

DIMERCO EXPRESS CORPORATION
2024 ANNUAL SHAREHOLDERS' MEETING MINUTES

Time: June 6th, 2024, Thursday 09:00 am

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

Total outstanding Dimerco Shares (excluding non-voting shares according to article 179 of the Company Act): 140,744,000 shares

Total shares represented by shareholders present in person or by proxy: 89,340,749 shares

Percentage of shares held by shareholders present in person or by proxy:63.47 %

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 2023 (See Appendix I).
2. Audit Committee's Audited Report (See Appendix II).
3. Report of Compensation of Directors and Employees for 2023(See 2024 Annual Shareholders' Meeting Agenda).
4. Report of cash dividends for 2023(See 2024 Annual Shareholders' Meeting Agenda).
5. Report of the implementation of treasury stock repurchase(See 2024 Annual Shareholders' Meeting Agenda).

III. Matters for Acknowledgement

1. First proposal: Proposed by Board of Directors

Topic : Adoption of the 2023 Business Report and Financial Statements

Explanatory notes : (1) The financial report and consolidated financial report for the year of 2023, 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 APPENDIX I and APPENDIX III.

Resolution :

Share represent at the time of voting: 89,340,749.

	Voting Results	% of the total represented share present
Votes in Favor	84,401,830	94.47%
Votes in against	44,740	0.05%
Votes invalid	0	0.00%
Votes abstained	4,894,179	5.48%

RESOLVED, that the 2023 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 2023 profits

Explanatory notes : (1) Profit distribution of year 2023 to shareholders is proposed to be distributed from year 2023 profit after setting aside provision for legal reserve.

(2) According to the Profit distribution of year 2023, each common shareholder would be entitled to receive a cash dividend of NTD 6 per share. Based on the current outstanding shares, Dimerco would distribute a total of NTD 844,464,000 cash dividend.

(3) The Board of directors is authorized to determine an ex-dividend date after profit distribution of year 2023 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 authorized the Board of Directors 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 2023 as follows:

Dimerco Express Corporation
Statement of Profit Distribution of Year 2023

Unit : NTD

Item	Amount	Remark
	Subtotal	
Beginning Balance of Unappropriated Retained earnings	2,132,292,826	
Add:		
Share of Profit of Associates Accounted for Using Equity Method	325,266	
Changes in Actuarial gains and losses	223,341	
Beginning Balance of Unappropriated Retained earnings after Adjustments	2,132,841,433	
Add:		
2023 Net profit after tax	1,023,629,500	
Available Retained Earnings for Distribution	3,156,470,933	
Deduct:		
10% Legal reserve	(102,417,811)	
Special reserve	0	
Available Retained Earnings for Distribution after deduct 10% Legal reserve	3,054,053,122	
Items for distribution:		
Shareholder dividends - Stocks		
Shareholder dividends - Cash	844,464,000	
Ending Balance of Unappropriated earnings:	2,209,589,122	

Remark:

1. The Board of directors is authorized to determine the base date for distribution of cash 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-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 dividend per share.

Resolution:

Share represent at the time of voting: 89,340,749

	Voting Results	% of the total represented share present
Votes in Favor	85,226,589	95.39%
Votes in against	50,358	0.06%
Votes invalid	0	0.00%
Votes abstained	4,063,802	4.55%

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

IV. Election:

1. First Proposal: Proposed by Board of Directors

Topic: Proposal of the Comprehensive Director Election.

Explanatory notes :

(1) The terms of office for the current directors and supervisors expire on July 7, 2024. It is proposed to conduct a comprehensive election at this shareholders' meeting.

(2) In accordance with the company's articles of association, it is proposed to elect seven directors (including three independent directors) this time. Upon election, they will assume office for a term of three years, from June 6, 2024 to June 5, 2027.

(3) The selection of directors and independent directors of the company follows a candidate nomination system. Shareholders shall elect from the list of director and independent director candidates. The list of director and independent director candidates has been reviewed and approved by the board of directors of the company on March 12, 2024.

(4) Mr. Bill Chien, the candidate for independent director in this term, has served as an independent director of our company for more than three terms. Considering his familiarity with relevant laws and his expertise in corporate governance, which have been significantly beneficial to our company, he is hereby nominated again as a candidate for independent director.

