6.	KINTETSU WORLD EXPRESS (TAIWAN) INC.	14,572	2.65%
7.	WELL COME TRANSPORTATION CO., LTD.	14,360	2.61%
8.	NIPPON EXPRESS (TAIWAN) CO., LTD.	13,922	2.53%
9.	DOLPHIN CO., LTD.	11,304	2.05%
10.	KUEHNE + NAGEL LTD.	11,156	2.03%
11.	YUSEN LOGISTICS (TAIWAN) LTD.	11,025	2.00%
12.	DIMERCO EXPRESS CORPORATION	10,963	1.99%
13.	UPS INT'L INC. TAIWAN BRANCH	10,226	1.86%
14.	PANDA AIR EXPRESS CO., LTD.	9,659	1.76%
15.	RACER LOGISTICS CO., LTD.	8,949	1.63%
	Others	262,330	47.69%
	Total	550,089	100.00%

Data Source: Civil Aeronautics Administration, Ministry of Transportation and Communications

### C. Projection of the Global Airfreight Market

Air Cargo Traffic to Double Over Next Two Decades

Average Annual Growth, 2022–2041



- (1) Boeing's forecast that air cargo traffic will grow an average of 4.1% annually from 2022 to 2041.
- (2) The intra-Asia and Oceania cargo market outlook is expected to remain robust. Boeing forecast an average annual growth of 5.7% over 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	2021				2022				As of March 31 2023			
	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	A4	593,114	32.29%	None	S14	122,268	4.90%	None	S14	26,180	19.23%	None
2	A1	336,081	18.30%	None	S23	88,820	3.56%	None	S51	19,535	14.35%	None
3	A5	86,417	4.70%	None	S44	84,617	3.39%	None	S52	19,182	14.09%	None
4	A23	55,431	3.02%	None	S15	81,311	3.26%	None	S44	12,866	9.45%	None
5	A24	28,077	1.53%	None	S9	73,454	2.94%	None	S53	12,654	9.29%	None
6	A6	24,623	1.34%	None	S48	59,316	2.37%	None	S1	11,509	8.45%	None
7	A33	18,097	0.99%	None	S50	58,727	2.35%	None	S9	10,786	7.92%	None
8	A8	17,346	0.94%	None	S18	55,986	2.24%	None	S29	8,239	6.05%	None
9	A34	14,395	0.78%	None	S36	53,947	2.16%	None	S43	7,733	5.68%	None
10	A32	12,522	0.68%	None	S25	52,334	2.10%	None	S36	7,477	5.49%	None
	Others	650,823	35.43%	None	Others	1,767,008	70.74%	None	Others		0.00%	
	Net Supply	1,836,926	100.00%		Net Supply	2,497,788	100.00%		Net Supply	136,161	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	2021				2022				As of March 31 2023			
	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	172,817	8.11%	None	A4	596,342	20.28%	None	A1	70,309	15.80%	None
2	S48	124,696	5.85%	None	A1	533,452	18.14%	None	A4	67,825	15.25%	None
3	S14	95,285	4.47%	None	A5	93,579	3.18%	None	A5	9,965	2.24%	None
4	S23	78,724	3.69%	None	A27	43,640	1.48%	None	A6	8,048	1.81%	None
5	S18	49,454	2.32%	None	A6	39,088	1.33%	None	A27	5,124	1.15%	None
6	S9	47,747	2.24%	None	A28	18,467	0.63%	None	A34	4,792	1.08%	None
7	S50	44,568	2.09%	None	A17	16,129	0.55%	None	A35	3,806	0.86%	None
8	S44	40,866	1.92%	None	A11	15,560	0.53%	None	A8	3,195	0.72%	None
9	S36	40,769	1.91%	None	A33	15,177	0.52%	None	A28	3,157	0.71%	None
10	S25	39,108	1.83%	None	A32	14,713	0.50%	None	A36	2,829	0.64%	None
	Others	1,397,514	65.56%	None	Others	1,554,233	52.86%	None	Others	265,826	59.75%	None
	Net Supply	2,131,549	100.00%		Net Supply	2,940,380	100.00%		Net Supply	444,876	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	2021				2022			
	Weight	%	Value	%	Weight	%	Value	%
Total import	15,969	48.56%	1,644,327	77.14%	14,407	44.40%	1,839,664	73.65%
Total export	15,050	45.77%	281,626	13.21%	15,818	48.75%	374,512	14.99%
Others	1,865	5.67%	205,596	9.65%	2,222	6.85%	283,612	11.35%
Total	32,884	100.00%	2,131,549	100.00%	32,447	100.00%	2,497,788	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	2021	2022	As of first quarter of 2023
Total number of employees	146.00	150.00	145.00
Average age	40.09	39.37	40.16
Average years of service	9.66	9.68	9.95
Distribution of education %	PhD -	0.00%	0.00%
	Master's Degree	14.38%	14.00%
	Undergraduate	78.77%	76.67%
	High School	9.59%	9.33%
	Less than High School -	0.00%	0.00%

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. Retirement System and Implementation:

With the aim of taking care of employees' lives, our company has established the Employee Retirement Regulations, which allocate retirement benefits according to the applicable labor retirement pension system for employees. Under the previous system, the company made full provisions for retirement reserves and stored them in a dedicated account with the "Dimerco International Logistics Co., Ltd. Retirement Reserve Supervisory Committee" at the Central Trust of China. Under the new system, the provisions are allocated to individual accounts with the Labor Insurance Bureau. Employees who have completed 15 years of service and are at least 55 years old, or have completed 25 years of service, or have completed 10 years of service and are at least 60 years old are eligible to apply for retirement. The calculation and payment of retirement benefits are carried out in accordance with the regulations of the Labor Standards Act.

## 3. 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 2022 and the status of implementation.

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

Training Category	Name of Course	No. of Trainee	Hours	Expenditure
Work-Specific Training	Dangerous Goods Regulation Training- Initial Training	4	40.00	46,000
	Dangerous Goods Regulation Training- Recurrent Training	5	24.00	30,300
	Regulated Agent and Dangerous Goods Recognizing Training- Initial Training	3	16.00	2,400
	Regulated Agent and Dangerous Goods Recognizing Training- Recurrent Training	5	8.00	0
	Lithium Battery Air Transport Regulations Seminar	1	3.00	1,000
	Free Trade Zone Self Governing Personnel Training	1	24.00	1,600
	Dedicated Customs Declaration Personnel Training Course	1	3.00	0
	(Dedicated Customs Declaration Personnel General Exam) Guidance Class	1	36.00	4,900
	Dedicated Customs Declaration Personnel Training Course	1	3.00	0
	AEO Supply Chain Security Personnel	1	24.00	4,800
	Mail and Parcel Inspection and Explosive Recognition Course	1	4.00	2,300
	Transportation Contract Liability and Logistics Industry Information Security Sharing	2	3.00	0
Introduction to Information Security Strategy Capture the Flag Experience	1	6.00	900	

	Work-Life Balance Counseling and Promotion Program for 2022 by the Ministry of Labor	1	4.00	0
	Workshop on Gender Equality and Prevention of Sexual Harassment in the Workplace	1	8.00	0
	Labor Condition Education and Training	2	3.00	0
	Foreign Labor Laws and Regulations Promotion Activities	1	4.00	0
	Transportation and Warehousing Industry Occupational Safety and Health Education and Training	1	4.00	0
	Occupational Safety and Health Supervisor (Refresher)	4	6.00	5,020

## B. Internal Training

Unit: NT\$

Training Category	Name of Course	No. of Trainee	Hours	Expenditure
New Employee Training	Introduction to Dimerco culture	19	1.50	422
	Introduction to Dimerco systems	19	1.50	422
	Introduction to Dimerco human resource management	19	1.50	422
	Telephone manners	19	0.50	422
	C-TPAT / AEO	19	1.50	422
Work-Specific Training	Introduction of Dangerous Goods	73	1.50	6,620
	Regulated Agent and Dangerous Goods Recognizing	53	1.00	1,440
	Logistics Operators Case study	21	2.00	0
	Ocean business development of DIMKHH	1	40.00	0
	Introduction to Basic Concepts of Ocean Freight and Import/Export Procedures	18	8.50	0
	Y2022 Ocean carrier management	25	0.50	0
	Knowing Risk Assessment	39	0.50	0
General Education Training	Identification of Suspicious Persons, Mail Packages and Explosives	14	0.50	3,774
	Information Security Education and Training	117	3.00	20,753
	Emergency Response Drills	14	2.00	0
	Occupational Safety Education and Training: Talking about Metabolic Syndrome	36	2.00	4,367
	Excel Tutorial - Data Processing	39	1.50	0
	Boosting Immunity During Epidemics	49	1.00	1,235

## 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.

### 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 Information Security Management

### A. Information Security Risk Management

To ensure uninterrupted operation of the "Dimerco Value Plus System" cloud logistics platform, Dimerco adjusts its overall security posture to enhance business cyber resilience and control information security risks, minimizing the impact of network threats within acceptable limits. Supporting security infrastructure is crucial for Dimerco's strategic focus on global channelization, product diversification, operational excellence, unified information, and local operations, combined with the application of the Internet and integration with the Internet of Things, to build both physical and virtual channels and provide borderless international logistics services.

Improvements in information security are an ongoing process for Dimerco. Starting with the adjustment of the overall security posture, with a foundation of uninterrupted critical operational services, Dimerco expands its scope to include primarily B2B data exchange services on external service platforms. Currently, this effort extends to the overall enterprise operational environment, including development environments, user operating environments, and physical security.

For critical operational services and B2B data exchange services, Dimerco implemented the ISO 27001 Information Security Management System in the year 2019 and obtained ISO 27001:2013 certification from BSI. The certification is valid from April 2021 to April 2024. Dimerco continues to progress on the path of information security, controlling and reducing the threats and impacts of information security risks, and establishing a sustainable information security management system.

## 1. Information Security Risk Management Framework

The coordination, planning, auditing, and promotion of the information security management system in Dimerco are overseen by the Director of the Business Technology and Intelligence Department, who serves as the Chairman of the Information Security Committee. The committee is responsible for coordinating matters related to the information security management system. Management review meetings are held every six months to report to the Risk Management Committee and the Executive Management Committee. The most recent reporting date was October 28, 2022.

The management review meetings conducted by the Information Security Committee primarily cover the following:

- a. Information security objectives of the company.
- b. Reviewing the effectiveness and completeness of information security planning and implementation, taking into account operational needs, changes in government regulations, information security requirements, and technological advancements.
- c. Reviewing reports on the revision of information security policies, information security organization, and related norms and procedures.
- d. Reviewing the classification of information assets.
- e. Executing assigned tasks by the Information Security Committee.
- f. Communicating and coordinating information security matters across departments.
- g. Reviewing and arbitrating incidents of information security breaches within Dimerco
- h. Supervising the response and improvement measures for significant security incidents in the company.
- i. Providing input and output items for the management review of the information security management system every six months.

## 2. Information Security Policy

Our company is committed to maintaining the information security of its operational environment and serving its customers. In addition to implementing basic information security controls, we ensure the security of all data and processing by strengthening information security management. We continuously enhance the confidentiality, integrity, and availability of critical personal and transactional information to improve the quality of our services. Our information security statement is as follows:

- The information security management system should establish an appropriate organization to carry out information security management operations, ensuring compliance with laws and regulations and the normal operation of the information security management system.
- Work assignments should consider functional divisions and distinguish job responsibilities to avoid unauthorized modification or misuse of information or services.
- All personnel, including employees, contractors, outsourced vendors, and temporary staff, who use company information for information services or project work, are responsible for protecting the information assets obtained or used from the company to prevent unauthorized access, alteration, destruction, or improper disclosure.
- All personnel have an obligation to protect customer data, including transactional and personal information. Unauthorized access, use, or disclosure of such information to unrelated colleagues, vendors, or other customers is strictly prohibited.
- Security protections for computer and physical environments should be strengthened, including data centers' access control, air conditioning, uninterruptible power supplies, etc., to prevent unauthorized access, damage, or unexpected disasters that may affect normal business operations.
- Personnel are prohibited from unauthorized connections between external and internal networks. Necessary security measures should be implemented to protect both internal and external networks.
- Security controls should be considered and implemented in the initial stages of system development. Outsourced development should have enhanced controls and information security requirements in contracts. System development, modification, and implementation should comply with and follow information security management norms.
- All personnel should remain vigilant and report any security incidents, vulnerabilities, or violations of

information security management system standards and procedures in accordance with the established procedures.

- \*Business continuity plans should be developed based on business needs and regularly tested and exercised to ensure their applicability.
- \*The Information Security Working Group, based on information security policies and organizational responsibilities, formulates information security objectives to be reviewed and approved by the Information Security Committee for implementation.
- \*Information security objectives should cover confidentiality, integrity, and availability and align with the requirements of the information security policy.

### 3. Specific Information Security Management Measures

In addition to implementing the ISO 27001 Information Security Management System, Zhongfei values information security protection in its value-added service system and provides comprehensive protection to customers by obtaining global cybersecurity insurance from Cathay Century Insurance. Furthermore, Zhongfei performs the following activities/exercises annually to strengthen information security:

- \*Security attack and defense exercises (twice a year)
- \*Social engineering exercises (twice a year)
- \*System vulnerability scanning (twice a year)
- \*System/data recovery testing (monthly)
- \*Emergency response exercises (twice a year)
- \*Education and training for company employees

These measures aim to enhance the awareness of information security among our employees and establish a comprehensive defense mechanism to detect and prevent incidents in a timely manner.

B. As of the latest annual report printing date, there have been no significant losses or potential impacts due to major information and communication security incidents, and therefore no specific response measures have been taken.

### 5.7 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-23	10-Jan-24	Insurance	Nil
Software service agreement	XXXX Co., Ltd.	1-Jan-22	31-Dec-22	Information	Nil
FTZ warehousing agreement	XXXX Co., Ltd.	1-Oct-21	31-Sep-23	Warehousing Service	Nil
Cargo freight service agreement	XXXX Co., Ltd.	1-Apr-22	31-Mar-23	Undertaking of freight service	Nil

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 Financial Statements – Based on IFRS

##### 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, 2023
		2018	2019	2020	2021	2022	
Current assets		3,730,979	4,075,487	5,374,891	8,499,242	9,046,631	8,366,271
Property, Plant and Equipment		629,148	608,305	561,771	544,456	560,326	554,721
Intangible assets		26,844	34,179	32,921	33,068	73,740	72,413
Other assets		194,564	490,548	724,617	670,089	842,172	835,243
Total assets		4,581,535	5,208,519	6,694,200	9,746,567	10,522,869	9,828,648
Current liabilities	Before distribution	2,438,204	2,797,173	3,574,709	5,107,987	4,178,827	4,778,301
	After distribution	2,627,204	2,968,533	4,330,709	5,863,987	Remark 3	Remark 3
Non-current liabilities		53,731	184,870	240,414	203,606	219,301	211,108
Total liabilities	Before distribution	2,491,935	2,982,043	3,815,123	5,311,593	4,398,128	4,989,409
	After distribution	2,680,935	3,153,403	3,890,723	6,607,593	Remark 3	Remark 3
Equity attributable to shareholders of the parent		1,997,189	2,132,762	2,772,745	4,308,504	6,001,104	4,731,405
Capital stock		1,260,000	1,260,000	1,260,000	1,360,800	1,360,800	1,360,800
Capital surplus		19,362	19,362	19,362	19,362	19,362	16,012
Retained earnings	Before distribution	805,267	1,020,715	1,934,470	3,485,623	4,644,353	3,454,323
	After distribution	616,267	849,355	1,178,470	2,729,623	Remark 3	Remark 3
Other equity interest		(87,440)	(167,315)	(441,087)	(577,281)	177,589	101,270
Treasury stock		-	-	-	-	(201,000)	(201,000)
Non-controlling interest		92,411	93,714	106,332	126,470	123,637	107,834
Total equity	Before distribution	2,089,600	2,226,476	2,879,077	4,434,974	6,124,741	4,839,239
	After distribution	1,900,600	2,055,116	2,123,077	3,678,974	Remark 3	Remark 3

If the company prepares individual financial reports, it shall also prepare a condensed balance sheet and a comprehensive profit and loss statement for the last five years

If the financial information using the International Financial Reporting Standards is less than 5 years, the following table should be prepared separately at Financial information using the Chinese Financial Accounting Standards

Remark:

1 Years of unaudited financial statements should be noted.

2 The amount of increments in equity from revaluation and the revaluation date should be disclosed.

3 As of the date of publication of the annual report, if a company that is listed or whose shares have been traded in a securities firm's business place has the latest financial information that has been audited, certified or reviewed by an accountant, it shall also disclose it

4. The "After distribution" amount will be decided by next year's shareholder meeting

5. The company should disclose the reason of any corrected or restated financial information requested by the competent authority.

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

Unit: NT\$ thousands

Year Item	Five-Year Financial Summary(Remark 1)					Financial data of ending date in 31th March, 2023
	2018	2019	2020	2021	2022	
Operating revenue	18,444,415	17,803,331	22,948,845	38,986,916	41,174,810	5,416,155
Gross profit	2,513,526	2,959,204	3,736,947	5,822,325	5,940,981	920,692
Income from operations	284,970	503,706	1,219,878	2,690,971	2,574,757	273,389
Non-operating income and expenses	29,497	(10,383)	25,856	35,065	261,422	37,360
Income before tax	314,467	493,323	1,245,734	2,726,036	2,836,179	310,749
Continuing Units income	269,024	405,121	1,101,305	2,357,631	2,540,195	259,809
Discontinuing unit loss	-	-	-	-	-	-
Other comprehensive income (income after tax)	269,024	405,121	1,101,305	2,357,631	2,540,195	259,809
<b>Total comprehensive income</b>	<b>73,465</b>	<b>(74,802)</b>	<b>(273,508)</b>	<b>(124,878)</b>	<b>746,169</b>	<b>(76,963)</b>
Net income attributable to shareholders of the parent	342,489	330,319	827,797	2,232,753	3,286,364	182,846
Net income attributable to shareholders of the parent	263,022	403,635	1,085,845	2,310,477	2,538,625	266,026
Net income attributable to non-controlling interest	6,002	1,486	15,460	47,154	1,570	(6,217)
Comprehensive income attributable to Shareholders of the parent	338,669	324,573	811,343	2,190,959	3,281,616	189,707
Comprehensive income attributable to non-controlling interest	3,820	5,746	16,454	41,794	4,748	(6,861)
Earnings per share	3,820	5,746	16,454	41,794	4,748	2.00
<p>If the company prepares individual financial reports, it shall also prepare a condensed balance sheet and a comprehensive profit and loss statement for the last five years</p> <p>If the financial information using the International Financial Reporting Standards is less than 5 years, the following table should be prepared separately at Financial information using the Chinese Financial Accounting Standards</p> <p>Remark:</p> <p>1 Years of unaudited financial statements should be noted.</p> <p>2 The amount of increments in equity from revaluation and the revaluation date should be disclosed.</p> <p>3 As of the date of publication of the annual report, if a company that is listed or whose shares have been traded in a securities firm's business place has the latest financial information that has been audited, certified or reviewed by an accountant, it shall also disclose it</p> <p>4. For the above-mentioned figures after distribution, please fill in according to the resolution of the shareholders' meeting in the next year.</p> <p>5. The company should disclose the reason of any corrected or restated financial information requested by the competent authority.</p>						

### C. Condensed Statement of Balance sheet (Parent company only)

Unit: NT\$ thousands

Year		Financial Summary for The Last Five Years (Remark 1)				
		2018	2019	2020	2021	2022
Current assets		279,418	471,692	406,655	906,846	854,950
Property, Plant and Equipment		192,275	189,831	189,630	189,940	188,128
Intangible assets		175	323	438	202	201
Other assets		3,727,679	4,033,142	4,985,231	6,890,843	9,794,052
Total assets		4,199,547	4,694,988	5,581,684	7,987,831	10,837,331
Current liabilities	Before distribution	900,707	1,034,163	1,182,373	1,426,074	1,195,946
	After distribution	1,089,707	1,205,523	1,938,373	2,182,074	Remark 2
Non-current liabilities		1,301,651	1,528,063	1,626,566	2,253,253	3,640,281
Total liabilities	Before distribution	2,202,358	2,562,226	2,808,939	3,679,327	4,836,227
	After distribution	2,391,358	2,733,586	3,564,939	Remark 2	Remark 2
Equity attributable to shareholders of the parent		1,997,189	2,132,762	2,772,745	4,308,504	6,001,104
Capital stock		1,260,000	1,260,000	1,260,000	1,360,800	1,360,800
Capital surplus		19,362	19,362	19,362	19,362	19,362
Retained earnings	Before distribution	805,267	1,020,715	1,934,470	3,485,623	4,644,353
	After distribution	616,267	849,355	1,178,470	2,729,623	Remark 2
Other equity interest		(87,440)	(167,315)	(441,087)	(557,281)	177,589
Treasury stock		-	-	-	-	(201,000)
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	1,997,189	2,132,762	2,772,745	4,308,504	6,001,104
	After distribution	1,808,189	1,961,402	2,016,745	3,552,504	Remark 2

**Remark:**

1. Local financial accounting standards have been adopted in the past five years, please refer to the table 6.1.2 below
2. For those who have undergone asset revaluation in the current year, the date of revaluation and the value-added amount of revaluation should be listed
3. For the above-mentioned figures after distribution, please fill in according to the resolution of the shareholders' meeting in the next year.

## D. Condensed Statement of Comprehensive Income (parent company only)

Unit: NT\$ thousands

Item \ Year	Five-Year Financial Summary(Remark 1)				
	2018	2019	2020	2021	2022
Operating revenue	1,006,558	1,015,247	1,631,867	2,131,549	2,497,788
Gross profit	143,240	165,017	240,387	279,117	353,835
Income from operations	(5,599)	35,533	57,610	(13,321)	(31,934)
Non-operating income and expenses	271,649	378,025	1,049,586	2,396,692	2,692,872
Income before tax	266,050	413,558	1,107,196	2,383,371	2,660,938
Continuing Units income	266,050	413,558	1,107,196	2,383,371	2,660,938
Discontinuing unit loss	-	-	-	-	-
Other comprehensive income (income after tax)	263,022	403,635	1,085,845	2,310,477	2,538,625
Total comprehensive income	75,647	(79,062)	(274,502)	(119,518)	742,991
Net income attributable to shareholders of the parent	338,669	324,573	811,343	2,190,959	3,281,616
Net income attributable to shareholders of the parent	263,022	403,635	1,085,845	2,310,477	2,538,625
Net income attributable to non-controlling interest	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent	338,669	324,573	811,343	2,190,959	3,281,616
Comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per share	2.09	3.20	7.98	16.98	18.71

### Remark:

- Local financial accounting standards have been adopted in the past five years, please refer to the table 6.1.2 below



**6.1.2 Condensed Financial Statement – Based on ROC GAAP**

**A. 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.Years of unaudited financial statements should be noted.						
2 The amount of increments in equity from revaluation and the revaluation date should be disclosed.						
3 For the above-mentioned figures after distribution, please fill in according to the resolution of the shareholders' meeting in the next year.						
4. The company should disclose the reason of any corrected or restated financial information requested by the competent authority.						

## B. Consolidated Condensed Income Statement – 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. Years of unaudited financial statements should be noted. 2. The cumulative effect of the profit and loss of the discontinued department, extraordinary profit and loss, and changes in accounting principles is presented as a net amount after deducting income tax 3. For the above-mentioned figures after distribution, please fill in according to the resolution of the shareholders' meeting in the next year					

## C. Condensed Balance sheet – Based on ROC GAAP (Parent Company only)

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 data of the last five years have been audited and certified by accountants. 2. The company has not undergone asset revaluation in the past five years					

## D. Condensed Income Statement – Based on ROC GAAP (Parent Company only)

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 data of the last five years have been audited and certified by accountants					

### 6.1.3 Auditors' Opinions from 2018 to 2022

Year	CPA Firm	CPA's Name	Auditing 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
2022	KPMG CPA Firm	Chang, Chun-I, Kuang, Chun-Hsiu	Unqualified Opinion

## 6.2 Five-Year Financial Analysis

### 6.2.1.1 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, 2023 (Remark 1)
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt Ratio	54.39	57.25	56.99	54.50	41.80	50.76
	Ratio of long-term capital to property, plant and equipment	332.13	366.01	512.5	814.57	1,093.07	872.37
Solvency (%)	Current ratio	153.02	145.70	150.36	166.39	216.49	175.09
	Quick ratio	152.97	145.70	150.36	166.39	216.49	175.09
	Interest earned ratio (times)	42.87	24.25	68.03	176.36	168.14	68.66
Operating performance	Accounts receivable turnover (times)	8.12	7.64	10.08	11.30	11.04	9.02
	Average collection period	44.93	47.77	36.20	32.31	33.06	40.45
	Inventory turnover (times)	-	-	-	-	-	-
	Accounts payable turnover (times)	-	-	-	-	-	-
	Average days in sales	-	-	-	-	-	-
	Property, plant and equipment turnover (times)	29.22	28.77	39.23	70.49	74.54	38.86
	Total assets turnover (times)	4.20	3.64	3.86	4.74	4.06	2.13
Profitability	Return on total assets (%)	6.26	8.62	18.75	28.83	25.20	10.36
	Return on stockholders' equity (%)	13.18	18.70	42.54	63.13	48.08	19.41
	Pre-tax income to paid-in capital (%)	24.96	39.15	98.87	200.33	208.42	91.34
	Profit ratio (%)	1.46	2.28	4.8	6.05	6.17	4.80
	Earnings per share (NT\$)	2.09	3.20	8.62	16.98	18.71	7.00
Cash flow	Cash flow ratio (%)	10.27	32.96	55.17	31.41	90.59	7.33
	Cash flow adequacy ratio (%)	153.11	204.56	200.05	328.80	365.74	344.36
	Cash reinvestment ratio (%)	4.09	31.08	59.73	22.60	38.94	7.31
Leverage	Operating leverage	1.15	1.48	1.18	1.08	1.10	1.26
	Financial leverage	1.03	1.04	1.02	1.01	1.01	1.02

Analysis of financial ratio differences for the last two years. (Not required if the difference is below 20%)

1. Debt Ratio decreased due to the payback of short-term borrowings and the decrease of Accounts Payable.
2. Ratio of long-term capital to property, plant and equipment increased due to the increase of stockholder's equity
3. Current ratio increased due to the pay back of short-term borrowings and decrease of Accounts payables.
4. Quick ratio increased due to the pay back of short-term borrowings and decrease of Accounts payables.
5. Return on stockholders' equity decreased due to the increase of stockholders' equity.
6. Cash flow adequacy ratio increased due to the net cash inflow from operating activities and the decrease of current liabilities.
7. Cash reinvestment ratio increased due to the increase of net cash inflow from operating activities.

Companies should present financial analysis for parent company if the company has compiled financial report for parent company.

If the financial information using the International Financial Reporting Standards is less than 5 years, the following table should be prepared separately at the table Financial information using the Chinese Financial Accounting Standards

Remark:

1. Years of unaudited financial reports should be noted
2. As of the date of publication of the annual report, if a company that is listed or whose shares have been traded in a securities firm's business place with the most recent financial information that has been verified, certified or reviewed by an accountant, it shall also be analyzed.
3. 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/ 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

d. 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

e. 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)

f. Leverage

Operating leverage=(Net operating revenue-variable cost of sales and expenses)/operating gain

Financial leverage= operating gain/( operating gain-interest expense)

4 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.

5. Consolidated 6 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.

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

7.If the stock has no par-value or its not \$10, the capital ratio should be calculated by the controlling company's capital ratio.

