

DIMERCO EXPRESS CORPORATION
2023 ANNUAL SHAREHOLDERS' MEETING MINUTES

Time: June 6th, 2023, Tuesday 09:00 am

Venue : Grand Mayfull Hotel (No.55, Lequn 2nd Rd., Zhongshan Dist., Taipei 10462, Taiwan.)

Total outstanding Dimerco Shares: 136,080,000 shares

Total shares represented by shareholders present in person or by proxy: 76,783,180 shares

Percentage of shares held by shareholders present in person or by proxy: 57.69 %

Chairman: Mr. Paul Chien

Minutes taker: Gill Cheng

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

I. Chairman's Address (omitted)

II. Management Presentations:

1. Annual Business Report of year 2022 (See Appendix I).
2. Audit Committee's Audited Report (See Appendix II).
3. Report of Compensation of Directors and Employees for 2022(See 2023 Annual Shareholders' Meeting Agenda).
4. Report of the implementation of treasury stock repurchase(See 2023 Annual Shareholders' Meeting Agenda).
5. Amendment to the policy of Transferring Repurchased Shares for Employees(See 2023 Annual Shareholders' Meeting Agenda).
6. Report of dividends for 2022(See 2023 Annual Shareholders' Meeting Agenda).

Meeting Process: Shareholder with attendance number 8009001 raised questions regarding the company's operational status, internal control statement, and issues related to the board of directors' operations. Chairman Director Chien and General Manager Chiou responded that they have complied with regulations and requested General Manager Chiou to provide an explanation of the company's operational direction for this fiscal year and the anticipated market changes.

III. Matters for Acknowledgement

1. First proposal: Proposed by Board of Directors

Topic : Adoption of the 2022 Business Report and Financial Statements

Explanatory notes : (1) The financial report and consolidated financial report for the year of 2022, including balance sheets, statements of comprehensive income, statements of changes in shareholders' equity, statements of cash flows, consolidated balance sheets, consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows, were audited by independent auditors, Ms. Phyllis Chang and Ms. Lisa Kuang of KPMG, whereby an unqualified audit report was issued, and together with business report were submitted to supervisors for inspection, for your kind acknowledgement.

(2) Please refer to page 3 to page 7 Annual Business Report of year 2022, APPENDIX I Independent Auditors' Report, and 2022 Financial Statements

Resolution :

Share represent at the time of voting: 76,783,180.

	Voting Results	% of the total represented share present
Votes in Favor	75,115,334	97.82%
Votes in against	53,182	0.08%
Votes invalid	0	0.00%
Votes abstained	1,614,664	2.10%

RESOLVED, that the 2022 Business Report and Financial Statements be and hereby were accepted as submitted.

2. Second proposal: Proposed by Board of Directors

Topic : Adoption of the proposal for distribution for 2022 profits

Explanatory notes : (1) Profit distribution of year 2022 to shareholders is proposed to be distributed from year 2022 profit after setting aside provision for legal reserve.

(2) According to the Profit distribution of year 2022, each common shareholder would be entitled to receive a cash dividend of NTD 10.7 per share and stock dividend NTD 0.5 per share. Based on the current outstanding shares, Dimerco would distribute a total of NTD1,456,056,000 cash dividends and NTD68,040,000 stock dividends.

(3) The Board of directors is authorized to determine an ex-right and ex-dividend date after profit distribution of year 2022 is proposed and adopted. The cash dividend will be distributed by shareholding

ratio and would be rounded up to NTD 1 dollars. The fractional amounts that are below NTD 1 dollar after rounded will be accounted for under the shareholders' equity.

