

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

Stock Code : 5609



DIMERCO

Connecting Asia with the world

2023
Annual Shareholders' Meeting
Meeting Agenda

Date:

June 6th, 2023, 09:00 AM

Location:

Grand Mayfull Hotel Taipei, Noble Meeting Room

(2nd Floor, No. 55, Lequn 2nd Road, Zhongshan District, Taipei City)

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I. MEETING PROCEDURE

1. Call the Meeting to Order
2. Chairman's Remark
3. Management Presentation
4. Proposals
5. Discussion
6. Questions and Motions
7. Adjournment

II. MEETING AGENDA

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

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

Procedure:

1. Call the Meeting to Order
2. Chairman's Remark
3. Management Presentations:
 - (1) 2022 Annual Business Report
 - (2) Audit Committee's Audited Report on 2022 Financial Statements
 - (3) Report of 2022 distribution of compensation of directors and supervisors and employee bonus
 - (4) Report on the execution status of the repurchase of treasury stock.
 - (5) Report on the amendment of employee stock transfer plan for share repurchase.
 - (6) Report of the proposal of 2022 profits distribution
4. Proposals:
 - (1) Adoption of 2022 Business Report and Financial Statements
 - (2) Adoption of the proposal for distribution of 2022 profits
5. Discussion:

Process a case for new share issuance through capitalization of earnings
6. Questions and Motions
7. Adjournment

III. MANAGEMENT PRESENTATIONS:

1. Reports to Shareholders / Business Report

Dear Shareholders,

On behalf of the company's Board of Directors, the Chairman and the entire management team, we would like to express our gratitude to every one of our shareholders for your long-term support of Dimerco Express Group during our promising developments and for sparing your time to participate in the 2023 shareholders meeting.

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

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

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

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

- Through big data analysis, we gain a deeper understanding of customer needs.
- Through our Cloud Networking SCM Platform – the Dimerco Value Plus System (with Information Security Certification including ISO27001:2013 BSI Certification NO. IS 743553) – we can adapt quickly to market change and provide diverse and localized service to satisfy customers' supply chain management needs.
- We continue to digitalize processes, including our use of Robotic Process Automation (RPA) to enhance efficiency, reduce operating costs and increase profits.
- Our MyDimerco portal provides customers a one-stop resource for freight tracking and performance – anywhere, anytime, from any device. Customers appreciate this mobile intelligence capability, which greatly enhances our customer service.

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

Thank you for your continued support!

Dimerco Express Corporation

Dimerco Express Group

Executive Management Board

June 6, 2023

Other Business information:

(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
			2021	2022
Financial Balances	Sales Revenue		38,986,916	41,174,810
	Net Operating Profit		2,690,971	2,574,757
	Net Profit After Tax		2,310,477	2,538,625
Profitability	Return on Equity	%	54%	42%
	Ratio of net profit after tax on paid-in capital	%	170%	187%
	Retroactive adjusted earnings per share		16.98	18.71

(4) Status of Research and Development:

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

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

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

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

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

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

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

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

developing real-time recommendations to give operational processes more intelligence and improve accuracy and efficiency.

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

Through our self-developed technology, we tightly integrate data/information flows with our information security management system, and further combine with our strategic partners to serve our customers, strengthen service quality, create added value, and effectively help our customers enhance the overall efficiency of supply chain management.

Feature highlights

- **Supply Chain Orientation**

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)

2. Audit Committee's Audit Report

Dimerco Express Corporation

Audit Committee's Audited Report

Year 2022 company's annual business report, financial statements, consolidated financial statements and Proposal of Distribution of 2022 Profits made up by Board of Directors have been audited by KPMG. The abovementioned annual business report, financial statements, consolidated financial statements and Proposal of Distribution of 2022 Profits have been audited by the Audit Committee without inconsistency in accordance to Securities and Exchange Act and Company Act.

DIMERCO EXPRESS CORPORATION
2023 ANNUAL SHAREHOLDERS' MEETING

Audit Committee Chairman: Bill Chien
March 15, 2023

3. Report of Compensation of Directors and Employees for 2022

According to Company Law and Articles of Incorporation, employee remuneration is NTD 147,500,761, remuneration to directors is NTD 42,071,058. The above proposal will be distributed by cash.

4. Report of the implementation of treasury stock repurchase

- (1) The proposal of the repurchase of 3,000,000 shares of treasury stock to transfer to employees was adopted on the board meeting held on October 12, 2022.
- (2) The repurchase of the 3,000,000 shares of the company's shares from the Taiwan Stock Exchange was fully executed on December 8, 2022. The repurchase accounted for 2.2% of the total issued shares of the company and the average repurchase price per share is NTD 67.

