

**DIMERCO EXPRESS CORPORATION  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Six Months Ended June 30, 2021 and 2020**

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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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## 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 as of June 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2021 and 2020, as well as the changes in equity and cash flows for the six months ended June 30, 2021 and 2020, 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 reflect the total assets amounting to \$1,923,692 thousand and \$1,262,493 thousand, constituting 25% and 20% of consolidated total assets; and the total liabilities amounting to \$663,964 thousand and \$334,778 thousand, constituting 14% and 9% of the consolidated total liabilities at June 30, 2021 and 2020, respectively; as well as the total comprehensive income (loss) amounting to \$146,175 thousand, \$10,762 thousand, \$246,086 thousand and \$(11,455) thousand, constituting 32%, 3%, 30% and (2)% of the consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2021 and 2020, respectively.

Furthermore, as stated in Note 6(d), the other equity accounted investments of the Group in its investee companies of \$226,142 thousand and \$206,588 thousand at June 30, 2021 and 2020, respectively, and its equity in net earnings on these investee companies of \$6,362 thousand, \$4,427 thousand, \$12,503 thousand and \$4,427 thousand for the three months and six months ended June 30, 2021 and 2020, 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, 2021 and 2020, and of its consolidated financial performance for the three months and six months ended June 30, 2021 and 2020, as well as its consolidated cash flows for the six months ended June 30, 2021 and 2020 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., subsidiaries 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. reflect total assets amounting to \$569,834 thousand and \$379,250 thousand, constituting 7% and 6% of consolidated total assets at June 30, 2021 and 2020, respectively, and total revenues amounting to \$396,463 thousand, \$400,271 thousand, \$716,055 thousand and \$658,008 thousand, constituting 5%, 6%, 5% and 6% of consolidated total revenues for the three months and six months ended June 30, 2021 and 2020.

KPMG

Taipei, Taiwan (Republic of China)  
August 6, 2021

### **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, 2021 and 2020**

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**June 30, 2021, December 31, and June 30, 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

		<u>June 30, 2021</u>		<u>December 31, 2020</u>		<u>June 30, 2020</u>				<u>June 30, 2021</u>		<u>December 31, 2020</u>		<u>June 30, 2020</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>
<b>Assets</b>															
<b>Current assets:</b>															
1100	Cash and cash equivalents (note 6(a))	\$ 3,181,185	41	2,856,190	43	2,392,645	38	2100	Short-term borrowings (notes 6(e), (h) and 8)	\$ 691,592	9	700,592	11	732,592	12
1110	Financial assets at fair value through profit or loss – current(note 6(b))	82,901	1	-	-	-	-	2150	Notes payable	29,289	-	30,302	-	31,908	1
1150	Notes receivable, net (note 6(c))	13,067	-	7,284	-	7,432	-	2216	Accounts payable (note 7)	2,593,042	33	2,233,517	33	1,948,204	31
1170	Accounts receivable, net (notes 6(c) and 7)	2,991,905	38	2,281,490	34	2,398,219	39	2230	Dividends payable (note 6(l))	657,548	8	4,818	-	173,550	3
1470	Other current assets (note 8)	274,738	4	229,927	3	119,976	2	2280	Income tax payable(note 6(k))	142,419	2	79,289	1	147,209	2
	<b>Total current assets</b>	<u>6,543,796</u>	<u>84</u>	<u>5,374,891</u>	<u>80</u>	<u>4,918,272</u>	<u>79</u>	2399	Current lease liabilities (note 6(i))	153,123	2	161,481	2	158,985	3
									Other current liabilities (note 6(o))	316,376	4	364,710	6	300,173	5
									<b>Total current liabilities</b>	<u>4,583,389</u>	<u>58</u>	<u>3,574,709</u>	<u>53</u>	<u>3,492,621</u>	<u>57</u>
<b>Non-current assets:</b>															
1517	Financial assets at fair value through other comprehensive income – non-current	443	-	444	-	444	-	2570	Non-Current liabilities:	198	-	198	-	435	-
1551	Investments accounted for using the equity method (note 6(d))	226,142	3	217,725	3	206,588	3	2580	Deferred income tax liabilities	165,079	3	200,255	3	146,417	2
1600	Property, plant and equipment (notes 6(c), 8 and 9)	550,150	7	561,771	9	580,883	9	2640	Non-current lease liabilities (note 6(i))	16,168	-	22,749	-	24,009	-
1755	Right-of-use assets (note 6(f))	337,945	4	389,410	7	340,550	6	2670	Net defined benefit liabilities	15,932	-	17,212	-	12,561	-
1805	Goodwill (note 6(g))	32,906	1	32,921	-	33,777	1		<b>Total non-current liabilities</b>	<u>197,377</u>	<u>3</u>	<u>240,414</u>	<u>3</u>	<u>183,422</u>	<u>2</u>
1840	Deferred income tax assets	30,954	-	31,999	-	33,158	1		<b>Total liabilities</b>	<u>4,780,766</u>	<u>61</u>	<u>3,815,123</u>	<u>56</u>	<u>3,676,043</u>	<u>59</u>
1920	Refundable deposits	72,942	1	75,841	1	77,697	1		<b>Equity attributable to owners of parent (note 6(l)):</b>	1,260,000	16	1,260,000	19	1,260,000	20
1990	Other non-current assets (notes 6(c), 8 and 9)	12,944	-	9,198	-	6,786	-	3100	Common stock	19,362	-	19,362	-	19,362	-
	<b>Total non-current assets</b>	<u>1,264,426</u>	<u>16</u>	<u>1,319,309</u>	<u>20</u>	<u>1,279,883</u>	<u>21</u>	3200	Capital surplus						
								33xx	Retained earnings:						
								3310	Legal reserve	394,064	5	394,064	6	394,064	6
								3320	Special reserve	182,174	3	182,174	3	182,174	3
								3350	Unappropriated retained earnings	1,564,245	20	1,358,232	20	842,036	14
										<u>2,140,483</u>	<u>28</u>	<u>1,934,470</u>	<u>29</u>	<u>1,418,274</u>	<u>23</u>
								34xx	Other equity:						
								3410	Foreign currency translation differences for foreign operations	(485,947)	(6)	(441,087)	(6)	(282,224)	(4)
									<b>Total equity attributable to owners of parent</b>	<u>2,933,898</u>	<u>38</u>	<u>2,772,745</u>	<u>42</u>	<u>2,415,412</u>	<u>39</u>
								36xx	<b>Non-controlling interests</b>	<u>93,558</u>	<u>1</u>	<u>106,332</u>	<u>2</u>	<u>106,700</u>	<u>2</u>
									<b>Total equity</b>	<u>3,027,456</u>	<u>39</u>	<u>2,879,077</u>	<u>44</u>	<u>2,522,112</u>	<u>41</u>
<b>Total assets</b>		<u>\$ 7,808,222</u>	<u>100</u>	<u>6,694,200</u>	<u>100</u>	<u>6,198,155</u>	<u>100</u>	2-3xxx	<b>Total liabilities and equity</b>	<u>\$ 7,808,222</u>	<u>100</u>	<u>6,694,200</u>	<u>100</u>	<u>6,198,155</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, 2021 and 2020**

