



momo.com Inc.

## 2022 Annual Report

Publication Date: February 17, 2023

Company Website: <https://corp.momo.com.tw>

Mark Observation Post System: <http://mops.twse.com.tw>

**Spokesperson**

Name: Jeff Ku

Title: President

Tel: +886-2-2162-6688

E-mail: [spokesperson@fmt.com.tw](mailto:spokesperson@fmt.com.tw)

**Deputy Spokesperson**

Name: Gina Lu

Title: Financial & Accounting Division Vice President

Tel.: +886-2-2162-6688

E-mail: [spokesperson@fmt.com.tw](mailto:spokesperson@fmt.com.tw)

**Headquarters, Branches and Plant**

Headquarters

Address: 4F, No. 96, Zhouzi St., Neihu Dist., Taipei, 11493, Taiwan

Tel.: +886-2-2162-6688

**Stock Transfer Agent**

Transfer Agency and Registry Department of Fubon Securities Co., Ltd.

Address: 2F, No. 17, Xuchang St., Zhongzheng Dist., Taipei, 10047, Taiwan

Tel.: +886-2-2361-1300

Website: <http://www.fubon.com/securities/home>

**Independent Auditors**

Deloitte & Touche

Pei-De Chen, CPA and Chun-Hung Chen, CPA

Address: 20F, Taipei Nan Shan Plaza No.100, Songren Rd., Xinyi Dist., Taipei 11073, Taiwan

Tel.: +886-2-2725-9988

Website: <http://www.deloitte.com.tw>

**Overseas Securities Exchange**

None

**Corporate Website**

<https://corp.momo.com.tw/>

Disclaimer

*Please note that this English annual report is not a word-for-word translation of the Chinese version.  
In the event of any variance, the Chinese text shall prevail*

## Contents

I. Letter to Shareholders.....	1
II. Company Profile.....	4
III. Organization and Corporate Governance .....	9
<i>i. Organization .....</i>	<i>9</i>
<i>ii. Board of Directors and Executive Management.....</i>	<i>13</i>
<i>iii. Implementation of Corporate Governance.....</i>	<i>37</i>
<i>iv. Information Regarding the Company's Audit Fee and Independence .....</i>	<i>98</i>
<i>v. Information on CPA changes .....</i>	<i>98</i>
<i>vi. Company Chairman, President or finance/accounting manager held positions in the Company's         audit firm or its affiliates within the past year .....</i>	<i>99</i>
<i>vii. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders.....</i>	<i>99</i>
<i>viii. Relationship of the Top 10 Shareholders.....</i>	<i>101</i>
<i>ix. Ownership of Shares in Affiliated Enterprises .....</i>	<i>102</i>
IV. Financial Information .....	103
<i>i. Capital and Shares.....</i>	<i>103</i>
<i>ii. Corporate Bonds .....</i>	<i>108</i>
<i>iii. Preferred Shares .....</i>	<i>108</i>
<i>iv. Global Depository Receipts .....</i>	<i>108</i>
<i>v. Employee Stock Options .....</i>	<i>108</i>
<i>vi. New Restricted Employee Shares.....</i>	<i>108</i>
<i>vii. Status of New Shares Issuance in Connection with Mergers and Acquisitions.....</i>	<i>108</i>
<i>viii. Financing Plans and Implementation.....</i>	<i>108</i>
V. Operational Highlights .....	109
<i>i. Scope of Business .....</i>	<i>109</i>
<i>ii. Midmarket and Sales Overview.....</i>	<i>117</i>
<i>iii. Human Resources .....</i>	<i>121</i>
<i>iv. Environmental Protection Expenditure .....</i>	<i>121</i>
<i>v. Employee Relations.....</i>	<i>122</i>
<i>vi. Information Security Management.....</i>	<i>124</i>
<i>vii. Major Contracts .....</i>	<i>126</i>
VI. Financial Highlights .....	127
<i>i. Condensed Balance Sheets and Statements of Comprehensive Income .....</i>	<i>127</i>
<i>ii. Financial Analysis.....</i>	<i>130</i>
<i>iii. Examination Report of the Audit Committee .....</i>	<i>133</i>
<i>iv. Consolidated Financial Statements of the Most Recent Year.....</i>	<i>133</i>
<i>v. Certified Financial Statements of the Company of the Most Recent Year.....</i>	<i>133</i>
<i>vi. Financial Difficulties for the Company and its Affiliates .....</i>	<i>133</i>
VII. Review and Analysis of Financial Conditions, Operating Results and Risk Management....	134
<i>i. Balance Sheet Analysis.....</i>	<i>134</i>
<i>ii. Statements of Comprehensive Income Analysis .....</i>	<i>135</i>
<i>iii. Cash Flow Analysis .....</i>	<i>136</i>
<i>iv. Analysis of Major Capex and its Impact on Finance and Operations .....</i>	<i>136</i>
<i>v. Investment Policies, Reasons for Profit/Loss, Plans for Improvement, and Future Investment Plan..</i>	<i>137</i>
<i>vi. Risk Management.....</i>	<i>137</i>
<i>vii. Other Significant Items. ....</i>	<i>142</i>
VIII. Special Notes .....	143
<i>i. Affiliates.....</i>	<i>143</i>
<i>ii. Private Placement of Company Shares.....</i>	<i>148</i>
<i>iii. momo Shares held / Sold by Subsidiaries .....</i>	<i>148</i>
<i>iv. Other Supplementary Information.....</i>	<i>148</i>
<i>v. Other Significant Events Affecting Shareholders' Equity or Stock Price .....</i>	<i>148</i>

## **I. Letter to Shareholders**

In 2022, the global retail industry had been actively embracing the new normal of consumption in the post-pandemic era, and with that, challenges such as rising inflation, interest rate hikes and monetary tightening policies came thick and fast. momo.com Inc. (8454-TW) is a leading brand of virtual channels in Taiwan, and “challenge” has been the representative keyword of our annual operations. Thanks to the efforts of the entire management team and all colleagues, our annual revenue hit 103.4 billion NTD, an annual increase of 17%, with the after-tax net profit of approximately 3.4 billion NTD, successfully reaching the 100 billion NTD threshold and creating a new milestone in Taiwan’s e-commerce industry. At the same time, momo has also accelerated its investment in sustainable retail development, aspiring to become “NO.1 green e-commerce in Taiwan”, shouldering the responsibility of being Taiwan’s sustainable e-commerce leader with a view to lead the industry chain to create new opportunities for sustainable growth.

**The key actions of the Company in 2022 were as follows:**

**1. High quality and inexpensive products go hand in hand with sustainable consumption.**

“Everything in life, everything in momo” is the core strategy of the Company’s operations. With the advantage of virtual channels and unlimited shelves, momo actively expands the depth and breadth of 3C household electric appliance, home and lifestyle, fashion boutiques, beauty and health care, health and leisure, and other categories of products. So far, there are as many as 25,000 collaborating brands on the site, and around 4 million products have been assembled for consumers to choose from.

On the issue of sustainable consumption, the “Green Living” section on momo’s website actively promotes green products and sustainable concepts. More than 100 brand partners that embrace sustainable concepts have been gathered to provide up to 5,200 green products, which are favored by consumers. momo continues to enhance its product development abilities and strengthens the development of local agricultural specialties, MIT products, and green food, etc., in order to lay equal stress on the Company’s operating performance and ESG.

**2. Promoting industrial competitiveness with green logistics**

Strengthening the competitiveness of the e-commerce industry with smart logistics while leading the Company to sustainable development with green logistics! momo’s short-chain logistics construction continues to move forward. In 2022, there were a total of 54 logistics centers, main warehouses and satellite warehouses operating in Taiwan; the main construction works of the “Southern Logistics Center” have been completed one after another, and it is expected to be put into operation by the end of 2023; and the preparation and construction of the “Central District Logistics Center” have been in full swing. Regarding the last mile planning, we strive to shorten the distance between products and consumers, and optimize delivery service time. For example, momo’s “3h supermarket” service in Taipei City and New Taipei City area offers express ordering and delivery within 3 hours, the distribution speed has been noticeably improved.

Facing the 2050 global net zero carbon emission goal, momo has been actively taking green actions. In response to the issue of “green packaging”, momo starts from streamlined packaging to reduce the average weight of single packaging material; at the same time, it adopts biodegradable “environmentally friendly bags”; and it continues to expand the use of recyclable packaging and recycling points, including launching the “recyclable carton” recycle project along with Tzu Chi Foundation. As for the “recyclable bag” recycle channel, following the Chunghwa Post’s postal service system, all stores of Simple Mart in Taiwan have been newly included, so as to provide customers with easier and more convenient channels to go green. The green fleet that momo is committed to building has newly introduced “momo electric tricycles” to join the service lineup, providing assistance to the short-chain green logistics layout.

### **3. Connecting mo coins with group services to accelerate the scale-up of the ecosystem.**

The “point economy” is an important tool for customer retention and a catalyst for enhancing member stickiness. mo coins launched by momo actively expands the industry chain of point economy. In addition to being redeemed in momoshop, the accumulation of the points for momo co-branded credit cards, Taiwan Mobile telecom bill discount, myVideo rental/purchase discount, and MyMusic online music discount, this year, services such as kbro cable TV and landline bill discount have been added. Starting from connecting the Group services, mo coin accelerates the economic scale-up of the ecosystem.

### **4. Enhancing customer experience with data empowerment**

Although momo is a digital native enterprise, it continues to promote digital transformation to strengthen customer service capabilities. momo constructs the “CDP customer image tagging system”, using AI big data to understand consumer preferences and needs, so as to improve accurate communication with members. When consumers use momo’s services, the “thousand people with thousand faces” project further recommends products that meet consumer needs based on their different preferences. At the same time, momo continues to enhance its on-site and off-site search services, including search engine optimization (SEO), image search, and voice search, allowing consumers to find their favorite products more quickly and conveniently.

momo also dedicates itself to implementing information security and personal data protection and control. It is viewed as a bellwether in the industry in building the secure communication platform of “call the deliveryman safely”, building an information security defense line for the last mile, ensuring information security in the logistics and distribution process, creating a comfortable and safe shopping environment for consumers.