5. Amendment to the policy of Transferring Repurchased Shares for Employees

- (1) Amendment is based on the Order No. 1110383426 issued by the Financial Supervisory Commission on August 15, 2022., which amends and publishes Article 10.
- (2) In order to strengthen the company's autonomy, the review process for transferring shares to employees shall be incorporated into the transfer regulations, and the qualifications of transferees and the items to be included in the transfer review process shall be specified.
- (3) In order to define the number of shares that employees may subscribe to, the amendment should be approved and determined by the Board of Directors.
- (4) Table of Amendment Comparison for the policy of Transferring Repurchased Shares for Employees:

	Amended Version	Original Version	Explanation of Amendments
Article 4	Full-time employees who have worked for the Company or its domestic or overseas subsidiaries (directly or indirectly holding more than 50% of the voting shares of the same invested company) for at least two years before the record date or who have made contributions to the Company and have been approved by <u>the Board of Directors</u> are eligible to subscribe to the shares based on the subscription quantity stipulated in Article 5 of these Regulations.	Full-time employees who have worked for the Company or its domestic or overseas subsidiaries (directly or indirectly holding more than 50% of the voting shares of the same invested company) for at least two years before the record date or who have made contributions to the Company and have been approved by the Chairman are eligible to subscribe to the shares based on the subscription quantity stipulated in Article 5 of these Regulations.	In order to strengthen the autonomy of the Company, it is stipulated that the Company shall incorporate the review process for transferring shares to employees into the transfer regulations, and add provisions specifying the qualifications of transferees and the items that should be included in the transfer review process.

Article 5	<p>The Company shall consider standards such as the employee's job level, abilities, and contributions to the Company when setting the number of shares that employees may acquire, and shall take into account factors such as the total amount of repurchased shares held by the Company on the date of the subscription, and the limit on the number of shares that a single employee may subscribe for. The number of shares that employees may subscribe for shall be established and submitted to <u>the Board of Directors</u> for approval.</p> <p><u>However, if the transferring employee holds a managerial position, the proposal shall first be approved by the Compensation Committee before being submitted to the Board of Directors for resolution. If the transferring employee does not hold a managerial position, the proposal shall first be approved by the Audit Committee before being submitted to the Board of Directors for resolution.</u></p>	<p>The Company shall consider standards such as the employee's job level, abilities, and contributions to the Company when setting the number of shares that employees may acquire, and shall take into account factors such as the total amount of repurchased shares held by the Company on the date of the subscription, and the limit on the number of shares that a single employee may subscribe for. The number of shares that employees may subscribe for shall be established and submitted to the Chairman for approval.</p>	<p>To precisely determine the number of shares that employees are eligible to subscribe to, the authority to approve and determine the number of shares shall be revised from the Board of Directors to other parties.</p>
Article 6	<p>The operational procedures for the transfer of repurchased shares to employees are as follows:</p> <ol style="list-style-type: none"> 1. In accordance with the resolution of the Board of Directors, announce, declare, and repurchase the company's shares within the execution period. 2. <u>The Board of Directors</u> shall establish and publish operational matters such as the employee subscription record date, the standard for subscription shares, the subscription payment period, the rights content, and the limitation conditions based on these regulations. 3. Calculate the actual number of subscribed and paid shares and handle the transfer and registration of the shares. 	<p>The operational procedures for the transfer of repurchased shares to employees are as follows:</p> <ol style="list-style-type: none"> 3. In accordance with the resolution of the Board of Directors, announce, declare, and repurchase the company's shares within the execution period. 4. The Chairman shall establish and publish operational matters such as the employee subscription record date, the standard for subscription shares, the subscription payment period, the rights content, and the limitation conditions based on these regulations. 3. Calculate the actual number of subscribed and paid shares and handle the transfer and registration of the shares. 	<p>To define the number of shares that employees can subscribe to more clearly, the authority to approve and decide on this matter will be revised from the board of directors to the chairman.</p>

6. Report of dividends for 2022

- (1) According to Articles of Incorporation 23-1, the Board of Directors is authorized to approve the proposal for distribution of profits and report on the shareholder's meeting if it is distributed by cash dividends.
- (2) The Board of Directors approved to distribute NTD 1,456,056,000, NTD 10.7 per share, from accumulated unappropriated retained earnings of 2022 by cash on 15th Mar 2023,.

IV. Proposals:

First proposal: Proposed by Board of Directors

Topic : Adoption of the 2022 Business Report and Financial Statements

Explanation : (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 :

Second proposal: Proposed by Board of Directors

Topic : Adoption of the proposal for distribution for 2022 profits

Explanation : (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	
Add (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.

V. Discussion:

1. First Proposal: Proposed by Board of Directors

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

Explanation:

- (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:

VI. Questions and Motions

APPENDIX I

Independent Auditors' Report

To Dimerco Express Corporation,

Audit opinion

We have audited the financial statements of Dimerco Express Corporation (the “Company”), which comprise the balance sheet as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, (including a summary of significant accounting policies).

In our opinion which is based on our audit result and audit report from other CPAs (please refer to Other matters), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021 and its financial performance and its cash flows for the year ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for the audit opinion

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

Other matters

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

Key audit matters

Key audit matters refer to the most vital matters in our audit of the parent company only financial statements of the Dimerco Express Corporation for the year ended December 31, 2022, based on our professional judgment. These matters were addressed in our audit of the parent company only financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters. Key audit matters of the consolidated financial statements of the Company are stated as follows:

1. Revenue Recognition

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

Description of key audit matters:

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

Audit procedures:

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

- Conduct tests to its internal control system for revenue recognition to ensure the efficacy of the system;
- Obtain sales transaction records for certain period from the computer system to verify the completeness of recognition cycle;
- Sample monthly transaction records from top 10 customers and sales details for the entire year to evaluate authenticity of the transaction, accuracy of transaction amounts and reasonableness of recognition timing;
- Compare sampled bills of lading from airline companies and data compiled by the Company to verify if the corresponding transactions have entered to the computer system;
- Test sales records for transactions completed during a certain period before and after the reporting date to verify the appropriateness for the timing of revenue recognition;

2. Cost estimate

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

Description of key audit matters:

Dimerco Express Corporation's local and international air transportation costs contain identifying risks involving completeness of and accuracy of amounts. We, therefore, list the item as a key audit matter.