(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				
	2021		2020		2021		2020		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	<b>Operating revenue (notes 6(n) and 7)</b>								
	\$	8,581,746	100	7,035,287	100	15,562,813	100	11,188,381	100
5000	<b>Operating costs</b>								
		7,388,658	86	5,794,967	82	13,412,866	86	9,285,480	83
5900	<b>Gross profit from operations</b>								
		1,193,088	14	1,240,320	18	2,149,947	14	1,902,901	17
6000	<b>Operating expenses (notes 6(c), (e), (f), (i), (j), (o) and 7):</b>								
6100	Selling expenses	151,893	2	169,184	2	331,006	2	336,776	3
6200	Administrative expenses	422,841	5	459,827	7	819,206	6	842,749	8
6450	Expected credit loss (gain) for bad debt expense	(1,483)	-	18,770	-	20,082	-	24,402	-
	<b>Total operating expenses</b>	<u>573,251</u>	<u>7</u>	<u>647,781</u>	<u>9</u>	<u>1,170,294</u>	<u>8</u>	<u>1,203,927</u>	<u>11</u>
6900	<b>Net operating income</b>								
		<u>619,837</u>	<u>7</u>	<u>592,539</u>	<u>9</u>	<u>979,653</u>	<u>6</u>	<u>698,974</u>	<u>6</u>
7000	<b>Non-operating income and expenses (notes 6(d), (i) and (p)):</b>								
7100	Interest income	1,814	-	1,855	-	3,677	-	2,373	-
7010	Other income	4,935	-	17,710	-	10,705	-	20,165	-
7020	Other gains and losses	(1,594)	-	(9,239)	-	881	-	10,661	-
7050	Finance costs	(3,954)	-	(4,909)	-	(9,007)	-	(7,974)	-
7060	Share of profit of associates accounted for using the equity method	6,362	-	4,427	-	12,503	-	4,427	-
	<b>Total non-operating income and expenses</b>	<u>7,563</u>	<u>-</u>	<u>9,844</u>	<u>-</u>	<u>18,759</u>	<u>-</u>	<u>29,652</u>	<u>-</u>
7900	<b>Profit from continuing operations before tax</b>								
		627,400	7	602,383	9	998,412	6	728,626	6
7950	<b>Less: Income tax expenses (note 6(k))</b>								
		60,396	1	120,139	2	124,647	1	145,730	1
	<b>Net income</b>	<u>567,004</u>	<u>6</u>	<u>482,244</u>	<u>7</u>	<u>873,765</u>	<u>5</u>	<u>582,896</u>	<u>5</u>
8300	<b>Other comprehensive income:</b>								
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>								
8361	Exchange differences on translation of foreign financial statements	(106,836)	(1)	(108,054)	(2)	(48,530)	-	(115,900)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>(106,836)</u>	<u>(1)</u>	<u>(108,054)</u>	<u>(2)</u>	<u>(48,530)</u>	<u>-</u>	<u>(115,900)</u>	<u>(1)</u>
8300	<b>Other comprehensive income</b>								
		<u>(106,836)</u>	<u>(1)</u>	<u>(108,054)</u>	<u>(2)</u>	<u>(48,530)</u>	<u>-</u>	<u>(115,900)</u>	<u>(1)</u>
8500	<b>Total comprehensive income (loss)</b>								
	\$	<u>460,168</u>	<u>5</u>	<u>374,190</u>	<u>5</u>	<u>825,235</u>	<u>5</u>	<u>466,996</u>	<u>4</u>
	<b>Profit attributable to:</b>								
8610	Owners of parent	\$ 561,166	6	471,484	7	861,213	5	568,919	5
8620	Non-controlling interests	5,838	-	10,760	-	12,552	-	13,977	-
		<u>\$ 567,004</u>	<u>6</u>	<u>482,244</u>	<u>7</u>	<u>873,765</u>	<u>5</u>	<u>582,896</u>	<u>5</u>
	<b>Total comprehensive income (loss) attributable to:</b>								
8710	Owners of parent	\$ 456,751	5	362,548	5	816,353	5	454,010	4
8720	Non-controlling interests	3,417	-	11,642	-	8,882	-	12,986	-
		<u>\$ 460,168</u>	<u>5</u>	<u>374,190</u>	<u>5</u>	<u>825,235</u>	<u>5</u>	<u>466,996</u>	<u>4</u>
	<b>Earnings per share (NT dollars) (note 6(m))</b>								
9750	Basic earnings per share	\$	<u>4.45</u>	<u>3.74</u>		<u>6.84</u>		<u>4.52</u>	
9850	Diluted earnings per share	\$	<u>4.44</u>	<u>3.70</u>		<u>6.78</u>		<u>4.44</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 Changes in Equity**

**For the six months ended June 30, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent										
	Share capital		Retained earnings				Total	Total other equity interest Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings						
<b>Balance at January 1, 2020</b>	\$ 1,260,000	19,362	353,700	182,174	484,841	1,020,715	(167,315)	2,132,762	93,714	2,226,476	
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	40,364	-	(40,364)	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(171,360)	(171,360)	-	(171,360)	-	(171,360)	
Net income	-	-	-	-	568,919	568,919	-	568,919	13,977	582,896	
Other comprehensive income	-	-	-	-	-	-	(114,909)	(114,909)	(991)	(115,900)	
Total comprehensive income	-	-	-	-	568,919	568,919	(114,909)	454,010	12,986	466,996	
<b>Balance at June 30, 2020</b>	<b>\$ 1,260,000</b>	<b>19,362</b>	<b>394,064</b>	<b>182,174</b>	<b>842,036</b>	<b>1,418,274</b>	<b>(282,224)</b>	<b>2,415,412</b>	<b>106,700</b>	<b>2,522,112</b>	
<b>Balance at January 1, 2021</b>	\$ 1,260,000	19,362	394,064	182,174	1,358,232	1,934,470	(441,087)	2,772,745	106,332	2,879,077	
Appropriation and distribution of retained earnings:											
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	
Subsidiary distribute cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	(21,656)	(21,656)	
<b>Balance at June 30, 2021</b>	<b>\$ 1,260,000</b>	<b>19,362</b>	<b>394,064</b>	<b>182,174</b>	<b>1,564,245</b>	<b>2,140,483</b>	<b>(485,947)</b>	<b>2,933,898</b>	<b>93,558</b>	<b>3,027,456</b>	

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Cash Flows**

**For the six months ended June 30, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Net income before tax	\$ 998,412	728,626
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit and loss:</b>		
Depreciation expense	118,975	115,170
Amortization expense	147	111
Expected credit losses	20,082	24,401
Net gain on financial assets or liabilities at fair value through profit or loss	(449)	-
Interest expense	9,007	7,974
Interest income	(3,677)	(2,373)
Share of profit of associates accounted for using the equity method	(12,503)	(4,427)
(Gain) loss on disposal of property, plant and equipment	(564)	128
Loss on disposal of investments accounted for using equity method	21	-
Unrealized foreign exchange loss	12,490	22,954
Gain on lease modification	(236)	-
Total adjustments to reconcile profit and loss	<u>143,293</u>	<u>163,938</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Notes receivable	(5,783)	(2,206)
Accounts receivable	(730,497)	(165,113)
Other current assets	(44,918)	(21,997)
Total changes in operating assets, net	<u>(781,198)</u>	<u>(189,316)</u>
Net changes in operating liabilities:		
Notes payable	(1,013)	4,771
Accounts payable	359,525	317,119
Other current liabilities	(48,334)	62,691
Net defined benefit liabilities	(6,581)	(7)
Total changes in operating liabilities, net	<u>303,597</u>	<u>384,574</u>
Total changes in operating assets and liabilities, net	<u>(477,601)</u>	<u>195,258</u>
Total adjustments	<u>(334,308)</u>	<u>359,196</u>
Cash inflow generated from operations	664,104	1,087,822
Interest received	3,677	2,373
Interest paid	(9,007)	(7,974)
Income taxes paid	(60,472)	(27,434)
<b>Net cash provided by operating activities</b>	<u>598,302</u>	<u>1,054,787</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets designated at fair value through profit or loss	(142,026)	-
Proceeds from disposal of financial assets designated at fair value through profit or loss	59,573	-
Acquisition of investments accounted for using the equity method	-	(183,547)
Proceeds from disposal of investments accounted for using the equity method	375	-
Acquisition of property, plant and equipment	(12,271)	(3,207)
Proceeds from disposal of property, plant and equipment	595	72
Decrease in refundable deposits	2,899	6,508
(Increase) decrease in other non-current assets	(3,893)	1,039
<b>Net cash used in investing activities</b>	<u>(94,748)</u>	<u>(179,135)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	1,077,050	37,000
Decrease in short-term borrowings	(1,086,050)	(14,000)
Payment of lease liabilities	(95,622)	(102,849)
Decrease in other non-current liabilities	(1,281)	(1,936)
Cash dividends paid	(2,470)	(97)
Subsidiary distribute cash dividends to non-controlling interests	(21,656)	-
<b>Net cash used in financing activities</b>	<u>(130,029)</u>	<u>(81,882)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(48,530)</u>	<u>(115,900)</u>
<b>Net increase in cash and cash equivalents</b>	324,995	677,870
<b>Cash and cash equivalents at beginning of period</b>	<u>2,856,190</u>	<u>1,714,775</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 3,181,185</u>	<u>2,392,645</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, 2021 and 2020

(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 6, 2021.

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

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

- (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, 2022, would not have a significant impact on its consolidated financial statements:

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

(Continued)

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

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	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, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

- (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).

(Continued)

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

(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, 2020. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2020.

Subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Primary business	Shareholding			Remarks
			June 30, 2021	December 31, 2020	June 30, 2020	
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 2
The Company	Dimerco Express (Singapore) Pte Ltd. (DIMSG)	Global logistics service	86.11 %	86.11 %	86.11 %	Note 2
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 %	- %	- %	Note 2
DIMHK	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	35.00 %	35.00 %	35.00 %	
DFSHK	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	35.00 %	35.00 %	35.00 %	
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 %	- %	- %	Note 2
DIMSG	Foreign Settlement Co., Ltd. (FSC)	Settlement center	20.00 %	20.00 %	20.00 %	
DIMHK	Foreign Settlement Co., Ltd. (FSC)	Settlement center	60.00 %	60.00 %	60.00 %	
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 2
DIL	Dimerco Express (U.K.) Ltd. (DIMGB)	Global logistics service	37.50 %	37.50 %	37.50 %	Note 2
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 %	
DIMHK	Dimerco International Logistics (Shanghai) Co., Ltd. (DILSHA)	Global logistics service	99.99 %	99.99 %	99.99 %	Note 2

(Continued)

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

Name of investor	Name of subsidiary	Primary business	Shareholding			Remarks
			June 30, 2021	December 31, 2020	June 30, 2020	
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 2
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 2
FSCHK	Dimerco Express (U.K.) Ltd (DIMGB)	Global logistics services	62.50 %	62.50 %	62.50 %	Note 2
FSCHK	Diversified (Shenzhen) International Logistics Service Co., Ltd. (DILYTN)	Global logistics services	50.00 %	50.00 %	- %	Note 2
GMS	Dimerco Express Phil. Inc (DIMPH)	Global logistics services	60.01 %	60.01 %	60.01 %	Note 2
GMS	Diversified International Logistics Service Company Ltd.	Global logistics services	100.00 %	100.00 %	100.00 %	Note 2
GMS	Diversified Freight System (Singapore) Pte. Ltd. (DFSSG)	Global logistics services	100.00 %	100.00 %	100.00 %	Note 2
GMS	Dimerco International Logistics Company (DILHK)	Global logistics services	100.00 %	100.00 %	100.00 %	Note 2
GMS	Diversified (Shenzhen) International Logistics Service Co., Ltd. (DILYTN)	Global logistics services	50.00 %	50.00 %	- %	Note 2
Holding	Dimerco Logistics Sdn Bhd. (DILMY)	Global logistics service	49.00 %	49.00 %	49.00 %	Notes 1 and 2
Holding	Dimerco Express (Thailand) Corp. Ltd. (DIMTH)	Global logistics service	48.99 %	48.99 %	48.99 %	Notes 1 and 2
Holding	Dimerco Express Phils. Inc. (DIMPH)	Global logistics service	39.99 %	39.99 %	39.99 %	Note 2
Holding	Dimerco Express (Australia) Pty Ltd. (DIMAU)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 2
Holding	Dimerco Express (Korea) Corp. (DIMKR)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 2
Holding	Dimerco Express (Canada) Corp. (DIMCA)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 2
Holding	Diversified International Service Logistics System Corporation (DSLUS)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 2
Holding	Dimerco Express (Malaysia) Sdn. Bhd. (DIMMY)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 2
Holding	Dimerco Express Netherlands B.V. (DIMNL)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 2
Holding	Diversified Freight System Ltd. (DFSHK)	Global logistics service	99.99 %	99.99 %	99.99 %	Note 2
Holding	Diversified Transportation (HK & China) Co., Ltd. (DTLHK)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 2
DFSHK	Diversified International Transportation (Shanghai) Co., Ltd. (DFSCN)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 2

(Continued)

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

Name of investor	Name of subsidiary	Primary business	Shareholding			Remarks
			June 30, 2021	December 31, 2020	June 30, 2020	
DTLHK	Diversified Transportation (China) Co., Ltd. (DTLCN)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 2
DIMUS	Dimerco Customs Brokerage Co. Ltd. (DCBUS)	Brokerage service	100.00 %	100.00 %	100.00 %	Note 2
DIMSG	Dimerco Express (India) Pte Ltd. (DIMIN)	Global logistics service	60.00 %	60.00 %	60.00 %	Note 2
DIMMY	Danau Muhibbah Sdn.Bhd	Real estate investment	100.00 %	100.00 %	100.00 %	Note 2
DIMPH	Peerless Express Forwarders Corp.	Global logistics service	39.99 %	39.99 %	39.99 %	Notes 1 and 2
DILHK	Diversified International Logistics Pte Ltd (DILSIN)	Global logistics service	100.00 %	- %	- %	Note 2

Note 1: The Group owns less than 50% of the subsidiaries' voting stock, but the Group has control over the subsidiaries' financial and operating policies through agreement with other investors. Therefore, the Group includes the subsidiaries in the consolidated financial statements.

Note 2: It is a non-significant subsidiary, and its financial statements have not been reviewed.

(c) 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.

(d) 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, 2020.

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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, 2020. Please refer to Note 6 of the 2020 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Cash on hand	\$ 4,319	4,434	4,479
Checking accounts and savings deposits	2,990,553	2,560,763	2,200,175
Time deposits	<u>186,313</u>	<u>290,993</u>	<u>187,991</u>
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 3,181,185</u>	<u>2,856,190</u>	<u>2,392,645</u>

Please refer to note 6(q) 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, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets— financing products	<u>\$ 82,901</u>	<u>-</u>	<u>-</u>

(c) Notes and accounts receivable

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Notes receivable	\$ 13,067	7,284	7,432
Accounts receivable	3,082,722	2,351,327	2,480,392
Overdue receivable	1,603	2,501	3,120
Less: allowance for doubtful accounts— accounts receivable	90,817	69,837	82,173
allowance for doubtful accounts— overdue receivable	<u>1,603</u>	<u>2,501</u>	<u>3,120</u>
	<u>\$ 3,004,972</u>	<u>2,288,774</u>	<u>2,405,651</u>

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

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

	<b>June 30, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average expected credit loss rate</b>	<b>Loss allowance provision</b>
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
	<b><u>\$ 3,097,392</u></b>		<b><u>92,420</u></b>
	<b>December 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 2,144,951	0%	-
1 to 30 days past due	177,527	21%	38,528
31 to 60 days past due	25,391	81%	20,567
61 to 90 days past due	3,033	100%	3,033
91 to 365 days past due	754	100%	754
More than 365 days	9,456	100%	9,456
	<b><u>\$ 2,361,112</u></b>		<b><u>72,338</u></b>
	<b>June 30, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 1,760,302	0%	-
1 to 30 days past due	678,903	6%	40,618
31 to 60 days past due	37,176	81%	30,112
61 to 90 days past due	3,171	100%	3,171
91 to 365 days past due	2,158	100%	2,158
More than 365 days	9,234	100%	9,234
	<b><u>\$ 2,490,944</u></b>		<b><u>85,293</u></b>

(Continued)

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

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

	<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 72,338	60,891
Impairment losses recognized	20,082	24,402
Balance at June 30	<u>\$ 92,420</u>	<u>85,293</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 is as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Associates	<u>\$ 226,142</u>	<u>217,725</u>	<u>206,588</u>

(i) Associates

The details of significant associate were as follows:

<b>Name of associate</b>	<b>Existing relationship with the Group</b>	<b>Main operating location / country of registration</b>	<b>Proportion of equity and voting rights</b>		
			<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
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 is as follows:

1) Summary of financial information of ITG Air & Sea GmbH

The Group acquired 25% of the shares of ITG Air & Sea GmbH (hereinafter referred as ITG GmbH) for \$183,547 thousand (EUR5,458 thousand ) in cash in 2020, and therefore the group has significant influence on ITG GmbH.

