

**DIMERCO EXPRESS CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2022 and 2021**

**Address: 11F, No. 160, Sec. 6, Min Chuan East Road, Taipei,
Taiwan, R.O.C.**

Telephone: (02)2796-3660

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

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安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web home.kpmg/tw

Independent Auditors' Review Report

To the Board of Directors of
Dimerco Express Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Dimerco Express Corporation and its subsidiaries (the Group) as of June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2022 and 2021, as well as the changes in equity and cash flows for the six months ended June 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflected the total assets amounting to \$2,425,103 thousand and \$1,923,692 thousand, constituting 21% and 25% of consolidated total assets; and the total liabilities amounting to \$496,060 thousand and \$663,964 thousand, constituting 8% and 14% of the consolidated total liabilities at June 30, 2022 and 2021, respectively; as well as the total comprehensive income (loss) amounting to \$472,190 thousand, \$146,175 thousand, \$567,626 thousand and \$246,086 thousand, constituting 38%, 32%, 27% and 30% of the consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2022 and 2021, respectively.

Furthermore, as stated in Note 6(d), the other equity accounted investments of the Group in its investee companies of \$264,319 thousand and \$226,142 thousand at June 30, 2022 and 2021, respectively, and its equity in net earnings on these investee companies of \$18,197 thousand, \$6,362 thousand, \$28,090 thousand and \$12,503 thousand for the three months and six months ended June 30, 2022 and 2021, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews and the review report of other auditors (please refer to Other Matter paragraph), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Dimerco Express Corporation and its subsidiaries as of June 30, 2022 and 2021, and of its consolidated financial performance for the three months and six months ended June 30, 2022 and 2021, as well as its consolidated cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of Dimerco Air Forwarders (HK) Ltd., a subsidiary of the Group. Those financial statements were reviewed by another auditor, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for Dimerco Air Forwarders (HK) Ltd., is based solely on the review report of another auditor. The financial statements of Dimerco Air Forwarders (HK) Ltd. reflected total assets amounting to \$635,683 thousand and \$569,834 thousand, constituting 5% and 7% of consolidated total assets at June 30, 2022 and 2021, respectively, and total revenues amounting to \$558,994 thousand, \$396,463 thousand, \$982,934 thousand and \$716,055 thousand, constituting 5%, 5%, 4% and 5% of consolidated total revenues for the three months and six months ended June 30, 2022 and 2021.

The engagement partners on the review resulting in this independent auditors’ report are Chun-I Chang and Chun-Hsiu Kuang.

KPMG

Taipei, Taiwan (Republic of China)
August 9, 2022

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of June 30, 2022 and 2021

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2022, December 31, and June 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

		<u>June 30, 2022</u>		<u>December 31, 2021</u>		<u>June 30, 2021</u>				<u>June 30, 2022</u>		<u>December 31, 2021</u>		<u>June 30, 2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
	Assets								Liabilities and Equity						
	Current assets:								Current liabilities:						
1100	Cash and cash equivalents (note 6(a))	\$ 5,611,384	48	3,438,978	35	3,181,185	41	2100	Short-term borrowings (notes 6(f), (i) and 8)	\$ 658,567	6	676,592	7	691,592	9
1110	Financial assets at fair value through profit or loss —							2150	Notes payable	27,272	-	42,310	-	29,289	-
	current(note 6(b))	-	-	-	-	82,901	1	2170	Accounts payable (note 7)	3,314,572	28	3,500,904	37	2,593,042	33
1150	Notes receivable, net (note 6(c))	33,755	-	25,919	-	13,067	-	2216	Dividends payable (note 6(m))	1,393,711	12	5,695	-	657,548	8
1170	Accounts receivable, net (notes 6(c) and 7)	4,286,299	37	4,587,395	47	2,991,905	38	2219	Other payables (note 6(p))	380,267	3	298,355	3	172,904	2
1470	Other current assets (notes 6(i), 8 and 9)	385,576	3	446,950	5	274,738	4	2230	Income tax payable	278,655	2	309,422	3	142,419	2
	Total current assets	<u>10,317,014</u>	<u>88</u>	<u>8,499,242</u>	<u>87</u>	<u>6,543,796</u>	<u>84</u>	2280	Current lease liabilities (note 6(j))	157,496	2	136,893	2	153,123	2
	Non-current assets:							2399	Other current liabilities	110,705	1	137,816	1	143,472	2
1517	Financial assets at fair value through other comprehensive								Total current liabilities	<u>6,321,245</u>	<u>54</u>	<u>5,107,987</u>	<u>53</u>	<u>4,583,389</u>	<u>58</u>
	income — non-current	445	-	442	-	443	-		Non-Current liabilities:						
1551	Investments accounted for using the equity method (note 6(d))	264,319	2	236,889	3	226,142	3	2570	Deferred income tax liabilities	184	-	184	-	198	-
1600	Property, plant and equipment (notes 6(c), (f), (i), 8 and 9)	552,176	5	544,456	6	550,150	7	2580	Non-current lease liabilities (note 6(j))	131,403	2	133,127	1	165,079	3
1755	Right-of-use assets (note 6(g))	324,472	3	298,555	3	337,945	4	2640	Net defined benefit liabilities	15,812	-	18,904	-	16,168	-
1822	Intangible assets (notes 6(e) and (h))	73,351	1	33,068	-	33,312	1	2670	Other non-current liabilities	37,643	-	51,391	1	15,932	-
1840	Deferred income tax assets	29,644	-	27,820	-	30,954	-		Total non-current liabilities	<u>185,042</u>	<u>2</u>	<u>203,606</u>	<u>2</u>	<u>197,377</u>	<u>3</u>
1920	Refundable deposits	98,223	1	76,437	1	72,942	1		Total liabilities	<u>6,506,287</u>	<u>56</u>	<u>5,311,593</u>	<u>55</u>	<u>4,780,766</u>	<u>61</u>
1990	Other non-current assets (notes 6(c), (i), 8 and 9)	8,592	-	29,658	-	12,538	-		Equity attributable to owners of the Company (notes 6(d), (e) and (m)):						
	Total non-current assets	<u>1,351,222</u>	<u>12</u>	<u>1,247,325</u>	<u>13</u>	<u>1,264,426</u>	<u>16</u>	3110	Common stock	1,360,800	11	1,360,800	14	1,260,000	16
								3200	Capital surplus	19,362	-	19,362	-	19,362	-
								33xx	Retained earnings:						
								3310	Legal reserve	733,290	6	502,575	5	394,064	5
								3320	Special reserve	557,281	5	441,086	5	182,174	3
								3350	Unappropriated retained earnings	2,430,513	21	2,541,962	26	1,564,245	20
										<u>3,721,084</u>	<u>32</u>	<u>3,485,623</u>	<u>36</u>	<u>2,140,483</u>	<u>28</u>
								34xx	Other equity:						
								3410	Foreign currency translation differences for foreign						
									operations	(99,072)	-	(557,281)	(6)	(485,947)	(6)
									Total equity attributable to owners of the Company	<u>5,002,174</u>	<u>43</u>	<u>4,308,504</u>	<u>44</u>	<u>2,933,898</u>	<u>38</u>
								36xx	Non-controlling interests	<u>159,775</u>	<u>1</u>	<u>126,470</u>	<u>1</u>	<u>93,558</u>	<u>1</u>
									Total equity	<u>5,161,949</u>	<u>44</u>	<u>4,434,974</u>	<u>45</u>	<u>3,027,456</u>	<u>39</u>
1xxx	Total assets	<u>\$ 11,668,236</u>	<u>100</u>	<u>9,746,567</u>	<u>100</u>	<u>7,808,222</u>	<u>100</u>	2-3xxx	Total liabilities and equity	<u>\$ 11,668,236</u>	<u>100</u>	<u>9,746,567</u>	<u>100</u>	<u>7,808,222</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2022 and 2021

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

	For the three months ended June 30				For the six months ended June 30				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (notes 6(o) and 7)								
	\$ 11,555,939	100	8,581,746	100	22,936,868	100	15,562,813	100	
5000	Operating costs (notes 6(f) and (k))								
	9,919,721	86	7,388,658	86	19,728,562	86	13,412,866	86	
5900	Gross profit from operations								
	1,636,218	14	1,193,088	14	3,208,306	14	2,149,947	14	
6000	Operating expenses (notes 6(c), (f), (g), (h), (j), (k), (p) and 7):								
6100	Selling expenses	171,430	1	151,893	2	374,075	2	331,006	2
6200	Administrative expenses	478,171	4	422,841	5	1,049,937	5	819,206	6
6450	Expected credit loss for bad debt expense	(1,477)	-	(1,483)	-	39,590	-	20,082	-
	Total operating expenses	648,124	5	573,251	7	1,463,602	7	1,170,294	8
6900	Net operating income								
	988,094	9	619,837	7	1,744,704	7	979,653	6	
7000	Non-operating income and expenses (notes 6(d), (f), (g), (j) and (q)):								
7100	Interest income	4,054	-	1,814	-	6,063	-	3,677	-
7010	Other income	7,526	-	4,935	-	12,394	-	10,705	-
7020	Other gains and losses	113,896	1	(1,594)	-	132,525	1	881	-
7050	Finance costs	(3,644)	-	(3,954)	-	(8,320)	-	(9,007)	-
7060	Share of profit of associates accounted for using the equity method	18,197	-	6,362	-	28,090	-	12,503	-
	Total non-operating income and expenses	140,029	1	7,563	-	170,752	1	18,759	-
7900	Profit from continuing operations before tax								
	1,128,123	10	627,400	7	1,915,456	8	998,412	6	
7950	Less: Income tax expenses (note 6(l))								
	111,607	1	60,396	1	257,479	1	124,647	1	
	Net income	1,016,516	9	567,004	6	1,657,977	7	873,765	5
8300	Other comprehensive income:								
8360	Components of other comprehensive income that will be reclassified to profit or loss(note 6(d))								
8361	Exchange differences on translation of foreign financial statements	228,196	2	(106,836)	(1)	458,044	2	(48,530)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	228,196	2	(106,836)	(1)	458,044	2	(48,530)	-
8300	Other comprehensive income								
	228,196	2	(106,836)	(1)	458,044	2	(48,530)	-	
8500	Total comprehensive income								
	\$ 1,244,712	11	460,168	5	2,116,021	9	825,235	5	
	Profit attributable to:								
8610	Owners of the Company	\$ 1,006,012	9	561,166	6	1,623,477	7	861,213	5
8620	Non-controlling interests	10,504	-	5,838	-	34,500	-	12,552	-
	\$ 1,016,516	9	567,004	6	1,657,977	7	873,765	5	
	Total comprehensive income attributable to:								
8710	Owners of the Company	\$ 1,238,155	11	456,751	5	2,081,686	9	816,353	5
8720	Non-controlling interests	6,557	-	3,417	-	34,335	-	8,882	-
	\$ 1,244,712	11	460,168	5	2,116,021	9	825,235	5	
	Earnings per share (NT dollars) (note 6(n))								
9750	Basic earnings per share	\$ 7.39		4.12		11.93		6.33	
9850	Diluted earnings per share	\$ 7.31		4.11		11.75		6.28	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the six months ended June 30, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of the Company