Audit procedures:

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

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

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

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

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

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

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

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

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

under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Dimerco Express Corporation's internal control.

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

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

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

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Dimerco Express Corporation's parent company only financial statements for the year ended December 31, 2022. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

KPMG Taiwan

CPA:

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

March 15, 2023

Dimerco Express Corporation
Balance Sheets

For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand

	2022.12.31		2021.12.31	
	Amount	%	Amount	%
Assets				
Current assets:				
1100 Cash and cash equivalents (Note 6(1))	\$ 219,733	2	213,918	3
1150 Notes receivable (Note 6(2))	7,173	-	17,789	-
1170 Accounts receivable (Note 6(2))	300,080	3	396,090	5
1180 Accounts receivable - related parties, net (Notes 6(2) and 7)	90,345	1	271,555	3
1210 Other receivables - related parties (Note 7)	229,266	2	1,407	-
1470 Other current assets				
Total current assets:	854,950	8	906,846	11
Non-current assets:				
1520 Financial assets at fair value through other comprehensive income - Non-current	390	-	390	-
1550 Investments using the equity method (Note 6(3))	9,770,210	90	6,857,177	86
1600 Property, plant and equipment (Notes 6(4), (6), (8) and 9)	188,128	2	189,940	3
1755 Right-of-use assets (Note 6(5))	11,291	-	12,182	-
1780 Intangible assets	201	-	202	-
1840 Deferred tax assets (Note 6(9))	2,234	-	2,359	-
1920 Guarantee deposits paid	6,267	-	5,075	-
1990 Other non-current assets (Note 6(2), (8) and 9)	3,669	-	3,660	-
Total non-current assets	9,982,381	92	7,080,985	89
Total assets	\$ 10,837,331	100	\$ 7,987,831	100
Liabilities and equity				
2100 Short-term borrowings (Note 6 (4), (6) and 8)	\$ 430,000	4	676,592	9
2150 Notes payable	16,550	-	31,371	-
2170 Accounts payable	32,916	-	72,474	1
2180 Accounts payable - related parties (Note 7)	126,444	1	184,299	2
2216 Dividends payable	20,665	-	5,695	-
2230 Current tax liabilities	79,725	1	65,304	1
2280 Lease liabilities - current (Note 6(7))	9,415	-	9,163	-
2310 Advance receipts (Note 7)	104,896	1	104,896	1
2219 Other payables - related parties (Note 6 (14))	367,295	4	257,524	3
2399 Other current liabilities	948	-	-	-
Total current liabilities	7,092	-	18,756	-
Non-current liabilities:				
2570 Deferred tax liabilities (Note 6(9))	5,308	-	-	-
2580 Lease liabilities - non-current (Note 6(7))	1,911	-	2,976	-
2622 Long-term payable - related parties (Note 7)	225,514	2	217,568	3
2640 Net defined benefit liabilities (Note 6(8))	5,023	-	15,810	-
2645 Guarantee deposits received	117	-	93	-
2670 Other non-current liabilities (Note 7)	3,402,408	32	2,016,806	26
Total non-current liabilities	3,640,281	34	2,253,253	29
Total liabilities	4,836,227	45	3,679,527	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
3330 Unappropriated earnings	3,353,782	31	2,541,062	32
34xx Other equity:				
3410 Exchange differences on the translation of financial statements of foreign operations	177,589	2	(557,281)	(7)
3500 Treasury stocks	(201,000)	(2)	-	-
Total equity	6,001,104	55	4,308,304	54
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: NT\$ 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: NT\$) (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: NT\$ thousand

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

Balance at January 1, 2021

Earning appropriation and distribution:

Provision of legal reserve

Provision of special reserve

Cash dividends on common stock

Stock dividends on common stock

Net profit for the period

Other comprehensive income for the period

Total comprehensive income for the period

Balance as at December 31, 2021 (after restatement)

Earning appropriation and distribution:

Provision of legal reserve

Provision of special reserve

Cash dividends on common stock

Net profit for the period

Comprehensive income for the period

Total comprehensive income for the period

Repurchase of treasury stocks

Balance as at December 31, 2022

(Please see accompany notes to financial statements)

General Manager: Chiu, Chun - Jung

Accounting Manager: Chen, Ching-Chi

Chairman: Chien, Yao- Huai

Dimerco Express Corporation
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand