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Current assets	\$ 965,128	631,992	678,602
Non-current assets	98,299	97,331	77,821
Current liabilities	(719,178)	(418,694)	(485,479)
Non-current liabilities	(41,352)	(37,345)	(47,685)
Net assets	<u>\$ 302,897</u>	<u>273,284</u>	<u>223,259</u>
The Group's share of net assets	<u>\$ 75,724</u>	<u>68,321</u>	<u>55,815</u>

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

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Revenue	<u>\$ 974,305</u>	<u>506,430</u>	<u>1,885,209</u>	<u>1,043,314</u>
Profit from continuing operations	\$ 20,127	9,957	40,931	10,812
Other comprehensive income	-	-	-	-
Profit and total comprehensive income	<u>\$ 20,127</u>	<u>9,957</u>	<u>40,931</u>	<u>10,812</u>
The Group's share of profit and total comprehensive income	<u>\$ 5,032</u>	<u>2,489</u>	<u>10,233</u>	<u>2,703</u>
			<b>For the six months ended June 30</b>	
			<b>2021</b>	<b>2020</b>
Beginning balance of the equity of the associate attributable to the Group		\$ 198,012	-	
Total comprehensive income (loss) of the associate attributable to the Group			10,233	2,703
Acquisition of associate			-	183,547
Exchange difference			(2,829)	(744)
Ending balance of the equity of the associate attributable to the Group		<u>\$ 205,416</u>	<u>185,506</u>	
2) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:				
	<b>June 30, 2021</b>	<b>December 31, 2020</b>		<b>June 30, 2020</b>
Carrying amount of individually insignificant associates' equity	<u>\$ 20,726</u>	<u>19,713</u>	<u>21,082</u>	
	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Attributable to the Group:				
Profit from continuing operations	\$ 1,331	1,724	2,270	1,724
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ 1,331</u>	<u>1,724</u>	<u>2,270</u>	<u>1,724</u>

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

(ii) Collateral

As of June 30, 2021, December 31 and June 30, 2020, 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

Investments were accounted for by 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) 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, 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	<u>\$ 182,595</u>	<u>516,038</u>	<u>30,786</u>	<u>145,895</u>	<u>59,060</u>	<u>52,403</u>	<u>986,777</u>
Balance at January 1, 2020	\$ 184,645	542,760	36,978	154,022	60,618	59,108	1,038,131
Additions	-	-	-	1,608	1,015	584	3,207
Disposals	-	-	-	(3,740)	-	(1,641)	(5,381)
Effect of changes in exchange rates	(541)	(13,867)	(946)	(2,032)	(2,609)	(3,140)	(23,135)
Balance at June 30, 2020	<u>\$ 184,104</u>	<u>528,893</u>	<u>36,032</u>	<u>149,858</u>	<u>59,024</u>	<u>54,911</u>	<u>1,012,822</u>
Depreciation and impairment loss:							
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
Disposal	-	-	(476)	(416)	-	-	(892)
Effect of changes in exchange rates	-	(1,185)	(319)	(618)	(1,326)	(1,141)	(4,589)
Balance at June 30, 2021	<u>\$ -</u>	<u>194,579</u>	<u>23,659</u>	<u>124,608</u>	<u>46,646</u>	<u>47,135</u>	<u>436,627</u>
Balance at January 1, 2020	\$ -	182,197	24,369	129,927	43,147	50,186	429,826
Depreciation	-	7,317	1,748	5,323	3,557	1,869	19,814
Disposal	-	-	-	(3,540)	-	(1,641)	(5,181)
Effect of changes in exchange rates	-	(4,247)	(683)	(2,664)	(2,288)	(2,638)	(12,520)
Balance at June 30, 2020	<u>\$ -</u>	<u>185,267</u>	<u>25,434</u>	<u>129,046</u>	<u>44,416</u>	<u>47,776</u>	<u>431,939</u>
Carrying value:							
January 1, 2021	<u>\$ 182,787</u>	<u>331,847</u>	<u>8,670</u>	<u>20,491</u>	<u>11,469</u>	<u>6,507</u>	<u>561,771</u>
June 30, 2021	<u>\$ 182,595</u>	<u>321,459</u>	<u>7,127</u>	<u>21,287</u>	<u>12,414</u>	<u>5,268</u>	<u>550,150</u>
June 30, 2020	<u>\$ 184,104</u>	<u>343,626</u>	<u>10,598</u>	<u>20,812</u>	<u>14,608</u>	<u>7,135</u>	<u>580,883</u>
January 1, 2020	<u>\$ 184,645</u>	<u>360,563</u>	<u>12,609</u>	<u>24,095</u>	<u>17,471</u>	<u>8,922</u>	<u>608,305</u>

As of June 30, 2021, December 31 and June 30, 2020, the property, plant and equipment of the Group had been pledged as collateral for long-term and short-term borrowings; please refer to note 8.

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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(f) Right-of-use assets

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

	<u>Land</u>	<u>Building</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
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	-	(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>
Balance at January 1, 2020	\$ 47,005	372,617	38,006	70,124	527,752
Additions	-	96,801	3,376	11,837	112,014
Lease modification	-	(38,513)	(4,247)	-	(42,760)
Effect of changes in exchange rates	(891)	(10,818)	(1,449)	(3,144)	(16,302)
Balance at June 30, 2020	<u>\$ 46,114</u>	<u>420,087</u>	<u>35,686</u>	<u>78,817</u>	<u>580,704</u>
Accumulated depreciation and impairment losses:					
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	-	(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>
Balance at January 1, 2020	\$ 1,307	135,907	15,103	30,524	182,841
Depreciation	328	70,115	8,102	16,811	95,356
Lease modification	-	(29,415)	(2,986)	-	(32,401)
Effect of changes in exchange rates	289	(3,961)	(618)	(1,352)	(5,642)
Balance at June 30, 2020	<u>\$ 1,924</u>	<u>172,646</u>	<u>19,601</u>	<u>45,983</u>	<u>240,154</u>
Carrying amounts:					
January 1, 2021	<u>\$ 40,280</u>	<u>310,690</u>	<u>13,410</u>	<u>25,030</u>	<u>389,410</u>
June 30, 2021	<u>\$ 36,956</u>	<u>271,389</u>	<u>11,773</u>	<u>17,827</u>	<u>337,945</u>
June 30, 2020	<u>\$ 44,190</u>	<u>247,441</u>	<u>16,085</u>	<u>32,834</u>	<u>340,550</u>
January 1, 2020	<u>\$ 45,698</u>	<u>236,710</u>	<u>22,903</u>	<u>39,600</u>	<u>344,911</u>

(g) Goodwill

	<u>Goodwill</u>
Balance at January 1, 2021	\$ 32,921
Effect of changes in exchange rates	(15)
Balance at June 30, 2021	<u>\$ 32,906</u>
Balance at January 1, 2020	\$ 34,179
Effect of changes in exchange rates	(402)
Balance at June 30, 2020	<u>\$ 33,777</u>

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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(h) Short-term borrowings

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

(i) Short-term borrowings

	<b>June 30, 2021</b>		
	<b>Interest rate</b>	<b>Maturity</b>	<b>Amount</b>
	<b>(%)</b>	<b>year</b>	
Unsecured bank loans	0.65~0.90	2021	\$ <b>691,592</b>
	<b>December 31, 2020</b>		
	<b>Interest rate</b>	<b>Maturity</b>	<b>Amount</b>
	<b>(%)</b>	<b>year</b>	
Unsecured bank loans	0.65~0.98	2021	\$ <b>700,592</b>
	<b>June 30, 2020</b>		
	<b>Interest rate</b>	<b>Maturity</b>	<b>Amount</b>
	<b>(%)</b>	<b>year</b>	
Unsecured bank loans	0.65~1.03	2020	\$ <b>732,592</b>

As of June 30, 2021, December 31 and June 30, 2020, the unused credit facilities of the Group's short-term borrowings amounted to \$816,508 thousand, \$311,548 thousand and \$307,268 thousand, respectively.

Please refer to note 6(q) 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.

(ii) Long-term borrowings

As of June 30, 2021, December 31 and June 30, 2020, the unused credit facilities of the Group's long-term borrowings all amounted to \$150,000 thousand.

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

(i) Lease liabilities

The Group's lease liabilities were as follow:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Current	\$ <b>153,123</b>	<b>161,481</b>	<b>158,985</b>
Non-current	\$ <b>165,079</b>	<b>200,255</b>	<b>146,417</b>

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

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest on lease liabilities	<u>\$ 2,465</u>	<u>2,774</u>	<u>5,883</u>	<u>5,151</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 15,522</u>	<u>12,698</u>	<u>22,945</u>	<u>19,231</u>

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

	<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Total cash outflow for leases	<u>\$ 124,450</u>	<u>127,231</u>

(j) 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, 2020 and 2019.

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

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Operating expenses	<u>\$ 806</u>	<u>811</u>	<u>1,647</u>	<u>1,638</u>

(ii) Defined contribution plans

For the three months and six months ended June 30, 2021 and 2020, the pension costs under the defined contribution method were \$8,272 thousand, \$7,906 thousand, \$17,412 thousand and \$15,479 thousand, respectively.

