

**momo.com Inc. and Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2020 and 2019 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
momo.com Inc.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of momo.com Inc. and its subsidiaries (the Group) as of June 30, 2020 and 2019, the consolidated statements of comprehensive income for the three months and six months ended June 30, 2020 and 2019, and the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2020 and 2019, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. 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 Standard 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**

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of 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 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.

### **Conclusion**

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2020 and 2019, and of its consolidated financial performance for the three months and six months ended June 30, 2020 and 2019, and its consolidated cash flows for the six months ended June 30, 2020 and 2019 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.

The engagement partners on the reviews resulting in this independent auditors' review report are Li-Wen Kuo and Pei-De Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

July 29, 2020

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.*

*For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.*

**momo.com Inc. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**  
**(In Thousands of New Taiwan Dollars)**

	<b>June 30, 2020</b> <b>(Reviewed)</b>		<b>December 31, 2019</b> <b>(Audited)</b>		<b>June 30, 2019</b> <b>(Reviewed)</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Notes 6 and 27)	\$ 3,744,191	25	\$ 3,811,842	26	\$ 2,273,309	19
Financial assets at fair value through profit or loss - current (Note 7)	-	-	-	-	85,444	1
Financial assets at fair value through other comprehensive income - current (Note 8)	2,666	-	7,407	-	11,636	-
Accounts receivable, net (Note 9)	105,535	1	95,151	1	46,219	-
Accounts receivable from related parties (Note 27)	39,845	-	35,774	-	15,972	-
Other receivables, net (Note 9)	641,357	4	730,520	5	756,834	6
Other receivables from related parties (Note 27)	199,059	1	133,685	1	242,320	2
Inventories (Note 10)	2,168,716	15	2,405,934	16	1,902,514	15
Prepayments (Note 27)	101,200	1	62,483	1	79,052	1
Other financial assets - current (Notes 11, 27 and 28)	218,600	1	123,880	1	112,789	1
Other current assets	14,338	-	16,030	-	17,663	-
Rights to recover products - current (Note 21)	<u>109,412</u>	<u>1</u>	<u>124,694</u>	<u>1</u>	<u>98,236</u>	<u>1</u>
Total current assets	<u>7,344,919</u>	<u>49</u>	<u>7,547,400</u>	<u>52</u>	<u>5,641,988</u>	<u>46</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	50,328	-	49,584	-	46,392	-
Investments accounted for using equity method (Note 13)	1,097,268	8	1,083,973	7	1,253,438	10
Property, plant and equipment (Notes 14 and 27)	4,907,163	33	4,364,869	30	4,377,809	36
Right-of-use assets (Notes 15 and 27)	1,020,416	7	1,088,091	7	742,278	6
Goodwill	13,332	-	13,332	-	26,664	-
Other intangible assets	100,444	1	112,775	1	93,000	1
Deferred tax assets	33,463	-	27,368	-	27,670	-
Prepayments for equipment (Note 27)	11,170	-	62,814	1	-	-
Refundable deposits (Note 27)	107,388	1	93,001	1	79,868	1
Prepayments for investment	30,554	-	-	-	-	-
Other financial assets - non-current (Notes 11, 27 and 28)	<u>155,962</u>	<u>1</u>	<u>155,962</u>	<u>1</u>	<u>55,962</u>	<u>-</u>
Total non-current assets	<u>7,527,488</u>	<u>51</u>	<u>7,051,769</u>	<u>48</u>	<u>6,703,081</u>	<u>54</u>
<b>TOTAL</b>	<u><b>\$ 14,872,407</b></u>	<u><b>100</b></u>	<u><b>\$ 14,599,169</b></u>	<u><b>100</b></u>	<u><b>\$ 12,345,069</b></u>	<u><b>100</b></u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Contract liabilities - current	\$ 47,130	-	\$ 42,662	-	\$ 113,506	1
Accounts payable (Note 16)	5,742,771	39	5,053,906	35	4,176,558	34
Accounts payable to related parties (Note 27)	260,028	2	280,392	2	159,824	1
Other payables (Note 17)	595,541	4	702,163	5	455,124	4
Other payables to related parties (Note 27)	26,207	-	27,140	-	17,219	-
Current tax liabilities	226,882	2	204,192	2	121,464	1
Lease liabilities - current (Notes 15, 25 and 27)	366,706	2	347,189	2	242,844	2
Current refund liabilities (Note 21)	124,450	1	143,562	1	114,089	1
Other current liabilities (Note 18)	<u>595,553</u>	<u>4</u>	<u>571,040</u>	<u>4</u>	<u>479,547</u>	<u>4</u>
Total current liabilities	<u>7,985,268</u>	<u>54</u>	<u>7,372,246</u>	<u>51</u>	<u>5,880,175</u>	<u>48</u>
<b>NON-CURRENT LIABILITIES</b>						
Provisions - non-current	18,744	-	18,013	-	14,374	-
Deferred tax liabilities	5,477	-	4,756	-	6,195	-
Lease liabilities - non-current (Notes 15, 25 and 27)	668,267	4	749,172	5	504,151	4
Net defined benefit liabilities - non-current (Note 19)	515	-	1,207	-	1,783	-
Guarantee deposits	<u>291,817</u>	<u>2</u>	<u>277,542</u>	<u>2</u>	<u>263,786</u>	<u>2</u>
Total non-current liabilities	<u>984,820</u>	<u>6</u>	<u>1,050,690</u>	<u>7</u>	<u>790,289</u>	<u>6</u>
Total liabilities	<u>8,970,088</u>	<u>60</u>	<u>8,422,936</u>	<u>58</u>	<u>6,670,464</u>	<u>54</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)</b>						
Common stock	<u>1,400,585</u>	<u>10</u>	<u>1,400,585</u>	<u>9</u>	<u>1,400,585</u>	<u>11</u>
Capital surplus	<u>2,628,174</u>	<u>18</u>	<u>2,647,360</u>	<u>18</u>	<u>2,685,893</u>	<u>22</u>
Retained earnings						
Legal reserve	934,425	6	803,491	6	803,491	7
Special reserve	172,693	1	167,894	1	167,894	1
Unappropriated earnings	<u>910,758</u>	<u>6</u>	<u>1,309,339</u>	<u>9</u>	<u>736,984</u>	<u>6</u>
Total retained earnings	<u>2,017,876</u>	<u>13</u>	<u>2,280,724</u>	<u>16</u>	<u>1,708,369</u>	<u>14</u>
Other equity	<u>(162,654)</u>	<u>(1)</u>	<u>(172,693)</u>	<u>(1)</u>	<u>(142,005)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	<u>5,883,981</u>	<u>40</u>	<u>6,155,976</u>	<u>42</u>	<u>5,652,842</u>	<u>46</u>
<b>NON-CONTROLLING INTERESTS (Note 20)</b>	<u>18,338</u>	<u>-</u>	<u>20,257</u>	<u>-</u>	<u>21,763</u>	<u>-</u>
Total equity	<u>5,902,319</u>	<u>40</u>	<u>6,176,233</u>	<u>42</u>	<u>5,674,605</u>	<u>46</u>
<b>TOTAL</b>	<u><b>\$ 14,872,407</b></u>	<u><b>100</b></u>	<u><b>\$ 14,599,169</b></u>	<u><b>100</b></u>	<u><b>\$ 12,345,069</b></u>	<u><b>100</b></u>

The accompanying notes are an integral part of the consolidated financial statements.

**momo.com Inc. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)  
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 21 and 27)	\$ 15,834,104	100	\$ 11,815,431	100	\$ 30,939,811	100	\$ 23,551,058	100
OPERATING COSTS (Notes 10, 19, 22 and 27)	<u>14,390,018</u>	<u>91</u>	<u>10,668,992</u>	<u>90</u>	<u>28,016,804</u>	<u>91</u>	<u>21,182,787</u>	<u>90</u>
GROSS PROFIT FROM OPERATIONS	<u>1,444,086</u>	<u>9</u>	<u>1,146,439</u>	<u>10</u>	<u>2,923,007</u>	<u>9</u>	<u>2,368,271</u>	<u>10</u>
OPERATING EXPENSES (Notes 9, 19, 22 and 27)								
Marketing expenses	564,143	4	405,108	4	1,072,769	3	784,733	3
Administrative expenses	399,663	2	361,283	3	786,621	3	712,389	3
Research and development expenses	43,662	-	38,609	-	84,804	-	76,277	-
Expected credit loss (gain)	<u>(368)</u>	<u>-</u>	<u>995</u>	<u>-</u>	<u>3,007</u>	<u>-</u>	<u>2,196</u>	<u>-</u>
Total operating expenses	<u>1,007,100</u>	<u>6</u>	<u>805,995</u>	<u>7</u>	<u>1,947,201</u>	<u>6</u>	<u>1,575,595</u>	<u>6</u>
NET OTHER INCOME AND EXPENSES (Note 27)	<u>23,988</u>	<u>-</u>	<u>10,824</u>	<u>-</u>	<u>47,101</u>	<u>-</u>	<u>12,338</u>	<u>-</u>
OPERATING INCOME	<u>460,974</u>	<u>3</u>	<u>351,268</u>	<u>3</u>	<u>1,022,907</u>	<u>3</u>	<u>805,014</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	5,141	-	7,295	-	12,547	-	14,104	-
Other income	7,246	-	993	-	8,209	-	8,354	-
Other gains and losses, net (Note 22)	55,775	1	(666)	-	54,928	-	4,720	-
Finance costs (Notes 22 and 27)	(2,323)	-	(1,764)	-	(4,750)	-	(3,452)	-
Share of profit or loss of associates accounted for using equity method (Note 13)	<u>43,234</u>	<u>-</u>	<u>23,746</u>	<u>-</u>	<u>33,486</u>	<u>-</u>	<u>25,767</u>	<u>-</u>
Total non-operating income and expenses	<u>109,073</u>	<u>1</u>	<u>29,604</u>	<u>-</u>	<u>104,420</u>	<u>-</u>	<u>49,493</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	570,047	4	380,872	3	1,127,327	3	854,507	4
INCOME TAX EXPENSE (Note 23)	<u>100,993</u>	<u>1</u>	<u>68,964</u>	<u>-</u>	<u>216,942</u>	<u>-</u>	<u>147,009</u>	<u>1</u>
NET PROFIT	<u>469,054</u>	<u>3</u>	<u>311,908</u>	<u>3</u>	<u>910,385</u>	<u>3</u>	<u>707,498</u>	<u>3</u>

(Continued)

