

momo.com Inc. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of momo.com Inc. as of and for the year ended December 31, 2021, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, momo.com Inc. and subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

momo.com Inc.

By

C.F. LIN
Chairman

February 16, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
momo.com Inc.

Opinion

We have audited the accompanying consolidated financial statements of momo.com Inc. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China (ROC).

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the ROC. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the ROC, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

Risk of Revenue Recognition

The Group's primary source of revenue is generated from virtual channels, including TV shopping channels, E-commerce portals and catalogues. Due to the nature of the Group's core sales, the Group offers a wide range of products and services to different customers; the trading quantity is rather high while each transaction is individually low in value and is highly automated through the website and related system. As a result of the Group's business model being highly relying on IT infrastructure and the fact that the Group processes, stores and transmits large amounts of data through digital and web-based environment, the risk derived from revenue recognition depends on whether the sales amount can be transferred into the IT system and recognized appropriately.

By conducting compliance tests, we obtained an understanding of the revenue recognition process and of the design and execution for relevant controls. The major audit procedures were as follows:

1. Verify the details of invoices in the system to check if the sales amount of each invoice is consistent with its shipping notice and sales order.
2. Confirm the completeness and consistency of transmission through IT system by testing the information transferred from front-end system to general ledger system, and further perform tests on whether the Daily Sales Report in the system is consistent with journal entries of revenue each day.

Other Matter

We have also audited the parent company only financial statements of momo.com Inc. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified report.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the ROC, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the ROC will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the ROC, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 16, 2022

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 ROC and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the ROC.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. 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' report and consolidated financial statements shall prevail.

momo.com Inc. AND SUBSIDIARIES
**CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 28)	\$ 8,804,124	38	\$ 5,054,973	29
Financial assets at fair value through other comprehensive income - current (Note 7)	15,179	-	8,533	-
Notes and accounts receivable, net (Note 8)	116,728	1	149,191	1
Notes and accounts receivable from related parties (Note 28)	104,783	1	31,547	-
Other receivables, net (Note 8)	1,443,069	6	673,771	4
Other receivables from related parties (Note 28)	246,496	1	199,619	1
Inventories (Note 9)	3,728,410	16	3,390,012	19
Prepayments	69,244	-	53,995	-
Other financial assets - current (Notes 10 and 29)	217,047	1	214,999	1
Other current assets	15,955	-	20,703	-
Right to recover products - current (Note 21)	<u>162,519</u>	<u>1</u>	<u>135,337</u>	<u>1</u>
Total current assets	<u>14,923,554</u>	<u>65</u>	<u>9,932,680</u>	<u>56</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 7)	61,177	-	70,252	-
Investments accounted for using equity method (Note 12)	691,559	3	1,184,893	7
Property, plant and equipment (Note 13)	5,079,849	22	4,873,389	27
Right-of-use assets (Notes 14 and 28)	1,505,291	7	1,282,411	7
Intangible assets (Note 28)	77,801	-	94,071	1
Deferred tax assets (Note 23)	57,298	-	36,322	-
Prepayments for equipment (Note 28)	270,265	1	6,290	-
Refundable deposits (Note 28)	142,913	1	124,531	1
Net defined benefit assets - non-current (Note 19)	803	-	-	-
Other financial assets - non-current (Notes 10 and 29)	<u>204,536</u>	<u>1</u>	<u>204,195</u>	<u>1</u>
Total non-current assets	<u>8,091,492</u>	<u>35</u>	<u>7,876,354</u>	<u>44</u>
TOTAL	<u>\$ 23,015,046</u>	<u>100</u>	<u>\$ 17,809,034</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 21)	\$ 85,916	-	\$ 35,452	-
Accounts payable (Note 16)	8,537,131	37	6,619,620	37
Accounts payable to related parties (Note 28)	447,295	2	437,630	3
Other payables (Note 17)	1,551,731	7	955,170	5
Other payables to related parties (Note 28)	71,686	-	30,341	-
Current tax liabilities	585,583	3	294,890	2
Lease liabilities - current (Notes 14, 25 and 28)	535,770	2	426,417	2
Refund liabilities - current (Note 21)	180,104	1	152,601	1
Other current liabilities (Note 18)	<u>798,388</u>	<u>4</u>	<u>699,354</u>	<u>4</u>
Total current liabilities	<u>12,793,604</u>	<u>56</u>	<u>9,651,475</u>	<u>54</u>
NON-CURRENT LIABILITIES				
Provisions - non-current	24,160	-	20,914	-
Deferred tax liabilities (Note 23)	15,064	-	7,548	-
Lease liabilities - non-current (Notes 14, 25 and 28)	998,402	4	877,867	5
Net defined benefit liabilities - non-current (Note 19)	-	-	279	-
Guarantee deposits received	<u>334,803</u>	<u>2</u>	<u>300,971</u>	<u>2</u>
Total non-current liabilities	<u>1,372,429</u>	<u>6</u>	<u>1,207,579</u>	<u>7</u>
Total liabilities	<u>14,166,033</u>	<u>62</u>	<u>10,859,054</u>	<u>61</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)				
Common stock	<u>1,820,761</u>	<u>8</u>	<u>1,400,585</u>	<u>8</u>
Capital surplus	<u>2,446,415</u>	<u>11</u>	<u>2,624,386</u>	<u>15</u>
Retained earnings				
Legal reserve	1,128,868	5	934,425	5
Special reserve	142,530	1	172,693	1
Unappropriated earnings	<u>3,427,094</u>	<u>14</u>	<u>1,944,434</u>	<u>11</u>
Total retained earnings	<u>4,698,492</u>	<u>20</u>	<u>3,051,552</u>	<u>17</u>
Other equity	<u>(206,677)</u>	<u>(1)</u>	<u>(142,530)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	<u>8,758,991</u>	<u>38</u>	<u>6,933,993</u>	<u>39</u>
NON-CONTROLLING INTERESTS (Note 20)	<u>90,022</u>	<u>-</u>	<u>15,987</u>	<u>-</u>
Total equity	<u>8,849,013</u>	<u>38</u>	<u>6,949,980</u>	<u>39</u>
TOTAL	<u>\$ 23,015,046</u>	<u>100</u>	<u>\$ 17,809,034</u>	<u>100</u>

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

momo.com Inc. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 28)	\$ 88,396,696	100	\$ 67,198,104	100
OPERATING COSTS (Notes 9, 19, 22 and 28)	<u>79,451,893</u>	<u>90</u>	<u>60,883,619</u>	<u>90</u>
GROSS PROFIT FROM OPERATIONS	<u>8,944,803</u>	<u>10</u>	<u>6,314,485</u>	<u>10</u>
OPERATING EXPENSES (Notes 8, 19, 22 and 28)				
Marketing expenses	2,857,970	3	2,374,531	4
Administrative expenses	1,963,051	2	1,643,659	2
Research and development expenses	202,289	-	175,599	-
Expected credit loss	<u>2,983</u>	<u>-</u>	<u>5,317</u>	<u>-</u>
Total operating expenses	<u>5,026,293</u>	<u>5</u>	<u>4,199,106</u>	<u>6</u>
NET OTHER INCOME AND EXPENSES (Note 28)	<u>123,562</u>	<u>-</u>	<u>103,711</u>	<u>-</u>
OPERATING INCOME	<u>4,042,072</u>	<u>5</u>	<u>2,219,090</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	26,834	-	22,882	-
Other income	4,317	-	14,721	-
Other gains and losses, net (Notes 12, 15 and 22)	96,577	-	60,978	-
Finance costs (Notes 22 and 28)	(12,669)	-	(9,754)	-
Share of profit or loss of associates accounted for using equity method (Note 12)	<u>(72,418)</u>	<u>-</u>	<u>82,876</u>	<u>-</u>
Total non-operating income and expenses	<u>42,641</u>	<u>-</u>	<u>171,703</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	4,084,713	5	2,390,793	4
INCOME TAX EXPENSE (Note 23)	<u>809,447</u>	<u>1</u>	<u>451,855</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>3,275,266</u>	<u>4</u>	<u>1,938,938</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 12, 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	136	-	(466)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	<u>(2,429)</u>	<u>-</u>	<u>5,916</u>	<u>-</u>