	Retained earnings					Total	Other equity Foreign currency translation differences for foreign operations	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings					
Balance at January 1, 2021	\$ 1,260,000	19,362	394,064	182,174	1,358,232	1,934,470	(441,087)	2,772,745	106,332	2,879,077
Appropriation and distribution of retained earnings:										
Cash dividends of ordinary share	-	-	-	-	(655,200)	(655,200)	-	(655,200)	-	(655,200)
Net income	-	-	-	-	861,213	861,213	-	861,213	12,552	873,765
Other comprehensive income	-	-	-	-	-	-	(44,860)	(44,860)	(3,670)	(48,530)
Total comprehensive income	-	-	-	-	861,213	861,213	(44,860)	816,353	8,882	825,235
Subsidiaries distribute cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	(21,656)	(21,656)
Balance at June 30, 2021	\$ 1,260,000	19,362	394,064	182,174	1,564,245	2,140,483	(485,947)	2,933,898	93,558	3,027,456
Balance at January 1, 2022	\$ 1,360,800	19,362	502,575	441,086	2,541,962	3,485,623	(557,281)	4,308,504	126,470	4,434,974
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	230,715	-	(230,715)	-	-	-	-	-
Special reserve appropriated	-	-	-	116,195	(116,195)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,388,016)	(1,388,016)	-	(1,388,016)	-	(1,388,016)
Net income	-	-	-	-	1,623,477	1,623,477	-	1,623,477	34,500	1,657,977
Other comprehensive income	-	-	-	-	-	-	458,209	458,209	(165)	458,044
Total comprehensive income	-	-	-	-	1,623,477	1,623,477	458,209	2,081,686	34,335	2,116,021
Changes in non-controlling interests	-	-	-	-	-	-	-	-	2,835	2,835
Subsidiaries distribute cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	(3,865)	(3,865)
Balance at June 30, 2022	\$ 1,360,800	19,362	733,290	557,281	2,430,513	3,721,084	(99,072)	5,002,174	159,775	5,161,949

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2022	2021
Cash flows from (used in) operating activities:		
Net income before tax	\$ 1,915,456	998,412
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation expense	113,742	118,975
Amortization expense	1,679	147
Expected credit losses	39,590	20,082
Net gain on financial assets or liabilities at fair value through profit or loss	-	(449)
Interest expense	8,320	9,007
Interest income	(6,063)	(3,677)
Dividend income	(78)	-
Share of profit of associates accounted for using the equity method	(28,090)	(12,503)
Loss (gain) on disposal of property, plant and equipment	16	(564)
Loss on disposal of investments accounted for using equity method	-	21
Unrealized foreign exchange loss	-	12,490
Gain on lease modification	(15)	(236)
Total adjustments to reconcile profit and loss	<u>129,101</u>	<u>143,293</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Notes receivable	(7,836)	(5,783)
Accounts receivable (including overdue receivables)	272,314	(730,497)
Other current assets	63,145	(44,918)
Total changes in operating assets, net	<u>327,623</u>	<u>(781,198)</u>
Net changes in operating liabilities:		
Notes payable	(15,038)	(1,013)
Accounts payable	(193,029)	359,525
Other payables	81,912	(49,564)
Other current liabilities	(27,531)	1,230
Net defined benefit liabilities	(3,092)	(6,581)
Total changes in operating liabilities, net	<u>(156,778)</u>	<u>303,597</u>
Total changes in operating assets and liabilities, net	<u>170,845</u>	<u>(477,601)</u>
Total adjustments	<u>299,946</u>	<u>(334,308)</u>
Cash inflow generated from operations	2,215,402	664,104
Interest received	6,063	3,677
Interest paid	(8,320)	(9,007)
Income taxes paid	(290,070)	(60,472)
Net cash flows from operating activities	<u>1,923,075</u>	<u>598,302</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	-	(142,026)
Proceeds from disposal of financial assets at fair value through profit or loss	-	59,573
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	(8,395)	(12,271)
Proceeds from disposal of property, plant and equipment	-	595
Decrease (increase) in refundable deposits	(21,786)	2,899
Acquisition of intangible assets	(121)	-
Decrease (increase) in other non-current assets	2,248	(3,893)
Dividends received	78	-
Net cash used in investing activities	<u>(50,783)</u>	<u>(94,748)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	1,012,025	1,077,050
Decrease in short-term borrowings	(1,030,050)	(1,086,050)
Payment of lease liabilities	(92,345)	(95,622)
Decrease in other non-current liabilities	(13,748)	(1,281)
Cash dividends paid	-	(2,470)
Subsidiary distribute cash dividends to non-controlling interests	(3,865)	(21,656)
Net cash used in financing activities	<u>(127,983)</u>	<u>(130,029)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>428,097</u>	<u>(48,530)</u>
Net increase in cash and cash equivalents	2,172,406	324,995
Cash and cash equivalents at beginning of period	3,438,978	2,856,190
Cash and cash equivalents at end of period	<u>\$ 5,611,384</u>	<u>3,181,185</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

DIMERCO EXPRESS CORPORATION (DIMITW or the Company) (originally named Dimerco Express (Taiwan) Corporation, changed in June 2012) was incorporated in August 1985 as a company limited by shares under the laws of the Republic of China (ROC). The consolidated financial statements comprise DIMITW and its subsidiaries (together referred to as the "Group"). The Group is primarily engaged in the business of air freight forwarding, ocean freight forwarding, and customs brokerage service, and related investing activities.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were reported to the Board of Directors and issued on August 9, 2022.

(3) New standards, amendments and interpretations adopted:

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

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

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

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

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

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

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

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

The Group does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

(4) Summary of significant accounting policies

Except for the following, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as the Regulations) and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC, and do not present all the disclosures required for a complete set of annual consolidated financial statements prepared in accordance with the International Financial Reporting Standards, International Accounting Statements, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC).

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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(b) Basis of consolidation

The principles of preparation of the consolidated financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2021.

Subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Primary business	Shareholding			Remarks
			June 30, 2022	December 31, 2021	June 30, 2021	
The Company	Dimerco International Logistic Corp. (DIL)	Holding company	100.00 %	100.00 %	100.00 %	
The Company	Dimerco Express Holding Co., Ltd. (Holding)	Holding company	100.00 %	100.00 %	100.00 %	
The Company	Dimerco Freight System Corporation (DFSTW)	Global logistics service	99.99 %	99.99 %	99.99 %	Note 4
The Company	Dimerco Express (Singapore) Pte Ltd. (DIMSG)	Global logistics service	86.11 %	86.11 %	86.11 %	Note 4
The Company	Foreign Settlement Co., Ltd. (FSC)	Settlement center	20.00 %	20.00 %	20.00 %	
The Company	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	15.00 %	15.00 %	15.00 %	
The Company	Diversified International Logistics Co., Ltd (DILTW)	Global Logistics service	80.00 %	80.00 %	80.00 %	Note 4
DIMHK	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	35.00 %	35.00 %	35.00 %	
DIMHK	Foreign Settlement Co., Ltd. (FSC)	Settlement center	60.00 %	60.00 %	60.00 %	
DIMHK	Dimerco International Logistics (Shanghai) Co., Ltd. (DILSHA)	Global logistics service	99.99 %	99.99 %	99.99 %	Note 4
DIMHK	Dimerco International Transportation (Shanghai) Co., Ltd. (DIMCN)	Global logistics service	100.00 %	100.00 %	100.00 %	
DIMHK	Dimerco International Logistics (Shenzhen) Co., Ltd. (DILSZX)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 4
DIMHK	Dimerco Zhonging Int'l Express Co., Ltd. (ZJDCN)	Global logistics service	75.00 %	75.00 %	75.00 %	
DIMHK	Dimerco Vietfracht (JV) Co., Ltd. (DIMVN)	Global logistics service	75.00 %	75.00 %	75.00 %	Note 4
DFSHK	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	35.00 %	35.00 %	35.00 %	
DFSHK	Diversified International Transportation (Shanghai) Co., Ltd. (DFSCN)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 5
DFSTW	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	15.00 %	15.00 %	15.00 %	
DFSTW	Diversified International Logistics Co., Ltd (DILTW)	Global Logistics service	20.00 %	20.00 %	20.00 %	Note 4
DIMSG	Dimerco Express (India) Pte Ltd. (DIMIN)	Global logistics service	60.00 %	60.00 %	60.00 %	Note 4
DIMSG	Foreign Settlement Co., Ltd. (FSC)	Settlement center	20.00 %	20.00 %	20.00 %	

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Name of investor	Name of subsidiary	Primary business	Shareholding			Remarks
			June 30, 2022	December 31, 2021	June 30, 2021	
DIL	Dimerco Air Forwarders (HK) Ltd. (DIMHK)	Global logistics service	99.99 %	99.99 %	99.99 %	
DIL	Dimerco Express (Singapore) Pte Ltd. (DIMSG)	Global logistics service	13.89 %	13.89 %	13.89 %	Note 4
DIL	Dimerco Express (UK) Ltd. (DIMGB)	Global logistics service	37.50 %	37.50 %	37.50 %	Note 4
DIL	Dimerco Express (U.S.A.) Corp. (DIMUS)	Global logistics service	100.00 %	100.00 %	100.00 %	
DIL	Global Marketing System Co., Ltd. (GMS)	Global logistics service	100.00 %	100.00 %	100.00 %	
FSCHK	Dimerco Express (UK) Ltd (DIMGB)	Global logistics services	62.50 %	62.50 %	62.50 %	Note 4
FSCHK	Diversified (Shenzhen) International Logistics Service Co., Ltd. (DILYTN)	Global logistics services	50.00 %	50.00 %	50.00 %	Note 4
GMS	Dimerco Express Phil. Inc (DIMPH)	Global logistics services	60.01 %	60.01 %	60.01 %	Note 4
GMS	Diversified International Logistics Service Company Ltd.	Global logistics services	100.00 %	100.00 %	100.00 %	Note 4
GMS	Diversified Freight System (Singapore) Pte. Ltd. (DFSSG)	Global logistics services	100.00 %	100.00 %	100.00 %	Note 4
GMS	Dimerco International Logistics Company (DILHK)	Global logistics services	100.00 %	100.00 %	100.00 %	Note 4
GMS	Diversified (Shenzhen) International Logistics Service Co., Ltd. (DILYTN)	Global logistics services	50.00 %	50.00 %	50.00 %	Note 4
Holding	Dimerco Logistics Sdn Bhd. (DILMY)	Global logistics service	- %	- %	49.00 %	Note 1
Holding	Dimerco Express (Thailand) Corp. Ltd. (DIMTH)	Global logistics service	48.99 %	48.99 %	48.99 %	Notes 2 and 4
Holding	Dimerco Express Phils. Inc. (DIMPH)	Global logistics service	39.99 %	39.99 %	39.99 %	Note 4
Holding	Dimerco Express (Australia) Pty Ltd. (DIMAU)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 4
Holding	Dimerco Express (Korea) Corp. (DIMKR)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 4
Holding	Dimerco Express (Canada) Corp. (DIMCA)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 4
Holding	Diversified International Service Logistics System Corporation (DSLUS)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 4
Holding	Dimerco Express (Malaysia) Sdn. Bhd. (DIMMY)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 4
Holding	Dimerco Express Netherlands B.V. (DIMNL)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 4
Holding	Diversified Freight System Ltd. (DFSHK)	Global logistics service	99.99 %	99.99 %	99.99 %	Note 4
Holding	Diversified Transportation (HK & China) Co., Ltd. (DTLHK)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 4
DTLHK	Diversified Transportation (China) Co., Ltd. (DTLCN)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 4
DIMUS	Dimerco Customs Brokerage Co. Ltd. (DCBUS)	Brokerage service	100.00 %	100.00 %	100.00 %	Note 4
DIMUS	B.C. Logistics, LLC	Global logistics service	85.00 %	- %	- %	Notes 3 and 4