### **5. ESG leader in Taiwan’s e-commerce industry**

momo is a leader in Taiwan’s e-commerce industry. While pursuing business growth, momo is actively deepening and expanding its sustainable development footprint. In 2022, momo was deeply recognized for its efforts in promoting the environmental (E) “sustainable e-commerce leader”, social (S) “sustainability and co-prosperity pilot”, and governance (G) “sustainability advocate”. momo has received the highest honor of being ranked “top 5% in the corporate governance

evaluation” for 6 consecutive years, and has also been selected as a constituent stock of “FTSE4Good TIP Taiwan ESG Index” for the first time, truly being a star student in corporate governance. This year, it also won several national awards, such as the “National Sustainable Development Award (Corporate Sustainable Development Award)”, the “Bronze Award of the Annual Enterprises Environmental Protection Award”, and the “Gold Award of the Taipei City Workplace Gender Equality Certification”. At the same time, it has also won many honors such as the “Corporate Social Responsibility and ESG Award by Global Views Monthly”, the “Taiwan Sustainability Action Awards”, the “Excellence in Corporate Social Responsibility Award presented by the CommonWealth Magazine”, and the “TCSA Taiwan Corporate Sustainability Awards”. momo shoulders corporate social responsibility and spares no effort, and can be described as an industry benchmarking enterprise.

In 2023, momo will continue to adhere to the beliefs of “integrity, friendliness, professionalism and innovation”, implement the corporate mission of “providing high-quality and inexpensive products and decent services to improve people’s lives”, and expand and build a service ecosystem to enhance customer satisfaction and create shareholder interests, making momo the preferred virtual shopping platform for consumers and suppliers.

Chairman

A handwritten signature in black ink, appearing to be 'Liu Jia', with a long horizontal stroke extending to the right.

## II. Company Profile

**Date of Incorporation:** Sep. 27, 2004

### Company History

Year	Milestones
Sep. 2004	Company incorporated. Named Howard Lin as Chairman and C.F. Lin as President.
Nov. 2004	Officially named home shopping channel "Fubon momo TV". The digital filming studios, with initial investment of ~NT\$100mn were officially opened. Chairman Wan-Tsai Tsai, Founder of the Fubon Group, presided over the opening ceremony.
Dec. 2004	Set up subsidiary Fu Sheng Travel Service Co., Ltd. In order to promote travel products.
Jan. 2005	"Fubon momo TV" started broadcasting 24-hour home shopping programs to ~3.9 million households.
May 2005	Launched momoshop. First shopping catalog distributed.
Dec. 2005	Reached single-month break-even. Set up subsidiary Fuli Life Insurance Agent Co., Ltd. in order to promote life insurance products.
Jan. 2006	Set up subsidiary Fuli Property Insurance Agent Co., Ltd. in order to promote property insurance products.
Jan. 2008	Established the physical channel—momo opened its first drug store in Ximending, Taipei.
July 2008	Launched momo TV2 and TV3. Capital increased of NT\$ 180,000,000, from earnings to NT\$ 630,000,000.
Oct. 2008	Board of Director approved the issuance of employee stock option certificates of 2,020,000 shares.
Jun. 2009	Capital increased of NT\$ 189,000,000, from earnings to NT\$ 819,000,000.
Nov. 2009	momoshop became one of the top 3 shopping websites.
Dec. 2009	Passed the ISO 27001 certification audit, the first virtual retailer to pass Cybersecurity audit.
Jan. 2010	Opened momo Department Store.
Apr. 2010	momo catalogue shopping' circulation reached 1 million became the leading catalogue shopping company in Taiwan.
Jun. 2010	Capital increased of NT\$ 327,600,000, from earnings to NT\$ 1,146,600,000.
Sep. 2010	In order to invest business in China, set up holding company ASIAN CROWN INTERNATIONAL CO., LTD. in the British Virgin Islands, invested and established FORTUNE KINGDOM CORPORATION in American Samoa, and then invested and established HONG KONG FUBON MULTIMEDIA TECHNOLOGY CO., LIMITED in Hong Kong.
Dec. 2010	Capital increased of NT\$ 7,450,000, from Employee Stock Options.
May. 2011	Set up subsidiary Fubon Gehua (Beijing) Enterprise Ltd.
July. 2011	Major shareholder Fubon Financial Holding Venture Capital Corp. sold its 58,857,000 shares to Wealth Media Technology Co., Ltd., with the ultimate controlling parent company of momo is now Taiwan Mobile.
Dec. 2011	Capital increased of NT\$ 830,000, from Employee Stock Options.
July. 2012	Ranked in the top 5 by CommonWealth Magazine's Golden Service Award—online Shopping. Capital increased of NT\$ 116,235,000, from earnings to NT\$ 1,278,585,000.
Aug. 2012	Acquired 20% stake in Taiwan Pelican Express Co., Ltd.
Dec. 2012	momoshop's single-month sales reached NT\$ 1 billion.
Jun. 2013	Awarded 1st Place "Digital Service Benchmark Enterprise—Media and Entertainment" by Business Next. Awarded "Technological Innovative Awards of E-Commerce Enterprises" by MOEA.
July. 2013	Awarded "Excellent enterprise of improving E-invoice" by Ministry of Finance for the third consecutive year. Launched momoshop's official Line account.
Sep. 2013	Management of momo Department Store transferred.
Nov. 2013	Awarded "Gold Award in Online Shopping Platforms" by MOEA.
Dec. 2013	momo TV's digital HD filming studio officially opened. The Financial Supervisory Commission approved the public offering of shares of the company.
Feb. 2014	TPEX approved the company's stock to start trading on the Emerging Market Board.
Mar. 2014	Founded a joint venture "TVD SHOPPING CO., LTD." with TV Direct in Thailand.
Apr. 2014	Awarded 4th Place "Golden Service Award—online Shopping Center" by CommonWealth

Year	Milestones
	Magazine.
May 2014	Renamed company's English to momo.com Inc., approved in shareholders' meeting. Launched official app for momoshop.com.
Jun. 2014	Awarded 1st place in "Media and Entertainment Category, Digital Service Investigation" by Business Next. Awarded the Silver Prize "Taiwanese Services Evaluation" by Commercial Times. Launched TVD SHOP home shopping in Thailand.
July. 2014	Launched momomall.com.(B2B2C) Management of momo Drug Store transferred.
Aug. 2014	Launched momomall's (B2B2C) official Line account.
Sep. 2014	10th year anniversary of momo.
Oct. 2014	Awarded 5th place "Best Reputation Benchmarking Enterprise–E-commerce" by CommonWealth Magazine. Launched official app for momo TV Shopping.
Dec. 2014	momo's shares were listed on TWSE.
May. 2015	Awarded 1st place "Taiwan Top 2000: Service Industry Survey–E-Commerce" by CommonWealth Magazine. Awarded 4th place "Golden Service Award online Shopping Center" by CommonWealth Magazine.
Jun. 2015	Acquired 20% stake in "Global Home Shopping", a Chinese home shopping company. Presented with Distinguished Award in Future Commerce Award–Best Integrated Communication by Business Next. Awarded E-Commerce Information Security Contribution Award.
Dec. 2015	Groundbreaking ceremony of the North Automated Distribution Center in Taoyuan.
May. 2016	Awarded 1st place "Taiwan Top 2000: Service Industry Survey–E-Commerce" by CommonWealth Magazine. Awarded 4th place "Golden Service Award–online Shopping Center" by CommonWealth Magazine.
Jul. 2016	Groundbreaking ceremony of momo Northern Logistics Center.
Sep. 2016	2015 Corporate Social Responsibility Report was verified by the British Standards Association.
Dec. 2016	Passed the ISO14064 greenhouse gas certification Awarded Taipei healthy workplace achievement award
Apr. 2017	Ranked top 5% in the 3rd corporate governance evaluation Passed the ISO14064 greenhouse gas certification Received Taxation Bureau's usage of electronic invoice performance manager award Awarded 4th place "Gold medal service industry survey - combined shopping website category" by Commonwealth Magazine.
Jun. 2017	The 2016 corporate social responsibility report passed the British Standard Institute certification.
Jul. 2017	Awarded 1st place "the non-brick and mortar shop retail category" by China Credit Information Service Ltd.'s 2017 Taiwan region large enterprise TOP 5000 ranking.
Aug. 2017	Received certification from the Ministry of Economic affairs in the 4th Taiwan Mittelstand Award.
Oct. 2017	Official completion and opening ceremony of the North Automated Distribution Center. Awarded 3rd place "2017 Service NextAward in the category - online shopping" by Next Magazine.
Nov. 2017	Launched moBooks in order to promote book products.
Dec. 2017	Awarded 1st place in the outstanding workplace for cancer prevention award by Taipei healthy workplace cancer screening program. Awarded in the best workplace partner for cancer prevention by Taipei healthy workplace cancer screening program.
May. 2018	Ranked top 5% in the 4th Corporate Governance Evaluation. 2017 Corporate Social Responsibility Report was verified by the British Standards Association. Passed the ISO14064 greenhouse gas certification.
Jul. 2018	Mr. C.F. Lin, Chairman, received the Corporate Spokesperson Award of the "2018 Distinguished Public Relations Awards".
Sep. 2018	Cash capital increase of NT\$85,000,000 to acquire 85% of the shares in BEBE POSHE INTERNATIONAL CO., LTD. Awarded "Excellent Breastfeeding Room Certification" by the Department of Health of Taipei City Government.