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

(k) 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:

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Current income tax expense				
Current period	\$ 60,396	110,651	124,647	136,242
Undistributed earnings additional tax	-	9,636	-	9,636
Adjustment for prior periods	-	(148)	-	(148)
Income tax expense from continuing operations	<u>\$ 60,396</u>	<u>120,139</u>	<u>124,647</u>	<u>145,730</u>

The tax returns of DIMTW have been examined by the tax authorities through 2018. However, its 2018 taxable income have been increased \$8,004 thousand after an assessment was made by the tax authority, who deemed that there was a difference in the salary expense. Thereafter, DIMTW has requested for a reassessment. DIMTW has evaluated the assessment of difference and recognized the estimated income tax expense \$1,601 thousand in 2020.

(l) 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, 2021 and 2020. Please refer to note 6(k) of the consolidated financial statements for the year ended December 31, 2020, for related information.

Earnings distribution for 2020 and 2019 was decided by the resolution adopted, at the general meeting of shareholders held on July 8, 2021, and June 9, 2020, respectively, was as follows:

	<b>2020</b>	<b>2019</b>
Legal reserve appropriated	<u>\$ 108,511</u>	<u>40,364</u>
Special reserve appropriated	<u>\$ 258,912</u>	<u>-</u>
Dividends distributed to common shareholders:		
Cash	\$ 655,200	171,360
Stock	100,800	-
Total	<u>\$ 756,000</u>	<u>171,360</u>

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

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

(m) Earnings per share

The calculation of DIMTW's basic earnings per share and diluted earnings per share for the six months ended June 30, 2021 and 2020, was as follows:

(i) Basic earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
	Unit: thousand shares			
Net income attributable to ordinary shareholders of the Company	\$ <u>561,166</u>	<u>471,484</u>	<u>861,213</u>	<u>568,919</u>
Weighted-average number of ordinary shares	<u>126,000</u>	<u>126,000</u>	<u>126,000</u>	<u>126,000</u>
Basic earnings per share (in NT dollars)	\$ <u>4.45</u>	<u>3.74</u>	<u>6.84</u>	<u>4.52</u>

(ii) Diluted earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Net income attributable to ordinary shareholders of the Company	\$ <u>561,166</u>	<u>471,484</u>	<u>861,213</u>	<u>568,919</u>
Weighted-average number of ordinary shares (basic)	126,000	126,000	126,000	126,000
Impact of potential common shares				
Effect of employee stock bonus	463	1,300	1,048	2,080
Weighted-average number of ordinary shares (diluted)	<u>126,463</u>	<u>127,300</u>	<u>127,048</u>	<u>128,080</u>
Diluted earnings per share (in NT dollars)	\$ <u>4.44</u>	<u>3.70</u>	<u>6.78</u>	<u>4.44</u>

(iii) On July 8, 2021, the Company's shareholders' meeting resolved to distribute the stock dividends of 2020, with the issuance date set on September 4, 2021. If the distribution of stock dividends occurs before the approval of the financial reporting date, the pro forma retroactive adjustment of the earnings per share would have been as follows:

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Basic earnings per share	\$ <u>4.12</u>	<u>3.46</u>	<u>6.33</u>	<u>4.18</u>
Diluted earnings per share	\$ <u>4.11</u>	<u>3.43</u>	<u>6.28</u>	<u>4.12</u>

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

(n) Revenue from contracts with customers

	<b>For the three months ended June 30, 2021</b>			
	<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	<u>129,123</u>	<u>288,915</u>	<u>10,823</u>	<u>428,861</u>
	<b><u>\$ 6,622,510</u></b>	<b><u>1,473,040</u></b>	<b><u>486,196</u></b>	<b><u>8,581,746</u></b>
	<b>For the three months ended June 30, 2020</b>			
	<u>Asia</u>	<u>Americas</u>	<u>Europe</u>	<u>Total</u>
Major products/services lines:				
Air freight forwarding	\$ 4,272,558	601,339	43,010	4,916,907
Ocean freight forwarding	996,755	685,519	49,918	1,732,192
Others	<u>237,273</u>	<u>145,681</u>	<u>3,234</u>	<u>386,188</u>
	<b><u>\$ 5,506,586</u></b>	<b><u>1,432,539</u></b>	<b><u>96,162</u></b>	<b><u>7,035,287</u></b>
	<b>For the six months ended June 30, 2021</b>			
	<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	<u>400,265</u>	<u>322,664</u>	<u>44,355</u>	<u>767,284</u>
	<b><u>\$ 11,887,281</u></b>	<b><u>2,894,346</u></b>	<b><u>781,186</u></b>	<b><u>15,562,813</u></b>
	<b>For the six months ended June 30, 2020</b>			
	<u>Asia</u>	<u>Americas</u>	<u>Europe</u>	<u>Total</u>
Major products/services lines:				
Air freight forwarding	\$ 6,103,362	1,041,633	86,618	7,231,613
Ocean freight forwarding	1,921,290	1,294,718	92,157	3,308,165
Others	<u>357,580</u>	<u>263,346</u>	<u>27,677</u>	<u>648,603</u>
	<b><u>\$ 8,382,232</u></b>	<b><u>2,599,697</u></b>	<b><u>206,452</u></b>	<b><u>11,188,381</u></b>

(o) 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 is must be in the form of cash.

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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For the three months and six months ended June 30, 2021 and 2020, DIMTW recognized its employees' compensation of \$35,003 thousand, \$42,434 thousand, \$62,007 thousand and \$51,203 thousand, respectively, and directors' and supervisors' remuneration of \$7,401 thousand, \$12,730 thousand, \$15,502 thousand and \$15,361 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( without 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.

In its financial statements for the years ended December 31, 2020 and 2019, DIMTW accrued employees' compensation amounting to \$97,726 thousand and \$36,327 thousand, respectively, and directors' and supervisors' remuneration amounting to \$29,318 thousand and \$10,898 thousand, respectively, which was identical to the actual distribution. The information mentioned above can be accessed on the Market Observation Post System.

(p) Non-operating income and expenses

(i) Interest income

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

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest income from bank deposits	\$ <u>1,814</u>	<u>1,855</u>	<u>3,677</u>	<u>2,373</u>

(ii) Other income

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

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Government grants	\$ 3,864	16,077	7,011	16,077
Other	<u>1,071</u>	<u>1,633</u>	<u>3,694</u>	<u>4,088</u>
Total other income	\$ <u>4,935</u>	<u>17,710</u>	<u>10,705</u>	<u>20,165</u>

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

(iii) Other gains and losses

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

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Gains (losses) on disposal of property, plant and equipment	\$ 564	(174)	564	(128)
Losses on disposal of investments	(21)	-	(21)	-
Gains (losses) on foreign exchange	(2,201)	(9,080)	795	10,891
Net gains on disposal of financial assets measured at fair value through profit or loss	449	-	449	-
Others gains and losses	(385)	15	(906)	(102)
Other gains and losses, net	<u>\$ (1,594)</u>	<u>(9,239)</u>	<u>881</u>	<u>10,661</u>

(iv) Finance costs

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

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest expense				
Bank loan	\$ 1,489	2,135	3,124	2,823
Lease liabilities	2,465	2,774	5,883	5,151
Net finance cost	<u>\$ 3,954</u>	<u>4,909</u>	<u>9,007</u>	<u>7,974</u>

(q) Financial instruments

Except for the contention mentioned below, there were no significant changes in the fair value of the 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, 2020.

(i) Credit risk

As of June 30, 2021, December 31 and June 30, 2020, there was no account receivable concentration of credit risk.

