

**DIMERCO EXPRESS CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 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 March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 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 \$1,602,982 thousand and \$1,243,159 thousand, constituting 23% and 24% of consolidated total assets; and the total liabilities amounting to \$661,887 thousand and \$312,832 thousand, constituting 18% and 11% of the consolidated total liabilities at March 31, 2021 and 2020, respectively; as well as the total comprehensive income (loss) amounting to \$99,911 thousand and \$(22,217) thousand, constituting 27% and 31% of the consolidated total comprehensive income (loss) for the three months ended March 31, 2021 and 2020, respectively.



Furthermore, as stated in Note 6(c), the other equity accounted investments of the Group in its investee companies of \$221,236 thousand and \$203,382 thousand at March 31, 2021 and 2020, respectively, and its equity in net earnings on these investee companies of \$6,141 thousand and \$0 thousand for the three months ended March 31, 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 March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 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 \$542,322 thousand and \$400,230 thousand, constituting both 8% of consolidated total assets at March 31, 2021 and 2020, respectively, and total revenues amounting to \$319,592 thousand and \$257,737 thousand, constituting 5% and 6% of consolidated total revenues for the three months ended March 31, 2021 and 2020.

KPMG

Taipei, Taiwan (Republic of China)
May 7, 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 generally accepted auditing standards

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2021 and 2020

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

		For the three months ended March 31			
		2021		2020	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (notes 6(m) and 7)	\$ 6,981,067	100	4,153,094	100
5000	Operating costs	<u>6,024,208</u>	<u>86</u>	<u>3,490,513</u>	<u>84</u>
5900	Gross profit from operations	<u>956,859</u>	<u>14</u>	<u>662,581</u>	<u>16</u>
6000	Operating expenses (notes 6(b), (d), (e), (h), (i), (n) and 7):				
6100	Selling expenses	179,113	3	167,592	4
6200	Administrative expenses	396,365	6	382,922	9
6450	Expected credit gain for bad debt expense	<u>21,565</u>	<u>-</u>	<u>5,632</u>	<u>-</u>
	Total operating expenses	<u>597,043</u>	<u>9</u>	<u>556,146</u>	<u>13</u>
6900	Net operating income	<u>359,816</u>	<u>5</u>	<u>106,435</u>	<u>3</u>
7000	Non-operating income and expenses (notes 6(c), (h) and (o)):				
7100	Interest income	1,863	-	518	-
7010	Other income	5,770	-	2,455	-
7020	Other gains and losses	2,475	-	19,900	-
7050	Finance costs	(5,053)	-	(3,065)	-
7060	Share of profit of associates accounted for using the equity method	<u>6,141</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total non-operating income and expenses	<u>11,196</u>	<u>-</u>	<u>19,808</u>	<u>-</u>
7900	Profit from continuing operations before tax	371,012	5	126,243	3
7950	Less: Income tax expenses (note 6(j))	<u>64,251</u>	<u>1</u>	<u>25,591</u>	<u>1</u>
	Net income	<u>306,761</u>	<u>4</u>	<u>100,652</u>	<u>2</u>
8300	Other comprehensive income:				
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	58,306	1	(7,846)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>58,306</u>	<u>1</u>	<u>(7,846)</u>	<u>-</u>
8300	Other comprehensive income	<u>58,306</u>	<u>1</u>	<u>(7,846)</u>	<u>-</u>
8500	Total comprehensive income (loss)	<u>\$ 365,067</u>	<u>5</u>	<u>92,806</u>	<u>2</u>
	Profit attributable to:				
8610	Owners of parent	\$ 300,047	4	97,434	2
8620	Non-controlling interests	<u>6,714</u>	<u>-</u>	<u>3,218</u>	<u>-</u>
		<u>\$ 306,761</u>	<u>4</u>	<u>100,652</u>	<u>2</u>
	Total comprehensive income (loss) attributable to:				
8710	Owners of parent	\$ 359,602	5	91,462	2
8720	Non-controlling interests	<u>5,465</u>	<u>-</u>	<u>1,344</u>	<u>-</u>
		<u>\$ 365,067</u>	<u>5</u>	<u>92,806</u>	<u>2</u>
	Earnings per share (NT dollars) (note 6(l))				
9750	Basic earnings per share	<u>\$ 2.38</u>		<u>0.77</u>	
9850	Diluted earnings per share	<u>\$ 2.35</u>		<u>0.76</u>	

(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 three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total other equity interest Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Share capital		Retained earnings							
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total				
Balance at January 1, 2020	\$ 1,260,000	19,362	353,700	182,174	484,841	1,020,715	(167,315)	2,132,762	93,714	2,226,476
Net income	-	-	-	-	97,434	97,434	-	97,434	3,218	100,652
Other comprehensive income	-	-	-	-	-	-	(5,972)	(5,972)	(1,874)	(7,846)
Total comprehensive income	-	-	-	-	97,434	97,434	(5,972)	91,462	1,344	92,806
Balance at March 31, 2020	\$ 1,260,000	19,362	353,700	182,174	582,275	1,118,149	(173,287)	2,224,224	95,058	2,319,282
Balance at January 1, 2021	\$ 1,260,000	19,362	394,064	182,174	1,358,232	1,934,470	(441,087)	2,772,745	106,332	2,879,077
Net income	-	-	-	-	300,047	300,047	-	300,047	6,714	306,761
Other comprehensive income	-	-	-	-	-	-	59,555	59,555	(1,249)	58,306
Total comprehensive income	-	-	-	-	300,047	300,047	59,555	359,602	5,465	365,067
Balance at March 31, 2021	\$ 1,260,000	19,362	394,064	182,174	1,658,279	2,234,517	(381,532)	3,132,347	111,797	3,244,144

See accompanying notes to consolidated financial statements.