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momo.com Inc. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Share of remeasurement of defined benefit plans of associates accounted for using equity method	\$ -	-	\$ (1,077)	-
Share of unrealized gain on investments in equity instruments at fair value through other comprehensive income of associates accounted for using equity method	17,700	-	28,577	-
Income tax (expense) benefit related to items that will not be reclassified subsequently to profit or loss	(27)	-	93	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation	(26,147)	-	6,422	-
Share of other comprehensive loss of associates accounted for using equity method	<u>(2,514)</u>	<u>-</u>	<u>(5,365)</u>	<u>-</u>
Other comprehensive income (loss), net of tax	<u>(13,281)</u>	<u>-</u>	<u>34,100</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,261,985</u>	<u>4</u>	<u>\$ 1,973,038</u>	<u>3</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,280,300	4	\$ 1,943,304	3
Non-controlling interests	<u>(5,034)</u>	<u>-</u>	<u>(4,366)</u>	<u>-</u>
	<u>\$ 3,275,266</u>	<u>4</u>	<u>\$ 1,938,938</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,267,100	4	\$ 1,977,308	3
Non-controlling interests	<u>(5,115)</u>	<u>-</u>	<u>(4,270)</u>	<u>-</u>
	<u>\$ 3,261,985</u>	<u>4</u>	<u>\$ 1,973,038</u>	<u>3</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 18.02</u>		<u>\$ 10.67</u>	
Diluted	<u>\$ 18.02</u>		<u>\$ 10.67</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
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company						Other Equity			
			Retained Earnings				Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation		Total		
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 year ended December 31, 2020	-	-	-	-	1,943,304	-	-	1,943,304	(4,366)	1,938,938
Other comprehensive income (loss) for the year ended December 31, 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,450)</u>	<u>961</u>	<u>34,493</u>	<u>34,004</u>	<u>96</u>	<u>34,100</u>
Total comprehensive income (loss) for the year ended December 31, 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,941,854</u>	<u>961</u>	<u>34,493</u>	<u>1,977,308</u>	<u>(4,270)</u>	<u>1,973,038</u>
Disposal of investments accounted for using equity method	-	(6,083)	-	-	4,879	-	(4,879)	(6,083)	-	(6,083)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>412</u>	<u>-</u>	<u>(412)</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE AT DECEMBER 31, 2020	1,400,585	2,624,386	934,425	172,693	1,944,434	(79,312)	(63,218)	6,933,993	15,987	6,949,980
Distribution of 2020 earnings										
Legal reserve	-	-	194,443	-	(194,443)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,400,585)	-	-	(1,400,585)	-	(1,400,585)
Stock dividends	280,117	-	-	-	(280,117)	-	-	-	-	-
Reversal of special reserve	-	-	-	(30,163)	30,163	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	4,940	-	-	(3,605)	-	-	1,335	-	1,335
Issue of stock dividends from capital surplus	140,059	(140,059)	-	-	-	-	-	-	-	-
Net profit (loss) for the year ended December 31, 2021	-	-	-	-	3,280,300	-	-	3,280,300	(5,034)	3,275,266
Other comprehensive income (loss) for the year ended December 31, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109</u>	<u>(28,580)</u>	<u>15,271</u>	<u>(13,200)</u>	<u>(81)</u>	<u>(13,281)</u>
Total comprehensive income (loss) for the year ended December 31, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,280,409</u>	<u>(28,580)</u>	<u>15,271</u>	<u>3,267,100</u>	<u>(5,115)</u>	<u>3,261,985</u>
Disposal of investments accounted for using equity method	-	(42,852)	-	-	50,838	-	(50,838)	(42,852)	-	(42,852)
Increase in non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,150</u>	<u>79,150</u>
BALANCE AT DECEMBER 31, 2021	<u>\$ 1,820,761</u>	<u>\$ 2,446,415</u>	<u>\$ 1,128,868</u>	<u>\$ 142,530</u>	<u>\$ 3,427,094</u>	<u>\$ (107,892)</u>	<u>\$ (98,785)</u>	<u>\$ 8,758,991</u>	<u>\$ 90,022</u>	<u>\$ 8,849,013</u>

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

momo.com Inc. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 4,084,713	\$ 2,390,793
Adjustments for:		
Depreciation expenses	887,563	748,698
Amortization expenses	62,232	66,413
Expected credit loss	2,983	5,317
Finance costs	12,669	9,754
Interest income	(26,834)	(22,882)
Share of loss (profit) of associates accounted for using equity method	72,418	(82,876)
Loss on disposal of property, plant and equipment	124	95
Gain on disposal of investments accounted for using equity method	(97,762)	(73,859)
Impairment loss on non-financial assets	-	13,332
Others	564	(5,792)
Changes in operating assets and liabilities		
Notes and accounts receivable	31,942	(54,910)
Notes and accounts receivable from related parties	(52,642)	12,299
Other receivables	(771,311)	52,672
Other receivables from related parties	(75,545)	(65,942)
Inventories	(338,398)	(984,078)
Prepayments	(15,249)	8,488
Other current assets	4,963	(4,222)
Right to recover products	(27,182)	(10,643)
Contract liabilities	50,464	(7,210)
Accounts payable	1,917,511	1,565,714
Accounts payable to related parties	9,665	157,238
Other payables	353,433	246,617
Other payables to related parties	41,345	3,201
Refund liabilities	27,503	9,039
Other current liabilities	99,034	128,314
Net defined benefit plans	(946)	(1,394)
Cash generated from operations	6,253,257	4,104,176
Interest received	46	52
Income tax paid	(532,456)	(378,546)
Net cash generated from operating activities	<u>5,720,847</u>	<u>3,725,682</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	-	(23,709)
Acquisition of investments accounted for using equity method	-	(193,964)
Disposal of investments accounted for using equity method	466,547	219,742
Repayment of capital reduction from associates	-	33,298
Acquisition of property, plant and equipment	(291,966)	(626,208)
Increase in refundable deposits	(46,616)	(37,595)

(Continued)

momo.com Inc. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	2021	2020
Decrease in refundable deposits	\$ 28,029	\$ 6,063
Acquisition of intangible assets	(37,917)	(28,464)
Increase in other financial assets	(54,424)	(195,149)
Decrease in other financial assets	51,616	56,360
Increase in prepayments for equipment	(306,552)	(163,784)
Interest received	25,368	21,632
Dividends received	<u>7,914</u>	<u>20,164</u>
Net cash used in investing activities	<u>(158,001)</u>	<u>(911,614)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	69,729	61,000
Decrease in guarantee deposits received	(35,746)	(37,571)
Repayment of the principal portion of lease liabilities	(513,544)	(394,999)
Cash dividends paid	(1,400,585)	(1,190,497)
Interest paid	(12,454)	(9,183)
Changes in non-controlling interests	<u>79,150</u>	<u>-</u>
Net cash used in financing activities	<u>(1,813,450)</u>	<u>(1,571,250)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(245)</u>	<u>313</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,749,151	1,243,131
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,054,973</u>	<u>3,811,842</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 8,804,124</u>	<u>\$ 5,054,973</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 YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 TV and radio production, radio and TV program distribution, radio and TV advertising, issuing of magazine, and retailing.

The consolidated financial statements of the Company as of and for the year ended December 31, 2021, 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 February 16, 2022.

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. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be 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” will be 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” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: 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 4: 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 has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
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
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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 will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value and net defined benefit liabilities (assets) 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. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11, Table 7 and Table 8 for detailed information of subsidiaries (including percentages of ownership and main business).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

f. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purposes of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries and associates in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency - NTD, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of the Group's entire interest in a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

g. Inventories

Inventories are measured at the lower of cost or net realizable value. Inventories write-downs are made by item, except those where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price in the ordinary course of business less the estimated selling expenses. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

k. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Impairment of property, plant and equipment, right-of-use assets, and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units or the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets and refundable deposits, are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes and accounts receivable and other receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for notes and accounts receivable and other receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Failure to meet the obligation associated with liabilities within the credit terms.

The impairment loss of the financial assets mentioned above is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Group are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in profit or loss.

n. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

The restoration costs for lease improvements that were originally acquired or used by the Group for a period of time and had obligations for dismantling, relocating, and restoring to the previous state should be recognized as an addition to the assets and accrued as a potential liability accordingly.

o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

The Group's primary source of revenue is generated from virtual channels. Revenues from sale of goods are recognized when the goods are transferred or delivered to the customers. Advance receipts obtained before the goods are transferred or delivered to the customers.

Under customer loyalty program, the Group offers mo coins or advance receipts from prepaid bonus for customers. Allocated transaction price is recognized as contract liabilities or other financial liabilities as collected and will be deducted when points or vouchers are redeemed. mo coins and advance receipts from prepaid bonus will be recognized as revenue when they are redeemed or expired.

2) Revenue from rendering of services

The Group's revenues from rendering of services are advertising revenues and service revenues. Service revenues are that the Group procures goods on behalf of customers as an agent. The Group recognizes service revenue in the net amount of consideration received or receivable when goods are transferred and the Group has no further obligation to customers. Advertising revenues are recognized as revenue during the contract period.

p. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease and (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

q. Government grants

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

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 on 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.

Critical Accounting Judgements

a. Significant influence over associates

As stated in Note 12, several companies are associates of the Group although the Group holds less than 20% of the voting rights on each of these companies. The Group has significant influence over these companies by holding seats on Board of Directors of these companies.

b. Lease terms

In determining a lease term, the Group considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the optional periods, significant leasehold improvements undertaken over the contract term, the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within the control of the Group occurs.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand and revolving funds	\$ 16	\$ 16
Cash in banks	5,850,979	3,361,735
Time deposits	<u>2,953,129</u>	<u>1,693,222</u>
	<u>\$ 8,804,124</u>	<u>\$ 5,054,973</u>
The market rate intervals of time deposits	0.07%-0.9%	0.08%-1%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity Instrument Investments

	December 31	
	2021	2020
<u>Current</u>		
Foreign unlisted stock	\$ <u>15,179</u>	\$ <u>8,533</u>
<u>Non-current</u>		
Domestic unlisted stock	\$ <u>61,177</u>	\$ <u>70,252</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 December 31, 2021 and 2020, the financial assets were not pledged.