**6.2.1.2 IFRSs Financial Analysis (parent company only)**

Item (Remark 4)		Year (Remark 3)		Financial Analysis for the Last Five Years(Remark 3)				
		2018	2019	2020	2021	2022		
Financial structure (%)	Debt Ratio	52.44	54.57	50.32	46.06	44.63		
	Ratio of long-term capital to property, plant and equipment	1,038.71	1,123.51	2,319.94	3,454.65	5,124.91		
Solvency (%)	Current ratio	31.02	45.61	34.39	63.59	71.49		
	Quick ratio	31.02	45.61	34.39	63.59	71.49		
	Interest earned ratio (times)	38.91	63.42	155.49	400.83	515.39		
Operating performance	Accounts receivable turnover (times)	4.91	5.04	6.61	4.44	6.14		
	Average collection period	74.38	72.44	55.25	82.12	59.40		
	Inventory turnover (times)	-	-	-	-	-		
	Accounts payable turnover (times)	-	-	-	-	-		
	Average days in sales	-	-	-	-	-		
	Property, plant and equipment turnover (times)	5.20	5.28	8.55	11.23	13.21		
	Total assets turnover (times)	0.25	0.24	0.33	0.31	0.27		
Profitability	Return on total assets (%)	0.07	0.10	0.21	0.34	0.27		
	Return on stockholders' equity (%)	13.96	20.68	44.27	65.26	49.25		
	Pre-tax income to paid-in capital (%)	21.12	32.82	87.87	175.14	195.54		
	Profit ratio (%)	26.13	39.76	66.54	108.39	101.63		
	Earnings per share (NT\$)	2.09	3.20	7.98	16.98	18.71		
Cash flow	Cash flow ratio (%)	-2.64	8.73	12.91	10.69	32.58		
	Cash flow adequacy ratio (%)	11.16	25.85	23.62	24.71	27.64		
	Cash reinvestment ratio (%)	-5.18	-2.66	-0.36	-7.58	-10.14		
Leverage	Operating leverage	-0.14	1.53	1.33	-0.34	0.52		
	Financial leverage	0.44	1.23	1.14	0.69	0.86		

Analysis of financial ratio differences for the last two years. (Not required if the difference is below 20%)

1. Ratio of long-term capital to property, plant and equipment increased due to the increase of long-term advance and retained earnings.

2. Accounts receivable turnover increased and average collection period decreased due to the decrease of Accounts Receivable.

3. Interest earned ratio increased due to the increase of net income before tax.

4. Return on total assets decreased due to the increase of Assets.

5. Return on stockholders' equity decreased due to the increase of stockholders' equity.

6. The ratio of Profitability increased due to increase of net income after tax.

7. The ratio of Cash flow increased due to the increase of cash inflow from operating activities

8. Cash reinvestment ratio decreased due to the increase of cash dividends

9. The ratio for Leverage increased due to the decrease of operating income.

Remark:

1 Years of unaudited information should be noted.

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= $\text{operating gain} / (\text{operating gain} - \text{interest expense})$

5 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.

6. Consolidated 6 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.

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.

### 6.2.2.1 Consolidated 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/ 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
  - d. 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
  - e. 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)
  - f. Leverage
    - Operating leverage=(Net operating revenue-variable cost of sales and expenses)/operating gain
    - Financial leverage= operating gain/( operating gain-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.

### 6.2.2.2 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)					
	Return on total assets (%)					
Profitability	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/ 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
  - d. 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

e. 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)

f. Leverage

Operating leverage=(Net operating revenue-variable cost of sales and expenses)/operating gain

Financial leverage= operating gain/( operating gain-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 2023 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  
2023 ANNUAL SHAREHOLDERS' MEETING

Audit Committee Chairman: Bill Chien

March 15, 2023

### 6.4 Financial Statements for the Years Ended December 31, 2022 and 2021, and Independent Auditors' Report

Please refer to page 12€ to 11 J.

### 6.5 Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021, and Independent Auditors' Report

Please refer to page 19€ to 25Î .

### 6.6 The effects of the company's financial position resulted from affiliates that encounters financial difficulties as of the publication of the annual report.

Not applicable.

**6.7 Does the company disclose the reconciliation between domestic accounting principles and international accounting standards (or US Generally Accepted Accounting Principles) on its annual report:**

Not applicable.

**6.8 Fixed Assets Depreciation Methods and Estimated Life:**

Item	Fixed Assets	Depreciation Methods	Estimated Life
1	Buildings	Straight-line method	4~56 years
2	Transportation equipment	Straight-line method	3~5 years
3	Office equipment	Straight-line method	1~16 years
4	Lease improvement	Straight-line method	2~6 years
5	Other equipment	Straight-line method	2~6 years

**6.9 Provision Basis for Asset/Liability Valuation Account :**

1.Purpose:

The guidelines have been established to timely reflect the possibility of collecting accounts receivable and ensure the evaluation of accounts receivable.

2.Provision Basis:

The provision for doubtful accounts is determined through periodic assessment of the aging and quality of creditworthy customers and the collectability of accounts receivable.

3.Provision Rates are as follows:

Aging Period of Overdue Amounts	Provision Rate	
	Non-related Parties	Related Parties
0-30 days	35%	None
31-90 days	50%	None
91-120days	80%	None
121-365days	100%	50%
Over 365 days	100%	100%

**6.10 Financial instruments other than stocks and depositary receipts which are valued based on their bid price or ask price to determine their fair value:**

Not applicable.

**6.11 Department Analysis:**

The percentage of revenue contribution by each business segment for 2022			
	Taiwan	Mainland China	Global
Air Freight	66.7%	54.1%	37.3%
Ocean Freight	23.3%	26.5%	40.4%
Triangle Trade	6.0%	11.7%	14.1%
Logistics Warehouse Management	2.5%	1.7%	0.8%
Customs Clearance	1.0%	2.3%	5.1%
Domestic Transportation	0.0%	0.2%	0.0%
Truck Delivery	0.2%	2.9%	1.8%
International Transshipment	0.2%	0.1%	0.1%
Others	0.1%	0.5%	0.4%
Total	100.0%	100.0%	100.0%

Stock Code: 5609

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

**For the Years Ended December 31, 2022 and 2021**

**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, 2022 and 2021, 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, 2022 and 2021 and its financial performance and its cash flows for the year ended December 31, 2022 and 2021 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. 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 or accounted for 18% of total assets, at December 31, 2021. Share of profits recognized from subsidiaries or associated entities were NT\$229,315 thousand, or 10% of total pretax income, receptively, for the year ended 2021.

## 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, 2022, 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 and cost recognition” for related accounting policy, and Note(6)(12) “Revenue disclosure for contractual revenue.

Description of key audit matters:

Dimerco Express Corporation's revenue is mainly generated from providing contractual 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 CPAs are as follows:

- Conduct tests to its internal control system for revenue recognition to ensure the efficacy of the system;
- Obtain sales transaction 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 and cost recognition” for related accounting policy on cost estimation, and Note(6)(13) for detailed cost disclosure.

Description of key audit matters:

Dimerco Express Corporation's local and international air transportation costs 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 CPAs 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 the Audit Committee and 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 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.

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, 2022. 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 : Jin-Guan-Zheng-Shen-Zi No. 1050036075  
Approval Document No. (1999) Tai-Cai-Zheng (VI) Zi No. 18311

March 15, 2023

**Dimerco Express Corporation**

**Balance Sheets**

**For the Years Ended December 31, 2022 and 2021**

Unit: NT\$ thousand

	2022.12.31		2021.12.31	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current assets:</b>				
1100 Cash and cash equivalents (Note 6(1))	\$ 219,733	2	213,918	3
1150 Notes receivable (Note 6(2))	7,173	-	17,789	-
1170 Accounts receivable (Note 6(2))	300,080	3	396,090	5
1180 Accounts receivable - related parties, net (Notes 6(2) and 7)	90,345	1	271,555	3
1210 Other receivables - related parties (Note 7)	229,266	2	1,407	-
1470 Other current assets	-	-	-	-
<b>Total current assets:</b>	<b>854,950</b>	<b>8</b>	<b>906,846</b>	<b>11</b>
<b>Non-current assets:</b>				
1520 Financial assets at fair value through other comprehensive income - Non-current	390	-	390	-
1550 Investments using the equity method (Note 6(3))	9,770,210	90	6,857,177	86
1600 Property, plant and equipment (Notes 6(4), (6), 8 and 9)	188,128	2	189,940	3
1755 Right-of-use assets (Note 6(5))	11,291	-	12,182	-
1780 Intangible assets	201	-	202	-
1840 Deferred tax assets (Note 6(9))	2,234	-	2,359	-
1920 Guarantee deposits paid	6,267	-	5,075	-
1990 Other non-current assets (Note 6(2), 8 and 9)	3,669	-	3,660	-
<b>Total non-current assets</b>	<b>9,982,381</b>	<b>92</b>	<b>7,080,985</b>	<b>89</b>
<b>Total assets</b>	<b>\$ 10,837,331</b>	<b>100</b>	<b>\$ 7,987,831</b>	<b>100</b>
<b>Liabilities and equity</b>				
2100 Short-term borrowings (Note 6 (4), (6) and 8)	\$ 430,000	4	676,592	9
2150 Notes payable	16,550	-	31,371	-
2170 Accounts payable	32,916	-	72,474	1
2180 Accounts payable - related parties (Note 7)	126,444	1	184,299	2
2216 Dividends payable	20,665	-	5,695	-
2230 Current tax liabilities	79,725	1	65,304	1
2280 Lease liabilities - current (Note 6(7))	9,415	-	9,163	-
2310 Advance receipts (Note 7)	104,896	1	104,896	1
2219 Other payables - related parties (Note 6 (14))	367,295	4	257,524	3
2399 Other current liabilities	948	-	-	-
<b>Total current liabilities</b>	<b>7,092</b>	<b>-</b>	<b>18,756</b>	<b>-</b>
<b>Non-current liabilities:</b>				
2570 Deferred tax liabilities (Note 6(9))	5,308	-	-	-
2580 Lease liabilities - non-current (Note 6(7))	1,911	-	2,976	-
2622 Long-term payable - related parties (Note 7)	225,514	2	217,568	3
2640 Net defined benefit liabilities (Note 6(8))	5,023	-	15,810	-
2645 Guarantee deposits received	117	-	93	-
2670 Other non-current liabilities (Note 7)	3,402,408	32	2,016,806	26
<b>Total non-current liabilities</b>	<b>3,640,281</b>	<b>34</b>	<b>2,253,253</b>	<b>29</b>
<b>Total liabilities</b>	<b>4,836,227</b>	<b>45</b>	<b>3,679,227</b>	<b>46</b>
<b>Shareholders' equity (Note 6(3), (8) and (10)) :</b>				
3100 Share capital	1,360,800	13	1,360,800	17
3200 Capital surplus	19,362	-	19,362	-
33xx Retained earnings:				
3310 Legal reserve	733,290	6	502,575	6
3320 Special reserve	557,281	5	441,086	6
3350 Unappropriated earnings	3,353,782	31	2,541,062	32
34xx Other equity:				
3410 Exchange differences on the translation of financial statements of foreign operations	177,589	2	(557,281)	(7)
3500 Treasury stocks	(201,000)	(2)	-	-
<b>Total equity</b>	<b>6,001,104</b>	<b>55</b>	<b>4,308,504</b>	<b>54</b>
<b>Total liabilities and equity</b>	<b>\$ 10,837,331</b>	<b>100</b>	<b>\$ 7,987,831</b>	<b>100</b>

(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, 2022 and 2021**

Unit: NT\$ thousand

	2022		2021	
	Amount	%	Amount	%
4000 <b>Operating income (Notes 6 (12) and (7))</b>	\$ 2,497,788	100	2,131,549	100
5000 <b>Operating costs (Note 6(13))</b>	2,143,953	86	1,852,432	87
5900 <b>Gross profit</b>	353,835	14	279,117	13
6000 <b>Operating expenses (Note 6 (2) (4) (5) (7) (8) (14) and 7)</b>				
6100     Marketing expenses	98,953	4	95,287	5
6200     Management expenses	285,599	11	194,483	9
6450     Expected credit losses	1,217	-	2,668	-
	<b>Total operating expenses</b>	<b>15</b>	<b>292,438</b>	<b>14</b>
6900 <b>Net operating profit (loss)</b>	(31,934)	(1)	(13,321)	(1)
7000 <b>Non-operating income and expense (Notes 6 (3) (7) (15) and 7):</b>				
7100     Interest income	1,410	-	40	-
7010     Other income	409,209	16	366,278	17
7020     Other gains and losses	61,328	2	1,427	-
7050     Financial costs	(5,173)	-	(5,961)	-
7070     Share of profit or loss of subsidiary & associates accounted for using equity method	2,226,098	89	2,034,908	95
	<b>Total non-operating income and expenses:</b>	<b>107</b>	<b>2,396,692</b>	<b>112</b>
7900 <b>Profit before tax from continuing operations</b>	2,660,938	106	2,383,371	111
7951 <b>Less: Income tax expenses (Note 6(9))</b>	122,313	5	72,894	3
8200 <b>Net profit for the period</b>	2,538,625	101	2,310,477	108
8300 <b>Other comprehensive income (Note 6(8) and (10)):</b>				
8310 <b>Items not reclassified to profit or loss</b>				
8311     Remeasurement of defined benefit plans	7,876	-	(2,778)	-
8330     Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	245	-	(546)	-
8349     Less: Income tax related to items not reclassified	-	-	-	-
	<b>Titles that will not be reclassified as profit or loss</b>	<b>8,121</b>	<b>(3,324)</b>	<b>-</b>
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	308,919	13	(111,135)	(5)
8380     Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	425,951	17	(5,059)	-
8399     Less: Income tax related to titles will be reclassified	-	-	-	-
	<b>Total titles that could be reclassified as profit (loss) accounts in the future</b>	<b>734,870</b>	<b>(116,194)</b>	<b>(5)</b>
8300 <b>Other comprehensive income for the period</b>	742,991	30	(119,518)	(5)
8500 <b>Total comprehensive income for the period</b>	<b>\$ 3,281,616</b>	<b>131</b>	<b>2,190,959</b>	<b>103</b>
	Diluted earnings per share (unit: NT\$) (Note 6(11))			
9750     Basic earnings per share	<b>\$ 18.71</b>		<b>16.98</b>	
9850     Diluted earnings per share	<b>\$ 18.39</b>		<b>16.77</b>	

(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, 2022 and 2021**

**Unit: NT\$ thousand**

Account number	Retained earnings					Exchange differences on the translation of financial statements of foreign operations	Treasury stocks	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings			
	3110	3200	3310	3320	3350	3410	3500	3888
A1	\$ 1,260,000	19,362	394,064	182,174	1,358,232	1,934,470	-	2,772,745
B1	-	-	108,511	-	(108,511)	-	-	-
B3	-	-	-	258,912	(258,912)	-	-	-
B5	-	-	-	-	(655,200)	(655,200)	-	(655,200)
B9	100,800	-	-	-	(100,800)	(100,800)	-	-
D1	-	-	-	-	2,310,477	2,310,477	-	2,310,477
D3	-	-	-	-	(3,324)	(3,324)	-	(119,518)
D5	-	-	-	-	2,307,153	2,307,153	-	2,190,959
Z1	1,360,800	19,362	502,575	441,086	2,541,962	3,485,623	-	4,308,504
B1	-	-	230,715	-	(230,715)	-	-	-
B3	-	-	-	116,195	(116,195)	-	-	-
B5	-	-	-	-	(1,388,016)	(1,388,016)	-	(1,388,016)
D1	-	-	-	-	2,538,625	2,538,625	-	2,538,625
D3	-	-	-	-	8,121	8,121	-	742,991
D5	-	-	-	-	2,546,746	2,546,746	-	3,281,616
L1	-	-	-	-	-	-	(201,000)	(201,000)
Z1	1,360,800	19,362	733,290	557,281	3,353,782	4,644,353	177,589	6,001,104

**Balance at January 1, 2021**

Earning appropriation and distribution:

Provision of legal reserve

Provision of special reserve

Cash dividends on common stock

Stock dividends on common stock

Net profit for the period

Other comprehensive income for the period

Total comprehensive income for the period

**Balance as at December 31, 2021 (after restatement)**

Earning appropriation and distribution:

Provision of legal reserve

Provision of special reserve

Cash dividends on common stock

Net profit for the period

Comprehensive income for the period

Total comprehensive income for the period

Repurchase of treasury stocks

Balance as at December 31, 2022

(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, 2022 and 2021**

**Unit: NT\$ thousand**

	<u>2022</u>	<u>2021</u>
AAAA	<b>Cash flow from operating activities</b>	
A10000	<b>Net profits before tax for the period</b>	
A20000	\$ 2,660,938	2,383,371
A20010	<b>Adjustments:</b>	
A20100	Income and expense items	
A20100	15,430	17,899
A20200	122	236
A20300	1,217	2,668
A20900	5,173	5,961
A21200	(1,410)	(40)
A21300	(148)	(130)
A22400	(2,226,098)	(2,034,908)
A22500	-	(590)
A22700	92	-
A20010	<u>(2,205,622)</u>	<u>(2,008,904)</u>
A30000	Total net changes in assets and liabilities related to operating activities	
A31000	Net change in assets related to operating activities:	
A31130	10,616	(15,412)
A31150	94,793	(188,472)
A31160	181,210	(210,496)
A31190	(227,859)	(1,407)
A31240	(2,266)	11,012
A31000	<u>56,494</u>	<u>(404,775)</u>
A32000	Net change in liabilities related to operating activities:	
A32130	(14,821)	6,718
A32150	(39,558)	12,313
A32160	(57,855)	136,355
A32180	109,772	64,746
A32190	947	-
A32230	(11,664)	(2,239)
A32240	(2,911)	(3,151)
A32000	<u>(16,090)</u>	<u>214,742</u>
A30000	<u>40,404</u>	<u>(190,033)</u>
A20000	Total adjustments	
A33000	Cash inflow from operations	
A33100	495,720	184,434
A33200	1,410	40
A33300	148	130
A33500	(5,173)	(5,961)
A33500	(102,459)	(26,212)
AAAA	<u>389,646</u>	<u>152,431</u>
AAAA	<b>Net cash inflow from operating activities</b>	
BBBB	<b>Cash flow from investing activities:</b>	
B01800	-	(8,000)
B02000	(121)	-
B02700	(2,076)	(5,669)
B02800	-	590
B03700	(1,192)	(30)
B07600	58,180	20,916
BBBB	<u>54,791</u>	<u>7,807</u>
CCCC	<b>Cash flow from financing activities:</b>	
C00100	1,579,025	2,626,125
C00200	(1,825,617)	(2,650,125)
C03000	24	(192)
C04020	(11,556)	(12,593)
C04300	1,385,602	631,201
C04500	(1,373,046)	(654,323)
C04900	(201,000)	-
C09900	7,946	(2,247)
CCCC	<u>(438,622)</u>	<u>(62,154)</u>
EEEE	<b>Net increase in cash and cash equivalent for the current period</b>	
E00100	5,815	98,084
E00100	<b>Opening balance of cash and cash equivalents</b>	
E00200	213,918	115,834
E00200	<u>\$ 219,733</u>	<u>213,918</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**  
**Notes to parent company only Financial Statements**  
**For the Years Ended December 31, 2022 and 2021**  
**(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 15, 2023.

**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 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)

(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, 2023, which will not cause a material impact on the parent company only financial statements.

- Amendments to IAS 1, "Disclosure of Accounting Policies"
- Amendments to IAS 8, "Definition of Accounting Estimates"
- Amendments to IAS 12, "Deferred Income Taxes Related to Assets and Liabilities Arising from a Single Transaction".

## 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)	Under the current IAS 1, liabilities for which an enterprise does not have an unconditional right to defer settlement for at least 12 months after the reporting period should be classified as current. The amendment removes the requirement that the right should be unconditional and instead requires that the right must exist at the end of the reporting period and must be substantial.  The amendment clarifies how an enterprise should classify liabilities that are settled by the issuance of its own equity instruments (e.g., convertible bonds).	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	After reconsidering certain aspects of the 2020 amendments to IAS 1, the new amendments clarify that only contractual terms followed on or before the reporting date will affect the classification of a liability as current or non-current.  Contractual terms (i.e., future terms) to be followed by an enterprise after the reporting date do not affect the classification of a liability at that date. However, when a non-current liability is subject to future contractual terms, the enterprise is required to disclose information to help users of financial statements understand the risk that the liability may be repaid within twelve months of the reporting date	January 1, 2024

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

## **Dimerco Express Corporation Notes to parent company only Financial Statements**

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 (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.

Foreign currency translation differences arising from translation are generally recognized in profit or loss, except for those arising from the translation of equity instruments designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

#### **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.

### **(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



## **Dimerco Express Corporation Notes to parent company only Financial Statements**

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 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 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.

## Dimerco Express Corporation Notes to parent company only Financial Statements

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 recognizes an allowance for expected credit losses on financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable, other receivables and refundable deposits.

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 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

## **Dimerco Express Corporation Notes to parent company only Financial Statements**

experience, credit assessments, and forward-looking information.

At each reporting date, the Company assesses whether there is a credit impairment on financial assets at amortized cost. 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. The provision or reversal of the allowance for losses is recognized in profit or loss.

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.

## 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 measured at amortized cost using the effective interest method. Interest expense and exchange gain or loss are recognized in profit or loss. Any gain or loss is also recognized in profit or loss upon derecognition.

### (5) Derecognition of financial liabilities

## **Dimerco Express Corporation Notes to parent company only Financial Statements**

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 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 or 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.

## Dimerco Express Corporation Notes to parent company only Financial Statements

### (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.

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

## Dimerco Express Corporation Notes to parent company only Financial Statements

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.

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.

## **Dimerco Express Corporation Notes to parent company only Financial Statements**

### **(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. Goodwill is tested annually for 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 and cost 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 main revenue is derived from providing 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 recognition 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.

#### **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

## Dimerco Express Corporation Notes to parent company only Financial Statements

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) 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.

### (XV) 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. Deferred income tax is not recognized for temporary differences arising from the following circumstances:

1. Assets or liabilities that are not part of the initial recognition of a business merger transaction and do not affect the accounting profit and taxable income (loss) at the time of the transaction;
2. temporary differences arising from investments in subsidiaries, affiliates and joint



## **Dimerco Express Corporation Notes to parent company only Financial Statements**

ventures where the Company can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future; and

3. Taxable temporary differences arising from the initial recognition of goodwill.

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. Deferred tax assets are reassessed at each reporting date and reduced to the extent that it is not probable that the related income tax benefit will be realized, or to the extent that it becomes probable that sufficient taxable income will be available to allow the reversal of the original reduction.

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.

### **(XVI) 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

### **(XVII) 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.

## Dimerco Express Corporation Notes to parent company only Financial 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.

### VI. Description of Significant Account Titles

#### (I) Cash and cash equivalents

	<u>2022.12.31</u>	<u>2021.12.31</u>
Cash on hand	\$ 1,507	1,545
Checking deposit	8,733	15,481
Demand deposit	172,617	183,055
Time deposit	36,876	13,837
Cash and cash equivalents in statement of cash flows	<u>\$ 219,733</u>	<u>213,918</u>

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Notes receivable	\$ 7,173	17,789
Accounts receivable	306,293	401,086
Accounts receivable – related parties	90,345	271,555
Overdue	-	736
Less: Allowance for losses - account receivable	6,213	4,996
Allowance - overdue	-	736
	<u>\$ 397,598</u>	<u>685,434</u>

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

## Dimercio Express Corporation Notes to parent company only Financial Statements

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:

	<u>2022.12.31</u>		
	<u>Carrying amount of accounts receivable</u>	<u>Weighted average expected credit loss rate</u>	<u>Allowance for lifetime expected credit losses</u>
Not past due	\$ 312,940	0%	-
Overdue for 0-30 days	77,377	0%	-
Overdue for 31-60 days	12,656	42%	5,375
Overdue for 61-90 days	838	100%	838
	<u>\$ 403,811</u>		<u>6,213</u>
	<u>2021.12.31</u>		
	<u>Carrying amount of accounts receivable</u>	<u>Weighted average expected credit loss rate</u>	<u>Allowance for lifetime expected credit losses</u>
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
	<u>\$ 691,166</u>		<u>5,732</u>

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

	<u>2022</u>	<u>2021</u>
Opening balance	\$ 5,732	3,064
Provision for impairment loss	1,217	2,668
Amount written off as uncollectible during the year	(736)	-
Ending balance	<u>\$ 6,213</u>	<u>5,732</u>

(III) Investments using the equity method

## Dimerco Express Corporation Notes to parent company only Financial Statements

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Subsidiary	\$ 9,528,539	6,653,336
Associates	241,671	213,841
Total	<u>\$ 9,770,210</u>	<u>6,867,177</u>

### 1. Subsidiary

Please refer to the consolidated financial statements for the year ended December 31, 2022.

### 2. Associates

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

<u>Name</u>	<u>Nature of the relationship with the Consolidated Company</u>	<u>Core operation location / Country of registration</u>	<u>Proportion of ownership interest and voting rights</u>	
			<u>2022.12.31</u>	<u>2021.12.31</u>
ITG Air & Sea GmbH	Air and ocean freight logistics business	Germany	25.00%	25.00%

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

Summary of financial information of ITG Air & Sea GmbH:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Current assets	\$ 1,299,254	1,065,828
Non-current assets	83,643	88,923
Current liabilities	(905,396)	(778,586)
Non-current liabilities	(29,582)	(39,569)
Net assets	<u>\$ 447,919</u>	<u>336,596</u>
Net assets attributable to the Company	<u>\$ 111,979</u>	<u>84,149</u>

	<u>2022</u>	<u>2021</u>
Operating revenue	<u>\$ 4,657,240</u>	<u>4,283,299</u>
Net income of continuing operations for the period	\$ 199,467	126,150
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 199,467</u>	<u>126,150</u>
Total comprehensive income attributable to the Company for the period	<u>\$ 49,866</u>	<u>31,538</u>

## Dimerco Express Corporation Notes to parent company only Financial Statements

	<u>2022</u>	<u>2021</u>
The Company's share of the net assets from associated entities at the beginning of the period	\$ 84,149	68,321
Total comprehensive income attributable to the Company for the period	49,866	31,538
Dividend received for the period	(28,180)	(7,769)
Translation adjustment	6,144	(7,941)
The Company's share of the net assets from associated entities at the end of the period	111,979	84,149
Add: Goodwill	129,692	129,692
Carrying amount of the Company's equity in associates at the end of the period	<u>\$ 241,671</u>	<u>213,841</u>

### 3. Collateral

None of the above investments using the equity method by the Company was pledged as collateral as of December 31, 2022 and 2021.