Year	Milestones
Oct. 2018	Awarded 3th place "2018 Top Service Awards - Online Shopping" by Next Magazine.
Nov. 2018	Awarded Gold Prize "Taiwan Corporate Sustainability Awards - Corporate Sustainability Report of the Service Industry Group" by the Taiwan Institute for Sustainable Energy. Awarded Sustainability Excellence Award "2018 BSI AWARD" by British Standards Institution (BSI) Taiwan branch. Passed the 2018 ISO 27001 Information Security Management System Mark. Passed the third-party verification of the BS 10012 Personal Information Management System.
Dec. 2018	Mr. Howard Lin resigned from his post as the Chairman of the momo.com Inc. and was appointed as a senior consultant. Mr. C.F. Lin took office as the Chairman of the momo.com Inc. and held a concurrent post as the President. EC division of momo was selected as the "2018 Taiwan MVP Managers" of Manager Today.
Apr. 2019	Passed ISO14064 greenhouse gas certification.
May. 2019	Ranked top 5% in the 5th Corporate Governance Evaluation. Awarded 1st place "Taiwan Top 2000: Service Industry Survey–E-Commerce" by CommonWealth Magazine.
Jun. 2019	Mr. Jeff Ku took office as the President of momo.com Inc. 2018 Corporate Social Responsibility Report was verified by the British Standards Association.
Jul. 2019	Awarded Taiwan top 25 "Facebook's 2018 most influential brands in the mobile generation". Awarded Silver Prize "2019 Taiwanese Services Evaluation - Large Shopping Site" by Commercial Times.
Sep. 2019	Passed the verification of ISO 14001:2015 Environmental Management System.
Oct. 2019	Passed 2019 ISO/IEC 27001:2013 Information Security Management System Mark. Passed third party verification of the BS 10012 Personal Information Management System. Awarded 3th place "2019 Top Service Awards - Online Shopping" by Next Magazine. Awarded energy saving full champion "2019 Energy-Saving Products Promotion - momoshop" by Taipei City Government.
Nov. 2019	Awarded Silver Prize "Taiwan Corporate Sustainability Awards - Corporate Sustainability Report of the Service Industry Group" by the Taiwan Institute for Sustainable Energy. Awarded Sustainability Excellence Award "2019 BSI AWARD" by British Standards Institution (BSI) Taiwan branch. Awarded 4th place "Taipei Outstanding Healthy Workplaces" by the Department of Health of Taipei City Government. Passed the "Badge of Accredited Healthy Workplace" by the Ministry of Health and Welfare.
Dec. 2019	Awarded "CG6012 (2019) Corporate Governance System Assessment Excellent Certification" by the Taiwan Corporate Governance Association.
Apr. 2020	Passed ISO14064 greenhouse gas certification.
May 2020	Set up Fu Sheng Logistics Co., Ltd. Ranked top 5% in the 6th Corporate Governance Evaluation.
Jun. 2020	2019 Corporate Social Responsibility Report was verified by the British Standards Association.
Jul. 2020	Passed the verification of ISO 14001:2015 Environmental Management System.
Aug. 2020	Won the "Excellence in Corporate Social Responsibility Award" presented by the CommonWealth Magazine.
Sep. 2020	Passed the verification of ISO 45001:2018 Occupational Health and Safety Management System. Passed the verification of ISO/IEC 27001:2013 Information Security Management System. Passed the verification of BS 10012: 2017 Personal Information Management System. Awarded "Energy-saving and Contribution Award" by the Taipei City Government.
Nov. 2020	Awarded "13th Taiwan Corporate Sustainability Awards of year 2020" by the committee of Taiwan Corporate Sustainability Awards. "Top 50 Taiwanese Corporate Sustainability Award" under corporate sustainability composite performance. "Gold Award for Wholesale and Retail Industry" under Taiwan corporate sustainability report. "Creative Communication Award" and "Climate Leader Award" under corporate excellence category.
Dec. 2020	Awarded British Standards Institution's "BSI Sustainability Resistance Leading Award."

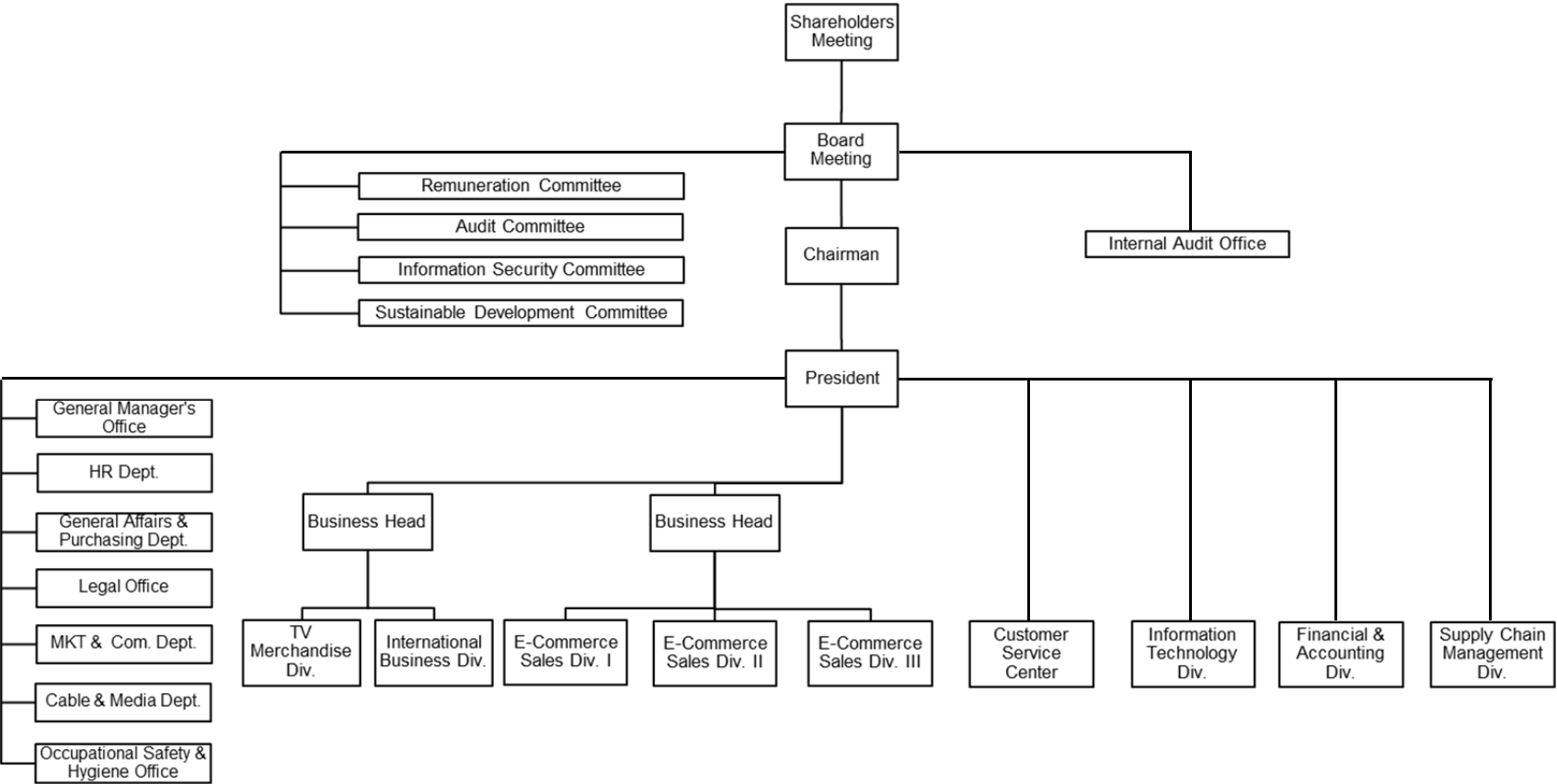
Year	Milestones
Jan. 2021	Certified as the "Badge of Accredited Healthy Workplace - Linkou Warehouse" by the Ministry of Health and Welfare. momoshop launched a "5h supermarket," offering a five-hour-delivery service for over 5,000 products.
Mar. 2021	momo officially opened its Yongkang Logistics Center in Tainan. Awarded the "Payment Card Industry Data Security Standards Field Audit Certificate" by the Payment Card Industry Security Standard Council.
Apr. 2021	Ranked top 5% in the 7th Corporate Governance Evaluation.
May 2021	Groundbreaking ceremony of the South Distribution Center. Awarded Annual Growth Top100 by the [2021 Top 2,000 Survey] of the CommonWealth Magazine.
Jun. 2021	2020 Corporate Social Responsibility Report was verified by the British Standards Association.
Aug. 2021	Passed the verification of ISO 45001:2018 Occupational Health and Safety Management System. Passed the verification of ISO 14001:2015 Environmental Management System. Passed the verification of ISO/IEC 27001:2013 Information Security Management System. Passed the verification of ISO/IEC 27001:2019 Privacy Information Management System.
Sep. 2021	Won the "2021 Excellence in Corporate Social Responsibility Award" presented by the CommonWealth Magazine. momo spent 1.32 billion to build the Central Distribution Center in Hemei Township, Changhua County.
Oct. 2021	Awarded Gold Prize "2021 Taiwanese Services Evaluation - Large Shopping Site" by Commercial Times.
Nov. 2021	Set up subsidiary Prosperous Living Co., Ltd. Awarded the "14th TCSA Taiwan Corporate Sustainability Awards of 2021" presented by the Taiwan Academy of Corporate Sustainability. Awarded the "Top 50 Taiwanese Corporate Sustainability Award" under corporate sustainability composite performance presented by the Taiwan Academy of Corporate Sustainability. Awarded the "Gold Award (for Wholesale and Retail Industry)" under Taiwan Corporate Sustainability Report presented by the Taiwan Academy of Corporate Sustainability. Awarded the "Creative Communication Leadership Award" in the Sustainable Individual Performance Category presented by the Taiwan Academy of Corporate Sustainability. Awarded the "Gender Equality Leadership Award" in the Sustainable Individual Performance Category presented by the Taiwan Academy of Corporate Sustainability. Awarded British Standards Institution's "2021BSI Sustainability Resistance Leading Award."
Dec. 2021	Awarded the "CG6013(2021) Corporate Governance System Assessment Excellent Certification" presented by the Taiwan Corporate Governance Association.
Mar. 2022	Participated in the "Digital Charity" trend and created the new "Enjoy Charity" social welfare section on the momoshop network momo vowed to become "Taiwan's NO.1 ESG green e-commerce" and was the first one in the industry to introduce SBTi
Apr. 2022	Beam-raising ceremony of the South Distribution Center, symbolizing the successful completion of the main project of momo's largest logistics center in southern Taiwan. Ranked top 5% in the 8th Corporate Governance Evaluation. Awarded "2022 18th GLOBAL VIEWS CSR & ESG AWARD Integrated Performance Category of Service Industry_Excellent" by Global View Monthly.
May 2022	Cash capital increase of NT\$375,000,000 to invest in Line Bank Taiwan Limited. Awarded "Energy-efficient Innovation Award" by Taipei City Government. Awarded "ISO 14064-1:2018 Greenhouse Gas Emissions" by BSI Taiwan. Awarded "ISO/IEC 27001:2013 Information Security Management System, ISMS" by BSI Taiwan.
Jun. 2022	Passed the verification of Privacy Information Management System by SGS. Mr. C.F. Lin resigned from his post as the Chairman of the momo.com Inc. and was appointed as a senior consultant. Mr. Daniel M. Tsai took office as the Chairman of the momo.com Inc. Awarded "2022 Gold Medal Award for Large Shopping Site in the Taiwan Service Survey" by Commercial Times. As one of FTSE Russell and partnered with Taiwan Index Plus (TIP) Corporation. 2021 Corporate Social Responsibility Report was verified by the British Standards Association.