8. NOTES AND ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2021	2020
<u>Notes and accounts receivable</u>		
Measured at amortized cost		
Gross carrying amount	\$ 118,504	\$ 151,586
Less: Allowance for impairment loss	<u>(1,776)</u>	<u>(2,395)</u>
	\$ <u>116,728</u>	\$ <u>149,191</u>
<u>Other receivables</u>		
Measured at amortized cost		
Gross carrying amount	\$ 1,454,065	\$ 683,830
Less: Allowance for impairment loss	<u>(10,996)</u>	<u>(10,059)</u>
	\$ <u>1,443,069</u>	\$ <u>673,771</u>

Notes and 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 notes and accounts receivable and other receivables at an amount equal to lifetime ECLs. The expected credit losses on notes and 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 notes and accounts receivable and other receivables when there are evidences indicating that the counterparty is in severe financial difficulty and notes and accounts receivable and other receivables are considered uncollectible. For notes and accounts receivable and other 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 notes and accounts receivable and other receivables.

December 31, 2021

	Not Past Due	1 to 120 Days Past Due	121 to 365 Days Past Due	Over 365 Days Past Due	Total
Gross carrying amount	\$ 1,533,251	\$ 21,649	\$ 7,391	\$ 10,278	\$ 1,572,569
Loss allowance (Lifetime ECLs)	<u>(7)</u>	<u>(146)</u>	<u>(2,341)</u>	<u>(10,278)</u>	<u>(12,772)</u>
Amortized cost	<u>\$ 1,533,244</u>	<u>\$ 21,503</u>	<u>\$ 5,050</u>	<u>\$ -</u>	<u>\$ 1,559,797</u>

December 31, 2020

	Not Past Due	1 to 120 Days Past Due	121 to 365 Days Past Due	Over 365 Days Past Due	Total
Gross carrying amount	\$ 751,907	\$ 67,977	\$ 5,749	\$ 9,783	\$ 835,416
Loss allowance (Lifetime ECLs)	<u>(258)</u>	<u>(293)</u>	<u>(2,208)</u>	<u>(9,695)</u>	<u>(12,454)</u>
Amortized cost	<u>\$ 751,649</u>	<u>\$ 67,684</u>	<u>\$ 3,541</u>	<u>\$ 88</u>	<u>\$ 822,962</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 notes and accounts receivable and other receivables were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 12,454	\$ 11,776
Add: Provision	2,983	5,317
Less: Write-off	<u>(2,665)</u>	<u>(4,639)</u>
Ending balance	<u>\$ 12,772</u>	<u>\$ 12,454</u>

9. INVENTORIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Merchandise	<u>\$ 3,728,410</u>	<u>\$ 3,390,012</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 were \$75,342,971 thousand and \$57,198,338 thousand, respectively, which included inventory write-downs of \$13,346 thousand and \$16,300 thousand, respectively.

10. OTHER FINANCIAL ASSETS

	December 31	
	2021	2020
<u>Current</u>		
Pledged time deposits and restricted deposits	\$ 65,900	\$ 64,187
Time deposits with original maturities of more than 3 months	<u>151,147</u>	<u>150,812</u>
	<u>\$ 217,047</u>	<u>\$ 214,999</u>

Non-current

Pledged time deposits and restricted deposits	<u>\$ 204,536</u>	<u>\$ 204,195</u>
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- The ranges of interest rates for time deposits with original maturities of more than 3 months were both 0.09%-1.75% per annum as of December 31, 2021 and 2020.
- The Group estimates the expected credit risks of the above financial assets are not significant, and all the credit risks did not increase since initial recognition.
- Refer to Note 29 for information relating to other financial assets pledged as security.

11. SUBSIDIARIES

- Subsidiaries included in the consolidated financial statements

Investor	Subsidiary	Nature of Activities	% of Ownership		Note
			2021	2020	
momo	Fu Sheng Travel Service Co., Ltd. (FST)	Travel agent	100.00	100.00	-
momo	Fuli Life Insurance Agent Co., Ltd. (FLI)	Life insurance agent	100.00	100.00	-
momo	Fuli Property Insurance Agent Co., Ltd. (FPI)	Property insurance agent	100.00	100.00	-
momo	Bebe Poshe International Co., Ltd. (Bebe Poshe)	Wholesale of cosmetics	85.00	85.00	-
momo	Fu Sheng Logistics Co., Ltd. (FSL)	Logistics industry	100.00	100.00	-
momo	MFS Co., Ltd. (MFS)	Wholesaling	100.00	100.00	-
momo	Prosperous Living Co., Ltd. (Prosperous Living)	Wholesale and retail sales	73.62	-	Note
momo	Asian Crown International Co., Ltd. (Asian Crown (BVI))	Investment	81.99	81.99	-
Asian Crown (BVI)	Fortune Kingdom Corporation (Fortune Kingdom)	Investment	100.00	100.00	-
Fortune Kingdom	Hong Kong Fubon Multimedia Technology Co., Ltd. (HK Fubon Multimedia)	Investment	100.00	100.00	-
HK Fubon Multimedia	Fubon Gehua (Beijing) Enterprise Ltd. (FGE)	Wholesaling	93.548	93.548	-
momo	Honest Development Co, Ltd. (Honest Development)	Investment	100.00	100.00	-
Honest Development	Hong Kong Yue Numerous Investment Co., Ltd. (HK Yue Numerous)	Investment	100.00	100.00	-
HK Yue Numerous	Haobo Information Consulting (Shenzhen) Co., Ltd. (Haobo)	Investment	100.00	100.00	-

Note: momo established Prosperous Living with 73.62% holdings of its equity interest in November 2021.

- Subsidiaries excluded from the consolidated financial statements: None.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

Investee Company	December 31			
	2021		2020	
	Amount	% of Ownership	Amount	% of Ownership
Global Home Shopping Co., Ltd. (GHS)	\$ 571,213	20.00	\$ 606,376	20.00
TV Direct Public Company Limited (TV Direct)	120,346	21.35	192,103	24.99
Taiwan Pelican Express Co., Ltd. (TPE)	-	-	386,414	15.50
	<u>\$ 691,559</u>		<u>\$ 1,184,893</u>	

Refer to Table 7 and Table 8 for the nature of activities, principal places of business and countries of incorporation of the associates.

a. GHS

In June 2015, momo acquired 20% equity interests of GHS through its subsidiary - Honest Development.

b. TV Direct

During the period from June to July 2020, momo acquired 20% equity interest of TV Direct. In November 2020, momo's shareholding in TV Direct increased to 24.99% due to the acquisition of additional 4.99% equity interest of TV Direct.

In January and April 2021, momo's shareholding in TV Direct decreased to 21.35%, due to non-subscription to the exercise of the share options, which were granted by TV Direct. The portion that had previously been recognized in other comprehensive income relating to the deduction in ownership interest has reclassified to loss on the disposal of investment was \$1,290 thousand.

c. TPE

During the period from May to July 2020, momo's shareholding in TPE decreased from 17.70% to 15.50%, due to the selling of 2,100 thousand shares of TPE for \$72,970 thousand, and gain on the disposal of investment was \$24,844 thousand. As of December 31, 2020, momo had significant influence on TPE due to momo's holding of two seats in TPE's Board of Directors after disposal of its shares of TPE in 2020.

In March 2021, momo sold all of its remaining shares of TPE for \$466,547 thousand, and gain on the disposal of investment was \$99,052 thousand.

d. TVD Shopping Co., Ltd.

In January 2020, TVD Shopping Co., Ltd. (collectively, the "TVD Shopping") held an interim shareholders meeting to resolve a capital reduction. In March 2020, momo had 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 the disposal of investment was \$49,015 thousand.

e. Summarized financial information of the Group's associates was as follows:

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

	For the Year Ended December 31	
	2021	2020
The Group's share of:		
Net (loss) profit for the year	\$ (72,418)	\$ 82,876
Other comprehensive income	<u>15,186</u>	<u>22,135</u>
Total comprehensive (loss) income for the year	<u>\$ (57,232)</u>	<u>\$ 105,011</u>

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

	December 31	
Name of Associate	2021	2020
TV Direct	<u>\$ 175,566</u>	<u>\$ 197,341</u>
TPE	<u>\$ -</u>	<u>\$ 503,702</u>