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Primary business	Shareholding			Remarks
			June 30, 2022	December 31, 2021	June 30, 2021	
DIMMY	Danau Muhibbah Sdn.Bhd	Real estate investment	- %	- %	100.00 %	Note 1
DIMPH	Peerless Express Forwarders Corp.	Global logistics service	39.99 %	39.99 %	39.99 %	Notes 2 and 4
DILHK	Diversified International Logistics Pte Ltd (DILSG)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 4

Note 1: The subsidiary has been liquidated in 2021.

Note 2: The Group owns less than 50% of the subsidiaries' voting stock, but the Group has control over the subsidiaries' financial and operating policies through agreement with other investors. Therefore, the Group includes the subsidiaries in the consolidated financial statements.

Note 3: The subsidiary has been acquired in 2022; Please refer to note 6(e).

Note 4: It is a non-significant subsidiary, and its financial statements have not been reviewed.

Note 5: It is a non-significant subsidiary, and its financial statements as of June 30, 2022 have been reviewed. Its financial statements as of June 30, 2021 have not been reviewed.

(c) **Business combination**

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

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

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

(d) **Intangible assets**

(i) **Recognition and measurement**

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

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

(ii) **Subsequent expenditure**

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

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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(iii) Amortization

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

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

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

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

(e) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year to date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time event.

(f) Income tax

The income tax expenses have been measured and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expense for the period is best estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as current tax expense.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at the time of realization or liquidation, and recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the interim consolidated financial statements is in conformity with IAS 34 “Interim Financial Reporting” endorsed by FSC. The standard requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with note 5 of the consolidated financial statement for the year ended December 31, 2021.

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2021. Please refer to Note 6 of the 2021 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Cash on hand	\$ 4,422	4,260	4,319
Checking accounts and savings deposits	5,153,222	3,113,565	2,990,553
Time deposits	<u>453,740</u>	<u>321,153</u>	<u>186,313</u>
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 5,611,384</u>	<u>3,438,978</u>	<u>3,181,185</u>

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

(b) Financial assets at fair value through profit or loss

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets — financial products	<u>\$ -</u>	<u>-</u>	<u>82,901</u>

(c) Notes and accounts receivable

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Notes receivable	\$ 33,755	25,919	13,067
Accounts receivable	4,427,410	4,692,243	3,082,722
Overdue receivable	8,005	4,678	1,603
Less: Loss allowance — accounts receivable	141,111	104,848	90,817
Loss allowance — overdue receivable	<u>8,005</u>	<u>4,678</u>	<u>1,603</u>
	<u>\$ 4,320,054</u>	<u>4,613,314</u>	<u>3,004,972</u>

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision was determined as follows:

	June 30, 2022		
	Gross carrying amount	Weighted- average expected credit loss rate	Loss allowance provision
Current	\$ 3,965,540	0%	-
1 to 30 days past due	372,101	9%	32,380
31 to 60 days past due	77,861	81%	63,068
61 to 90 days past due	37,243	100%	37,243
91 to 365 days past due	11,867	100%	11,867
More than 365 days	4,558	100%	4,558
	<u>\$ 4,469,170</u>		<u>149,116</u>
	December 31, 2021		
	Gross carrying amount	Weighted- average expected credit loss rate	Loss allowance provision
Current	\$ 4,247,744	0%	-
1 to 30 days past due	403,687	12%	49,552
31 to 60 days past due	60,184	81%	48,749
61 to 90 days past due	6,633	100%	6,633
91 to 365 days past due	1,607	100%	1,607
More than 365 days	2,985	100%	2,985
	<u>\$ 4,722,840</u>		<u>109,526</u>
	June 30, 2021		
	Gross carrying amount	Weighted- average expected credit loss rate	Loss allowance provision
Current	\$ 2,767,915	0%	-
1 to 30 days past due	292,686	20%	58,772
31 to 60 days past due	16,541	81%	13,398
61 to 90 days past due	6,247	100%	6,247
91 to 365 days past due	2,591	100%	2,591
More than 365 days	11,412	100%	11,412
	<u>\$ 3,097,392</u>		<u>92,420</u>

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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The movement in the allowance for accounts receivable and notes receivables was as follows:

	For the six months ended June 30	
	2022	2021
Balance at January 1	\$ 109,526	72,338
Impairment losses recognized	39,590	20,082
Balance at June 30	<u>\$ 149,116</u>	<u>92,420</u>

(d) Investments accounted for using the equity method

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

	June 30, 2022	December 31, 2021	June 30, 2021
Associates	<u>\$ 264,319</u>	<u>236,889</u>	<u>226,142</u>

(i) Associates

1) The details of significant associate were as follows:

Name of associate	Relationship with the Group	Main operating location / country of registration	Proportion of equity and voting rights		
			June 30, 2022	December 31, 2021	June 30, 2021
ITG Air & Sea GmbH	Global air and ocean freight forwarder	Germany	25.00 %	25.00 %	25.00 %

A summary of the financial information of the significant associate was as follows:

Summary of financial information of ITG Air & Sea GmbH

	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 1,251,798	1,065,828	965,128
Non-current assets	82,773	88,923	98,299
Current liabilities	(869,105)	(778,586)	(719,178)
Non-current liabilities	(32,378)	(39,569)	(41,352)
Net assets	<u>\$ 433,088</u>	<u>336,596</u>	<u>302,897</u>
The Group's share of net assets	<u>\$ 108,272</u>	<u>84,149</u>	<u>75,724</u>

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Revenue	\$ 1,168,066	974,305	2,255,480	1,885,209
Profit from continuing operations	\$ 65,552	20,127	100,338	40,931
Other comprehensive income	-	-	-	-
Profit and total comprehensive income	\$ 65,552	20,127	100,338	40,931
The Group's share of profit and total comprehensive income	\$ 16,388	5,032	25,085	10,233

	For the six months ended June 30	
	2022	2021
Beginning balance of the equity of the associate attributable to the Group	\$ 84,149	68,321
Total comprehensive income (loss) of the associate attributable to the Group	25,085	10,233
Exchange difference	(962)	(2,830)
Share of net assets of associates as of June 30	108,272	75,724
Add : Goodwill	129,692	129,692
Ending balance of the equity of the associate attributable to the Group	\$ 237,964	205,416

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

	June 30, 2022	December 31, 2021	June 30, 2021
	Carrying amount of individually insignificant associates' equity	\$ 26,355	23,048

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Attributable to the Group:				
Profit from continuing operations	\$ 1,809	1,331	3,005	2,270
Other comprehensive income	-	-	-	-
Total comprehensive income	\$ 1,809	1,331	3,005	2,270

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(ii) Collateral

As of June 30, 2022, December 31 and June 30, 2021, the Group did not provide any investment accounted for using the equity method as collaterals for its loans.

(iii) The unreviewed financial statements of investments accounted for using the equity method

The above investments were accounted for by using the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(e) Acquisition of subsidiary and non-controlling interests

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

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

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

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

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

The fair value of intangible assets (include trademarks and customer relationships) of \$16,604 thousand has been determined provisionally pending completion of an independent valuation. If there is information discovered within one year from the acquisition date about facts and circumstances that existed at the acquisition date which leads to an adjustment to the above provisional values, or any additional provisions as at the acquisition date, then the acquisition accounting will be revised.

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(iii) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

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

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

(f) Property, plant and equipment

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

	Land	Buildings	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
Cost or deemed cost:							
Balance at January 1, 2022	\$ 182,377	512,510	35,226	140,175	58,123	51,628	980,039
Acquisition of subsidiary	-	-	1,986	1,193	-	12,780	15,959
Additions	-	-	-	6,194	716	1,485	8,395
Disposals	-	-	-	(929)	-	(9,598)	(10,527)
Effect of changes in exchange rates	1,903	23,537	1,705	2,857	2,488	3,076	35,566
Balance at June 30, 2022	\$ 184,280	536,047	38,917	149,490	61,327	59,371	1,029,432
Balance at January 1, 2021	\$ 182,787	520,506	31,619	141,310	56,139	53,171	985,532
Additions	-	-	-	5,811	5,746	714	12,271
Disposals	-	-	(476)	(447)	-	-	(923)
Effect of changes in exchange rates	(192)	(4,468)	(357)	(779)	(2,825)	(1,482)	(10,103)
Balance at June 30, 2021	\$ 182,595	516,038	30,786	145,895	59,060	52,403	986,777
Depreciation and impairment loss:							
Balance at January 1, 2022	\$ -	200,636	25,648	117,063	45,993	46,243	435,583
Acquisition of subsidiary	-	-	1,441	947	-	12,608	14,996
Depreciation	-	7,945	2,037	5,273	3,822	1,387	20,464
Disposals	-	-	-	(914)	-	(9,597)	(10,511)
Reclassification	-	-	-	400	266	(666)	-
Effect of changes in exchange rates	-	9,174	1,278	2,478	1,822	1,972	16,724
Balance at June 30, 2022	\$ -	217,755	30,404	125,247	51,903	51,947	477,256
Balance at January 1, 2021	\$ -	188,659	22,949	120,819	44,670	46,664	423,761
Depreciation	-	7,105	1,505	4,823	3,302	1,612	18,347
Disposals	-	-	(476)	(416)	-	-	(892)
Effect of changes in exchange rates	-	(1,185)	(319)	(618)	(1,326)	(1,141)	(4,589)
Balance at June 30, 2021	\$ -	194,579	23,659	124,608	46,646	47,135	436,627
Carrying value:							
January 1, 2022	\$ 182,377	311,874	9,578	23,112	12,130	5,385	544,456
June 30, 2022	\$ 184,280	318,292	8,513	24,243	9,424	7,424	552,176
June 30, 2021	\$ 182,595	321,459	7,127	21,287	12,414	5,268	550,150

As of June 30, 2022, December 31 and June 30, 2021, the property, plant and equipment of the Group had been pledged as collateral for short-term borrowings; please refer to note 8.