**momo.com Inc. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)  
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 20)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 2,736	-	\$ (1,045)	-	\$ (3,584)	-	\$ 5,322	-
Share of remeasurement of defined benefit plans of associates accounted for using equity method	-	-	-	-	(522)	-	-	-
Share of unrealized gain on investments in equity instruments at fair value through other comprehensive income of associates accounted for using equity method	26,718	-	774	-	33,539	-	6,269	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation	(8,209)	-	(6,323)	-	(20,323)	-	15,819	-
Share of other comprehensive income (loss) of associates accounted for using equity method	<u>2,032</u>	-	<u>2,565</u>	-	<u>2,094</u>	-	<u>(1,406)</u>	-
Other comprehensive income (loss), net of tax	<u>23,277</u>	-	<u>(4,029)</u>	-	<u>11,204</u>	-	<u>26,004</u>	-
TOTAL COMPREHENSIVE INCOME	<u>\$ 492,331</u>	<u>3</u>	<u>\$ 307,879</u>	<u>3</u>	<u>\$ 921,589</u>	<u>3</u>	<u>\$ 733,502</u>	<u>3</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 470,116	3	\$ 311,600	3	\$ 912,068	3	\$ 707,539	3
Non-controlling interests	<u>(1,062)</u>	-	<u>308</u>	-	<u>(1,683)</u>	-	<u>(41)</u>	-
	<u>\$ 469,054</u>	<u>3</u>	<u>\$ 311,908</u>	<u>3</u>	<u>\$ 910,385</u>	<u>3</u>	<u>\$ 707,498</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 493,537	3	\$ 307,697	3	\$ 923,508	3	\$ 733,428	3
Non-controlling interests	<u>(1,206)</u>	-	<u>182</u>	-	<u>(1,919)</u>	-	<u>74</u>	-
	<u>\$ 492,331</u>	<u>3</u>	<u>\$ 307,879</u>	<u>3</u>	<u>\$ 921,589</u>	<u>3</u>	<u>\$ 733,502</u>	<u>3</u>
EARNINGS PER SHARE (Note 24)								
Basic	<u>\$ 3.36</u>		<u>\$ 2.22</u>		<u>\$ 6.51</u>		<u>\$ 5.05</u>	
Diluted	<u>\$ 3.36</u>		<u>\$ 2.22</u>		<u>\$ 6.51</u>		<u>\$ 5.05</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

**momo.com Inc. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company					Other Equity		Total	Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings			Exchange Differences on Translation	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2019	\$ 1,400,585	\$ 2,976,991	\$ 706,713	\$ 266,327	\$ 967,781	\$ (62,486)	\$ (105,408)	\$ 6,150,503	\$ 21,601	\$ 6,172,104
Effect of retrospective application and retrospective restatement	-	-	-	-	29,438	-	-	29,438	88	29,526
BALANCE AT JANUARY 1, 2019 AS RESTATED	<u>1,400,585</u>	<u>2,976,991</u>	<u>706,713</u>	<u>266,327</u>	<u>997,219</u>	<u>(62,486)</u>	<u>(105,408)</u>	<u>6,179,941</u>	<u>21,689</u>	<u>6,201,630</u>
Distribution of 2018 earnings										
Legal reserve	-	-	96,778	-	(96,778)	-	-	-	-	-
Cash dividends	-	-	-	-	(969,429)	-	-	(969,429)	-	(969,429)
Reversal of special reserve	-	-	-	(98,433)	98,433	-	-	-	-	-
Issue of cash dividends from capital surplus	-	(291,098)	-	-	-	-	-	(291,098)	-	(291,098)
Net profit (loss) for the six months ended June 30, 2019	-	-	-	-	707,539	-	-	707,539	(41)	707,498
Other comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	14,298	11,591	25,889	115	26,004
Total comprehensive income for the six months ended June 30, 2019	-	-	-	-	707,539	14,298	11,591	733,428	74	733,502
BALANCE AT JUNE 30, 2019	<u>\$ 1,400,585</u>	<u>\$ 2,685,893</u>	<u>\$ 803,491</u>	<u>\$ 167,894</u>	<u>\$ 736,984</u>	<u>\$ (48,188)</u>	<u>\$ (93,817)</u>	<u>\$ 5,652,842</u>	<u>\$ 21,763</u>	<u>\$ 5,674,605</u>
BALANCE AT JANUARY 1, 2020	\$ 1,400,585	\$ 2,647,360	\$ 803,491	\$ 167,894	\$ 1,309,339	\$ (80,273)	\$ (92,420)	\$ 6,155,976	\$ 20,257	\$ 6,176,233
Distribution of 2019 earnings										
Legal reserve	-	-	130,934	-	(130,934)	-	-	-	-	-
Special reserve	-	-	-	4,799	(4,799)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,173,606)	-	-	(1,173,606)	-	(1,173,606)
Changes in equity of associates accounted for using equity method	-	-	-	-	(2,711)	-	-	(2,711)	-	(2,711)
Issue of cash dividends from capital surplus	-	(16,891)	-	-	-	-	-	(16,891)	-	(16,891)
Net profit (loss) for the six months ended June 30, 2020	-	-	-	-	912,068	-	-	912,068	(1,683)	910,385
Other comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	(522)	(17,993)	29,955	11,440	(236)	11,204
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	911,546	(17,993)	29,955	923,508	(1,919)	921,589
Disposal of investments accounted for using equity method	-	(2,295)	-	-	1,511	-	(1,511)	(2,295)	-	(2,295)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	412	-	(412)	-	-	-
BALANCE AT JUNE 30, 2020	<u>\$ 1,400,585</u>	<u>\$ 2,628,174</u>	<u>\$ 934,425</u>	<u>\$ 172,693</u>	<u>\$ 910,758</u>	<u>\$ (98,266)</u>	<u>\$ (64,388)</u>	<u>\$ 5,883,981</u>	<u>\$ 18,338</u>	<u>\$ 5,902,319</u>

The accompanying notes are an integral part of the consolidated financial statements.

# **momo.com Inc. AND SUBSIDIARIES**

## **CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(In Thousands of New Taiwan Dollars)**

**(Reviewed, Not Audited)**

	<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 1,127,327	\$ 854,507
Adjustments:		
Depreciation expenses	356,446	278,263
Amortization expenses	31,406	27,049
Expected credit loss	3,007	2,196
Gain on financial assets at fair value through profit or loss, net	-	(3,970)
Finance costs	4,750	3,452
Interest income	(12,547)	(14,104)
Share of profit of associates accounted for using equity method	(33,486)	(25,767)
Loss on disposal of property, plant and equipment	80	-
Gain on disposal of investments accounted for using equity method	(58,494)	-
Loss (gain) on foreign currency exchange, net	1,657	(798)
Others	(5,792)	2,909
Changes in operating assets and liabilities		
Accounts receivable	(10,736)	6,719
Accounts receivable from related parties	(4,071)	(5,273)
Other receivables	93,890	144,975
Other receivables from related parties	(45,197)	(66,759)
Inventories	237,218	(275,296)
Prepayments	(38,717)	81,786
Other current assets	1,631	(3,333)
Rights to recover products	15,282	6,531
Contract liabilities	4,468	(911)
Notes and accounts payable	688,865	(298,365)
Accounts payable to related parties	(20,364)	65,221
Other payables	(101,813)	(30,417)
Other payables to related parties	(933)	(7,743)
Refund liabilities	(19,112)	(9,586)
Other current liabilities	24,513	53,272
Net defined benefit liabilities	(692)	(690)
Cash generated from operations	2,238,586	783,868
Interest received	21	19
Income tax paid	(199,567)	(6,521)
Net cash generated from operating activities	<u>2,039,040</u>	<u>777,366</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(7,419)	-
Acquisition of investments accounted for using equity method	(125,246)	-
Disposal of investments accounted for using equity method	166,807	-

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# **momo.com Inc. AND SUBSIDIARIES**

## **CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(In Thousands of New Taiwan Dollars)**

**(Reviewed, Not Audited)**

	<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Increase in prepayments for investments	\$ (30,554)	\$ -
Repayment of capital reduction from associates	33,298	-
Acquisition of property, plant and equipment	(504,014)	(42,584)
Increase in refundable deposits	(20,120)	(9,328)
Decrease in refundable deposits	5,856	425
Acquisition of intangible assets	(18,968)	(20,452)
Increase in other financial assets	(130,018)	(67,951)
Decrease in other financial assets	34,054	28,979
Increase in prepayments for equipment	(155,561)	-
Interest received	12,397	14,164
Dividend received	<u>-</u>	<u>52,007</u>
Net cash used in investing activities	<u>(739,488)</u>	<u>(44,740)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in guarantee deposits received	29,480	24,587
Decrease in guarantee deposits received	(15,205)	(20,360)
Repayment of the principal portion of lease liabilities	(185,614)	(124,426)
Cash dividends	(1,190,497)	(1,260,527)
Interest paid	<u>(4,677)</u>	<u>(3,236)</u>
Net cash used in financing activities	<u>(1,366,513)</u>	<u>(1,383,962)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>(690)</u>	<u>196</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(67,651)</b>	<b>(651,140)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u><b>3,811,842</b></u>	<u><b>2,924,449</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><b>\$ 3,744,191</b></u>	<u><b>\$ 2,273,309</b></u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

# **momo.com Inc. AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)**

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### **1. ORGANIZATION AND OPERATIONS**

momo.com Inc. (“momo” or the “Company”), a ROC corporation was incorporated on September 27, 2004. The Company’s shares were listed on the ROC Over-the-Counter Securities Exchange on February 27, 2014. On December 19, 2014, the Company’s shares were shifted to be listed on the Taiwan Stock Exchange. The Company is mainly engaged in software design, TV and radio production, radio and TV program distribution, radio and TV advertising, issuing of magazine, and retailing.

The consolidated financial statements by the Company as of and for the six months ended June 30, 2020, comprise the Company and its subsidiaries (collectively, the “Group”).

The consolidated financial statements are presented in the Company’s functional currency, New Taiwan dollars (NTD).

### **2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the Company’s Board of Directors on July 29, 2020.

### **3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS**

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note1)</b>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023

(Continued)

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note1)</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts-Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)
	(Concluded)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### c. Reclassification

To emphasize the importance of Research and Development (“R&D”), the Group presented R&D as a separate item in the consolidated statements of comprehensive income from January 1, 2020. Reclassification for the three months and the six months ended June 30, 2019 comparative information were made to conform to the current period’s presentation.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The basis for the consolidated financial statements applied in these consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2019.