Year	Milestones
Aug. 2022	Awarded "2022 Taiwan Sustainability Action Award (TSAA)_case 'momo Circular Packaging for Eco Friendliness and Sustainable Living" and "2022 Taiwan Sustainability Action Award(TSAA)_case 'Closing the Gender Gap: Walking Towards a Healthy, Equal Life Together" by TAISE.
Sep. 2022	<p>Awarded "2022 Excellence in Corporate Social Responsibility" by CommonWealth Magazine.</p> <p>Mr. Jeff Ku received the award of "2022 Ding- Ge Digital Transforming Award_Business Leader of the year" by Harvard Business Review.</p> <p>Mr. Jeff Ku received the award of "Better Business Awards 2022_Business Leader of the year_Finalist" by BCCT.</p> <p>Passed the verification of ISO 14001:2015 Environmental Management System.</p> <p>Passed the verification of ISO 45001:2018 Occupational Health and Safety Management System.</p>
Oct. 2022	Awarded "Diversity for Better Tomorrow Awards_Local Enterprise_Golden" and "Diversity for Better Tomorrow Awards_Best Female Empowerment Enterprise" by Womany.
Nov. 2022	<p>Awarded "National Sustainable Development Award_Enterprise" by National Council For Sustainable Development.</p> <p>Awarded "2022 National Enterprise Environmental Protection Award_Bronze Award" by Environmental Protection Administration R.O.C.</p> <p>Awarded "Taipei Workplace Gender Equality Certification" by Department of Labor, Taipei City Government.</p> <p>Awarded "2022 Best Reviewed Online Awards" by Daily View.</p> <p>Awarded "TCSA_Corporate Sustainability Comprehensive Performance_Top 100 Taiwanese Corporates Sustainability Award by Taiwan Institute for Sustainable Energy" 、 "TCSA_Corporate Sustainability Reports_General Merchandise Retail_Golden by Taiwan Institute for Sustainable Energy" 、 "TCSA_Corporate Sustainable Individual Performance_Information Security Leadership Award" and "TCSA_Corporate Sustainable Individual Performance_Innovation Growth Leadership Award" by TAISE.</p>
Dec. 2022	Fu Sheng Logistics Transportation Co., Ltd., a subsidiary of momo, and Gaius Automotive Inc. worked together and launched the “momo electric 3-wheelers” to join the short-chain transportation fleet.

III. Organization and Corporate Governance

i. Organization

Organizational Chart



## Divisional Scope of Responsibilities

Division	Scope of responsibilities
Internal Audit Office	<ol style="list-style-type: none"> <li>1. Execution of the internal audit of momo and the respective subsidiary companies</li> <li>2. Inspection and assessment of the execution of internal control in this company and the respective subsidiary companies</li> <li>3. Supervision and review of the self-inspection procedures of internal control in this company and the respective subsidiary companies</li> </ol>
Supply Chain Management Division	<ol style="list-style-type: none"> <li>1. Planning and assessment of logistic development strategy</li> <li>2. Management of purchase, delivery and return</li> <li>3. Management of purchasing and warehousing coordination of commodities in each channel</li> <li>4. Commodity distribution/supplier distribution supervision, adjustment, and placement</li> <li>5. Quality control of inventory</li> <li>6. Suppliers Management, service promotion and educational training</li> <li>7. Warehouse construction, equipment installation and planning</li> <li>8. Logistical accounting control and analysis</li> </ol>
Financial & Accounting Division	<ol style="list-style-type: none"> <li>1. Preparation of financial statements, accounting information management, tax planning and compliance</li> <li>2. Cost accounting, management of supplier accounts and accounting service to clients</li> <li>3. Operating performance analysis and budget management</li> <li>4. Financial management and evaluation of investment</li> <li>5. Maintain two-way communication between the Company and investors, organization of institutional investor conferences</li> <li>6. Planning and target promotion of sustainable development, and maintenance of public information</li> </ol>
Information Technology Division	<ol style="list-style-type: none"> <li>1. Planning and operations of operational system, network system, online integration of software and hardware, and operating host resources.</li> <li>2. Design, development and maintenance of TMS systems, transport platform systems</li> <li>3. Monitoring operations, and obstacle reporting, tracking and analysis</li> <li>4. Operations and management of database, cloud service, telecommunications system and OA environment</li> <li>5. Development and maintenance of app (including live stream system)</li> <li>6. Development and operations of unction and framework of business operating system and commodity management system</li> <li>7. Design, development, and operations of data application related systems (including API)</li> <li>8. Planning and design of the front-end and back-end function structure (including marketing campaign) of momoshop and momo channels' website</li> <li>9. Development and maintenance of warehouse management system, logistic platform and inventory management system</li> </ol>

Division	Scope of responsibilities
Information Technology Division	10. Development and maintenance of financial and accounting related system, customer service-related system and cash flow services 11. Development and maintenance of function and framework of search engine, data analysis and recommendation intelligent systems
Customer Service Center	1. Planning, integration and execution of services strategy 2. Planning and maintenance of customer service system 3. Personal training and customer service quality control 4. Collecting customer advice, then analysis and improvement 5. Management of customer rights and customer relationship 6. Management of major customer complains 7. 24 hours service (including consulting, ordering and after-sales service) 8. Reactivating dormant users and product telemarketing
E-Commerce Sales Division I	1. Planning and execution of operating strategy for 3C, food, supplements and insurance categories 2. Development and management of supplier and product 3. Expansion and management of membership 4. Improvement and innovation of channel service 5. Expansion and development of online insurance business
E-Commerce Sales Division II	1. Planning and execution of operating strategy for home appliance, furniture & homeware and outdoor categories 2. Development and management of supplier and product 3. Expansion and management of membership 4. Improvement and innovation of channel service
E-Commerce Sales Division III	1. Planning and execution of operating strategy for beauty & cosmetic, household & pets, fashion & boutiques and cultural & creative categories 2. Development and management of supplier and product 3. Expansion and management of membership 4. Improvement and innovation of channel service
TV Merchandise Division	1. Sales management of TV, Catalogue, Live Stream and TV APP channels 2. Development and management of supplier and product 3. Production of TV Live program and VCR commercials 4. Issue and management of TV / EC products in catalogue 5. Scheduling and execution of live stream programs 6. Launching and performance management of TV product on momoshop
International Business Division	1. Operating Chinese Market 2. Development and exploitation of international business 3. Execution and management of self-owned product sale 4. Development of domestic and foreign factory 、enhance competitiveness
General Manager's office	1. Strategy planning and project management 2. Development of new business and strategic alliance 3. Improvement of management mechanism and management of cross-department project

Division	Scope of responsibilities
Human Resources Dept.	<ol style="list-style-type: none"> <li>1. Utilization and integration of human resources</li> <li>2. Plans and execution of wages and benefits.</li> <li>3. Educational training and employee development</li> <li>4. Labor relations and negotiations</li> </ol>
General Affairs & Purchasing Dept.	<ol style="list-style-type: none"> <li>1. Asset / Construction procurement · contract and management</li> <li>2. Procurement, repair, and management of equipment/appliances</li> <li>3. Development and management of suppliers</li> <li>4. Seal management</li> <li>5. Receipt and dispatch management of official documents and mails</li> <li>6. Environmental maintenance</li> </ol>
Legal Office	<ol style="list-style-type: none"> <li>1. Review contracts</li> <li>2. Legal consultant</li> <li>3. Mitigate litigation cases.</li> <li>4. Clarification of training regulation</li> </ol>
Marketing Communications Dept.	<ol style="list-style-type: none"> <li>1. Media relationship management</li> <li>2. Maintenance and brand management for media relations</li> <li>3. Crisis management and handling of major customer complaints</li> <li>4. Maintenance Fubon Group relations</li> </ol>
Cable & Media Dept.	<ol style="list-style-type: none"> <li>1. Contracts for broadcasting on advertising channels of cable TVs (system operators)</li> <li>2. planning and management of signal transmission contract</li> </ol>
Occupational Safety and Hygiene Office	<ol style="list-style-type: none"> <li>1. Labor safety and health management</li> <li>2. Labor health management</li> <li>3. Environmental promotion and maintenance management</li> </ol>

## ii. Board of Directors and Executive Management

### Board of Directors

The Board of Directors consists of nine members, all of whom have a great breadth of experience. Average age of Directors is 58 years old. Including, the three independent directors possess professional qualifications in the areas of legal, finance, business, and the necessary knowledge and skill for performing the duties. And all Independent Directors of the Company form the Audit Committee.