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2021	2020
Cash flows from operating activities:		
Net income before tax	\$ 371,012	126,243
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation expense	61,468	61,103
Amortization expense	83	61
Expected credit losses	21,565	5,632
Interest expense	5,053	3,065
Interest income	(1,863)	(518)
Share of profit of associates accounted for using the equity method	(6,141)	-
Gain on disposal of property, plant and equipment	-	(46)
Unrealized foreign exchange (gain) loss	(6,535)	9,956
Gain on lease modification	(128)	-
Total adjustments to reconcile profit and loss	<u>73,502</u>	<u>79,253</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Notes receivable	(1,209)	(639)
Accounts receivable	(362,966)	191,466
Other current assets	(14,836)	(11,353)
Total changes in operating assets, net	<u>(379,011)</u>	<u>179,474</u>
Net changes in operating liabilities:		
Notes payable	(32)	(7,913)
Accounts payable	(51,065)	(312,790)
Other current liabilities	(4,865)	87,737
Net defined benefit liabilities	(6,573)	(1)
Total changes in operating liabilities, net	<u>(62,535)</u>	<u>(232,967)</u>
Total changes in operating assets and liabilities, net	<u>(441,546)</u>	<u>(53,493)</u>
Total adjustments	<u>(368,044)</u>	<u>25,760</u>
Cash inflow generated from operations	2,968	152,003
Interest received	1,863	518
Interest paid	(5,053)	(3,065)
Income taxes paid	(17,938)	(7,663)
Net cash (used in) provided by operating activities	<u>(18,160)</u>	<u>141,793</u>
Cash flows from investing activities:		
Acquisition of investments accounted for using the equity method	-	(183,547)
Acquisition of property, plant and equipment	(5,796)	(1,593)
Proceeds from disposal of property, plant and equipment	-	46
Decrease (increase) in refundable deposits	(96)	4,022
Decrease (increase) in other non-current assets	(3,917)	990
Net cash used in investing activities	<u>(9,809)</u>	<u>(180,082)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	536,025	60,000
Decrease in short-term borrowings	(540,025)	(63,000)
Payment of lease liabilities	(43,990)	(56,321)
(Decrease) increase in other non-current liabilities	(30)	(548)
Cash dividends paid	(1,751)	(97)
Net cash used in financing activities	<u>(49,771)</u>	<u>(59,966)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>58,306</u>	<u>(7,846)</u>
Net decrease in cash and cash equivalents	<u>(19,434)</u>	<u>(106,101)</u>
Cash and cash equivalents at beginning of period	<u>2,856,190</u>	<u>1,714,775</u>
Cash and cash equivalents at end of period	<u>\$ 2,836,756</u>	<u>1,608,674</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

March 31, 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 May 7, 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"

- (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 April 1, 2021, would not have a significant impact on its consolidated financial statements:

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

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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:

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

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

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

(4) Summary of significant accounting policies

Except for the following, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 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).

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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
			March 31, 2021	December 31, 2020	March 31, 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 %	
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 %	
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
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

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Primary business	Shareholding			Remarks
			March 31, 2021	December 31, 2020	March 31, 2020	
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
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

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Primary business	Shareholding			Remarks
			March 31, 2021	December 31, 2020	March 31, 2020	
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
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(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>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Cash on hand	\$ 4,212	4,434	4,550
Checking accounts and savings deposits	2,300,069	2,560,763	1,454,878
Time deposits	<u>532,475</u>	<u>290,993</u>	<u>149,246</u>
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 2,836,756</u>	<u>2,856,190</u>	<u>1,608,674</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) Notes and accounts receivable

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Notes receivable	\$ 8,493	7,284	5,865
Accounts receivable	2,714,421	2,351,327	2,123,750
Overdue receivable	2,373	2,501	3,182
Less: allowance for doubtful accounts — accounts receivable	91,530	69,837	63,341
allowance for doubtful accounts — overdue receivable	<u>2,373</u>	<u>2,501</u>	<u>3,182</u>
	<u>\$ 2,631,384</u>	<u>2,288,774</u>	<u>2,066,274</u>

(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:

	For the three months ended March 31	
	2021	2020
Balance at January 1	\$ 72,338	60,891
Impairment losses recognized	21,565	5,632
Balance at March 31	<u>\$ 93,903</u>	<u>66,523</u>

(c) 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:

	March 31, 2021	December 31, 2020	March 31, 2020
Associates	<u>\$ 221,236</u>	<u>217,725</u>	<u>203,382</u>

(i) Associates

The details of significant associate were as follows:

Name of associate	Existing relationship with the Group	Main operating location / country of registration	Proportion of equity and voting rights		
			March 31, 2021	December 31, 2020	March 31, 2020
ITG Air & Sea GmbH	Globalair 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.