	2022	2021
AAAA	Cash flow from operating activities	
A10000	Net profits before tax for the period	
A20000	\$ 2,660,938	2,383,371
A20010	Adjustments:	
A20100	Income and expense items	
A20100	15,430	17,899
A20200	122	236
A20300	1,217	2,668
A20900	5,173	5,961
A21200	(1,410)	(40)
A21300	(148)	(130)
A22400	(2,226,098)	(2,034,908)
A22500	-	(590)
A22700	92	-
A20010	(2,205,622)	(2,008,904)
A30000	Total net changes in assets and liabilities related to operating activities	
A31000	Net change in assets related to operating activities:	
A31130	10,616	(15,412)
A31150	94,793	(188,472)
A31160	181,210	(210,496)
A31190	(227,859)	(1,407)
A31240	(2,266)	11,012
A31000	56,494	(404,775)
A32000	Net change in liabilities related to operating activities:	
A32130	(14,821)	6,718
A32150	(39,558)	12,313
A32160	(57,855)	136,355
A32180	109,772	64,746
A32190	947	-
A32230	(11,664)	(2,239)
A32240	(2,911)	(3,151)
A32000	(16,090)	214,742
A30000	40,404	(190,033)
A20000	(2,165,218)	(2,198,937)
A33000	Total adjustments	
A33000	Cash inflow from operations	
A33100	495,720	184,434
A33100	1,410	40
A33200	148	130
A33300	(5,173)	(5,961)
A33500	(102,459)	(26,212)
AAAA	389,646	152,431
AAAA	Net cash inflow from operating activities	
BBBB	Cash flow from investing activities:	
B01800	-	(8,000)
B02000	(121)	-
B02700	(2,076)	(5,669)
B02800	-	590
B03700	(1,192)	(30)
B07600	58,180	20,916
BBBB	54,791	7,807
CCCC	Cash flow from financing activities:	
C00100	1,579,025	2,626,125
C00200	(1,825,617)	(2,650,125)
C03000	24	(192)
C04020	(11,556)	(12,593)
C04300	1,385,602	631,201
C04500	(1,373,046)	(654,323)
C04900	(201,000)	-
C09900	7,946	(2,247)
CCCC	(438,622)	(62,154)
EEEE	Net cash outflow from financing activities	
EEEE	Net increase in cash and cash equivalent for the current period	
E00100	5,815	98,084
E00100	Opening balance of cash and cash equivalents	
E00200	213,918	115,834
E00200	Ending balance of cash and cash equivalents	
	\$ 219,733	213,918

(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)
DMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Assets				
Current assets:				
1100 Cash and cash equivalents (note 6(a))	\$ 5,809,475	55	3,438,978	35
1137 Financial assets measured at amortised cost — current (note 6(b))	9,775	-	2150	-
1150 Notes receivable, net (notes 6(c) and 6(d))	16,726	-	25,919	-
1170 Accounts receivable, net (notes 6(e), (o) and 7)	2,828,022	27	4,587,395	47
1470 Other current assets (notes 8 and 9)	382,633	4	446,950	5
Total current assets	<u>9,046,631</u>	<u>86</u>	<u>8,499,242</u>	<u>87</u>
Non-current assets:				
1517 Financial assets at fair value through other comprehensive income—non-current	449	-	442	-
1551 Investments accounted for using the equity method (note 6(f))	269,209	3	236,689	3
1600 Property, plant and equipment (notes 6(g), (h), 8 and 9)	560,320	5	544,456	6
1755 Right-of-use assets (note 6(g))	390,270	4	298,555	3
1822 Intangible assets (notes 6(e) and (h))	73,740	1	33,068	-
1840 Deferred income tax assets (note 6(i))	69,922	-	27,820	-
1920 Refundable deposits	104,581	1	7,6437	1
1990 Other non-current assets (notes 6(c), (j), 8 and 9)	7,241	-	29,658	-
Total non-current assets	<u>1,476,238</u>	<u>14</u>	<u>1,247,325</u>	<u>13</u>
Liabilities and Equity				
Current liabilities:				
Short-term borrowings (notes 6(f), (l) and 8)	\$ -	-	6,76,592	7
Notes payable	26,780	-	42,310	-
Accounts payable (note 7)	2,815,136	27	3,500,904	37
Dividends payable	20,665	-	5,695	-
Other payables (notes 6(g) and 9)	437,178	4	298,355	3
Income tax payable	135,612	2	309,422	3
Current lease liabilities (note 6(j))	191,023	2	136,893	2
Other current liabilities	122,433	1	137,816	1
Total current liabilities	<u>4,178,827</u>	<u>40</u>	<u>5,107,987</u>	<u>53</u>
Non-Current liabilities:				
Deferred income tax liabilities (note 6(i))	6,646	-	184	-
Non-current lease liabilities (note 6(j))	167,111	2	133,127	1
Net defined benefit liabilities (note 6(k))	8,492	-	18,904	-
Other non-current liabilities	37,052	-	51,391	-
Total non-current liabilities	<u>219,301</u>	<u>2</u>	<u>203,606</u>	<u>2</u>
Total liabilities	<u>4,398,128</u>	<u>42</u>	<u>5,311,593</u>	<u>55</u>
Equity attributable to owners of the Company (notes 6(o) and (m)):				
Common stock	1,360,800	13	1,360,800	14
Capital surplus	19,362	-	19,362	-
Retained earnings:				
3200	733,290	7	502,575	5
33xx	557,281	5	441,086	5
3310 Legal reserve	6,001,104	57	4,308,504	44
3320 Special reserve	3,353,782	32	2,541,962	26
3350 Unappropriated retained earnings	4,644,353	44	3,485,023	36
Other equity:				
34xx	177,889	2	(537,281)	(6)
3410 Foreign currency translation differences for foreign operations	(201,000)	(2)	-	-
3500 Treasury shares	6,001,104	57	4,308,504	44
Total equity attributable to owners of the Company	<u>123,637</u>	<u>1</u>	<u>126,470</u>	<u>1</u>
Non-controlling interests				
36xx	6,124,741	58	4,634,974	45
Total equity	<u>10,522,869</u>	<u>100</u>	<u>9,746,567</u>	<u>100</u>
Total liabilities and equity	<u>\$ 10,522,869</u>	<u>100</u>	<u>\$ 9,746,567</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