As of Feb. 17, 2023

Title	Nationality/ Country of Origin	Name	Gender (Age range)	Date Elected	Term Expires	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives or Directors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	% (Note 1)	Shares	%	Title	Title			Title	Name	Relation	
Chairman	ROC	Wealth Media Technology Co. Ltd.	-	2020.5.15	2023.5.14	2011.7.29	63,047,205	45.01%	98,353,639	45.01%	-	-	-	-	-	-	-	-	-	-
	ROC	Wealth Media Technology Co. Ltd. Representative: Daniel M. Tsai (Note 2)	Male (60-69)	2022.6.21	2023.5.14	2022.6.21	170,000	0.09%	244,000	0.11%	-	-	-	-	1. LLM, Georgetown University 2. LLB, National Taiwan University 3. Chairman, Fubon Financial Holding Co., Ltd 4. Chairman, Taipei Fubon Commercial Bank Co., Ltd. 5. Chairman, Fubon Insurance Co., Ltd.	1. Director, Fubon Financial Holding Co., Ltd. 2. Managing Director, Taipei Fubon Commercial Bank Co., Ltd. 3. Chairman, Fubon Bank (Hong Kong) Ltd 4. Director, Fubon Bank (China) Co., Ltd. 5. Chairman, Fubon Financial Holding Venture Capital Corp. 6. Chairman, Fubon Sports & Entertainment Co., Ltd. 7. Chairman, Taiwan Mobile Co., Ltd. 8. Chairman, Ming Dong Co., Ltd 9. Chairman, Dao Ying Co., Ltd. 10. Chairman, Tien Chien Co., Ltd. 11. Chairman, Ti Kun Co., Ltd. 12. Chairman, Hsi Po Lai Co., Ltd. 13. Chairman, Yi Fu So Co., Ltd. 14. Chairman, Chung Shing Development Co., Ltd. 15. Chairman, Fubon Realtors Co., Ltd. 16. Director, Fubon Construction Co., Ltd. 17. Chairman, Kuo Chi Investment Co., Ltd. 18. Director, Leading Mark Limited 19. Chairman, Dun Fu Co., Ltd. 20. Director, Lucky Way Limited 21. Director, Rainbow Cheer Limited 22. Director, Key Gain Limited 23. Director, Ultimate Epoch Limited 24. Director, Orientland International Limited 25. Director, Globotex International Limited 26. Director, Cosgrove Global Limited 27. Director, Star Top Ventures Co., Ltd. 28. Director, Giver Concept Limited 29. Director, Fame Dynasty Enterprises Limited 30. Director, ABG-WTT Global Life Science Capital Partners GP Limited 31. Chairman, Taipei New Horizon Co., Ltd. 32. Chairman, Taiwan Cellular Co., Ltd 33. Chairman, Wealth Media Technology Co., Ltd. 34. Chairman, TWM Venture Co., Ltd.	-	-	-	-



Title	Nationality/ Country of Origin	Name	Gender (Age range)	Date Elected	Term Expires	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives or Directors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	% (Note1)	Shares	%	Title	Title			Title	Name	Relation	
																35. Chairman, Taiwan Fixed Network Co., Ltd. 36. Director, Taiwan Teleservices & Technologies Co., Ltd. 37. Chairman, TCC Investment Co., Ltd. 38. Director, Taiwan Digital Service Co., Ltd. 39. Chairman, Taihsin Property Insurance Agent Co., Ltd. 40. Chairman, TFN Media Co., Ltd. 41. Director, Win TV Broadcasting Co., Ltd. 42. Chairman, TFN Union Investment Co., Ltd. 43. Chairman, TCCI Investment and Development Co., Ltd. 44. Director, WTT Investment Ltd. 45. Director, Fubon Stadium Co., Ltd.				
Director	ROC	Wealth Media Technology Co. Ltd.	-	2020.5.15	2023.5.14	2011.7.29	63,047,205	45.01%	98,353,639	45.01%	-	-	-	-	-	-	-	-	-	-
	ROC	Wealth Media Technology Co. Ltd. Representative: Jeff Ku	Male (50-59)	2020.5.15	2023.5.14	2019.6.1	2,000	0.00% (Note 4)	6,161	0.00% (Note 4)	-	-	-	-	1. EMBA, National Taiwan University 2. MBA, University of Wollongong, Australia 3. Senior Vice President and Chief Business Officer, Taiwan Mobile Co., Ltd. 4. Vice President, Taiwan High Speed Rail Corp.	1. President & Information Security Management Committee & Sustainable Development Committee Member, momo.com Inc. 2. Chairman, BEBE POSHE International Co., Ltd. 3. Director, Fuli Life Insurance Agent Co., Ltd. 4. Director, Fuli Insurance Agent Co., Ltd. (Note5) 5. Chairman, Fu Sheng Travel Service Co., Ltd. 6. Chairman, Fu Sheng Logistics Co., Ltd. 7. Chairman, MFS Co., Ltd. 8. Director, Fubon Gehua (Beijing) Enterprise Ltd. 9. Chairman, Haobo Information Consulting (Shenzhen) Co., Ltd. 10. Chairman, Prosperous Living Co., Ltd. 11. Director, Hong Kong Fubon Multimedia Technology Co., Limited 12. Director, Hongkong Yue Numerous Investment Co. Limited 13. Director, Beijing Global Guoguang Media Technology Co., Ltd. 14. Director, Gaius Automotive Inc.	-	-	-	-

Title	Nationality/ Country of Origin	Name	Gender (Age range)	Date Elected	Term Expires	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives or Directors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	% (Note1)	Shares	%	Title	Title			Title	Name	Relation	
Director	ROC	Wealth Media Technology Co. Ltd. Representative: Jamie Lin	Male (40-49)	2020.5.15	2023.5.14	2019.4.1	5,000	0.00% (Note 4)	47,880	0.02%	-	-	-	-	1. MBA, NYU Stern School of Business 2. Bachelor's degree of Chemical Engineering and minor in Economic, National Taiwan University 3. Co-founder / VP of products, Social Sauce 4. Co-founder / GM of Greater China, Intumit	1. Chairman, AppWorks Ventures Co., Ltd. 2. Chairman, AppWorks Fund IV (TW) Admin Co., Ltd. 3. Chairman, AppWorks Fund II Co., Ltd. 4. Chairman, AppWorks Fund III Co., Ltd. 5. Chairman, AppWorks School Co., LTD. 6. Chairman, Chen Feng Investment 7. Chairman, Chen Yun Co., Ltd. 8. Chairman, Chen Men Ltd. 9. Director, AppWorks Ventures II Limited 10. Director, AppWorks Ventures III Limited 11. Director, AppWorks IV Limited 12. Director, AppWorks Fund IV Admin Global Limited 13. Director, AWTH Limited 14. Director, 91APP, Inc. 15. Director, Dcard Holdings Ltd 16. Director, EZTable, Ltd. 17. Director, VIV3 Inc. 18. Director, WeMo (Cayman) Corp. 19. Director, WeMo Corp. 20. Director, Winbond Electronics Corp. 21. Director, Line Bank Taiwan Ltd. 22. Director and President, Taiwan Mobile Co., Ltd. 23. Director, Bridge Mobile Pte Ltd. 24. Director and President, Taiwan Cellular Co., Ltd. 25. President, TWM Venture Co., Ltd. 26. Chairman, TWM Film Co., Ltd.. 27. Chairman and President, Taiwan Stampede Franchise Film Co., Ltd 28. Director and President, Wealth Media Technology Co., Ltd. 29. Director, Taipei New Horizon Co., Ltd. 30. Chairman, Fu Sheng Digital Co., Ltd. 31. President, Taiwan Fixed Network Co., Ltd. 32. Chairman, Taiwan Teleservices & Technologies Co., Ltd. 33. President, TCC Investment Co., Ltd. 34. Chairman, Taiwan Digital Service Co., Ltd. 35. Director, Taihsin Property Insurance Agent Co., Ltd. 36. Director and President, TFN Media Co., Ltd. 37. Chairman and President, Global Forest Media Technology Co., Ltd. 38. Chairman and President, Global Wealth Media Technology Co., Ltd. 39. Chairman, Win TV Broadcasting Co., Ltd. 40. President, TFN Union Investment Co., Ltd. 41. President, TCCI Investment and Development Co., Ltd. 42. Chairman, Taiwan Kuro Times Co., Ltd. 43. Chairman, Yeong Jia Leh Cable TV Co., Ltd. 44. Chairman, Phoenix Cable TV Co., Ltd. 45. Chairman, Union Cable TV Co., Ltd. 46. Chairman, Globalview CATV Co., Ltd.	-	-	-	-

Title	Nationality/ Country of Origin	Name	Gender (Age range)	Date Elected	Term Expires	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives or Directors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	% (Note1)	Shares	%	Title	Title			Title	Name	Relation	
Director	ROC	Wealth Media Technology Co. Ltd. Representative: Chris Tsai	Male (30-39)	2020.5.15	2023.5.14	2018.12.14	-	-	-	-	-	-	-	-	1. Bachelor of Economics, Wharton School of the University of Pennsylvania 2. Director and President, Fubon Financial Holding Venture Capital Corp. 3. Chairman and President, Fubon Sports & Entertainment Co., Ltd. 4. Vice Chairman, Shenzhen Teng Fu Bo Investment Ltd. 5. Convener, Innovation and Technology Office, Fubon Financial Holding Co., Ltd. 6. Special Assistant of President, Fubon Life Insurance Co., Ltd.	1. EVP and Deputy CIO of Investment Management Group, Fubon Financial Holding Co., Ltd. 2. Director, Taiwan Mobile Co., Ltd 3. Director, Immanuel Investment Ltd. 4. Director, Eternal Hope Limited 5. Supervisor, Mo Xi Industrial Co., Ltd. 6. Supervisor, Levi Industrial Co., Ltd. 7. Director, Taiwan Professional Basketball Development Co., Ltd 8. Director, Riu Ma International Co., Ltd. 9. Director, AppWorks Ventures. 10. Director, Fubon Life Insurance Co., Ltd. 11. Director, Fubon Asset Management Co., Ltd.	-	-	-	-
Director	ROC	Wealth Media Technology Co. Ltd. Representative: George Chang (Note 3)	Male (50-59)	2022.9.1	2023.5.14	2022.9.1	-	-	-	-	-	-	-	-	1. MBA, University of Southern California 2. Bachelor of Accounting, California State University 3. Chief Financial Officer, Egis Technology Inc. 4. Director, FocalTech Systems Co., Ltd. 5. Executive Vice President, Yuanta Securities Investment Co., Ltd. 6. Director, Citigroup	1. Vice President and Chief Financial Officer, Taiwan Mobile Co., Ltd. 2. Director, Global Forest Media technology Co., Ltd. 3. Director, Global Wealth Media technology Co., Ltd. 4. Director, Yeong Jia Leh Cable TV Co., Ltd. 5. Director, Phoenix Cable TV Co., Ltd. 6. Director, Union Cable TV Co., Ltd. 7. Director, Globalview CATV Co., Ltd. 8. Director, TWM Holding Co., Ltd. 9. Supervisor, Taiwan Cellular Co., Ltd. 10. Supervisor, Wealth Media Technology Co., Ltd. 11. Supervisor, TWM Venture Co., Ltd. 12. Supervisor, Taiwan Fixed Network Co., Ltd. 13. Supervisor, Taiwan Teleservices & Technologies Co., Ltd. 14. Supervisor, TCC Investment Co., Ltd. 15. Supervisor, Taiwan Digital Service Co., Ltd. 16. Supervisor, TFN Media Co., Ltd. 17. Supervisor, Win TV Broadcasting Co., Ltd. 18. Supervisor, TFN Union Investment Co., Ltd. 19. Supervisor, TCCI Investment and Development Co., Ltd. 20. Supervisor, Taiwan Kuro Times Co., Ltd. 21. Supervisor, TWM Communications (Beijing) Co., Ltd.	-	-	-	-