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(g) Right-of-use assets

The Group leases its assets including land, offices, warehouse, transportation equipment and other equipment. Information about leases for which the Group as a lessee was presented below:

	Land	Building	Transportation equipment	Other equipment	Total
Cost:					
Balance at January 1, 2022	\$ 43,270	487,307	40,860	103,782	675,219
Additions	-	73,824	7,148	24,784	105,756
Decreases (early termination)	-	(33,893)	(2,134)	(4,044)	(40,071)
Effect of changes in exchange rates	3,133	22,717	1,116	5,138	32,104
Balance at June 30, 2022	<u>\$ 46,403</u>	<u>549,955</u>	<u>46,990</u>	<u>129,660</u>	<u>773,008</u>
Balance at January 1, 2021	\$ 43,947	509,221	34,728	77,113	665,009
Additions	-	40,124	4,336	9,865	54,325
Decreases (early termination)	-	(22,531)	(4,876)	(7,431)	(34,838)
Effect of changes in exchange rates	(316)	(3,651)	(702)	(1,914)	(6,583)
Balance at June 30, 2021	<u>\$ 43,631</u>	<u>523,163</u>	<u>33,486</u>	<u>77,633</u>	<u>677,913</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2022	\$ 7,222	289,674	21,582	58,186	376,664
Depreciation	(3,121)	73,066	7,755	15,578	93,278
Decreases (early termination)	-	(33,414)	(2,134)	(4,044)	(39,592)
Effect of changes in exchange rates	417	13,972	682	3,115	18,186
Balance at June 30, 2022	<u>\$ 4,518</u>	<u>343,298</u>	<u>27,885</u>	<u>72,835</u>	<u>448,536</u>
Balance at January 1, 2021	\$ 3,667	198,531	21,318	52,083	275,599
Depreciation	3,048	75,555	5,795	16,230	100,628
Decreases (early termination)	-	(20,530)	(4,876)	(7,431)	(32,837)
Effect of changes in exchange rates	(40)	(1,782)	(524)	(1,076)	(3,422)
Balance at June 30, 2021	<u>\$ 6,675</u>	<u>251,774</u>	<u>21,713</u>	<u>59,806</u>	<u>339,968</u>
Carrying amounts:					
January 1, 2022	<u>\$ 36,048</u>	<u>197,633</u>	<u>19,278</u>	<u>45,596</u>	<u>298,555</u>
June 30, 2022	<u>\$ 41,885</u>	<u>206,657</u>	<u>19,105</u>	<u>56,825</u>	<u>324,472</u>
June 30, 2021	<u>\$ 36,956</u>	<u>271,389</u>	<u>11,773</u>	<u>17,827</u>	<u>337,945</u>

(h) Intangible assets

	Goodwill	Trademarks	Customer relationships	Software	Total
Cost:					
Balance at January 1, 2022	\$ 32,780	-	-	2,742	35,522
Acquisition of subsidiary	21,431	2,767	13,837	-	38,035
Additions	-	-	-	121	121
Effect of changes in exchange rates	2,650	201	1,002	11	3,864
Balance at June 30, 2022	<u>\$ 56,861</u>	<u>2,968</u>	<u>14,839</u>	<u>2,874</u>	<u>77,542</u>
Balance at January 1, 2021	\$ 32,921	-	-	2,753	35,674
Depreciation	-	-	-	117	117
Disposal	-	-	-	(102)	(102)
Effect of changes in exchange rates	(15)	-	-	(3)	(18)
Balance at June 30, 2021	<u>\$ 32,906</u>	<u>-</u>	<u>-</u>	<u>2,765</u>	<u>35,671</u>
Accumulated amortization and impairment losses :					
Balance at January 1, 2022	\$ -	-	-	2,454	2,454
Additions	-	144	1,435	100	1,679
Effect of changes in exchange rates	-	4	49	5	58
Balance at June 30, 2022	<u>\$ -</u>	<u>148</u>	<u>1,484</u>	<u>2,559</u>	<u>4,191</u>

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	<u>Goodwill</u>	<u>Trademarks</u>	<u>Customer relationships</u>	<u>Software</u>	<u>Total</u>
Balance at January 1, 2021	\$ -	-	-	2,215	2,215
Depreciation	-	-	-	147	147
Effect of changes in exchange rates	-	-	-	(3)	(3)
Balance at June 30, 2021	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>2,359</u>	<u>2,359</u>
Carrying amounts:					
January 1, 2022	<u>\$ 32,780</u>	<u>-</u>	<u>-</u>	<u>288</u>	<u>33,068</u>
June 30, 2022	<u>\$ 56,861</u>	<u>2,820</u>	<u>13,355</u>	<u>315</u>	<u>73,351</u>
June 30, 2021	<u>\$ 32,906</u>	<u>-</u>	<u>-</u>	<u>406</u>	<u>33,312</u>

The amortization recognized in profit or loss were as follows:

	<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Operating expenses	<u>\$ 1,679</u>	<u>147</u>

(i) Borrowings

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

(i) Short-term borrowings

	<u>June 30, 2022</u>		
	<u>Interest rate (%)</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	0.55~1.17	2022	<u>\$ 658,567</u>
	<u>December 31, 2021</u>		
	<u>Interest rate (%)</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	0.55~0.88	2022	<u>\$ 676,592</u>
	<u>June 30, 2021</u>		
	<u>Interest rate (%)</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	0.55~0.90	2021	<u>\$ 691,592</u>

As of June 30, 2022, December 31 and June 30, 2021, the unused credit facilities of the Group's short-term borrowings amounted to \$825,183 thousand, \$722,925 thousand and \$816,508 thousand, respectively.

Please refer to note 6(r) for the information on the interest rate, foreign currency, and liquidity risk.

The Group has pledged certain assets against the loans; please refer to note 8 for additional information.

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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(ii) Long-term borrowings

As of June 30, 2022, December 31 and June 30, 2021, the unused credit facilities of the Group's long-term borrowings all amounted to \$150,000 thousand.

(j) Lease liabilities

The Group's lease liabilities were as follow:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Current	\$ 157,496	136,893	153,123
Non-current	<u>131,403</u>	<u>133,127</u>	<u>165,079</u>
	<u>\$ 288,899</u>	<u>270,020</u>	<u>318,202</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interests on lease liabilities	<u>\$ 2,208</u>	<u>2,465</u>	<u>5,452</u>	<u>5,883</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 13,991</u>	<u>15,522</u>	<u>22,089</u>	<u>22,945</u>

The amounts recognized in the statement of cash flows for the Group were as follows:

	<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	<u>\$ 119,886</u>	<u>124,450</u>

(k) Employee benefits

(i) Defined benefit plans

Since there were no significant market fluctuations, curtailments, reimbursement and settlement, or other material one-time events since prior fiscal year, the pension cost for the interim periods was measured according to the actuarial report as of December 31, 2021 and 2020.

The expenses recognized in profit or loss for the Group were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Operating expenses	<u>\$ 737</u>	<u>806</u>	<u>1,484</u>	<u>1,647</u>

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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(ii) Defined contribution plans

For the three months and six months ended June 30, 2022 and 2021, the pension costs under the defined contribution method were \$9,171 thousand, \$8,272 thousand, \$18,527 thousand and \$17,412 thousand, respectively.

(l) Income tax

Income tax expense in the interim consolidated report was measured and disclosed in accordance with the estimated average annual effective income tax rate applied to the profit before tax.

The components of income tax expense were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Current income tax expense				
Current period	\$ 111,607	60,396	228,868	124,647
Undistributed earnings additional tax	-	-	28,611	-
Income tax expense from continuing operations	<u>\$ 111,607</u>	<u>60,396</u>	<u>257,479</u>	<u>124,647</u>

The tax returns of DIMTW have been examined by the tax authorities through 2019.

(m) Capital and other equity

Except as explained in the following paragraphs, there were no significant changes in capital and other equity during the six months ended June 30, 2022 and 2021. Please refer to note 6(k) of the consolidated financial statements for the year ended December 31, 2021, for related information.

On March 17, 2022, the Company's Board of Directors resolved to appropriate cash dividends of the 2021 earnings. The amount of cash dividends of appropriations of earnings for 2020 had been approved in the meeting of the board of directors on March 16, 2021. And the amount of shares dividends and other items of appropriations of earnings for 2020 had been approved in the shareholders' meeting on July 8, 2021. These earnings were appropriated as follows:

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

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

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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(n) Earnings per share

The calculation of DIMTW's basic earnings per share and diluted earnings per share for the six months ended June 30, 2022 and 2021, was as follows:

(i) Basic earnings per share

	For the three months		For the six months	
	ended June 30		ended June 30	
	2022	2021	2022	2021
Net income attributable to ordinary shareholders of the Company	<u>\$ 1,006,012</u>	<u>561,166</u>	<u>1,623,477</u>	<u>861,213</u>
Weighted-average number of ordinary shares	<u>136,080</u>	<u>136,080</u>	<u>136,080</u>	<u>136,080</u>
Basic earnings per share (in NT dollars)	<u>\$ 7.39</u>	<u>4.12</u>	<u>11.93</u>	<u>6.33</u>

Unit: thousand shares

(ii) Diluted earnings per share

	For the three months		For the six months	
	ended June 30		ended June 30	
	2022	2021	2022	2021
Net income attributable to ordinary shareholders of the Company	<u>\$ 1,006,012</u>	<u>561,166</u>	<u>1,623,477</u>	<u>861,213</u>
Weighted-average number of ordinary shares	136,080	136,080	136,080	136,080
Impact of potential common shares				
Effect of employee stock bonus	<u>1,459</u>	<u>463</u>	<u>2,057</u>	<u>1,048</u>
Weighted-average number of ordinary shares (diluted)	<u>137,539</u>	<u>136,543</u>	<u>138,137</u>	<u>137,128</u>
Diluted earnings per share (in NT dollars)	<u>\$ 7.31</u>	<u>4.11</u>	<u>11.75</u>	<u>6.28</u>

(o) Revenue from contracts with customers

	For the three months ended June 30, 2022			
	Asia	Americas	Europe	Total
Major products/services lines:				
Air freight forwarding	\$ 4,853,787	1,375,513	40,482	6,269,782
Ocean freight forwarding	2,890,570	1,346,301	252,937	4,489,808
Others	<u>724,722</u>	<u>71,926</u>	<u>(299)</u>	<u>796,349</u>
	<u>\$ 8,469,079</u>	<u>2,793,740</u>	<u>293,120</u>	<u>11,555,939</u>