(5) Please refer to 2024 Annual Shareholders' Meeting Agenda

Resolution:

List of Elected Directors and Independent Directors in 2024

Position	ID Number	Account Number or ID Number	Number of Votes Elected
Director	427	Wendy Chien	95,091,326
Director	93	MEC Electronics Corporation Representative: Jeffery Shih	85,360,116
Director	2	Ruei Cheng Investment Ltd. Representative: George Chiou	85,352,379
Director	64521	AGM Investment Ltd. Representative: Peng, Shi-Xiao	85,349,457
Independent Director	F1013*****	Bill Chien	82,166,583

Independent Director	71	Ho,Chi-Ming	78,980,782
Independent Director	34138	Chu,Chia-Cheng	78,941,924

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: 9:39 a.m., June 6th 2024

APPENDIX I

Annual Business Report of year 2023

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 2024 shareholders meeting.

As per the KPMG audited Financial Statement, the consolidated financial report of Y2023 Consolidated sales revenue of Y2023 is NTD 22,042 million and consolidated net income after tax is NTD 1,023 million. Earnings per share is NTD 7.24. Compared to the previous fiscal year, which saw particularly unusual market conditions due to the pandemic, there were reductions of 46.5%, 59.7%, and 61.3% in various aspects. However, compared to the pre-pandemic fiscal year of 2019, there were increases of 23.8%, 153.6%, and 126.3% in revenue, net income after tax, and earnings per share, respectively.

After the end of the pandemic in the fiscal year of 2023, the international economic outlook remained challenging, posing significant challenges to the international transportation market. However, 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 has been able to deliver solid results. In anticipation of market changes, Dimerco has leveraged digital marketing to create value, further enhancing its operational profitability. The fiscal year of 2023 saw significant improvements in revenue, net income after tax, and earnings per share compared to the pre-pandemic fiscal year of 2019, increasing by 23.8%, 153.6%, and 126.3%, respectively.

In addition to strengthening operational profitability, Dimerco has emphasized customer quality, been carefully selecting high-quality customers and effectively controlling accounts receivable. With excellent financial management capabilities, the company is committed to maintaining a sound financial structure. By the end of the fiscal year of 2023, the current ratio stood at 2.7, significantly higher than the industry average. With cash reserves of NTD 4.78 billion at year-end, compared to net worth of NTD 5.94 billion, the company demonstrates exceptional liquidity and debt repayment capabilities. Furthermore, fixed assets accounted for only 9.2% of net worth, demonstrating the flexibility and elasticity of a low-asset logistics service provider. The total liabilities amounted to only 33.1% of total assets, indicating a very healthy and robust financial structure.

After the ISO 14064-1:2018 verification at the end of 2022 and declaration of commitment to green supply chain and carbon reduction goals to reduce the carbon footprint, Dimerco has taken further steps in 2023. Implemented the EcoTransIT World system certified by the international organization Smart Freight Centre (SFC), Dimerco utilizes this system to calculate carbon emissions for air, sea, and land transportation, aligning with the Global Logistics Emissions Council (GLEC) framework and meeting the requirements of the GHG Protocol (corporate standards). Besides, in this January, Dimerco has aligned ESG goals with Cathay's vision on its Corporate Sustainable Aviation Fuel (SAF) Programme, to support the earth with practical action on reduction of greenhouse gas emissions associated with aviation.

Dimerco is dedicated to technological and digital transformation, elevating the level of Information Security Management (ISM). The implementation of the latest ISM and protection framework ensures that information security measures align with the development of digital transformation. Continuous improvement of management and operational processes is undertaken to address the ever-changing external environmental threats. With the development on Digital Platform and Cloud Networking SCM Platform of Dimerco Value Plus System®, flatter organization and ISO 27001:2022 Cyber Security Certification (BSI Certification NO. IS 743553) by BSI, Dimerco internally upgrades digital capability to strengthen operation & management efficiency and cost-effective solutions for our customers with mobility via application of Robotic Process Automation (RPA).

Externally, Dimerco upgrades online services and integrates off-line & online services via its upgraded MyDimerco platform and POMS (Purchase Order Management System) to further enhance customer services. The services include not only the coordination of purchase orders between customers and their suppliers, supplier performance management, product management, and logistics cost analysis but also online booking of cargo space and online customer support, providing professional services that integrate both virtual and real aspects, reaching unprecedented heights.