- (4) In the event that, the company outstanding shares or the profit distributions are affected by a buyback of shares, issuance of new shares for transferring treasury shares to employees, an equity conversion in connection with domestic convertible corporate bonds or other convertible securities, employee stock options, or any transfer, transformation, or termination of stocks, it is proposed that the Board of Directors be authorized to adjust the cash to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.
- (5) Please refer to the Statement of Profit Distribution of Year 2022 as follows:

Dimerco Express Corporation
Statement of Profit Distribution of Year 2022

Unit : NTD

Item	Amount	Remark
	Subtotal	
Beginning Balance of Unappropriated Retained earnings	807,036,535	
Add:		
Share of Profit of Associates Accounted for Using Equity Method	244,942	
Changes in Actuarial gains and losses	7,876,447	
Beginning Balance of Unappropriated Retained earnings after Adjustments	815,157,924	
Add:		
2022 Net profit after tax	2,538,624,978	
Deduct:		
10% Legal reserve	(254,674,637)	
Special reserve	557,280,561	
Available Retained Earnings for Distribution	3,656,388,826	
Items for distribution:		
Shareholder dividends - Stocks	68,040,000	
Shareholder dividends - Cash	1,456,056,000	
Ending Balance of Unappropriated earnings:	2,132,292,826	

Remark:

1. The Board of directors is authorized to determine the base date for distribution of cash and stock dividends.
2. The shareholders' meeting is requested to authorize the Chairman of the Board to proportionally adjust the dividend per share based on the number of outstanding shares on the ex-right and ex-dividend date if the total number of outstanding shares of the Company is affected by the repurchase of the Company's shares, the transfer of treasury shares to

employees or other factors, resulting in a change in the cash and stock dividend per share.

Resolution:

Share represent at the time of voting: 76,783,180

	Voting Results	% of the total represented share present
Votes in Favor	75,864,196	98.80%
Votes in against	53,493	0.07%
Votes invalid	0	0.00%
Votes abstained	865,491	1.13%

RESOLVED, that the above proposal be and hereby were accepted as submitted

IV. Matters for Discussion:

1. First Proposal: Proposed by Board of Directors

Topic: Process a case for new share issuance through capitalization of earnings.

Explanatory notes :

- (1) The shareholder dividend for the fiscal year 2022 is proposed to be distributed by stock dividends of NTD 0.5 per share. Based on the current outstanding shares, a total of NTD 68,040,000 of stock dividends will be distributed.
- (2) Based on the shareholder registry as of the record date for capital increase, every 1,000 shares held by the shareholders will be entitled to receive 50 additional shares as a bonus issue. Shareholders who receive fractional shares are entitled to combine and register such shares with the company's stock transfer agency within 5 days from the end of the ex-rights/ex-dividend period. If such shares cannot be combined or remain fractional, they will be redeemed for cash up to the nearest NTD based on their par value in accordance to Article 240 of the Company Act. The Chairman is authorized to negotiate with specific persons for the purchase of such fractional shares at their par value.
- (3) In the event that the company outstanding shares is affected, causing a need to modify the distribution ratio, the Chairman is proposed to be authorized to make adjustments to the distribution ratio in accordance with Company Law and other related Regulations. The Board of Directors is authorized to determine the new base date, distribution date and other related matters of the distribution.

Resolution:

Share represent at the time of voting: 76,783,180

	Voting Results	% of the total represented share present
Votes in Favor	74,854,128	97.48%
Votes in against	1,055,830	1.38%
Votes invalid	0	0.00%
Votes abstained	873,222	1.14%

V. Extraordinary Motions

There being no other business and special motion, upon a motion duly made and seconded, the meeting was adjourned.

VI. Meeting end time: 9:46 a.m., June 6th 2023

APPENDIX I

Annual Business Report of year 2022

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:

(1) Results of Business plan implementation

Unit: NTD'000

Item	IFRS 2021	IFRS 2022	Growth %
Sales Revenue	38,986,916	41,174,810	5.6%
Net Profit 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 to the “Standards on treatment guidelines for disclosure of financial forecast information on public companies”.