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 853,516	631,992	642,980
Non-current assets	90,055	97,331	9,414
Current liabilities	(626,193)	(418,694)	(436,359)
Non-current liabilities	(32,500)	(37,345)	-
Net assets	<u>\$ 284,878</u>	<u>273,284</u>	<u>216,035</u>
The Group's share of net assets	<u>\$ 71,220</u>	<u>68,321</u>	<u>54,009</u>

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended	
	March 31	
	2021	2020
Revenue	\$ 342,690	536,884
Profit from continuing operations	\$ 20,804	855
Other comprehensive income	-	-
Profit and total comprehensive income	\$ 20,804	855
The Group's share of profit and total comprehensive income	\$ 5,201	214
	For the three months ended	
	March 31	
	2021	2020
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	5,201	-
Acquisition of associate	-	183,547
Exchange difference	(2,302)	-
Ending balance of the equity of the associate attributable to the Group	\$ 200,911	183,547

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

	March 31, 2021	December 31, 2020	March 31, 2020
	Carrying amount of individually insignificant associates' equity	\$ 20,325	19,713
	For the three months ended		
	March 31		
	2021	2020	
Attributable to the Group:			
Profit from continuing operations	\$ 940	-	
Other comprehensive income	-	-	
Total comprehensive income	\$ 940	-	

- (ii) Collateral

As of March 31, 2021, December 31 and March 31, 2020, the Group did not provide any investment accounted for using the equity method as collaterals for its loans.

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.

(d) 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	-	-	-	2,552	1,715	544	4,811
Effect of changes in exchange rates	392	3,629	196	456	(1,945)	(403)	2,325
Balance at March 31, 2021	<u>\$ 183,179</u>	<u>524,135</u>	<u>31,815</u>	<u>144,318</u>	<u>55,909</u>	<u>53,312</u>	<u>992,668</u>
Balance at January 1, 2020	\$ 184,645	542,760	36,978	154,022	60,618	59,108	1,038,131
Additions	-	-	9	1,282	30	272	1,593
Disposals	-	-	-	(1,228)	-	(1,656)	(2,884)
Effect of changes in exchange rates	183	(4,067)	(384)	(690)	(1,284)	(1,974)	(8,216)
Balance at March 31, 2020	<u>\$ 184,828</u>	<u>538,693</u>	<u>36,603</u>	<u>153,386</u>	<u>59,364</u>	<u>55,750</u>	<u>1,028,624</u>
Depreciation and impairment loss:							
Balance at January 1, 2021	\$ -	188,659	22,949	120,819	44,670	46,664	423,761
Depreciation	-	3,557	759	2,517	1,665	857	9,355
Effect of changes in exchange rates	-	1,614	137	429	(669)	(75)	1,436
Balance at March 31, 2021	<u>\$ -</u>	<u>193,830</u>	<u>23,845</u>	<u>123,765</u>	<u>45,666</u>	<u>47,446</u>	<u>434,552</u>
Balance at January 1, 2020	\$ -	182,197	24,369	129,927	43,147	50,186	429,826
Depreciation	-	3,685	906	2,281	1,843	936	9,651
Disposal	-	-	-	(1,228)	-	(1,656)	(2,884)
Effect of changes in exchange rates	-	(523)	(386)	(907)	(1,262)	(1,580)	(4,658)
Balance at March 31, 2020	<u>\$ -</u>	<u>185,359</u>	<u>24,889</u>	<u>130,073</u>	<u>43,728</u>	<u>47,886</u>	<u>431,935</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>
March 31, 2021	<u>\$ 183,179</u>	<u>330,305</u>	<u>7,970</u>	<u>20,553</u>	<u>10,243</u>	<u>5,866</u>	<u>558,116</u>
March 31, 2020	<u>\$ 184,828</u>	<u>353,334</u>	<u>11,714</u>	<u>23,313</u>	<u>15,636</u>	<u>7,864</u>	<u>596,689</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 March 31, 2021, December 31 and March 31, 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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(e) 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	-	21,869	4,356	8,173	34,398
Decreases	-	(14,049)	(2,916)	(7,445)	(24,410)
Effect of changes in exchange rates	646	4,026	11	(6)	4,677
Balance at March 31, 2021	<u>\$ 44,593</u>	<u>521,067</u>	<u>36,179</u>	<u>77,835</u>	<u>679,674</u>
Balance at January 1, 2020	\$ 47,005	372,617	38,006	70,124	527,752
Lease modification	-	(23,124)	(3,776)	-	(26,900)
Effect of changes in exchange rates	302	(4,714)	(773)	(2,028)	(7,213)
Balance at March 31, 2020	<u>\$ 47,307</u>	<u>398,345</u>	<u>36,608</u>	<u>80,097</u>	<u>562,357</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2021	\$ 3,667	198,531	21,318	52,083	275,599
Depreciation	328	41,356	2,888	7,541	52,113
Decreases	-	(11,940)	(2,916)	(7,445)	(22,301)
Effect of changes in exchange rates	2,517	1,682	16	(7,594)	(3,379)
Balance at March 31, 2021	<u>\$ 6,512</u>	<u>229,629</u>	<u>21,306</u>	<u>44,585</u>	<u>302,032</u>
Balance at January 1, 2020	\$ 1,307	135,907	15,103	30,524	182,841
Depreciation	328	38,606	4,712	7,806	51,452
Lease modification	-	(14,974)	(2,640)	-	(17,614)
Effect of changes in exchange rates	10	(1,262)	(255)	(898)	(2,405)
Balance at March 31, 2020	<u>\$ 1,645</u>	<u>158,277</u>	<u>16,920</u>	<u>37,432</u>	<u>214,274</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>
March 31, 2021	<u>\$ 38,081</u>	<u>291,438</u>	<u>14,873</u>	<u>33,250</u>	<u>377,642</u>
March 31, 2020	<u>\$ 45,662</u>	<u>240,068</u>	<u>19,688</u>	<u>42,665</u>	<u>348,083</u>
January 1, 2020	<u>\$ 45,698</u>	<u>236,710</u>	<u>22,903</u>	<u>39,600</u>	<u>344,911</u>