Looking to the future, the international transportation and logistics market still faces challenges. Amidst the changing global landscape and volatile markets, challenges multiply and operational risks increase. However, Dimerco's established competitiveness of the physical channels and virtual digital platforms continue to be effective. With a clear market positioning, Dimerco will leverage digital marketing to promote its value-added services in customer supply chain management, strengthen its business expansion capabilities, and enhance service quality through digital transformation and semi-automation to increase efficiency and productivity, thereby generating profits. We hope to continue contributing to society and providing reasonable returns for shareholders and contributing colleagues.

Thank you for your continued support!

Dimerco Express Corporation

Dimerco Express Group

June 6, 2024

Other Business information:

(1) Results of Business plan implementation

Unit: NTD'000

Item	IFRS 2022	IFRS 2023	Growth %
Sales Revenue	41,174,810	22,042,684	-46.5%
Net Profit After Tax	2,538,625	1,023,630	-59.7%

(2) Status of Budget Accomplishment

The company was not obligated to prepare financial forecast for year 2023 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
		2022	2023
Financial Balances	Sales Revenue	41,174,810	22,042,684
	Net Operating Profit	2,574,757	1,081,336
	Net Profit After Tax	2,538,625	1,023,630
Profitability	Return on Equity %	42%	18%

	Ratio of net profit after tax on paid-in capital	%	187%	72%
	Retroactive adjusted earnings per share		17.82	7.24

(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 intellectualization, 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. At the beginning of year 2024, we successfully obtained the ISO 27001:2022 transition certification (ISO 27001:2022 BSI Certification No. IS 743553). This achievement represents Dimerco's excellence in the field of information security. ISO 27001 is an information security management system standard published by the International Organization for Standardization (ISO) and is recognized worldwide as one of the highest standards for information security management. Obtaining the ISO 27001:2022 transition certification demonstrates Dimerco's outstanding performance in ensuring the security of customer data and information. It reinforces customer confidence and trust in Dimerco's commitment to protecting their data and information, showcasing our unwavering dedication to our clients."

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

Year 2023 company's annual business report, financial statements, consolidated financial statements and Proposal of Distribution of 2023 Profits made up by Board of Directors and financial statements, consolidated financial statements and Proposal of Distribution of 2023 Profits have been audited by KPMG. The above-mentioned annual business report, financial statements, consolidated financial statements and Proposal of Distribution of 2023 Profits have been audited by the Audit Committee without inconsistency in accordance to Securities and Exchange Act and Company Act.

DIMERCO EXPRESS CORPORATION
2024 ANNUAL SHAREHOLDERS' MEETING

Audit Committee Chairman: Bill Chien
March 12, 2024

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, 2023 and 2022, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022 and its financial performance and its cash flows for the year ended December 31, 2023 and 2022 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 accepted 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 believe that we have acquired sufficient and appropriate audit evidence to serve as the basis for our audit opinion.

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, 2023, 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(13) "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(14) 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.

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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

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, 2023. 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: Chang, Chun-Yi
Kuan, Chun-Hsiu

Competent Security Authority : Jin-Guan-Zheng-Shen-Zi No. 1050036075
Approval Document No. (1999) Tai-Cai-Zheng (VI) Zi No. 18311
March 13, 2024

Dimerco Express Corporation
Balance Sheets
For the Years Ended December 31, 2023 and 2022