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	For the three months ended June 30, 2021			
	<u>Asia</u>	<u>Americas</u>	<u>Europe</u>	<u>Total</u>
Major products/services lines:				
Air freight forwarding	\$ 3,973,352	480,388	87,874	4,541,614
Ocean freight forwarding	2,520,035	703,737	387,499	3,611,271
Others	129,123	288,915	10,823	428,861
	<u>\$ 6,622,510</u>	<u>1,473,040</u>	<u>486,196</u>	<u>8,581,746</u>
	For the six months ended June 30, 2022			
	<u>Asia</u>	<u>Americas</u>	<u>Europe</u>	<u>Total</u>
Major products/services lines:				
Air freight forwarding	\$ 9,450,729	2,497,399	99,642	12,047,770
Ocean freight forwarding	6,200,067	2,652,581	590,221	9,442,869
Others	1,261,375	148,901	35,953	1,446,229
	<u>\$ 16,912,171</u>	<u>5,298,881</u>	<u>725,816</u>	<u>22,936,868</u>
	For the six months ended June 30, 2021			
	<u>Asia</u>	<u>Americas</u>	<u>Europe</u>	<u>Total</u>
Major products/services lines:				
Air freight forwarding	\$ 6,969,022	1,015,098	126,750	8,110,870
Ocean freight forwarding	4,517,994	1,556,584	610,081	6,684,659
Others	400,265	322,664	44,355	767,284
	<u>\$ 11,887,281</u>	<u>2,894,346</u>	<u>781,186</u>	<u>15,562,813</u>

(p) Employee compensation and directors' and supervisors' remuneration

In accordance with the Company's articles, DIMTW should contribute no less than 5% of the profit as employee compensation and less than 5% as directors' and supervisors' remuneration when it has realized profit for the year. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. The payment for director and supervisors' remuneration must be in the form of cash.

For the three months and six months ended June 30, 2022 and 2021, DIMTW recognized its employees' compensation of \$63,379 thousand, \$35,003 thousand, \$102,279 thousand and \$62,007 thousand, respectively, and directors' and supervisors' remuneration of \$18,109 thousand, \$7,400 thousand, \$29,223 thousand and \$15,501 thousand, respectively. The employees' compensation, and directors' and supervisors' remuneration were recognized as operating expenses on a specific percentage of the net income. These amounts are calculated by using the Company's net income before tax (excluding the employees' compensation, and directors' and supervisors' remuneration), multiplied by the percentage specified in the Company's article for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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In its financial statements for the years ended December 31, 2021 and 2020, DIMTW accrued employees' compensation amounting to \$145,689 thousand and \$97,726 thousand, respectively, and directors' and supervisors' remuneration amounting to \$41,625 thousand and \$29,318 thousand, respectively, which was identical to the actual distribution. The information mentioned above can be accessed on the Market Observation Post System.

(q) Non-operating income and expenses

(i) Interest income

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Interest income from bank deposits	\$ <u>4,054</u>	<u>1,814</u>	<u>6,063</u>	<u>3,677</u>

(ii) Other income

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Dividend income	\$ 78	-	78	-
Government grants	9,414	3,864	12,265	7,011
Other	<u>(1,966)</u>	<u>1,071</u>	<u>51</u>	<u>3,694</u>
Total other income	\$ <u>7,526</u>	<u>4,935</u>	<u>12,394</u>	<u>10,705</u>

(iii) Other gains and losses

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Gains (losses) on disposal of property, plant and equipment	\$ -	564	(16)	564
Losses on disposal of investments	-	(21)	-	(21)
Gains (losses) on foreign exchange	114,748	(2,201)	135,681	795
Net gains on disposal of financial assets measured at fair value through profit or loss	-	449	-	449
Others gains and losses	<u>(852)</u>	<u>(385)</u>	<u>(3,140)</u>	<u>(906)</u>
Other gains and losses, net	\$ <u>113,896</u>	<u>(1,594)</u>	<u>132,525</u>	<u>881</u>

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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(iv) Finance costs

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Interest expense				
Bank loan	\$ 1,436	1,489	2,868	3,124
Lease liabilities	2,208	2,465	5,452	5,883
Net finance cost	<u>\$ 3,644</u>	<u>3,954</u>	<u>8,320</u>	<u>9,007</u>

(r) Financial instruments

Except for the contention mentioned below, there were no significant changes in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(q) of the consolidated financial statements for the year ended December 31, 2021.

(i) Credit risk

As of June 30, 2022, December 31 and June 30, 2021, there was no concentration of credit risk in accounts receivable.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
June 30, 2022							
Non-derivative financial liabilities							
Short-term borrowings	\$ 658,567	661,414	661,414	-	-	-	-
Notes payable	27,272	27,272	27,272	-	-	-	-
Accounts payable	3,314,572	3,314,572	3,314,572	-	-	-	-
Lease liabilities	288,899	296,988	80,953	80,953	91,419	43,663	-
Dividend payable	1,393,711	1,393,711	1,393,711	-	-	-	-
Other payables	380,267	380,267	380,267	-	-	-	-
	<u>\$ 6,063,288</u>	<u>6,074,224</u>	<u>5,858,189</u>	<u>80,953</u>	<u>91,419</u>	<u>43,663</u>	<u>-</u>
December 31, 2021							
Non-derivative financial liabilities							
Short-term loans	\$ 676,592	677,464	677,464	-	-	-	-
Notes payable	42,310	42,310	42,310	-	-	-	-
Accounts payable	3,500,904	3,500,904	3,500,904	-	-	-	-
Lease liabilities	270,020	277,581	70,363	70,363	89,855	47,000	-
Dividend payable	5,695	5,695	5,695	-	-	-	-
Other payables	298,355	298,355	298,355	-	-	-	-
	<u>\$ 4,793,876</u>	<u>4,802,309</u>	<u>4,595,091</u>	<u>70,363</u>	<u>89,855</u>	<u>47,000</u>	<u>-</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
June 30, 2021							
Non-derivative financial liabilities							
Short-term borrowings	\$ 691,592	697,309	697,309	-	-	-	-
Notes payable	29,289	29,289	29,289	-	-	-	-
Accounts payable	2,593,042	2,593,042	2,593,042	-	-	-	-
Lease liabilities	318,202	327,113	79,273	79,273	91,544	74,872	2,151
Dividend payable	657,548	657,548	657,548	-	-	-	-
Other payables	172,904	172,904	172,904	-	-	-	-
	<u>\$ 4,462,577</u>	<u>4,477,205</u>	<u>4,229,365</u>	<u>79,273</u>	<u>91,544</u>	<u>74,872</u>	<u>2,151</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

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

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
June 30, 2022			
Financial assets:			
Monetary items:			
USD	\$	34,560	29.678
HKD	\$	7,994	3.782
GBP	\$	368	36.062
Financial liabilities:			
Monetary items:			
USD	\$	10,158	29.678
EUR	\$	2,941	31.085
December 31, 2021			
Financial assets:			
Monetary items:			
USD	\$	22,413	27.764
HKD	\$	5,650	3.548
EUR	\$	780	31.357
Financial liabilities:			
Monetary items:			
USD	\$	11,838	27.674

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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	Foreign currency	Exchange rate	NTD
June 30, 2021			
Financial assets:			
Monetary items:			
USD	\$ 18,845	27.905	525,859
HKD	\$ 5,251	3.594	18,873
EUR	\$ 1,618	33.221	53,758
Financial liabilities:			
Monetary items:			
USD	\$ 8,311	27.905	231,905

The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and other payables that are denominated in foreign currency. A weakening (strengthening) of 3% of the NTD against USD, HKD and EUR of June 30, 2022 and 2021, would have increased or decreased the net income before tax by \$20,288 thousand and \$10,998 thousand, respectively. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months and six months ended June 30, 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$114,748 thousand, \$(2,201) thousand, \$135,681 thousand and \$795 thousand, respectively.

2) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 1%, the Group's net income before tax would have decreased or increased by \$3,293 thousand and \$3,458 thousand for the six months ended June 30, 2022 and 2021, respectively, with all other variable factors remaining constant. This was mainly due to the Group's borrowing at variable rates.

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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(iv) Fair value

1) Categories and fair value of financial instruments

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

	June 30, 2022				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	\$ 445	-	-	445	445
Financial assets measured at amortized cost					
Cash and cash equivalents	5,611,384	-	-	-	-
Notes and accounts receivables	4,320,054	-	-	-	-
Refundable deposits	98,223	-	-	-	-
Subtotal	<u>10,029,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,030,106</u>	<u>-</u>	<u>-</u>	<u>445</u>	<u>445</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 658,567	-	-	-	-
Notes and accounts payable	3,341,844	-	-	-	-
Other payables	380,267	-	-	-	-
Lease liabilities	288,899	-	-	-	-
Dividend payable	1,393,711	-	-	-	-
Total	<u>\$ 6,063,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	December 31, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	\$ 442	-	-	442	442
Financial assets measured at amortized cost					
Cash and cash equivalents	3,438,978	-	-	-	-
Notes and accounts receivables	4,613,314	-	-	-	-
Refundable deposits	76,437	-	-	-	-
Subtotal	<u>8,128,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,129,171</u>	<u>-</u>	<u>-</u>	<u>442</u>	<u>442</u>

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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	December 31, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 676,592	-	-	-	-
Notes and accounts payable	3,543,214	-	-	-	-
Other payables	298,355	-	-	-	-
Lease liabilities	270,020	-	-	-	-
Dividend payable	5,695	-	-	-	-
Total	<u>\$ 4,793,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	June 30, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Mandatorily measured at fair value through profit or loss - Non-derivative financial assets	\$ 82,901	-	82,901	-	82,901
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	443	-	-	443	443
Financial assets measured at amortized cost					
Cash and cash equivalents	3,181,185	-	-	-	-
Notes and accounts receivables	3,004,972	-	-	-	-
Refundable deposits	72,942	-	-	-	-
Subtotal	6,259,099	-	-	-	-
Total	<u>\$ 6,342,443</u>	<u>-</u>	<u>82,901</u>	<u>443</u>	<u>83,344</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 691,592	-	-	-	-
Notes and accounts payable	2,622,331	-	-	-	-
Other payables	172,904	-	-	-	-
Lease liabilities	318,202	-	-	-	-
Dividend payable	657,548	-	-	-	-
Total	<u>\$ 4,462,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

If the instruments have no quoted market price in active markets, the Group uses the net equity or book value to evaluate the fair value.

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Fair value hierarchy

The Group used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair value levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b) Level 2: inputs, other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

There was no such situation that the Group reclassified the financial instruments from one level to another during the reporting periods.