(f) Goodwill

	<u>Goodwill</u>
Balance at January 1, 2021	\$ 32,921
Effect of changes in exchange rates	220
Balance at March 31, 2021	<u>\$ 33,141</u>
Balance at January 1, 2020	\$ 34,179
Effect of changes in exchange rates	17
Balance at March 31, 2020	<u>\$ 34,196</u>

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Short-term borrowings

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

(i) Short-term borrowings

	March 31, 2021		
	Interest rate	Maturity	Amount
	(%)	year	
Unsecured bank loans	0.65~0.94	2021	\$ 696,592
	December 31, 2020		
	Interest rate	Maturity	Amount
	(%)	year	
Unsecured bank loans	0.65~0.98	2021	\$ 700,592
	March 31, 2020		
	Interest rate	Maturity	Amount
	(%)	year	
Unsecured bank loans	0.65~1.03	2020	\$ 706,592

As of March 31, 2021, December 31 and March 31, 2020, the unused credit facilities of the Group's short-term borrowings amounted to \$815,060 thousand, \$311,548 thousand and \$348,528 thousand, respectively.

Please refer to note 6(p) 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 March 31, 2021, December 31 and March 31, 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.

(h) Lease liabilities

The Group's lease liabilities were as follow:

	March 31, 2021	December 31, 2020	March 31, 2020
Current	\$ 165,740	161,481	171,120
Non-current	\$ 184,167	200,255	138,586

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

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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:

	For the three months ended March 31	
	2021	2020
Interest on lease liabilities	\$ 3,418	2,377
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 7,423	6,533

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

	For the three months ended March 31	
	2021	2020
Total cash outflow for leases	\$ 54,831	65,231

(i) 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:

	For the three months ended March 31	
	2021	2020
Operating expenses	\$ 841	827

(ii) Defined contribution plans

For the three months ended March 31, 2021 and 2020, the pension costs under the defined contribution method were \$9,140 thousand and \$7,573 thousand, respectively.

(j) 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.

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The components of income tax expense were as follows:

	For the three months ended March 31	
	2021	2020
Current income tax expense		
Current period	\$ 64,251	25,591
Income tax expense from continuing operations	\$ 64,251	25,591

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.

(k) Capital and other equity

Except as explained in the following paragraphs, there were no significant changes in capital and other equity during the three months ended March 31, 2021 and 2020. Please refer to note 6(k) of the consolidated financial statements for the year ended December 31, 2020, for related information.

On March 16, 2021, the Company's Board of Directors resolved to appropriate the 2020 earnings. On June 9, 2020, the shareholders' meeting resolved to distribute the 2019 earnings. These earnings were appropriated as follows:

	2020	2019
Dividends distributed to common shareholders:		
Cash	\$ 655,200	171,360
Stock	100,800	-
Total	\$ 756,000	171,360

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

(l) Earnings per share

The calculation of DIMTW's basic earnings per share and diluted earnings per share for the three months ended March 31, 2021 and 2020, was as follows:

(i) Basic earnings per share

	Unit: thousand shares For the three months ended March 31	
	2021	2020
Net income attributable to ordinary shareholders of the Company	\$ 300,047	97,434
Weighted-average number of ordinary shares	126,000	126,000
Basic earnings per share (in NT dollars)	\$ 2.38	0.77

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Diluted earnings per share

	For the three months ended	
	March 31	
	2021	2020
Net income attributable to ordinary shareholders of the Company	\$ 300,047	97,434
Weighted-average number of ordinary shares (basic)	126,000	126,000
Impact of potential common shares		
Effect of employee stock bonus	1,505	1,940
Weighted-average number of ordinary shares (diluted)	127,505	127,940
Diluted earnings per share (in NT dollars)	\$ 2.35	0.76