### (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, 2022 and 2021, were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvement</u>	<u>Total</u>
Cost or deemed cost:						
Balance on January 1, 2022	\$ 156,092	48,913	-	48,117	3,384	256,506
Addition	-	-	-	2,076	-	2,076
Balance on December 31, 2022	<u>\$ 156,092</u>	<u>48,913</u>	<u>-</u>	<u>50,193</u>	<u>3,384</u>	<u>258,582</u>
Balance on January 1, 2021	\$ 156,092	48,913	476	42,448	3,384	251,313
Addition	-	-	-	5,665	-	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>
Depreciation:						
Balance on January 1, 2022	\$ -	21,914	-	41,265	3,383	66,566
Depreciation	-	948	-	2,940	-	3,888
Balance on December 31, 2022	<u>\$ -</u>	<u>22,862</u>	<u>-</u>	<u>44,205</u>	<u>3,383</u>	<u>70,454</u>
Balance on January 1, 2021	\$ -	20,966	476	36,902	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>41,265</u>	<u>3,383</u>	<u>66,566</u>
Carrying amount:						
December 31, 2022	<u>\$ 156,092</u>	<u>26,051</u>	<u>-</u>	<u>5,988</u>	<u>1</u>	<u>188,128</u>
December 31, 2021	<u>\$ 156,092</u>	<u>26,999</u>	<u>-</u>	<u>6,848</u>	<u>1</u>	<u>189,940</u>

## Dimercio Express Corporation Notes to parent company only Financial Statements

As of December 31, 2022 and 2021, the property, plant and equipment had been pledged as collateral for 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:

	<b>Buildings</b>	<b>Transportation equipment</b>	<b>Total</b>
Cost of right-of-use assets:			
Balance on January 1, 2022	20,721	166	20,887
Addition	8,275	2,401	10,676
Decrease (including leasehold improvements)	<u>(12,949)</u>	<u>(166)</u>	<u>(13,115)</u>
Balance on December 31, 2022	<b><u>\$ 16,047</u></b>	<b><u>2,401</u></b>	<b><u>18,448</u></b>
Balance on January 1, 2021	11,460	1,846	13,306
Addition	15,834	-	15,834
Decrease	<u>(6,573)</u>	<u>(1,680)</u>	<u>(8,253)</u>
Balance on December 31, 2021	<b><u>\$ 20,721</u></b>	<b><u>166</u></b>	<b><u>20,887</u></b>
Depreciation of right-of-use assets:			
Balance on January 1, 2022	8,622	83	8,705
Depreciation	10,659	883	11,542
Decrease (including leasehold improvements)	<u>(12,924)</u>	<u>(166)</u>	<u>(13,090)</u>
Balance on December 31, 2022	<b><u>\$ 6,357</u></b>	<b><u>800</u></b>	<b><u>7,157</u></b>
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	<b><u>\$ 8,622</u></b>	<b><u>83</u></b>	<b><u>8,705</u></b>
Carrying Amount:			
December 31, 2022	<b><u>\$ 9,690</u></b>	<b><u>1,601</u></b>	<b><u>11,291</u></b>
December 31, 2021	<b><u>\$ 12,099</u></b>	<b><u>83</u></b>	<b><u>12,182</u></b>

### (VI) Short-term borrowings

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

### 1. Short-term borrowings

<b>2022.12.31</b>				
	<b>Currency</b>	<b>Interest rate range (%)</b>	<b>Expiration</b>	<b>Amount</b>
Unsecured bank borrowings	NTD	1.15~1.5	2023	<u><u>\$ 430,000</u></u>
<b>2021.12.31</b>				
	<b>Currency</b>	<b>Interest rate range (%)</b>	<b>Expiration</b>	<b>Amount</b>
Unsecured bank borrowings	NTD	0.85	2022	\$ 583,025
Unsecured bank borrowings	EUR	0.55	2022	<u>93,567</u>
Total				<u><u>\$ 676,592</u></u>

The un-utilized short-term credit was \$1,195,025 thousand and \$722,925 thousand for the years ended December 31, 2022 and 2021, respectively.

Please refer to Note 8 for the assets pledged for bank loans.

### 2. Long-term borrowings

The un-utilized short-term credit was \$150,000 thousand for the years ended December 31, 2022 and 2021, respectively.

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

### (VII) Lease liabilities

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

	<b>2022.12.31</b>	<b>2021.12.31</b>
Current	<u><u>\$ 9,415</u></u>	<u><u>9,163</u></u>
Non-current	<u><u>\$ 1,911</u></u>	<u><u>2,976</u></u>

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

Lease amounts recognized through profit and loss were as follows:

	<b>2022</b>	<b>2021</b>
Interest expense on lease liabilities	<u><u>\$ 125</u></u>	<u><u>130</u></u>
Expenses on low-value leased assets (excluding short-term, low-value leases)	<u><u>\$ 507</u></u>	<u><u>249</u></u>

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

	<b>2022</b>	<b>2021</b>
Total cash outflow from leases	<u><u>\$ 12,188</u></u>	<u><u>12,972</u></u>

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### (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>2022.12.31</u>	<u>2021.12.31</u>
Present value of the defined benefit obligation	\$ 41,598	48,505
Fair value of the plan assets	<u>36,575</u>	<u>32,695</u>
Net defined benefit liability	<u>\$ 5,023</u>	<u>15,810</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 2022 reporting date, the fund allocated to the employees' pension reserve account with Bank of Taiwan was \$36,326 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.

#### (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 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Defined benefit obligation on January 1	\$ 48,505	45,129
Interest costs	298	278
Remeasurement of net defined benefit (asset) liability		
- Actuarial gain or loss from changes in financial assumptions	(5,427)	3,098
Benefits paid by the plan	<u>(1,778)</u>	<u>-</u>
Defined benefit obligation on December 31	<u>\$ 41,598</u>	<u>48,505</u>

#### (3) Changes in fair value of the plan assets



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The changes in the fair value of the Company's defined benefit plan assets in 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Fair value of the plan assets on January 1	\$ 32,695	28,946
Interest income	208	188
Remeasurement of net defined benefit liability		
- Return on plan asset (excluding current interest)	2,449	320
Contribution to the plan	3,001	3,241
Benefits paid by the plan	<u>(1,778)</u>	<u>-</u>
Fair value of the plan assets on December 31	<u><u>\$ 36,575</u></u>	<u><u>32,695</u></u>

### (4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company in 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Net interest on net defined benefit liability (recorded as operating expense)	<u><u>\$ 90</u></u>	<u><u>90</u></u>

### (5) Actuarial assumptions

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Discount rate	1.750%	0.625%
Future salary increase	3.000%	3.000%

The Company expects to contribute \$3,001 thousand to the defined benefit plan within one year after the 2022 balance sheet date.

The weighted average duration of the defined benefit plan is 11.12 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, 2022 and 2021 on the present value of the defined benefit obligation is as follows:

## Dimerco Express Corporation Notes to parent company only Financial Statements

	Effect on the defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
	December 31, 2022	
Discount rate	\$ (743)	767
Future salary increase rate	739	(720)
December 31, 2021		
Discount rate	\$ (1,036)	1,071
Future salary increase rate	1,023	(998)

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 2022 and 2021.

### 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 2022 and 2021 were \$6,298 thousand and \$6,010 thousand, respectively, which have been contributed to the Bureau of Labor Insurance.

## (XIX) Income tax

### 1. Income tax expense

The details of the Company's income tax expense (benefit) for 2022 and 2021 are as follows:

	2022	2021
Income tax expense (benefit) in this period		
Generated during the period	\$ 123,186	72,038
Adjustment to the income tax for the prior period	(6,306)	505
	116,880	72,543
Deferred tax expense		
Temporary differences occurring and reversed	5,433	351
Income tax expense	\$ 122,313	72,894

## Dimercio Express Corporation Notes to parent company only Financial Statements

The reconciliation of income tax and profit before tax for 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Profit before tax	<u>\$ 2,660,938</u>	<u>2,383,371</u>
Income tax calculated at the domestic tax rate where the Company is located	\$ 532,188	476,674
Profit recognized under equity method	(445,220)	(406,982)
Dividend income	5,607	1,528
5% surtax on undistributed earnings	28,611	-
Adjustment for prior periods	(6,306)	505
Other	<u>7,433</u>	<u>1,169</u>
Total	<u>\$ 122,313</u>	<u>72,894</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, 2022 and 2021, 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>2022.12.31</u>	<u>2021.12.31</u>
Amount of deferred tax liabilities not recognized	<u>\$ 2,073,592</u>	<u>1,408,666</u>

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

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

Deferred tax assets:

	<u>Defined benefit plan</u>	<u>Unrealized exchange profits or losses</u>	<u>Other</u>	<u>Total</u>
<b>January 1, 2022</b>	\$ 2,169	125	65	2,359
Credit(Debit)				
Income statement	(582)	(125)	582	(125)
<b>December 31, 2022</b>	<u>\$ 1,587</u>	<u>-</u>	<u>647</u>	<u>2,234</u>
<b>January 1, 2021</b>	\$ 2,799	(89)	-	2,710
Credit(Debit)				
Income statement	(630)	214	65	(351)
<b>December 31, 2021</b>	<u>\$ 2,169</u>	<u>125</u>	<u>65</u>	<u>2,359</u>

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Deferred tax liabilities:

	<b>Unrealized exchange profits or losses</b>
<b>January 1, 2022</b>	\$ -
Debit to the Income Statements	5,308
<b>Balance on December 31, 2022</b>	<b>\$ 5,308</b>

3. Approval of income tax returns

The Company's income tax returns through 2020 were examined and approved by the tax authority.

(X) Capital and other equity

1. Common stock

As of December 31, 2022 and 2021, the Company's authorized capital was \$1,680,000 thousand, with a par value of \$10 and a total of 168,000 thousand shares on both dates. The issued shares were 136,080 thousand shares on both dates; and all the funds of issued shares had been received.

Through a resolution in the shareholders' meeting on July 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 04, 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:

	<b>2022.12.31</b>	<b>2021.12.31</b>
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
	<b>\$ 19,362</b>	<b>19,362</b>

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.

3. Retained earnings

The Company's Article of Incorporation of the Company, requires that after -tax

## **Dimerco Express Corporation Notes to parent company only Financial Statements**

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.

### (3) Earnings distribution

On March 17, 2022, the Board of Directors resolved to distribute cash dividends from the earnings of the Company for the year ended December 31, 2021. On March

## Dimerco Express Corporation Notes to parent company only Financial Statements

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 dividends distributed to shareholders were as follows:

	<u>2021</u>		<u>2020</u>	
	<b>Dividend payout ratio (NT\$)</b>	<b>Amount</b>	<b>Dividend payout ratio (NT\$)</b>	<b>Amount</b>
Dividends attributable to ordinary shareholders:				
Cash	\$ 10.20	1,388,016	5.20	655,200
Stock	-	-	0.80	100,800
Total		<b><u>\$ 1,388,016</u></b>		<b><u>756,000</u></b>

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

On March 15, 2023, the Board of Directors resolved to appropriate 2022 surplus as cash dividends and proposed to distribute stock dividends from the surplus, and the amounts to be distributed to shareholders were as follows

	<u>2022</u>	
	<b>Dividend payout ratio (NT\$)</b>	<b>Amount</b>
Dividends distributed to ordinary shareholders:		
Cash	\$ 10.70	1,456,056
Stock	0.50	68,040
Total		<b><u>\$ 1,524,096</u></b>

#### 4. Treasury stocks

In order to motivate employees and promote their commitment to the Company, and to protect the Company's credit and shareholders' equity, the Company's Board of Directors resolved October 12, 2022 to repurchase the Company's treasury stock in accordance with Article 28-2 of the Securities and Exchange Act. From October 17, 2022 to December 8, 2022, the Company repurchased 3,000 thousand shares of the Company's common stock from the stock exchange market at a total purchase cost of \$201,000 thousand. The Company's repurchases of treasury stock were as follows:

	<u>2022</u>
Opening balance as of January 1	-
Repurchase of treasury stocks	<u>3,000</u>
Ending balance as of December 31	<b><u>3,000</u></b>

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In accordance with the requirements of the Securities and Exchange Act mentioned above, the number of shares repurchased by the Company shall not exceed 10% of the Company's total issued shares, and the total amount of shares repurchased shall not exceed the amount of the Company's retained earnings plus premiums on issued shares and realized capital surplus. The maximum number of shares held and the maximum amount of shares acquired for the year 2022 were in compliance with the aforementioned requirements. The treasury stock held by the Company shall not be pledged under the Securities and Exchange Act and is not entitled to shareholders' rights until it is transferred.

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

	<b>Exchange differences on the translation of financial statements of foreign operations</b>
Balance on January 1, 2022	\$ (557,281)
Exchange differences on translating net assets of foreign operations	308,919
Share of exchange differences of subsidiary accounted for using the equity method	<u>425,951</u>
Balance on December 31, 2022	<u><b>\$ 177,589</b></u>
Balance on January 1, 2021	\$ (441,087)
Exchange differences on translating net assets of foreign operations	(111,135)
Share of exchange differences of subsidiary accounted for using the equity method	<u>(5,059)</u>
Balance on December 31, 2021	<u><b>\$ (557,281)</b></u>

### (XI) Earnings per share

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

#### 1. Basic earnings per share

	Unit: Thousands of shares	
	<u>2022</u>	<u>2021</u>
Net profit for the period	<u><b>\$ 2,538,625</b></u>	<u><b>2,310,477</b></u>
Number of shares outstanding	136,080	136,080
Effect of treasury stock	<u>(429)</u>	<u>-</u>
Weighted average number of ordinary shares outstanding	<u><b>135,651</b></u>	<u><b>136,080</b></u>
Basic earnings per share (unit: NT\$)	<u><b>\$ 18.71</b></u>	<u><b>16.98</b></u>

## Dimerco Express Corporation Notes to parent company only Financial Statements

### 2. Diluted earnings per share

	<u>2022</u>	<u>2021</u>
Net profit for the period	<u>\$ 2,538,625</u>	<u>2,310,477</u>
Weighted average number of ordinary shares outstanding (basic)	135,651	136,080
Effect of potentially dilutive ordinary share:		
Remuneration for employees	<u>2,410</u>	<u>1,671</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>138,061</u>	<u>137,751</u>
Diluted earnings per share (unit: NT\$)	<u>\$ 18.39</u>	<u>16.77</u>

### (XII) Revenue from customer contracts

#### 1. Breakdown of revenue

	<u>2022</u>			
	<u>Asia</u>	<u>Americas</u>	<u>Europe</u>	<u>Total</u>
Main Product/Service:				
Revenues from air freight	\$ 1,863,072	439,960	81,640	2,384,672
Revenues from ocean freight	9,065	-	14,694	23,759
Other	<u>81,075</u>	<u>5,795</u>	<u>2,487</u>	<u>89,357</u>
	<u>\$ 1,953,212</u>	<u>445,755</u>	<u>98,821</u>	<u>2,497,788</u>

	<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>

#### 2. Contract balance

	<u>2022.12.31</u>	<u>2021.12.31</u>	<u>110.1.1</u>
Notes receivable	\$ 7,173	17,789	2,377
Accounts receivable	306,293	401,086	213,347
Accounts receivable – related parties	90,345	271,555	61,059
Less: Allowance for losses	<u>6,213</u>	<u>4,996</u>	<u>3,061</u>
Total	<u>\$ 397,598</u>	<u>685,434</u>	<u>273,722</u>



## Dimerco Express Corporation Notes to parent company only Financial Statements

### (XIII) Costs

The details of the Company's operating costs for 2022 and 2021 are as follows:

	<b>2022</b>	<b>2021</b>
Export costs	\$ 2,065,634	1,805,433
Import costs	22,680	8,607
Other costs	55,639	38,392
	<b>\$ 2,143,953</b>	<b>1,852,432</b>

### (XIX) 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). On June 8, 2022, the Company's shareholders' meeting resolved to amend the Company's Articles of Incorporation to change the remuneration for directors and supervisors to remuneration for directors.

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 \$147,501 thousand and \$145,689 thousand for 2022 and 2021, respectively; the amount of directors' and supervisors' compensation was estimated to be \$42,071 thousand and \$41,625 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, 2022 and 2021.

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

#### 1. Interest income

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

	<b>2022</b>	<b>2021</b>
Interest on bank deposits	<b>\$ 1,410</b>	<b>40</b>

#### 2. Other income

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The details of the Company's other income for 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Rental incomes	\$ 660	660
Dividend income	148	130
Government grants	-	4,000
Information system service consulting	404,271	354,190
Other	4,130	7,298
Other income	<u><b>\$ 409,209</b></u>	<u><b>366,278</b></u>

### 3. Other gains and losses

The details of the Company's other gains and losses in 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Disposal of property, plant and equipment	\$ -	590
Gain on foreign currency exchange	61,328	837
Other gains and losses, net	<u><b>\$ 61,328</b></u>	<u><b>1,427</b></u>

### 4. Financial costs

The details of the Company's financial costs for 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Interest expense		
Bank borrowings	\$ 5,048	5,831
Lease liabilities	125	130
Financial costs, net	<u><b>\$ 5,173</b></u>	<u><b>5,961</b></u>

## Dimerco Express Corporation Notes to parent company only Financial Statements

### (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 \$856,914 thousand and \$909,884 thousand for the years ended December 31, 2022 and 2021, respectively.

##### (2) Credit concentration risk

The revenues generated from the sales to a single multinational customer were approximately 5% in 2022 and 8% in 2021.

#### 2. Liquidity risk

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

	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1-2 years	2-5 years	More than 5 years
<b>December 31, 2022</b>							
Non-derivative financial assets							
Short-term bank borrowings	\$ 430,000	435,966	435,966	-	-	-	-
Notes payable	16,550	16,550	16,550	-	-	-	-
Accounts payable (include related parties)	159,360	159,360	159,360	-	-	-	-
Other payables (include related parties)	368,243	373,763	373,763	-	-	-	-
Long-term payable - related parties	225,514	225,514	-	-	-	-	225,514
Guarantee deposits received	117	117	-	117	-	-	-
Lease liabilities	11,326	11,406	4,743	4,742	1,780	141	-
Dividends payable	20,665	20,665	20,665	-	-	-	-
	<b>\$ 1,231,775</b>	<b>1,243,341</b>	<b>1,011,047</b>	<b>4,859</b>	<b>1,780</b>	<b>141</b>	<b>225,514</b>
<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	-	-	-	-
Other payables	257,524	257,524	257,524	-	-	-	-
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	-	-	-	-
	<b>\$ 1,457,755</b>	<b>1,463,375</b>	<b>1,238,102</b>	<b>4,622</b>	<b>2,991</b>	<b>92</b>	<b>217,568</b>

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.

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### 3. Exchange rate risk

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

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

	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>NTD</b>
<b>December 31, 2022</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$	6,039	30.7300
EUR	\$	672	32.8140
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$	9,529	30.7300
EUR	\$	29	32.814
<b>December 31, 2021</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$	10,815	27.6740
EUR	\$	187	31.3570
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$	11,838	27.6740

#### (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, other 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, 2022 and 2021 would have decreased the net income before tax by \$2,584 for the year ended 2022 and decreased \$674 thousand for the year ended 2021. 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 2022 and 2021 was \$61,328 thousand and \$837 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.

## Dimerco Express Corporation Notes to parent company only Financial Statements

The following sensitivity analysis is based on the 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 \$4,300 thousand and \$6,766 thousand for the years ended December 31, 2022 and 2021, 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.

#### (1) Types and fair values of financial instruments

The carrying amounts and fair values of the Company's financial assets and liabilities (including fair value hierarchy information, except for financial instruments not carried at fair value whose carrying amounts are a reasonable approximation of fair value and lease liabilities for which disclosure of fair value information is not required) are presented as follows:

	2022.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income (FVOCI)					
Domestic and foreign unlisted stocks	\$ 390	-	-	390	390
Financial assets at amortized cost					
Cash and cash equivalents	219,733	-	-	-	-
Notes receivable and accounts receivable (including related parties)	397,598	-	-	-	-
Other receivables - related parties	229,266	-	-	-	-
Restricted time deposits	3,660	-	-	-	-
Guarantee deposits paid	6,267	-	-	-	-
Subtotal	856,524	-	-	-	-
Total	<b>\$ 856,914</b>	<b>-</b>	<b>-</b>	<b>390</b>	<b>390</b>

## Dimerco Express Corporation Notes to parent company only Financial Statements

		2022.12.31			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Bank borrowings	\$ 430,000	-	-	-	-
Notes payable and accounts payable (include related parties)	175,910	-	-	-	-
Other payables (include related parties)	368,243	-	-	-	-
Long-term payable - related parties	225,514	-	-	-	-
Guarantee deposits received	117	-	-	-	-
Lease liabilities	11,326	-	-	-	-
Dividends payable	20,665	-	-	-	-
<b>Total</b>	<b>\$ 1,231,775</b>	-	-	-	-
		2021.12.31			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income (FVOCI)					
Domestic and foreign unlisted stocks	\$ 390	-	-	390	390
Financial assets at amortized cost					
Cash and cash equivalents	213,918	-	-	-	-
Notes receivable and accounts receivable (including related parties)	685,434	-	-	-	-
Other receivables - related parties	1,407	-	-	-	-
Restricted time deposits	3,660	-	-	-	-
Guarantee deposits paid	5,075	-	-	-	-
Subtotal	909,494	-	-	-	-
<b>Total</b>	<b>\$ 909,884</b>	-	-	<b>390</b>	<b>390</b>
Financial liabilities at amortized cost					
Bank borrowings	\$ 676,592	-	-	-	-
Notes payable and accounts payable (include related parties)	288,144	-	-	-	-
Other payables (include related parties)	257,524	-	-	-	-
Long-term payable - related parties	217,568	-	-	-	-
Guarantee deposits received	93	-	-	-	-
Lease liabilities	12,139	-	-	-	-
Dividends payable	5,695	-	-	-	-
<b>Total</b>	<b>\$ 1,457,755</b>	-	-	-	-

## Dimercio Express Corporation Notes to parent company only Financial Statements

- (2) Fair value measurement techniques for financial instruments at fair value - Non-derivative financial instruments

The fair value of equity instruments held by the Company that are not publicly quoted is estimated using market comparable company method. The main assumptions used to measure fair value are based on the net profit after tax or net equity of the investee and the earnings or net equity multiplier derived from the quoted market prices of comparable listed companies. The estimate is adjusted for the discount effect of the lack of marketability on the equity securities. Because the amount of equity investments for which the Consolidated Company uses the market comparable company method to estimate the fair value is not material, the Consolidated Company does not disclose the quantitative information.

- (3) Fair value hierarchy

In measuring its assets and liabilities, the Company uses market observable input values whenever possible. The fair value hierarchy is categorized based on the input values used in the valuation techniques as follows:

- A. Level 1: Publicly quoted prices (unadjusted) in active markets for identical assets or liabilities.
- B. Level 2: Input parameters of the asset or liability are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices), other than those included in publicly quoted prices on Level 1.
- C. Level 3: The input parameters of the asset or liability are not based on observable market data (unobservable parameters).

No transfers between fair value hierarchy levels occurred in the Company

- (4) Schedule of changes in Level 3

	<b>Equity instruments without public quotes</b>
December 31, 2022 (i.e., balance as of January 1, 2022)	<u><u>\$ 390</u></u>
December 31, 2021 (i.e., balance as of January 1, 2021)	<u><u>\$ 390</u></u>

### (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

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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.

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 receivable**

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. As of December 31, 2022 and 2021, there was no concentration of accounts receivable in a single customer.

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. Credit limits are established for each customer, which represent the maximum open amount without requiring approval from the corporate governance unit. 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.

#### **(2) Investment**



## **Dimerco Express Corporation Notes to parent company only Financial Statements**

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, 2022, 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.

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 revenue 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

## Dimerco Express Corporation Notes to parent company only Financial Statements

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, 2022.

(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 2022 and 2021 were as follows:

Acquisition of right-of-use asses by lease, please refer to Note 6(5).

Reconciliation of liabilities arising from financing activities were as follows:

	<u>111.1.1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>2022.12.3 1</u>
Short-term borrowings	\$ 676,592	(246,592)	-	430,000
Lease liabilities	12,139	(11,556)	10,743	11,326
Total amount of the liabilities arising from financing activities	<u>\$ 688,731</u>	<u>(258,148)</u>	<u>10,743</u>	<u>441,326</u>

	<u>110.1.1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>2021.12.3 1</u>
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>

## 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. (ZJDCN)	"
Dimerco Vietfracht (JV) Co., Ltd. (DIMVN)	"
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)	"
Diversified International Transportation (Shanghai) Co., Ltd. (DFSCN)	"

## Dimerco Express Corporation Notes to parent company only Financial Statements

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Diversified Transportation (China) Co., Ltd. (DTLCN)	Subsidiary of the Company
Dimerco Customs Brokerage Co. Ltd (DCBUS)	"
Dimerco Express (India) Pte Ltd. (DIMIN)	"
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)	"
B.C. Logistic, LLC	"
Dimerco International Logistice Company (DILHK)	"
Diversified Merchandise Company Limiad (DMCHK)	"
Global SCM Company Limited (GSCHK)	"
Diversified Freight System Philippines Corporation (DFSPH)	"
ITG Air & Sea GmbH (ITG)	Associates

### (II) Significant related-party transactions

#### 1. Operating revenue

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

	<u>2022</u>	<u>2021</u>
Subsidiary		
DIMUS	\$ 376,210	234,737
DIMCN	155,344	83,951
DFSCN	80,583	72,090
Other subsidiaries	372,326	292,111
Associates	1,285	3,480
	<b><u>\$ 985,748</u></b>	<b><u>686,369</u></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.

## Dimercio Express Corporation Notes to parent company only Financial Statements

2. Collection and payment on behalf of affiliates, freight expenses (recognized as a deduction from operating income)

	<u>2022</u>	<u>2021</u>
Subsidiary		
DIMCN	\$ 188,897	269,428
FSCHK	184,559	106,685
DIMUS	172,121	131,982
DIMKR	171,843	93,668
ZJDCN	105,621	93,004
DIMHK	81,830	66,148
Other subsidiaries	234,437	177,619
Associates	13,899	15,357
	<u><u>\$ 1,153,207</u></u>	<u><u>953,891</u></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. Payments due 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>2022.12.31</u>	<u>2021.12.31</u>
Accounts receivable	Subsidiary		
	DIMUS	\$ 22,880	41,906
	DIMCN	11,886	41,348
	DFSCN	12,766	57,425
	DIMMY	1,565	8,304
	ZJDCN	8,211	86,918
	DIMGB	961	6,964
	DIMSG	5,272	6,824
	DIMPH	8,559	5,856
	DIMHK	8,261	5,395
	DIMTH	4,653	4,045
	Other subsidiaries	5,308	6,058
	Associates	23	512
		<u><u>\$ 90,345</u></u>	<u><u>271,555</u></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>2022.12.31</u>	<u>2021.12.31</u>
Accounts payable	Subsidiary		
	DIMCN	\$ 14,658	46,287
	FSCHK	52,855	44,434
	DIMUS	14,588	24,307
	DIMKR	8,147	17,897
	ZJDCN	9,418	15,386
	DIMMY	4,193	10,582
	DIMHK	8,971	8,885
	DIMSG	6,513	8,004
	Other subsidiaries	6,777	7,664
	Associates	324	853
		<u>\$ 126,444</u>	<u>184,299</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>2022.12.31</u>	<u>2021.12.31</u>
Subsidiary		
FSC	\$ 119,550	119,550
Holding	26,066	26,066
Other subsidiaries	-	-
	<u>\$ 145,616</u>	<u>145,616</u>

### 6. Endorsement/guarantee

The Company provided guarantees to its subsidiaries for the performance of freight forwarding contracts as of December 31, 2022 and 2021, of which \$5,019 and \$27,680, 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:

## Dimercio Express Corporation Notes to parent company only Financial Statements

<u>Account in the book</u>	<u>Type of related party</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Advance receipts - related parties	Subsidiary		
	FSCHK	\$ 104,896	104,896
Long-term advance receipts - related parties	Subsidiary		
	FSC	717,883	718,184
	FSCHK	2,684,525	1,298,622
		<u>\$ 3,507,304</u>	<u>2,121,702</u>

### 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 \$126,124 and \$101,968 from FSCHK for the aforesaid transactions in 2022 and 2021, respectively, which were recognized as a deduction of management fee in the years ended December 31, 2021 and 2022. For 2022 and 2021, the consulting income from information system services received from subsidiaries amounted to \$404,271 thousand and \$354,190 thousand, respectively, and was recorded as other income, as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Subsidiary		
DIMUS	\$ 90,115	65,312
DIMCN	83,464	54,144
ZJDCN	76,701	113,294
DFSCN	75,932	66,273
Other subsidiaries	78,059	55,167
	<u>\$ 404,271</u>	<u>354,190</u>

The uncollected revenue from information system service consulting amounted to \$229,266 thousand and \$153,235 thousand as of December 31, 2022 and 2021, respectively, and was recorded as other receivables - related parties and accounts receivable - related parties, respectively.