See Note 12, Table 6 and Table 7 for detailed information on subsidiaries (including percentage of ownership and main businesses).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2019.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The same critical accounting judgments and key sources of estimation uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2019.

## 6. CASH AND CASH EQUIVALENTS

	June 30, 2020	December 31, 2019	June 30, 2019
Cash on hand and revolving funds	\$ 16	\$ 16	\$ 17
Cash in banks	2,071,971	1,736,426	838,200
Time deposits	<u>1,672,204</u>	<u>2,075,400</u>	<u>1,435,092</u>
	<u>\$ 3,744,191</u>	<u>\$ 3,811,842</u>	<u>\$ 2,273,309</u>

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Current</u>			
Domestic beneficiary certificates	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,444</u>

As of June 30, 2019, the financial assets were not pledged.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Equity Instrument Investments

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Current</u>			
Foreign unlisted stock	<u>\$ 2,666</u>	<u>\$ 7,407</u>	<u>\$ 11,636</u>
<u>Non-current</u>			
Domestic unlisted stock	<u>\$ 50,328</u>	<u>\$ 49,584</u>	<u>\$ 46,392</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

As of June 30, 2020, December 31, 2019 and June 30, 2019, the financial assets were not pledged.

## 9. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Accounts receivable</u>			
Measured at amortized cost			
Gross carrying amount	\$ 108,317	\$ 97,765	\$ 48,865
Less: Allowance for impairment loss	<u>(2,782)</u>	<u>(2,614)</u>	<u>(2,646)</u>
Accounts receivable, net	<u>\$ 105,535</u>	<u>\$ 95,151</u>	<u>\$ 46,219</u>
<u>Other receivables</u>			
Measured at amortized cost			
Gross carrying amount	\$ 652,658	\$ 739,682	\$ 765,270
Less: Allowance for impairment loss	<u>(11,301)</u>	<u>(9,162)</u>	<u>(8,436)</u>
Other receivables, net	<u>\$ 641,357</u>	<u>\$ 730,520</u>	<u>\$ 756,834</u>

Accounts receivable and other receivables mainly include amounts that customers has paid through banks and logistics companies but not yet received by the Group.

The Group measures the loss allowance for accounts receivable and other receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable and other receivables are estimated by reference to the past default experience and collecting experience of each debtor as well as an increase in the number of delayed payments in the portfolio past the average credit period. Furthermore, the Group considers both its own trading records and observable changes in national or local economic conditions that correlate with defaults on receivables as factors affecting the expected credit losses. The Group estimates expected credit loss rate, based on different loss patterns for different customer segments, by past due status and actual situation.

The Group writes off a trade receivable when there are evidences indicating that the counterparty is in severe financial difficulty and the trade receivable is considered uncollectible. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable and other receivables.

### June 30, 2020

	Not Past Due	1 to 120 Days	121 to 365 Days	Over 365 Days	Total
Gross carrying amount	\$ 680,292	\$ 56,923	\$ 14,172	\$ 9,588	\$ 760,975
Loss allowance (Lifetime ECLs)	<u>(214)</u>	<u>(231)</u>	<u>(4,050)</u>	<u>(9,588)</u>	<u>(14,083)</u>
Amortized cost	<u>\$ 680,078</u>	<u>\$ 56,692</u>	<u>\$ 10,122</u>	<u>\$ -</u>	<u>\$ 746,892</u>

December 31, 2019

	<b>Not Past Due</b>	<b>1 to 120 Days</b>	<b>121 to 365 Days</b>	<b>Over 365 Days</b>	<b>Total</b>
Gross carrying amount	\$ 782,497	\$ 36,299	\$ 11,149	\$ 7,502	\$ 837,447
Loss allowance (Lifetime ECLs)	<u>(197)</u>	<u>(115)</u>	<u>(3,967)</u>	<u>(7,497)</u>	<u>(11,776)</u>
Amortized cost	<u>\$ 782,300</u>	<u>\$ 36,184</u>	<u>\$ 7,182</u>	<u>\$ 5</u>	<u>\$ 825,671</u>

June 30, 2019

	<b>Not Past Due</b>	<b>1 to 120 Days</b>	<b>121 to 365 Days</b>	<b>Over 365 Days</b>	<b>Total</b>
Gross carrying amount	\$ 770,247	\$ 26,141	\$ 10,304	\$ 7,443	\$ 814,135
Loss allowance (Lifetime ECLs)	<u>(182)</u>	<u>(914)</u>	<u>(2,543)</u>	<u>(7,443)</u>	<u>(11,082)</u>
Amortized cost	<u>\$ 770,065</u>	<u>\$ 25,227</u>	<u>\$ 7,761</u>	<u>\$ -</u>	<u>\$ 803,053</u>

The expected credit loss rate of each period above, excluding abnormal transactions which have been recognized 100% credit loss, is lower than 10% when the aging of the receivables not past due or within 120 days and is between 10%-100% when the aging period past due over 121 days.

The movements of the loss allowance of accounts receivable and other receivables were as follows:

	<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Beginning balance	\$ 11,776	\$ 9,031
Add: Provision	3,007	2,196
Less: Write-off	<u>(700)</u>	<u>(145)</u>
Ending balance	<u>\$ 14,083</u>	<u>\$ 11,082</u>

## 10. INVENTORIES

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Merchandise	<u>\$ 2,168,716</u>	<u>\$ 2,405,934</u>	<u>\$ 1,902,514</u>

The cost of inventories recognized as cost of goods sold for the three months and the six months ended June 30, 2020 were \$13,510,375 thousand and \$26,286,991 thousand, respectively, which included inventory write-downs of \$10,329 thousand and \$23,485 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months and the six months ended June 30, 2019 were \$9,876,021 thousand and \$19,625,834 thousand, respectively, which included inventory write-downs of \$12,137 thousand and \$23,293 thousand, respectively.

## 11. OTHER FINANCIAL ASSETS

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Current</u>			
Pledged time deposits and restricted deposits	\$ 69,380	\$ 69,380	\$ 69,223
Time deposits with original maturities of more than 3 months	<u>149,220</u>	<u>54,500</u>	<u>43,566</u>
	<u>\$ 218,600</u>	<u>\$ 123,880</u>	<u>\$ 112,789</u>

### Non-current

Pledged time deposits and restricted deposits	<u>\$ 155,962</u>	<u>\$ 155,962</u>	<u>\$ 55,962</u>
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- The Group estimates the expected credit risks of the above financial assets are not significant, and all the credit risks did not increase after initial recognition.
- Refer to Note 28 for information relating to other financial assets pledged as security.

## 12. SUBSIDIARIES

- Subsidiaries included in the consolidated financial statements

Investor	Subsidiary	Main Businesses and Products	Percentage of Ownership			Note
			June 30, 2020	December 31, 2019	June 30, 2019	
momo	Fu Sheng Travel Service Co., Ltd. (FST)	Travel agent	100.00%	100.00%	100.00%	-
momo	Fuli Life Insurance Agent Co., Ltd. (FLI)	Life insurance agent	100.00%	100.00%	100.00%	-
momo	Fuli Property Insurance Agent Co., Ltd. (FPI)	Property insurance agent	100.00%	100.00%	100.00%	-
momo	Bebe Poshe International Co., Ltd. (Bebe Poshe)	Wholesale of cosmetics	85.00%	85.00%	85.00%	-
momo	Fu Sheng Logistics Co., Ltd. (FSL)	Logistics industry	100.00%	-	-	Note
momo	Asian Crown International Co., Ltd. (Asian Crown (BVI))	Investment	81.99%	81.99%	81.99%	-
Asian Crown (BVI)	Fortune Kingdom Corporation (Fortune Kingdom)	Investment	100.00%	100.00%	100.00%	-
Fortune Kingdom	Hong Kong Fubon Multimedia Technology Co., Ltd. (HK Fubon Multimedia)	Investment	100.00%	100.00%	100.00%	-
HK Fubon Multimedia	Fubon Gehua (Beijing) Enterprise Ltd. (FGE)	Wholesaling	93.548%	93.548%	93.548%	-
momo	Honest Development Co., Ltd. (Honest Development)	Investment	100.00%	100.00%	100.00%	-
Honest Development	Hong Kong Yue Numerous Investment Co., Ltd. (HK Yue Numerous)	Investment	100.00%	100.00%	100.00%	-
HK Yue Numerous	Haobo Information Consulting (Shenzhen) Co., Ltd. (Haobo)	Investment	100.00%	100.00%	100.00%	-

Note: In February 2020, momo established FSL with the investment amount of \$250,000 thousand.

- Subsidiaries excluded from the consolidated financial statements: None.

## 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

The Group's associates that are accounted for using equity method were as follows:

Investee Company	June 30, 2020		December 31, 2019		June 30, 2019	
	Amount	% of Ownership	Amount	% of Ownership	Amount	% of Ownership
Global Home Shopping Co., Ltd. (GHS)	\$ 555,409	20.00	\$ 560,029	20.00	\$ 737,623	20.00
Taiwan Pelican Express Co., Ltd. (TPE)	413,571	16.87	404,413	17.70	390,869	17.70
TV Direct Public Company Limited (TV Direct)	128,288	16.20	-	-	-	-
TVD Shopping Co., Ltd. (TVD Shopping)	<u>-</u>	-	<u>119,531</u>	35.00	<u>124,946</u>	35.00
	<u>\$ 1,097,268</u>		<u>\$ 1,083,973</u>		<u>\$ 1,253,438</u>	



Refer to Table 6 and Table 7 for the nature of activities, principal place of business and countries of incorporation of the associates.

a. GHS

In June 2015, momo's subsidiary acquired 20% equity interests of GHS.

b. TPE

In the first half of 2020, momo's shareholding in TPE decreased from 17.70% to 16.87%, due to the selling of 788 thousand shares of TPE for \$27,698 thousand (the amount of outstanding receivables was \$7,663 thousand), and gain on the disposal of investment was \$9,479 thousand. momo has significant influence on TPE due to having two seats in TPE's board of directors.

c. TV Direct

In June 2020, momo acquired 16.20% equity interest of TV Direct and was accounted for using equity method since momo has significant influence on it.

d. TVD Shopping

In January 2020, TVD shopping held an interim shareholders meeting to resolved a capital reduction. In March 2020, momo has received the refund of the capital reduction of \$33,298 thousand (equal to THB35,000 thousand).