(3) Analysis on financial balances and profitability

Unit: NTD'000

Item	Year	IFRS	IFRS
		2020	2021
Financial Balances	Sales Revenue	22,948,845	38,986,916
	Net Operating Profit	1,219,878	2,690,971
	Net Profit After Tax	1,085,845	2,310,477
Profitability	Return on Equity %	39%	54%
	Ratio of net profit after tax on paid-in capital %	86%	170%
	Retroactive adjusted earnings per share	7.98	16.98

(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**
Integrates 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 Value Plus System®15861 is an integrated e-commerce Service platform and real-time global information system provided by Dimerco. Currently, the integrated system includes five information platforms, eight functional modules, six extended management systems, and one big data database. Through this system, not only can the company's operational performance be improved, but it can also assist customers in supply chain management to reduce their operating costs and improve efficiency.

1 System

One Integrated Transportation & Logistics Service Management System

5 Platforms

Operation Platform, Service Platform, Cloud Network Platform, Cyber Security Platform and 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
- eRMS - Railway Freight Management System for Cross-Border Train Freight (CBTF)
- eDAS - Domestic Air Freight Management System
- 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)

APPENDIX II

Dimerco Express Corporation

Audit Committee's Audited Report

Board of Directors made up of year 2022 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 GENERAL SHAREHOLDERS' MEETING

Audit Committee Chairman: Bill Chien

March 15, 2023

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

Assets	2022.12.31		2021.12.31			Liabilities and equity	2022.12.31		2021.12.31	
	Amount	%	Amount	%			Amount	%	Amount	%
Current assets:										
1100 Cash and cash equivalents (Note 6(1))	\$ 219,733	2	213,918	3	2100 Short-term borrowings (Note 6 (4), (6) and 8)	\$ 430,000	4	676,592	9	
1150 Notes receivable (Note 6(2))	7,173	-	17,789	-	2150 Notes payable	16,550	-	31,371	-	
1170 Accounts receivable (Note 6(2))	300,080	3	396,090	5	2170 Accounts payable	32,916	-	72,474	1	
1180 Accounts receivable - related parties, net (Notes 6(2) and 7)	90,345	1	271,555	3	2180 Accounts payable - related parties (Note 7)	126,444	1	184,299	2	
1210 Other receivables - related parties (Note 7)	229,266	2	1,407	-	2216 Dividends payable	20,665	-	5,695	-	
1470 Other current assets	8,353	-	6,087	-	2230 Current tax liabilities	79,725	1	65,304	1	
Total current assets:	854,950	8	906,846	11	2280 Lease liabilities - current (Note 6(7))	9,415	-	9,163	-	
Non-current assets:					2310 Advance receipts (Note 7)	104,896	1	104,896	1	
1520 Financial assets at fair value through other comprehensive income - Non-current	390	-	390	-	2219 Other payables - related parties (Note 6 (14))	367,295	4	257,524	3	
1550 Investments using the equity method (Note 6(3))	9,770,210	90	6,867,177	86	2220 Other payables - related parties (Note 7)	948	-	-	-	
1600 Property, plant and equipment (Notes 6(4), (6), 8 and 9)	188,128	2	189,940	3	2399 Other current liabilities	7,092	-	18,756	-	
1755 Right-of-use assets (Note 6(5))	11,291	-	12,182	-	Total current liabilities	1,195,946	11	1,426,074	17	
1780 Intangible assets	201	-	202	-	Non-current liabilities:					
1840 Deferred tax assets (Note 6(9))	2,234	-	2,359	-	2570 Deferred tax liabilities (Note 6(9))	5,308	-	-	-	
1920 Guarantee deposits paid	6,267	-	5,075	-	2580 Lease liabilities - non-current (Note 6(7))	1,911	-	2,976	-	
1990 Other non-current assets (Note 6(2), 8 and 9)	3,660	-	3,660	-	2622 Long-term payable - related parties (Note 7)	225,514	2	217,568	3	
Total non-current assets	9,982,381	92	7,080,985	89	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	
					Total Non-current liabilities:	3,640,281	34	2,253,253	29	
					Total liabilities	4,836,227	45	3,679,327	46	
					Shareholders' equity (Note 6(3), (8) and (10)) :					
					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	2,541,962	32	
						4,644,353	42	3,485,623	44	
					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)	-	-	
					Total equity	6,001,104	55	4,308,504	54	
1xxx Total assets	\$ 10,837,331	100	7,987,831	100	2-3xxx Total liabilities and equity	\$ 10,837,331	100	7,987,831	100	