### 9. Other

(1) The Company received \$49,168 thousand and \$44,278 thousand (both in US\$1,600 thousand) on behalf of its subsidiary, FSC, as of December 31, 2022 and 2021, respectively, which were recognized as long-term accounts payable - related parties.

## Dimerco Express Corporation Notes to parent company only Financial Statements

- (2) DIMHK, the subsidiary of the Company, made payments of \$30,730 thousand and \$27,674 thousand (both in US\$1,000 thousand) on behalf of the Company as of December 31, 2022 and 2021, respectively, which were recognized as long-term accounts payable - related parties.
- (3) For 2022 and 2021, amounts of \$948 thousand and \$1,407 thousand, respectively, were recorded as other payables - related parties and other receivables - related parties between the Company and its subsidiary, DILTW for collection and payment on behalf of each other.

### (III) Key management personnel compensation

Key management personnel compensation includes:

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 49,916	43,037
Post-employment benefits	787	812
	<u>\$ 50,703</u>	<u>43,849</u>

## VIII. Pledged Assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>2022.12.31</u>	<u>2021.12.31</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	41,792
Buildings	"	15,416	15,961
		<u>\$ 60,868</u>	<u>61,413</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, 2022 and 2021. The amount of guarantee provided by banks for performance guarantee was \$193,000 thousand and \$120,000 thousand, respectively, and the amount used was \$81,725 thousand and \$77,900 thousand, respectively.
- (II) The Company issued \$1,700 thousand and \$2,800 thousand of guarantee notes for freight forwarding business as of December 31, 2022 and 2021, respectively; in addition, the Company paid \$3,000 thousand of customs duty for freight forwarding business as of December 31, 2022 and 2021 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 Function Nature	2022			2021		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expenses						
Salaries and wages	16,938	365,205	382,143	18,128	326,587	344,715
Labor insurance and national health insurance	-	16,269	16,269	271	12,878	13,149
Pension expenses	-	6,388	6,388	-	6,100	6,100
Remuneration to directors	-	42,071	42,071	-	41,625	41,625
Other employee benefits	-	8,499	8,499	-	7,897	7,897
Depreciation expense	-	15,430	15,430	-	17,899	17,899
Amortization expense	-	122	122	-	236	236

Additional information on the number of employees and employee benefit expenses for the years ended December 31, 2022 and 2021 are summarized below:

	2022	2021
Number of employees	<u>147</u>	<u>151</u>
Number of directors who were not employees	<u>7</u>	<u>7</u>
The average employee benefit	<u>\$ 2,952</u>	<u>2,582</u>
The average salaries and wages	<u>\$ 2,730</u>	<u>2,394</u>
Changes of the average salaries and wages	<u>14.04%</u>	
Remuneration to supervisor	<u>\$ -</u>	<u>5,246</u>

## Dimerco Express Corporation Notes to parent company only Financial Statements

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.

### (XIII) Additional Disclosures

#### (1) 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, 2022:

##### 1. Loans to other parties:

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 range	Purposes of funds financing for the borrower (Note 1)	Amount of business transactions	Reasons for the necessity of short-term financing	Amount of allowance for bad debts	Collateral		The limit for individual funds financing (Note 2)	The maximum limit of funds financing (Note 2)
													Name	Value		
1	HOLDING	The Company	Payment due from related parties	Yes	28,864	26,066	26,066	-	2	-	Working capital	-	-	-	261,157	1,044,628
2	FSC	The Company	Payments due from related parties	Yes	119,550	119,550	119,550	-	2	-	Working capital	-	-	-	136,954	547,818

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 endorsements and/or guarantees secured with the property	Total endorsements and guarantees as a percentage of equity in the most recent financial statement	The ceiling amount of endorsement guarantee (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	DIMVN	2	272,160	6,678	4,456	4,456	4,456	0.07%	544,320	Y	N	N
0	The Company	DIMN & DIMTH	2	272,160	322	313	313	313	0.01%	544,320	Y	N	N
0	The Company	DIMKR	2	272,160	24,129	-	-	-	-	544,320	Y	N	N
0	The Company	DILT.W	2	272,160	282	250	250	250	-	544,320	Y	N	N

## Dimerco Express Corporation Notes to parent company only Financial Statements

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 investor 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, 2021 (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	Barwill Holdings Ltd.	—	Financial assets at fair value through other comprehensive income - Non-current	22,000	19	-	19	
DIMSG	Stamford Land	—	Financial assets at fair value through other comprehensive income - Non-current	5,000	40	-	40	

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.

4. 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
5. Acquisition of individual real estate with amount exceeding the lower of \$300 million or 20% of the Company's paid-in capital: None
6. Disposal of individual real estate with amount exceeding the lower of \$300 million or 20% of the Company's paid-in capital: None
7. 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-subsidiary	(Sales)	(376,210)	15.06 %	(Note 1)	-	-	22,880	6%	
DIMUS	The Company	Sub-subsidiary	Purchase	376,210	4.81 %	(Note 1)	-	-	(22,880)	(4)%	
The Company	DIMCN	Sub-subsidiary	(Sales)	(155,344)	6.22 %	(Note 1)	-	-	11,886	3%	
DIMCN	The Company	Sub-subsidiary	Purchase	155,344	3.27 %	(Note 1)	-	-	(11,886)	(4)%	
DIMCN	The Company	Sub-subsidiary	(Sales)	(188,897)		(Note 2)	-	-	14,658	3%	
The Company	DIMCN	Sub-subsidiary	Purchase	188,897		(Note 2)	(Note 1)	-	(14,658)	(8)%	
DIMKR	The Company	Sub-subsidiary	(Sales)	(171,843)		(Note 2)	(Note 1)	-	8,147	7%	
The Company	DIMKR	Sub-subsidiary	Purchase	171,843		(Note 2)	(Note 1)	-	(8,147)	(5)%	
DIMUS	The Company	Sub-subsidiary	(Sales)	(172,121)		(Note 2)	(Note 1)	-	14,588	2%	
The Company	DIMUS	Sub-subsidiary	Purchase	172,121		(Note 2)	(Note 1)	-	(14,588)	(8)%	

## Dimerco Express Corporation Notes to parent company only Financial Statements

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)	
FSCHK	The Company	Subsidiary of the Company	(Sales)	(184,559)	(Note 2)	(Note 1)	-		52,855	22%	
The Company	FSCHK	Subsidiary of the Company	Purchase	184,559	(Note 2)	(Note 1)	-		(52,855)	(30%)	
ZJDCN	The Company	Sub-subsiary	(Sales)	(105,621)	(Note 2)	(Note 1)	-		9,418	1%	
The Company	ZJDCN	Sub-subsiary	Purchase	105,621	(Note 2)	(Note 1)	-		(9,418)	(5%)	
FSCHK	ZJDCN	Subsidiary and sub-subsiary	(Sales)	(153,802)	10.43 %	(Note 1)	-		52,443	21%	
ZJDCN	FSCHK	Subsidiary and sub-subsiary	Purchase	153,802	2.40 %	(Note 1)	-		(52,443)	(13%)	
FSCHK	DFSCN	Subsidiary and sub-subsiary	(Sales)	(189,489)	12.85 %	(Note 1)	-		6,061	2%	
DFSCN	FSCHK	Subsidiary and sub-subsiary	Purchase	189,489	4.17 %	(Note 1)	-		(6,061)	(4%)	
FSCHK	DIMCN	Subsidiary and sub-subsiary	(Sales)	(209,008)	14.18 %	(Note 1)	-		9,375	4%	
DIMCN	FSCHK	Subsidiary and sub-subsiary	Purchase	209,008	4.40 %	(Note 1)	-		(9,375)	(3%)	
FSCHK	DIMUS	Subsidiary and sub-subsiary	(Sales)	(184,612)	12.52 %	(Note 1)	-		6,610	3%	
DIMUS	FSCHK	Subsidiary and sub-subsiary	Purchase	184,612	2.36 %	(Note 1)	-		(6,610)	(1%)	
FSCHK	DIMSG	Subsidiary and sub-subsiary	(Sales)	(101,475)	6.88 %	(Note 1)	-		39,334	16%	
DIMSG	FSCHK	Subsidiary and sub-subsiary	Purchase	101,475	7.37 %	(Note 1)	-		(39,334)	(2%)	

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 collected and paid on behalf of affiliates 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).

### 8. 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		
The Company	ZJDCN	Subsidiary of the Company	100,907 (Note 1)	-%	-		-	-
FSC	The Company	Subsidiary of the Company	168,718 (Note 2)	-%	-		-	-
FSC	DIL	Subsidiary	216,717 (Note 3)	-%	-		-	-

Note 1: Accounts receivable of \$8,211 thousand and other receivables of \$92,696 thousand.

Note 2: The amount was \$119,550 thousand for financing arrangement and \$49,168 thousand for accounts receivable on behalf of others.

Note 3: it is the account receivable on behalf of others.

### 9. Trading in derivative instruments: None

## Dimerco Express Corporation Notes to parent company only Financial Statements

### (II) Information on investees:

The following is the information on investees for the year ended December 31, 2022 (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 (Note 11)	Share of profits/losses of investee (Note 11)	Remarks
				End of the period	The end of last year	Number of shares	Percentage of ownership	Carrying amount (Note 11)			
The Company	DFSTW	Taiwan	Ocean freight forwarding	15,444	15,444	1,200,000	99%	780,479	252,958	252,958	
The Company	HOLDING	Bermuda	Holding company	164,845	164,845	3,089,000	100%	2,611,571	791,373	791,373	
The Company	DIMSG	Singapore	Ocean and air freight forwarding, distribution and warehousing	132,266	108,362	5,400,000	100%	595,797	53,630	53,630	Note 4
The Company	DIL	BVI Suzhou	Holding company	472,313	472,313	(註一)	100%	4,169,210	853,946	853,946	
The Company	FSC	BVI Suzhou	Central account settlement	315	315	10,000	20%	273,908	(3,569)	(714)	
The Company	FSCHK	Hong Kong	Central account settlement	236	236	7,500	15%	743,169	1,493,168	223,975	
The Company	ITG GmbH	Germany	Ocean and air freight forwarding	183,547	183,547	6,275	25%	241,671	199,467	49,866	
The Company	DIL.TW	Taiwan	Distribution and warehousing	8,000	8,000	800,000	80%	8,166	1,329	1,064	
The Company	DFSSG	Singapore	Distribution and warehousing	13,482	-	600,000	100%	41,085	12,143	-	Note 5
The Company	DIL.HK	Hong Kong	Distribution and warehousing	-	-	-	100%	51,221	5,550	5,550	Note 3
The Company	DIL.SG	Singapore	Distribution and warehousing	4,215	-	-	100%	2,081	(2,262)	-	Note 6
The Company	DIMMY	Malaysia	Ocean and air freight forwarding	65,516	-	250,000	100%	200,614	57,541	-	Note 7
The Company	DTLHK	Hong Kong	Transportation	41,076	-	89,000	100%	51,239	1,550	-	Note 2
Taiwan Ben Line Integrated Logistics and Agencies Ltd.	FSCHK	Hong Kong	Central account settlement	235	235	7,500	15%	676,816	1,493,168	223,975	
Taiwan Ben Line Integrated Logistics and Agencies Ltd.	DIL.TW	Taiwan	Distribution and warehousing	2,000	2,000	200,000	20%	2,042	1,329	265	
DIL	DIMUS	U.S.A.	Ocean and air freight forwarding	238,686	238,686	4,961,000	100%	975,186	206,947	206,947	
DIL	DIMGB	United Kingdom	Ocean and air freight forwarding	12,589	12,589	300,000	37%	(13,531)	(8,908)	(3,341)	
DIL	GMS	Hong Kong	Distribution and warehousing	-	-	-	100%	3,299,467	48,470	48,470	
DIL	DIMSG	Singapore	Ocean and air freight forwarding, distribution and warehousing	-	23,904	-	- %	-	62,281	8,651	Note 4
DIL	DIMHK	Hong Kong	Ocean and air freight forwarding, distribution and warehousing	-	427,348	-	- %	-	593,219	593,219	Note 8
DMCHK	DIMHK	Hong Kong	Ocean and air freight forwarding, distribution and warehousing	427,348	-	300,000	99%	3,392,775	593,219	-	Note 8
DMCHK	DFSHK	Hong Kong	Ocean freight forwarding	25,393	-	71,000	99%	1,989,880	572,084	-	Note 9
GMS	DIMPH	Philippines	Ocean and air	38,399	38,399	180,000	60%	3,321,505	50,030	30,023	

## Dimerco Express Corporation Notes to parent company only Financial Statements

Investor	Investee	Location	Main business	Original investment amount		Holding, end of period			Profit or loss of the investee for the period (Note 11)	Share of profits/losses of investee (Note 11)	Remarks
				End of the period	The end of last year	Number of shares	Percentage of ownership	Carrying amount (Note 11)			
			Freight forwarding	-	-	-	- %	-			
GMS	DILHK	Hong Kong	Distribution and warehousing	-	-	-	- %	-	5,550	5,550	Note 3
GMS	DFSSG	Singapore	Distribution and warehousing	-	13,482	-	- %	-	12,143	12,143	Note 5
DIMUS	DCBUS	U.S.A.	Custom brokerage	13,532	13,532	1,000	100%	42,564	3,743	3,743	
DIMUS	B.C. Logistic, LLC	U.S.A.	Freight forwarding	54,103	-	-	85%	20,320	2,403	2,043	
DIMHK	FSC	BVI Suzhou	Central account settlement	954	954	30,000	60%	897	(3,569)	(2,141)	
DIMHK	DIMVN	Vietnam	Freight forwarding	2,090	2,090	-	75%	39,423	19,010	14,257	
DIMHK	FSCCHK	Hong Kong	Central account settlement	550	550	17,500	35%	1,569,856	1,493,168	522,609	
DMCHK	GSCHK	Hong Kong	Central account settlement	-	-	-	100%	-	-	-	Note 10
DIMSG	FSC	BVI Suzhou	Central account settlement	318	318	10,000	20%	299	(3,569)	(714)	
DIMSG	DIMIN	India	Freight forwarding	5,303	5,303	960,000	60%	14,493	7,840	4,704	
HOLDING	DIMTH	Thailand	Ocean and air freight forwarding	7,642	7,642	735,000	49%	71,917	43,850	21,482	
HOLDING	DIMPH	Philippines	Ocean and air freight forwarding	4,026	4,026	120,000	40%	2,214,340	50,030	20,007	
HOLDING	DIMAU	Australia	Ocean and air freight forwarding	16,460	16,460	60,000	100%	(30,170)	6,412	6,412	
HOLDING	DIMKR	Korea	Ocean and air freight forwarding	19,386	19,386	120,000	100%	118,770	39,114	39,114	
HOLDING	DIMCA	Canada	Air freight forwarding	15,646	15,646	-	100%	201,386	70,010	70,010	
HOLDING	DIMNL	Netherlands	Ocean and air freight forwarding	11,644	11,644	1,000	100%	33,285	10,507	10,507	
HOLDING	DSLUS	U.S.A.	Distribution and warehousing	15,840	15,840	50,000	100%	31,443	(2,530)	(2,530)	
HOLDING	DTLHK	Hong Kong	Transportation	-	41,076	-	- %	-	1,550	1,550	Note 2
HOLDING	DIMMY	Malaysia	Ocean and air freight forwarding	-	65,516	-	- %	-	57,541	57,541	Note 7
HOLDING	DFSHK	Hong Kong	Ocean freight forwarding	-	25,393	-	- %	-	572,084	572,027	Note 9
DIMPH	Peerless Express Forwarders Corp.	Philippines	Freight forwarding	954	954	1,600,000	40%	-	225	90	
DIMPH	DFSPH	Philippines	Freight forwarding	5,231	-	96,700	91%	-	9,649	8,745	
DIMPH	DMCHK	Hong Kong	Central account settlement	-	-	-	100%	-	-	-	Note 10
DFSSG	DFSPH	Philippines	Freight forwarding	541	-	10,000	9%	-	9,649	904	
DILHK	DILSG	Singapore	Distribution and warehousing	-	4,215	-	- %	-	(2,262)	(2,262)	Note 6
DFSHK	FSCCHK	Hong Kong	Central account settlement	566	566	17,500	35%	1,569,856	1,493,168	522,609	
FSCCHK	DIMGB	United Kingdom	Ocean and air freight forwarding	20,126	20,126	500,000	63%	(6,692)	(8,908)	(5,568)	

Note 1: It is a limited liability company.

Note 2: In December 2022, the organization was restructured and the 100% of the shares formerly owned by Holding were transferred to the Company.

Note 3: In December 2022, the organization was restructured and the 100% of the shares formerly owned by GMS were transferred to the Company.

Note 4: In December 2022, the organization was restructured and the 14% of the shares formerly owned by DIL were transferred to the Company.

Note 5: In December 2022, the organization was restructured and the 100% of the shares formerly owned by GMS were transferred to the Company.

Note 6: In December 2022, the organization was restructured and the 100% of the shares formerly owned by DILHK were transferred to the Company.

Note 7: In December 2022, the organization was restructured and the 100% of the shares formerly owned by Holding were transferred to the Company.

Note 8: In December 2022, the organization was restructured and the 100% of the shares formerly owned by DIL were transferred to DMCHK.

Note 9: In December 2022, the organization was restructured and the 99% of the shares formerly owned by Holding were transferred to DMCHK.

Note 10: A new 100% subsidiary established in December 2022.

Note 11: The carrying amount and the investment gain or loss recognized in the current period were based on the financial statements audited by CPAs for the same period.

## Dimerco Express Corporation Notes to parent company only Financial Statements

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

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

Unit: Thousand dollars

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 (Note 2)	Investment income remitted back as of the end of the period
Dimerco Zhongjing Int'l Express Co., Ltd.	Provide international transportation services for import and export cargo by ocean and air	54,928	(II)	27,718	-	27,718	(114,882)	75%	(86,161)	156,963	-
Dimerco Logistics (Shanghai) Co., Ltd.	Distribution and warehousing	5,970	(II)	6,146	-	6,146	643	99%	643	(58,557)	-
Diversified International Transportation (Shanghai) Co., Ltd.	Provide international transportation services for import and export cargo by ocean and air	163,377	(II)	-	-	-	97,237	100%	97,237	429,905	-
Dimerco International Logistics (Shenzhen) Co., Ltd.	Distribution and warehousing	10,958	(II)	-	-	-	(2,189)	100%	(2,189)	(19,452)	-
Diversified International Transportation (Shanghai) Co., Ltd.	Provide international transportation services for import and export cargo by ocean	59,777	(II)	-	-	-	53,930	100%	53,930	338,487	-
Diversified Transportation (China) Co., Ltd.	Transportation	29,802	(II)	-	-	-	246	100%	246	22,005	-
Dalian Yuhang International Transport Agency Co., Ltd.	Ocean and air freight forwarding	38,666	(II)	-	-	-	26,395	25%	6,612	27,538	-
Diversified International Logistics (Shanghai) Co., Ltd.	Provide international transportation services for import and export cargo by ocean and air	13,684	(II)	-	-	-	3,346	100%	3,346	3,774	-
Diversified International Logistics (Shenzhen) Co., Ltd.	Provide international transportation services for import and export cargo by ocean and air	1,293	(II)	-	-	-	(2,821)	100%	(2,821)	1,484	-

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

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

Note 2: The carrying amount and the investment gain or loss recognized in the current period were based on the financial statements audited by CPAs for the same period.

## Dimercio Express Corporation Notes to parent company only Financial Statements

### 2. Limitation on investment in Mainland China:

Unit: Thousand dollars

Accumulated amount of investment from Taiwan to mainland China at the end of the period	Amount of investment approved by the Investment Commission, MOEA (Note 2)	Investment quota for mainland China as stipulated by the Investment Commission, MOEA (Note 1)
33,864 (USD 1,102 )	73,752 (USD 2,400 )	3,600,662

Note 1: 60% of net equity.

Note 2: The exchange rate as of December 31, 2022 was US\$1.00 to NT\$30.730.

### 3. Significant transactions:

The significant inter-company transactions with subsidiary in Mainland China for the year ended December 31, 2022, 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, 2022.



## Dimerco Express Corporation Notes to parent company only Financial Statements

### Dimerco Express Corporation Statement of cash and cash equivalents

December 31, 2022

Unit: NT\$ thousand

Unit of foreign currency: Thousand dollars

Item	Summary	Amount
Cash	Petty cash	\$ <u>1,507</u>
Bank deposits	Demand deposit	121,572
	Checking deposit	8,733
	Foreign currency deposit	
	USD871, @30.7300	26,715
	EUR669, @32.8135	21,955
	Other	2,375
	Time deposit (interest rate between 4.00%~4.50%, maturity date between 2023.1.28~2023.2.25)	<u>36,876</u>
	Subtotal	<u>218,226</u>
		<u><b>\$ 219,733</b></u>

### Statement of notes receivables

Name of customer	Summary	Amount	Remarks
Non-related parties:			
Customer A	Operation	\$ 732	
Customer B	"	658	
Customer C	"	632	
Customer D	"	548	
Customer E	"	458	
Customer F	"	456	
Customer G	"	390	
Other (Less than 5% of the ending balance)	"	<u>3,299</u>	
		<u><b>\$ 7,173</b></u>	

**Dimerco Express Corporation Notes to parent company only Financial Statements**

**Dimerco Express Corporation  
Statement of accounts receivable  
December 31, 2022**

**Unit: NT\$ thousand**

<u>Name of customer</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Related parties:			
ZJDCN	Operation	\$ 8,211	
DFSCN	"	12,766	
DIMCN	"	11,886	
DIMUS	"	22,880	
DIMPH	"	8,559	
DIMHK	"	8,261	
DIMSG	"	5,272	
DIMTH	"	4,653	
Other (Less than 5% of the ending balance)	"	<u>7,857</u>	
		<u>90,345</u>	
Non-related parties:			
Customer A	Operation	30,341	
Customer B	"	23,430	
Customer C	"	21,443	
Customer D	"	19,304	
Customer E	"	19,016	
Other (Less than 5% of the ending balance)	"	192,759	
Less: Allowance for losses		<u>6,213</u>	
		<u>300,080</u>	
		<u><b>\$ 390,425</b></u>	

**Dimerco Express Corporation Notes to parent company only Financial Statements**

**Dimerco Express Corporation**  
**Statement of other current assets**  
**December 31, 2022**

**Unit: NT\$ thousand**

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Prepaid expenses		\$ 6,721	
Temporary payments		507	
Other		<u>1,125</u>	
Total		<u>\$ 8,353</u>	

**Dimerco Express Corporation**  
**Statement of changes in investment accounted for using the equity method**  
**For the Years Ended December 31, 2022**

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 on Pledges	Remarks
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount (Note 3)	Number of shares (in thousands)	Amount (Note 4)	Number of shares (in thousands)	Shareholding ratio (%)	Unit price	Total amount		
Dimerco Express (Singapore) Pte. Ltd.	4,650	\$ 425,310	750	170,487	-	-	5,400	100	595,797	110,3328	595,797	None
Dimerco International Logistics Corporation (Note 2)	-	3,265,599	-	1,228,884	-	325,273	(Note 2)	100	4,169,210	(Note 2)	4,169,210	None
Dimerco Express Holding Co., Ltd.	3,089	1,852,587	-	847,655	-	88,672	3,089	100	2,611,570	845,4419	2,611,570	None
Diversified Freight System Corp.	1,200	506,264	-	304,215	-	30,000	1,200	99	780,479	650,3992	780,479	None
Foreign Settlement Co., Ltd.	10	247,332	-	27,290	-	714	10	20	273,908	27,3907	273,908	None
Foreign Settlement Co., Ltd. (H.K.)	23.5	349,142	-	394,027	-	-	23.5	15	743,169	31,624,2128	743,169	None
ITG Air&Sea GmbH, Schwaig	6,275	213,841	-	56,010	-	28,180	6,275	25	241,671	38,5135	241,671	None
Diversified International Logistics Co. Ltd.	800	7,102	-	1,064	-	-	800	-	8,166	10,2075	8,166	None
Dimerco Express (Malaysia) Sdn. Bhd.	-	-	250	200,614	-	-	250	100	200,614	802,4560	200,614	None
Diversified Transportation (HK&China) Co., Ltd.	-	-	89	51,239	-	-	89	100	51,239	575,7000	51,239	None
Diversified Freight System (Singapore) Pte. Ltd.	-	-	600	41,085	-	-	600	100	41,085	68,5000	41,085	None
Dimerco International Logistics Company	-	-	-	51,221	-	-	-	100	51,221	-	51,221	None
Dimerco International Logistics Pte Ltd	-	-	-	2,081	-	-	-	100	2,081	-	2,081	None
		<u>\$ 6,867,177</u>		<u>3,375,872</u>		<u>472,839</u>			<u>9,770,210</u>		<u>9,770,210</u>	

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: The gain of \$2,226,812 thousand recognized using the equity method, the actuarial gain or loss of \$245 thousand on the consolidated income, the translation difference of financial statements of foreign operations of \$734,870 thousand, and the effect of organization restructuring of \$413,945 thousand.

Note 4: Cash dividends from investments accounted for using the equity method of \$58,180 thousand, losses recognized using the equity method of \$714 thousand and the effect of organization restructuring of \$413,945 thousand.

**Dimerco Express Corporation**  
**Statement of short-term borrowings**  
**December 31, 2022**

**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	Standard Chartered Bank	<u>\$ 430,000</u>	Due within one year	1.15~1.5	USD 20,500	None	

**Statement of Notes Payable**

<u>Name of customer</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Non-related parties:			
Customer A	Operation	\$ 5,131	
Customer B	"	1,359	
Customer C	"	1,220	
Customer D	"	1,035	
Other (Less than 5% of the ending balance)	"	<u>7,805</u>	
		<u><u>\$ 16,550</u></u>	

**Dimerco Express Corporation**  
**Statement of Accounts Payable**  
**December 31, 2022**

Unit: NT\$ thousand

Name of customer	Summary	Amount	Remarks
Related parties:			
FSCHK	Operation	\$ 52,855	
DIMCN	"	14,658	
DIMUS	"	14,588	
ZJDCN	"	9,418	
DIMHK	"	8,971	
DIMKR	"	8,147	
DIMSG	"	6,513	
Other (Less than 5% of the ending balance)	"	<u>11,294</u>	
Subtotal		<u>126,444</u>	
Non-related parties:			
Customer A	Operation	7,586	
Customer B	"	5,557	
Customer C	"	2,062	
Other (Less than 5% of the ending balance)	Operation	<u>25,297</u>	
Subtotal		<u>32,916</u>	
Total		<u><b>\$ 159,360</b></u>	

**Dimerco Express Corporation**

**Statement of other payables**

**December 31, 2022**

**Unit: NT\$ thousand**

<u>Name of customer</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Related parties:			
DILTW		\$ <u>948</u>	
Non-related parties:			
Remuneration payable for directors and bonuses		239,071	
Salaries payable		89,825	
Other		<u>38,399</u>	
		<u>367,295</u>	
Total		<u>\$ <b>368,243</b></u>	

**Statement of other current liabilities**

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Temporary receipts		\$ 5,619	
Other		<u>1,473</u>	
		<u>\$ <b>7,092</b></u>	

**Dimerco Express Corporation**  
**Statement of Selling Expenses**  
**For the Years Ended December 31, 2022**      **Unit: NT\$ thousand**

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Salaries		\$ 72,163	
Insurance expenses		7,595	
Pensions		5,280	
Postage and phone/Fax expense		2,209	
Supplies expense		2,005	
Entertainment		2,628	
Other		<u>7,073</u>	
Total		<u><u>\$ 98,953</u></u>	



**Dimerco Express Corporation**  
**Statement of the Management Expenses**  
**For the Years Ended December 31, 2022**      **Unit: NT\$ thousand**

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Salaries		\$ 293,042	
Remuneration to directors		42,071	
Sales promotion expense		3,869	
Entertainment		7,724	
Data processing fees		5,037	
Consultant fees		7,178	
Insurance expenses		9,403	
Depreciation expense		15,137	
Service expenses		3,090	
Postage and phone/Fax expense		1,329	
Pensions		1,108	
Miscellaneous expenses		22,735	
Less: Management fees paid for others		<u>(126,124)</u>	
		<u><b>\$ 285,599</b></u>	

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(5) 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.