4) Reconciliation of Level 3 fair values

	Unquoted equity instruments
Balance at January 1, 2022	\$ 442
Effect of changes in exchange rates	3
Balance at June 30, 2022	<u>\$ 445</u>
Balance at January 1, 2021	\$ 444
Effect of changes in exchange rates	(1)
Balance at June 30, 2021	<u>\$ 443</u>

(s) Financial risk management

The disclosures of objectives and policies of the Group's financial risk management are the same as those in the note 6(r) to the consolidated financial statements for the year ended December 31, 2021.

(t) Capital management

The disclosures of objectives, policies and procedures of the Group's capital management are the same as those of the consolidated financial statements for the year ended December 31, 2021. For related information, please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2021.

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Financing activities not affecting current cash flow

The Group's reconciliation of liabilities arising from financing activities for the six months ended June 30, 2022 and 2021 were as follows:

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

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes				June 30, 2022
			Foreign exchange movement	Additions	Decreases	Lease modification	
Short term borrowings	\$ 676,592	(18,025)	-	-	-	-	658,567
Lease liabilities	270,020	(92,345)	5,962	105,756	(479)	(15)	288,899
Total liabilities from financing activities	<u>\$ 946,612</u>	<u>(110,370)</u>	<u>5,962</u>	<u>105,756</u>	<u>(479)</u>	<u>(15)</u>	<u>947,466</u>

	January 1, 2021	Cash flows	Non-cash changes				June 30, 2021
			Foreign exchange movement	Additions	Decreases	Lease modification	
Short term borrowings	\$ 700,592	(9,000)	-	-	-	-	691,592
Lease liabilities	361,736	(95,622)	-	54,325	(2,001)	(236)	318,202
Total liabilities from financing activities	<u>\$ 1,062,328</u>	<u>(104,622)</u>	<u>-</u>	<u>54,325</u>	<u>(2,001)</u>	<u>(236)</u>	<u>1,009,794</u>

(7) Related-party transactions

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Names and relationship with related parties

In this consolidated financial report, the related parties having transactions with the Group are listed as below:

Name of related party	Relationship with the Group
ITG Air & Sea GmbH	An associate

(c) Significant transactions with related parties

(i) Operating revenue

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Associates	<u>\$ 80,036</u>	<u>97,118</u>	<u>179,868</u>	<u>177,618</u>

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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The Group recorded the above revenue deriving from providing air and ocean freight services to the associates.

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

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Associates	\$ <u>21,912</u>	<u>19,330</u>	<u>70,927</u>	<u>49,809</u>

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

The conditions and terms on business transactions to related parties are the same as those offered to other vendors.

- (iii) Receivables from related parties

The details of the Group's receivables from related parties were as follows:

Accounts	Type of related parties	June 30, 2022	December 31, 2021	June 30, 2021
Accounts receivable	Associates	\$ <u>20,591</u>	<u>9,599</u>	<u>25,782</u>

As of June 30, 2022, December 31, 2021 and June 30, 2021, no allowance for loss is required for the above-mentioned related parties.

- (iv) Payables to related parties

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

Accounts	Type of related parties	June 30, 2022	December 31, 2021	June 30, 2021
Accounts payable	Associates	\$ <u>6,812</u>	<u>8,193</u>	<u>6,076</u>

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 19,465	16,730	35,586	35,839
Post-employment benefits	197	204	399	411
	\$ 19,662	16,934	35,985	36,250

(8) Assets pledged as security

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

<u>Assets pledged as security</u>	<u>Liabilities secured by pledged</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Restricted certificates of deposit (recorded under other current assets)	Guarantee for the Group's logistics operations	\$ 989	949	2,120
Restricted certificates of deposit (recorded under other non-current assets)	Guarantee for customs	3,000	3,000	3,000
Restricted certificates of deposit (recorded under other non-current assets)	Guarantee for the Group's logistics operations	660	660	660
Property, plant and equipment:				
Land	Guarantee for long-term and short-term borrowings and the Group's logistics operations	41,792	41,792	41,792
Buildings	"	15,689	15,961	16,234
		\$ 62,130	62,362	63,806

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies

- (a) The Group provided certificates of deposit, land, and buildings as collateral to the banks for the performance of freight forwarding contracts in 2022 and 2021. As of June 30, 2022, December 31 and June 30, 2021, the guarantees from the banks were \$222,919 thousand, \$176,232 thousand and \$148,001 thousand, respectively, and the used amounts were \$171,348 thousand, \$161,812 thousand and \$136,655 thousand, respectively.
- (b) As of June 30, 2022, December 31 and June 30, 2021, the Group had outstanding guaranteed notes deposited totaling \$85,519 thousand, \$56,232 thousand and \$48,000 thousand, respectively. As of June 30, 2022, December 31 and June 30, 2021, the guarantees recorded for customs duty were \$5,598 thousand, \$5,032 thousand and \$9,253 thousand, respectively.
- (c) In 2014, a customer of the consolidated subsidiary had an unclaimed shipment. After notifying the customer and failing to obtain any response from it, resulting in the consolidated subsidiary unable to collect the storage fee from the customer in April 2014, the consolidated subsidiary held an auction and sold the shipment in June 2014. However, the customer filed a lawsuit against the consolidated subsidiary in June 2016 for selling the shipment without the customer's consent and demanded the compensation of USD1,414 thousand. Shenzhen Qianhai Cooperation Zone People's Court held the first hearing in October 2016. On June 4, 2019, the Court ruled that the consolidated subsidiary should compensate the customer the amount of CNY5,615 thousand. However, the consolidated subsidiary disagreed with the ruling and filed an appeal to the court on June 19, 2019. The court, on the other hand, rescinded the original judgement, and handed the case over to the Guangzhou maritime court of PRC on March 15, 2021. The Guangzhou Maritime Court held a hearing on November 10, 2021, and the final result has not yet been determined. The Group assessed that the consolidated subsidiary is likely being liable for compensation, thus recognized the possible loss in 2021.
- (d) In 2021, the Group is defending a lawsuit filed by its former employees for her alleged wrongful treatment during her tenure and the termination of employment. To protect the rights and interests of the Group, the Group has appointed a lawyer to handle the legal matter. As of June 30, 2022, the cases are still in progress.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other

- (a) The following is a summary statement of employee benefits, depreciation and amortization expenses by function:

By function By item	Three months ended June 30, 2022			Three months ended June 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	9,799	525,845	535,644	8,554	426,004	434,558
Labor and health insurance	214	49,237	49,451	228	41,306	41,534
Pension	282	9,626	9,908	155	8,923	9,078
Others	218	33,468	33,686	233	24,997	25,230
Depreciation	1,532	51,414	52,946	1,347	55,386	56,733
Amortization	-	1,625	1,625	-	64	64

By function By item	Six months ended June 30, 2022			Six months ended June 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	20,321	1,016,456	1,036,777	17,667	776,601	794,268
Labor and health insurance	590	100,243	100,833	448	78,906	79,354
Pension	586	19,425	20,011	440	18,619	19,059
Others	649	66,704	67,353	819	53,539	54,358
Depreciation	2,988	110,754	113,742	2,713	116,262	118,975
Amortization	-	1,679	1,679	-	147	147

- (b) Seasonality or cyclically of interim operations

The Group's operations were not affected by seasonality or cyclically factors.

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans extended to other parties

Unit: thousand dollars

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period (Note 3)	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral Name	Value	Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 2)
1	HOLDING	The Company	Accounts receivable from related parties	Yes	26,067	26,067	26,067	-	(2)	-	Operating capital	-	-	-	235,059	940,236
2	FSC	The Company	Accounts receivable from related parties	Yes	119,551	119,551	119,551	-	(2)	-	Operating capital	-	-	-	132,348	529,391

Note 1: Purpose of fund financing for the borrower:

- (1) Business between the two parties.
- (2) Funds required for operations.

Note 2: Based on the Company's guidelines, the allowable aggregate amount of financing provided to others cannot exceed 40% of the Company's stockholders' equity, and the maximum financing provided to an individual counterparty cannot exceed 10% of the Company's stockholders' equity.

Note 3: The amounts were eliminated in the consolidated interim financial statements.

(ii) Guarantees and endorsements for other parties

No.	Name of Guarantees	Counter-party of guarantee or endorsement Name	Relationship with the Company (Note 1)	Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	DIMVN	2	272,160	6,678	6,678	6,678	6,678	0.13 %	544,320	Y	N	N
0	The Company	DIMN & DIMTH	2	272,160	301	301	301	301	0.01 %	544,320	Y	N	N
0	The Company	DIMKR	2	272,160	24,129	-	-	-	- %	544,320	Y	N	N
0	The Company	DILTW	2	272,160	250	250	250	250	0.01 %	544,320	Y	N	N

Note 1: Relationship with the Company are listed as below:

- (1) A company with which it does business.
- (2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
- (4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
- (5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: Based on the Company's guidelines, the allowable aggregate amount of guarantee and endorsement provided to others cannot exceed 40% of the Company's issued capital, while the guarantee and endorsement for an individual counterparty cannot exceed 20% of the Company's issued capital.

(iii) Information regarding securities held as of June 30, 2022 (excluding investment in subsidiaries, associates and joint ventures)

Name of holder	Category and name of security	Relationship with the security issuer	Recorded account	Ending balance				Note
				Number of shares	Carrying amount	Percentage of ownership	Fair value	
The Company	Global Sky Express Taiwan Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	10,000	100	1.00 %	100	
The Company	Evergreen Air Cargo Service Corporation	-	Financial assets at fair value through other comprehensive income – non-current	29,000	290	0.02 %	290	
DIMSG	Burwill Holdings Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	22,000	18	-	18	
DIMSG	Stamford Land	-	Financial assets at fair value through other comprehensive income – non-current	5,000	37	-	37	

(iv) Accumulated holding amount of a single security in excess of NT\$300 million or 20% of the paid-in capital: None.

(v) Acquisition of real estate in excess of NT\$300 million or 20% of the paid-in capital: None.

(vi) Disposal of real estate in excess of NT\$300 million or 20% of the paid-in capital: None.