Unit: NTS thousand

	2023.12.31		2022.12.31			2023.12.31		2022.12.31	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets					Liabilities and equity				
Current assets:					Current liabilities:				
1100 Cash and cash equivalents (Note 6(1))	\$ 282,288	2	219,733	2	2100 Short-term borrowings (Note 6 (4), (6) and 8)	\$ 180,000	2	430,000	4
1150 Notes receivable (Note 6(2) and (13))	6,191	-	7,173	-	2150 Notes payable	41,771	-	16,550	-
1170 Accounts receivable (Note 6(2) and (13))	155,491	1	300,080	3	2170 Accounts payable	24,404	-	32,916	-
1180 Accounts receivable - related parties, net (Notes 6(2), (13) and 7)	69,163	1	90,345	1	2180 Accounts payable - related parties (Note 7)	42,108	-	126,444	1
1210 Other receivables - related parties (Note 7)	204,939	2	229,266	2	2219 Other payables (Note 6 (15))	132,170	1	367,295	4
1470 Other current assets	7,876	-	8,353	-	2220 Other payables - related parties (Note 7)	-	-	948	-
Total current assets:	725,948	6	854,950	8	2216 Dividends payable (Note 6 (10))	12,953	-	20,665	-
Non-current assets:					2230 Current tax liabilities	75,246	1	79,725	1
1520 Financial assets at fair value through other comprehensive income - Non-current	390	-	390	-	2280 Lease liabilities - current (Note 6(7))	4,909	-	9,415	-
1550 Investments using the equity method (Note 6(3))	10,604,735	92	9,770,210	90	2310 Advance receipts (Note 7)	104,896	1	104,896	1
1600 Property, plant and equipment (Notes 6(4), (6), 8 and 9)	186,386	2	188,128	2	2399 Other current liabilities	3,289	-	7,092	-
1755 Right-of-use assets (Note 6(5) and (7))	6,849	-	11,291	-	Total current liabilities	621,746	5	1,195,946	11
1780 Intangible assets	38	-	201	-	Non-current liabilities:				
1840 Deferred tax assets (Note 6(9))	1,649	-	2,234	-	2570 Deferred tax liabilities (Note 6(9))	5,037	-	5,308	-
1920 Guarantee deposits paid	5,649	-	6,267	-	2580 Lease liabilities - non-current (Note 6(7))	1,974	-	1,911	-
1990 Other non-current assets (Note 8 and 9)	3,660	-	3,660	-	2622 Long-term payable - related parties (Note 6(7))	225,121	2	225,514	2
Total non-current assets	10,809,356	94	9,982,381	92	2640 Net defined benefit liabilities (Note 6(8))	1,891	-	5,023	-
					2645 Guarantee deposits received	115	-	117	-
					2670 Other non-current liabilities (Note 7)	4,843,383	42	3,402,408	32
					Total Non-current liabilities:	5,077,521	44	3,640,281	34
					Total liabilities	5,699,267	49	4,836,227	45
					Shareholders' equity (Note 6(3), (8), (10) and (11)) :				
					3100 Share capital	1,428,840	12	1,360,800	13
					3200 Capital surplus	62,234	1	19,362	-
					33xx Retained earnings:				
					3310 Legal reserve	987,965	9	733,290	6
					3320 Special reserve	-	-	557,281	5
					3350 Unappropriated earnings	3,156,471	27	3,353,782	31
						4,144,436	36	4,644,353	42
					34xx Other equity:				
					3410 Exchange differences on the translation of financial statements of foreign operations	209,907	2	177,589	2
					3500 Treasury stocks	(9,380)	-	(201,000)	(2)
					Total equity	5,836,037	51	6,001,104	55
1xxx Total assets	\$ 11,535,304	100	10,837,331	100	2-3xxx Total liabilities and equity	\$ 11,535,304	100	10,837,331	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, 2023 and 2022

Unit: NT\$ thousand

	2023		2022	
	Amount	%	Amount	%
4000 Operating income (Notes 6(13) and 7)	\$ 1,285,060	100	2,497,788	100
5000 Operating costs (Note 6(14))	1,061,677	83	2,143,953	86
5900 Gross profit	223,383	17	353,835	14
6000 Operating expenses (Note 6(2), (4), (5), (7), (8), (11), (15) and 7)				
6100 Marketing expenses	83,211	6	98,953	4
6200 Management expenses	98,308	8	285,599	11
6450 Expected credit loss (reversed)	(3,506)	-	1,217	-
Total operating expenses	178,013	14	385,769	15
6900 Net operating profit (loss)	45,370	3	(31,934)	(1)
7000 Non-operating income and expense (Notes 6(3), (5), (7), (16) and 7):				
7100 Interest income	6,752	1	1,410	-
7010 Other income	198,565	15	409,209	16
7020 Other gains and losses	3,259	-	61,328	2
7050 Financial costs	(5,454)	-	(5,173)	-
7070 Share of profit or loss of subsidiary & associates accounted for using equity method	893,854	70	2,226,098	89
Total non-operating income and expenses:	1,096,976	86	2,692,872	107
7900 Income before tax from continuing operations	1,142,346	89	2,660,938	106
7951 Less: Income tax expenses (Note 6(9))	118,716	9	122,313	5
8200 Net income for the period	1,023,630	80	2,538,625	101
8300 Other comprehensive income (Note 6(3), (8) and (10)):				
8310 Items not reclassified to profit or loss				
8311 Remeasurement of defined benefit plans	224	-	7,876	-
8330 Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	325	-	245	-
8349 Less: Income tax related to items not reclassified to profit or loss	-	-	-	-
Titles that will not be reclassified as profit or loss	549	-	8,121	-
8360 Items that could be reclassified to profit or loss in the future				
8361 Exchange differences on the translation of financial statements of foreign operations	10,916	1	308,919	13
8380 Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	21,402	2	425,951	17
8399 Less: Income tax related to items will be reclassified to profit or loss	-	-	-	-
Total titles that could be reclassified as profit (loss) accounts in the future	32,318	3	734,870	30
8300 Comprehensive income for the period	32,867	3	742,991	30
8500 Total comprehensive income for the period	\$ 1,056,497	83	3,281,616	131
Diluted earnings per share (unit: NT\$) (Note 6(12))				
9750 Basic earnings per share	\$ 7.24		17.82	
9850 Diluted earnings per share	\$ 7.18		17.53	