(m) Revenue from contracts with customers

	For the three months ended			
	March 31, 2021			
	Asia	Americas	Europe	Total
Major products/services lines:				
Air freight forwarding	\$ 2,995,670	534,710	38,876	3,569,256
Ocean freight forwarding	1,997,959	852,847	222,582	3,073,388
Others	271,142	33,749	33,532	338,423
	\$ 5,264,771	1,421,306	294,990	6,981,067
	For the three months ended			
	March 31, 2020			
	Asia	Americas	Europe	Total
Major products/services lines:				
Air freight forwarding	\$ 1,830,804	440,294	43,608	2,314,706
Ocean freight forwarding	924,535	609,199	42,239	1,575,973
Others	120,307	117,665	24,443	262,415
	\$ 2,875,646	1,167,158	110,290	4,153,094

(n) 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 ended March 31, 2021 and 2020, DIMTW recognized its employees' compensation of \$27,004 thousand and \$8,769 thousand, respectively, and directors' and supervisors' remuneration of \$8,101 thousand and \$2,631 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.

(o) Non-operating income and expenses

(i) Interest income

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

	For the three months ended	
	March 31	
	2021	2020
Interest income from bank deposits	\$ <u>1,863</u>	<u>518</u>

(ii) Other income

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

	For the three months ended	
	March 31	
	2021	2020
Government grants	\$ 3,147	-
Other	<u>2,623</u>	<u>2,455</u>
Total other income	\$ <u>5,770</u>	<u>2,455</u>

(Continued)

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:

	For the three months ended March 31	
	2021	2020
Gains (losses) on disposal of property, plant and equipment	\$ -	46
Gains (losses) on foreign exchange	2,996	19,971
Others gains and losses	(521)	(117)
Other gains and losses, net	\$ 2,475	19,900

(iv) Finance costs

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

	For the three months ended March 31	
	2021	2020
Interest expense		
Bank loan	\$ 1,635	688
Lease liabilities	3,418	2,377
Net finance cost	\$ 5,053	3,065

(p) 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 March 31, 2021, December 31 and March 31, 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>
March 31, 2021							
Non-derivative financial liabilities							
Short-term borrowings	\$ 696,592	706,774	706,774	-	-	-	-
Notes payable	30,270	30,270	30,270	-	-	-	-
Accounts payable	2,182,452	2,182,452	2,182,452	-	-	-	-
Lease liabilities	349,907	359,704	92,412	92,412	99,282	75,598	-
Dividend payable	3,067	3,067	3,067	-	-	-	-
	<u>\$ 3,262,288</u>	<u>3,282,267</u>	<u>3,014,975</u>	<u>92,412</u>	<u>99,282</u>	<u>75,598</u>	<u>-</u>
December 31, 2020							
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>
March 31, 2020							
Non-derivative financial liabilities							
Short-term borrowings	\$ 706,592	713,210	713,210	-	-	-	-
Notes payable	19,224	19,224	19,224	-	-	-	-
Accounts payable	1,318,295	1,318,295	1,318,295	-	-	-	-
Lease liabilities	309,706	318,425	88,072	88,072	96,472	45,809	-
	<u>\$ 2,353,817</u>	<u>2,369,154</u>	<u>2,138,801</u>	<u>88,072</u>	<u>96,472</u>	<u>45,809</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.

(Continued)

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>
March 31, 2021			
Financial assets:			
Monetary items:			
USD	\$ 16,251	28.520	463,489
HKD	\$ 4,875	3.668	17,882
EUR	\$ 2,643	33.434	88,381
Financial liabilities:			
Monetary items:			
USD	\$ 7,802	28.520	222,513
December 31, 2020			
Financial assets:			
Monetary items:			
USD	\$ 10,966	28.1070	318,674
HKD	\$ 9,208	3.6260	34,525
EUR	\$ 1,356	34.5660	46,175
Financial liabilities:			
Monetary items:			
USD	\$ 7,000	28.1070	196,762
March 31, 2020			
Financial assets:			
Monetary items:			
USD	\$ 9,235	30.256	279,407
HKD	\$ 6,719	3.902	26,221
Financial liabilities:			
Monetary items:			
USD	\$ 6,751	30.256	204,271

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 March 31, 2021 and 2020, would have increased or decreased the net profit by \$10,417 thousand and \$3,041 thousand, respectively. The analysis is performed on the same basis for both periods.

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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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 ended March 31, 2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$2,996 thousand and \$19,971 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 \$1,741 thousand and \$1,766 thousand in March 31, 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.

	March 31, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	\$ 444	-	-	444	444

(Continued)

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)	\$ <u>444</u>	<u>-</u>	<u>-</u>	<u>444</u>	<u>444</u>
	March 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)	\$ <u>444</u>	<u>-</u>	<u>-</u>	<u>444</u>	<u>444</u>

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

If the instruments have no quoted market price in active 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.

- 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
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4) Reconciliation of Level 3 fair values

	Unquoted equity instruments
Balance at March 31, 2021 (Balance at January 1, 2021)	\$ 444
Balance at January 1, 2020	\$ 447
Effect of changes in exchange rates	(3)
Balance at March 31, 2020	\$ 444

(q) 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.