All the associates are accounted for using the equity method.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery	Office Equipment	Lease Improvement	Other Equipment	Property in Construction	Total
Cost								
Balance at 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	1,200	138,553	15,397	27,107	13,863	17,487	645,392
Disposals	-	-	(33,864)	(206)	(181)	-	-	(34,251)
Reclassifications	188,443	-	38,004	-	638	9,923	(34,081)	202,927
Effect of foreign currency exchange differences	-	-	1,295	34	44	5	-	1,378
Balance at December 31, 2020	<u>\$ 2,338,155</u>	<u>\$ 1,770,464</u>	<u>\$ 1,718,419</u>	<u>\$ 134,374</u>	<u>\$ 311,973</u>	<u>\$ 103,318</u>	<u>\$ 5,016</u>	<u>\$ 6,381,719</u>
Accumulated depreciation and impairment								
Balance at January 1, 2020	\$ -	\$ 166,898	\$ 778,970	\$ 69,234	\$ 168,670	\$ 17,632	\$ -	\$ 1,201,404
Depreciation expenses	-	81,160	178,468	27,096	41,092	11,927	-	339,743
Disposals	-	-	(33,856)	(182)	(118)	-	-	(34,156)
Effect of foreign currency exchange differences	-	-	1,260	32	43	4	-	1,339
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 248,058</u>	<u>\$ 924,842</u>	<u>\$ 96,180</u>	<u>\$ 209,687</u>	<u>\$ 29,563</u>	<u>\$ -</u>	<u>\$ 1,508,330</u>
Carrying amount at December 31, 2020	<u>\$ 2,338,155</u>	<u>\$ 1,522,406</u>	<u>\$ 793,577</u>	<u>\$ 38,194</u>	<u>\$ 102,286</u>	<u>\$ 73,755</u>	<u>\$ 5,016</u>	<u>\$ 4,873,389</u>
Cost								
Balance at January 1, 2021	\$ 2,338,155	\$ 1,770,464	\$ 1,718,419	\$ 134,374	\$ 311,973	\$ 103,318	\$ 5,016	\$ 6,381,719
Additions	-	5,798	116,715	27,059	36,980	9,992	340,287	536,831
Disposals	-	-	(72,513)	(625)	(2,616)	(625)	-	(76,379)
Reclassifications	-	-	12,319	-	-	24,476	(1,000)	35,795
Effect of foreign currency exchange differences	-	-	(550)	(15)	(32)	(2)	-	(599)
Balance at December 31, 2021	<u>\$ 2,338,155</u>	<u>\$ 1,776,262</u>	<u>\$ 1,774,390</u>	<u>\$ 160,793</u>	<u>\$ 346,305</u>	<u>\$ 137,159</u>	<u>\$ 344,303</u>	<u>\$ 6,877,367</u>
Accumulated depreciation and impairment								
Balance at January 1, 2021	\$ -	\$ 248,058	\$ 924,842	\$ 96,180	\$ 209,687	\$ 29,563	\$ -	\$ 1,508,330
Depreciation expenses	-	81,581	204,400	20,888	44,279	14,834	-	365,982
Disposals	-	-	(72,488)	(526)	(2,616)	(625)	-	(76,255)
Effect of foreign currency exchange differences	-	-	(497)	(13)	(27)	(2)	-	(539)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 329,639</u>	<u>\$ 1,056,257</u>	<u>\$ 116,529</u>	<u>\$ 251,323</u>	<u>\$ 43,770</u>	<u>\$ -</u>	<u>\$ 1,797,518</u>
Carrying amount at December 31, 2021	<u>\$ 2,338,155</u>	<u>\$ 1,446,623</u>	<u>\$ 718,133</u>	<u>\$ 44,264</u>	<u>\$ 94,982</u>	<u>\$ 93,389</u>	<u>\$ 344,303</u>	<u>\$ 5,079,849</u>

No impairment loss or reversal of impairment loss was recognized for the years ended December 31, 2021 and 2020.

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

Buildings	5-50 years
Machinery	1-12 years
Office equipment	2-10 years
Lease improvement	1-10 years
Other equipment	2-15 years

As of December 31, 2021 and 2020, the property, plant and equipment were not pledged as collateral.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amount</u>		
Land	\$ 1,386	\$ 2,772
Buildings	1,498,805	1,269,844
Office equipment	3,506	6,748
Transportation equipment	<u>1,594</u>	<u>3,047</u>
	<u>\$ 1,505,291</u>	<u>\$ 1,282,411</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 600,789</u>	<u>\$ 603,856</u>
Depreciation charge for right-of-use assets		
Land	\$ 1,386	\$ 1,386
Buildings	515,500	402,574
Office equipment	3,242	3,749
Transportation equipment	<u>1,453</u>	<u>1,246</u>
	<u>\$ 521,581</u>	<u>\$ 408,955</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	<u>\$ 535,770</u>	<u>\$ 426,417</u>
Non-current	<u>\$ 998,402</u>	<u>\$ 877,867</u>

The ranges of discount rate for lease liabilities were 0.61%-0.86% and 0.74%-0.86% per annum, as of December 31, 2021 and 2020, respectively.

c. Material leasing activities and terms

The Group leases buildings for the use of offices and warehouses with lease terms of 1 to 10.1 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 Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	\$ 34,359	\$ 34,305
Expenses relating to low-value asset leases	\$ 1,747	\$ 1,377
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 94,116	\$ 88,157
Total cash outflow for leases	\$ (656,220)	\$ (528,021)

The Group's leases of certain buildings qualify as short-term leases and leases of certain office equipment 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 \$18,960 thousand and \$20,098 thousand as of December 31, 2021 and 2020, respectively.

15. GOODWILL

	For the Year Ended December 31, 2020
<u>Cost</u>	
Balance at January 1	\$ 26,664
Balance at December 31	\$ 26,664
<u>Accumulated impairment losses</u>	
Balance at January 1	\$ 13,332
Impairment losses recognized	13,332
Balance at December 31	\$ 26,664
Carrying amount at December 31	\$ -

The Group acquired the shares of Bebe Poshe in September 2018 and resulting in the goodwill of \$26,664 thousand relating to expected benefit from the cosmetic sales growth of E-commerce. The actual sales growth after the business combination did not perform as expected. The recoverable amount of Bebe Poshe was based on the estimated cash flows for the next 5 years, and the discount rate was 10.48% per annum as of December 31, 2020. Based on assessment, the Group recognized impairment losses of \$13,332 thousand in other gains and losses for the year ended December 31, 2020.

16. ACCOUNTS PAYABLE

	December 31	
	2021	2020
Suppliers	<u>\$ 8,537,131</u>	<u>\$ 6,619,620</u>

17. OTHER PAYABLES

	December 31	
	2021	2020
Payables for salaries and bonus	\$ 505,030	\$ 441,611
Payables for equipment and construction	280,906	25,780
Payables for business tax	112,808	122,287
Payables for pension	27,791	24,408
Others	<u>625,196</u>	<u>341,084</u>
	<u>\$ 1,551,731</u>	<u>\$ 955,170</u>

18. OTHER CURRENT LIABILITIES

	December 31	
	2021	2020
Collection about travelling merchandise	\$ 110,262	\$ 117,436
Other financial liabilities	505,229	309,348
Others	<u>182,897</u>	<u>272,570</u>
	<u>\$ 798,388</u>	<u>\$ 699,354</u>

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Domestic firms of the Group 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 employees' individual pension accounts at 6% of monthly salaries and wages. The employees of 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 \$106,261 thousand and \$95,807 thousand for the years ended December 31, 2021 and 2020, respectively.

b. Defined benefit plans

The defined benefit plan adopted by momo in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. momo contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 14,218	\$ 14,115
Fair value of plan assets	<u>(15,021)</u>	<u>(13,836)</u>
Net defined benefit (assets) liabilities	<u>\$ (803)</u>	<u>\$ 279</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2020	<u>\$ 13,181</u>	<u>\$ (11,974)</u>	<u>\$ 1,207</u>
Net interest expense (income)	<u>132</u>	<u>(127)</u>	<u>5</u>
Recognized in profit or loss	<u>132</u>	<u>(127)</u>	<u>5</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(336)	(336)
Actuarial loss (gain)			
Changes in financial assumptions	1,125	-	1,125
Experience adjustments	<u>(323)</u>	<u>-</u>	<u>(323)</u>
Recognized in other comprehensive income	<u>802</u>	<u>(336)</u>	<u>466</u>
Contributions from the employer	<u>-</u>	<u>(1,399)</u>	<u>(1,399)</u>
Balance at December 31, 2020	<u>14,115</u>	<u>(13,836)</u>	<u>279</u>
Net interest expense (income)	<u>71</u>	<u>(73)</u>	<u>(2)</u>
Recognized in profit or loss	<u>71</u>	<u>(73)</u>	<u>(2)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (168)	\$ (168)
Actuarial loss (gain)			
Changes in demographic assumptions	421	-	421
Experience adjustments	<u>(389)</u>	<u>-</u>	<u>(389)</u>
Recognized in other comprehensive income	<u>32</u>	<u>(168)</u>	<u>(136)</u>
Contributions from the employer	<u>-</u>	<u>(944)</u>	<u>(944)</u>
Balance at December 31, 2021	<u>\$ 14,218</u>	<u>\$ (15,021)</u>	<u>\$ (803)</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	2020
Discount rate(s)	0.5%	0.5%
Expected rate(s) of salary increase	2.5%	2.5%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2021	2020
Discount rate(s)		
0.25% increase	<u>\$ (549)</u>	<u>\$ (577)</u>
0.25% decrease	<u>\$ 575</u>	<u>\$ 606</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 556</u>	<u>\$ 585</u>
0.25% decrease	<u>\$ (534)</u>	<u>\$ (561)</u>

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	2020
Expected contributions to the plans for the next year	\$ <u>-</u>	\$ <u>1,411</u>
Average duration of the defined benefit obligation	15.7 years	16.6 years

20. EQUITY

a. Common stock

As of December 31, 2021 and 2020, momo had authorized 300,000 thousand and 200,000 thousand common shares, respectively, with 182,076 thousand and 140,059 thousand shares issued and outstanding at par value \$10 per share.

On May 18, 2021, the Company's shareholders resolved in the shareholders' meeting to issue 42,017 thousand common shares with a par value of \$10 from earnings and capital surplus. After the issuance, the Company's paid-in capital increased to \$1,820,761 thousand. On June 9, 2021, the above transaction was approved by the Securities and Futures Bureau, FSC, and the subscription base date was determined by the Board of Directors on July 11, 2021.

b. Capital surplus

	December 31	
	2021	2020
Issuance of common shares	\$ 2,316,014	\$ 2,456,073
Changes in percentage of ownership interests in subsidiaries	125,291	125,291
Share of changes in capital surplus of associates	4,940	42,852
Expired employee share options	<u>170</u>	<u>170</u>
	<u>\$ 2,446,415</u>	<u>\$ 2,624,386</u>

Under the ROC Company Act, the capital surplus generated from the excess of the issuance price over the par value of common 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 unappropriated 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 compensation of employees and remuneration of directors and the actual appropriations, please refer to Note 22(d).