	2022		2021	
	Amount	%	Amount	%
4000 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))	<u>35,233,829</u>	<u>86</u>	<u>33,164,591</u>	<u>85</u>
5900 Gross profit from operations	<u>5,940,981</u>	<u>14</u>	<u>5,822,325</u>	<u>15</u>
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	<u>13,582</u>	<u>-</u>	<u>37,188</u>	<u>-</u>
Total operating expenses	<u>3,366,224</u>	<u>8</u>	<u>3,131,354</u>	<u>8</u>
6900 Net operating income	<u>2,574,757</u>	<u>6</u>	<u>2,690,971</u>	<u>7</u>
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	<u>56,478</u>	<u>-</u>	<u>35,548</u>	<u>-</u>
Total non-operating income and expenses	<u>261,422</u>	<u>1</u>	<u>35,065</u>	<u>-</u>
7900 Profit from continuing operations before tax	<u>2,836,179</u>	<u>7</u>	<u>2,726,036</u>	<u>7</u>
7950 Less: Income tax expenses (note 6(l))	<u>295,984</u>	<u>1</u>	<u>368,405</u>	<u>1</u>
Net income	<u>2,540,195</u>	<u>6</u>	<u>2,357,631</u>	<u>6</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Components of other comprehensive income that will not be reclassified to profit or loss	<u>8,121</u>	<u>-</u>	<u>(3,324)</u>	<u>-</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss	<u>738,048</u>	<u>2</u>	<u>(121,554)</u>	<u>-</u>
8300 Other comprehensive income	<u>746,169</u>	<u>2</u>	<u>(124,878)</u>	<u>-</u>
8500 Total comprehensive income	<u>\$ 3,286,364</u>	<u>8</u>	<u>2,232,753</u>	<u>6</u>
Profit attributable to:				
8610 Owners of the Company	\$ 2,538,625	6	2,310,477	6
8620 Non-controlling interests	<u>1,570</u>	<u>-</u>	<u>47,154</u>	<u>-</u>
	<u>\$ 2,540,195</u>	<u>6</u>	<u>2,357,631</u>	<u>6</u>
Total comprehensive income attributable to:				
8710 Owners of the Company	\$ 3,281,616	8	2,190,959	6
8720 Non-controlling interests	<u>4,748</u>	<u>-</u>	<u>41,794</u>	<u>-</u>
	<u>\$ 3,286,364</u>	<u>8</u>	<u>2,232,753</u>	<u>6</u>
Earnings per share (NT dollars) (note 6(n))				
9750 Basic earnings per share	\$ <u>18.71</u>		<u>16.98</u>	
9850 Diluted earnings per share	\$ <u>18.39</u>		<u>16.77</u>	

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

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021
 (Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of the Company						Non-controlling interests	Total equity attributable to owners of the Company
	Common stock	Capital surplus	Legal reserve	Special reserve	Retained earnings	Other equity		
					Unappropriated retained earnings	Foreign currency translation differences for foreign operations		Total equity
							Treasury shares	
Balance at January 1, 2021	1,360,000	19,362	394,064	182,174	1,358,232	(441,087)	-	2,772,745
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	-	-	-	-	(652,200)	-	-	(652,200)
Stock dividends of ordinary share	100,800	-	-	-	(100,800)	-	-	-
Net income	-	-	-	-	2,310,477	-	-	2,310,477
Other comprehensive income	-	-	-	-	(3,324)	(116,194)	-	(119,518)
Total comprehensive income	-	-	-	-	2,307,153	(116,194)	-	2,190,959
Subsidiaries distribute cash dividends to non-controlling interests	-	-	-	-	-	-	-	(21,656)
Balance at December 31, 2021	1,360,800	19,362	502,575	441,086	2,541,962	(557,281)	-	4,308,904
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)
Net income	-	-	-	-	2,538,625	-	-	2,538,625
Other comprehensive income	-	-	-	-	8,121	734,870	-	742,991
Total comprehensive income	-	-	-	-	2,546,746	734,870	-	3,281,616
Purchase of treasury share	-	-	-	-	-	-	(201,000)	(201,000)
Changes in non-controlling interests	-	-	-	-	-	-	-	4,748
Subsidiaries distribute cash dividends to non-controlling interests	-	-	-	-	-	-	-	(10,416)
Balance at December 31, 2022	1,360,800	19,362	733,290	557,281	3,355,782	177,589	(201,000)	6,001,104
								126,470
								(21,656)
								4,308,904
								-
								(1,388,016)
								2,538,625
								1,570
								746,169
								3,286,364
								(201,000)
								2,835
								(10,416)
								126,470
								6,124,741

See accompanying notes to consolidated financial statements.