(r) 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:

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

(c) Significant transactions with related parties

(i) Operating revenue

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

	For the three months ended March 31	
	2021	2020
Associates	\$ 80,500	70,195

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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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)

	For the three months ended March 31	
	2021	2020
Associates	\$ 30,479	18,159

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:

Accounts	Type of related parties	March 31, 2021	December 31, 2020	March 31, 2020
Account receivables	Associates	\$ 15,269	4,463	5,880

- (iv) Payables to related parties

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

Accounts	Type of related parties	March 31, 2021	December 31, 2020	March 31, 2020
Account payables	Associates	\$ 3,919	5,454	11,162

- (d) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31	
	2021	2020
Short-term employee benefits	\$ 19,109	11,474
Post-employment benefits	207	203
	\$ 19,316	11,677

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Restricted certificates of deposit (recorded under other current assets)	Guarantee for the Group's logistics operations	\$ 2,037	984	978
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	-
Buildings	"	16,370	16,506	-
		<u>\$ 63,859</u>	<u>62,942</u>	<u>4,638</u>

(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 March 31, 2021, December 31 and March 31, 2020, the guarantees from the banks were \$142,613 thousand, \$142,144 thousand and \$153,369 thousand, respectively, and the used amounts were \$131,267 thousand, \$120,112 thousand and \$141,685 thousand, respectively.
- (b) As of March 31, 2021, December 31 and March 31, 2020, the Group had outstanding letters of credit totaling \$42,613 thousand, \$42,144 thousand and \$53,369 thousand, respectively. As of March 31, 2021, December 31 and March 31, 2020, the guarantees recorded for customs duty were \$9,383 thousand, \$9,372 thousand and \$9,263 thousand, respectively.

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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- (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 function	Three months ended March 31, 2021			Three months ended March 31, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	21,896	323,593	345,489	9,170	290,468	299,638
Labor and health insurance	220	37,600	37,820	351	31,624	31,975
Pension	285	9,696	9,981	350	8,050	8,400
Directors' remuneration	-	8,731	8,731	-	2,631	2,631
Others	586	28,542	29,128	1,296	28,542	29,838
Depreciation	592	60,876	61,468	1,263	59,840	61,103
Amortization	-	83	83	-	61	61

- (b) Seasonality or cyclically of interim operations

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

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions

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

(i) Loans extended to other parties

Unit: thousand dollars

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period (Note 3)	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral Name	Value	Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 2)
1	HOLDING	The Company	Accounts receivable from related parties	Yes	26,864	26,864	26,864	-	(2)	-	Operating capital	-	-	-	313,235	1,252,939
2	FSC	The Company	Accounts receivable from related parties	Yes	119,551	119,551	119,551	-	(2)	-	Operating capital	-	-	-	313,235	1,252,939
3	DFSTW	The Company	Accounts receivable from related parties	Yes	714	714	714	-	(2)	-	Operating capital	-	-	-	313,235	1,252,939

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	DIMSG	3	252,000	9,144	9,144	9,144	9,144	0.29 %	504,000	Y	N	N
0	The Company	DIMVN	3	252,000	5,961	5,961	5,961	5,961	0.19 %	504,000	Y	N	N
0	The Company	DIMIN & DIMTH	3	252,000	550	550	550	550	0.02 %	504,000	Y	N	N
0	The Company	DIMKR	3	252,000	24,099	24,099	24,099	24,099	0.77 %	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 March 31, 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	18	-	18	
DIMSG	Stamford Land	—	Financial assets at fair value through other comprehensive income — non-current	5,000	36	-	36	

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.

(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.

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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- (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: None.
- (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	165,183 (Note 1)	- %	-		-	-
FSC	DIL	Subsidiary	216,717 (Note 2)	- %	-		-	-

Note 1: Loan from the subsidiary of \$119,551 and other receivables of \$45,632.