Please refer to Note 7 to the financial statements for long-term payables.

Please refer to Note 7 to the financial statements for other non-current liabilities.

**DIMERCO EXPRESS CORPORATION  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2022 and 2021**

**Address: 11F, No. 160, Sec. 6, Min Chuan East Road, Taipei,  
Taiwan, R.O.C.**  
**Telephone: (02)2796-3660**

The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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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, 2022 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 15, 2023



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, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022 and 2021 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 Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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 as of December 31, 2021, constituted 19% of consolidated total assets. The net revenue for the year ended December 31, 2021, amounted to \$8,401,764 thousand, constituted 22% of consolidated net revenues for the year then ended.

We did not audit the financial statements of ITG Air & Sea GmbH, in which the investments were recognized using the equity method. The financial statements of ITG Air & Sea GmbH were audited by another 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 other auditor. The financial statements of ITG Air & Sea GmbH reflect total assets constituting 2% of consolidated total assets at December 31, 2021, and the share of profit of associates accounted for using the equity method constituting 1% of consolidated total income before tax, for the year then ended.

Dimerco Express Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, 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(n) "revenue from contracts with customers" for accounting policy related to revenue recognition, and note 6(o) 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 component audit teams for execution were 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(n) "revenue from contracts with customers" for accounting policy related to cost accrual and note 6(p) 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 component audit teams for execution were 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 Chun-I Chang and Chun-Hsiu Kuang.

KPMG

Taipei, Taiwan (Republic of China)

March 15, 2023

#### 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)  
**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**December 31, 2022 and 2021**  
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Assets</b>											
<b>Current assets:</b>											
1100	Cash and cash equivalents (note 6(a))	\$ 5,809,475	55	3,438,978	35	2100	Short-term borrowings (notes 6(f), (i) and 8)	\$ 430,000	4	676,592	7
1137	Financial assets measured at amortized cost —current (note 6(b))	9,775	-	-	-	2150	Notes payable	26,760	-	42,310	-
1150	Notes receivable, net (notes 6(c) and (e))	16,726	-	25,919	-	2170	Accounts payable (note 7)	2,815,136	27	3,500,904	37
1170	Accounts receivable, net (notes 6(c), (e) and 7)	2,828,022	27	4,587,395	47	2216	Dividends payable	20,665	-	5,695	-
1470	Other current assets (notes 8 and 9)	383,633	4	446,950	5	2219	Other payables (notes 6(q) and 9)	437,178	4	298,355	3
	<b>Total current assets</b>	<u>9,046,631</u>	<u>86</u>	<u>8,499,242</u>	<u>87</u>	2230	Income tax payable	135,612	2	309,422	3
<b>Non-current assets:</b>											
1517	Financial assets at fair value through other comprehensive income—non-current	440	-	442	-	2280	Current lease liabilities (note 6(j))	191,023	2	136,893	2
1551	Investments accounted for using the equity method (note 6(d))	269,209	3	236,839	3		Other current liabilities	<u>122,433</u>	<u>1</u>	<u>137,816</u>	<u>1</u>
1600	Property, plant and equipment (notes 6(e), (f), (i), 8 and 9)	560,326	5	544,456	6		<b>Total current liabilities</b>	<u>4,178,927</u>	<u>40</u>	<u>5,107,987</u>	<u>53</u>
1755	Right-of-use assets (note 6(g))	390,270	4	298,555	3	2570	<b>Non-Current liabilities:</b>				
1822	Intangible assets (notes 6(e) and (h))	73,740	1	33,068	-	2580	Deferred income tax liabilities (note 6(i))	6,646	-	184	-
1840	Deferred income tax assets (note 6(i))	69,922	-	27,820	-	2640	Non-current lease liabilities (note 6(j))	167,111	2	133,127	1
1920	Refundable deposits	104,281	1	76,457	1	2670	Net defined benefit liabilities (note 6(k))	8,492	-	18,904	-
1990	Other non-current assets (notes 6(c), (j), 8 and 9)	7,241	-	29,658	-		Other non-current liabilities	<u>27,052</u>	<u>-</u>	<u>51,391</u>	<u>1</u>
	<b>Total non-current assets</b>	<u>1,476,238</u>	<u>14</u>	<u>1,247,325</u>	<u>13</u>		<b>Total non-current liabilities</b>	<u>219,301</u>	<u>2</u>	<u>203,606</u>	<u>2</u>
							<b>Total liabilities</b>	<u>4,398,128</u>	<u>42</u>	<u>5,311,593</u>	<u>55</u>
<b>Equity attributable to owners of the Company (notes 6(e) and (m)):</b>											
						3110	Common stock	1,360,800	13	1,360,800	14
						3200	Capital surplus	19,362	-	19,362	-
						33xx	Retained earnings:				
						3310	Legal reserve	733,290	7	502,575	5
						3320	Special reserve	557,281	5	441,086	5
						3350	Unappropriated retained earnings	3,353,782	32	2,541,062	26
								<u>4,644,353</u>	<u>44</u>	<u>3,485,633</u>	<u>36</u>
						34xx	Other equity:				
						3410	Foreign currency translation differences for foreign operations	177,589	2	(157,281)	(0)
						3500	Treasury shares	(201,000)	(2)	-	-
							<b>Total equity attributable to owners of the Company</b>	<u>6,001,104</u>	<u>57</u>	<u>4,308,504</u>	<u>44</u>
						36xx	<b>Non-controlling interests</b>	123,637	1	126,470	1
							<b>Total equity</b>	<u>6,124,741</u>	<u>58</u>	<u>4,434,974</u>	<u>45</u>
<b>Total assets</b>		<u>\$ 10,522,869</u>	<u>100</u>	<u>9,746,567</u>	<u>100</u>	2-3xxx	<b>Total liabilities and equity</b>	<u>\$ 10,522,869</u>	<u>100</u>	<u>9,746,567</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	2022		2021	
	Amount	%	Amount	%
4000 <b>Operating revenue (notes 6(o) and 7)</b>	\$ 41,174,810	100	38,986,916	100
5000 <b>Operating costs (notes 6(f), (k), (p) and (q))</b>	<u>35,233,829</u>	<u>86</u>	<u>33,164,591</u>	<u>85</u>
5900 <b>Gross profit from operations</b>	<u>5,940,981</u>	<u>14</u>	<u>5,822,325</u>	<u>15</u>
6000 <b>Operating expenses (notes 6(c), (f), (g), (h), (j), (k), (q), 7 and 9):</b>				
6100 Selling expenses	1,094,758	3	978,574	3
6200 Administrative expenses	2,257,884	5	2,115,592	5
6450 Expected credit loss for bad debt expense	<u>13,582</u>	<u>-</u>	<u>37,188</u>	<u>-</u>
<b>Total operating expenses</b>	<u>3,366,224</u>	<u>8</u>	<u>3,131,354</u>	<u>8</u>
6900 <b>Net operating income</b>	<u>2,574,757</u>	<u>6</u>	<u>2,690,971</u>	<u>7</u>
7000 <b>Non-operating income and expenses (notes 6(d), (f), (g), (j) and (r)):</b>				
7100 Interest income	23,084	-	8,885	-
7010 Other income	25,727	-	20,973	-
7020 Other gains and losses	173,102	1	(14,796)	-
7050 Finance costs	(16,969)	-	(15,545)	-
7060 Share of profit of associates accounted for using the equity method	<u>56,478</u>	<u>-</u>	<u>35,548</u>	<u>-</u>
<b>Total non-operating income and expenses</b>	<u>261,422</u>	<u>1</u>	<u>35,065</u>	<u>-</u>
7900 <b>Profit from continuing operations before tax</b>	<u>2,836,179</u>	<u>7</u>	<u>2,726,036</u>	<u>7</u>
7950 <b>Less: Income tax expenses (note 6(l))</b>	<u>295,984</u>	<u>1</u>	<u>368,405</u>	<u>1</u>
<b>Net income</b>	<u>2,540,195</u>	<u>6</u>	<u>2,357,631</u>	<u>6</u>
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 (note 6(k))	8,121	-	(3,324)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>8,121</u>	<u>-</u>	<u>(3,324)</u>	<u>-</u>
8360 <b>Components of other comprehensive income that will be reclassified to profit or loss (note 6(m))</b>				
8361 Exchange differences on translation of foreign financial statements	738,048	2	(121,554)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>738,048</u>	<u>2</u>	<u>(121,554)</u>	<u>-</u>
8300 <b>Other comprehensive income</b>	<u>746,169</u>	<u>2</u>	<u>(124,878)</u>	<u>-</u>
8500 <b>Total comprehensive income</b>	<u>\$ 3,286,364</u>	<u>8</u>	<u>2,232,753</u>	<u>6</u>
<b>Profit attributable to:</b>				
8610 Owners of the Company	\$ 2,538,625	6	2,310,477	6
8620 Non-controlling interests	<u>1,570</u>	<u>-</u>	<u>47,154</u>	<u>-</u>
	<u>\$ 2,540,195</u>	<u>6</u>	<u>2,357,631</u>	<u>6</u>
<b>Total comprehensive income attributable to:</b>				
8710 Owners of the Company	\$ 3,281,616	8	2,190,959	6
8720 Non-controlling interests	<u>4,748</u>	<u>-</u>	<u>41,794</u>	<u>-</u>
	<u>\$ 3,286,364</u>	<u>8</u>	<u>2,232,753</u>	<u>6</u>
<b>Earnings per share (NT dollars) (note 6(n))</b>				
9750 Basic earnings per share	\$ <u>18.71</u>		<u>16.98</u>	
9850 Diluted earnings per share	\$ <u>18.39</u>		<u>16.77</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of the Company										
	Common stock	Capital surplus	Legal reserve	Special reserve	Retained earnings		Other equity	Treasury shares	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
					Unappropriated retained earnings	Total					
<b>Balance at January 1, 2021</b>	\$ 1,260,000	19,362	394,064	182,174	1,358,232	1,934,470	(441,087)	-	2,772,745	106,332	2,879,077
Appropriation and distribution of retained earnings:											
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	47,154	2,357,631
Other comprehensive income	-	-	-	-	(3,324)	(3,324)	(116,190)	-	(119,518)	(5,200)	(124,878)
Total comprehensive income	-	-	-	-	2,307,153	2,307,153	(116,190)	-	2,190,959	41,794	2,232,753
Subsidiaries distribute cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(21,656)	(21,656)
<b>Balance at December 31, 2021</b>	1,360,800	19,362	502,575	441,086	2,541,962	3,485,623	(557,281)	-	4,308,504	126,470	4,434,974
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	230,715	-	(230,715)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	116,195	(116,195)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,388,016)	(1,388,016)	-	-	(1,388,016)	-	(1,388,016)
Net income	-	-	-	-	2,538,625	2,538,625	-	-	2,538,625	1,570	2,540,195
Other comprehensive income	-	-	-	-	8,121	8,121	734,870	-	742,991	3,178	746,169
Total comprehensive income	-	-	-	-	2,546,746	2,546,746	734,870	-	3,281,616	4,748	3,286,364
Purchase of treasury share	-	-	-	-	-	-	-	(201,000)	(201,000)	-	(201,000)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	2,835	2,835
Subsidiaries distribute cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(10,416)	(10,416)
<b>Balance at December 31, 2022</b>	\$ 1,360,800	19,362	733,290	557,281	3,353,782	4,644,353	177,589	(201,000)	6,001,104	123,637	6,124,741

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from (used in) operating activities:</b>		
Net income before tax	\$ 2,836,179	2,726,036
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit and loss:</b>		
Depreciation expense	249,709	227,124
Amortization expense	3,447	277
Expected credit losses	13,582	37,188
Net gain on financial assets or liabilities at fair value through profit or loss	-	(610)
Interest expense	16,969	15,545
Interest income	(23,084)	(8,885)
Dividend income	(148)	(130)
Share of profit of associates accounted for using the equity method	(56,478)	(35,548)
Gain on disposal of property, plant and equipment	(1,004)	(1,160)
Loss on disposal of investments accounted for using equity method	-	21
Unrealized foreign exchange loss	-	22,266
Gain on lease modification	(12)	(2,232)
Total adjustments to reconcile profit and loss	<u>202,981</u>	<u>253,856</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Net changes in operating assets:</b>		
Notes receivable	9,193	(18,635)
Accounts receivable (including overdue receivables)	1,756,599	(2,343,093)
Other current assets	66,088	(217,023)
Total changes in operating assets, net	<u>1,831,880</u>	<u>(2,578,751)</u>
<b>Net changes in operating liabilities:</b>		
Notes payable	(15,530)	12,008
Accounts payable	(692,465)	1,267,387
Other payables	138,823	75,887
Other current liabilities	(15,803)	(4,426)
Net defined benefit liabilities	(2,291)	(7,169)
Total changes in operating liabilities, net	<u>(587,266)</u>	<u>1,343,687</u>
Total changes in operating assets and liabilities, net	<u>1,244,614</u>	<u>(1,235,064)</u>
Total adjustments	<u>1,447,595</u>	<u>(981,208)</u>
Cash inflow generated from operations	4,283,774	1,744,828
Interest received	23,084	8,885
Dividends received	-	130
Interest paid	(16,969)	(15,545)
Income taxes paid	(504,092)	(134,107)
<b>Net cash flows from operating activities</b>	<u>3,785,797</u>	<u>1,604,191</u>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from repayments of financial assets at amortised cost	(9,775)	-
Acquisition of financial assets at fair value through profit or loss	-	(167,603)
Proceeds from disposal of financial assets at fair value through profit or loss	-	168,216
Acquisition of investments accounted for using the equity method	-	(2,148)
Proceeds from disposal of investments accounted for using the equity method	-	375
Net cash flow from acquisition of subsidiaries (net of cash obtained)	(22,807)	-
Acquisition of property, plant and equipment	(21,774)	(27,243)
Proceeds from disposal of property, plant and equipment	1,380	1,375
Increase in refundable deposits	(28,144)	(596)
Acquisition of intangible assets	(303)	-
Decrease (increase) in other non-current assets	3,099	(21,025)
Dividends received	30,938	10,365
<b>Net cash used in investing activities</b>	<u>(47,386)</u>	<u>(38,284)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	1,579,025	2,626,125
Decrease in short-term borrowings	(1,825,617)	(2,650,125)
Payment of lease liabilities	(204,985)	(190,402)
Increase (decrease) in other non-current liabilities	(14,339)	34,179
Cash dividends paid	(1,373,046)	(654,323)
Payments to acquire treasury shares	(201,000)	-
Subsidiaries distribute cash dividends to non-controlling interests	(10,416)	(21,656)
<b>Net cash used in financing activities</b>	<u>(2,050,378)</u>	<u>(856,202)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>682,464</u>	<u>(126,917)</u>
<b>Net increase in cash and cash equivalents</b>	<u>2,370,497</u>	<u>582,788</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>3,438,978</u>	<u>2,856,190</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 5,809,475</u>	<u>3,438,978</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2022 and 2021**

**(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, 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 15, 2023.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of adopting the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- 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"

- (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, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

**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”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.  The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments <sup>1</sup> , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.  Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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:

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the 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).

**(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.



**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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, 2022	December 31, 2021	
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	100.00 %	86.11 %	Note 6
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 (DILT.W)	Global Logistics service	80.00 %	80.00 %	
The Company	Diversified Transportation (HK & China) Co., Ltd. (DTLHK)	Global Logistics service	100.00 %	- %	Note 4
The Company	Dimerco International Logistics Company (DILHK)	Global Logistics service	100.00 %	- %	Note 5
The Company	Diversified Freight System (Singapore) Pte. Ltd. (DFSSG)	Global Logistics service	100.00 %	- %	Note 7
The Company	Diversified International Logistics Pte. Ltd. (DILSG)	Global Logistics service	100.00 %	- %	Note 8
The Company	Dimerco Express (Malaysia) Sdn. Bhd. (DIMMY)	Global Logistics service	100.00 %	- %	Note 9
DMCHK	Dimerco Air Forwarders (HK) Ltd. (DIMHK)	Global Logistics service	99.99 %	- %	Note 10
DMCHK	Diversified Freight System Ltd. (DFSHK)	Global Logistics service	99.99 %	- %	Note 11
DIMPH	Diversified Merchandise Company Limited (DMCHK)	Global Logistics service	100.00 %	- %	Note 12
DMHK	Global SCM Company Limited (GSCHK)	Global Logistics service	100.00 %	- %	Note 13
DIMHK	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	35.00 %	35.00 %	
DIMHK	Foreign Settlement Co., Ltd. (FSC)	Settlement center	60.00 %	60.00 %	
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 Zhonging 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 %	
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, 2022	December 31, 2021	
DFSHK	Diversified International Transportation (Shanghai) Co., Ltd. (DFSCN)	Global logistics service	100.00 %	100.00 %	
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 %	20.00 %	
DIMSG	Dimerco Express (India) Pte Ltd. (DIMIN)	Global logistics service	60.00 %	60.00 %	
DIMSG	Foreign Settlement Co., Ltd. (FSC)	Settlement center	20.00 %	20.00 %	
DIL	Dimerco Air Forwarders (HK) Ltd. (DIMHK)	Global logistics service	- %	99.99 %	Note 10
DIL	Dimerco Express (Singapore) Pte Ltd. (DIMSG)	Global logistics service	- %	13.89 %	Note 6
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 %	
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 %	Note 7
GMS	Dimerco International Logistics Company (DILHK)	Global logistics services	- %	100.00 %	Note 5
GMS	Diversified (Shenzhen) International Logistics Service Co., Ltd. (DILYTN)	Global logistics services	50.00 %	50.00 %	
Holding	Dimerco Express (Thailand) Corp. Ltd. (DIMTH)	Global logistics service	48.99 %	48.99 %	Note 1
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 %	
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 %	Note 9
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 %	Note 11

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of subsidiary	Primary business	Shareholding		Remarks
			December 31, 2022	December 31, 2021	
Holding	Diversified Transportation (HK & China) Co., Ltd. (DTLHK)	Global logistics service	- %	100.00 %	Note 4
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 %	
DIMUS	B.C. Logistics, LLC	Global logistics service	85.00 %	- %	Note 2
DIMPH	Peerless Express Forwarders Corp.	Global logistics service	39.99 %	39.99 %	Note 1
DIMPH	Diversified Freight System Philippines Corporation (DFSPH)	Global logistics service	90.63 %	- %	Note 3
DILHK	Diversified International Logistics Pte Ltd (DILSG)	Global logistics service	- %	100.00 %	Note 8
DFSSG	Diversified Freight System Philippines Corporation (DFSPH)	Global logistics service	9.37 %	- %	Note 3

Note 1: 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.

Note 2: The subsidiary has been acquired in 2022; Please refer to note 6(e).

Note 3: DIMPH and DFSSG invested and established DFSPH in June 2022 and own 100% of DFSPH's shares, the capital amount PHP 10,670 thousand had been paid in in August 2022 (DIMPH and DFSSG own DFSPH's shares 90.63% and 9.37%, respectively), and DFSPH has become a subsidiary of the Group.

Note 4: In December 2022, the Group reorganized and transferred 100% of the shares held by Holding to the Company.

Note 5: In December 2022, the Group reorganized and transferred 100% of the shares held by GMS to the Company.

Note 6: In December 2022, the Group reorganized and transferred 13.89% of the shares held by DIL to the Company.

Note 7: In December 2022, the Group reorganized and transferred 100% of the shares held by GMS to the Company.

Note 8: In December 2022, the Group reorganized and transferred 100% of the shares held by DILHK to the Company.

Note 9: In December 2022, the Group reorganized and transferred 100% of the shares held by Holding to the Company.

Note 10: In December 2022, the Group reorganized and transferred 99.99% of the shares held by DIL to the DMCHK.

Note 11: In December 2022, the Group reorganized and transferred 99.99% of the shares held by Holding to the DMCHK.

Note 12: DIMPH established DMCHK in December 2022 and owns 100% shares, DMCHK became the Consolidated Subsidiary of the Group.

Note 13: DMCHK established GSCHK in December 2022 and owns 100% shares, GSCHK became the Consolidated Subsidiary of the Group.

(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.

(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.

(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.

(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.

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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.

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.

## DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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.

At each reporting date, the Group assesses whether financial assets carried at amortized cost 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. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

## DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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.

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 using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also 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.

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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.

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.



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(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.

(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.

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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

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.

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(k) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation.

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets, including customer relationships and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

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

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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

1) Trademarks	10 years
2) Customer relationships	5 years
3) Software	2~3 years

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

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(m) 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.

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.

(n) Revenue and Cost recognition

(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 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.

(o) 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.

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(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.

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.

(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.

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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, 2022</b>	<b>December 31, 2021</b>
Cash on hand	\$ 4,232	4,260
Checking accounts and savings deposits	4,283,103	3,113,565
Time deposits	1,522,140	321,153
Cash and cash equivalents in consolidated statement of cash flows	<b>\$ 5,809,475</b>	<b>3,438,978</b>

Please refer to note 6(s) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets measured at amortized cost — current

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Bank's time deposits	\$ 9,775	-
Interest rate	<b>0.2~1.35%</b>	-

The Group has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

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(c) Notes and accounts receivable

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Notes receivable	\$ 16,726	25,919
Accounts receivable	2,945,645	4,692,243
Overdue receivable	5,485	4,678
Less: Loss allowance—accounts receivable	117,623	104,848
Loss allowance—overdue receivable	5,485	4,678
	<b>\$ 2,844,748</b>	<b>4,613,314</b>

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, 2022</b>			
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 2,570,609	0%	-
1 to 30 days past due	323,664	18%	57,858
31 to 60 days past due	43,860	81%	35,527
61 to 90 days past due	8,535	100%	8,535
91 to 365 days past due	6,359	100%	6,359
More than 365 days	14,829	100%	14,829
	<b>\$ 2,967,856</b>		<b>123,108</b>
<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	2,985	100%	2,985
	<b>\$ 4,722,840</b>		<b>109,526</b>



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The movement in the allowance for accounts receivable and notes receivables was as follows:

	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 109,526	72,338
Impairment losses recognized	<u>13,582</u>	<u>37,188</u>
Balance at December 31	<u>\$ 123,108</u>	<u>109,526</u>

(d) Investments accounted for using the equity method

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Associates	<u>\$ 269,209</u>	<u>236,889</u>

(i) Associates

1) The details of significant associate were as follows:

<u>Name of associate</u>	<u>Relationship with the Group</u>	<u>Main operating location / country of registration</u>	<u>Proportion of equity and voting rights</u>	
			<u>December 31, 2022</u>	<u>December 31, 2021</u>
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 was as follows:

Summary of financial information of ITG Air & Sea GmbH

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 1,299,254	1,065,828
Non-current assets	83,643	88,923
Current liabilities	(905,396)	(778,586)
Non-current liabilities	<u>(29,582)</u>	<u>(39,569)</u>
Net assets	<u>\$ 447,919</u>	<u>336,596</u>
The Group's share of net assets	<u>\$ 111,979</u>	<u>84,149</u>

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	<b>2022</b>	<b>2021</b>
Revenue	\$ <u>4,657,240</u>	<u>4,283,299</u>
Profit from continuing operations	\$ 199,467	126,150
Other comprehensive income	-	-
Profit and total comprehensive income	\$ <u>199,467</u>	<u>126,150</u>
The Group's share of profit and total comprehensive income	\$ <u>49,866</u>	<u>31,538</u>
	<b>2022</b>	<b>2021</b>
Beginning balance of the equity of the associate attributable to the Group	\$ 84,149	68,321
Total comprehensive income (loss) of the associate attributable to the Group	49,866	31,538
Dividends received from associates	(28,180)	(7,769)
Exchange difference	6,144	(7,941)
Share of net assets of associates as of December 31	111,979	84,149
Add : Goodwill	129,692	129,692
Ending balance of the equity of the associate attributable to the Group	\$ <u>241,671</u>	<u>213,841</u>

- 2) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Carrying amount of individually insignificant associates' equity	\$ <u>27,538</u>	<u>23,048</u>
	<b>2022</b>	<b>2021</b>
Attributable to the Group:		
Profit from continuing operations	\$ 6,612	4,010
Other comprehensive income	-	-
Total comprehensive income	\$ <u>6,612</u>	<u>4,010</u>

- (ii) Collateral

As of December 31, 2022 and 2021, the Group did not provide any investment accounted for using the equity method as collaterals for its loans.

- (e) Acquisition of subsidiary and non-controlling interests

On January 1, 2022, the Group acquired 85% shares and voting interests of B.C. Logistic, LLC (a logistic service company located in United States), resulting in the Group to obtain control over it.

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The fair value of each major class of consideration transferred, amounts of assets acquired, liabilities assumed and the goodwill recognized at the acquisition date were as follows:

- (i) The following table summarizes the acquisition-date fair value of each major class of consideration transferred.

Cash	\$ <u><u>54,103</u></u>
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- (ii) The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

Cash and cash equivalents	\$ 12,478
Accounts receivable	10,808
Property, plant and equipment (note 6(f))	963
Other current assets	1,771
Trademarks (note 6(h))	2,767
Customer relationships (note 6(h))	13,837
Account payables	(6,697)
Other current liabilities	<u>(420)</u>
Total identifiable net assets acquired	<u><u>\$ 35,507</u></u>

- (iii) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred	\$ 54,103
Non-controlling interest in the acquiree (proportionate share of the fair value of the identifiable net assets)	2,835
Less: Fair value of identifiable net assets	<u>35,507</u>
Goodwill	<u><u>\$ 21,431</u></u>

The goodwill is attributable mainly to B.C. Logistic, LLC's relationship in specific local city work force and the synergies expected to be achieved from integrating the company into the Group's existing logistic business.

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(f) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	Land	Buildings	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
Cost or deemed cost:							
Balance at January 1, 2022	\$ 182,377	512,510	35,226	140,175	58,123	51,628	980,039
Acquisition of subsidiary	-	-	1,986	1,193	-	12,780	15,959
Additions	-	-	3,226	14,296	2,623	1,629	21,774
Disposals	-	-	(6,973)	(7,517)	(267)	(14,291)	(29,048)
Effect of changes in exchange rates	2,903	42,557	2,850	4,683	4,143	5,256	62,392
Balance at December 31, 2022	<u>\$ 185,280</u>	<u>555,067</u>	<u>36,315</u>	<u>152,830</u>	<u>64,622</u>	<u>57,002</u>	<u>1,051,116</u>
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	<u>\$ 182,377</u>	<u>512,510</u>	<u>35,226</u>	<u>140,175</u>	<u>58,123</u>	<u>51,628</u>	<u>980,039</u>
Depreciation and impairment loss:							
Balance at January 1, 2022	\$ -	200,636	25,648	117,063	45,993	46,243	435,583
Acquisition of subsidiary	-	-	1,441	947	-	12,608	14,996
Depreciation	-	14,951	4,225	15,339	3,299	2,341	40,155
Disposals	-	-	(6,896)	(7,225)	(267)	(14,284)	(28,672)
Reclassification	-	-	-	401	266	(667)	-
Effect of changes in exchange rates	-	15,419	2,054	4,074	3,017	4,164	28,728
Balance at December 31, 2022	<u>\$ -</u>	<u>231,006</u>	<u>26,472</u>	<u>130,599</u>	<u>52,308</u>	<u>50,405</u>	<u>490,790</u>
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
Disposals	-	-	(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>
Carrying value:							
December 31, 2022	<u>\$ 185,280</u>	<u>324,061</u>	<u>9,843</u>	<u>22,231</u>	<u>12,314</u>	<u>6,597</u>	<u>560,326</u>
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>

As of December 31, 2022 and 2021, the property, plant and equipment of the Group had been pledged as collateral for short-term borrowings; please refer to note 8.