(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: NTS thousand

	2022		2021	
	Amount	%	Amount	%
4000 Operating income (Notes 6 (12) and (7))	\$ 2,497,788	100	2,131,549	100
5000 Operating costs (Note 6(13))	2,143,953	86	1,852,432	87
5900 Gross profit	353,835	14	279,117	13
6000 Operating expenses (Note 6 (2) (4) (5) (7) (8) (14) and 7)				
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	-
Total operating expenses	385,769	15	292,438	14
6900 Net operating profit (loss)	(31,934)	(1)	(13,321)	(1)
7000 Non-operating income and expense (Notes 6 (3) (7) (15) and 7):				
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
Total non-operating income and expenses:	2,692,872	107	2,396,692	112
7900 Profit before tax from continuing operations	2,660,938	106	2,383,371	111
7951 Less: Income tax expenses (Note 6(9))	122,313	5	72,894	3
8200 Net profit for the period	2,538,625	101	2,310,477	108
8300 Other comprehensive income (Note 6(8) and (10)):				
8310 Items not reclassified to profit or loss				
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	-	-	-	-
Titles that will not be reclassified as profit or loss	8,121	-	(3,324)	-
8360 Titles that could be reclassified as profit (loss) accounts in the future				
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	-	-	-	-
Total titles that could be reclassified as profit (loss) accounts in the future	734,870	30	(116,194)	(5)
8300 Other comprehensive income for the period	742,991	30	(119,518)	(5)
8500 Total comprehensive income for the period	\$ 3,281,616	131	2,190,959	103
Diluted earnings per share (unit: NTS) (Note 6(11))				
9750 Basic earnings per share	\$ 18.71		16.98	
9850 Diluted earnings per share	\$ 18.39		16.77	

(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: NTS 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	Total			
	3110	3200	3310	3320	3330	3300			
Balance at January 1, 2021	\$ 1,260,000	19,362	394,064	182,174	1,358,232	1,934,470	(441,087)	-	2,772,745
Earning appropriation and distribution:									
Provision of legal reserve	-	-	108,511	-	(108,511)	-	-	-	-
Provision of special reserve	-	-	-	258,912	(258,912)	-	-	-	-
Cash dividends on common stock	-	-	-	-	(655,200)	(655,200)	-	-	(655,200)
Stock dividends on common stock	100,800	-	-	-	(100,800)	(100,800)	-	-	-
Net profit for the period	-	-	-	-	2,310,477	2,310,477	-	-	2,310,477
Other comprehensive income for the period	-	-	-	-	(3,324)	(3,324)	(116,394)	-	(119,518)
Total comprehensive income for the period	-	-	-	-	2,307,153	2,307,153	(116,394)	-	2,190,952
Balance as at December 31, 2021 (after restatement)	1,360,800	19,362	502,575	441,086	2,541,962	3,485,623	(557,281)	-	4,908,504
Earning appropriation and distribution:									
Provision of legal reserve	-	-	230,715	-	(230,715)	-	-	-	-
Provision of special reserve	-	-	-	116,195	(116,195)	-	-	-	-
Cash dividends on common stock	-	-	-	-	(1,388,016)	(1,388,016)	-	-	(1,388,016)
Net profit for the period	-	-	-	-	2,538,625	2,538,625	-	-	2,538,625
Comprehensive income for the period	-	-	-	-	8,121	8,121	734,870	-	742,991
Total comprehensive income for the period	-	-	-	-	2,546,746	2,546,746	734,870	-	3,281,616
Repurchase of treasury stocks	-	-	-	-	-	-	-	(201,000)	(201,000)
Balance as at December 31, 2022	\$ 1,360,800	19,362	733,290	557,281	3,353,782	4,644,153	177,589	(201,000)	6,001,104