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vii) Sales to or purchases from related parties in excess of NT\$100 million or 20% of DIMITW's issued share capital:

Name of company	Counter-party	Relationship	Transaction details				Arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase (Sale)	Amount	Percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
DIMTW	DIMUS	Sub-Subsidiary	Freight revenue	(240,167)	17.46 %	Note 1	-		49,975	7 %	
DIMUS	DIMTW	Sub-Subsidiary	Freight expense	240,167	5.88 %	Note 1	-		(49,975)	(6) %	
DIMCN	DIMTW	Sub-Subsidiary	Freight revenue	(107,620)	Note 2	Note 1	-		28,109	3 %	
DIMTW	DIMCN	Sub-Subsidiary	Freight expense	107,620	Note 2	Note 1	-		(28,109)	(12) %	
DIMKR	DIMTW	Sub-Subsidiary	Freight revenue	(115,296)	Note 2	Note 1	-		19,241	10 %	
DIMTW	DIMKR	Sub-Subsidiary	Freight expense	115,296	Note 2	Note 1	-		(19,241)	(8) %	
FSCHK	ZJDCN	Subsidiary and Sub-Subsidiary	Freight revenue	(102,066)	14.53 %	Note 1	-		78,390	24 %	
ZJDCN	FSCHK	Subsidiary and Sub-Subsidiary	Freight expense	102,066	2.74 %	Note 1	-		(78,390)	(17) %	
FSCHK	DFSCN	Subsidiary and Sub-Subsidiary	Freight revenue	(121,462)	17.29 %	Note 1	-		44,847	14 %	
DFSCN	FSCHK	Subsidiary and Sub-Subsidiary	Freight expense	121,462	4.24 %	Note 1	-		(44,847)	(14) %	
FSCHK	DIMCN	Subsidiary and Sub-Subsidiary	Freight revenue	(106,871)	15.21 %	Note 1	-		37,370	11 %	
DIMCN	FSCHK	Subsidiary and Sub-Subsidiary	Freight expense	106,871	4.26 %	Note 1	-		(37,370)	(7) %	

Note 1: The freight was charged according to market price. No significant difference in terms and conditions from third-party vendors.

Note 2: The freight expenses were paid by DIMITW on behalf of its affiliates. Because the freight expenses were not recognized as revenue nor cost, there was no calculation of the percentage of the total purchases (sales).

(viii) Receivables from related parties in excess of NT\$100 million or 20% of the paid-in capital

Name of Company	Counter-party	Nature of Relationship	Balance of receivables from related party (note 3)	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivable from related party	Allowance for bad debts
					Amount	Action taken		
FSC	The Company	Subsidiary	167,036 (Note 1)	- %	-		-	-
FSC	DIL	Subsidiary	216,717 (Note 2)	- %	-		-	-

Note 1: Loan from the subsidiary of \$119,551 thousand and other receivables of \$47,485 thousand.

Note 2: Paid on behalf of DIMITW.

Note 3: The amount was eliminated in the consolidated financial statements.

(ix) Financial derivative instrument transactions: None.

(x) Business relationships and significant intercompany transactions

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with counter-party (Note 2)	Transaction details			
				Account name	Amount (Notes 3 and 4)	Terms of trading	Percentage of total consolidated revenue or total assets
0	The Company	DIMCN	1	Accounts receivable—related parties	24,786	Negotiated	0.21 %
0	The Company	DIMSG	1	Accounts receivable—related parties	7,938	Negotiated	0.07 %
0	The Company	DIMHK	1	Accounts receivable—related parties	9,045	Negotiated	0.08 %
0	The Company	ZJDCN	1	Accounts receivable—related parties	14,520	Negotiated	0.12 %
0	The Company	DIMUS	1	Accounts receivable—related parties	49,975	Negotiated	0.43 %
0	The Company	DFSCN	1	Accounts receivable—related parties	7,310	Negotiated	0.06 %
0	The Company	FSCHK	1	Accounts payable—related parties	16,539	Negotiated	0.14 %
0	The Company	DIMCN	1	Accounts payable—related parties	28,109	Negotiated	0.24 %
0	The Company	DIMSG	1	Accounts payable—related parties	10,011	Negotiated	0.09 %
0	The Company	DIMHK	1	Accounts payable—related parties	8,849	Negotiated	0.08 %
0	The Company	ZJDCN	1	Accounts payable—related parties	14,950	Negotiated	0.13 %
0	The Company	DIMUS	1	Accounts payable—related parties	23,766	Negotiated	0.20 %
0	The Company	DIMKR	1	Accounts payable—related parties	19,241	Negotiated	0.16 %
0	The Company	DIMMY	1	Accounts payable—related parties	13,429	Negotiated	0.12 %

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with counter-party (Note 2)	Transaction details			Percentage of total consolidated revenue or total assets
				Account name	Amount (Notes 3 and 4)	Terms of trading	
0	The Company	DIMCN	1	Freight revenue – received on behalf of others	77,822	Negotiated	0.34 %
0	The Company	DIMGB	1	Freight revenue – received on behalf of others	13,754	Negotiated	0.06 %
0	The Company	DIMSG	1	Freight revenue – received on behalf of others	27,749	Negotiated	0.12 %
0	The Company	DIMHK	1	Freight revenue – received on behalf of others	25,159	Negotiated	0.11 %
0	The Company	ZJDCN	1	Freight revenue – received on behalf of others	37,945	Negotiated	0.17 %
0	The Company	DIMUS	1	Freight revenue – received on behalf of others	240,167	Negotiated	1.05 %
0	The Company	DIMKR	1	Freight revenue – received on behalf of others	10,428	Negotiated	0.05 %
0	The Company	DIMMY	1	Freight revenue – received on behalf of others	22,539	Negotiated	0.10 %
0	The Company	DIMPH	1	Freight revenue – received on behalf of others	23,226	Negotiated	0.10 %
0	The Company	DIMTH	1	Freight revenue – received on behalf of others	19,293	Negotiated	0.08 %
0	The Company	DFSCN	1	Freight revenue – received on behalf of others	35,976	Negotiated	0.16 %
0	The Company	FSCHK	1	Freight expense – deduction of freight revenue	59,184	Negotiated	0.26 %
0	The Company	DIMCN	1	Freight expense – deduction of freight revenue	107,620	Negotiated	0.47 %
0	The Company	DIMSG	1	Freight expense – deduction of freight revenue	53,178	Negotiated	0.23 %
0	The Company	DIMHK	1	Freight expense – deduction of freight revenue	34,879	Negotiated	0.15 %
0	The Company	ZJDCN	1	Freight expense – deduction of freight revenue	64,092	Negotiated	0.28 %
0	The Company	DIMUS	1	Freight expense – deduction of freight revenue	75,572	Negotiated	0.33 %
0	The Company	DIMKR	1	Freight expense – deduction of freight revenue	115,296	Negotiated	0.50 %
0	The Company	DIMMY	1	Freight expense – deduction of freight revenue	36,822	Negotiated	0.16 %
0	The Company	DIMTH	1	Freight expense – deduction of freight revenue	8,152	Negotiated	0.04 %
1	FSC	The Company	2	Accounts receivable – related parties	167,036	Negotiated	1.40 %
1	FSC	The Company	2	Prepayments – related parties	717,989	Negotiated	6.15 %
1	FSC	DIL	3	Accounts receivable – related parties	216,717	Negotiated	1.86 %
2	HOLDING	The Company	2	Accounts receivable – related parties	26,067	Negotiated	0.22 %
3	FSCHK	DIMTW	3	Sales revenue	59,094	Negotiated	0.26 %
3	FSCHK	DFSTW	3	Sales revenue	25,650	Negotiated	0.11 %
3	FSCHK	DIMCN	3	Sales revenue	106,871	Negotiated	0.47 %
3	FSCHK	DIMSG	3	Sales revenue	36,623	Negotiated	0.16 %
3	FSCHK	DIMHK	3	Sales revenue	54,458	Negotiated	0.24 %
3	FSCHK	ZJDCN	3	Sales revenue	102,066	Negotiated	0.44 %
3	FSCHK	DIMVN	3	Sales revenue	21,396	Negotiated	0.09 %
3	FSCHK	DIMUS	3	Sales revenue	73,436	Negotiated	0.32 %
3	FSCHK	DIMMY	3	Sales revenue	14,137	Negotiated	0.06 %
3	FSCHK	DIMPH	3	Sales revenue	11,702	Negotiated	0.05 %
3	FSCHK	DIMTH	3	Sales revenue	17,426	Negotiated	0.08 %
3	FSCHK	DFSHK	3	Sales revenue	27,802	Negotiated	0.12 %
3	FSCHK	DFSCN	3	Sales revenue	121,462	Negotiated	0.53 %
3	FSCHK	ZJDCN	3	Accounts receivable – related parties	78,390	Negotiated	0.67 %
3	FSCHK	The Company	2	Prepayments – related parties	2,695,453	Negotiated	23.10 %

Note 1: Company numbering is as follows:

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

Note 2: The number of the relationship with the transaction counterparty represents the following:

- (1) 1 represents downstream transactions.
- (2) 2 represents upstream transactions.
- (3) 3 represents lateral transactions.

Note 3: Only an amount over \$7,000 thousand shall be disclosed.

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

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information on investees

The following is the information on investees for the six months ended June 30, 2022 (excluding information on investees in Mainland China):