(g) Right-of-use assets

The Group leases its assets including land, 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, 2022	\$ 43,270	487,307	40,860	103,782	675,219
Additions	-	232,410	13,091	32,701	278,202
Decreases (early termination)	-	(107,737)	(4,656)	(5,267)	(117,660)
Effect of changes in exchange rates	4,778	38,206	2,491	11,832	57,307
Balance at December 31, 2022	<u>\$ 48,048</u>	<u>650,186</u>	<u>51,786</u>	<u>143,048</u>	<u>893,068</u>
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 (early termination)	-	(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>

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	<u>Land</u>	<u>Building</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2022	\$ 7,222	289,674	21,582	58,186	376,664
Depreciation	(3,121)	166,381	14,044	32,250	209,554
Decreases (early termination)	-	(107,507)	(4,409)	(5,110)	(117,026)
Effect of changes in exchange rates	1,245	23,371	1,582	7,408	33,606
Balance at December 31, 2022	<u>\$ 5,346</u>	<u>371,919</u>	<u>32,799</u>	<u>92,734</u>	<u>502,798</u>
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 (early termination)	-	(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>
Carrying amounts:					
December 31, 2022	<u>\$ 42,702</u>	<u>278,267</u>	<u>18,987</u>	<u>50,314</u>	<u>390,270</u>
December 31, 2021	<u>\$ 36,048</u>	<u>197,633</u>	<u>19,278</u>	<u>45,596</u>	<u>298,555</u>

(h) Intangible assets

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Customer relationships</u>	<u>Software</u>	<u>Total</u>
Cost:					
Balance at January 1, 2022	\$ 32,780	-	-	2,742	35,522
Acquisition of subsidiary	21,431	2,767	13,837	-	38,035
Additions	-	-	-	303	303
Effect of changes in exchange rates	4,042	306	1,528	19	5,895
Balance at December 31, 2022	<u>\$ 58,253</u>	<u>3,073</u>	<u>15,365</u>	<u>3,064</u>	<u>79,755</u>
Balance at January 1, 2021	\$ 32,921	-	-	2,753	35,674
Depreciation	-	-	-	34	34
Disposal	-	-	-	(15)	(15)
Effect of changes in exchange rates	(141)	-	-	(30)	(171)
Balance at December 31, 2021	<u>\$ 32,780</u>	<u>-</u>	<u>-</u>	<u>2,742</u>	<u>35,522</u>
Accumulated amortization and impairment losses :					
Balance at January 1, 2022	\$ -	-	-	2,454	2,454
Additions	-	298	2,979	170	3,447
Effect of changes in exchange rates	-	9	94	11	114
Balance at December 31, 2022	<u>\$ -</u>	<u>307</u>	<u>3,073</u>	<u>2,635</u>	<u>6,015</u>
Balance at January 1, 2021	\$ -	-	-	2,215	2,215
Depreciation	-	-	-	277	277
Disposal	-	-	-	(17)	(17)
Effect of changes in exchange rates	-	-	-	(21)	(21)
Balance at December 31, 2021	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>2,454</u>	<u>2,454</u>
Carrying amounts:					
December 31, 2022	<u>\$ 58,253</u>	<u>2,766</u>	<u>12,292</u>	<u>429</u>	<u>73,740</u>
December 31, 2021	<u>\$ 32,780</u>	<u>-</u>	<u>-</u>	<u>288</u>	<u>33,068</u>

The amortization recognized in profit or loss were as follows:

	<u>2022</u>	<u>2021</u>
Operating expenses	<u>\$ 3,447</u>	<u>277</u>

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Borrowings

The details, terms and clauses of the Group's short-term and long-term borrowings were as follows:

(i) Short-term borrowings

	<b>December 31, 2022</b>		
	<b>Interest rate</b>	<b>Maturity</b>	<b>Amount</b>
	<b>(%)</b>	<b>year</b>	
Unsecured bank loans	1.15~1.5	2023	\$ <u><u>430,000</u></u>
	<b>December 31, 2021</b>		
	<b>Interest rate</b>	<b>Maturity</b>	<b>Amount</b>
	<b>(%)</b>	<b>year</b>	
Unsecured bank loans	0.55~0.88	2022	\$ <u><u>676,592</u></u>

As of December 31, 2022 and 2021, the unused credit facilities of the Group's short-term borrowings amounted to \$1,195,025 thousand and \$722,925 thousand, respectively.

(ii) Long-term borrowings

As of December 31, 2022 and 2021, the unused credit facilities of the Group's long-term borrowings all amounted to \$150,000 thousand.

Please refer to note 6(s) 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.

(j) Lease liabilities

The Group's lease liabilities were as follow:

	<b>December 31,</b>	<b>December 31,</b>
	<b>2022</b>	<b>2021</b>
Current	\$ 191,023	136,893
Non-current	<u>167,111</u>	<u>133,127</u>
	<b>\$ <u><u>358,134</u></u></b>	<b><u><u>270,020</u></u></b>

For the maturity analysis, please refer to note 6(s).

The amounts recognized in profit or loss were as follows:

	<b>2022</b>	<b>2021</b>
Interests on lease liabilities	\$ <u><u>12,071</u></u>	<u><u>9,529</u></u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<b>\$ <u><u>42,588</u></u></b>	<b><u><u>43,028</u></u></b>

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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The amounts recognized in the statement of cash flows for the Group were as follows:

	<b>2022</b>	<b>2021</b>
Total cash outflow for leases	<b>\$ 259,644</b>	<b>242,959</b>

(k) 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, 2022</b>	<b>December 31, 2021</b>
Present value of defined benefit obligation	\$ 61,344	66,653
Fair value of plan assets	(54,026)	(48,671)
Net accrued pension liabilities	<b>\$ 7,318</b>	<b>17,982</b>
Recorded under:		
Accrued pension liabilities	<b>\$ 8,492</b>	<b>18,904</b>
Net defined benefit assets (recorded under other non-current assets)	<b>\$ 7,318</b>	<b>922</b>

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 \$53,777 thousand as of December 31, 2022. 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.

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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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>2022</u>	<u>2021</u>
Defined benefit obligation at January 1	\$ 66,653	66,670
Current service costs and interest	1,604	858
Remeasurements of net defined benefit liability (asset)		
— Actuarial gains and losses arising from changes in financial assumptions	(5,346)	452
Benefits paid by the plan	(1,778)	-
Effect of movements in exchange rates	<u>211</u>	<u>(1,327)</u>
Defined benefit obligation at December 31	<u>\$ 61,344</u>	<u>66,653</u>

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, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Fair value of plan assets at January 1	\$ 48,671	44,910
Interest income	240	484
Remeasurements of net defined benefit liability		
— Return on plan assets (excluding amounts included in net interest expense)	326	(368)
— Actuarial gains and losses arising from changes in financial assumptions	2,449	(2,504)
Contributions paid by the employer	3,001	4,177
Benefits paid by the plan	(1,778)	-
Effect of movements in exchange rates	<u>1,117</u>	<u>1,972</u>
Fair value of plan assets at December 31	<u>\$ 54,026</u>	<u>48,671</u>

4) Expenses recognized in profit or loss

The expenses recognized on profit or loss for the Group for years ended December 31, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Net interest on defined benefit liability (asset) (recorded under operating expenses)	<u>\$ 1,364</u>	<u>374</u>



**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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5) Actuarial assumptions

The principal actuarial assumptions used to determine the present value of the defined benefit obligation were as follows:

	<b>2022.12.31</b>	<b>2021.12.31</b>
Discount rate	1.750~2.000%	0.625~4.700%
Future salary increase rate	3.000~4.000%	3.000%

The Group expects to make contributions of \$3,001 thousand to the defined benefit plans in the year following the reporting date of 2022.

The weighted average duration of the defined benefit obligation is 11.12 to 17.59 years.

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, 2022		
Discount rate	\$ (859)	888
Future salary increase rate	855	(832)
December 31, 2021		
Discount rate	\$ (1,183)	1,224
Future salary increase rate	1,179	(1,150)

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.

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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 \$39,797 thousand and \$36,053 thousand for 2022 and 2021, respectively. Payment was made to the Bureau of Labor Insurance and the local authorities of the consolidated overseas subsidiaries.

(l) Income tax

(i) Income tax expenses

The components of income tax expense (benefit) in the years 2022 and 2021 were as follows:

	<b>2022</b>	<b>2021</b>
Current income tax expense (benefit)		
Current period	\$ 386,327	365,599
Adjustment for prior periods	(56,045)	(1,113)
	<b>330,282</b>	<b>364,486</b>
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	(34,298)	3,919
Income tax expense from continuing operations	<b>\$ 295,984</b>	<b>368,405</b>

Reconciliation of income tax expense (benefit) and profit before tax for 2022 and 2021 is as follows:

	<b>2022</b>	<b>2021</b>
Profit excluding income tax	<b>\$ 2,836,179</b>	<b>2,726,036</b>
Income tax using the Company's domestic tax rate	\$ 567,236	542,207
Effect of tax rates in foreign jurisdiction	(264,983)	(161,063)
Dividend income	5,607	1,528
Non-deductible expenses	4,261	2,094
Undistributed earnings additional tax	38,185	4,907
Tax-exempt income	(1,867)	(9,960)
Underestimate of prior year's income	(56,045)	(1,113)
Others	3,590	(10,195)
Total	<b>\$ 295,984</b>	<b>368,405</b>

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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, 2022 and 2021. 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, 2022</b>	<b>December 31, 2021</b>
Unrecognized deferred tax liabilities	<b>\$ 2,073,592</b>	<b>1,408,666</b>
2) Recognized deferred tax assets and liabilities		

Changes in the amount of deferred income tax assets and liabilities for 2022 and 2021 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, 2022	\$ 5,423	1,639	(1,163)	21,027	894	27,820
Recognized in profit or loss	(1,842)	38,678	1,334	2,080	475	40,725
	54	276	21	1,025	1	1,377
Balance at December 31, 2022	\$ 3,635	40,593	192	24,132	1,370	69,922
Balance at January 1, 2021	\$ 7,299	8,056	47	14,066	2,531	31,999
Recognized in profit or loss	(1,782)	(6,393)	(1,187)	7,119	(1,690)	(3,933)
	(94)	(24)	(23)	(158)	53	(246)
Balance at December 31, 2021	\$ 5,423	1,639	(1,163)	21,027	894	27,820

Deferred income tax liabilities:

	Defined benefit plans	Unrealized foreign exchange	Allowance for doubtful accounts	Others	Total
Balance at January 1, 2022	\$ (184)	-	-	-	(184)
Recognized in profit or loss	(51)	(5,329)	(94)	(953)	(6,427)
	-	-	(1)	(34)	(35)
Balance at December 31, 2022	\$ (235)	(5,329)	(95)	(987)	(6,646)
Balance at January 1, 2021	\$ (198)	-	-	-	(198)
Recognized in profit or loss	14	-	-	-	14
Balance at December 31, 2021	\$ (184)	-	-	-	(184)

(iii) Examination and approval

The tax returns of DIMTW have been examined by the tax authorities through 2020.

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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(m) Capital and other equity

(i) Common stock

As of December 31, 2022 and 2021, 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, 2022 and 2021, the issued ordinary shares were 136,080 thousand shares. 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.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2022 and 2021, were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</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.

## **DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

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.

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.

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**

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3) Earnings distribution

On March 17, 2022, the Company's Board of Directors resolved to appropriate cash dividends of the 2021 earnings. 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 approved in the shareholders' meeting on July 8, 2021. These earnings were appropriated as follows:

	2021		2020	
	Amount per share (NTD)	Total Amount	Amount per share (NTD)	Total Amount
Dividends distributed to ordinary stockholders:				
Cash	\$ 10.20	1,388,016	5.20	655,200
Stock	-	-	0.80	<u>100,800</u>
Total		<u>\$ 1,388,016</u>		<u>756,000</u>

The related information can be obtained from the Market Observation Post System.

On March 15, 2023, the Company's Board of Directors resolved to appropriate the 2022 earnings. These earnings were appropriated as follows:

	2022	
	Amount per share (NT dollars)	Total amount
Dividends distributed to common shareholders:		
Cash	\$ 10.70	1,456,056
Stock	0.50	<u>68,040</u>
Total		<u>\$ 1,524,096</u>

(iv) Treasury stock

In order to motivate the employees and improve the operating performance, as well as to maintain the Company's credit and shareholders' right, the Company's Board of Directors approved a resolution to purchase its own common stock as treasury shares in accordance with the requirements under section 28(2) of the Securities and Exchange Act on October 12, 2022. The Company has purchased 3,000,000 shares from October 17, 2022 to December 8, 2022, and total cost amounted to \$201,000 thousand.

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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The information on stock bought back by DIMITW to reward employees is as follows:

	Unit: thousand shares
	<b>2022</b>
Balance at January 1	-
Purchase of stock	3,000
Balance at December 31	<b>3,000</b>

Pursuant to the Securities and Exchange Act, the number of treasury shares purchased cannot exceed 10% of the number of shares issued. The total purchase cost cannot exceed the sum of retained earnings, paid-in capital in excess of par value, and realized capital surplus. The maximum shares and the maximum total cost of the treasury stock held by the Company in 2022 has complied with the foregoing regulations. Furthermore, treasury shares cannot be pledged for debts, and treasury shares do not carry any shareholder rights until it is transferred.

- (v) Other equities (income after tax)

	<b>Foreign exchange differences arising from foreign operations</b>
Balance as of January 1, 2022	\$ (557,281)
Foreign exchange differences arising from foreign operations	734,870
Balance as of December 31, 2022	<b>\$ 177,589</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>

- (n) Earnings per share

The calculation of DIMITW's basic earnings per share and diluted earnings per share for the years 2022 and 2021, was as follows:

- (i) Basic earnings per share

	Share unit: thousand shares	
	<b>2022</b>	<b>2021</b>
Net income attributable to ordinary shareholders of the Company	<b>\$ 2,538,625</b>	<b>2,310,477</b>
Effect of treasury stock	(429)	-
Weighted-average number of ordinary shares	<b>135,651</b>	<b>136,080</b>
Basic earnings per share (in NT dollars)	<b>\$ 18.71</b>	<b>16.98</b>

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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(ii) Diluted earnings per share

	<b>2022</b>	<b>2021</b>
Net income attributable to ordinary shareholders of the Company	<b>\$ 2,538,625</b>	<b>2,310,477</b>
Weighted-average number of ordinary shares	135,651	136,080
Impact of dilutive potential common shares		
Effect of employee stock bonus	2,410	1,671
Weighted-average number of ordinary shares (diluted)	<b>138,061</b>	<b>137,751</b>
Diluted earnings per share (in NT dollars)	<b>\$ 18.39</b>	<b>16.77</b>

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>2022</b>			
	<b>Asia</b>	<b>Americas</b>	<b>Europe</b>	<b>Total</b>
Major products/services lines:				
Air freight forwarding	\$ 17,136,908	5,063,077	221,843	22,421,828
Ocean freight forwarding	10,355,896	4,711,845	874,827	15,942,568
Others	2,373,449	400,477	36,488	2,810,414
	<b>\$ 29,866,253</b>	<b>10,175,399</b>	<b>1,133,158</b>	<b>41,174,810</b>
	<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	1,833,521	586,200	45,536	2,465,257
	<b>\$ 29,502,143</b>	<b>7,994,181</b>	<b>1,490,592</b>	<b>38,986,916</b>

(ii) Contract balance

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021</b>
Notes receivable	\$ 16,726	25,919	7,284
Accounts receivable, net	2,945,645	4,692,243	2,351,327
Less: allowance for impairment	117,623	104,848	69,837
Total	<b>\$ 2,844,748</b>	<b>4,613,314</b>	<b>2,288,774</b>

Please refer to note 6(c) for the disclosure of accounts receivable and its impairment.



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(p) Cost

The details of the Group's cost were as follows:

	<u>2022</u>	<u>2021</u>
Air transportation cost	\$ 19,596,111	17,523,994
Ocean transportation cost	13,556,488	13,784,519
Other cost	<u>2,081,230</u>	<u>1,856,078</u>
	<u>\$ 35,233,829</u>	<u>33,164,591</u>

(q) 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 revision to the Company's articles has been approved by the Company's shareholders' meeting on June 8, 2022, and the directors' and supervisors' remuneration was replaced by directors' remuneration. 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 must be in the form of cash.

For the years ended December 31, 2022 and 2021, the Company estimated its employees' compensation were \$147,501 thousand and \$145,689 thousand, respectively, and the estimated amounts of directors' and supervisors' remuneration were \$42,071 thousand and \$41,625 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 2022 and 2021. 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 2022 and 2021, and the estimated amounts in the financial statements.

(r) Non-operating income and expenses

(i) Interest income

The details of the Group's interest income were as follows:

	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	<u>\$ 23,084</u>	<u>8,885</u>

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(ii) Other income

The details of the Group's other income were as follows:

	<u>2022</u>	<u>2021</u>
Dividend income	\$ 148	130
Government grants	21,460	10,239
Other	4,119	10,604
Total other income	<u>\$ 25,727</u>	<u>20,973</u>

(iii) Other gains and losses

The details of the Group's other gain and losses were as follows:

	<u>2022</u>	<u>2021</u>
Gains (losses) on disposal of property, plant and equipment	\$ 1,004	1,160
Losses on disposal of investments	-	(21)
Gains on foreign exchange	177,178	9,900
Net gains on disposal of financial assets measured at fair value through profit or loss	-	610
Compensation losses	-	(24,317)
Others gains and losses	(5,080)	(2,128)
Other gains and losses, net	<u>\$ 173,102</u>	<u>(14,796)</u>

(iv) Finance costs

The details of the Group's finance costs were as follows:

	<u>2022</u>	<u>2021</u>
Interest expense		
Bank loan	\$ 4,898	6,016
Lease liabilities	12,071	9,529
Net finance cost	<u>\$ 16,969</u>	<u>15,545</u>

(s) 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, 2022 and 2021, the maximum amount exposed to credit risk amounted to \$8,772,688 thousand and \$8,132,831 thousand, respectively.

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2) Concentration of credit risk

As of December 31, 2022 and 2021, there was no concentration of credit risk in accounts receivable.

(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, 2022</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 430,000	435,977	435,977	-	-	-	-
Notes payable	26,780	26,780	26,780	-	-	-	-
Accounts payable	2,815,136	2,815,136	2,815,136	-	-	-	-
Lease liabilities	358,134	368,161	98,186	98,186	114,357	57,432	-
Dividend payable	20,665	20,665	20,665	-	-	-	-
Other payables	437,178	437,178	437,178	-	-	-	-
	<u>\$ 4,087,893</u>	<u>4,103,897</u>	<u>3,833,922</u>	<u>98,186</u>	<u>114,357</u>	<u>57,432</u>	<u>-</u>
<b>December 31, 2021</b>							
Non-derivative financial liabilities							
Short-term loans	\$ 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	-	-	-	-
Other payables	298,355	298,355	298,355	-	-	-	-
	<u>\$ 4,793,876</u>	<u>4,802,309</u>	<u>4,595,091</u>	<u>70,363</u>	<u>89,855</u>	<u>47,000</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.

(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, 2022</b>			
Financial assets:			
USD	\$	34,647	30.730
HKD		6,196	4.053
EUR		835	32.814
GBP		323	37.005
Financial liabilities:			
Monetary items:			
USD		9,529	30.730
EUR		29	32.814

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	<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

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, accounts receivable and other payables that are denominated in foreign currency. A weakening (strengthening) of 3% of the NTD against USD, HKD and EUR of December 31, 2022 and 2021, would have increased or decreased the net income before tax by \$25,041 thousand and \$10,114 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 2022 and 2021, foreign exchange gain (including realized and unrealized portions) amounted to \$177,178 thousand and \$9,900 thousand, respectively.

(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 \$4,300 thousand and \$6,766 thousand for the years 2022 and 2021, respectively, with all other variable factors remaining constant. This was mainly due to the Group's borrowing at variable rates.

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(v) Fair value

1) Categories and fair value of financial instruments

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy, were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2022				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	\$ 449	-	-	449	449
Financial assets measured at amortized cost					
Cash and cash equivalents	5,809,475	-	-	-	-
Notes and accounts receivables	2,844,748	-	-	-	-
Financial assets measured at amortised cost - current	9,775	-	-	-	-
Refundable deposits	104,581	-	-	-	-
	<u>3,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>8,772,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,772,688</u>	<u>-</u>	<u>-</u>	<u>449</u>	<u>449</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 430,000	-	-	-	-
Notes and accounts payable	2,841,916	-	-	-	-
Other payables	437,178	-	-	-	-
Lease liabilities	358,134	-	-	-	-
Dividend payable	20,665	-	-	-	-
Total	<u>\$ 4,087,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	December 31, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	\$ 442	-	-	442	442
Financial assets measured at amortized cost					
Cash and cash equivalents	3,438,978	-	-	-	-
Notes and accounts receivables	4,613,314	-	-	-	-
Refundable deposits	76,437	-	-	-	-
	3,660	-	-	-	-
Subtotal	<u>8,132,389</u>	-	-	-	-
Total	<u>\$ 8,132,831</u>	-	-	<u>442</u>	<u>442</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 676,592	-	-	-	-
Notes and accounts payable	3,543,214	-	-	-	-
Other payables	298,355	-	-	-	-
Lease liabilities	270,020	-	-	-	-
Dividend payable	5,695	-	-	-	-
Total	<u>\$ 4,793,876</u>	-	-	-	-

2) Valuation techniques and assumptions used in fair value determination — non-derivative financial instruments

Financial instruments held by the Group constitute equity instruments that are not publicly quoted in an active market. The fair value of those financial instruments is estimated using the market comparables approach. The main assumptions of the market comparables approach are based on the after-tax net profit or equity net worth of the investee and the earnings or book value multipliers derived from market quotations of comparable listed companies. This estimate has been adjusted for the discounting effect of the lack of market liquidity of the equity securities. The amount of equity investment estimated by the Group using the market comparable company method to estimate the fair value is not significant, and thus there is no intention to disclose quantitative information.

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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 during the reporting periods.

4) Reconciliation of Level 3 fair values

	<b>Unquoted equity instruments</b>
Balance at January 1, 2022	\$ 442
Effect of changes in exchange rates	7
Balance at December 31, 2022	<b>\$ 449</b>
Balance at January 1, 2021	\$ 444
Effect of changes in exchange rates	(2)
Balance at December 31, 2021	<b>\$ 442</b>

(t) 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.

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(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 2022 and 2021 are not concentrated on any group of customers.

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.



## DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 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, 2022.

#### (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.

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.

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Due to the fluctuation in market interest rate is little, the radiance of interest rate will not cause material cash flow risk.

(u) 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.

As of December 31, 2022, there were no changes in the Group's capital management approach.

(v) Financing activities not affecting current cash flow

The Group's reconciliation of liabilities arising from financing activities for the years 2022 and 2021 were as follows:

For right-of-use assets under leases, please refer to note 6 (g).

Reconciliation of liabilities arising from financing activities were as follows:

	Non-cash changes						December 31, 2022
	January 1, 2022	Cash flows	Foreign exchange movement	Additions	Decreases	Lease modification	
Short term borrowings	\$ 676,592	(246,592)	-	-	-	-	430,000
Lease liabilities	270,020	(204,985)	15,543	278,202	(634)	(12)	358,134
Total liabilities from financing activities	<u>\$ 946,612</u>	<u>(451,577)</u>	<u>15,543</u>	<u>278,202</u>	<u>(634)</u>	<u>(12)</u>	<u>788,134</u>

	Non-cash changes						December 31, 2021
	January 1, 2021	Cash flows	Foreign exchange movement	Additions	Decreases	Lease modification	
Short term borrowings	\$ 700,592	(24,000)	-	-	-	-	676,592
Lease liabilities	361,736	(190,402)	(5,363)	113,420	(7,139)	(2,232)	270,020
Total liabilities from financing activities	<u>\$ 1,062,328</u>	<u>(214,402)</u>	<u>(5,363)</u>	<u>113,420</u>	<u>(7,139)</u>	<u>(2,232)</u>	<u>946,612</u>

(7) Related-party transactions

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(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 Air & Sea GmbH	An associate

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(c) Significant transactions with related parties

(i) Operating revenue

The amounts of significant sales by the Group to related parties were as follows:

	<b>2022</b>	<b>2021</b>
Associates	\$ <b>360,715</b>	<b>481,065</b>

The Group recorded the above revenue deriving from providing air and ocean freight services to the associates.

The conditions and terms to related parties are the same as those offered to other customers.

(ii) Collection and payment on behalf of other parties (recognized as deduction of operation income)

	<b>2022</b>	<b>2021</b>
Associates	\$ <b>142,560</b>	<b>169,265</b>

The Group collects the above income deriving from imported freight and shipment on behalf of the associates.

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:

<b>Accounts</b>	<b>Type of related parties</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Accounts receivable	Associates	\$ <b>9,099</b>	<b>9,599</b>

As of December 31, 2022, and 2021, no allowance for loss is required for the above-mentioned related parties.

(iv) Payables to related parties

The details of the Group's payables to related parties were as follows:

<b>Accounts</b>	<b>Type of related parties</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Accounts payable	Associates	\$ <b>4,265</b>	<b>8,193</b>

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(d) Key management personnel compensation

Key management personnel compensation comprised:

	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 68,673	57,894
Post-employment benefits	787	812
	<b>\$ 69,460</b>	<b>58,706</b>

**(8) Assets pledged as security**

The carrying amount of assets pledged as security were as follows:

<b>Assets pledged as security</b>	<b>Liabilities secured by pledged</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Restricted certificates of deposit (recorded under other current assets)	Guarantee for the Group's logistics operations	\$ 1,063	949
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	41,792
Buildings	"	15,416	15,961
		<b>\$ 61,931</b>	<b>62,362</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 2022 and 2021. As of December 31, 2022 and 2021, the guarantees from the banks were \$349,527 thousand and \$176,232 thousand, respectively, and the used amounts were \$226,246 thousand and \$161,812 thousand, respectively.
- (b) As of December 31, 2022 and 2021, the Group had outstanding guaranteed notes deposited totaling \$142,127 thousand and \$56,232 thousand, respectively. As of December 31, 2022 and 2021, the guarantees recorded for customs duty were \$5,739 thousand and \$5,032 thousand, respectively.

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### 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) Since 2021, the Group is defending a lawsuit filed by its former employees for her alleged wrongful treatment during her tenure and the termination of employment. The case has been resolved through mediation with total settlement USD1,000 thousand, among which USD637 thousand was paid by insurance and USD363 thousand was paid by the Group which was recorded under administrative expenses.