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 deficit. 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.

Pursuant to existing regulations, momo is required to set aside and reverse additional special reserve equivalent to the net debit balance of other equity items, such as exchange differences on the translation of the financial statements of foreign operations and unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income. Distributions can be made out of any subsequent reversal of the debit to other equity items.

The appropriations of earnings for 2020 and 2019 that had been resolved by the shareholders in their meetings on May 18, 2021 and May 15, 2020, respectively, were as follows:

	For the Year Ended December 31	
	2020	2019
Legal reserve	\$ 194,443	\$ 130,934
Special reserve	\$ (30,163)	\$ 4,799
Cash dividends	\$ 1,400,585	\$ 1,173,606
Share dividends	\$ 280,117	\$ -
Cash dividends per share (NT\$)	\$ 10	\$ 8.3794
Share dividends per share (NT\$)	\$ 2	\$ -

The Company's shareholders resolved in the shareholders' meeting on May 18, 2021 and May 15, 2020 to issue share dividends of \$140,059 thousand and cash dividends of \$16,891 thousand, respectively, from capital surplus.

d. Other equity items

1) Exchange differences on translation

	For the Year Ended December 31	
	2021	2020
Beginning balance	\$ (79,312)	\$ (80,273)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(26,066)	6,326
Share from associates accounted for using equity method	(2,514)	(5,365)
Other comprehensive (loss) income recognized for the year	(28,580)	961
Ending balance	\$ (107,892)	\$ (79,312)

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

	For the Year Ended December 31	
	2021	2020
Beginning balance	\$ (63,218)	\$ (92,420)
Recognized for the year		
Unrealized (loss) gain - equity instruments	(2,429)	5,916
Share from associates accounted for using equity method	<u>17,700</u>	<u>28,577</u>
Other comprehensive income recognized for the year	<u>15,271</u>	<u>34,493</u>
Disposal of associates accounted for using equity method	<u>(50,838)</u>	<u>(4,879)</u>
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(412)</u>
Ending balance	<u>\$ (98,785)</u>	<u>\$ (63,218)</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Beginning balance	\$ 15,987	\$ 20,257
Share in loss for the year	(5,034)	(4,366)
Other comprehensive (loss) income during the year		
Exchange differences on the translation of the financial statements of foreign entities	(81)	96
Increase in non-controlling interests	<u>79,150</u>	<u>-</u>
Ending balance	<u>\$ 90,022</u>	<u>\$ 15,987</u>

21. OPERATING REVENUE

	For the Year Ended December 31	
	2021	2020
TV and magazine	\$ 5,281,608	\$ 5,524,849
E-commerce	83,066,465	61,585,749
Others	<u>48,623</u>	<u>87,506</u>
	<u>\$ 88,396,696</u>	<u>\$ 67,198,104</u>

Please refer to Note 4(o) and Note 33 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 liabilities and the related right to recover products from customers are recorded accordingly.

Revenue in the current year that was recognized from the contract liabilities balance at the beginning of the year was summarized as follows:

	For the Year Ended December 31	
	2021	2020
Sale of goods	\$ 28,026	\$ 33,752
Others	<u>7,408</u>	<u>7,728</u>
	<u>\$ 35,434</u>	<u>\$ 41,480</u>

22. PROFIT BEFORE INCOME TAX

a. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Gain on disposal of investments accounted for using equity method (Note 12)	\$ 97,762	\$ 73,859
Impairment loss on goodwill	-	(13,332)
Net foreign exchange (losses) gains	(1,095)	896
Loss on disposal of property, plant and equipment	(124)	(95)
Others	<u>34</u>	<u>(350)</u>
	<u>\$ 96,577</u>	<u>\$ 60,978</u>

b. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on lease liabilities	\$ 12,598	\$ 9,709
Others	<u>71</u>	<u>45</u>
	<u>\$ 12,669</u>	<u>\$ 9,754</u>

c. Employee benefits expense, depreciation and amortization

Function Nature	For the Year Ended December 31, 2021			For the Year Ended December 31, 2020		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salary	\$ 936,888	\$ 1,298,024	\$ 2,234,912	\$ 811,299	\$ 1,163,329	\$ 1,974,628
Insurance expense	99,139	128,697	227,836	83,770	109,058	192,828
Pension	45,302	60,957	106,259	40,286	55,526	95,812
Other employee benefits	59,760	82,428	142,188	53,628	70,493	124,121
Depreciation	688,171	199,392	887,563	579,449	169,249	748,698
Amortization	7,750	54,482	62,232	8,815	57,598	66,413

d. Compensation of employees and remuneration of directors

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 compensation.

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

Compensation of employees 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 compensation of employees and remuneration of directors were made by applying the rates to the aforementioned regulation. The compensation of employees and the remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Board of Directors on February 16, 2022 and February 18, 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	<u>\$ 4,081</u>	<u>\$ 2,420</u>
Remuneration of directors	<u>\$ 6,122</u>	<u>\$ 2,420</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.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on the compensation of employees 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 Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 823,513	\$ 474,489
Adjustments for prior years	<u>(579)</u>	<u>(16,565)</u>
	<u>822,934</u>	<u>457,924</u>
Deferred tax		
In respect of the current year	<u>(13,487)</u>	<u>(6,069)</u>
Income tax expense recognized in profit or loss	<u>\$ 809,447</u>	<u>\$ 451,855</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2021	2020
Profit before tax	\$ 4,084,713	\$ 2,390,793
Income tax expense calculated at the statutory rate (20%)	\$ 816,943	\$ 478,159
Share of loss of domestic investments accounted for using equity method	(1,223)	(5,536)
Adjustment items in determining taxable profit	2,555	2,002
Disposal of domestic marketable securities	(19,810)	(4,969)
Temporary differences	19,534	(192)
Deferred tax	(13,487)	(6,069)
Adjustments for prior years' tax	(579)	(16,565)
Unrecognized loss carryforwards/deductible temporary differences	6,113	5,561
Effect of different tax rates of group entities operating in other jurisdictions	(599)	(536)
Income tax expense recognized in profit or loss	\$ 809,447	\$ 451,855

The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
Remeasurement of defined benefit plans	\$ (27)	\$ 93
Income tax (expense) benefit recognized in other comprehensive income	\$ (27)	\$ 93

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Temporary differences				
Defined benefit obligation	\$ 56	\$ (56)	\$ -	\$ -
Allowance for inventory valuation loss	11,360	528	-	11,888
Others	24,906	20,504	-	45,410
	<u>\$ 36,322</u>	<u>\$ 20,976</u>	<u>\$ -</u>	<u>\$ 57,298</u>

Deferred Tax Liabilities	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Temporary differences				
Defined benefit obligation	\$ -	\$ 134	\$ 27	\$ 161
Unrealized valuation gain on financial assets at fair value through other comprehensive income	3,774	-	-	3,774
Others	<u>3,774</u>	<u>7,355</u>	<u>-</u>	<u>11,129</u>
	<u>\$ 7,548</u>	<u>\$ 7,489</u>	<u>\$ 27</u>	<u>\$ 15,064</u>

For the year ended December 31, 2020

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Temporary differences				
Defined benefit obligation	\$ 241	\$ (278)	\$ 93	\$ 56
Allowance for inventory valuation loss	10,660	700	-	11,360
Others	<u>16,467</u>	<u>8,439</u>	<u>-</u>	<u>24,906</u>
	<u>\$ 27,368</u>	<u>\$ 8,861</u>	<u>\$ 93</u>	<u>\$ 36,322</u>

Deferred Tax Liabilities	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Temporary differences				
Unrealized valuation gain on financial assets at fair value through other comprehensive income	\$ 3,774	\$ -	\$ -	\$ 3,774
Others	<u>982</u>	<u>2,792</u>	<u>-</u>	<u>3,774</u>
	<u>\$ 4,756</u>	<u>\$ 2,792</u>	<u>\$ -</u>	<u>\$ 7,548</u>

- d. Unused loss carryforwards for which no deferred tax assets have been recognized

	December 31	
	2021	2020
Loss carryforwards	<u>\$ 127,594</u>	<u>\$ 154,690</u>

The Group did not recognize the deferred tax assets because estimated income would be not enough to use the tax in the future.