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	12,456	Negotiated	0.17 %
0	The Company	DIMUS	1	Accounts receivable—related parties	13,365	Negotiated	0.19 %
0	The Company	DIMCN	1	Accounts payable—related parties	28,216	Negotiated	0.40 %
0	The Company	DIMUS	1	Freight revenue—received on behalf	12,117	Negotiated	0.17 %
0	The Company	DIMCN	1	Freight revenue—received on behalf	18,680	Negotiated	0.26 %
0	The Company	DIMSG	1	Freight revenue—received on behalf	8,112	Negotiated	0.11 %
0	The Company	DIMHK	1	Freight revenue—received on behalf	7,945	Negotiated	0.11 %
0	The Company	ZJDCN	1	Freight revenue—received on behalf	10,106	Negotiated	0.14 %
0	The Company	DIMUS	1	Freight revenue—received on behalf	52,091	Negotiated	0.72 %
0	The Company	DIMPH	1	Freight revenue—received on behalf	9,634	Negotiated	0.13 %
0	The Company	FSCHK	1	Freight revenue—received on behalf	8,404	Negotiated	0.12 %
0	The Company	DFSTW	1	Freight revenue—received on behalf	8,401	Negotiated	0.12 %
0	The Company	DIMCN	1	Freight revenue—received on behalf	58,213	Negotiated	0.81 %
0	The Company	DIMSG	1	Freight expense—deduction of freight revenue	7,865	Negotiated	0.11 %
0	The Company	DIMHK	1	Freight expense—deduction of freight revenue	13,009	Negotiated	0.18 %
0	The Company	ZJDCN	1	Freight expense—deduction of freight revenue	13,865	Negotiated	0.19 %
0	The Company	DIMUS	1	Freight expense—deduction of freight revenue	28,381	Negotiated	0.39 %
0	The Company	DIMKR	1	Freight expense—deduction of freight revenue	22,840	Negotiated	0.32 %
0	The Company	DIMMY	1	Freight expense—deduction of freight revenue	7,738	Negotiated	0.11 %
0	The Company	DIMTH	1	Freight expense—deduction of freight revenue	10,038	Negotiated	0.14 %
1	FSC	The Company	2	Accounts receivable—related parties	165,183	Negotiated	23.10 %
1	FSC	DIL	3	Accounts receivable—related parties	216,717	Negotiated	30.31 %
2	HOLDING	The Company	2	Accounts receivable—related parties	26,864	Negotiated	3.76 %
3	FSCHK	DIMTW	3	Sales revenue	9,432	Negotiated	0.13 %
3	FSCHK	DIMCN	3	Sales revenue	25,849	Negotiated	0.36 %
3	FSCHK	DIMSG	3	Sales revenue	9,892	Negotiated	0.14 %
3	FSCHK	DIMHK	3	Sales revenue	21,067	Negotiated	0.29 %
3	FSCHK	ZJDCN	3	Sales revenue	52,389	Negotiated	0.72 %
3	FSCHK	DFSCN	3	Sales revenue	35,539	Negotiated	0.49 %

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 three months ended March 31, 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
				March 31, 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 %	313,668	36,898	36,898	
The Company	HOLDING	Bermuda	Holding company	164,845	164,845	3,089,000	100 %	1,251,541	98,063	98,063	
The Company	DIMSG	Singapore	Global air and ocean freight forwarder and logistics & warehousing	108,362	108,362	4,650,000	86 %	404,818	2,334	2,010	
The Company	DIL	British Virgin Is.	Holding company	472,313	472,313	(Note 1)	100 %	2,688,240	135,546	135,546	
The Company	FSC	British Virgin Is.	Settlement center	315	315	10,000	20 %	254,857	213	43	
The Company	FSCHK	Hong Kong	Settlement center	236	236	7,500	15 %	202,289	113,900	17,085	
The Company	ITG GmbH	Germany	Global air and ocean freight forwarder	183,547	183,547	6,275	25 %	200,911	20,804	5,201	
DFSTW	FSCHK	Hong Kong	Settlement center	235	235	7,500	15 %	234,186	113,900	17,085	
DIL	DIMUS	U.S.A.	Global air and ocean freight forwarder	238,686	238,686	4,961,000	100 %	587,373	50,630	50,630	
DIL	DIMGB	U.K	Global air and ocean freight forwarder	(5,624)	(5,624)	300,000	37 %	(8,815)	1,017	381	
DIL	DIMSG	Singapore	Global air and ocean freight forwarder and logistics & warehousing	23,904	23,904	750,000	14 %	47,820	2,334	324	
DIL	DIMHK	Hong Kong	Global air and ocean freight forwarder and logistics & warehousing	427,348	427,348	(Note 1)	99 %	2,049,492	79,177	79,177	
DIL	GMS	Hong Kong	Logistics & warehousing	-	-	-	100 %	12,371	5,034	5,034	
GMS	DFSSG	Singapore	Logistics & warehousing	13,482	13,482	600,000	100 %	20,676	2,044	2,044	
GMS	DIMPH	Philippines	Global air and ocean freight forwarder	38,399	38,399	(Note 1)	60 %	51,552	3,194	1,917	
GMS	DILHK	Hong Kong	Logistics & warehousing	-	-	-	100 %	42,204	2,070	2,070	
DILHK	DILSG	Singapore	Logistics & warehousing	4,215	-	-	100 %	3,871	(361)	(361)	
FSCHK	DIMGB	U.K	Global air and ocean freight forwarder	20,126	20,126	500,000	63 %	1,168	1,017	636	
DIMUS	DIMUS	U.S.A.	Brokerage service	13,532	13,532	(Note 1)	100 %	37,287	2,099	2,099	
DIMHK	FSC	British Virgin Is.	Settlement center	954	954	30,000	60 %	897	213	12,780	
DIMHK	DIMVN	Vietnam	Trucking service	2,090	2,090	-	75 %	11,120	1,384	1,038	
DIMHK	FSCHK	Hong Kong	Settlement center	550	550	17,500	35 %	540,090	113,900	39,865	
DIMSG	FSC	British Virgin Is.	Settlement center	318	318	10,000	20 %	299	213	4,260	
DIMSG	DIMIN	India	Trucking service	5,303	5,303	960,000	60 %	8,727	526	315	
HOLDING	DIMMY	Malaysia	Global air and ocean freight forwarder	65,516	65,516	250,000	100 %	117,902	9,391	9,391	
HOLDING	DILMY	Malaysia	Global logistics service	1,592	1,592	186,000	49 %	2,631	(24)	(24)	
HOLDING	DIMTH	Thailand	Global air and ocean freight forwarder	7,642	7,642	735,000	49 %	39,995	5,966	2,923	
HOLDING	DIMPH	Philippines	Global air and ocean freight forwarder	4,026	4,026	120,000	40 %	36,788	3,194	1,277	
HOLDING	DIMAU	Australia	Global air and ocean freight forwarder	16,460	16,460	60,000	100 %	(40,044)	688	688	
HOLDING	DIMKR	Korea	Global air and ocean freight forwarder	19,386	19,386	(Note 1)	100 %	61,726	7,809	7,809	
HOLDING	DIMCA	Canada	Air freight forwarder	15,646	15,646	-	100 %	74,762	5,727	5,727	
HOLDING	DIMNL	Netherlands	Global air and ocean freight forwarder	11,644	11,644	1,000	100 %	14,124	11,149	11,149	
HOLDING	DFSHK	Hong Kong	Ocean freight forwarding	25,393	25,393	71,000	99 %	799,799	58,399	58,393	
HOLDING	DTLHK	Hong Kong	Trucking service	41,076	41,076	89,000	100 %	43,730	(215)	(215)	
HOLDING	DSLUS	U.S.A.	Logistics & warehousing	15,840	15,840	50,000	100 %	31,649	864	864	
DFSHK	FSCHK	Hong Kong	Settlement center	566	566	(Note 1)	35 %	540,090	113,900	39,865	
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	1,830	4,000,000	40 %	399	194	-	