**(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 function	Year ended December 31, 2022			Year ended December 31, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	42,067	2,646,440	2,688,507	39,953	2,080,028	2,119,981
Labor and health insurance	1,446	217,879	219,325	1,086	169,445	170,531
Pension	1,104	40,057	41,161	1,089	35,338	36,427
Others	1,278	154,255	155,533	1,440	125,526	126,966
Depreciation	18,018	231,691	249,709	4,742	222,382	227,124
Amortization	-	3,447	3,447	-	277	277

## 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

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	Allowances 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	28,864	26,067	26,067	-	(2)	-	Operating capital	-	Name	-	261,157	1,044,628
2	FSC	The Company	Accounts receivable from related parties	Yes	119,550	119,550	119,550	-	(2)	-	Operating capital	-	Name	-	136,954	547,818

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	Name	Counter-party of guarantee or endorsement with the Company (Note 1)	Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on 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
0	The Company	DIMVN	2	272,160	6,678	4,456	4,456	4,456	0.07 %	544,320	Y	N	N
0	The Company	DIMIN & DIMTH	2	272,160	322	313	313	313	0.01 %	544,320	Y	N	N
0	The Company	DIMKR	2	272,160	24,129	-	-	-	- %	544,320	Y	N	N
0	The Company	DILTW	2	272,160	282	250	250	250	- %	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, 2022 (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 2022	Note
				Number of shares	Carrying amount	Percentage of ownership		
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	19	-	19	19
DIMSG	Stamford Land	-	Financial assets at fair value through other comprehensive income—non-current	5,000	40	-	40	40

(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 DIMTW's issued share capital:

Name of company	Counter-party	Relationship	Transaction details			Arm's-length transaction		Account / note receivable (payable)		Remarks	
			Purchase (Date)	Amount	Percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance		Percentage of total accounts / notes receivable (payable)
DIMTW	DIMUS	Sub-Subsidiary	Freight revenue	(376,210)	15.06 %	Note 1	-	-	22,880	6 %	
DIMUS	DIMTW	Sub-Subsidiary	Freight expense	376,210	4.81 %	Note 1	-	-	(22,880)	(4) %	
DIMTW	DIMCN	Sub-Subsidiary	Freight revenue	(155,344)	6 %	Note 1	-	-	11,886	3 %	
DIMCN	DIMTW	Sub-Subsidiary	Freight expense	155,344	3 %	Note 1	-	-	(11,886)	(4) %	
DIMCN	DIMTW	Sub-Subsidiary	Freight revenue	(188,897)		Note 2	Note 1	-	14,658	3 %	
DIMTW	DIMCN	Sub-Subsidiary	Freight expense	188,897		Note 2	Note 1	-	(14,658)	(8) %	
DIMKR	DIMTW	Sub-Subsidiary	Freight revenue	(171,843)		Note 2	Note 1	-	8,147	7 %	
DIMTW	DIMKR	Sub-Subsidiary	Freight expense	171,843		Note 2	Note 1	-	(8,147)	(5) %	
DIMUS	DIMTW	Sub-Subsidiary	Freight revenue	(172,121)		Note 2	Note 1	-	14,588	2 %	
DIMTW	DIMUS	Sub-Subsidiary	Freight expense	172,121		Note 2	Note 1	-	(14,588)	(8) %	
FSCHK	DIMTW	Subsidiary	Freight revenue	(184,559)		Note 2	Note 1	-	52,855	22 %	
DIMTW	FSCHK	Subsidiary	Freight expense	184,559		Note 2	Note 1	-	(52,855)	(30) %	
ZJDCN	DIMTW	Sub-Subsidiary	Freight revenue	(105,621)		Note 2	Note 1	-	9,418	1 %	
DIMTW	ZJDCN	Sub-Subsidiary	Freight expense	105,621		Note 2	Note 1	-	(9,418)	(5) %	
FSCHK	ZJDCN	Subsidiary and Sub-Subsidiary	Freight revenue	(153,802)	10.43 %	Note 1	-	-	52,443	21 %	
ZJDCN	FSCHK	Subsidiary and Sub-Subsidiary	Freight expense	153,802	2.40 %	Note 1	-	-	(52,443)	(13) %	
FSCHK	DFSCN	Subsidiary and Sub-Subsidiary	Freight revenue	(189,489)	12.85 %	Note 1	-	-	6,061	2 %	
DFSCN	FSCHK	Subsidiary and Sub-Subsidiary	Freight expense	189,489	4.17 %	Note 1	-	-	(6,061)	(4) %	
FSCHK	DIMCN	Subsidiary and Sub-Subsidiary	Freight revenue	(209,008)	14.18 %	Note 1	-	-	9,375	4 %	
DIMCN	FSCHK	Subsidiary and Sub-Subsidiary	Freight expense	209,008	4.40 %	Note 1	-	-	(9,375)	(3) %	
FSCHK	DIMUS	Subsidiary and Sub-Subsidiary	Freight revenue	(184,612)	12.52 %	Note 1	-	-	6,610	3 %	
DIMUS	FSCHK	Subsidiary and Sub-Subsidiary	Freight expense	184,612	2.36 %	Note 1	-	-	(6,610)	(1) %	
FSCHK	DIMSG	Subsidiary and Sub-Subsidiary	Freight revenue	(101,475)	6.88 %	Note 1	-	-	39,334	16 %	
DIMSG	FSCHK	Subsidiary and Sub-Subsidiary	Freight expense	101,475	7.37 %	Note 1	-	-	(39,334)	2 %	

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 expenses were paid by DIMTW on behalf of its affiliates. Because the freight expenses were not recognized as revenue nor cost, 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 4)	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivable from related party	Allowance for bad debts
					Amount	Action taken		
The Company	ZJDCN	Subsidiary	100,907 (Note 1)	- %	-	-	-	-
FSC	The Company	Subsidiary	168,718 (Note 2)	- %	-	-	-	-
FSC	DIL	Subsidiary	216,717 (Note 3)	- %	-	-	-	-

Note 1: Accounts receivable of \$8,211 thousand and other receivables of \$92,696 thousand.

Note 2: Loan from the subsidiary of \$119,550 thousand and other receivables of \$49,168 thousand.

Note 3: Paid on behalf of DIMTW.

Note 4: The amount was eliminated in the consolidated financial statements.

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- (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			
				Account name	Amount (Notes 3 and 4)	Terms of trading	Percentage of total consolidated revenue or total assets
0	The Company	DIMCN	1	Freight revenue— received on behalf	155,344	Negotiated	0.38 %
0	The Company	DIMUS	1	Freight revenue— received on behalf	376,210	Negotiated	0.91 %
0	The Company	FSCHK	1	Freight expense—deduction of freight revenue	184,559	Negotiated	0.45 %
0	The Company	DIMCN	1	Freight expense—deduction of freight revenue	188,897	Negotiated	0.46 %
0	The Company	ZIDCN	1	Freight expense—deduction of freight revenue	105,621	Negotiated	0.26 %
0	The Company	DIMUS	1	Freight expense—deduction of freight revenue	172,121	Negotiated	0.42 %
0	The Company	DIMKR	1	Freight expense—deduction of freight revenue	171,843	Negotiated	0.42 %
0	The Company	FSCHK	1	Freight expense—deduction of freight revenue	126,124	Negotiated	0.31 %
1	FSC	The Company	2	Accounts receivable—related parties	168,718	Negotiated	1.60 %
1	FSC	The Company	2	Prepayments—related parties	717,883	Negotiated	6.82 %
1	FSC	DIL	3	Accounts receivable—related parties	216,717	Negotiated	2.06 %
3	FSCHK	The Company	2	Prepayments—related parties	2,789,421	Negotiated	26.51 %
3	FSCHK	DIMCN	3	Sales revenue	209,008	Negotiated	0.51 %
3	FSCHK	DIMSG	3	Sales revenue	101,475	Negotiated	0.25 %
3	FSCHK	ZIDCN	3	Sales revenue	153,802	Negotiated	0.37 %
3	FSCHK	DIMUS	3	Sales revenue	184,612	Negotiated	0.45 %
3	FSCHK	DFSCN	3	Sales revenue	189,489	Negotiated	0.46 %

Note 1: Company numbering is as follows:

- (1) Parent company is 0.
- (2) Subsidiary starts from 1.

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 transaction amount over \$100,000 thousand and a balance amount over total consolidated assets 1% shall be disclosed.

Note 4: The amount was eliminated in the consolidated financial statements.

(b) Information on investees

The following is the information on investees for the year 2022 (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 2022	Net income (losses) of investee (Note 12)	Investment income (losses) (Note 12)	Notes
				December 31, 2022	December 31, 2021	Shares	Ratio of shares				
The Company	DFSTW	Taiwan	Ocean freight forwarding	15,444	15,444	1,200,000	99 %	780,479	15,444	252,958	252,958
The Company	HOLDING	Bermuda	Holding company	164,845	164,845	3,089,000	100 %	2,611,571	164,845	791,373	791,373
The Company	DIMSG	Singapore	Global air and ocean freight forwarder and logistics & warehousing	132,266	108,362	5,400,000	100 %	595,797	132,266	53,630	53,630
The Company	DIL	British Virgin Is.	Holding company	472,313	472,313	(Note 1)	100 %	4,169,210	472,313	853,946	853,946
The Company	FSC	British Virgin Is.	Settlement center	315	315	10,000	20 %	273,908	315	(3,569)	(714)
The Company	FSCHK	Hong Kong	Settlement center	236	236	7,500	15 %	743,169	236	1,493,168	223,975
The Company	ITG GmbH	Germany	Global air and ocean freight forwarder	183,547	183,547	6,275	25 %	241,671	183,547	199,467	49,866
The Company	DHLTW	Taiwan	Logistics & warehousing	8,000	8,000	800,000	80 %	8,166	8,000	1,329	1,064
The Company	DFSSG	Singapore	Logistics & warehousing	13,482	-	600,000	100 %	41,085	13,482	12,143	-
The Company	DILHK	Hong Kong	Logistics & warehousing	-	-	-	100 %	51,221	-	5,550	5,550
The Company	DILSG	Singapore	Logistics & warehousing	4,215	-	-	100 %	2,081	4,215	(2,262)	-
The Company	DIMMY	Malaysia	Global air and ocean freight forwarder	65,516	-	250,000	100 %	200,614	65,516	57,541	-
The Company	DTLHK	Hong Kong	Trucking service	41,076	-	89,000	100 %	51,239	41,076	1,550	-
DFSTW	FSCHK	Hong Kong	Settlement center	235	235	7,500	15 %	676,816	235	1,493,168	223,975
DFSTW	DHLTW	Taiwan	Logistics & warehousing	2,000	2,000	(Note 1)	20 %	2,042	2,000	1,329	265
DIL	DIMUS	U.S.A.	Global air and ocean freight forwarder	238,686	238,686	4,961,000	100 %	975,186	238,686	206,947	206,947
DIL	DIMGB	U.K	Global air and ocean freight forwarder	12,589	12,589	300,000	37 %	(13,531)	12,589	(8,908)	(3,341)



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Name of the investor	Name of investee	Location	Main businesses	Initial investment (Amount)		Ending balance		Carrying amount (Note 12)	Maximum investment in 2022	Net income (losses) of investee (Note 12)	Investment income (losses) (Note 12)	Notes
				December 31, 2022	December 31, 2021	Shares	Ratio of shares					
DIL	GMS	Hong Kong	Logistics & warehousing	-	-	-	100%	3,299,467	-	48,470	48,470	
DIL	DIMSG	Singapore	Global air and ocean freight forwarder and logistics & warehousing	-	23,904	-	-	-	23,904	62,281	8,651	
DIL	DIMHK	Hong Kong	Global air and ocean freight forwarder and logistics & warehousing	-	427,348	-	-	-	427,348	593,219	593,219	
DMCHK	DIMHK	Hong Kong	Global air and ocean freight forwarder and logistics & warehousing	427,348	-	300,000	99%	3,392,775	427,348	593,219	-	
DMCHK	DFSHK	Hong Kong	Ocean freight forwarding	25,393	-	71,000	99%	1,989,880	25,393	572,084	-	
GMS	DIMPH	Philippines	Global air and ocean freight forwarder	38,399	38,399	180,000	60%	3,321,505	38,399	50,030	30,023	
GMS	DILHK	Hong Kong	Logistics & warehousing	-	-	-	-	-	-	5,550	5,550	
GMS	DFSSG	Singapore	Logistics & warehousing	-	13,482	-	-	-	13,482	12,143	12,143	
DIMUS	DIMUS	U.S.A.	Brokerage service	13,532	13,532	1,000	100%	42,564	13,532	3,743	3,743	
DIMUS	B.C. Logistic, LLC	U.S.A.		54,103	-	-	85%	20,320	54,103	2,403	2,043	
DIMHK	FSC	British Virgin Is.	Settlement center	954	954	30,000	60%	897	954	(3,569)	(2,141)	
DIMHK	DMNVN	Vietnam	Trucking service	2,090	2,090	-	75%	39,423	2,090	19,010	14,257	
DIMHK	FSCHK	Hong Kong	Settlement center	550	550	17,500	35%	1,569,856	550	1,493,168	522,609	
DIMPH	FSCHK	Hong Kong	Settlement center	-	-	-	100%	-	-	-	-	
DIMSG	FSC	British Virgin Is.	Settlement center	318	318	10,000	20%	299	318	(3,569)	(714)	
DIMSG	DIMIN	India	Trucking service	5,303	5,303	960,000	60%	14,493	5,303	7,840	4,704	
HOLDING	DIMTH	Thailand	Global air and ocean freight forwarder	7,642	7,642	735,000	49%	71,917	7,642	43,850	21,482	
HOLDING	DIMPH	Philippines	Global air and ocean freight forwarder	4,026	4,026	120,000	40%	2,214,340	4,026	50,030	20,007	
HOLDING	DIMAU	Australia	Global air and ocean freight forwarder	16,460	16,460	60,000	100%	(30,170)	16,460	6,412	6,412	
HOLDING	DIMKR	Korea	Global air and ocean freight forwarder	19,386	19,386	120,000	100%	118,770	19,386	39,114	39,114	
HOLDING	DIMCA	Canada	Air freight forwarder	15,646	15,646	-	100%	201,386	15,646	70,010	70,010	
HOLDING	DIMNL	Netherlands	Global air and ocean freight forwarder	11,644	11,644	1,000	100%	33,285	11,644	10,507	10,507	
HOLDING	DSLUS	U.S.A.	Logistics & warehousing	15,840	15,840	50,000	100%	31,443	15,840	(2,530)	(2,530)	
HOLDING	DTLHK	Hong Kong	Trucking service	-	41,076	-	-	-	-	1,550	1,550	
HOLDING	DIMMY	Malaysia	Global air and ocean freight forwarder	-	65,516	-	-	-	-	57,541	57,541	
HOLDING	DFSHK	Hong Kong	Ocean freight forwarding	-	25,393	-	-	-	-	572,084	572,027	
DIMPH	Peerless Express Forwarders Corp.	Philippines	Trucking service	954	954	1,600,000	40%	-	-	225	90	
DIMPH	DFSPH	Philippines	Trucking service	5,231	-	96,700	91%	-	-	9,649	8,745	
DIMPH	DMCHK	Hong Kong	Settlement center	-	-	-	100%	-	-	-	-	
DFSSG	DFSPH	Philippines	Trucking service	541	-	10,000	9%	-	-	9,649	904	
DILHK	DILSG	Singapore	Logistics & warehousing	-	4,215	-	-	-	-	(2,262)	(2,262)	
DFSHK	FSCHK	Hong Kong	Settlement center	566	566	17,500	35%	1,569,856	-	1,493,168	522,609	
FSCHK	DIMGB	U.K	Global air and ocean freight forwarder	20,126	20,126	500,000	63%	(6,692)	-	(8,908)	(5,568)	

- Note 1: The company was established as a limited company.  
Note 2: In December 2022, the Group reorganized and transferred 100% of the shares held by Holding to the Company.  
Note 3: In December 2022, the Group reorganized and transferred 100% of the shares held by GMS to the Company.  
Note 4: In December 2022, the Group reorganized and transferred 13.89% of the shares held by DIL to the Company.  
Note 5: In December 2022, the Group reorganized and transferred 100% of the shares held by GMS to the Company.  
Note 6: In December 2022, the Group reorganized and transferred 100% of the shares held by DILHK to the Company.  
Note 7: In December 2022, the Group reorganized and transferred 100% of the shares held by Holding to the Company.  
Note 8: In December 2022, the Group reorganized and transferred 100% of the shares held by DIL to DMCHK.  
Note 9: In December 2022, the Group reorganized and transferred 100% of the shares held by Holding to DMCHK.  
Note 10: Established in December 2022.  
Note 11: The amount was eliminated in the consolidated financial statements, except for ITG Air & Sea GmbH DIMPH.  
Note 12: The carrying amount and net income recognized were recognized based on audited financial statements of the subsidiary.

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(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 / recoverable investment (amount)	Returned 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 2022	Current investment income and losses (Note 2 and 3)	Carrying amount (Note 2)	Accumulated remittance of earnings in current period
DIDCN	Global air and ocean freight forwarder	54,928	(2)	USD902 27,718	-	-	USD902 27,718	(114,982)	72 %	41,196	(86,161)	156,963	-
DILSHA	Logistics & warehousing	5,970	(2)	USD200 6,146	-	-	USD200 6,146	643	99 %	5,970	643	(58,557)	-
DIMCN	Global air and ocean freight forwarder	163,377	(2)	-	-	-	-	97,237	100 %	163,377	97,237	429,905	-
DILSZX	Logistics & warehousing	10,958	(2)	-	-	-	-	(2,189)	100 %	10,958	(2,189)	(19,452)	-
DFSCN	Global air and ocean freight forwarder	59,777	(2)	-	-	-	-	53,930	100 %	59,777	53,930	338,487	-
Diversified Transportation (China) Co., Ltd.	Trucking service	29,802	(2)	-	-	-	-	246	100 %	29,802	246	22,005	-
Yuhang Int'l Logistics (Dalian) Co. Ltd.	Global air and ocean freight forwarder	38,666	(2)	-	-	-	-	26,395	25 %	9,667	6,612	27,538	-
Diversified (Shanghai) International Logistics Service Company Ltd	Global air and ocean freight forwarder	13,684	(2)	-	-	-	-	3,346	100 %	13,684	3,346	3,774	-
Diversified (Shenzhen) International Logistics Service Company Ltd	Global air and ocean freight forwarder	1,293	(2)	-	-	-	-	(2,821)	100 %	-	(2,821)	1,484	-

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: Except for Yuhang Int'l Logistics (Dalian) Co., Ltd. the amount was eliminated in the consolidated financial statements.

Note 3: The carrying amount and net income recognized were recognized based on audited financial statements of the subsidiary.

(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 (Note2)	Approved investment (amount) by Ministry of Economic Affairs Investment Commission (Note2)	Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission (Note 1)
DIMTW	33,864 (USD1,102)	73,752 (USD2,400)	3,600,662

Note 1: It represents 60% of the Company's net equity.

Note 2: USD:NT\$=1:30.730.

(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:

	2022				
	Asia	Americas	Europe	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 29,866,253	10,175,399	1,133,158	-	41,174,810
Intersegment revenues	<u>1,015,308</u>	<u>-</u>	<u>-</u>	<u>(1,015,308)</u>	<u>-</u>
Total revenue	<u>\$ 30,881,561</u>	<u>10,175,399</u>	<u>1,133,158</u>	<u>(1,015,308)</u>	<u>41,174,810</u>
Reportable segment profit	<u>\$ 2,431,854</u>	<u>393,124</u>	<u>11,201</u>	<u>-</u>	<u>2,836,179</u>
	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	<u>914,357</u>	<u>-</u>	<u>-</u>	<u>(914,357)</u>	<u>-</u>
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>

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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 \$1,015,308 thousand and \$914,357 thousand for the years 2022 and 2021, 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, 2022</u>	<u>December 31, 2021</u>
Asia	\$ 740,804	726,554
Americas	276,871	144,018
Europe	<u>9,568</u>	<u>11,765</u>
Total	<u>\$ 1,027,243</u>	<u>882,337</u>

Non-current assets include property, plant and right-of-use assets 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 2022 and 2021, 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

#### 7.1.1 Analysis of Financial position

Unit: NT\$ thousand

Year Item	2021	2022	Difference	
			Amount	%
Current Assets	8,499,242	9,046,631	547,389	6.4
Property, Plant and Equipment	544,456	560,326	15,870	2.9
Intangible Assets	33,068	73,740	43,672	132.1
Other Assets	670,089	842,172	172,083	25.7
<b>Total Assets</b>	<b>9,746,567</b>	<b>10,522,869</b>	<b>776,302</b>	<b>8.0</b>
Current Liabilities	5,107,987	4,178,827	(929,160)	-18.2
Non-current liabilities	203,606	219,301	15,695	7.7
<b>Total Liabilities</b>	<b>5,311,593</b>	<b>4,398,128</b>	<b>913,465</b>	<b>-17.2</b>
Capital stock	1,360,800	1,360,800	-	-
Capital surplus	19,362	19,362	-	-
Retained Earnings	3,485,623	4,644,353	1,158,730	33.2
<b>Total Stockholders' Equity</b>	<b>4,434,974</b>	<b>6,124,741</b>	<b>1,689,767</b>	<b>38.1</b>

#### 7.1.2 Explanation for Material changes:

Other assets increased: due to the increase of accounts receivable

Non-current liabilities increased due to the increase of accounts payable

### 7.2 Analysis of Operating Results

#### 7.2.1 Analysis of Financial performance

Unit: NT\$ thousand

Year Item	2021	2022	Difference	
			Amount	%
Gross Sales	38,986,916	41,174,810	2,187,894	56.1
Less: Sales Returns	-	-	-	-
.Sales Allowances	-	-	-	-
Net Sales	38,986,916	41,174,810	2,187,894	56.1
Cost of Sales	33,164,591	35,233,829	2,068,938	6.2
Gross Profit	5,822,325	5,940,981	118,656	2.0
Operating Expenses	3,131,354	3,366,224	234,870	7.5
Operating Income	2,690,971	2,574,757	(116,214)	-4.3
Non-operating Income and Expenses(net)	35,065	261,422	226,367	645.5
Income Before Tax	2,726,036	2,836,179	110,143	4.0
Tax Benefit (Expense)	368,405	295,984	(72,421)	-19.7

Net Income	2,357,631	2,540,195	182,564	7.7
Attributable to owners of the parent	2,310,477	2,538,625	228,148	9.9
Attributable to non-controlling interest	47,154	1,570	(45,584)	-9.7

### 7.2.2 Analysis of change on the Gross Profit:

We do not calculate the volume-price differences because of our business characteristic.

### 7.2.3 Basis of the Sales volume forecast and Measures to be taken with regards to future finance operation changes related to sales volume forecast:

The company does not provide public financial forecasts but establishes internal targets based on industry conditions, market supply and demand, and the company's operational status.

### 7.3 Analysis of Cash Flow

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
3,438,978	3,785,797	1,415,300	5,809,475	-	-

#### 7.3.1 Cash Flow Analysis for the Current Year:

1. Operating activities: Net cash inflow from operating activities increased due to the decrease of Accounts Receivable and increase of Accounts Payable from 2021.
2. Investment activities: Net cash outflow from Investment activities increased due to new acquisition in 2022.
3. Financial activities: Cash outflow from financial activities increased due to 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
5,809,475	1,088,640	1,022,165	5,875,950	-	-

### 7.4 Major Capital Expenditure Items

Dimerco is a lightweighted-assets company, capital expense to stockholders' equity is below 35%, there's no effect on our operation.

### 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 investments are all long-term investments, due to global economic slowdown. In the future, the company will continue expanding its China, Asia, Europe and USA market with a stable and long term strategy.

## 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 the Risk Management Organization. Risk management is centralized at headquarter and expands to all affiliate companies in 17 countries. We expect to use effective risk management to reduce strategy, operating and financial risks.

### 7.6.1 Risk management organization chart



### 7.6.2 Organization explanation:

Risk Management Direct Committee:

\*Reports to Board of Directors

\*Composed of highest level managers

\*Directs the improvement of risk control

\*Identifies and authorizes the priority sequence of risk

Work committee of Risk Management

\*Assignment by Central service center

\*Integrates organizations' Enterprise Risk Management

\*Improves and tracks the results of risk management

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

#### 1. Income statement effect :

Unit: NT\$ thousand

Items	Year 2022
Interest revenue/expense(net)	18,186
Exchange gain/loss(net)	177,178
Interest revenue/expense to net income rate	0.00%
Interest revenue/expense to net income rate(before tax)	0.64%
Exchange gain/loss(net) to net income rate	0.43%
Exchange gain/loss(net) to net income rate (before tax)	6.25%

#### (1) Interest rate

Our interest rate risk rises from the long-term debts related to operating activities.

#### (2) Foreign exchange rates

The company mainly engages in international air and ocean freight forward business. The company collects payments in local currency or US dollar, while receivables and payables between stations and agents are dealt through the central checkout system in US dollar, Euro or CNY. In order to reduce the impact of exchange rate fluctuations, the exchange rate fluctuation factors are taken into account when collecting money from customers. In addition, the company's central checkout system is received and paid in US dollars or Euros, and the accounts

are reconciled and settled every half a month to a month, reducing the time factor on exchange rate fluctuations influence.

### (3) Inflation

The impact of inflation does not currently have a significant impact on the company's profits and business operations.

## 4. Measures for Future Response:

### (1) Measures for Interest Rate Fluctuations:

The company's financial personnel hold meetings at least once a month to discuss trends in interest rates and exchange rates, closely monitoring market fluctuations. In the future, we will continue to observe volatility in the interest rate market and make prompt adjustments to our cash and debt positions.

### (2) Measures for Exchange Rate Fluctuations:

The company relies on regional financial managers as the core team to track foreign currency positions of subsidiaries on a bi-weekly basis. We engage in purchasing stronger currencies and utilize forward exchange contracts to mitigate exchange rate risks arising from assets and liabilities.

### (3) Measures for Inflationary Changes:

Currently, our business is not affected by inflationary changes.

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

1. The company did not engage in any high-risk or high-leveraged investments as of the publish of this manual.
2. The company did not engage in any lending activities.
3. The Company's "Procedures of Endorsement Guarantee." Rules that the limit amount of total endorsement guarantee is 40% of capital and limit amount to single corporation is 20% of capital.

2023/3/31

Unit: NT\$ thousands

Number	Name of the endorsement guarantee company	Company in guaranteed		Limit amount to the company	endorsement guarantee balance-high est amount	Ending balance of endorsement guarantee balance	endorsement guarantee balance(us e the assets)	Accumulated endorsement guarantee amount to net assets rate	limit amount of endorsement guarantee
		Name	Relationship (father-son -grandson structure)						
0	Dimerco	DIMVN	2	272,160	4,416	4,416	4,416	0.09%	544,320
0	Dimerco	DIMIN & DIMTH	2	272,160	308	308	308	0.01%	544,320
0	Dimerco	DILTW	2	272,160	250	250	250	-	544,320

## 7.6.5 Future Research & Development Projects and Corresponding Budget

The company's R & D expenditure proportion of the most recent two years is as below. The company expects to invest R & D expenses of NT \$ 103,300 thousand and improve self-developed ERP system in Y2023.