Title	Nationality/ Country of Origin	Name	Gender (Age range)	Date Elected	Term Expires	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives or Directors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	% (Note1)	Shares	%	Title	Title			Title	Name	Relation	
Director	ROC	TECO CAPITAL INVESTMENT Co., Ltd.	-	2020.5.15	2023.5.14	2006.6.30	15,050,000	10.74%	23,008,800	10.53%	-	-	-	-	-	-	-	-	-	-
	ROC	TECO CAPITAL INVESTMENT Co., Ltd. Representative: Mao-Hsiung Huang	Male (80-89)	2020.5.15	2023.5.14	2009.5.20	-	-	-	-	-	-	-	-	1. MBA, Wharton School, University of Pennsylvania 2. Chairman, TECO Electric and Machinery Co., Ltd.	1. Supervisor, Tung Pei Industrial Co., Ltd. 2. Chairman, Royal Park Taiwan, Co., Ltd. 3. Chairman, E-Joy Electronics International Co., Ltd. 4. Chairman, TECO Tour Travel Service Co., Ltd. 5. Director, An-Shin Food Services Co., Ltd. 6. Chairman, Century Biotech Development Corporation 7. Chairman, TECO International Investment Co., Ltd. 8. Chairman, TECO CAPITAL INVESTMENT Co., Ltd. 9. Chairman, Tong-An Asset Development Management Co., Ltd. 10. Director, TECNOS International Consultant Co., Ltd. 11. Chairman, An Tai International Investment Co., Ltd. 12. Chairman, Century Development Corporation 13. Chairman, Shi Hua Development Co., Ltd. 14. Director, Taiwan Pelican Express Co., Ltd. 15. Director, Taiwan High Speed Rail Corporation 16. Director, Ericsson Taiwan Ltd. 17. Chairman, Inotec Taiwan Co., Ltd. 18. Director, Mos Food Industry Corp. 19. President, Sankyo Co.,Ltd. 20. Director, An Tai Innovative Technology (Xiamen) Co., Ltd. 21. Director, TECO-Westinghouse Motor Company (TWMC) 22. Director, TECO Australia Pty Limited (TAC) 23. Chairman, TECO ELEKTRIK TURKEY A.S. 24. Director, Xiamen MOS Restaurant Management Co., Ltd. 25. Chairman, Royal Park Taiwan Co., Ltd. 26. Chairman, MCOM Technology Co., Ltd. 27. Director, Fujio Food System Taiwan Co. Ltd. 28. Supervisor, Jinlaomang Co. Ltd., 29. Director, TEMICO International 30. Director, MOS Burger Australia Pty.Ltd. 31. Supervisor, AN-HUI INFORMATION TECHNOLOGY, LTD. 32. President, YUBAN INTERNATIONAL INVESTMENT Co., LTD. 33. Director, YUBANTEC INDIA PVT LTD. 34. Director, YUBANTEC PHILIPPINES INC. 35. Supervisor, Innovation to Industry Co., Ltd. 36. Chairman, KUANG YUAN CO., LTD.	-	-	-	-

Title	Nationality/ Country of Origin	Name	Gender (Age range)	Date Elected	Term Expires	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives or Directors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	% (Note1)	Shares	%	Title	Title			Title	Name	Relation	
Independent Director	ROC	Hong-So, Chen	Male (60-69)	2020.5.15	2023.5.14	2014.2.14	-	-	-	-	-	-	-	-	1. Bachelor's degree of Department of Transportation Engineering and Management, National Chiao Tung University 2. CEO and President, BACO International., Ltd./Systex Corporation 3. President in China region/Vice President of Sales in North Asia region, Yahoo 4. Chief Operation Officer, Yahoo Kimo 5. Business Marketing Skills Support Manager and President, IBM, Microsoft, Motorola, Oracle, Novell 6. Director, E-Life Mail Corporation 7. Independent Director, Sercomm Corporation 8. Independent director, Spirox Corporation 9. Independent Director, Genetics Generation Advancement Corp. (GGA Corp.)	1. Audit Committee & Remuneration Committee & Information Security Management Committee & Sustainable Development Committee Member, momo.com Inc. 2. Chairman, Guoshi Partners Co., Ltd. 3. Independent Director, Yageo Corporation 4. Independent Director, Giant Manufacturing Co., Ltd. 5. Independent Director, China Chemical & Pharmaceutical Co., Ltd.	-	-	-	-
Independent Director	ROC	Brian Y. Hsieh	Male (60-69)	2020.5.15	2023.5.14	2014.2.14	-	-	-	-	-	-	-	-	1. J.S.D., School of Law, Stanford University 2. Bachelor of Laws, College of Law, National Taiwan University 3. Institute Professor, School of Law, Soochow University	1. Remuneration Committee Convener and Audit Committee Member, momo.com Inc. 2. Adjunct Professor in College of Management, National Taiwan University 3. Independent Director, China Motor Corporation 4. Independent Director, Taiwan Acceptance Corporation 5. Adjunct Professor, EMBA- National Central University	-	-	-	-
Independent Director	ROC	Chieh Wang	Male (50-59)	2020.5.15	2023.5.14	2019.5.16	-	-	-	-	-	-	-	-	1. Bachelor's degree of Department of Finance and Taxation, National Chengchi University 2. Vice President of The Financial Department and CIO, Fubon Life Insurance Co., Ltd. 3. Vice President of The Financial Investment Department and CIO, Fubon Financial Holding Co., Ltd. 4. Chairman, Holiday Entertainment Co., Ltd. 5. Vice Chairman and CEO, Cashbox Partyworld Co., Ltd.	1. Information Security Management Committee & Audit Committee & Remuneration Committee & Sustainable Development Committee Member, momo.com Inc. 2. Independent Director, China United Insurance Holding Company 3. Chairman, The Cool Media Co., Ltd. 4. Chairman, Conti Invest Co., Ltd. 5. Chairman, PAI Enterprise Co., Ltd. 6. Chairman, Guang International Cultural Creative Co., Ltd. 7. Chairman, Digiflow Company Limited 8. Independent Director, Fuli Property Insurance Agent Co., Ltd.	-	-	-	-

Note 1: Shareholding ratio = number of shares ÷ actual number of issued shares (218,491,260 shares).

Note 2: On June 21, 2022, Wealth Media Technology Co. Ltd. reassigned Mr. Daniel M. Tsai to succeed Mr. C.F. Lin as Director. The board of directors elected Mr. Daniel M. Tsai as chairman and the effective date of the new appointment is on June 21, 2022.

Note 3: On September 1, 2022, Wealth Media Technology Co. Ltd. reassigned Mr. George Chang to succeed Ms. Rosie Yu as Director.

Note 4: Three decimal places are rounded off, and no shareholding is expressed with "-".

Note 5: Fuli Property Insurance Agent Co., Ltd. was renamed as Fuli Insurance Agent Co., Ltd. by the board of directors in January 2023, and completed on February 4, 2023.

## 1. Major shareholders of the institutional shareholders

As of Feb. 17, 2023

Name of Institutional Shareholders	Major Shareholders
Wealth Media Technology Co., Ltd.	Taiwan Mobile Co., Ltd. (100.00%)
TECO CAPITAL INVESTMENT Co., Ltd.	TECO Electric & Machinery Co., Ltd. (99.60%) TECO International Investment Co., Ltd. (0.2%) An Tai International Investment Co., Ltd (0.2%)

## 2. Major shareholders of the Company's major institutional shareholders

As of Feb. 17, 2023

Name of Institutional Shareholders	Major Shareholders
Taiwan Mobile Co., Ltd. (Note1)	TFN Union Investment Co., Ltd. (11.67%) Shin Kong Life Insurance Co., Ltd. (7.15%) TCC Investment Co., Ltd. (5.70%) Cathay Life Insurance Co. Ltd. (5.65%) Ming Dong Co., Ltd. (5.25%) Fubon Life Insurance Co., Ltd. (4.29%) Dao Ying Co., Ltd. (3.23%) Richard M. Tsai (2.70%) Daniel M. Tsai (2.65%) TCCI Investment and Development Co., Ltd. (2.49%)
TECO Electric & Machinery Co., Ltd. (Note 2)	PJ Asset Management Co., Ltd. (17.45%) Walsin Lihwa Co., Ltd. (10.77%) Jia-Yuan Investment Co., Ltd. (6.34%) Creative Sensor Inc. (3.62%) Ho Yuan International Investment Co., Ltd. (2.14%) Silchester International Investors International Value Equity Trust (2.11%) Tung Kuang Investment Co., Ltd. (1.50%) WGI Emerging Markets Smaller Companies Fund, LLC (1.44%) Citi Bank (Taiwan), the custodian trustee of investment account of Norges Bank (1.35%) Kuang Yuan Industrial Co., Ltd. (1.25%)
TECO International Investment Co., Ltd.	TECO Electric & Machinery Co., Ltd. (100%)
An Tai International Investment Co., Ltd.	TECO Electric & Machinery Co., Ltd. (100%)

Note 1: The information is in accordance with the company's shareholders list dated Jul. 16, 2022.

Note 2: The information is in accordance with the company's 2022 annual report.