As of December 31, 2021, the Group had not recognized the prior years' loss carryforwards, totaling \$127,594 thousand, as deferred tax assets. The expiry years are from 2022 to 2031.

e. Income tax assessments

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

<u>Company</u>	<u>Year</u>
momo	2019
FST	2020
FLI	2020
FPI	2020
Bebe Poshe	2020
FSL	2020

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Basic earnings per share	<u>\$ 18.02</u>	<u>\$ 10.67</u>
Diluted earnings per share	<u>\$ 18.02</u>	<u>\$ 10.67</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on July 11, 2021. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2020 were as follows:

Unit: NT\$ Per Share

	<u>Before Retrospective Adjustment</u>	<u>After Retrospective Adjustment</u>
Basic earnings per share	<u>\$ 13.87</u>	<u>\$ 10.67</u>
Diluted earnings per share	<u>\$ 13.87</u>	<u>\$ 10.67</u>

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

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 3,280,300</u>	<u>\$ 1,943,304</u>

Weighted Average Number of Common Shares Outstanding (In Thousands of Shares)

	For the Year Ended December 31	
	2021	2020
Weighted average number of common shares used in the computation of basic earnings per share	182,076	182,076
Effect of potentially dilutive common shares:		
Compensation of employees	<u>3</u>	<u>4</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>182,079</u>	<u>182,080</u>

If the Group may settle the compensation of employees in cash or shares, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are 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 year ended December 31, 2021

	Beginning Balance	Cash Flows	Non-cash Changes		Ending Balance
			New Leases	Others	
Lease liabilities	<u>\$ 1,304,284</u>	<u>\$ (525,998)</u>	<u>\$ 599,652</u>	<u>\$ 156,234</u>	<u>\$ 1,534,172</u>

For the year ended December 31, 2020

	Beginning Balance	Cash Flows	Non-cash Changes		Ending Balance
			New Leases	Others	
Lease liabilities	<u>\$ 1,096,361</u>	<u>\$ (404,182)</u>	<u>\$ 602,964</u>	<u>\$ 9,141</u>	<u>\$ 1,304,284</u>

26. CAPITAL RISK MANAGEMENT

The Group maintains and manages its capital to optimize the balance of liabilities and equity in order to maximize shareholders' return. By periodically reviewing and measuring relative cost, risk, and rate of return to ensure profit and to maintain adequate financial ratios, the Group may adopt various financing approaches to balance its capital structure in order to meet the demands for capital expenditures such as warehouse construction, working capital, settlements of liabilities, and dividend payments, etc, in normal course of business for the future.

27. 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 not measured at fair value recognized in the consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
Unlisted stock - foreign	\$ -	\$ 15,179	\$ -	\$ 15,179
Unlisted stock - domestic	<u>-</u>	<u>-</u>	<u>61,177</u>	<u>61,177</u>
	<u>\$ -</u>	<u>\$ 15,179</u>	<u>\$ 61,177</u>	<u>\$ 76,356</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
Unlisted stock - foreign	\$ -	\$ 8,533	\$ -	\$ 8,533
Unlisted stock - domestic	<u>-</u>	<u>-</u>	<u>70,252</u>	<u>70,252</u>
	<u>\$ -</u>	<u>\$ 8,533</u>	<u>\$ 70,252</u>	<u>\$ 78,785</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Valuation techniques and assumptions used in fair value determination

- a) Valuation techniques and inputs applied for Level 2 fair value measurement: The Group uses market comparison approach to evaluate fair values on observable closing price of the stock, volatility, risk-free interest rate and liquidity risk at the end of the year.
- b) Valuation techniques and inputs applied for Level 3 fair value measurement: The Group uses market comparison approach, comparing the net value per share with other public companies among the similar industries and evaluating some factors like stock price, volatility, risk-free interest rate and liquidity risk based on average price-book ratio and EV/EBITDA of other competitors, to capture the average present value of the expected future economic benefits which are 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:

	<u>For the Year Ended December 31</u>	
	2021	2020
Beginning balance	\$ 70,252	\$ 49,584
Recognized in other comprehensive (loss) income (included in unrealized valuation (loss) gain on financial assets at fair value through other comprehensive income)	(9,075)	4,378
Purchases	<u>-</u>	<u>16,290</u>
Ending balance	<u>\$ 61,177</u>	<u>\$ 70,252</u>

c. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	\$ 76,356	\$ 78,785
Financial assets at amortized cost (Note 1)	<u>11,279,696</u>	<u>6,652,826</u>
	<u>\$ 11,356,052</u>	<u>\$ 6,731,611</u>

Financial liabilities

Financial liabilities at amortized cost (Note 2)	<u>\$ 11,447,875</u>	<u>\$ 8,653,080</u>
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Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes and 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 received.

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 and cash equivalents or other 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 cash and cash equivalents 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 December 31, 2021 and 2020, the Group had unused bank facilities of \$150,000 thousand and \$600,000 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.

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 49,000	\$ 95,347	\$ 403,578	\$ 856,519	\$ 157,834

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 40,730	\$ 76,829	\$ 319,843	\$ 830,652	\$ 53,712

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 foreign-currency financial assets and liabilities exposed to significant exchange rate risk, please refer to Note 31.

Sensitivity analysis

The Group was mainly exposed to the USD 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, notes and 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:

	For the Year Ended December 31	
	2021	2020
Appreciated 5%	\$ (6,604)	\$ (6,494)
Depreciated 5%	\$ 6,604	\$ 6,494

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group carried cash in banks, time deposits, interest receivable, other financial assets, refundable deposits, 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 year were as follows:

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 3,371,093	\$ 1,959,435
Financial liabilities	1,534,172	1,304,284
Cash flow interest rate risk		
Financial assets	5,969,319	3,514,335

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 year. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the assets and liabilities outstanding at the end of the year were outstanding for the whole year. 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 years ended December 31, 2021 and 2020 would have increased or decreased by \$29,847 thousand and \$17,572 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity instruments. 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 year.

If equity prices had been 5% higher or lower, the post-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased or decreased by \$3,818 thousand and \$3,939 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

28. 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 December 31, 2021 and 2020, respectively. momo's ultimate parent and ultimate controlling party is Taiwan Mobile Co., Ltd. (TWM).

Balances and transactions between momo and its subsidiaries, 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 below.

a. Related party name and categories

<u>Related Party Name</u>	<u>Related Party Categories</u>
Taiwan Mobile Co., Ltd. (TWM)	Ultimate parent entity
Wealth Media Technology Co., Ltd. (WMT)	Parent entity
GHS	Associates
Beijing Global JiuSha Media Technology Co., Ltd.	Associates
Beijing YueShih JiuSha Media Technology Co., Ltd.	Associates
GHS Trading Ltd.	Associates
Citruss Saudi Trading Company LLC	Associates
TPE	Associates (Note 1)
TV Direct	Associates
TVD Shopping	Associates (Note 2)

(Continued)

Related Party Name	Related Party Categories
Taipei New Horizon Co., Ltd.	Same ultimate parent entity
Taiwan Fixed Network Co., Ltd. (TFN)	Same ultimate parent entity
Taiwan Digital Service Co., Ltd.	Same ultimate parent entity
TFN Media Co., Ltd.	Same ultimate parent entity
Win TV Broadcasting Co., Ltd.	Same ultimate parent entity
Taiwan Kuro Times Co., Ltd.	Same ultimate parent entity
Yeong Jia Leh Cable TV Co., Ltd.	Same ultimate parent entity
Mangrove Cable TV Co., Ltd.	Same ultimate parent entity
Phoenix Cable TV Co., Ltd.	Same ultimate parent entity
Union Cable TV Co., Ltd.	Same ultimate parent entity
Globalview Cable TV Co., Ltd.	Same ultimate parent entity
AppWorks Ventures Co., Ltd.	Related party in substance
kbro Media Co., Ltd.	Related party in substance
Mistake Entertainment Co., Ltd.	Related party in substance
AppWorks School Co., Ltd.	Related party in substance
Good Image Co., Ltd.	Related party in substance
Xi Guo Co., Ltd.	Related party in substance
Fubon Life Insurance Co., Ltd. (Fubon Life)	Related party in substance
Fubon Insurance Co., Ltd.	Related party in substance
Taipei Fubon Commercial Bank Co., Ltd. (TFCB)	Related party in substance
Fubon Bank (China) Co., Ltd.	Related party in substance
Fubon Securities Co., Ltd.	Related party in substance
Fubon Securities Investment Trust Co., Ltd.	Related party in substance
Fubon Investment Services Co., Ltd.	Related party in substance
Fubon Financial Venture Capital Co., Ltd.	Related party in substance
Fubon Financial Holding Co., Ltd.	Related party in substance
Fubon Futures Co., Ltd.	Related party in substance
Fubon Marketing Co., Ltd.	Related party in substance
Fubon Sports & Entertainment Co., Ltd.	Related party in substance
Fubon Gymnasium Co., Ltd.	Related party in substance
Fubon Asset Management Co., Ltd.	Related party in substance
Fubon Property Management Co., Ltd. (FPM)	Related party in substance
Fubon Land Development Co., Ltd.	Related party in substance
Fubon Real Estate Management Co., Ltd.	Related party in substance
Fubon Hospitality Management Co., Ltd.	Related party in substance
Fubon Insurance Agency Co., Ltd. (formerly known as Fu-Sheng General Insurance Agency Co., Ltd.)	Related party in substance
Fu-Sheng Insurance Agency Co., Ltd. (formerly known as Fu-Sheng Life Insurance Agency Co., Ltd.)	Related party in substance
TFB Capital Co., Ltd.	Related party in substance
P. League+ Co., Ltd.	Related party in substance
Jih Sun Securities Co., Ltd.	Related party in substance
Jih Sun International Bank, Ltd.	Related party in substance
Jih Sun Futures Co., Ltd.	Related party in substance
Jih Sun Securities Investment Consulting Co., Ltd.	Related party in substance
Jih Sun Life Insurance Agent Co., Ltd.	Related party in substance
Chung Hsing Constructions Co., Ltd.	Related party in substance
Fu Yi Health Management Co., Ltd.	Related party in substance
Chen Feng Investment Ltd.	Related party in substance
Chen Yun Co., Ltd.	Related party in substance

(Continued)