(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, 2023 and 2022

Unit: NT\$ thousand

	Retained earnings					Total	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				
Balance at January 1, 2022	\$ 1,360,800	19,362	502,575	441,086	2,541,962	3,485,623	(557,281)	-	4,308,504
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 income for the period	-	-	-	-	2,538,625	2,538,625	-	-	2,538,625
Other 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	4,644,353	177,589	(201,000)	6,001,104
Earning appropriation and distribution:									
Provision of legal reserve	-	-	254,675	-	(254,675)	-	-	-	-
Cash dividends on common stock	-	-	-	-	(1,456,056)	(1,456,056)	-	-	(1,456,056)
Stock dividends on common stock	68,040	-	-	-	(68,040)	(68,040)	-	-	-
Special reserve reversed	-	-	-	(557,281)	557,281	-	-	-	-
Net income for the period	-	-	-	-	1,023,630	1,023,630	-	-	1,023,630
Other comprehensive income for the period	-	-	-	-	549	549	32,318	-	32,867
Total comprehensive income for the period	-	-	-	-	1,024,179	1,024,179	32,318	-	1,056,497
Changes in ownership interests in subsidiaries	-	(3,350)	-	-	-	-	-	-	(3,350)
Treasury shares subscribed for by employees	-	46,046	-	-	-	-	-	191,620	237,666
Gains from the exercise of disgorgement	-	176	-	-	-	-	-	-	176
Balance as at December 31, 2023	\$ 1,428,840	62,334	987,965	-	3,156,471	4,144,436	209,907	(9,380)	5,836,032

(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, 2023 and 2022

Unit: NT\$ thousand

	2023	2022
Cash flow from operating activities		
Net income before tax for the period	\$ 1,142,346	2,660,938
Adjustments:		
Income and expense items		
Depreciation expense	9,125	15,430
Amortization expense	345	122
Expected credit impairment loss (gain)	(3,506)	1,217
Interest expense	5,454	5,173
Interest income	(6,752)	(1,410)
Dividend income	(206)	(148)
Share of profit or loss of subsidiary & associates accounted for using equity method	(893,854)	(2,226,098)
Leasehold modification (gain) loss	(21)	92
Cost of remuneration for transferring treasury stocks to employees	43,186	-
Total income and expenses	(846,229)	(2,205,622)
Total net changes in assets and liabilities		
Net change in operating assets:		
Notes receivable	982	10,616
Accounts receivable	148,095	94,793
Accounts receivable – related parties	21,182	181,210
Other receivables - related parties	24,327	(227,859)
Other current assets	477	(2,266)
Total change in operating assets, net	195,063	56,494
Net change in operating liabilities:		
Notes payable	25,221	(14,821)
Accounts payable	(8,512)	(39,558)
Accounts payable - related parties	(84,336)	(57,855)
Other payables	(235,125)	109,772
Other payables - related parties	(948)	947
Other current liabilities	(3,803)	(11,664)
Net defined benefit liability	(2,908)	(2,911)
Total change in operating liabilities, net	(310,411)	(16,090)
Total changes in operating assets and liabilities, net	(115,348)	40,404
Total adjustments	(961,577)	(2,165,218)
Cash inflow from operations	180,769	495,720
Interest received	6,752	1,410
Dividends received	206	148
Interest paid	(5,454)	(5,173)
Income tax paid	(122,881)	(102,459)
Net cash inflow from operating activities	59,392	389,646
Cash flow from investing activities:		
Acquisition of intangible assets	(182)	(121)
Acquisition of property, plant and equipment	(1,867)	(2,076)
Decrease (increase) in Guarantee deposits	618	(1,192)
Dividend income received from investments using equity methods	88,622	58,180
Net cash inflow from investing activities	87,191	54,791
Cash flow from financing activities:		
Increase in short-term borrowings	1,407,218	1,579,025
Decrease in short-term borrowings	(1,657,218)	(1,825,617)
Increase (decrease) in guarantee deposits received	(2)	24
Payments of lease liabilities	(5,496)	(11,556)
Increase in other non-current liabilities	1,440,975	1,385,602
Distribution of cash dividends	(1,463,768)	(1,373,046)
Payment to acquire treasury stocks	-	(201,000)
Treasury stocks purchased by employees	194,480	-
Other	(217)	7,946
Net cash outflow from financing activities	(84,028)	(438,622)
Net increase in cash and cash equivalent for the current period	62,555	5,815
Opening balance of cash and cash equivalents	219,733	213,918
Ending balance of cash and cash equivalents	\$ 282,288	219,733