In June 2020, momo sold all of its shares in TVD Shopping to TV Direct for \$146,772 thousand, and gain on disposal of investment was \$49,015 thousand.

e. Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

Name of Associate	June 30, 2020	December 31, 2019	June 30, 2019
TPE	<u>\$ 561,259</u>	<u>\$ 516,081</u>	<u>\$ 381,782</u>

## 14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery	Office Equipment	Lease Improvement	Other Equipment	Property in Construction	Total
<b>Cost</b>								
Balance, January 1, 2019	\$ 1,717,927	\$ 1,768,148	\$ 1,455,732	\$ 101,574	\$ 262,460	\$ 61,927	\$ 15,039	\$ 5,382,807
Additions	-	1,116	8,241	5,688	9,631	4,144	17,049	45,869
Disposals	-	-	(6)	(462)	-	-	-	(468)
Reclassification	-	-	-	-	-	-	(122)	(122)
Effect of foreign currency exchange differences	-	-	993	26	34	4	-	1,057
Balance, June 30, 2019	<u>\$ 1,717,927</u>	<u>\$ 1,769,264</u>	<u>\$ 1,464,960</u>	<u>\$ 106,826</u>	<u>\$ 272,125</u>	<u>\$ 66,075</u>	<u>\$ 31,966</u>	<u>\$ 5,429,143</u>
<b>Accumulated depreciation and impairment</b>								
Balance, January 1, 2019	\$ -	\$ 85,812	\$ 632,401	\$ 45,355	\$ 131,787	\$ 10,054	\$ -	\$ 905,409
Depreciation	-	40,530	71,839	11,642	18,104	3,384	-	145,499
Disposals	-	-	(6)	(462)	-	-	-	(468)
Effect of foreign currency exchange differences	-	-	851	24	16	3	-	894
Balance, June 30, 2019	<u>\$ -</u>	<u>\$ 126,342</u>	<u>\$ 705,085</u>	<u>\$ 56,559</u>	<u>\$ 149,907</u>	<u>\$ 13,441</u>	<u>\$ -</u>	<u>\$ 1,051,334</u>
Carrying amounts, January 1, 2019	<u>\$ 1,717,927</u>	<u>\$ 1,682,336</u>	<u>\$ 823,331</u>	<u>\$ 56,219</u>	<u>\$ 130,673</u>	<u>\$ 51,873</u>	<u>\$ 15,039</u>	<u>\$ 4,477,398</u>
Carrying amounts, June 30, 2019	<u>\$ 1,717,927</u>	<u>\$ 1,642,922</u>	<u>\$ 759,875</u>	<u>\$ 50,267</u>	<u>\$ 122,218</u>	<u>\$ 52,634</u>	<u>\$ 31,966</u>	<u>\$ 4,377,809</u>

(Continued)

	Land	Buildings	Machinery	Office Equipment	Lease Improvement	Other Equipment	Property in Construction	Total
<u>Cost</u>								
Balance, January 1, 2020	\$ 1,717,927	\$ 1,769,264	\$ 1,574,431	\$ 119,149	\$ 284,365	\$ 79,527	\$ 21,610	\$ 5,566,273
Additions	431,785	-	14,027	7,768	19,543	12,308	15,934	501,365
Disposals	-	-	(4,621)	(55)	(181)	-	-	(4,857)
Reclassification	188,443	-	16,195	-	-	948	-	205,586
Effect of foreign currency exchange differences	-	-	(2,112)	(55)	(72)	(8)	-	(2,247)
Balance, June 30, 2020	<u>\$ 2,338,155</u>	<u>\$ 1,769,264</u>	<u>\$ 1,597,920</u>	<u>\$ 126,807</u>	<u>\$ 303,655</u>	<u>\$ 92,775</u>	<u>\$ 37,544</u>	<u>\$ 6,266,120</u>
<u>Accumulated depreciation and impairment</u>								
Balance, January 1, 2020	\$ -	\$ 166,898	\$ 778,970	\$ 69,234	\$ 168,670	\$ 17,632	\$ -	\$ 1,201,404
Depreciation	-	40,556	84,763	13,862	19,936	5,298	-	164,415
Disposals	-	-	(4,616)	(44)	(117)	-	-	(4,777)
Effect of foreign currency exchange differences	-	-	(1,969)	(53)	(56)	(7)	-	(2,085)
Balance, June 30, 2020	<u>\$ -</u>	<u>\$ 207,454</u>	<u>\$ 857,148</u>	<u>\$ 82,999</u>	<u>\$ 188,433</u>	<u>\$ 22,923</u>	<u>\$ -</u>	<u>\$ 1,358,957</u>
Carrying amounts, January 1, 2020	<u>\$ 1,717,927</u>	<u>\$ 1,602,366</u>	<u>\$ 795,461</u>	<u>\$ 49,915</u>	<u>\$ 115,695</u>	<u>\$ 61,895</u>	<u>\$ 21,610</u>	<u>\$ 4,364,869</u>
Carrying amounts, June 30, 2020	<u>\$ 2,338,155</u>	<u>\$ 1,561,810</u>	<u>\$ 740,772</u>	<u>\$ 43,808</u>	<u>\$ 115,222</u>	<u>\$ 69,852</u>	<u>\$ 37,544</u>	<u>\$ 4,907,163</u>

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	5-50 years
Machinery	1-12 years
Office equipment	3-10 years
Lease improvement	1-10 years
Other equipment	3-15 years

As of June 30, 2020, December 31, 2019 and June 30, 2019, the property, plant and equipment were not pledged as collateral.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Carrying amounts</u>			
Land	\$ 3,466	\$ -	\$ -
Buildings	1,004,594	1,081,176	736,431
Office equipment	8,583	4,485	5,573
Transportation equipment	<u>3,773</u>	<u>2,430</u>	<u>274</u>
	<u>\$ 1,020,416</u>	<u>\$ 1,088,091</u>	<u>\$ 742,278</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Additions to right-of-use assets			<u>\$ 124,369</u>	<u>\$ 128,399</u>
Depreciation charge for right-of-use assets				
Land	\$ 346	\$ -	\$ 693	\$ -
Buildings	94,805	69,232	188,905	131,372
Office equipment	943	534	1,913	1,036
Transportation equipment	<u>312</u>	<u>178</u>	<u>520</u>	<u>356</u>
	<u>\$ 96,406</u>	<u>\$ 69,944</u>	<u>\$ 192,031</u>	<u>\$ 132,764</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2020 and 2019.

b. Lease liabilities

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Carrying amounts</u>			
Current	<u>\$ 366,706</u>	<u>\$ 347,189</u>	<u>\$ 242,844</u>
Non-current	<u>\$ 668,267</u>	<u>\$ 749,172</u>	<u>\$ 504,151</u>

The ranges of discount rate for lease liabilities were 0.78%-0.86%, 0.78%-5.44% and 0.86%-5.44% per annum, as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

c. Material lease-in activities and terms

The Group leases buildings for the use of offices and warehouses with lease terms of 2 to 5 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Expenses relating to short-term leases	<u>\$ 9,027</u>	<u>\$ 15,640</u>	<u>\$ 16,785</u>	<u>\$ 33,547</u>
Expenses relating to low-value asset leases	<u>\$ 336</u>	<u>\$ 158</u>	<u>\$ 652</u>	<u>\$ 662</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 21,997</u>	<u>\$ 19,800</u>	<u>\$ 43,750</u>	<u>\$ 39,121</u>
Total cash outflow for leases			<u>\$ (251,478)</u>	<u>\$ (200,992)</u>

The Group leases certain buildings which qualify as short-term leases and certain office equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

The amounts of lease commitments for short-term leases for which the recognition exemption is applied (including lease commitments for short-term leases with lease terms commencing after the balance sheet dates) were \$33,243 thousand, \$19,411 thousand and \$5,531 thousand as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

## 16. ACCOUNTS PAYABLE

	June 30, 2020	December 31, 2019	June 30, 2019
Suppliers	<u>\$ 5,742,771</u>	<u>\$ 5,053,906</u>	<u>\$ 4,176,558</u>

## 17. OTHER PAYABLES

	June 30, 2020	December 31, 2019	June 30, 2019
Payable for salaries and bonus	\$ 232,200	\$ 345,645	\$ 179,176
Payable for business tax	98,096	78,914	36,688
Payable for pension	23,198	21,682	19,873
Payable for equipment and construction	1,838	6,888	11,951
Others	<u>240,209</u>	<u>249,034</u>	<u>207,436</u>
	<u>\$ 595,541</u>	<u>\$ 702,163</u>	<u>\$ 455,124</u>

## 18. OTHER CURRENT LIABILITIES

	June 30, 2020	December 31, 2019	June 30, 2019
Collection about travelling merchandise	\$ 117,640	\$ 219,744	\$ 270,157
Other financial liabilities	195,006	140,005	-
Others	<u>282,907</u>	<u>211,291</u>	<u>209,390</u>
	<u>\$ 595,553</u>	<u>\$ 571,040</u>	<u>\$ 479,547</u>

## 19. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Group was incorporated in Taiwan, ROC which adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employee's individual pension accounts at 6% of monthly salaries and wages, and the Group's subsidiaries in other countries are members of state-managed retirement benefit plans operated by local governments. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

Accordingly, the Group recognized expenses of \$23,884 thousand and \$19,866 thousand for the three months ended June 30, 2020 and 2019, respectively, and \$46,722 thousand and \$39,079 thousand for the six months ended June 30, 2020 and 2019, respectively.

b. Defined benefit plans

Employee benefit expenses in respect of the Group's defined benefit retirement plans were \$2 thousand and \$6 thousand for the three months ended June 30, 2020 and 2019, respectively, and \$3 thousand and \$12 thousand for the six months ended June 30, 2020 and 2019, respectively. The employee benefit expenses were calculated using the actuarially determined pension cost discount rate as of December 31, 2019 and 2018.

## 20. EQUITY

a. Capital stock

As of June 30, 2020, December 31, 2019 and June 30, 2019, momo had authorized 150,000 thousand common shares, with 140,059 thousand shares issued and outstanding at par value \$10 per share.

b. Capital surplus

	June 30, 2020	December 31, 2019	June 30, 2019
Issuance of ordinary shares	\$ 2,456,073	\$ 2,472,964	\$ 2,472,964
Changes in percentage of ownership interests in subsidiaries	125,291	125,291	125,291
Share of changes in capital surplus of associates	46,640	48,935	87,468
Expired employee share options	<u>170</u>	<u>170</u>	<u>170</u>
	<u>\$ 2,628,174</u>	<u>\$ 2,647,360</u>	<u>\$ 2,685,893</u>

Under the ROC Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of momo's paid-in capital. Changes in percentage of ownership interests in subsidiaries, share of changes in capital surplus of associates and expired employee share options may be used to offset a deficit.

c. Retained earnings and dividends policy

momo's Articles of Incorporation provide that, in the event that momo, according to the financial report, earns profits in a fiscal year, such profits shall first be applied to pay the applicable taxes, recover losses, set aside legal reserve pursuant to laws and regulations until the accumulated legal reserves equal momo's paid-in capital, and set aside or reverse a special reserve in accordance with the law or to satisfy the business needs of momo. The remaining balance and any unappropriation earnings of the previous fiscal years shall be distributed to the shareholders with more than 10% as dividends in accordance with resolutions of the shareholders' meetings. For information about the accrual basis of the employees' compensation and remuneration of directors and the actual appropriations, please refer to employee benefits expense in Note 22(c).