### 3. Professional qualifications and independence analysis of directors

As of Feb. 17, 2023

Name	CV (Qualifications and Experience)	Independence analysis (note)	No. of public companies in which he or she also serves as an independent director
Daniel M. Tsai Chairman	Mr. Daniel M. Tsai, who possesses extensive experience in the fields of law, finance, fintech and business management, is the chairman of Fubon Group、Taiwan Mobile (TWM) and the Copmany. Mr. Tsai is spearheading TWM's transition from a telecom company to a next-gen technology company. TWM has adopted a Super 5G strategy, creating synergies with cable TV giant, Kbro, leading e-commerce retailer momo, and start-up accelerator AppWorks, and developing a long-term Super 5G ecosystem and environmental sustainability to gain a foothold in Southeast Asia. Fubon Group's business scope includes financial services, property, media, cable TV, e-commerce, cultural and creative industries, and charity. It includes three listed companies – Fubon Financial, TWM and momo – all of which are leaders in their respective industries. Mr. Tsai was recognized as an Outstanding Corporate Sustainability Professional at the Taiwan Corporate Sustainability Awards in 2017 and ranked 13th in Harvard Business Review's Taiwan's top 100 best-performing CEOs in 2020. Mr. Tsai has a bachelor's degree in law from National Taiwan University and a master's degree in law from Georgetown University. He has been a member of the University of Southern California's Board of Trustees since April 2012, a member of the Centre for Asian Philanthropy and Society's Board of Governors since 2014 and chairman of the Asia Business Council's Board of Trustees since March 2021.	1. Meets independence criteria Nos. 1, 3, 4, 9, 10 and 11 (see note). 2. Serving as the chairman of the parent company, Taiwan Mobile Co., Ltd and the Company. 3. Serving as the representative of the juristic-person director of the Company's major corporate shareholder - Wealth Media Technology Co. Ltd.	0
Jeff Ku Director	Mr. Jeff Ku joined momo in 2020 as the President. Before momo, Mr. Jeff Ku had extensive experience in the telecommunications and IT industries. He had served in Taiwan Mobile Co., Ltd. for 14 years and served as the chief commercial officer and had served as the vice president of IT in Taiwan High Speed Rail and worked in Far EasTone Telecommunications. After Mr. Jeff Ku joined the momo team, he drove the continuous growth of the scale of operations, broke through the scope of virtual channel services, and provided high-quality products and services that meet every need in life. At the same time, he is committed to ESG sustainable retail development layout, leading momo to have positive actions and decent results in corporate governance, environmental protection and social welfare.	1. Meets independence criteria Nos. 3, 4, 5, 6, 8, 9, 10 and 11 (see note). 2. Serving as the President of the Company. 3. Serving as the representative of the juristic-person director of the Company's major corporate shareholder - Wealth Media Technology Co. Ltd. and concurrently serving as the chairman or director of the Company's subsidiary.	0

Name	CV (Qualifications and Experience)	Independence analysis (note)	No. of public companies in which he or she also serves as an independent director
Jamie Lin Director	<p>Jamie Lin currently serves as the President of Taiwan Mobile, and serves as the Chairman and partner of AppWorks, which he founded in 2009. AppWorks is the largest startup accelerator and one of the most active venture capital institutions in Southeast Asia. It formed a strategic alliance with Taiwan Mobile in January 2019.</p> <p>Before AppWorks, Jamie Lin was an entrepreneur. Since 1999, he has successively co-founded e-commerce startup Hotcool, AI enterprise software startup Intumit, and travel community startup Sosauce.com. 3D game production startup Muse Games in Taipei and New York. Jamie Lin graduated from Department of Chemical Engineering of National Taiwan University with a minor in Economics, and obtained an MBA from New York University's Leonard N. Stern School of Business. Since 2009, he has regularly published articles on the MR JAMIE blog, providing inspiration to millions of readers interested in starting a business around the world every year.</p> <p>In his spare time, Jamie Lin also actively contributes to the society. Currently, he serves as the managing director of Taiwan Internet and E-Commerce Association (TiEA), the co-convener of the Asia Silicon Valley Civil Advisory Committee, and a member of the Executive Yuan's Digital Innovation &amp; Governance Initiative Committee.</p>	<ol style="list-style-type: none"> <li>1. Meets independence criteria Nos. 3, 4, 9, 10 and 11 (see note).</li> <li>2. Serving as the director and president of the parent company, Taiwan Mobile Co., Ltd.</li> <li>3. Serving as the director of the Company's major corporate shareholder - Wealth Media Technology Co. Ltd. and the representative of the juristic-person director of the Company.</li> </ol>	0
Chris Tsai Director	<p>Chris Tsai graduated from the Wharton School of the University of Pennsylvania in the United States. He was a securities researcher at JPMorgan Chase in New York, and obtained the highest certification in the global financial industry - the Chartered Financial Analyst (CFA) License.</p> <p>After returning to Taiwan at the end of 2013, he joined Fubon Life Insurance Co., Ltd. and successively served as the Chief Investment Officer, Vice Chairman and executive assistant to the President. At the same time, he shouldered the responsibility of developing Fubon's sports and new businesses. In 2014, he served as the President of Fubon Sports &amp; Entertainment Co., Ltd., managing the Fubon Braves basketball team and the Fubon Guardians baseball team, bringing the concept of sports science into the teams, and leading Fubon Braves to win the championship for the first time in 2019.</p> <p>In 2015, he founded Fubon Financial Holding's Innovation and Technology Department and served as the general convener. He led the team from the perspective of financial technology, combined</p>	<ol style="list-style-type: none"> <li>1. Meets independence criteria Nos. 1, 3, 4, 5, 6, 8, 10 and 11 (see note).</li> <li>2. Serving as the director of the parent company, Taiwan Mobile Co., Ltd.</li> <li>3. Serving as the director of the Company's major corporate shareholder - Wealth Media Technology Co. Ltd.</li> </ol>	0



Name	CV (Qualifications and Experience)	Independence analysis (note)	No. of public companies in which he or she also serves as an independent director
	with the internal digital capabilities of the group, to establish a benchmark image in the FinTech field. From 2019 to 2020, he successively took over as the President of Fubon Financial Holding Venture Capital Corporation and the deputy director of the investment management office of Fubon Financial Holding Co., Ltd., responsible for related investment business.		
George Chang Director	<p>Mr. George Chang had more than 20 years of experience in the capital market before he joined Taiwan Mobile's management team in July 2022 and served as the vice president and chief financial officer. He experts in industry trend research, financial consulting, M&amp;A consulting, etc. Since working in the corporate world at the management level, he has led various functional departments, including business strategy, finance and accounting, direct investment, procurement, and production planning.</p> <p>He also worked as a management consultant for many years in international consulting firms in Los Angeles and New York City, specializing in M&amp;A transactions and enterprise value. In 2002, he turned to Asia-Pacific stock research and served as a sell-side analyst focusing on TMT industries (semiconductors, downstream manufacturing, parts and components, etc.) in Taiwan, China, Hong Kong and South Korea for more than 15 years. In 2019, he moved onto Egis Technology Inc., a major AI and biometric identification solution vendor in the semiconductor industry, as the chief financial officer. Under his leadership, he helped the company complete more than 10 domestic and overseas acquisitions and asset sales transactions. In addition, during his tenure, the total investment income exceeded 3 times the company's net worth.</p> <p>Born and raised in Taiwan, and has lived in the United States for nearly 20 years, he has an MBA degree from the University of Southern California and is a Chartered Financial Analyst (CFA). He is also a member of the American Institute of Certified Public Accountants (AICPA). Further, with his years of rich experience in the international financial field and passion for the technology industry, he has served as an independent director and consultant for many listed companies and non-listed companies.</p>	<p>1. Meets independence criteria Nos. 3, 4, 9, 10 and 11 (see note).</p> <p>2. Serving as the Vice President and Chief Financial Officer of the parent company, Taiwan Mobile Co., Ltd.</p> <p>3. Serving as the company supervisor of the Company's major corporate shareholder - Wealth Media Technology Co. Ltd. and the representative of the juristic-person director of the Company.</p>	0
Mao-Hsiung Huang Director	Mao-Hsiung Huang joined TECO in 1971. After serving as Chairman in 1990, he has been engaged in motor production since the beginning, and has furthermore been	1. Meets independence criteria Nos. 1, 3, 4, 6, 7, 8, 9, 10 and 11 (see note).	0

Name	CV (Qualifications and Experience)	Independence analysis (note)	No. of public companies in which he or she also serves as an independent director
	<p>committed to diversified areas of development such as home appliances, information, communications, electronics, key components, infrastructure construction, financial investment and catering, and had actively participated in the construction of major national projects.</p> <p>After years of hard work, TECO has moved from the traditional heavy electrical and home appliance industries to a global high-tech enterprise. At present, its business scope spans five continents and more than 30 countries worldwide. Its cooperating partners include General Electric in the United States, Yasukawa in Japan, Westinghouse in the United States, Ericsson in Sweden, Mitsubishi in Japan, NEC, Eastman Kodak in the United States and G&amp;D in Germany.</p> <p>After retiring in 2007, as the chairman of TECO Group, he actively suggested that TECO should continue to cultivate its core business, actively develop in the direction of high added value such as intelligent products, and focus on the expansion of high-tech businesses, and focus on the development of international emerging markets to build a macro, high-quality, technological world-class brand with diversified operations.</p>	<p>2. Serving as the Chairman of the Company's major corporate shareholder - TECO Capital Investment Co., Ltd. and the representative of the juristic-person director of the Company.</p>	
Hong-So, Chen Independent Director	<p>Hong-So, Chen once served as CEO of SYSTEX, President of Yahoo China and Vice President of Marketing in North Asia, Chief Operating Officer of Kimo, and positions such as President, sales, marketing, technical support supervisor of IBM, Microsoft, Motorola, Oracle, Novell, etc. After leaving SYSTEX in 2009, he founded OneAD and invested in the emerging industry of Internet advertising.</p> <p>Hong-So, Chen has been involved in the technology industry for more than 30 years. With his keen observation and amazing insight into technology trends, and his experience in international mergers and acquisitions and marketing, etc., he has always maintained forward-looking strategic thinking. He is also one of the very few business leaders who spans complete fields such as online media, software technology, information services and systems integration.</p>	<p>1. Meets independence criteria Nos. 1 to 12 (see note).</p> <p>2. Upon inspection, the director himself / herself has no direct or indirect interest in the Company, and meets the independence qualification stipulated in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".</p>	3
Brian Y. Hsieh Independent Director	<p>Brian Y. Hsieh has served in domestic and foreign law firms and actively participated in the business launching and investment strategy planning of small and medium-sized enterprises. Over the years, he has served as a director, independent director and legal and strategic consultant of listed, OTC and public companies in industries such as financial,</p>	<p>1. Meets independence criteria Nos. 1 to 12 (see note).</p> <p>2. Upon inspection, the director himself / herself has no direct or indirect interest in the Company, and meets</p>	2