(Please see accompany notes to financial statements)

Chairman: Chien, Yao-Huai

General Manager: Chiu, Chun-Jung

Accounting Manager: Chen, Ching-Chi

Representation Letter

The entities that are required to be included in the consolidated financial statements of Dimerco Express Corporation as of and for the year ended December 31, 2023 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 "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Dimerco Express Corporation and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: Dimerco Express Corporation

Chairman: Chien Yao-Huai

Date: March 12, 2024



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 balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 Financial Statement Audit and Attestation Engagements of 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

Dimerco Express Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unqualified opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements 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 and cost recognition" for accounting policy related to revenue and cost recognition, and note 6(p) 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 and thus 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 samples 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 and cost recognition" for accounting policy related to cost accrual and note 6(q) 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.

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 follow:

- Testing the effectiveness of the internal control over cost.
- 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 Chang, Chun-I and Kuang, Chun-Hsin.

KPMG

Taipei, Taiwan (Republic of China)
March 13, 2024

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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022			December 31, 2023		December 31, 2022			
	Amount	%	Amount	%		Amount	%	Amount	%		
Assets											
Current assets:											
1100	Cash and cash equivalents (note 6(a))	\$ 4,780,626	54	5,809,475	55	2100	Short-term borrowings (notes 6(f), (i) and 8)	\$ 180,000	2	430,000	4
1137	Financial assets at amortised cost – current (note 6(b))	3,794	-	9,775	-	2150	Notes payable	50,380	1	26,780	-
1150	Notes receivable, net (notes 6(c) and (p))	8,307	-	16,726	-	2170	Accounts payable (note 7)	1,690,530	19	2,815,136	27
1170	Accounts receivable, net (notes 6(c), (p) and 7)	2,482,298	28	2,828,022	27	2216	Dividends payable (note 6(m))	12,953	-	20,665	-
1470	Other current assets (notes 8 and 9)	189,349	2	382,633	4	2219	Other payables (notes 6(r) and 9)	168,140	2	437,178	4
	Total current assets	<u>7,464,374</u>	<u>84</u>	<u>9,046,631</u>	<u>86</u>	2230	Income tax payable	124,767	1	135,612	2
Non-current assets:											
1517	Financial assets at fair value through other comprehensive income – non-current	449	-	449	-	2280	Current lease liabilities (note 6(j))	174,817	2	191,023	2
1551	Investments accounted for using the equity method (note 6(d))	246,955	3	269,209	3		Other current liabilities	364,992	4	122,433	1
1600	Property, plant and equipment (notes 6(e), (f), (i), 8 and 9)	544,726	6	560,326	5		Total current liabilities	<u>2,766,579</u>	<u>31</u>	<u>4,178,827</u>	<u>40</u>
1755	Right-of-use assets (notes 6(g) and (j))	331,165	4	390,270	4	2570	Non-Current liabilities:				
1822	Intangible assets (notes 6(e) and (h))	69,817	1	73,740	1	2580	Deferred income tax liabilities (note 6(l))	10,640	-	6,646	-
1840	Deferred income tax assets (note 6(l))	123,354	1	69,922	-	2640	Non-current lease liabilities (note 6(j))	125,528	2	167,111	2
1920	Refundable deposits	89,445	1	104,581	1	2670	Net defined benefit liabilities (note 6(k))	4,636	-	8,492	-
1990	Other non-current assets (notes 6(c), (k), (p), 8 and 9)	11,342	-	7,741	-		Other non-current liabilities	34,865	-	37,052	-
	Total non-current assets	<u>1,417,253</u>	<u>16</u>	<u>1,476,238</u>	<u>14</u>		Total non-current liabilities	<u>175,669</u>	<u>2</u>	<u>219,301</u>	<u>2</u>
							Total liabilities	<u>2,942,248</u>	<u>33</u>	<u>4,398,128</u>	<u>42</u>
Liabilities and Equity											
Equity attributable to owners of the Company (notes 6(d), (k), (m) and (n)):											
					3110	Common stock	1,428,840	16	1,360,800	13	
					3200	Capital surplus	62,234	1	19,362	-	
					33xx	Retained earnings:					
					3310	Legal reserve	987,965	11	733,290	7	
					3320	Special reserve	-	-	557,281	5	
					3350	Unappropriated retained earnings	3,156,471	36	3,353,782	32	
							4,144,436	47	4,644,353	44	
					34xx	Other equity:					
					3410	Foreign currency translation differences for foreign operations	209,807	2	177,589	2	
					3500	Treasury shares	(9,380)	-	(201,000)	(2)	
						Total equity attributable to owners of the Company	<u>5,836,037</u>	<u>66</u>	<u>6,001,104</u>	<u>57</u>	
					36xx	Non-controlling interests (note 6(e))	103,342	1	123,637	1	
						Total equity	<u>5,939,379</u>	<u>67</u>	<u>6,124,741</u>	<u>58</u>	
					2-3xxx	Total liabilities and equity	<u>\$ 8,881,627</u>	<u>100</u>	<u>10,522,869</u>	<u>100</u>	
	Total assets	<u>\$ 8,881,627</u>	<u>100</u>	<u>10,522,869</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, 2023 and 2022