R & D expenditure accounted for turnover ratio table:

Unit: NT\$ thousands

Year	Research Expenditure	Rate to Operating Income
2022	116,900	0.3%
2023	103,300	0.3%

Our development and research department includes system design and information integration, integration of development and action techniques, big data, AI, Machine learning and Business Intelligence and will be elevating cyber security safety measures. The main projects are as below:



Name	Explanation
MyDimerco cooperative service platform	With a more optimized interactive interface system or mobile version, 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. In addition to cargo tracking, the Company also provide customers with understanding of shipment volume and price analysis, real-time online reporting, and other services to quickly and effectively analyze and achieve customer critical performance indicators.
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 photograph. In addition, it is also equipped with the Vendor Mode, a real-time feedback function for cargo Proof of Delivery information developed specifically for field or outsourced truck drivers by Dimerco, allowing customers to receive more timely cargo 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.
MyHome Plus App	To provide customers with better service, Dimerco has developed the MyHome Plus App for its employees, allowing them to easily and quickly access important company

	<p>information and communication through their mobile phones. The app includes functions such as important company activity messages, internal news releases, Freight Market Forecast, eAWB Monitor, contact information for major branches, holiday and attendance status inquiries, etc. Through these functions, employees can quickly understand the current market situation, provide customers with a better pricing foundation, and assist customers in making more suitable arrangements for their cargo and services.</p>
<p>RPA (Robotic Process Automation) Process Automation</p>	<p>With years of cultivating digital capabilities, Dimerco has positioned 2023 as the year of digital transformation and established an RPA seed team to conduct in-depth research on global logistics service processes. By utilizing RPA software, the team has achieved unified and digitalized information, enhancing operational and management efficiency, as well as service levels.</p>

**7.6.6 Effects of and Response to Changes in Policies and Regulations that affects Corporate Finance**

Not applicable

**7.6.7 Effects of and Response to Changes in Technology and in Industry Related to Corporate Finance and Sales**

Not applicable

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

Not applicable

**7.6.9 Expected Benefits from, Risks Related to and Response to Mergers and Acquisition Plans**

Not applicable

**7.6.10 Expected Benefits from, Risks Related to and Response to Factory Expansion Plans**

Not applicable

**7.6.11 Risks Related to and Response to Concentration of Purchasing Sources and Customer Concentration**

Not applicable

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

Not applicable

### 7.6.13 Effects of, Risks Related to and Response to Changes in Control of the Company

Not applicable

### 7.6.14 Litigation or Non-litigation Matters that may materially affect Stockholders' Equity or Stock Price

Not applicable

### 7.6.15 Other Major Risks

Not applicable

### 7.7 Other Critical Matters

Not applicable

## VIII. Special Disclosure

### 8.1 Summary of Affiliated Companies

#### 1. Relevant information of affiliated companies

(1) Organization chart of affiliated companies, see page 27G

(2) Information of Affiliated companies:

Corporate Name	Code	Establishment 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	277,964	Ocean and air freight forwarding, distribution and warehousing
Dimerco Express( Singapore ) Pte. Ltd	DIMSG	1980.08	80 Marine Parade Road, #10-02 Parkway Parade, Singapore	120,708	Ocean and air freight forwarding, distribution and warehousing
Diversified Freight System (Singapore) Pte. Ltd.	DFSSG	2018.12	80 Marine Parade Road, #12-02 Parkway Parade, Singapore	13,753	Distribution and warehousing
Dimerco Express (UK) Limited	DIMGB	1980.04	Office 224-226, The Mille, 1000 Great West Road, United Kingdom	34,023	Ocean and air freight forwarding
Dimerco Express (U.S.A.) Corp.	DIMUS	1992.01	955 Dillon Drive, WoodDale, IL, USA	211,456	Ocean and air freight forwarding
Foreign Settlement Company Limited	FSC	1999.10	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	1,573	Central account settlement
Diversified Freight System Corp	DFSTW	1973.05	11F.-1, No.160, Sec. 6, Minquan E. Rd., Neihu, Taiwan	12,000	Ocean freight forwarding
Diversified International Logistics Co., Ltd.	DILTW	2021.01.27	Rm. W1010, 1F., No. 107, Hangxiang Rd., Dayuan Dist., Taoyuan City, Taiwan (R.O.C.)	10,000	Distribution and warehousing
Dimerco Express Holding Co., Ltd.	Holding	1995.11	3rd Floor, Par-La-Ville Palace, 14, Par-La-Ville Road, Hamilton, Bermuda	91,648	Holding company
Dimerco Logistics (Shanghai) Co., Ltd.	DILSHA	1998.06	30th Factory (A position) No.390, Aidu Road, China	5,970	Distribution and warehousing
Dimerco Zhongjing Int'l Express Co., Ltd.	ZJDCN	1992.08	2205 floor A. Tower Wanda Plaza, No. 93 Jiang, China	54,928	Global air and ocean freight forwarder
Diversified International Logistics (Shanghai) Co., Ltd.	DILWGQ	2018.05	30th Factory(A position) No.390, Aidu Road, China	13,684	Global air and ocean freight forwarder

Diversified Freight System Limited	DFSHK	1984.08	Room A & B, 18/F., Tower B, Billion Centre, Hong Kong	54,049	Ocean freight forwarding
Dimerco Express ( Phils.) Inc.	DIMPH	1994.07	3F DPC Place, 2322 Chino Roces Avenue, Makati City, Philippines	8,163	Ocean and air freight forwarding
Dimerco Express (Malaysia) Sdn. Bhd.	DIMMY	1984.04	No.14, Jalan Pjs 7/21, Bandar Sunway, Malaysia	3,073	Ocean and air freight forwarding
Dimerco Express Netherlands B. V.	DIMNL	1998.08	Boeingavenue 213 - 215, Netherlands	17,982	Ocean and air freight forwarding
Dimerco Express (Australia) Pty Ltd	DIMAU	1994.02	Suite 5, 15 Forest Road, Hurstville, Australia	49,182	Ocean and air freight forwarding
Dimerco Express Korea Corp.	DIMKR	1999.03	Room 1501-1502, Building E, Korea	18,192	Ocean and air freight forwarding
Dimerco Express (Canada) Corp.	DIMCA	1990.11	5100 Orbitor Dr., Suite 201, Canada	1,215	Air freight forwarding
Dimerco Express (Thailand) Co., Ltd.	DIMTH	1991.09	Unit 2003-3 & 2004, 20th Floor, Rasa Tower 1, 555, Thailand	13,736	Ocean and air freight forwarding
Diversified Transportation (HK & China) Co., Ltd.	DTLHK	2001.01	Gridlines 13003E -13004E, 13 Floor, Hong Kong	39,004	Transportation
Diversified International Transportation (Shanghai) Co., Ltd.	DIMCN	2004.07	Room1101-1104 No.1088, Pudong South Road, China	163,377	Global air and ocean freight forwarder
Dimerco International Logistics Corporation	DILHK	2019.01	Gridlines 13003E -13004E, 13 Floor, Hong Kong	-	Distribution and warehousing
Diversified International Service Logistics System Corporation	DSLUS	2005.02	455 Eccles Ave. USA	15,365	Distribution and warehousing
Diversified International Transportation (Shanghai) Co., Ltd.	DFSCN	2004.07	Room 1101-1104 No.1088, Pudong South Road, China	59,777	Global air and ocean freight forwarder
Dimerco Vietfracht (JV) Co., Ltd.	DIMVN	1995.03	07th Floor, V-COALIMEX Building, No.29-31, Vietnam	2,074	Distribution and warehousing
Dimerco International Logistics (Shenzhen) Co., Ltd.	DILSZX	2006.09	RM901, Top Ascent Logistics Bldg., No.1-3 Taohua Rd. China	10,958	Distribution and warehousing
Diversified International Logistics (Shenzhen) Co., Ltd.	DILYTN	2004.07	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	Global air and ocean freight forwarder
Diversified Transportation (China) Co., Ltd.	DTLCN	2020.05	Room A303, Building 1, No.21 Jinwen Road, China	29,802	Transportation
Global Marketing & System Co., Ltd.	GMS	2005.12	ROOMS 3203A-3205 TOWER TWO LIPPO CENTRE 89 QUEENSWAY Hong Kong	-	Distribution and warehousing
Dimerco Express (India ) Pvt. Ltd.	DIMIN	2005.12	Hybrid Towers 2nd Floor, No. 5AC-101, 2nd Main, India	6,061	Trucking service
Dimerco Customs Brokerage Services Co., Ltd.	DCBUS	2012.1	955 Dillon Dr. Wood Dale, USA	13,532	Brokerage service
Foreign Settlement Company Limited	FSCHK	2012.01	Room A & B, 18/F., Tower B, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong	1,586	Central account settlement
Dimerco International Logistics Corporation	DIL	2015.12	P.O.Box957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	472,313	Holding company

Yuhang International Logistics(Dalian) Co., Ltd	YIL	2005.12	Rm.1503, Times Building, China	38,666	Ocean and air freight forwarding
Peerless Express Forwarders Corp.	Peerless	2013.07	PCPD Compound 2332 Chino Roces Ave. Ext., Bonifacio Taguig City, Philippines	954	Trucking service
BC Dimerco Logistics Corporation	DMCHK	2001.05	4405 E BASELINE ROAD, SUITE 114, PHOENIX, AZ, 85042, USA	9,219	Distribution

(3) The names of the directors, supervisors, and general manager of each affiliate and the details of their shareholding or capital contribution in such affiliate:

Company Name	Job Title (Remark 1)	Name or Representative	Holding, end of period(Remark 2) (Remark 3)	
			Number of shares	Percentage of ownership
Dimerco Air Forwarders (H.K.) Limited.	Director	Ruan, Yao-Chang	-	
	Director	Chiou, Jiun-Rung	-	
	Director	Chien, Yao-Huai	-	
		Diversified Merchandise Company Limited	686,980 shares	100.00%
Dimerco Express( Singapore ) Pte. Ltd.	Director	Chiou, Jiun-Rung	-	
	Director	LIU JY SHYAN@JONO LIU	-	
	Director	Jeffrey Shih	-	
	Director	Chien, Yao-Huai	-	
		DIMERCO EXPRESS CORPORATION	5,400,000 shares	100.00%
Diversified Freight System (Singapore) Pte. Ltd.	Director	Jeffrey Shih	-	
	Director	Ruan, Yao-Chang	-	
	Director	LIU JY SHYAN@JONO LIU	-	
		Dimerco Express (India) Prt Ltd.	600,000 shares	100.00%
Diversified International Logistics Pte. Ltd.	Director	Chien, Wen-Li	-	
	Director	Jeffrey Shih	-	
	Director	Cheng Sheng Chua Siew Khim	-	
		Dimerco Express Corporation	1,000,000 shares	100.00%
Dimerco Express (UK) Limited	Director	Jeffrey Shih	-	
	Director	Chien, Yao-Huai	-	
		Dimerco International Logistics Corporation	300,000 shares	37.50%
		FOREIGN SETTLEMENT COMPANY LIMITED	500,000 shares	62.50%
Dimerco Express (U.S.A.) Corp.	Director	Jeffrey Shih	-	
	Director	Chien, Yao-Huai	-	
		Dimerco Express Corporation	6,689,408 shares	66.89%
Foreign Settlement Company Limited	Director	Ruan, Yao-Chang	-	
	Director	Chien, Wen-Li	-	
	Director	Chien, Yao-Huai	-	
		Dimerco Air Forwarders (H.K.) Limited.	30,000 shares	60.00%
		Dimerco Express Corporation	10,000 shares	20.00%
		Dimerco Express (Singapore) Pte. Ltd.	10,000 shares	20.00%
Diversified Freight System Corp.	Director	Ruan, Yao-Chang	1 shares	0.00%
	Director	Gao,Zhong-Yi	1 shares	0.00%
	Director	Chien, Yao-Huai	1 shares	0.00%
			Zhou,Xian-Long	1 shares
		Dimerco Express Corporation	1,199,996 shares	100.00%
Diversified International Logistics Co., Ltd.	Director	Chien, Wen-Li	-	
	Director	Ruan, Yao-Chang	-	
		Dimerco Express Corporation	800,000 shares	80%
		Diversified Freight System Corp.	200,000 shares	20%
Dimerco Express	Director	Robert Sio Lee	-	

Holding Co., Ltd.	Director	Chien, Wen-Li	-	
	Director	Debroah L. Devis	-	
	Director	Arthur E.M. Jones	-	
	Director	Chien, Yao-Huai	-	
		Dimerco Express Corporation	2,400,000 shares	100.00%
Dimerco Logistics (Shanghai) Co., Ltd.	Director	Ruan, Yao-Chang	-	
	Director	Chien, Wen-Li Kathy Liu	-	
		Dimerco Air Forwarders (HK) Ltd.	1 shares	100.00%
Dimerco Zhongjing Int'l Express Co., Ltd.	Director	Ruan, Yao-Chang	-	
	Director	He,Zhen-Yu	-	
	Director	Gao,Zhong-Yi	-	
	Director	Chen,Chun-Sheng	-	
		DIMERCO AIR FORWARDERS (H.K.) LIMITED	1,380,000 shares	75.00%
		XIN MAO CONGLOMERATE	460,000 shares	25.00%
Diversified International Logistics (Shanghai) Co., Ltd.	Director	Chien, Wen-Li	-	
		GLOBAL MARKETING & SYSTEM COMPANY LIMITED	1 shares	100.00%
Diversified Freight System Limited	Director	Ruan, Yao-Chang	-	
	Director	Gao,Zhong-Yi	-	
	Director	Chien, Yao-Huai	-	
		Diversified Merchandise Company Limited	136,862 shares	100.00%
Dimerco Express ( Phils. ),Inc.	Director	Shi,Zhen-Sheng	-	
	Director	Chien, Yao-Huai	-	
	Director	Chen, Jah Yang	1 shares	0.00%
	Director	Robert S. Lee	8 shares	0.00%
			Helbert C. Chua	1 shares
		Dimerco Express Holding Co., Ltd.	399,920 shares	39.99%
		Global Marketing & System Co., Ltd.	600,070 shares	60.01%
Dimerco Express (Malaysia) Sdn. Bhd.	Director	Goh Ling Yen	-	
	Director	Lin Jy Shyan Ruan, Yao-Chang	-	
	Director	Chien, Yao-Huai Roslan	-	
	Director		Dimerco Express Corporation	250,000 shares
Dimerco Express Netherlands B. V.	Director	Chien, Yao-Huai	-	
	Director	Jeffrey Shih	-	
		Dimerco Express Holding Company Limited	338,000 shares	100.00%
Dimerco Express (Australia) Pty Ltd	Director	Chien, Yao-Huai	-	
	Director	Shi,Zhen-Sheng	-	
	Director	Mary Mak Tu Ting	-	
		Dimerco Express Holding Company Limited	1,710,000 shares	100.00%
Dimerco Express Korea Corp.	Director	Gao,Zhong-Yi	-	
	Director	Chiou, Jiun-Rung	-	
	Director	Jeffrey Shih	-	
		Dimerco Express Holding Company Limited	143,200 shares	100.00%
Dimerco Express (Canada) Corp.	Director	Chien, Yao-Huai	-	
	Director	Roy Chen	-	
		Dimerco Express Holding Company Limited	100 shares	100.00%
Dimerco Express (Thailand) Co., Ltd.	Director	Shi,Zhen-Sheng	-	
	Director	Ms.Laksana Parkthin	-	
	Director	Ms.Ancharee Sansopa	-	
	Director	Ruan, Yao-Chang	-	

			Mr.Panow Tamprateep	100 shares	0.01%
			Mr.Dhira Yoonaidharma	764,900 shares	50.99%
			Dimerco Express Holding Co., Ltd.	735,000 shares	49.00%
DIVERSIFIED TRANSPORTATION (H.K. & CHINA) COMPANY LIMITED	Director	Ruan, Yao-Chang		-	
	Director	Chien, Wen-Li		-	
	Director	Chien, Yao-Huai		-	
			Dimerco Express Corporation	98,550 shares	100.00%
Diversified International Transportation (Shanghai) Co., Ltd.	Director	Ruan, Yao-Chang		-	
	Director	Chiou, Jiun-Rung		-	
	Director	Chien, Yao-Huai		-	
			Dimerco Air Forwarders (HK) Ltd.	1 shares	100.00%
Dimerco International Logistics Company Limited	Director	Chien, Yao-Huai		-	
	Director	Zhang, Yue-Shan		-	
	Director	Chien, Wen-Li		-	
			Dimerco Express Corporation	1,200,000 shares	100.00%
Diversified International Service Logistics System Corporation	Director	Chien, Yao-Huai		-	
	Director	Cathy Chou		-	
			Dimerco Express Holding Company	50,000 shares	100.00%
Diversified International Transportation (Shanghai) Co., Ltd.	Director	Mr. Johnny Kao		-	
			Diversified Freight System Ltd.	1 shares	100.00%
Dimerco Vietfracht (JV) Co., Ltd.	Director	Chiou, Jiun-Rung		-	
	Director	Jeffrey Shih		-	
	Director	Tran Thi Tuyet Nhung		-	
	Director	Ruan, Yao-Chang		-	
	Director	Tran Binh Phu		-	
			Vietfracht Hanoi One Member Co., Ltd.	397,650,000 shares	25.00%
Dimerco International Logistics (Shenzhen) Co., Ltd.	Director	Tracy Hui		-	
			Dimerco Air Forwarders (H.K.) Limited	1,192,950,000 shares	75.00%
			Dimerco Air Forwarders (H.K.) Ltd.	2,850,000 shares	100.00%
Diversified International Logistics (Shenzhen) Co., Ltd.	Director	Chien, Wen-Li			
			Global Marketing & System Co., Ltd. FOREIGN SETTLEMENT COMPANY LIMITED		50.00% 50.00%
Diversified Transportation (China) Co., Ltd.	Director	Ruan, Yao-Chang		-	
	Director	Chien, Wen-Li		-	
	Director	Chien, Yao-Huai		-	
			Diversified Transportation (H.K. & China) Co., Ltd.	1 shares	100.00%
Global Marketing & System Co., Ltd.	Director	Chien, Yao-Huai		- shares	
	Director	LEE Sio Robert		1 shares	100.00%
Dimerco Express (India) Pvt. Ltd.	Director	Ruan, Yao-Chang		-	
	Director	Shi, Zhen-Sheng		-	
	Director	Chien, Wen-Li		-	
				-	
			MNC Investment Holdings Pte. Ltd.	640,000 shares	32.00%
			Dimerco Express (Singapore) Pte. Ltd.	960,000 shares	48.00%
Dimerco Customs Brokerage Services Co.,	Director	Jeffrey Shih		-	
	Director	Cathy Chou		-	



Ltd.			Dimerco Express (U.S.A.) Corp.	250,000 shares	100.00%
Foreign Settlement Company Limited	Director	Chien, Yao-Huai		-	
	Director	Lee Sio Robert		-	
			Diversified Freight System Limited	17,500 shares	35.00%
			Diversified Freight System Corporation	7,500 shares	15.00%
Dimerco International Logistics Corporation	Director	Chien, Yao-Huai		-	
	Director	Lee Sio Robert		-	
			Dimerco Express Corporation	1 shares	100.00%
Yuhang International Logistics(Dalian) Co., Ltd	Director	He,Zhen-Yu		-	
	Director	Gao,Zhong-Yi		-	
	Director	lang,Yan		-	
	Director	Dong,Si-Chuan		-	
	Director	Yan,Xiao-Wen		-	
			Yuhang International Logistics(Dalian) Co., Ltd	6,000,000 shares	75.00%
			Diversified International Transportation (Shanghai) Co., Ltd.	2,000,000 shares	25.00%
Peerless Express Forwarders Corp.	Director	CHEN, JAH-YANG		-	
	Director	Ruan, Yao-Chang		-	
	Director	ROBERT LEE		22,000	55.00%
	Director	SAMUEL C CELESTINO		1,000 shares	2.50%
		Krimalyn Y Chua		1,000 shares	2.50%
			Dimerco Express ( Phils. ) ,Inc	16,000 shares	40.00%

(4) Operational Overview of Affiliated Companies:

Company Name	Capital Amount	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Profit	Net Income	Earnings per Share (EPS)
Dimerco Air Forwarders (H.K.) Limited.	277,964	2,197,035	1,098,688	1,098,347	8,050,885	159,273	593,219	1,977.4
Dimerco Express( Singapore ) Pte. Ltd.	120,708	859,496	529,241	330,255	1,665,547	65,514	53,630	11.5
Diversified Freight System (Singapore) Pte. Ltd.	13,753	74,875	33,792	41,084	155,148	12,479	12,143	20.2
Diversified International Logistics Pte. Ltd.	9,168	19,685	17,604	2,081	19,907	(1,677)	(2,262)	(0.0)
Dimerco Express (UK) Limited	34,023	16,200	26,134	(9,934)	128,257	(7,805)	(8,908)	(29.7)
Dimerco Express (U.S.A.) Corp.	211,456	2,420,845	1,392,237	1,028,607	8,894,300	293,495	206,947	41.7
Foreign Settlement Company Limited	1,586	4,777,624	265,517	4,512,107	-	-	1,498,736	29.97
Diversified Freight System Corp.	12,000	217,111	110,059	107,052	918,776	47,708	252,958	210.8
Diversified International Logistics Co., Ltd.	10,000	38,253	28,047	10,206	75,124	739	1,329	1.7

Dimerco Express Holding Co., Ltd.	91,648	4,176,741	1,314,502	2,862,239	-	329,047	791,373	256.2
Dimerco Logistics (Shanghai) Co., Ltd.	5,970	2,026	60,565	(58,539)	8,593	535	643	Note 1
Dimerco Zhongjing Int'l Express Co., Ltd.	54,928	1,120,157	993,504	126,653	6,934,847	(156,714)	(114,882)	Note 1
Diversified International Logistics (Shanghai) Co., Ltd.	13,684	20,757	16,984	3,773	37,746	3,096	3,346	Note 1
Diversified Freight System Limited	54,049	2,538,458	548,959	1,989,499	5,413,494	11,683	572,084	8,057.5
Dimerco Express ( Phils.) Inc.	8,163	276,998	122,412	154,586	593,213	51,616	50,030	277.9
Dimerco Express (Malaysia) Sdn. Bhd.	3,073	289,234	88,895	200,339	1,059,523	77,230	57,541	230.2
Dimerco Express Netherlands B. V.	17,982	100,363	65,007	35,356	1,006,895	12,140	10,507	10,507.0
Dimerco Express (Australia) Pty Ltd	49,182	10,304	35,242	(24,938)	100,769	7,408	6,412	106.9
Dimerco Express Korea Corp.	18,192	211,635	93,226	118,410	1,315,272	43,666	39,114	326.0
Dimerco Express (Canada) Corp.	1,215	275,811	74,768	201,043	1,216,407	82,105	70,010	Note 1
Dimerco Express (Thailand) Co., Ltd.	13,736	206,363	73,083	133,280	947,638	47,067	43,850	59.7
DIVERSIFIED TRANSPORTATION (H.K. & CHINA) COMPANY LIMITED	39,004	88,424	40,277	48,147	230,483	(631)	1,550	17.4
Diversified International Transportation (Shanghai) Co., Ltd.	163,377	1,175,260	745,486	429,774	796,129	13,120	429,905	Note 1
Dimerco International Logistics Corporation	-	138,750	85,456	53,294	252,630	5,375	5,550	Note 1
Diversified International Service Logistics System Corporation	15,365	101,322	69,963	31,359	66,062	(2,609)	(2,530)	(50.6)
Diversified International Transportation (Shanghai) Co., Ltd.	59,777	848,616	510,188	338,428	5,093,525	19,692	53,930	Note 1
Dimerco Vietfracht (JV) Co., Ltd.	2,074	77,089	24,144	52,945	832,833	20,754	19,010	Note 1
Dimerco International Logistics (Shenzhen) Co., Ltd.	10,958	5,327	24,773	(19,446)	0	(2,148)	(2,189)	Note 1
Diversified International Logistics (Shenzhen) Co., Ltd.	-	5,896	4,413	1,483	22,913	(2,953)	#N/A	Note 1
Diversified Transportation (China) Co., Ltd.	29,802	35,959	13,958	22,001	39,686	161	246	Note 1
Global Marketing & System Co., Ltd.	-	361,655	289,306	72,349	-	19,283	48,470	Note 1
Dimerco Express (India ) Pvt. Ltd.	6,061	44,813	22,838	21,975	105,212	8,388	7,840	8.2
Dimerco Customs Brokerage Services Co., Ltd.	13,532	89,007	52,768	36,239	26,475	4,636	3,743	3,743.0
Foreign Settlement Company Limited	1,586	4,777,624	265,517	4,512,107	1,474,184	1,420,863	1,493,168	29,863.4

Dimerco International Logistics Corporation	472,313	-	-	-	-	-	853,946	17,078.9
Yuhang International Logistics(Dalian) Co., Ltd	38,666	222,907	143,476	79,431	1,080,210	34,478	26,395	Note 1
Peerless Express Forwarders Corp.	954	21,340	12,021	9,319	148,865	929	457	0.3
B.C. Logistics	9,219	26,105	1,927	24,177	100,569	2,822	2,043	Note 1

Note 1: Non-stock Corporation

5. Consolidated Financial Statements of Affiliated Companies: Not required for preparation.
6. Consolidated business report of affiliated companies: 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

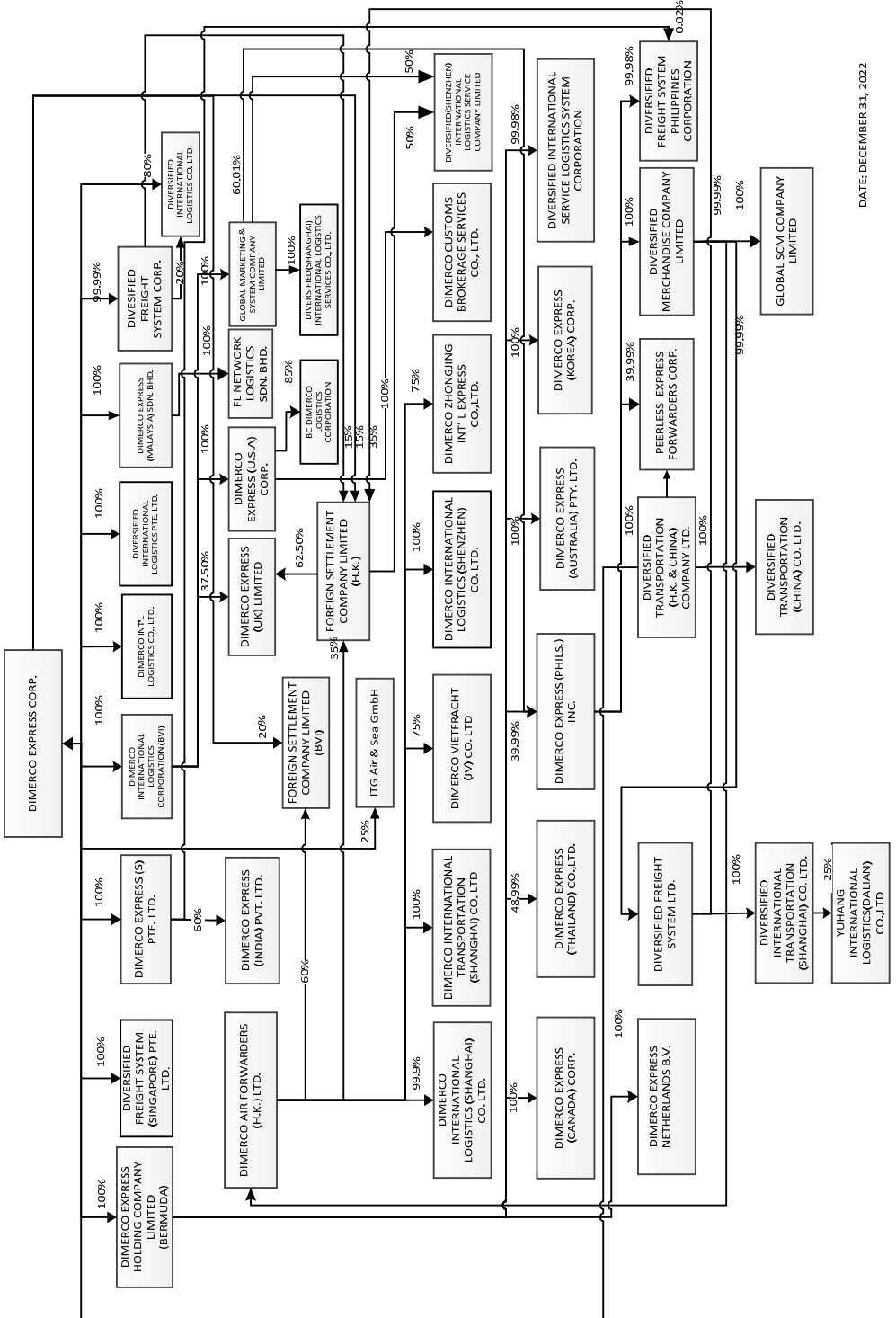
**8.3 Status of stock holdings or disposition of the Company stocks by subsidiaries for the most recent year and as of the publication date of year book**

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**



# **Dimerco Express Corporation**

**Chairman: Mr. Chien, Yao-Huai**

**18<sup>th</sup> May 2023**



Connecting Asia with the world