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

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>June 30, 2021</b>							
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	-	-	-	-
	<u>\$ 4,289,673</u>	<u>4,304,301</u>	<u>4,056,461</u>	<u>79,273</u>	<u>91,544</u>	<u>74,872</u>	<u>2,151</u>
<b>December 31, 2020</b>							
Non-derivative financial liabilities							
Short-term loans	\$ 700,592	706,774	706,774	-	-	-	-
Notes payable	30,302	30,302	30,302	-	-	-	-
Accounts payable	2,233,517	2,233,517	2,233,517	-	-	-	-
Lease liabilities	361,736	371,865	83,001	83,001	107,141	98,722	-
Dividend payable	4,818	4,818	4,818	-	-	-	-
	<u>\$ 3,330,965</u>	<u>3,347,276</u>	<u>3,058,412</u>	<u>83,001</u>	<u>107,141</u>	<u>98,722</u>	<u>-</u>
<b>June 30, 2020</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 732,592	713,210	713,210	-	-	-	-
Notes payable	31,908	31,908	31,908	-	-	-	-
Accounts payable	1,948,204	1,948,204	1,948,204	-	-	-	-
Lease liabilities	305,402	313,952	81,718	81,718	90,228	60,288	-
Dividend payable	173,550	173,550	173,550	-	-	-	-
	<u>\$ 3,191,656</u>	<u>3,180,824</u>	<u>2,948,590</u>	<u>81,718</u>	<u>90,228</u>	<u>60,288</u>	<u>-</u>

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

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

(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>
<b>June 30, 2021</b>			
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
<b>December 31, 2020</b>			
Financial assets:			
Monetary items:			
USD	\$ 10,966	28.107	318,674
HKD	\$ 9,208	3.626	34,525
EUR	\$ 1,356	34.566	46,175
Financial liabilities:			
Monetary items:			
USD	\$ 7,000	28.107	196,762
<b>June 30, 2020</b>			
Financial assets:			
Monetary items:			
USD	\$ 15,926	29.493	469,707
HKD	\$ 11,227	3.805	42,722
Financial liabilities:			
Monetary items:			
USD	\$ 6,764	29.493	199,491

The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, and trade and other receivables that are denominated in foreign currency. A weakening (strengthening) of 3% of the NTD against the foreign currency as of June 30, 2021 and 2020, would have increased or decreased the net profit by \$10,998 thousand and \$9,388 thousand, respectively. The analysis is performed on the same basis for both periods.

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

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, 2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(2,201) thousand, \$(9,080) thousand, \$795 thousand and \$10,891 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 would have decreased or increased by \$3,458 thousand and \$3,663 thousand in June 30, 2021 and 2020, respectively, with all other variable factors remaining constant. This was mainly due to the Group's borrowing at variable rates and investment in variable-rate bills.

(iv) Fair value

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Group's financial assets and liabilities are valued approximately to their fair value, and are not based on observable market date and the value measurements which are not reliable. No additional fair value disclosure is required in accordance to the regulations.

	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
Total	<u>\$ 83,344</u>	<u>-</u>	<u>82,901</u>	<u>443</u>	<u>83,344</u>

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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	December 31, 2020				
	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)	\$ 444	-	-	444	444
	June 30, 2020				
	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)	\$ 444	-	-	444	444

- 2) Valuation techniques and assumptions used in fair value determination – Non-derivative financial instruments

If the instruments have no quoted market price in active market, the Group uses market comparison approach to evaluate the fair value. The main assumption is based on the investee's earnings before tax, interest expense, depreciation, and amortization and the listed (over the counter) company's earnings used in computing the market price. The estimated price has been discounted due to the price of the securities lacks the liquidity. The Chinese financial instruments are evaluated at the redeemable market value provided by the financial institution.

- 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 as of the reporting date.

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

4) Reconciliation of Level 3 fair values

	<b>Unquoted equity instruments</b>
Balance at January 1, 2021	\$ 444
Effect of changes in exchange rates	(1)
Balance at June 30, 2021	<b>\$ 443</b>
Balance at January 1, 2020	\$ 447
Effect of changes in exchange rates	(3)
Balance at June 30, 2020	<b>\$ 444</b>

(r) 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, 2020.

(s) 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, 2020. For related information, please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2020.

**(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:

<b>Name of related party</b>	<b>Relationship with the Group</b>
ITG GmbH	An associate

(Continued)

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

(c) Significant transactions with related parties

(i) Operating revenue

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

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Associates	<u>\$ 97,118</u>	<u>65,389</u>	<u>177,618</u>	<u>135,584</u>

The associates collect the above-mentioned income deriving from exported freight and shipment on behalf of the Group.

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

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

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Associates	<u>\$ 19,330</u>	<u>22,683</u>	<u>49,809</u>	<u>40,842</u>

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

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

(iii) Receivables from related parties

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

<b>Accounts</b>	<b>Type of related parties</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Account receivables	Associates	<u>\$ 25,782</u>	<u>4,463</u>	<u>4,980</u>

(iv) Payables to related parties

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

<b>Accounts</b>	<b>Type of related parties</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Account payables	Associates	<u>\$ 6,076</u>	<u>5,454</u>	<u>4,773</u>

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

(d) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 16,730	8,717	35,839	20,191
Post-employment benefits	204	202	411	405
	<b><u>\$ 16,934</u></b>	<b><u>8,919</u></b>	<b><u>36,250</u></b>	<b><u>20,596</u></b>

(8) Pledged assets

The carrying values of pledged assets were as follows:

<b>Pledged assets</b>	<b>Object</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Restricted certificates of deposit (recorded under other current assets)	Guarantee for the Group's logistics operations	\$ 2,120	984	974
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	"	16,234	16,506	16,779
		<b><u>\$ 63,806</u></b>	<b><u>62,942</u></b>	<b><u>63,205</u></b>

(9) Commitments and contingencies

- (a) The Group provided certificates of deposit, land, and buildings as collateral to the banks for the performance of freight forwarding contracts in 2021 and 2020. As of June 30, 2021, December 31 and June 30, 2020, the guarantees from the banks were \$148,001 thousand, \$142,144 thousand and \$152,055 thousand, respectively, and the used amounts were \$136,655 thousand, \$120,112 thousand and \$140,371 thousand, respectively.

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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- (b) As of June 30, 2021, December 31 and June 30, 2020, the Group had outstanding letters of credit totaling \$48,000 thousand, \$42,144 thousand and \$52,055 thousand, respectively. As of June 30, 2021, December 31 and June 30, 2020, the guarantees recorded for customs duty were \$9,253 thousand, \$9,372 thousand and \$9,206 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 Guang zhou maritime court of PRC on March 15, 2021.

**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events: None**

**(12) Other**

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

By item	By function			Three months ended June 30, 2021			Three months ended June 30, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total			
Employee benefits									
Salary	8,554	426,004	434,558	12,141	461,533	473,674			
Labor and health insurance	228	41,306	41,534	266	25,713	25,979			
Pension	155	8,923	9,078	349	8,368	8,717			
Directors' remuneration	-	7,400	7,400	-	12,730	12,730			
Others	233	24,997	25,230	1,194	28,394	29,588			
Depreciation	1,347	55,386	56,733	1,186	52,881	54,067			
Amortization	-	64	64	-	52	52			

(Continued)

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

By function By item	Six months ended June 30, 2021			Six months ended June 30, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	17,667	776,601	794,268	21,311	752,001	773,312
Labor and health insurance	448	78,906	79,354	617	57,337	57,954
Pension	440	18,619	19,059	699	16,418	17,117
Directors' remuneration	-	15,501	15,501	-	15,361	15,361
Others	819	53,539	54,358	2,490	56,936	59,426
Depreciation	2,713	116,262	118,975	2,449	112,721	115,170
Amortization	-	147	147	-	111	111

(b) Seasonality or cyclically of interim operations

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

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## 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	26,864	26,284	26,284	-	(2)	-	Operating capital	-	-	-	139,303	557,210
2	FSC	The Company	Accounts receivable from related parties	Yes	119,551	119,551	119,551	-	(2)	-	Operating capital	-	-	-	124,710	498,839
3	DFSTW	The Company	Accounts receivable from related parties	Yes	714	714	714	-	(2)	-	Operating capital	-	-	-	37,059	148,237

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	3	252,000	7,178	4,046	4,046	4,046	0.14 %	504,000	Y	N	N
0	The Company	DIMIN & DIMTH	3	252,000	550	539	539	539	0.02 %	504,000	Y	N	N
0	The Company	DIMKR	3	252,000	24,099	23,580	23,580	23,580	0.80 %	504,000	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, 2021 (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 (Note 1)	
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	17	-	17	
DIMSG	Stamford Land	—	Financial assets at fair value through other comprehensive income – non-current	5,000	36	-	36	
DIMCN	China Merchants Bank Financial Product - Structured Deposit (90D)	—	Financial assets at fair value through profit or loss – current	-	25,902	- %	25,902	
ZJDCN	Bank of China Financial Product - AMRJYL01	—	Financial assets at fair value through profit or loss – current	-	56,999	-	56,999	

Note 1: Due to lack of quoted prices, the fair value of financial assets carried at cost – non-current are the net equity or book value of the investment as of the financial position date.