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

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

	<u>2022</u>	<u>2021</u>
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	(2,291)	(7,169)
Total changes in operating liabilities, net	<u>(587,266)</u>	<u>1,343,687</u>
Total changes in operating assets and liabilities, net	<u>1,244,614</u>	<u>(1,235,064)</u>
Total adjustments	<u>1,447,595</u>	<u>(981,208)</u>
Cash inflow generated from operations	4,283,774	1,744,828
Interest received	23,084	8,885
Dividends received	-	130
Interest paid	(16,969)	(15,545)
Income taxes paid	(504,092)	(134,107)
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>(856,202)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>682,464</u>	<u>(126,917)</u>
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>

DIMERCO EXPRESS CORPORATION

Articles of Incorporation

Chapter 1 General Provisions

Article 1: This company is incorporated in accordance with the Company Law and is named "Dimerco Express Corporation" in English and "中華行國際物流股份有限公司" in Chinese.

Article 2: The company engages in the following business activities:

- G601011 air freight forwarding.
- G402011 sea freight forwarding and transportation.
- G701011 customs clearance.
- G801010 warehousing.
- IZ06010 cargo handling and packaging.
- F401010 international trade.
- ZZ99999 in addition to permitted businesses, may engage in businesses not prohibited or restricted by law.

Article 2.1: The company may issue guarantees to external parties as required by business needs.

Article 3: The company's headquarters is located in Taipei City. Branch offices may be established domestically and internationally through resolution of the board of directors if necessary.

Article 4: The company's announcement method shall be carried out in accordance with Article 28 of the Company Act.

Article 5: The total investment amount in other companies made by this company through transfer of funds shall not exceed 40% of the company's paid-in capital.

Chapter 2 Shares

Article 6: The total capital stock of the Company is NTD 1,680,000,000, divided into 160,800,000 shares with a par value of NTD 10 per share, which shall be issued in installments by the Board of Directors. The company shall reserve NTD 50,000,000 of capital with a total of 5,000,000 shares and a par value of NTD 10 per share for the conversion of employee stock options, which shall be issued in installments by the Board of Directors.

Article 6-1: The transfer of treasury stock to employees at a price lower than the actual repurchase price, or the issuance of employee stock options and restricted stock at a price lower than the market price (book value per share), shall be resolved in the Shareholders' Meeting attended by shareholders representing more than one-half of the total shares issued and the resolution has to be approved by more than two-

thirds of the attended shareholders. The transferees of treasury stock include employees of affiliated companies who meet certain conditions.

Article 6-2: The issuance of new shares through cash capital increase, employee stock options, and restricted stocks shall include employees of affiliated companies who meet certain conditions.

Article 7: The handling of the Company's stock affairs shall be governed by the Regulations Governing the Administration of Shareholder Services of Public Companies" issued by the competent authority.

Chapter 3 Shareholders' Meeting

Article 8: The shareholders' meeting of the company is divided into two types:

1. Regular shareholders' meeting: should be convened at least once a year. The Board of Directors shall convene the meeting in accordance with the relevant law within six months after the end of each fiscal year.
2. Extraordinary shareholders' meeting: should be convened when necessary in accordance with the relevant law.

Article 9: The shareholders' meeting shall be convened by the Board of Directors, unless otherwise requested by the Company Act.

The chairman of the board shall preside over the shareholders' meeting, and if the chairman is absent, a director designated by the chairman shall act as the proxy. If no one is designated, the provisions of Article 208 of the Company Act shall apply.

Article 10: Notice of the regular shareholders' meeting shall be given to each shareholder at least 30 days in advance.
Notice of the extraordinary shareholders' meeting shall be given to each shareholder at least 15 days in advance.

Article 11: If a shareholder is unable to attend the shareholders' meeting due to circumstances, the shareholder may appoint a proxy by issuing a power of attorney issued by the Company, stating the scope of the authorization, and signing or affixing the company seal. The use of the power of attorney shall be handled in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority, unless otherwise provided by the Company Act.
When a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.

Article 12: Each shareholder of the company has one voting right per share, excluding those entitled to no right to vote as listed in Article 179 of the Company Act.

Article 13: Unless otherwise required by relevant laws and regulations, the resolution of the shareholders' meeting will be adopted if the meeting is attended by shareholders in person representing more than one half of the total issued shares of the Company

and more than one half of the attended shareholders approved by vote. If the number of attendees does not meet the above requirements, but more than one-third of the shareholders representing the total number of issued shares attend the meeting, the false resolution may still be passed with the consent of more than half of the attended shareholders. If a false resolution is passed, the shareholders shall be notified and a new shareholders' meeting shall be convened within one month. If more than one-third of the shareholders representing the total number of issued shares attend the new meeting and the resolution is passed with the consent of more than half of the attended shareholders, the resolution shall be deemed valid.

Article 14: The matters resolved by the shareholders' meeting shall be recorded in the meeting minutes, and the contents and distribution methods shall be handled in accordance with Article 183 of the Company Act.