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.

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(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						
ZJD	Global air and ocean freight forwarder	54,928	(2)	25,725 (USD902)	-	-	25,725 (USD902)	12,418	75 %	9,313 (1)	163,847	-
DILSHA	Logistics & warehousing	5,970	(2)	5,704 (USD200)	-	-	5,704 (USD200)	549	99 %	549 (2)	(58,285)	-
DIMCN	Global air and ocean freight forwarder	163,377	(2)	-	-	-	-	16,520	100 %	16,520 (1)	289,440	-
DILSZX	Logistics & warehousing	10,958	(2)	-	-	-	-	(178)	100 %	(178) (2)	7,833	-
DFSCN	Global air and ocean freight forwarder	59,777	(2)	-	-	-	-	19,785	100 %	19,785 (1)	183,091	-
Diversified Transportation (China) Co., Ltd.	Trucking service	29,802	(2)	-	-	-	-	(352)	100 %	(352) (2)	19,662	-
Yuhang Int'l Logistics (Dalian) Co. Ltd.	Global air and ocean freight forwarder	38,666	(2)	-	-	-	-	3,761	25 %	94,025 (2)	19,926	-
Diversified International Logistics Service Company Ltd	Global air and ocean freight forwarder	13,684	(2)	-	-	-	-	(1,270)	100 %	(1,270) (2)	1,347	-
Diversified International Logistics Service Company Ltd	Global air and ocean freight forwarder	1,293	(2)	-	-	-	-	920	100 %	920 (2)	2,222	-

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	31,429 (USD1,102)	68,448 (USD2,400)	1,879,408

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

Note 2: USD:NT\$=1:28.520.

(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)		6,449,040	5.11 %

(Continued)

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Notes to the Consolidated Financial Statements

(14) Segment information

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

	<u>Asia</u>	<u>American</u>	<u>Europe</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Three months ended March 31, 2021					
Revenue:					
From customers other than the parent company and subsidiaries	\$ 5,264,771	1,421,305	294,991	-	6,981,067
From the parent company and subsidiaries	<u>197,464</u>	<u>-</u>	<u>-</u>	<u>(197,464)</u>	<u>-</u>
Total revenue	<u>\$ 5,462,235</u>	<u>1,421,305</u>	<u>294,991</u>	<u>(197,464)</u>	<u>6,981,067</u>
Segment income	<u>\$ 224,734</u>	<u>134,269</u>	<u>12,009</u>	<u>-</u>	<u>371,012</u>
Three months ended March 31, 2020					
Revenue:					
From customers other than the parent company and subsidiaries	\$ 2,875,647	1,167,158	110,289	-	4,153,094
From the parent company and subsidiaries	<u>55,364</u>	<u>-</u>	<u>-</u>	<u>(55,364)</u>	<u>-</u>
Total revenue	<u>\$ 2,931,011</u>	<u>1,167,158</u>	<u>110,289</u>	<u>(55,364)</u>	<u>4,153,094</u>
Segment income	<u>\$ 45,713</u>	<u>79,251</u>	<u>1,279</u>	<u>-</u>	<u>126,243</u>

The inter-company revenue of \$197,464 thousand and \$55,364 thousand for the three months ended March 31, 2021 and 2020, respectively, was eliminated.