Related Party Name	Related Party Categories
Cho Pharma Inc.	Related party in substance
kbro Co., Ltd. (kbro)	Related party in substance
One Production Film Co., Ltd.	Related party in substance
Ming Dong Co., Ltd.	Related party in substance
Daanwenshan CATV Co., Ltd.	Related party in substance
North Taoyuan CATV Co., Ltd.	Related party in substance
Yangmingshan CATV Co., Ltd.	Related party in substance
Hsin Taipei CATV Co., Ltd.	Related party in substance
Chinpingtao CATV Co., Ltd.	Related party in substance
Hsintangcheng CATV Co., Ltd.	Related party in substance
Chuanlien CATV Co., Ltd.	Related party in substance
Chen Tao Cable TV Co., Ltd.	Related party in substance
Fengmeng Cable TV Co., Ltd.	Related party in substance
Hsinpingtao CATV Co., Ltd.	Related party in substance
Kuansheng CATV Co., Ltd.	Related party in substance
Nantien CATV Co., Ltd.	Related party in substance
Taiwan Win TV Media Co., Ltd.	Related party in substance
Far Eastern Memorial Hospital	Related party in substance
	(Note 3)
Taiwan Mobile Foundation	Related party in substance
Fubon Cultural & Educational Foundation	Related party in substance
Fubon Charity Foundation	Related party in substance
Fubon Art Foundation	Related party in substance
Taipei Fubon Bank Charity Foundation	Related party in substance
Taipei New Horizon Management Agency	Related party in substance
	(Concluded)

Note 1: Not a related party since March 2021.

Note 2: TVD Shopping was originally a subsidiary of TV Direct, and not a related party since November 2020.

Note 3: Not a related party since September 2021.

b. Operating revenues

Line Items	Related Party Categories	For the Year Ended December 31	
		2021	2020
Sales	Ultimate parent entity	\$ 228,337	\$ 227,770
	Associates	6,960	26,299
	Other related parties	<u>12,510</u>	<u>6,811</u>
		<u>\$ 247,807</u>	<u>\$ 260,880</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 Year Ended December 31	
	2021	2020
Ultimate parent entity	\$ 2,584,095	\$ 1,877,152
Associates	127,694	810,126
Other related parties	<u>275,829</u>	<u>126,452</u>
	<u>\$ 2,987,618</u>	<u>\$ 2,813,730</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	December 31	
		2021	2020
Accounts receivable	Ultimate parent entity	\$ 58,675	\$ 19,897
	Associates	<u>373</u>	<u>787</u>
	Other related parties		
	TFCB	43,255	682
	Others	<u>2,480</u>	<u>2,109</u>
		<u>45,735</u>	<u>2,791</u>
		<u>\$ 104,783</u>	<u>\$ 23,475</u>
Other receivables	Ultimate parent entity	\$ 45,248	\$ 27,060
	Associates	-	63,168
	Other related parties		
	TFCB	<u>201,248</u>	<u>109,391</u>
		<u>\$ 246,496</u>	<u>\$ 199,619</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment losses were recognized for trade receivables from related parties.

Receivables from related parties mentioned above exclude notes receivable arising from non-operating activities.

e. Payables to related parties

Line Items	Related Party Categories	December 31	
		2021	2020
Accounts payable	Ultimate parent entity	\$ 284,803	\$ 337,324
	Associates	-	99,280
	Other related parties	<u>162,492</u>	<u>1,026</u>
		<u>\$ 447,295</u>	<u>\$ 437,630</u>

(Continued)

Line Items	Related Party Categories	December 31	
		2021	2020
Other payables	Ultimate parent entity	\$ 50,743	\$ 9,143
	Parent entity	3,673	1,376
	Associates	-	481
	Other related parties	<u>17,270</u>	<u>19,341</u>
		<u>\$ 71,686</u>	<u>\$ 30,341</u> (Concluded)

The outstanding trade payables to related parties are unsecured.

f. Bank deposits

Line Items	Related Party Categories/Name	December 31	
		2021	2020
Cash and cash equivalents	Other related parties		
	TFCB	\$ 1,270,658	\$ 608,772
	Others	<u>10,554</u>	<u>24,798</u>
		<u>\$ 1,281,212</u>	<u>\$ 633,570</u>

g. Lease arrangements

	Related Party Categories/Name	For the Year Ended December 31	
		2021	2020
Acquisition of right-of-use assets	Ultimate parent entity	\$ 13,405	\$ -
	Other related parties		
	Fubon Life	<u>64,999</u>	<u>30,621</u>
		<u>\$ 78,404</u>	<u>\$ 30,621</u>

Line Items	Related Party Categories/Name	December 31	
		2021	2020
Lease liabilities	Ultimate parent entity	\$ 11,174	\$ 2,139
	Other related parties		
	Fubon Life	<u>270,497</u>	<u>358,247</u>
		<u>\$ 281,671</u>	<u>\$ 360,386</u>

Line Items	Related Party Categories/Name	For the Year Ended December 31	
		2021	2020
Finance costs	Ultimate parent entity	\$ 43	\$ 38
	Other related parties		
	Fubon Life	<u>2,767</u>	<u>3,495</u>
		<u>\$ 2,810</u>	<u>\$ 3,533</u>

The leases are conducted by referring to general market prices, and all the terms and conditions conform to normal business practices.

h. Acquisition of other assets

Line Items	Related Party Categories/Name	Purchase Price	
		For the Year Ended December 31	2020
		2021	
Intangible assets	Other related parties	\$ -	\$ 514
Prepayments for equipment	Other related parties TFN	\$ 4,271	\$ 19,495

i. Others

1) Refundable deposits

Related Party Categories/Name	December 31	
	2021	2020
Ultimate parent entity	\$ 736	\$ 747
Associates	1,556	6,308
Other related parties		
Fubon Life	41,000	38,757
Others	572	541
	41,572	39,298
	\$ 43,864	\$ 46,353

2) Operating expenses

Related Party Categories/Name	For the Year Ended December 31	
	2021	2020
Ultimate parent entity	\$ 53,468	\$ 42,583
Associates	2,398	8,044
Other related parties		
FPM	14,742	13,950
Others	177,890	120,052
	192,632	134,002
	\$ 248,498	\$ 184,629

3) Other income and expenses

Related Party Categories/Name	For the Year Ended December 31	
	2021	2020
Ultimate parent entity	\$ 893	\$ -
Associates		
GHS	14,785	10,643
Others	24	159
	14,809	10,802

(Continued)

Related Party Categories/Name	For the Year Ended December 31	
	2021	2020
Other related parties		
TFCB	\$ 37,388	\$ 66,439
Others	<u>-</u>	<u>13</u>
	<u>37,388</u>	<u>66,452</u>
	<u>\$ 53,090</u>	<u>\$ 77,254</u>
		(Concluded)

j. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 78,696	\$ 60,116
Post-employment benefits	<u>2,386</u>	<u>2,011</u>
	<u>\$ 81,082</u>	<u>\$ 62,127</u>

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

29. ASSETS PLEDGED

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

	December 31	
	2021	2020
Other financial assets - current	\$ 65,900	\$ 64,187
Other financial assets - non-current	<u>204,536</u>	<u>204,195</u>
	<u>\$ 270,436</u>	<u>\$ 268,382</u>

30. 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 DBS Bank (Taiwan) Ltd., which provided performance guarantee for advance receipts from prepaid bonus of \$197,112 thousand, electronic tickets of \$130,907 thousand, and physical tickets of \$70,960 thousand as of December 31, 2021, respectively.
- b. As of December 31, 2021 and 2020, the amounts of lease commitments commencing after the balance sheet date were \$1,896,117 thousand and \$324,574 thousand, respectively.

- c. Due to the business development needs, the Company's Board of Directors resolved the logistics warehouse construction and equipment procurement in Southern District in July 2020. As of December 31, 2021, contract amount not yet paid for the logistics warehouse construction and equipment were \$1,956,608 thousand and \$226,667 thousand, respectively. In September 2021, the Company's Board of Directors resolved the land procurement for the logistics warehouse in Central District with total contract price of \$1,321,137 thousand. As of December 31, 2021, contract amount not yet paid for the land was \$1,056,910 thousand.

31. 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:

December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
RMB	\$ 25,604	4.341 (RMB:NTD)	\$ 111,146
USD	827	27.66 (USD:NTD)	<u>22,871</u>
			<u>\$ 134,017</u>
Non-monetary items			
Financial assets at fair value through other comprehensive income			
HKD	4,279	3.547 (HKD:NTD)	\$ 15,179
Investments accounted for using equity method			
RMB	131,586	4.341 (RMB:NTD)	571,213
THB	144,178	0.835 (THB:NTD)	<u>120,346</u>
			<u>\$ 706,738</u>
<u>Foreign currency liabilities</u>			
Monetary items			
USD	70	27.66 (USD:NTD)	<u>\$ 1,944</u>

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
RMB	\$ 23,994	4.372 (RMB:NTD)	\$ 104,900
USD	877	28.48 (USD:NTD)	<u>24,971</u>
			<u>\$ 129,871</u>
Non-monetary items			
Financial assets at fair value through other comprehensive income			
HKD	2,323	3.673 (HKD:NTD)	\$ 8,533
Investments accounted for using equity method			
RMB	138,695	4.372 (RMB:NTD)	606,376
THB	201,029	0.956 (THB:NTD)	<u>192,103</u>
			<u>\$ 807,012</u>

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange (losses) gains were \$(1,095) thousand and \$896 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the functional currencies of the Group's foreign entities.