Chapter 4: Board of Directors and Audit Committee

Article 15: The Company shall have a Board of Directors consisting of five to nine members, including at least three independent directors. The candidates for the Board of Directors shall be nominated by the nomination system, and elected from the list of candidates by the shareholders' meeting.

The term of office is three years and consecutive re-election is allowed.

The election method of the Board of Directors shall be formulated by the Board of Directors and submitted to the shareholders' meeting for approval.

The Company establishes an audit department, which shall be directly commanded by the Chairman of the Board.

Article 16: The Board of Directors shall elect a chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The Chairman of the Board shall execute all the affairs of the Company in accordance with the law, the Articles of Incorporation, the resolutions of the shareholders' meeting, and the Board of Directors. When the Chairman of the Board is on leave or unable to perform his/her duties due to any reason, he/she shall appoint one of the directors as the proxy. If no appointment is made, the directors shall elect a proxy from among themselves. When one-third of the directors' seats are vacant or all independent directors are dismissed, the Board of Directors shall convene an extraordinary shareholders' meeting to elect new directors within 60 days.

Article 17: The Board of Directors shall hold a meeting once every quarter. In case of urgent matters or upon request of the majority of directors, the Chairman of the Board may convene an extraordinary meeting, and shall serve as the chairman. The notice of the Board of Directors meeting may be delivered by email or fax.

Article 18: Unless otherwise provided by law, The Board's resolutions should be approved by a majority vote at a meeting attended by more than two-third of the Directors. In case a meeting of the board of directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

According to Article 205 of the Company Act, each director shall attend board meetings in person. If a director is unable to attend in person due to any reason, he or she may appoint another director to attend a meeting of the board of directors in

his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. but the proxy shall be limited to one person only.

According to Article 207 of the Company Act, the matters resolved by the board of directors shall be recorded in minutes, which shall state the year, month, day, place, name of the chairperson, method of resolution, summary of the proceedings, and the results of the meeting. The minutes shall be signed or stamped by the chairperson and shall be distributed to all directors within 20 days after the meeting.

The meeting minutes shall be kept together with the sign-in sheet of the attending directors and the proxy issued by the directors for attendance.

Article 19: The audit committee shall be composed of all independent directors, with no fewer than three members, one of whom shall serve as the convener, and at least one member shall possess accounting or financial expertise. The audit committee and its members shall be responsible for the exercise of the supervisory powers provided by relevant laws and regulations. Matters related to the number of members, term of office, powers, and rules of procedure of the audit committee shall be separately specified in the organization rules of the audit committee in accordance with the "Regulations Governing the Exercise of Powers by the Audit Committee of Public Companies."

Article 20: The remuneration or salary of the directors for the performance of their duties must be paid regardless of the profit or loss, and the board of directors is authorized to provide such remuneration or salary at the usual level of the same industry. The total amount of shares held by all directors of the Company shall comply with the regulations set forth in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies"

Chapter 5: Managers

Article 21: The Company shall have one General Manager who, in accordance with the resolutions of the Board of Directors, shall be responsible for the management of all business operations of the Company. The appointment and dismissal of the General Manager shall be in accordance with the provisions of Article 29 of the Company Law.

Chapter 6: Accounting

Article 22: At the end of each fiscal year, the Company shall prepare the following items and submit them to the Audit Committee for review no later than 30 days before the shareholders' meeting and then presented to the shareholders' meeting for approval:

1. Business report;
2. Financial statements;
3. Proposal for distribution of profits or allocation of losses.

Article 23: If the Company generates profits during the fiscal year (meaning pre-tax profits deducted before the payment of employee and director compensation), it shall allocate no less than 5% of the profits for employee compensation and no more than 5% for director compensation. However, if the Company has accumulated losses (including adjustments to retained earnings), it shall reserve a compensatory amount in advance.

Employee compensation in the preceding paragraph may be in the form of stock or cash, and the beneficiaries may include employees of controlling or subsidiary companies who meet certain conditions. Director compensation in the preceding

paragraph shall only be in cash.

The first two paragraphs shall be implemented by resolution of the Board of Directors and reported to the shareholders' meeting.

Article 23-1: If the Company has net profit after tax in the current fiscal year, it shall first offset the accumulated losses (including adjustments to retained earnings) and allocate 10% of the net profit to the legal reserve in accordance with the law. However, if the legal reserve has accumulated to the amount of the Company's paid-in capital, there is no need to allocate further. The Company may allocate or reverse the special reserve in accordance with laws and regulations or instructions from competent authorities. The remaining profit, together with the undistributed earnings at the beginning of the period (including adjustments to undistributed earnings), shall be proposed by the Board of Directors for distribution to shareholders' meeting by issuing new shares.

In accordance with Article 240, Paragraph 5 of the Company Act, when the Company distributes all or part of dividends and profits in cash, the Board of Directors may be authorized by the Articles of Incorporation to make such distributions by a resolution passed by two-thirds or more of the directors present and a majority of the attending directors, and report it to the shareholders' meeting. In order to maintain shareholders' investment returns and respond to the cyclical nature of the economy and build a sound financial structure for the Company, the distribution of dividends shall be based on the following considerations:

1. Meeting the Company's future needs for expanding its operations;
2. Maintaining a stable level of earnings per share for the Company;
3. Considering the Company's cash flow and operating profit situation.