(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 Cash Flows
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand

	2022	2021
AAAA	Cash flow from operating activities:	
A10000	Net profits before tax for the period	
	\$ 2,660,938	2,383,371
A20000	Adjustments:	
A20010	Income and expense items	
A20100	Depreciation expense	
	15,430	17,899
A20200	Amortization expense	
	122	236
A20300	Expected credit loss	
	1,217	2,668
A20900	Interest expense	
	5,173	5,961
A21200	Interest income	
	(1,410)	(40)
A21300	Dividend income	
	(148)	(130)
A22400	Share of profit or loss of subsidiary & associates accounted for using equity method	
	(2,226,098)	(2,034,908)
A22500	Disposal of property, plant and equipment	
	-	(590)
A22700	Loss on leasehold improvements	
	92	-
A20010	Total income and expenses	
	<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	Notes receivable	
	10,616	(15,412)
A31150	Accounts receivable	
	94,793	(188,472)
A31160	Accounts receivable - related parties	
	181,210	(210,496)
A31190	Other receivables - related parties	
	(227,859)	(1,407)
A31240	Other current assets	
	(2,266)	11,012
A31000	Total net change in assets related to operating activities:	
	<u>56,494</u>	<u>(404,775)</u>
A32000	Net change in liabilities related to operating activities:	
A32130	Notes payable	
	(14,821)	6,718
A32150	Accounts payable	
	(39,558)	12,313
A32160	Accounts payable - related parties	
	(57,855)	136,355
A32180	Other payables	
	109,772	64,746
A32190	Other payables - related parties	
	947	-
A32230	Other current liabilities	
	(11,664)	(2,239)
A32240	Net defined benefit liability	
	(2,911)	(3,151)
A32000	Total net change in liabilities related to operating activities	
	<u>(16,080)</u>	<u>214,742</u>
A30000	Total net changes in assets and liabilities related to operating activities	
	<u>40,404</u>	<u>(190,033)</u>
A20000	Total adjustments	
	<u>(2,165,218)</u>	<u>(2,198,937)</u>
A33000	Cash inflow from operations	
	495,720	184,434
A33100	Interest received	
	1,410	40
A33200	Dividends received	
	148	130
A33300	Interest paid	
	(5,173)	(5,961)
A33500	Income tax paid	
	<u>(702,459)</u>	<u>(26,212)</u>
AAAA	Net cash inflow from operating activities	
	<u>389,646</u>	<u>152,431</u>
BBBB	Cash flow from investing activities:	
B01800	Acquisition of investment accounted for using the equity method	
	-	(8,000)
B02000	Acquisition of intangible assets	
	(121)	-
B02700	Acquisition of property, plant and equipment	
	(2,076)	(5,669)
B02800	Proceeds from disposal of property, plant and equipment	
	-	590
B03700	Increase in guarantee deposits paid	
	(1,192)	(30)
B07600	Dividend income received from investments using equity methods	
	58,180	20,916
BBBB	Net cash inflow from investing activities	
	<u>54,791</u>	<u>7,807</u>
CCCC	Cash flow from financing activities:	
C00100	Increase in short-term borrowings	
	1,579,025	2,626,125
C00200	Decrease in short-term borrowings	
	(1,825,617)	(2,650,125)
C03000	Increase (decrease) in guarantee deposits received	
	24	(192)
C04020	Lease principal repayment	
	(11,556)	(12,593)
C04300	Increase in other non-current liabilities	
	1,385,602	631,201
C04500	Distribution of cash dividends	
	(1,373,046)	(654,323)
C04900	Repurchase costs of treasury stocks	
	(201,000)	-
C09900	Increase (decrease) in long-term payable - related parties	
	7,946	(2,247)
CCCC	Net cash outflow from financing activities	
	<u>(438,622)</u>	<u>(62,154)</u>
EEEE	Net increase in cash and cash equivalent for the current period	
	5,815	98,084
E00100	Opening balance of cash and cash equivalents	
	213,918	115,834
E00200	Ending balance of cash and cash equivalents	
	<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