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

	2023		2022	
	Amount	%	Amount	%
4000 Operating revenue (notes 6(g), (p) and 7)	\$ 22,042,684	100	41,174,810	100
5000 Operating costs (notes 6(f), (g), (k) and (q))	18,245,653	83	35,233,829	86
5900 Gross profit from operations:	3,797,031	17	5,940,981	14
6000 Operating expenses (notes 6(c), (f), (g), (h), (j), (k), (n), (r), 7 and 9):				
6100 Selling expenses	949,434	4	1,094,758	3
6200 Administrative expenses	1,816,246	8	2,257,884	5
6450 Expected credit loss (gain on reversal) for bad debt provision	(49,985)	-	13,582	-
Total operating expenses	2,715,695	12	3,366,224	8
6900 Net operating income	1,081,336	5	2,574,757	6
7000 Non-operating income and expenses (notes 6(d), (f), (j) and (s)):				
7100 Interest income	91,104	-	23,084	-
7010 Other income	44,539	-	25,727	-
7020 Other gains and losses	24,755	-	173,102	1
7050 Finance costs	(17,688)	-	(16,969)	-
7060 Share of profit of associates accounted for using the equity method	33,684	-	56,478	-
Total non-operating income and expenses	176,394	-	261,422	1
7900 Profit from continuing operations before tax	1,257,730	5	2,836,179	7
7950 Less: Income tax expenses (note 6(l))	241,162	1	295,984	1
Net income	1,016,568	4	2,540,195	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))	549	-	8,121	-
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	549	-	8,121	-
8360 Components of other comprehensive income that will be reclassified to profit or loss (notes 6(d) and (m))				
8361 Exchange differences on translation of foreign financial statements	31,972	-	738,048	2
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
Other comprehensive income	32,521	-	746,169	2
8500 Total comprehensive income	\$ 1,049,089	4	3,286,364	8
Profit attributable to:				
8610 Owners of the Company	\$ 1,023,630	4	2,538,625	6
8620 Non-controlling interests	(7,062)	-	1,570	-
Total comprehensive income attributable to:	\$ 1,016,568	4	2,540,195	6
8710 Owners of the Company	\$ 1,056,497	4	3,281,616	8
8720 Non-controlling interests	(7,408)	-	4,748	-
Earnings per share (NT dollars) (note 6(o))				
9750 Basic earnings per share		7.24		17.82
9850 Diluted earnings per share		7.18		17.53