Name of the investor	Name of investee	Location	Main businesses	Initial investment (Amount)		Ending balance			Net income (losses) of investee	Investment income (losses) (Notes 2 and 3)	Notes
				June 30, 2022	December 31, 2021	Shares	Ratio of shares	Carrying amount (Note 2)			
The Company	DFSTW	Taiwan	Ocean freight forwarding	15,444	15,444	1,200,000	99 %	665,082	126,950	126,950 (2)	
The Company	HOLDING	Bermuda	Holding company	164,845	164,845	3,089,000	100 %	2,350,590	463,701	463,701 (1)	
The Company	DIMSG	Singapore	Global air and ocean freight forwarder and logistics & warehousing	108,362	108,362	4,650,000	86 %	511,679	72,267	62,229 (2)	
The Company	DIL	British Virgin Is.	Holding company	472,313	472,313	(Note 1)	100 %	4,198,495	688,124	688,124 (1)	
The Company	FSC	British Virgin Is.	Settlement center	315	315	10,000	20 %	264,694	(2,649)	(530) (1)	
The Company	FSCHK	Hong Kong	Settlement center	236	236	7,500	15 %	545,667	602,192	90,329 (1)	
The Company	ITG Air & Sea GmbH	Germany	Global air and ocean freight forwarder	183,547	183,547	6,275	25 %	237,964	100,338	25,085 (2)	
The Company	DILTW	Taiwan	Logistics & warehousing	8,000	8,000	800,000	80 %	11,893	5,989	4,791 (2)	
DFSTW	FSCHK	Hong Kong	Settlement center	235	235	7,500	15 %	453,694	602,192	90,329 (1)	
DFSTW	DILTW	Taiwan	Logistics & warehousing	2,000	2,000	200,000	20 %	2,973	5,989	1,198 (2)	
DIL	DIMUS	U.S.A.	Global air and ocean freight forwarder	238,686	238,686	4,961,000	100 %	1,036,471	292,551	292,551 (1)	
DIL	DIMGB	U.K	Global air and ocean freight forwarder	(5,624)	(5,624)	300,000	37 %	(11,429)	(3,497)	(1,311) (2)	
DIL	DIMSG	Singapore	Global air and ocean freight forwarder and logistics & warehousing	23,904	23,904	750,000	14 %	65,057	72,267	10,038 (2)	
DIL	DIMHK	Hong Kong	Global air and ocean freight forwarder and logistics & warehousing	427,348	427,348	300,000	99 %	3,059,405	361,440	361,440 (1)	
DIL	GMS	Hong Kong	Logistics & warehousing	-	-	(Note 1)	100 %	48,991	25,406	25,406 (1)	
GMS	DFSSG	Singapore	Logistics & warehousing	13,482	13,482	600,000	100 %	32,431	6,055	6,055 (2)	
GMS	DIMPH	Philippines	Global air and ocean freight forwarder	38,399	38,399	180,000	60 %	79,252	26,084	15,653 (2)	
GMS	DILHK	Hong Kong	Logistics & warehousing	-	-	(Note 1)	100 %	51,672	5,853	5,853 (2)	
DILHK	DILSG	Singapore	Logistics & warehousing	4,215	-	-	100 %	2,501	(1,643)	(1,643) (2)	
FSCHK	DIMGB	U.K	Global air and ocean freight forwarder	20,126	20,126	500,000	63 %	(3,188)	(3,497)	(2,185) (2)	
DIMUS	DCBUS	U.S.A.	Brokerage service	13,532	13,532	1,000	100 %	40,757	1,936	1,936 (2)	
DIMUS	B.C. Logistic, LLC	U.S.A.	Trucking service	54,103	-	-	85 %	21,549	4,913	4,176 (2)	
DIMHK	FSC	British Virgin Is.	Settlement center	954	954	30,000	60 %	897	(2,649)	(1,589) (1)	
DIMHK	DIMVN	Vietnam	Trucking service	2,090	2,090	-	75 %	37,409	15,549	11,662 (2)	
DIMHK	FSCHK	Hong Kong	Settlement center	550	550	17,500	35 %	1,213,345	602,192	210,767 (1)	
DIMSG	FSC	British Virgin Is.	Settlement center	318	318	10,000	20 %	299	(2,649)	(530) (1)	
DIMSG	DIMIN	India	Trucking service	5,303	5,303	960,000	60 %	12,309	4,946	2,968 (2)	
HOLDING	DIMMY	Malaysia	Global air and ocean freight forwarder	65,516	65,516	250,000	100 %	177,599	40,643	40,643 (2)	
HOLDING	DIMTH	Thailand	Global air and ocean freight forwarder	7,642	7,642	735,000	49 %	65,271	37,657	18,448 (2)	
HOLDING	DIMPH	Philippines	Global air and ocean freight forwarder	4,026	4,026	120,000	40 %	50,677	26,084	10,431 (2)	
HOLDING	DIMAU	Australia	Global air and ocean freight forwarder	16,460	16,460	60,000	100 %	(30,406)	5,545	5,545 (2)	
HOLDING	DIMKR	Korea	Global air and ocean freight forwarder	19,386	19,386	120,000	100 %	106,330	29,592	29,592 (2)	
HOLDING	DIMCA	Canada	Air freight forwarder	15,646	15,646	-	100 %	191,808	56,500	56,500 (2)	
HOLDING	DIMNL	Netherlands	Global air and ocean freight forwarder	11,644	11,644	1,000	100 %	26,192	5,156	5,156 (2)	
HOLDING	DFSHK	Hong Kong	Ocean freight forwarding	25,393	25,393	71,000	99 %	1,669,571	301,829	301,799 (2)	

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of the investor	Name of investee	Location	Main businesses	Initial investment (Amount)		Ending balance			Net income (losses) of investee	Investment income (losses) (Notes 2 and 3)	Notes
				June 30, 2022	December 31, 2021	Shares	Ratio of shares	Carrying amount (Note 2)			
HOLDING	DTLHK	Hong Kong	Trucking service	41,076	41,076	89,000	100 %	45,750	(2,575)	(2,575)	(2)
HOLDING	DSLUS	U.S.A.	Logistics & warehousing	15,840	15,840	50,000	100 %	34,124	1,196	1,196	(2)
DFSHK	FSCCHK	Hong Kong	Settlement center	566	566	17,500	35 %	1,213,345	602,192	210,767	(1)
DIMPH	Peerless Express Forwarders Corp.	Philippines	Trucking service	954	954	1,600,000	40 %	-	225	90	(2)

Note 1: The company was established as a limited company.

Note 2: The amount was eliminated in the consolidated interim financial statements, except for ITG Air & Sea GmbH.

Note 3: The recognition basic of financial statement of the investment column was as follows:

- (1) The financial statements were reviewed by an international accounting firm in cooperation with the ROC accounting firm.
- (2) The financial statements have not been reviewed by an international accounting firm in cooperation with the ROC accounting firm.

(c) Information on investment in mainland China

(i) The names of investees in Mainland China, the main businesses and products, and other information

Unit: thousand dollars

Name of investee in Mainland China	Main businesses	Issued capital	Method of investment (Note 1)	Beginning remittance balance-accumulative investment (amount) from Taiwan	Current remittance / recoverable investment (amount)		Ending remittance balance-accumulative investment (amount) from Taiwan	Net income (losses) of investee	Direct / indirect shareholdings or investments (%) in the Company	Current investment income and losses (Notes 2 and 3)	Carrying amount (Note 2)	Accumulated remittance of earnings in current period
					Invested amount	Returned amount						
ZJDCN	Global air and ocean freight forwarder	54,928	(2)	26,770 (USD902)	-	-	26,770 (USD902)	34,565	75 %	25,924 (1)	268,207	-
DILSHA	Logistics & warehousing	5,970	(2)	5,936 (USD200)	-	-	5,936 (USD200)	346	99 %	346 (2)	(58,487)	-
DIMCN	Global air and ocean freight forwarder	163,377	(2)	-	-	-	-	82,708	100 %	82,708 (1)	412,720	-
DILSZX	Logistics & warehousing	10,958	(2)	-	-	-	-	(583)	100 %	(583) (2)	(17,726)	-
DFSCN	Global air and ocean freight forwarder	59,777	(2)	-	-	-	-	89,734	100 %	89,734 (1)	372,112	-
Diversified Transportation (China) Co., Ltd.	Trucking service	29,802	(2)	-	-	-	-	(116)	100 %	(116) (2)	21,503	-
Yuhang Int'l Logistics (Dalian) Co. Ltd.	Global air and ocean freight forwarder	38,666	(2)	-	-	-	-	12,016	25 %	3,005 (2)	26,355	-
Diversified (Shanghai) International Logistics Service Company Ltd	Global air and ocean freight forwarder	13,684	(2)	-	-	-	-	(818)	100 %	(818) (2)	(407)	-
Diversified (Shenzhen) International Logistics Service Company Ltd	Global air and ocean freight forwarder	1,293	(2)	-	-	-	-	(1,041)	100 %	(1,041) (2)	3,250	-

Note 1: The method of investment is divided into the following three methods:

- (1) Investing directly in Mainland China.
- (2) Through transferring the investment to third-region existing companies then investing in Mainland China. (through Bermuda and British Virgin Islands).
- (3) Other methods.

Note 2: Expect for Yuhang Int'l Logistics (Dalian) Co., Ltd. the amount was eliminated in the consolidated financial statements

Note 3: The recognition basic of financial statement of the investment column was as follows:

- (1) The financial statements were reviewed by an international accounting firm in cooperation with the ROC accounting firm.
- (2) The financial statements have not been reviewed by an international accounting firm in cooperation with the ROC accounting firm.

(ii) Limitation on investment in Mainland China

Unit: thousand dollars

Company name	Aggregate investment amount remitted from Taiwan to Mainland China at end of period (Note2)	Approved investment (amount) by Ministry of Economic Affairs Investment Commission (Note2)	Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission (Note 1)
DIMTW	32,706 (USD1,102)	71,227 (USD2,400)	3,001,304

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

Note 2: USD:NT\$=1:29.678.

(iii) Significant transactions

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
MEC ELECTRONICS CORPORATION		7,279,243	5.34 %

(14) Segment information

The Group's operating segment information and reconciliation are as follows:

	<u>Asia</u>	<u>American</u>	<u>Europe</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Three months ended June 30, 2022					
Revenue:					
From customers other than the parent company and subsidiaries	\$ 8,469,079	2,793,740	293,120	-	11,555,939
From the parent company and subsidiaries	<u>300,962</u>	<u>-</u>	<u>-</u>	<u>(300,962)</u>	<u>-</u>
Total revenue	<u>\$ 8,770,041</u>	<u>2,793,740</u>	<u>293,120</u>	<u>(300,962)</u>	<u>11,555,939</u>
Segment income	<u>\$ 884,348</u>	<u>244,380</u>	<u>(605)</u>	<u>-</u>	<u>1,128,123</u>
Three months ended June 30, 2021					
Revenue:					
From customers other than the parent company and subsidiaries	\$ 6,622,510	1,473,040	486,196	-	8,581,746
From the parent company and subsidiaries	<u>138,383</u>	<u>-</u>	<u>-</u>	<u>(138,383)</u>	<u>-</u>
Total revenue	<u>\$ 6,760,893</u>	<u>1,473,040</u>	<u>486,196</u>	<u>(138,383)</u>	<u>8,581,746</u>
Segment income	<u>\$ 572,997</u>	<u>48,610</u>	<u>5,793</u>	<u>-</u>	<u>627,400</u>
Six months ended June 30, 2022					
Revenue:					
From customers other than the parent company and subsidiaries	\$ 16,912,171	5,298,881	725,816	-	22,936,868
From the parent company and subsidiaries	<u>517,387</u>	<u>-</u>	<u>-</u>	<u>(517,387)</u>	<u>-</u>
Total revenue	<u>\$ 17,429,558</u>	<u>5,298,881</u>	<u>725,816</u>	<u>(517,387)</u>	<u>22,936,868</u>
Segment income	<u>\$ 1,506,218</u>	<u>404,220</u>	<u>5,018</u>	<u>-</u>	<u>1,915,456</u>
Six months ended June 30, 2021					
Revenue:					
From customers other than the parent company and subsidiaries	\$ 11,887,281	2,894,346	781,186	-	15,562,813
From the parent company and subsidiaries	<u>335,847</u>	<u>-</u>	<u>-</u>	<u>(335,847)</u>	<u>-</u>
Total revenue	<u>\$ 12,223,128</u>	<u>2,894,346</u>	<u>781,186</u>	<u>(335,847)</u>	<u>15,562,813</u>
Segment income	<u>\$ 797,731</u>	<u>182,879</u>	<u>17,802</u>	<u>-</u>	<u>998,412</u>

The inter-company revenue of \$300,962 thousand, \$138,383 thousand, \$517,387 thousand and \$335,847 thousand for the three months and six months ended June 30, 2022 and 2021, respectively, was eliminated.