安侯建業聯合會計師事務所

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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 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 Operating revenue (notes 6(o) and 7)	\$ 41,174,810	100	38,986,916	100
5000 Operating costs: (notes 6(f), (k), (p) and (q))	35,233,829	86	33,164,591	85
5900 Gross profit from operations:	5,940,981	14	5,822,325	15
6000 Operating expenses: (notes 6(c), (f), (g), (h), (j), (k), (q), 7 and 9):				
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	13,382	-	37,188	-
Total operating expenses:	3,366,224	8	3,131,354	8
6900 Net operating income	2,574,757	6	2,690,971	7
7000 Non-operating income and expenses: (notes 6(d), (f), (g), (j) and (r)):				
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	56,478	-	35,548	-
Total non-operating income and expenses:	261,422	1	35,065	-
7900 Profit from continuing operations before tax	2,836,179	7	2,726,036	7
7950 Less: Income tax expenses: (note 6(l))	295,984	1	368,405	1
Net income	2,540,195	6	2,357,631	6
8300 Other comprehensive income:				
8310 Components of other comprehensive income that will not be reclassified to profit or loss:				
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	-	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss:	8,121	-	(3,324)	-
8360 Components of other comprehensive income that will be reclassified to profit or loss: (note 6(m))				
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	-	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss:	738,048	2	(121,554)	-
8300 Other comprehensive income	746,169	2	(124,878)	-
8500 Total comprehensive income	\$ 3,286,364	8	2,232,753	6
Profit attributable to:				
8610 Owners of the Company	\$ 2,538,625	6	2,310,477	6
8620 Non-controlling interests	1,570	-	47,154	-
Total comprehensive income attributable to:	\$ 2,540,195	6	2,357,631	6
8710 Owners of the Company	\$ 3,281,616	8	2,190,959	6
8720 Non-controlling interests	4,748	-	41,794	-
Earnings per share (NT dollars) (note 6(n))				
9750 Basic earnings per share	\$ 18.71		16.98	
9850 Diluted earnings per share	\$ 18.39		16.77	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statement: 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										
	Retained earnings					Total	Other equity Foreign currency translation differences for foreign operations	Treasury shares	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings						
Balance at January 1, 2021	\$ 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)	(116,194)	-	(119,518)	(5,360)	(124,878)
Total comprehensive income	-	-	-	-	2,307,153	2,307,153	(116,194)	-	2,190,959	41,794	2,232,753
Subsidiaries distribute cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(21,656)	(21,656)
Balance at December 31, 2021	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	3,128	746,119
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)
Balance at December 31, 2022	\$ 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)

	2022	2021
Cash flows from (used in) operating activities:		
Net income before tax	\$ 2,836,179	2,726,036
Adjustments:		
Adjustments to reconcile profit and loss:		
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>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
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>
Net changes in operating liabilities:		
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	(2,281)	(7,168)
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)
Net cash flows from operating activities	<u>3,785,797</u>	<u>1,604,191</u>
Cash flows from (used in) investing activities:		
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
Net cash used in investing activities	<u>(47,386)</u>	<u>(38,284)</u>
Cash flows from (used in) financing activities:		
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)
Net cash used in financing activities	<u>(2,050,378)</u>	<u>(836,202)</u>
Effect of exchange rate changes on cash and cash equivalents	682,464	(126,917)
Net increase in cash and cash equivalents	2,370,497	582,788
Cash and cash equivalents at beginning of period	3,438,978	2,856,190
Cash and cash equivalents at end of period	<u>\$ 5,809,475</u>	<u>3,438,978</u>

See accompanying notes to consolidated financial statements.