32. SEPARATELY DISCLOSED ITEMS

a. Information on 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. (Table 2)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (Table 3)
- 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 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
- 9) Trading in derivative instruments. (None)

- 10) Intercompany relationships and significant intercompany transactions. (Table 6)
- b. Information on investees. (Table 7)
- 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 year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
 - 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 9)

33. SEGMENT INFORMATION

The Group has two reporting segments: Television and magazine department and E-commerce department.

Other segments include FST - travel agent, FLI - life insurance agent, FPI - property insurance agent, Bebe Poshe - wholesale of cosmetics, FSL - logistics industry, MFS - wholesaling, Prosperous Living - wholesale and retail sales, Asian Crown (BVI) - investment, and Honest Development - investment; for the years ended December 31, 2021 and 2020, 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) or 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.

a. Segment revenue and results

The following was an analysis of the Group's revenue and results by reportable segments:

	TV and Magazine	E-commerce	Others	Adjustments and Eliminations	Total
For the year ended <u>December 31, 2021</u>					
Revenues					
Non-inter-company revenues	\$ 5,287,247	\$ 83,066,858	\$ 706,892	\$ (664,301)	\$ 88,396,696
Segment profits	\$ 504,305	\$ 3,506,924	\$ (6,867)	\$ 80,351	\$ 4,084,713

(Continued)

	TV and Magazine	E-commerce	Others	Adjustments and Eliminations	Total
For the year ended <u>December 31, 2020</u>					
Revenues					
Non-inter-company revenues	<u>\$ 5,524,849</u>	<u>\$ 61,585,749</u>	<u>\$ 305,313</u>	<u>\$ (217,807)</u>	<u>\$ 67,198,104</u>
Segment profits	<u>\$ 540,203</u>	<u>\$ 1,747,988</u>	<u>\$ 103,433</u>	<u>\$ (831)</u>	<u>\$ 2,390,793</u>
					(Concluded)

b. Geographical information

The Group's mainly operating place and non-current assets are generated mostly located in Taiwan.

TABLE 1

momo.com Inc. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(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	December 31, 2021				Note
				Units/Shares (Thousands)	Carrying Amount	% of Ownership	Fair Value	
momo	<u>Stock</u> Media Asia Group Holdings Limited	-	Financial assets at fair value through other comprehensive income - current	4,367	\$ 15,179	0.15	\$ 15,179	
	We Can Medicines Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	3,140	61,177	7.85	61,177	

Note: Refer to Table 7 and Table 8 for the information on investment in subsidiaries and associates.

TABLE 2

momo.com Inc. AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
momo	<u>Stock</u> TPE	Investments accounted for using equity method	Note 1	Note 1	14,793	\$ 386,414	-	\$ -	14,793	\$ 466,547	\$ 410,229	\$ 99,052 (Note 2)	-	\$ -

Note 1: Sold in open market.

Note 2: The amounts included capital surplus derecognized and other comprehensive income transferred in.

TABLE 3

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 YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount (Tax Excluded)	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	Warehousing	2021.05.05	\$ 2,276,190	\$115,129 has been paid, the remaining payment will be settled monthly in accordance with the construction process and acceptance	Li Jin Engineering Co., Ltd.	-	-	-	-	\$ -	According to the budget commitments approved by the Board of Directors, determined by the price comparison and price negotiation	Business development needs	-
	Land	2021.09.03	1,321,137	\$264,227 has been paid, the remaining payment will be settled in accordance with the contract	Tung Chin Textile Co., Ltd.	-	-	-	-	-	According to the professional appraisal report and market condition	Increase the logistics warehouse in Central District in response to the operational needs	-

TABLE 4

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 YEAR ENDED DECEMBER 31, 2021
(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	\$ 227,911	-	Based on contract terms	-	-	\$ 58,675	27	Note
	TWM	Ultimate parent entity	Purchase	2,583,974	3	Based on contract terms	-	-	(284,803)	(3)	
	TPE	Associates	Purchase	127,694	-	Based on contract terms	-	-	-	-	
	FSL	Subsidiaries	Purchase	438,968	1	Based on contract terms	-	-	(142,499)	(2)	
	MFS	Subsidiaries	Purchase	171,392	-	Based on contract terms	-	-	(21,950)	-	
	kbro	Related party in substance	Purchase	136,736	-	Based on contract terms	-	-	(112,054)	(1)	

Note: Not a related party since March 2021.

TABLE 5

momo.com Inc. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(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	TWM	Ultimate parent entity	Accounts receivable	\$ 58,675	5.8	\$ -	-	\$ 57,895	\$ -
			Other receivables	45,248	-	-	-	30,163	-
	TFCB	Related party in substance	Accounts receivable	43,255	Note	-	-	28,620	-
			Other receivables	199,813	-	-	-	199,813	-
FSL	momo	Parent entity	Accounts receivable	142,499	4.79	-	-	139,068	-

Note: It is not applicable due to the nature of the transaction.

TABLE 6

momo.com Inc. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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	Bebe Poshe	1	Operating costs	\$ 42,182	The terms of transaction are determined in accordance with mutual agreements or general business practices	0.05
		FSL	1	Accounts payable	142,499		0.62
		FSL	1	Operating costs	438,968		0.50
		MFS	1	Accounts payable	21,950		0.10
		MFS	1	Operating costs	171,392		0.19

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

TABLE 7**momo.com Inc. AND SUBSIDIARIES****INFORMATION ON INVESTEEES****FOR THE YEAR ENDED DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Shares (Thousands)	%	Carrying Amount			
momo	FST	Taiwan	Travel agent	\$ 6,000	\$ 6,000	3,000	100.00	\$ 43,830	\$ 3,105	\$ 3,105	Note 3
	FLI	Taiwan	Life insurance agent	3,000	3,000	500	100.00	5,202	(1,917)	(1,917)	
	FPI	Taiwan	Property insurance agent	3,000	3,000	500	100.00	11,386	3,657	3,657	
	Asian Crown (BVI)	British Virgin Islands	Investment	885,285	885,285	9,735	81.99	20,170	(13,303)	(10,907)	
	TPE	Taiwan	Logistics industry	-	295,860	-	-	-	-	6,114	
	Honest Development	Samoa	Investment	670,448	670,448	21,778	100.00	643,897	(27,501)	(27,501)	
	Bebe Poshe	Taiwan	Wholesale of cosmetics	85,000	85,000	8,500	85.00	31,716	(11,389)	(9,681)	
	FSL	Taiwan	Logistics industry	250,000	250,000	25,000	100.00	309,059	62,486	62,500	Note 4 Note 5
	MFS	Taiwan	Wholesaling	100,000	100,000	10,000	100.00	106,154	5,972	5,972	
	Prosperous Living	Taiwan	Wholesale and retail sales	220,850	-	22,085	73.62	220,718	(180)	(132)	
	TV Direct	Thailand	Wholesale and retail sales	175,413 (THB 210,151)	175,413 (THB 210,151)	191,213	21.35	120,346	(210,911)	(50,669)	
Asian Crown (BVI)	Fortune Kingdom	Samoa	Investment	1,132,789	1,132,789	11,594	100.00	20,548	(13,116)	Note 2	
Fortune Kingdom	HK Fubon Multimedia	Hong Kong	Investment	1,132,789	1,132,789	11,594	100.00	20,548	(13,116)	Note 2	
Honest Development	HK Yue Numerous	Hong Kong	Investment	670,448	670,448	16,600	100.00	643,897	(27,501)	Note 2	

Note 1: Except for TPE and TV Direct, share of profit (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: momo sold all of its shares of TPE in March 2021.

Note 4: momo established Prosperous Living with 73.62% holdings of its equity interest in November 2021.

Note 5: momo's shareholding in TV Direct decreased to 21.35% due to non-subscription to the exercise of the share options, which were granted by TV Direct, in January and April 2021.

Note 6: The exchange rate on December 31, 2021 is THB1=NT\$0.835.

Note 7: Please refer to Table 8 for information on investments in mainland China.

TABLE 8**momo.com Inc. AND SUBSIDIARIES**
**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021	Remittance of Funds		Accumulated Outward Remittance For Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
FGE	Wholesaling	\$ 336,428 (RMB 77,500)	b.	\$ 774,748 (USD 14,000) (RMB 89,267)	\$ -	\$ -	\$ 774,748 (USD 14,000) (RMB 89,267)	\$ (13,669)	76.70	\$ (10,484)	\$ 10,604	\$ -	
Haobo	Investment	47,751 (RMB 11,000)	b.	-	-	-	-	(27,559)	100.00	(27,559)	615,915	-	
GHS	Wholesaling	217,050 (RMB 50,000)	b.	-	-	-	-	154,537	20.00	(27,863)	571,213	-	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2021	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$1,372,556 (USD14,000, RMB89,267 and HKD168,539)	\$1,372,556 (USD14,000, RMB89,267 and HKD168,539)	\$5,309,408

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' subsidiary.
 - 3) GHS is Haobo's associate.
- c. Others.

Note 2: The exchange rates on December 31, 2021 are USD1=NT\$27.66, RMB1=NT\$4.341 and HKD1=NT\$3.547.

TABLE 9**momo.com Inc.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	% of Ownership
WMT	81,961,366	45.01
TECO CAPITAL INVESTMENT CO., LTD.	19,174,000	10.53
WOORI HOMESHOPPING CO., LTD.	14,418,200	7.91

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of common shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.