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 Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of the Company										
	Share capital		Retained earnings				Other equity	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	Total	Foreign currency translation difference for foreign operations				
Balance at January 1, 2022	\$ 1,380,800	19,362	302,375	441,086	2,341,962	3,485,625	(357,281)	-	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
Cash dividends distributed by subsidiaries 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
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	254,675	-	(254,675)	-	-	-	-	-	-
Special reserve appropriated (reversed)	-	-	-	(557,281)	557,281	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,456,056)	(1,456,056)	-	-	(1,456,056)	-	(1,456,056)
Stock dividends of ordinary share	68,040	-	-	-	(68,040)	(68,040)	-	-	-	-	-
Net income	-	-	-	-	1,023,630	1,023,630	-	-	1,023,630	(7,062)	1,016,568
Other comprehensive income	-	-	-	-	549	549	32,318	-	32,867	(246)	32,521
Total comprehensive income	-	-	-	-	1,024,179	1,024,179	32,318	-	1,056,497	(7,408)	1,049,089
Changes in non-controlling interests	-	(3,350)	-	-	-	-	-	-	(3,350)	(8,942)	(12,292)
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(3,945)	(3,945)
Transferred treasury shares to employees	-	46,046	-	-	-	-	-	191,620	237,666	-	237,666
Gain on disposition	-	176	-	-	-	-	-	-	176	-	176
Balance at December 31, 2023	\$ 1,428,840	62,234	987,965	-	3,156,471	4,144,436	209,907	(9,380)	5,836,037	103,342	5,939,379

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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Net income before tax	\$ 1,257,730	2,836,179
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation expense	277,226	249,709
Amortization expense	3,892	3,447
Expected credit losses (gain on reversal) for bad debt provision	(49,985)	13,582
Interest expense	17,688	16,969
Interest income	(91,104)	(23,084)
Dividend income	(206)	(148)
Share of profit of associates accounted for using the equity method	(33,684)	(56,478)
Loss (gain) on disposal of property, plant and equipment	367	(1,004)
Compensation cost arising from treasury shares transferred to employees	43,186	-
Gain on lease modification	-	(12)
Total adjustments to reconcile profit and loss	<u>167,380</u>	<u>202,981</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Notes receivable	8,419	9,193
Accounts receivable (including overdue receivables)	395,709	1,756,599
Other current assets	193,284	66,088
Total changes in operating assets, net	<u>597,412</u>	<u>1,831,880</u>
Net changes in operating liabilities:		
Notes payable	23,600	(15,530)
Accounts payable	(1,124,606)	(692,465)
Other payables	(269,038)	138,823
Other current liabilities	242,559	(15,803)
Net defined benefit liabilities	(3,454)	(2,291)
Total changes in operating liabilities, net	<u>(1,130,939)</u>	<u>(587,266)</u>
Total changes in operating assets and liabilities, net	<u>(533,527)</u>	<u>1,244,614</u>
Total adjustments	<u>(366,147)</u>	<u>1,447,595</u>
Cash inflow generated from operations	891,583	4,283,774
Interest received	91,104	23,084
Interest paid	(17,688)	(16,969)
Income taxes paid	(304,278)	(504,092)
Net cash flows from operating activities	<u>660,721</u>	<u>3,785,797</u>
Cash flows from (used in) investing activities:		
Acquisition (disposal) of financial assets at amortised cost	5,981	(9,775)
Net cash flow from acquisition of subsidiaries (net of cash obtained)	-	(22,807)
Acquisition of property, plant and equipment	(25,106)	(21,774)
Proceeds from disposal of property, plant and equipment	246	1,380
Decrease (increase) in refundable deposits	15,136	(28,144)
Acquisition of intangible assets	(181)	(303)
Decrease (increase) in other non-current assets	(3,601)	3,099
Dividends received	56,825	30,938
Net cash from (used in) investing activities	<u>49,300</u>	<u>(47,386)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	1,407,218	1,579,025
Decrease in short-term borrowings	(1,657,218)	(1,825,617)
Payment of lease liabilities	(227,775)	(204,985)
Decrease in other non-current liabilities	(2,187)	(14,339)
Cash dividends paid	(1,463,768)	(1,373,046)
Payments to acquire treasury shares	-	(201,000)
Transferred treasury shares to employees	194,480	-
Changes in non-controlling interests	(12,887)	(10,416)
Other financing activities	176	-
Net cash flows used in financing activities	<u>(1,761,961)</u>	<u>(2,050,378)</u>
Effect of exchange rate changes on cash and cash equivalents	23,091	682,464
Net increase (decrease) in cash and cash equivalents	<u>(1,028,849)</u>	<u>2,370,497</u>
Cash and cash equivalents at beginning of period	5,809,475	3,438,978
Cash and cash equivalents at end of period	<u>\$ 4,780,626</u>	<u>5,809,475</u>

See accompanying notes to consolidated financial statements.