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## DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

Name of company	Counter-party	Relationship	Transaction details				Arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase (Sale)	Amount (note 3)	Percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance (note 3)	Percentage of total accounts / notes receivable (payable)	
DIMTW	DIMUS	Sub-Subsidiary	Freight revenue	(107,665)	11.72 %	(Note 1)	-		13,651	3 %	
DIMUS	DIMTW	Sub-Subsidiary	Freight expense	107,665	1.70 %	(Note 1)	-		(13,651)	(2) %	
DIMCN	DIMTW	Sub-Subsidiary	Freight revenue	(127,452)	(Note 2)	(Note 1)	-		21,967	4 %	
DIMTW	DIMCN	Sub-Subsidiary	Freight expense	127,452	(Note 2)	(Note 1)	-		(21,967)	(14) %	

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 costs were paid by DIMTW on behalf of its affiliates. Because the sales cost was unrealized, 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	164,199 (Note 1)	- %	-		-	-
FSC	DIL	Subsidiary	216,717 (Note 2)	- %	-		-	-

Note 1: Loan from the subsidiary of \$119,551 thousand and other receivables of \$44,648 thousand.

Note 2: Paid on behalf of DIMTW.

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			Percentage of total consolidated revenue or total assets
				Account name	Amount (Notes 3, 4)	Terms of trading	
0	The Company	DIMCN	1	Accounts receivable—related parties	40,845	Negotiated	0.52 %
0	The Company	ZJDCN	1	Accounts receivable—related parties	45,016	Negotiated	0.58 %
0	The Company	DIMUS	1	Accounts receivable—related parties	13,651	Negotiated	0.18 %
0	The Company	DFSCN	1	Accounts receivable—related parties	31,937	Negotiated	0.41 %
0	The Company	FSCHK	1	Accounts payable—related parties	15,697	Negotiated	0.20 %
0	The Company	DIMCN	1	Accounts payable—related parties	21,967	Negotiated	0.28 %
0	The Company	ZJDCN	1	Accounts payable—related parties	10,576	Negotiated	0.14 %
0	The Company	DIMUS	1	Accounts payable—related parties	10,239	Negotiated	0.13 %
0	The Company	DIMKR	1	Accounts payable—related parties	8,420	Negotiated	0.11 %
0	The Company	DIMCN	1	Freight revenue—received on behalf	37,290	Negotiated	0.24 %
0	The Company	DIMGB	1	Freight revenue—received on behalf	9,095	Negotiated	0.06 %
0	The Company	DIMSG	1	Freight revenue—received on behalf	17,401	Negotiated	0.11 %
0	The Company	DIMHK	1	Freight revenue—received on behalf	15,133	Negotiated	0.10 %
0	The Company	ZJDCN	1	Freight revenue—received on behalf	19,294	Negotiated	0.12 %
0	The Company	DIMUS	1	Freight revenue—received on behalf	107,665	Negotiated	0.69 %
0	The Company	DIMKR	1	Freight revenue—received on behalf	13,826	Negotiated	0.09 %
0	The Company	DIMMY	1	Freight revenue—received on behalf	14,202	Negotiated	0.09 %
0	The Company	DIMPH	1	Freight revenue—received on behalf	20,730	Negotiated	0.13 %
0	The Company	DIMTH	1	Freight revenue—received on behalf	8,628	Negotiated	0.06 %
0	The Company	DFSCN	1	Freight revenue—received on behalf	21,824	Negotiated	0.14 %

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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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, 4)	Terms of trading	
0	The Company	FSCHK	1	Freight expense – deduction of freight revenue	29,494	Negotiated	0.19 %
0	The Company	DFSTW	1	Freight expense – deduction of freight revenue	12,232	Negotiated	0.08 %
0	The Company	DIMCN	1	Freight expense – deduction of freight revenue	127,452	Negotiated	0.82 %
0	The Company	DIMGB	1	Freight expense – deduction of freight revenue	8,286	Negotiated	0.05 %
0	The Company	DIMSG	1	Freight expense – deduction of freight revenue	17,400	Negotiated	0.11 %
0	The Company	DIMHK	1	Freight expense – deduction of freight revenue	27,774	Negotiated	0.18 %
0	The Company	ZJDCN	1	Freight expense – deduction of freight revenue	39,680	Negotiated	0.26 %
0	The Company	DIMVN	1	Freight expense – deduction of freight revenue	9,094	Negotiated	0.06 %
0	The Company	DIMUS	1	Freight expense – deduction of freight revenue	59,298	Negotiated	0.38 %
0	The Company	DIMKR	1	Freight expense – deduction of freight revenue	44,474	Negotiated	0.29 %
0	The Company	DIMMY	1	Freight expense – deduction of freight revenue	14,807	Negotiated	0.10 %
0	The Company	DIMTH	1	Freight expense – deduction of freight revenue	16,813	Negotiated	0.11 %
1	FSC	The Company	2	Accounts receivable – related parties	164,199	Negotiated	2.10 %
1	FSC	DIL	3	Accounts receivable – related parties	216,717	Negotiated	2.78 %
2	HOLDING	The Company	2	Accounts receivable – related parties	26,284	Negotiated	0.34 %
3	FSCHK	DIMTW	3	Sales revenue	15,819	Negotiated	0.10 %
3	FSCHK	DIMCN	3	Sales revenue	23,439	Negotiated	0.15 %
3	FSCHK	DIMHK	3	Sales revenue	10,952	Negotiated	0.07 %
3	FSCHK	ZJDCN	3	Sales revenue	57,834	Negotiated	0.37 %
3	FSCHK	DIMUS	3	Sales revenue	30,561	Negotiated	0.20 %
3	FSCHK	DIMNL	3	Sales revenue	12,096	Negotiated	0.08 %
3	FSCHK	DIMAU	3	Sales revenue	9,746	Negotiated	0.06 %
3	FSCHK	DFSCN	3	Sales revenue	34,202	Negotiated	0.22 %

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 shall be disclosed.

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

(b) Information on investees

The following is the information on investees for the six months ended June 30, 2021 (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
				June 30, 2021	December 31, 2020	Shares	Ratio of shares	Carrying amount			
The Company	DFSTW	Taiwan	Ocean freight forwarding	15,444	15,444	1,200,000	99 %	370,593	99,026	99,026	
The Company	HOLDING	Bermuda	Holding company	164,845	164,845	3,089,000	100 %	1,393,026	250,784	250,784	
The Company	DIMSG	Singapore	Global air and ocean freight forwarder and logistics & warehousing	108,362	108,362	4,650,000	86 %	405,205	12,526	10,786	
The Company	DIL	British Virgin Is.	4650000	472,313	472,313	(Note 1)	100 %	2,742,575	311,077	311,077	
The Company	FSC	British Virgin Is.	Settlement center	315	315	10,000	20 %	249,420	504	101	
The Company	FSCHK	Hong Kong	Settlement center	236	236	7,500	15 %	224,651	378,550	56,782	

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## DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