Based on the consideration of the needs of the Company's operations and to maximize shareholders' interest, the Board of Directors proposed, for approval in the shareholder's meeting, to distribute dividends per residual dividend policy. The Board makes the decision based on the Company's future capital budget-planning and funding needs for the following fiscal year, in addition to factors such as the Company's profitability, financial structure and diluted earnings per share.

Dividends are distributed in the form of stock dividends or cash dividends, of which, cash dividends shall amount to at least to 10%, in order to sustain company operations and growth while balancing the need for dividend distribution and shareholders rights.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals momo's paid-in capital. The legal reserve may be used to offset a deficits. If momo has no deficit and the legal reserve has exceeded 25% of momo's paid-in capital, the excess may be transferred to capital or distributed in cash.

momo distributes and reverses a special reserve in accordance with Decree No. 1010012865, Decree No. 1010047490, and "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" issued by the FSC. Distributions can be made out of any subsequent reversal of the debit to other equity items.

The appropriations of earnings for 2019 and 2018 were approved in the shareholders' meeting on May 15, 2020 and May 16, 2019, respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Legal reserve	\$ 130,934	\$ 96,778
Special reserve	\$ 4,799	\$ (98,433)
Cash dividends	\$ 1,173,606	\$ 969,429
Cash dividends per share (NT\$)	\$ 8.3794	\$ 6.9216

The Company's shareholders resolved to issue cash dividends from capital surplus of \$16,891 thousand and \$291,098 thousand on May 15, 2020 and May 16, 2019, respectively.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Beginning balance	\$ (80,273)	\$ (62,486)
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	(20,087)	15,704
Share from associates accounted for using equity method	2,094	(1,406)
Other comprehensive income (loss) recognized for the period	(17,993)	14,298
Ending balance	\$ (98,266)	\$ (48,188)

- 2) Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income

	<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Beginning balance	\$ (92,420)	\$ (105,408)
Recognized for the period		
Unrealized gain (loss) - equity instruments	(3,584)	5,322
Share from associates accounted for using equity method	<u>33,539</u>	<u>6,269</u>
Other comprehensive income recognized for the period	<u>29,955</u>	<u>11,591</u>
Share from the disposal of associates accounted for using the equity method	<u>(1,511)</u>	<u>-</u>
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(412)</u>	<u>-</u>
Ending balance	<u>\$ (64,388)</u>	<u>\$ (93,817)</u>

e. Non-controlling interests

	<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Beginning balance	\$ 20,257	\$ 21,601
Adjustment on initial application of IFRS 16	<u>-</u>	<u>88</u>
Beginning balance as restated	20,257	21,689
Share in loss for the period	(1,683)	(41)
Other comprehensive income (loss) during the period		
Exchange differences on translating the financial statements of foreign entities	<u>(236)</u>	<u>115</u>
Ending balance	<u>\$ 18,338</u>	<u>\$ 21,763</u>

## 21. REVENUE

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Sales revenue	\$ 15,745,290	\$ 11,639,095	\$ 30,778,571	\$ 23,183,522
Other operating revenues	<u>88,814</u>	<u>176,336</u>	<u>161,240</u>	<u>367,536</u>
	<u>\$ 15,834,104</u>	<u>\$ 11,815,431</u>	<u>\$ 30,939,811</u>	<u>\$ 23,551,058</u>

Please refer to Note 4(o) to the consolidated financial statements for the year ended December 31, 2019 and Note 32 for the details of revenue.

### Contract Information

The Group's customary business practice allows customers to return the goods within 10 days for a full refund. The rate of return is estimated on a portfolio level using the expected value method, taking into account the Group's accumulated historical experience. The refund liability and the related right to recover products from customers are recorded accordingly.

## 22. PROFIT BEFORE INCOME TAX

### a. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Gain on financial assets				
Financial assets mandatorily classified as at fair value through profit or loss	\$ -	\$ 103	\$ -	\$ 3,970
Loss on disposal of property, plant and equipment, net	(80)	-	(80)	-
Gain on disposal of associates	58,494	-	58,494	-
Net foreign exchange (losses) gains	<u>(2,639)</u>	<u>(769)</u>	<u>(3,486)</u>	<u>750</u>
	<u>\$ 55,775</u>	<u>\$ (666)</u>	<u>\$ 54,928</u>	<u>\$ 4,720</u>

### b. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Interest on lease liabilities	\$ 2,313	\$ 1,763	\$ 4,730	\$ 3,451
Others	<u>10</u>	<u>1</u>	<u>20</u>	<u>1</u>
	<u>\$ 2,323</u>	<u>\$ 1,764</u>	<u>\$ 4,750</u>	<u>\$ 3,452</u>

### c. Employee benefits expense, depreciation and amortization

Function Nature	For the Three Months Ended June 30, 2020			For the Three Months Ended June 30, 2019		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salary	\$ 201,240	\$ 284,758	\$ 485,998	\$ 157,725	\$ 233,026	\$ 390,751
Insurance expense	20,927	26,741	47,668	16,659	23,450	40,109
Post-employment benefits	10,064	13,822	23,886	8,049	11,823	19,872
Other employee benefits	13,032	15,204	28,236	9,900	13,763	23,663
Depreciation	138,424	40,348	178,772	107,817	35,256	143,073
Amortization	2,469	15,404	17,873	2,310	10,451	12,761

Function Nature	For the Six Months Ended June 30, 2020			For the Six Months Ended June 30, 2019		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salary	\$ 390,420	\$ 558,187	\$ 948,607	\$ 310,976	\$ 477,838	\$ 788,814
Insurance expense	40,859	53,819	94,678	32,471	47,350	79,821
Post-employment benefits	19,673	27,052	46,725	15,738	23,353	39,091
Other employee benefits	25,638	31,436	57,074	19,333	29,534	48,867
Depreciation	274,861	81,585	356,446	207,036	71,227	278,263
Amortization	4,939	26,467	31,406	4,616	22,433	27,049



According to momo's Articles, if the Company earns profits in a fiscal year, such profits shall be appropriated as follows:

- 1) A maximum of 0.3% as director remuneration.
- 2) 0.1% to 1% as employee remuneration.

Before allocating the profits for above shall first offset its losses in previous years.

Employees' compensation may be distributed to, including but not limited to, employees of parents or subsidiaries of the Company meeting certain specific requirements set by the Board of Directors or its authorized persons.

The Company's estimated employees' compensation and remuneration of directors were made by applying the rates to the aforementioned regulation. For the three months ended June 30, 2020 and 2019, and for the six months ended June 30, 2020 and 2019, the estimated employees' compensation and remuneration of directors were as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Employees' compensation	<u>\$ 571</u>	<u>\$ 380</u>	<u>\$ 1,128</u>	<u>\$ 854</u>
Remuneration of directors	<u>\$ 571</u>	<u>\$ 380</u>	<u>\$ 1,128</u>	<u>\$ 854</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of employees' compensation and remuneration of directors for 2019 and 2018 that were resolved by the Board of Directors on February 12, 2020 and January 29, 2019, respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>Cash</b>	<b>Cash</b>
Employees' compensation	<u>\$ 1,632</u>	<u>\$ 1,480</u>
Remuneration of directors	<u>\$ 1,632</u>	<u>\$ 1,480</u>

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors resolved by momo's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 23. INCOME TAX

### a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Current tax				
In respect of the current period	\$ 108,474	\$ 71,983	\$ 228,290	\$ 134,863
Adjustments for prior years	<u>(5,974)</u>	<u>(18)</u>	<u>(5,974)</u>	<u>(18)</u>
	<u>102,500</u>	<u>71,965</u>	<u>222,316</u>	<u>134,845</u>
Deferred tax				
In respect of the current period	<u>(1,507)</u>	<u>(3,001)</u>	<u>(5,374)</u>	<u>12,164</u>
Income tax expense recognized in profit or loss	<u>\$ 100,993</u>	<u>\$ 68,964</u>	<u>\$ 216,942</u>	<u>\$ 147,009</u>

### b. Income tax assessments

The Group's income tax returns which have been assessed by the tax authorities were as follows:

Company	Year
momo	2017
FST	2018
FLI	2018
FPI	2018
Bebe Poshe	2018

## 24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Basic earnings per share	<u>\$ 3.36</u>	<u>\$ 2.22</u>	<u>\$ 6.51</u>	<u>\$ 5.05</u>
Diluted earnings per share	<u>\$ 3.36</u>	<u>\$ 2.22</u>	<u>\$ 6.51</u>	<u>\$ 5.05</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

#### Net Profit for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 470,116</u>	<u>\$ 311,600</u>	<u>\$ 912,068</u>	<u>\$ 707,539</u>

#### Weighted Average Number of Ordinary Stocks Outstanding (In Thousands of Shares)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Weighted average number of ordinary shares used in the computation of basic earnings per share	140,059	140,059	140,059	140,059
Effect of potentially dilutive ordinary shares:				
Employees' compensation	<u>1</u>	<u>1</u>	<u>3</u>	<u>4</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>140,060</u>	<u>140,060</u>	<u>140,062</u>	<u>140,063</u>

If the Group offered to settle compensation of employees in cash or shares, the Group assumed that the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 25. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the six months ended June 30, 2020

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others	
Lease liabilities	<u>\$ 1,096,361</u>	<u>\$ (190,291)</u>	<u>\$ 124,183</u>	<u>\$ 4,720</u>	<u>\$ 1,034,973</u>

For the six months ended June 30, 2019

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others	
Lease liabilities	\$ 743,571	\$ (127,662)	\$ 127,578	\$ 3,508	\$ 746,995

## 26. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

Management of the Group believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

### b. Fair value of financial instrument measured at fair value on a recurring basis

#### 1) Fair value hierarchy

June 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Investment in equity instruments				
Unlisted stock - foreign investments	\$ -	\$ 2,666	\$ -	\$ 2,666
Unlisted stock - domestic investments	-	-	50,328	50,328
	<u>\$ -</u>	<u>\$ 2,666</u>	<u>\$ 50,328</u>	<u>\$ 52,994</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Investment in equity instruments				
Unlisted stock - foreign investments	\$ -	\$ 7,407	\$ -	\$ 7,407
Unlisted stock - domestic investments	-	-	49,584	49,584
	<u>\$ -</u>	<u>\$ 7,407</u>	<u>\$ 49,584</u>	<u>\$ 56,991</u>

June 30, 2019

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss				
Beneficiary certificates	<u>\$ 85,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,444</u>
Financial assets at fair value through other comprehensive income				
Investment in equity instruments				
Unlisted stock - foreign investments	\$ -	\$ 11,636	\$ -	\$ 11,636
Unlisted stock - domestic investments	<u>-</u>	<u>-</u>	<u>46,392</u>	<u>46,392</u>
	<u>\$ -</u>	<u>\$ 11,636</u>	<u>\$ 46,392</u>	<u>\$ 58,028</u>

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2020 and 2019.