The Company is currently in a growth phase and has plans for expanding its business operations and the need for funding in the coming years. When distributing profits, the cash distribution of shareholder dividends shall be no less than 10%.

Article 24: Matters not covered in this Articles of Incorporation shall be handled in accordance with the Company Act and relevant laws and regulations.

Article 25: This charter was established with the unanimous agreement of all initiators on June 18, 1985.

The first amendment was made on May 11, 1994.

The second amendment was made on August 15, 1994.

The third amendment was made on July 31, 1997.

The fourth amendment was made on October 29, 1997.

The fifth amendment was made on March 9, 1998.

The sixth amendment was made on May 20, 1999.

The seventh amendment was made on November 30, 1999.

The eighth amendment was made on May 29, 2000.

The ninth amendment was made on June 8, 2001.

The tenth amendment was made on June 14, 2002.

The eleventh amendment was made on June 13, 2003.

The twelfth amendment was made on June 11, 2004.

The thirteenth amendment was made on June 16, 2005.

The fourteenth amendment was made on June 23, 2006.

The fifteenth amendment was made on June 20, 2008.

The sixteenth amendment was made on June 8, 2010.

The seventeenth amendment was made on June 16, 2011.
The eighteenth amendment was made on June 12, 2012.
The nineteenth amendment was made on June 11, 2014.
The twentieth amendment was made on December 29, 2014.
The twenty-first amendment was made on June 8, 2016.
The twenty-second amendment was made on June 9, 2020.
The twenty-third amendment was made on July 8, 2021.
The twenty-fourth amendment was made on June 8, 2022

DIMERCO EXPRESS CORPORATION

Rules of Shareholders' Meeting

1. The Shareholders' Meeting of The Company shall be conducted in accordance with these rules.
2. Shareholders (or their proxies) attending the meeting shall wear their attendance certificate. The number of shares they hold shall be calculated based on the sign-in card submitted.
3. The Chairman shall declare the meeting open when more than half of the shareholders who represent more than one-half of the total number of issued shares are present. If the meeting fails to meet the statutory quorum within the designated time, the Chairman may announce a two-time extension (the first extension should be 20 minutes, and the second should be 10 minutes). If the quorum is still not met but shareholders who represent one-third or more of the total number of issued shares are present, the Chairman may proceed with a "tentative resolution" in accordance with Article 175 of the Company Act.

When the above resolution is carried out, if the number of shares represented by the attending shareholders has reached the statutory quorum, the Chairman may immediately declare the meeting officially open and submit the "tentative resolution" for approval by the meeting.
4. The agenda of the shareholders' meeting shall be formulated by the Board of Directors and distributed to attending shareholders or their proxies.
5. The Chairman may announce breaks during the meeting at his discretion.
6. When a shareholder speaks, he/she shall fill in the speaker's card with his/her attendance card number and name, and the Chairman shall determine the order of speeches.
7. When discussing agenda items, they shall be discussed in the order listed in the agenda. If any procedure is violated or if the discussion goes beyond the scope of the agenda, the Chairman may immediately stop the speaker.
8. When a shareholder speaks, the time shall not exceed five minutes. However, with the Chairman's permission, it may be extended for three minutes. The Chairman may stop the speaker if the time limit is exceeded.
9. Each person shall speak no more than twice on the same agenda item.
10. When discussing agenda items, the Chairman may announce the end of the discussion at an appropriate time and may suspend the discussion if necessary. The Chairman shall then proceed to a vote.
11. Except for special resolutions as stipulated by the Company Act, the approval of proposals shall be based on the consent of the voting rights of more than half of the attending shareholders. During the voting process, if the chairman has consulted and received no objections, it shall be deemed as approved, and its effectiveness is the same as that of the voting.

If a shareholder entrusts a proxy to attend the shareholders' meeting and one person is entrusted by two or more shareholders at the same time, the voting rights of the proxy shall not exceed 3% of the total voting rights of the issued shares. If exceeded, the excess voting rights shall not be counted.

If a shareholder has a conflict of interest with the matters discussed at the meeting, which may harm the interests of the company, the shareholder shall not participate in the voting and shall not act as a proxy for other shareholders to exercise their

voting rights.

12. Matters not provided for in these rules shall be handled in accordance with the Company Act and other relevant laws and regulations.
13. These rules shall be implemented after being passed by the shareholders' meeting, and the same applies to amendments.

DIMERCO EXPRESS CORPORATION

SHAREHOLDINGS OF ALL DIRECTORS

Record Date: April 7, 2023

Title	Name	Shareholding
Chairman	Paul Chien	5,042,085
Director	Wendy Chien	1,756,821
Director	MEC ELECTRONICS CORPORATION Representative: Robert Yang	7,279,243
Director	Chester Chuan	450,352
Independent Director	Bill Chien	0
Independent Director	Patrick Yeung	0
Independent Director	Chou Kuo Hsing	0
Total		14,528,501

Note:

All directors collectively own shares that have reached the statutory percentage as stipulated in Article 2 of the 'Regulations Governing the Shareholding Percentage of Directors and Supervisors of Publicly Issued Companies and the Implementation of Audit.' The minimum number of shares that all directors must hold by law is 8,164,800 shares.



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