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Name of the investor	Name of investee	Location	Main businesses	Initial investment (Amount)		Ending balance			Net income (losses) of investee	Investment income (losses)	Notes
				June 30, 2021	December 31, 2020	Shares	Ratio of shares	Carrying amount			
The Company	ITG GmbH	Germany	Global air and ocean freight forwarder	183,547	183,547	6,275	25 %	205,416	40,931	10,233	
The Company	DILTW	Taiwan	Logistics & warehousing	8,000	-	800,000	80 %	7,792	(260)	(208)	
DFSTW	FSCHK	Hong Kong	Settlement center	235	235	7,500	15 %	234,186	378,550	56,782	
DFSTW	DILTW	Taiwan	Logistics & warehousing	2,000	-	200,000	20 %	1,948	(260)	(52)	
DIL	DIMUS	U.S.A.	Global air and ocean freight forwarder	238,686	238,686	4,961,000	100 %	632,365	109,573	109,573	
DIL	DIMGB	U.K	Global air and ocean freight forwarder	(5,624)	(5,624)	300,000	37 %	(8,913)	795	298	
DIL	DIMSG	Singapore	Global air and ocean freight forwarder and logistics & warehousing	23,904	23,904	750,000	14 %	47,882	12,526	1,740	
DIL	DIMHK	Hong Kong	Global air and ocean freight forwarder and logistics & warehousing	427,348	427,348	300,000	99 %	2,054,782	190,184	190,184	
DIL	GMS	Hong Kong	Logistics & warehousing	-	-	(Note 1)	100 %	16,459	9,282	9,282	
GMS	DFSSG	Singapore	Logistics & warehousing	13,482	13,482	600,000	100 %	23,112	4,932	4,932	
GMS	DIMPH	Philippines	Global air and ocean freight forwarder	38,399	38,399	180,000	60 %	53,178	7,751	4,651	
GMS	DILHK	Hong Kong	Logistics & warehousing	-	-	(Note 1)	100 %	41,436	2,142	2,142	
DILHK	DILSG	Singapore	Logistics & warehousing	4,215	-	-	100 %	2,889	(1,278)	(1,278)	
FSCHK	DIMGB	U.K	Global air and ocean freight forwarder	20,126	20,126	500,000	63 %	1,004	795	497	
DIMUS	DIMUS	U.S.A.	Brokerage service	13,532	13,532	1,000	100 %	40,674	5,487	5,487	
DIMHK	FSC	British Virgin Is.	Settlement center	954	954	30,000	60 %	897	504	30,240	
DIMHK	DIMVN	Vietnam	Trucking service	2,090	2,090	-	75 %	13,747	1,384	1,038	
DIMHK	FSCHK	Hong Kong	Settlement center	550	550	17,500	35 %	620,577	378,550	132,492	
DIMSG	FSC	British Virgin Is.	Settlement center	318	318	10,000	20 %	299	504	10,080	
DIMSG	DIMIN	India	Trucking service	5,303	5,303	960,000	60 %	9,082	1,659	996	
HOLDING	DIMMY	Malaysia	Global air and ocean freight forwarder	65,516	65,516	250,000	100 %	121,087	16,444	16,444	
HOLDING	DILMY	Malaysia	Global logistics service	1,592	1,592	186,000	49 %	2,563	(25)	(25)	
HOLDING	DIMTH	Thailand	Global air and ocean freight forwarder	7,642	7,642	735,000	49 %	40,376	10,352	5,071	
HOLDING	DIMPH	Philippines	Global air and ocean freight forwarder	4,026	4,026	120,000	40 %	37,802	7,751	3,100	
HOLDING	DIMAU	Australia	Global air and ocean freight forwarder	16,460	16,460	60,000	100 %	(41,580)	(2,265)	(2,265)	
HOLDING	DIMKR	Korea	Global air and ocean freight forwarder	19,386	19,386	120,000	100 %	62,024	9,432	9,432	
HOLDING	DIMCA	Canada	Air freight forwarder	15,646	15,646	-	100 %	84,467	15,613	15,613	
HOLDING	DIMNL	Netherlands	Global air and ocean freight forwarder	11,644	11,644	1,000	100 %	19,847	17,007	17,007	
HOLDING	DFSHK	Hong Kong	Ocean freight forwarding	25,393	25,393	71,000	99 %	910,567	183,749	183,731	
HOLDING	DTLHK	Hong Kong	Trucking service	41,076	41,076	89,000	100 %	43,934	577	577	
HOLDING	DSLUS	U.S.A.	Logistics & warehousing	15,840	15,840	50,000	100 %	32,007	1,908	1,908	
DFSHK	FSCHK	Hong Kong	Settlement center	566	566	17,500	35 %	620,577	378,550	132,492	
DIMMY	Danau Muhibbah Sdn. Bhd.	Malaysia	Real estate investment	2,621	2,621	-	100 %	(1,259)	-	-	
DIMPH	Peerless Express Forwarders Corp.	Philippines	Trucking service	954	954	1,600,000	40 %	-	225	90	
DIMSG	Logicentrix India Pvt Ltd.	India	Brokerage service	-	1,830	-	- %	-	-	-	

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 GmbH and Logicentrix India Pvt Ltd..

#### (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 (Note 2)	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)	25,170 (USD902)	-	-	25,170 (USD902)	21,453	75 %	16,090 (1)	104,862	-
DILSHA	Logistics & warehousing	5,970	(2)	5,581 (USD200)	-	-	5,581 (USD200)	549	99 %	549 (2)	(58,090)	-
DIMCN	Global air and ocean freight forwarder	163,377	(2)	-	-	-	-	16,520	100 %	16,520 (1)	285,999	-
DILSZX	Logistics & warehousing	10,958	(2)	-	-	-	-	(178)	100 %	(178) (2)	7,412	-
DFSCN	Global air and ocean freight forwarder	59,777	(2)	-	-	-	-	51,572	100 %	51,572 (1)	213,864	-
Diversified Transportation (China) Co., Ltd.	Trucking service	29,802	(2)	-	-	-	-	123	100 %	123 (2)	20,034	-
Yuhang Int'l Logistics (Dalian) Co. Ltd.	Global air and ocean freight forwarder	38,666	(2)	-	-	-	-	9,086	25 %	2,272 (2)	20,726	-

(Continued)

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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 (Note 2)	Carrying amount (Note 2)	Accumulated remittance of earnings in current period
					Invested amount	Returned amount						
Diversified (Shanghai) International Logistics Service Company Ltd	Global air and ocean freight forwarder	13,684	(2)	-	-	-	-	(1,972)	100 %	(1,972) (2)	640	-
Diversified (Shenzhen) International Logistics Service Company Ltd	Global air and ocean freight forwarder	1,293	(2)	-	-	-	-	1,761	100 %	1,761 (2)	3,056	-

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: The financial statements was audited by an international accounting firm in cooperation with the R.O.C. accounting firm.

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

- (1) The financial statements were reviewed by an international accounting firm in cooperation with the ROC accounting firm.
- (2) The gain (loss) of the investee were not reviewed and were recognized as investment income (loss) under the equity method.

(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	30,751 (USD1,102)	66,972 (USD2,400)	1,760,339

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

Note 2: USD:NT\$=1:27.905.

(iii) Significant transactions

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

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
MEC ELECTRONICS CORPORATION		6,740,040	5.34 %

(Continued)



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**(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>
<b>Three months ended June 30, 2021</b>					
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>
<b>Total revenue</b>	<b><u>\$ 6,760,893</u></b>	<b><u>1,473,040</u></b>	<b><u>486,196</u></b>	<b><u>(138,383)</u></b>	<b><u>8,581,746</u></b>
<b>Segment income</b>	<b><u>\$ 572,997</u></b>	<b><u>48,610</u></b>	<b><u>5,793</u></b>	<b><u>-</u></b>	<b><u>627,400</u></b>
<b>Three months ended June 30, 2020</b>					
Revenue:					
From customers other than the parent company and subsidiaries	\$ 5,506,586	1,432,539	96,162	-	7,035,287
From the parent company and subsidiaries	<u>352,441</u>	<u>-</u>	<u>-</u>	<u>(352,441)</u>	<u>-</u>
<b>Total revenue</b>	<b><u>\$ 5,859,027</u></b>	<b><u>1,432,539</u></b>	<b><u>96,162</u></b>	<b><u>(352,441)</u></b>	<b><u>7,035,287</u></b>
<b>Segment income</b>	<b><u>\$ 489,101</u></b>	<b><u>106,463</u></b>	<b><u>6,819</u></b>	<b><u>-</u></b>	<b><u>602,383</u></b>
<b>Six months ended June 30, 2021</b>					
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>
<b>Total revenue</b>	<b><u>\$ 12,223,128</u></b>	<b><u>2,894,346</u></b>	<b><u>781,186</u></b>	<b><u>(335,847)</u></b>	<b><u>15,562,813</u></b>
<b>Segment income</b>	<b><u>\$ 797,731</u></b>	<b><u>182,879</u></b>	<b><u>17,802</u></b>	<b><u>-</u></b>	<b><u>998,412</u></b>
<b>Six months ended June 30, 2020</b>					
Revenue:					
From customers other than the parent company and subsidiaries	\$ 8,382,233	2,599,697	206,451	-	11,188,381
From the parent company and subsidiaries	<u>407,805</u>	<u>-</u>	<u>-</u>	<u>(407,805)</u>	<u>-</u>
<b>Total revenue</b>	<b><u>\$ 8,790,038</u></b>	<b><u>2,599,697</u></b>	<b><u>206,451</u></b>	<b><u>(407,805)</u></b>	<b><u>11,188,381</u></b>
<b>Segment income</b>	<b><u>\$ 534,814</u></b>	<b><u>185,714</u></b>	<b><u>8,098</u></b>	<b><u>-</u></b>	<b><u>728,626</u></b>

The inter-company revenue of \$138,383 thousand, \$352,441 thousand, \$335,847 thousand and \$407,805 thousand for the three months and six months ended June 30, 2021 and 2020, respectively, was eliminated.