2) Valuation techniques and assumptions used in fair value determination

- a) The fair value of financial instruments traded in active markets is based on quoted market prices (including beneficiary certificates that went public).
- b) Valuation techniques and inputs applied for Level 2 fair value measurement: The Group uses market comparison approach to evaluate fair values on observable prices of the similar financial instruments and evaluate market liquidity at the end of the period.
- c) Valuation techniques and inputs applied for Level 3 fair value measurement: The Group uses price-book ratio approach, comparing the net value per share with other public companies among the similar industries or evaluating stock price based on average price-book ratio of other competitors, to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

3) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at fair value through other comprehensive income - equity instruments:

	<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Beginning balance	\$ 49,584	\$ 42,580
Recognized in other comprehensive income (included unrealized valuation gain on financial assets at fair value through other comprehensive income)	<u>744</u>	<u>3,812</u>
Ending balance	<u>\$ 50,328</u>	<u>\$ 46,392</u>

c. Categories of financial instruments

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Mandatorily classified as at fair value through profit or loss	\$ -	\$ -	\$ 85,444
Financial assets at fair value through other comprehensive income			
Equity instruments	52,994	56,991	58,028
Financial assets at amortized cost (Note 1)	<u>5,211,937</u>	<u>5,179,815</u>	<u>3,583,273</u>
	<u>\$ 5,264,931</u>	<u>\$ 5,236,806</u>	<u>\$ 3,726,745</u>

Financial liabilities

Financial liabilities at amortized cost (Note 2)	<u>\$ 7,111,370</u>	<u>\$ 6,481,148</u>	<u>\$ 5,072,511</u>
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Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, accounts receivable, other receivables, other financial assets and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise accounts payable, other payables, other financial liabilities and guarantee deposits.

d. Financial risk management objectives and policies

1) The Group is exposed to the following risks due to usage of financial instruments:

- a) Credit risk
- b) Liquidity risk
- c) Market risk

This note presents information concerning the Group's risk exposure and the Group's targets, policies and procedures to measure and manage the risks.

2) Risk management framework

a) Decision-making mechanism:

The highest decision-making authority is the Board of Directors. The Board of Directors assesses material risks in accordance with operation strategy while monitoring the overall risks and their strategy execution steadily. In addition, the Operations and Management Committee conducts periodic reviews of each business group's operating target and performance to meet the Group's guidance and budget.

b) Risk management policies:

- i. Promote a risk-management-based business model.
- ii. Establish a risk management mechanism that can effectively recognize, evaluate, supervise and control risk.

- iii. Create a company-wide risk management structure that can limit risk to an acceptable level.
- iv. Introduce best risk management practices and continue to seek improvements.

c) Monitoring mechanism:

The Internal Audit Office regularly monitors and assesses the potential risks that the Group may face and use this information as a reference for drafting its annual audit plan. The Internal Audit Office should report any discrepancy to the concerned unit chief and ensure that remediation efforts are completed.

3) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty of a financial instrument fails to meet its contractual obligations, which arises principally from the Group's receivables from customers and financial instruments. The Group deals with customers with good reputation and monitors customers' credit risk and credit ratings continuously. The Group transacts with a large number of unrelated customers and, thus, credit risk is not highly concentrated. The Group's maximum exposure to credit risk of all kinds of financial instruments is equal to the carrying amount.

4) Liquidity risk

Liquidity risk is the risk that the Group fails to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable loss or damage to the Group's reputation.

The Group manages and maintains sufficient capital to ensure the requirements of paying estimated operating expenditures, including financial obligations on each contract. The Group also monitors its bank credit facilities to ensure that the provisions of loan contracts are all complied with properly. As of June 30, 2020, December 31, 2019 and June 30, 2019, the Group had unused bank facilities of \$647,379 thousand, \$648,002 thousand and \$751,216 thousand, respectively.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

June 30, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 32,853	\$ 65,697	\$ 276,515	\$ 673,533	\$ -

December 31, 2019

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 30,463	\$ 61,295	\$ 265,336	\$ 756,765	\$ -

June 30, 2019

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 22,926	\$ 45,229	\$ 182,652	\$ 509,018	\$ -

The Group's working capital is sufficient to meet the cash flow demand; therefore, liquidity risk is not considered to be significant.

#### 5) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable range and to optimize the return.

The Group engages in financial instrument transactions without involving any significant risk such as exchange rate risk, interest rate risk, and market price risk; therefore, the Group's market risk is insignificant.

##### a) Exchange rate risk

Most of the operating revenues and expenses are measured in the Group's functional currency. Overall, exchange rate risk is not significant.

For the Group's financial assets and liabilities exposed to significant exchange rate risk (including those eliminated on consolidation), please refer to Note 30.

##### Sensitivity analysis

The Group was mainly exposed to the USD, GBP and RMB.



The Group's exchange rate risk comes mainly from conversion gains and losses of accounts denominated in foreign currencies such as cash and cash equivalents, accounts receivable, other receivables, other financial assets, accounts payable and other payables, etc. If the NTD, when compared with the relevant foreign currencies, had appreciated or depreciated by 5% on the reporting date, profit would have increased (decreased) as follows:

	<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Appreciated 5%	\$ (6,533)	\$ (6,145)
Depreciated 5%	\$ 6,533	\$ 6,145

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group carried deposits, other financial assets and lease liabilities at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Fair value interest rate risk			
Financial assets	\$ 1,924,389	\$ 2,331,864	\$ 1,580,465
Financial liabilities	1,034,973	1,096,361	746,995
Cash flow interest rate risk			
Financial assets	2,194,146	1,759,265	858,417

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the assets and liabilities outstanding at the end of the reporting period were outstanding for the whole period. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the six months ended June 30, 2020 and 2019 would increase or decrease by \$5,485 thousand and \$2,146 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity instruments and beneficiary certificates. The Group supervises the equity price risk actively and manages the risk based on fair value.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher or lower, profit for the six months ended June 30, 2019 would have increased or decreased by \$4,272 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the post-tax other comprehensive income for the six months ended June 30, 2020 and 2019 would have increased or decreased by \$2,650 thousand and \$2,901 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

## 27. TRANSACTIONS WITH RELATED PARTIES

momo's parent is Wealth Media Technology Co., Ltd. (WMT), which held 45.01% of common stocks of momo as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively. momo's ultimate parent and ultimate controlling party is Taiwan Mobile Co., Ltd. (TWM).

Balances and transactions between momo and its subsidiaries, which are related parties of momo, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

### a. Related party name and categories

Related Party Name	Related Party Categories
Taiwan Mobile Co., Ltd. (TWM)	Ultimate parent entity
Wealth Media Technology Co., Ltd. (WMT)	Parent entity
Taiwan Pelican Express Co., Ltd. (TPE)	Associates
Global Home Shopping Co., Ltd. (GHS)	Associates
Beijing Global JiuSha Media Technology Co., Ltd. (JS)	Associates
Beijing YueShih JiuSha Media Technology Co., Ltd. (YSJS)	Associates
GHS Trading Ltd. (GTL)	Associates
TVD Shopping Co., Ltd. (TVD Shopping)	Associates
Taipei Fubon Commercial Bank Co., Ltd. (TFCB)	Related party in substance
Fubon Life Insurance Co., Ltd. (Fubon Life)	Related party in substance
Fubon Asset Management Co., Ltd. (FAM)	Related party in substance
Fubon Bank (China) Co., Ltd. (FB China)	Related party in substance
Fubon Insurance Co., Ltd. (Fubon Ins.)	Related party in substance
Fubon Sports & Entertainment Co., Ltd. (FSE)	Related party in substance
Fubon Securities Co., Ltd. (Fubon Securities)	Related party in substance
Fubon Property Management Co., Ltd. (FPM)	Related party in substance
Fubon Gymnasium Co., Ltd. (Fubon Gymnasium)	Related party in substance
Fubon Hospitality Management Co., Ltd. (FHM)	Related party in substance
Fu-Sheng General Insurance Agency Co., Ltd. (FSGI)	Related party in substance
Taiwan Fixed Network Co., Ltd. (TFN)	Same ultimate parent entity
TFN Media Co., Ltd. (TFNM)	Same ultimate parent entity
Mangrove Cable TV Co., Ltd. (MCTV)	Same ultimate parent entity
Union Cable TV Co., Ltd. (UCTV)	Same ultimate parent entity
Yeong Jia Leh Cable TV Co., Ltd. (YJCTV)	Same ultimate parent entity
Taipei New Horizon Co., Ltd. (TNH)	Same ultimate parent entity
Globalview Cable TV Co., Ltd. (GCTV)	Same ultimate parent entity
Phoenix Cable TV Co., Ltd. (PCTV)	Same ultimate parent entity
Win TV Broadcasting Co., Ltd. (WTVB)	Same ultimate parent entity
Taiwan Kuro Times Co., Ltd. (TKT)	Same ultimate parent entity
Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Same ultimate parent entity

b. Operating revenues

Line Items	Related Party Categories	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2020	2019	2020	2019
Sales	Parent entity	\$ 69,234	\$ 21,965	\$ 138,530	\$ 24,821
	Associates	<u>7,765</u>	<u>17,312</u>	<u>14,925</u>	<u>35,503</u>
		<u>\$ 76,999</u>	<u>\$ 39,277</u>	<u>\$ 153,455</u>	<u>\$ 60,324</u>

The Group renders sales service to other related parties.

The transaction terms with related parties were not significantly different from those with third parties.

c. Purchases

Related Party Categories	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Parent entity	\$ 344,453	\$ 186,576	\$ 732,613	\$ 271,156
Associates	191,961	109,339	386,643	200,967
Other related parties	<u>26,641</u>	<u>38,816</u>	<u>38,958</u>	<u>66,364</u>
	<u>\$ 563,055</u>	<u>\$ 334,731</u>	<u>\$ 1,158,214</u>	<u>\$ 538,487</u>

The entities mentioned above provide sales, logistics, play video program and other services.

The transaction terms with related parties were not significantly different from those with third parties.

d. Receivables from related parties

Line Items	Related Party Categories/Name	June 30, 2020	December 31, 2019	June 30, 2019
Accounts receivable	Parent entity			
	TWM	\$ 32,766	\$ 31,807	\$ 10,318
	Associates	4,687	3,246	3,949
	Other related parties	<u>2,392</u>	<u>721</u>	<u>1,705</u>
		<u>\$ 39,845</u>	<u>\$ 35,774</u>	<u>\$ 15,972</u>
Other receivables	Parent entity	\$ 25,088	\$ 20,793	\$ 14,449
	Associates			
	TPE	48,401	63,931	113,716
	Others	<u>3,812</u>	<u>62</u>	<u>108</u>
		<u>52,213</u>	<u>63,993</u>	<u>113,824</u>
	Other related parties			
	TFCB	101,595	37,634	103,911
	Others	<u>-</u>	<u>11,265</u>	<u>-</u>
		<u>101,595</u>	<u>48,899</u>	<u>103,911</u>
		<u>\$ 178,896</u>	<u>\$ 133,685</u>	<u>\$ 232,184</u>

The outstanding trade receivables from related parties are unsecured. For the six months ended June 30, 2020 and 2019, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

<b>Line Items</b>	<b>Related Party Categories</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Accounts payable	Parent entity	\$ 149,999	\$ 178,275	\$ 55,902
	Associates	80,122	101,077	103,113
	Other related parties	<u>29,907</u>	<u>1,040</u>	<u>809</u>
		<u>\$ 260,028</u>	<u>\$ 280,392</u>	<u>\$ 159,824</u>
Other payables	Parent entity	\$ 8,049	\$ 9,262	\$ 9,441
	Associates	303	311	183
	Other related parties	<u>17,855</u>	<u>17,567</u>	<u>7,595</u>
		<u>\$ 26,207</u>	<u>\$ 27,140</u>	<u>\$ 17,219</u>

The outstanding trade payables to related parties are unsecured.

f. Bank deposits

<b>Line Items</b>	<b>Related Party Categories/Name</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Cash and cash equivalents	Other related parties			
	TFCB	\$ 694,547	\$ 1,069,960	\$ 355,698
	Others	<u>27,890</u>	<u>18,736</u>	<u>24,000</u>
		<u>\$ 722,437</u>	<u>\$ 1,088,696</u>	<u>\$ 379,698</u>
Other financial assets	Other related parties	<u>\$ 8,269</u>	<u>\$ 8,330</u>	<u>\$ 11,479</u>

g. Prepayments

<b>Related Party Categories/Name</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Parent entity	\$ 54	\$ 162	\$ -
Associates	<u>315</u>	<u>676</u>	<u>-</u>
Other related parties			
Fubon Ins.	17,047	8,385	13,583
FSE	11,390	-	9,600
Others	<u>600</u>	<u>-</u>	<u>600</u>
	<u>29,037</u>	<u>8,385</u>	<u>23,783</u>
	<u>\$ 29,406</u>	<u>\$ 9,223</u>	<u>\$ 23,783</u>

h. Acquisition of property, plant and equipment

Related Party Categories	Purchase Price			
	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2020	2019	2020	2019
Other related parties	\$ -	\$ 2,150	\$ -	\$ 2,150

i. Lease arrangements

Related Party Categories/ Name	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2020	2019	2020	2019
Acquisition of <u>right-of-use assets</u>				
Other related parties				
Fubon Life	\$ -	\$ 46,453	\$ -	\$ 46,453

Line Items	Related Party Categories/Name	June 30, 2020	December 31, 2019	June 30, 2019
Lease liabilities	Parent entity	\$ 4,268	\$ 6,389	\$ 8,500
	Associates	-	-	4,735
	Other related parties			
	Fubon Life	394,647	459,225	523,242
		\$ 398,915	\$ 465,614	\$ 536,477

Related Party Categories/ Name	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2020	2019	2020	2019
<u>Interest expense</u>				
Parent entity	\$ 11	\$ 20	\$ 24	\$ 42
Associates	-	20	-	56
Other related parties				
Fubon Life	893	1,167	1,856	2,294
	\$ 904	\$ 1,207	\$ 1,880	\$ 2,392

j. Acquisition of other assets

Line Items	Related Party Categories/Name	Purchase Price			
		For the Three Months Ended		For the Six Months Ended	
		June 30		June 30	
		2020	2019	2020	2019
Prepayments for equipment	Other related parties TFN	\$ 18,762	\$ -	\$ 18,762	\$ -

k. Others

1) Refundable deposits

<b>Related Party Categories/Name</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Parent entity	\$ 743	\$ 739	\$ 735
Associates	<u>5,652</u>	<u>5,678</u>	<u>5,718</u>
Other related parties			
Fubon Life	33,272	33,102	32,933
Others	<u>541</u>	<u>541</u>	<u>541</u>
	<u>33,813</u>	<u>33,643</u>	<u>33,474</u>
	<u>\$ 40,208</u>	<u>\$ 40,060</u>	<u>\$ 39,927</u>

2) Operating expenses

<b>Related Party Categories/ Name</b>	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Parent entity				
TWM	\$ 18,329	\$ 12,810	\$ 19,006	\$ 13,266
Associates	<u>2,280</u>	<u>2,313</u>	<u>3,864</u>	<u>3,606</u>
Other related parties				
TFCB	15,235	31,158	29,148	46,294
FPM	6,979	6,896	6,979	6,896
Others	<u>15,602</u>	<u>12,389</u>	<u>15,602</u>	<u>12,389</u>
	<u>37,816</u>	<u>50,443</u>	<u>51,729</u>	<u>65,579</u>
	<u>\$ 58,425</u>	<u>\$ 65,566</u>	<u>\$ 74,599</u>	<u>\$ 82,451</u>

3) Other income

<b>Related Party Categories/ Name</b>	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Associates	\$ 3,431	\$ 29	\$ 3,499	\$ 73
Other related parties				
TFCB	15,233	-	31,208	-
Others	<u>2</u>	<u>-</u>	<u>10</u>	<u>-</u>
	<u>15,235</u>	<u>-</u>	<u>31,218</u>	<u>-</u>
	<u>\$ 18,666</u>	<u>\$ 29</u>	<u>\$ 34,717</u>	<u>\$ 73</u>

1. Compensation of key management personnel

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Short-term employee benefits	\$ 12,222	\$ 9,606	\$ 25,931	\$ 21,438
Post-employment benefits	<u>500</u>	<u>472</u>	<u>1,002</u>	<u>911</u>
	<u>\$ 12,722</u>	<u>\$ 10,078</u>	<u>\$ 26,933</u>	<u>\$ 22,349</u>

The compensation of directors and key executives were determined by the remuneration committee in accordance with individual performance and market trends.

## 28. ASSETS PLEDGED

The assets pledged as collateral for performance guarantee, lawsuit and purchases were as follows:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Other financial assets - current	\$ 69,380	\$ 69,380	\$ 69,223
Other financial assets - non-current	<u>155,962</u>	<u>155,962</u>	<u>55,962</u>
	<u>\$ 225,342</u>	<u>\$ 225,342</u>	<u>\$ 125,185</u>

## 29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

- a. In accordance with the Ministry of Economic Affairs' policy, momo entered into a contract with First Commercial Bank Co., Ltd., which provided performance guarantee for advance receipts from prepaid bonus of \$84,828 thousand as of June 30, 2020, and electronic tickets of \$52,992 thousand as of June 30, 2020.
- b. As of June 30, 2020, December 31, 2019 and June 30, 2019, the Group's lease commitments, as a lessee, amounted to \$433,474 thousand, \$331,170 thousand and \$614,843 thousand, respectively, after the balance sheet date.

### 30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currency of the Group. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant assets and liabilities denominated in foreign currencies were as follows:

June 30, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
RMB	\$ 22,427	4.18 (RMB:NTD)	\$ 93,745
USD	1,398	29.58 (USD:NTD)	<u>41,344</u>
			<u>\$ 135,089</u>
Non-monetary items			
Financial assets at fair value through other comprehensive income			
HKD	699	3.816 (HKD:NTD)	\$ 2,666
Investments accounted for using equity method			
RMB	132,873	4.18 (RMB:NTD)	555,409
THB	133,009	0.965 (THB:NTD)	<u>128,288</u>
			<u>\$ 686,363</u>

Financial liabilities

Monetary items			
USD	149	29.58 (USD:NTD)	<u>\$ 4,420</u>

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
RMB	\$ 18,362	4.299 (RMB:NTD)	\$ 78,936
USD	551	30.02 (USD:NTD)	<u>16,554</u>
			<u>\$ 95,490</u>

(Continued)



	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
Non-monetary items			
Financial assets at fair value through other comprehensive income			
HKD	\$ 1,921	3.855 (HKD:NTD)	\$ 7,407
Investments accounted for using equity method			
RMB	130,270	4.299 (RMB:NTD)	560,029
THB	118,371	1.01 (THB:NTD)	<u>119,531</u>
			<u>\$ 686,967</u>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 102	30.02 (USD:NTD)	<u>\$ 3,066</u> (Concluded)
<u>June 30, 2019</u>			
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
RMB	\$ 18,762	4.52 (RMB:NTD)	\$ 84,804
USD	1,498	31.08 (USD:NTD)	<u>46,545</u>
			<u>\$ 131,349</u>
Non-monetary items			
Financial assets at fair value through other comprehensive income			
HKD	2,926	3.977 (HKD:NTD)	\$ 11,636
Investments accounted for using equity method			
RMB	163,191	4.52 (RMB:NTD)	737,623
THB	122,918	1.017 (THB:NTD)	<u>124,946</u>
			<u>\$ 874,205</u>
<u>Financial liabilities</u>			
Monetary items			
USD	225	31.08 (USD:NTD)	\$ 6,981
GBP	37	39.45 (GBP:NTD)	<u>1,463</u>
			<u>\$ 8,444</u>

For the three months ended June 30, 2020 and 2019, realized and unrealized net foreign exchange losses were \$(2,639) thousand and \$(769) thousand, respectively, and for the six months ended June 30, 2020 and 2019, realized and unrealized net foreign exchange gains (losses) were \$(3,486) thousand and \$750 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transaction and functional currencies of the Group's foreign entities.

### **31. SEPARATELY DISCLOSED ITEMS**

#### **a. Information about significant transactions:**

- 1) Financing provided to others. (None)
- 2) Endorsements/guarantees provided. (None)
- 3) Marketable securities held (excluding investments in subsidiaries and associates). (Table 1)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (Table 2)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 9) Trading in derivative instruments. (None)
- 10) Intercompany relationships and significant intercompany transactions. (Table 5)

#### **b. Information on investees: (Table 6)**

#### **c. Information on investments in mainland China:**

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, unrealized gains or losses, and other related information which is helpful to understand the impact of investment in mainland China on financial reports. (None)
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 8)

### 32. SEGMENT INFORMATION

The Group has two reporting segments: Television and magazine department and internet department.

Other segments include FST - travel agent, FLI - life insurance agent, FPI - property insurance agent, Bebe Poshe - wholesale of cosmetics, FSL - logistics industry, Asian Crown (BVI) - investment, and Honest Development - investment; for the six months ended June 30, 2020 and 2019, the above segments did not exceed the quantitative threshold for separate reporting.

The Group's reporting segments provide different goods and services and require different techniques and strategies; thus, they were reported separately.

The Group has not apportioned income tax expense (benefit) on non-regular gains and losses to reporting segments. The reported amounts are the same with those used in making operating decision.

The segments' assets and liabilities are not provided to key management as reference in making decision; thus, the segments' assets and liabilities were not disclosed in the consolidated financial statements.

The Group's reporting segments information and adjustments are as follows:

	<b>TV and Magazine</b>	<b>Internet</b>	<b>Others</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
For the six months ended <u>June 30, 2020</u>					
Revenues					
Non-inter-company revenues	<u>\$ 2,806,555</u>	<u>\$ 28,080,512</u>	<u>\$ 124,068</u>	<u>\$ (71,324)</u>	<u>\$ 30,939,811</u>
Segment profits	<u>\$ 285,997</u>	<u>\$ 762,125</u>	<u>\$ 80,196</u>	<u>\$ (991)</u>	<u>\$ 1,127,327</u>
For the six months ended <u>June 30, 2019</u>					
Revenues					
Non-inter-company revenues	<u>\$ 3,169,551</u>	<u>\$ 20,316,268</u>	<u>\$ 76,954</u>	<u>\$ (11,715)</u>	<u>\$ 23,551,058</u>
Segment profits	<u>\$ 312,603</u>	<u>\$ 518,929</u>	<u>\$ 23,057</u>	<u>\$ (82)</u>	<u>\$ 854,507</u>

**TABLE 1**

**momo.com Inc. AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**  
**JUNE 30, 2020**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2020				Note
				Units/Shares (Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
momo	<u>Stock</u> Media Asia Group Holdings Limited	-	Financial assets at fair value through other comprehensive income - current	43,668	\$ 2,666	2.04	\$ 2,666	
	We Can Medicines Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,400	50,328	7.73	50,328	

**TABLE 2**

**momo.com Inc. AND SUBSIDIARIES**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2020  
(In Thousands of New Taiwan Dollars)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
momo	Land	2019.07.31	\$ 619,817 (Note)	Fully paid (including \$557,003 thousand paid in current period)	YiJinn Industrial Co., Ltd.	-	-	-	-	\$ -	According to the professional appraisal report and market condition	Increase the logistics warehouse in response to the operational needs	-

Note: Due to the adjustment of transaction volume in April 2020, the total amount has been changed to \$619,817 thousand.

**TABLE 3**

**momo.com Inc. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
momo	TWM	Ultimate parent entity	Sale	\$ 138,530	-	Based on contract terms	-	-	\$ 32,766	24	
	TPE	Associates	Purchase	383,828	1	Based on contract terms	-	-	(80,122)	(1)	
	TWM	Ultimate parent entity	Purchase	732,613	3	Based on contract terms	-	-	(149,999)	(2)	

**TABLE 4**

**momo.com Inc. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% of THE PAID-IN CAPITAL**  
**JUNE 30, 2020**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
						Amount	Actions Taken		
momo	TFCB	Related party in substance	Other receivables	\$ 101,582	-	\$ -	-	\$ 101,582	\$ -

**TABLE 5**

**momo.com Inc. AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Number	Investee Company	Counterparty	Relationship (Note)	Transaction Details			% of Consolidated Total Operating Revenues or Total Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	momo	FGE	1	Sales revenue	\$ 17,499	The terms of transaction are determined in accordance with mutual agreements or general business practices	0.06
1	Bebe Poshe	momo	2	Sales revenue	21,753	The terms of transaction are determined in accordance with mutual agreements or general business practices	0.07
2	FSL	momo	2	Accounts receivable	32,126	The terms of transaction are determined in accordance with mutual agreements or general business practices	0.22
		momo	2	Sales revenue	31,334	The terms of transaction are determined in accordance with mutual agreements or general business practices	0.10

Note: No. 1 represents the transactions from parent company to subsidiary.  
No. 2 represents the transactions from subsidiary to parent company.



**TABLE 6****momo.com Inc. AND SUBSIDIARIES****INFORMATION ON INVESTEEES****FOR THE SIX MONTHS ENDED JUNE 30, 2020****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2020	December 31, 2019	Shares (Thousands)	%	Carrying Value			
momo	FST	Taiwan	Travel agent	\$ 6,000	\$ 6,000	3,000	100.00	\$ 44,376	\$ 4,208	\$ 4,208	Note 5 Notes 3, 6 and 7
	FLI	Taiwan	Life insurance agent	3,000	3,000	500	100.00	8,147	(644)	(644)	
	FPI	Taiwan	Property insurance agent	3,000	3,000	500	100.00	9,366	111	111	
	Asian Crown (BVI)	British Virgin Islands	Investment	885,285	885,285	9,735	81.99	36,485	(4,248)	(3,483)	
	TPE	Taiwan	Logistics industry	322,100	337,860	16,105	16.87	413,571	108,468	15,570	
	TVD Shopping	Thailand	Wholesale and retail sales	-	116,463 (THB 120,750)	-	-	-	14,515	5,305	
	Honest Development	Samoa	Investment	670,448	670,448	21,778	100.00	624,095	10,929	10,929	
	Bebe Poshe	Taiwan	Wholesale of cosmetics	85,000	85,000	8,500	85.00	59,377	(4,253)	(3,615)	
	FSL	Taiwan	Logistics industry	250,000	-	25,000	100.00	251,234	1,234	1,234	
	TV Direct	Thailand	Wholesale and retail sales	133,098 (THB 137,997)	-	123,981	16.20	128,288	17,897	144	
	Asian Crown (BVI)	Samoa	Investment	1,132,789	1,132,789	11,594	100.00	40,117	(4,214)	Note 2	
	Fortune Kingdom	Hong Kong	Investment	1,132,789	1,132,789	11,594	100.00	40,117	(4,214)	Note 2	
	Honest Development	Hong Kong	Investment	670,448	670,448	16,600	100.00	624,095	10,929	Note 2	

Note 1: Except for TPE, TVD Shopping and TV Direct, the investment income (loss) was eliminated in consolidation.

Note 2: The income/loss of the investee was already included in the income/loss of the investor, and is not presented in this table.

Note 3: The exchange rate on June 30, 2020 is THB1=NT\$0.965.

Note 4: Please refer to Table 7 for information on investment in mainland China.

Note 5: In the first half of 2020, momo's shareholding in TPE decreased from 17.70% to 16.87%, due to the selling of 788 thousand shares of TPE.

Note 6: In January 2020, TVD Shopping held an interim shareholders meeting to resolved a capital reduction. In March 2020, momo has received the refund of the capital reduction of \$33,298 thousand (equal to THB35,000 thousand).

Note 7: In June 2020, momo sold all of its shares in TVD Shopping to TV Direct.

Note 8: In February 2020, momo established FSL with the investment amount of \$250,000 thousand.

Note 9: In June 2020, momo acquired 16.20% equity interest of TV Direct.

**TABLE 7****momo.com Inc. AND SUBSIDIARIES**
**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance For Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance For Investment from Taiwan as of June 30, 2020	Net Income (Loss) of Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2020	Accumulated Repatriation of Investment Income as of June 30, 2020	Note
					Outward	Inward							
FGE	Wholesaling	\$ 323,948 (RMB 77,500)	b.	\$ 787,253 (USD 14,000) (RMB 89,267)	\$ -	\$ -	\$ 787,253 (USD 14,000) (RMB 89,267)	\$ (4,339)	76.70	\$ (3,328)	\$ 26,139	\$ -	
Haobo	Investment	45,980 (RMB 11,000)	b.	-	-	-	-	11,519	100.00	11,519	597,530	-	
GHS	Wholesaling	208,999 (RMB 50,000)	b.	-	-	-	-	79,154	20.00	12,467	555,409	-	

Accumulated Remittance for Investments in Mainland China as of June 30, 2020	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$1,430,399 (USD14,000, RMB89,267 and HKD168,539)	\$1,430,399 (USD14,000, RMB89,267 and HKD168,539)	\$3,541,391

Note 1: Methods of investment are as follows:

- a. Direct investment in mainland China.
- b. Indirect investment in mainland China through a subsidiary in a third place.
  - 1) FGE is HK Fubon Multimedia's subsidiary.
  - 2) Haobo is HK Yue Numerous's subsidiary.
  - 3) GHS is Haobo's associate.
- c. Others.

Note 2: The exchange rates on June 30, 2020 are USD1=NT\$29.58, RMB1=NT\$4.18, and HKD1=NT\$3.816.

**TABLE 8****momo.com Inc.****INFORMATION OF MAJOR SHAREHOLDERS  
JUNE 30, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Wealth Media Technology Co, Ltd.	63,047,205	45.01
TECO CAPITAL INVESTMENT CO., LTD.	15,050,000	10.74
WOORI HOMESHOPPING CO., LTD.	14,014,000	10.00
LOTTE SHOPPING CO., LTD.	7,163,420	5.11

Note: The table discloses shareholding information of shareholders whose shareholding percentages are more than 5%. The Taiwan Depository & Clearing Corporation (TDCC) calculates the total number of common stocks and special stocks (including treasury stocks) that have completed the dematerialized registration and delivery on the last business day of the quarter. The stocks reported in the momo's consolidated financial statements and the actual number of stocks that have completed the dematerialized registration and delivery may be different due to the basis of calculation.