Name	CV (Qualifications and Experience)	Independence analysis (note)	No. of public companies in which he or she also serves as an independent director
	<p>automobile manufacturing, biotechnology and general merchandise retail trade. He has been invited to give lectures on "financial and economic law" at the Taipei Bar Association, the Training Institute for Judges and Prosecutors of the Ministry of Justice, and the Judges Academy. He was also invited to be a visiting professor in the City University of Hong Kong and the Faculty of Law of Chinese University of Hong Kong. He has also been appointed by the President to successively worked in Taiwan's independent agencies (Fair Trade "Antitrust and Competition Law" Committee and Financial Supervisory Commission) to assist in policy planning.</p> <p>He is currently an adjunct professor at the College of Management of National Taiwan University and the School of Management at National Central University (EMBA).</p> <p>Brian Y. Hsieh holds a Bachelor of Laws from National Taiwan University and a Juris Doctor from Stanford University.</p>	the independence qualification stipulated in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	
Chieh Wang Independent Director	<p>Chieh Wang has served in Fubon Group since July 1989, and has worked in relevant industry research and investment departments such as Fubon Insurance, Fubon Securities, Fubon Investment Services, and Fubon Asset Management; in May 2001, he took over as the chief investment officer of Fubon Life and the chief investment officer of Fubon Financial Holding. He has a long history of complete and rich experience in industrial research and investment, and has achieved outstanding performance.</p> <p>In March 2004, he left Fubon Group and transferred to the position of chairman of Holiday Co., Ltd., and then to the position of vice chairman and chief executive officer of Cashbox Partyworld Co., Ltd. During this period, he assisted related companies to move forward in the direction of corporate governance. During his tenure, Cashbox's business has grown significantly, and the profit has increased greatly, creating a win-win-win situation for shareholders, employees and consumers.</p> <p>In June 2007, he completed his tenure at Cashbox, and then successively served as the chairman of Kand Ti Investment, Enjoy Records, and Digiflow. During this period, he established ipie2 and kept being engaged in investment-related work; music-wise, he continued his passion for music, actively cultivated artists and successfully completed all of Chiang Hui's concerts; in terms of information, he took over the Taipei City</p>	<p>1. Meets independence criteria Nos. 1 to 12 (see note).</p> <p>2. Upon inspection, the director himself / herself has no direct or indirect interest in the Company, and meets the independence qualification stipulated in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".</p>	0

Name	CV (Qualifications and Experience)	Independence analysis (note)	No. of public companies in which he or she also serves as an independent director
	Government's Pay Taipei system integration case, turning Taipei City into a smart city. In the future, he will continue to lead the team to contribute to the integration of the Paycity smart city digital system.		

Note: All members met with the following conditions for the two years leading up to assuming their posts and while they held their posts. :

1. Not an employee of the Company or its affiliated companies.
2. Not a director or supervisor of the Company's affiliates (unless the person is an independent director of the Company, the Company's parent company or any subsidiary of the Company).
3. Not a shareholder whose total holdings, including those of his/her spouse and minor children, or shares held under others' names, reach or exceed 1 percent of the total outstanding shares of the Company or rank among the top 10 individual shareholders
4. Not a spouse, relative of second degree or closer, or direct blood relative of third degree or closer to the managers listed in (1) and persons listed in (2) or (3).
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds more than 5% of the total issued shares of the Company, a top-five shareholder, or authorized representative to be a director or supervisor of the Company in accordance with Article 27, Paragraph 1 or 2 of the Company Act (however, this does not apply when serving concurrently and mutually as independent director established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations).
6. Not a director, supervisor, or employee of another company where more than half of the director positions or voting shares of that other company and the Company are controlled by the same person (however, this does not apply when serving concurrently and mutually as independent director established by the Company or its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations).
7. Not a director (managing director), supervisor (managing supervisor) or employee of another company or institution where any of its chairmen, presidents, or other equivalent positions are served by the same person or is the spouse of the Company's chairmen, presidents, or other equivalent positions (however, this does not apply when serving concurrently and mutually as independent director established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations).
8. Not a director (managing director), supervisor (managing supervisor), manager, or shareholder with 5% or more shareholding of a specific company or institution with which the Company has financial or business dealings (however, this does not apply when serving concurrently and mutually as independent director established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations, if that specific company or institution holds no less than 20%, but no more than 50%, of the total issued shares of the Company).
9. Not a professional who provides auditing to the Company or its affiliates, or a professional who provides commercial, legal, financial, accounting, or related services to the Company or its affiliates with a total remuneration of less than NT\$500,000 in the past two years, nor is an owner, partner, director (managing director), supervisor (managing supervisor), or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates. However, this does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee or Special Committee for Merger/Consolidation and Acquisition who perform their functions in accordance with laws relevant to the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
10. Not a spouse or relative within second degree by affinity to other directors.
11. Not in contravention of Article 30 of the Company Act.
12. Not an institutional shareholder or its representative pursuant to Article 27 of the Company Act.

#### 4. Board diversity and independence

##### (1) Board diversity:

###### a. Diversity policy:

To strengthen corporate governance and improve board structure, in the "Practical Guidelines for Corporate Governance" and the "Procedures for Elections of Directors", the Company has expressly stipulated that the composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as Company's managers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the Company's operations, business dynamics, and development requirements be formulated and include, without being limited to, the two general aspects of basic conditions and values (gender, age, nationality and culture, etc.) and professional knowledge and skills (such as law, accounting, industry, finance, marketing or technology, etc.).

###### b. Specific management goals:

The board of directors of the Company shall guide the company's strategy, supervise the management, and be accountable to the Company and its shareholders. The various procedures and arrangements of the corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, the Articles of Incorporation, and the resolutions adopted by the shareholder meetings. All directors of the Company have the necessary knowledge, skills, literacy and industry decision-making and management capabilities to carry out business. The Company continues to arrange various continuing education courses for directors to improve their decision-making quality, better their supervisory capabilities, and further strengthen the functions of the board of directors. In addition, the Company also pays attention to gender equality in the composition of the board of directors. At this stage, the goal is to have at least one female director.

◎The management objectives and achievement of Board members diversification policy :

Management objectives	Achieved situation
Directors who concurrently serve as company managers should not exceed one-third of the number of directors	Achieved
The board of directors shall include at least one female director	It is expected to conduct a full re-election of directors in 2023, and this management objective will be used to evaluate and plan nominees
The number of independent directors shall not be less than one-third of the number of directors	Achieved
Independent directors should not serve more than three consecutive terms	Achieved

c. The Board members have professional background and core diversification. Please refer to the "implementation of board members diversification policy by directors" on page 28.

##### (2) Board independence:

The positions of the chairman and the president of the Company are held by different individuals, and there is neither spousal relationship nor relationship within the second degree of kinship among the directors, which is stricter than the laws; in addition, in order to ensure the independence of the operation of the board of directors, none of the directors participated in the discussions or voting with regard to the meeting items in which they themselves or their represented juristic-persons are interested, so as to ensure that the discussion and voting of each proposal are objective and independent judgments of the directors.

The current board of directors of the Company consists of 9 directors , including 3 independent directors (accounting for 33% of all directors). To ensure that independent directors can exercise their powers objectively and avoid reducing their independence due to long tenure, the consecutive terms of the independent directors elected by the Company have not exceed 9 years. The three independent directors have expertise in law, finance, and business respectively. For the professional qualifications and independence of individual directors, please refer to "Information Disclosure of Directors' Professional Qualifications and Independent Directors' Independence" on page 20; The three independent directors have signed the relevant declarations of meeting the qualifications of independent directors before nomination and after their appointment. The Company regularly reviews the independence of directors every year. It has been confirmed that all independent directors meet the qualifications for independence. In conclusion, the board of directors of the Company is independent, diversified, and professional.

## The implementation of Board members diversification policy by Directors

○ 30-49 / ● over 50

Name of Directors	Director	age	gender	Nationality	Term (Years)			Diversified core projects (top 5)									
					<3	3-6	>6	Accounting	Finance	Law	Business	Merger and Acquisition	Fin Tech	Information Technology	Risk Management	Operation Management	E-Commerce /Marketing
Daniel M. Tsai	Director	●	male	LLM, Georgetown University	■				V	V	V		V			V	
Jeff Ku	Director	●	male	EMBA, National Taiwan University		■					V		V	V		V	V
Jamie Lin	Director	○	male	MBA, NYU Stern School of Business		■			V		V	V		V			V
Chris Tsai	Director	○	male	Bachelor of Economics, Wharton School of the University of Pennsylvania		■			V		V		V			V	V
George Chang	Director	●	male	MBA,University of Southern California	■			V	V			V			V	V	
Mao-Hsiung Huang	Director	●	male	MBA, Wharton School, University of Pennsylvania			■		V		V	V			V	V	
Hong-So, Chen	Independent Director	●	male	Bachelor of Department of Transportation Engineering and Management, National Chiao Tung University			■				V	V		V		V	V
Brian Y. Hsieh	Independent Director	●	male	J.S.D., School of Law, Stanford University			■			V	V	V	V		V		
Chieh Wang	Independent Director	●	male	Bachelor of Department of Finance and Taxation, National Chengchi University		■			V		V	V	V				V
Percentage of core items of diversity								11%	67%	22%	89%	67%	56%	33%	33%	67%	56%

\* % of Board:

a. category: 33% of independent directors,

b. age: 22% of 30~49 years old, 78% of above 50 years old

## Management Team

As of Feb. 17, 2023

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	ROC	Jeff Ku	Male	2019.06	6,161	0.00% (Note3)	-	-	-	-	1. MBA, University of Wollongong, Australia 2. EMBA, National Taiwan University 3. Senior Vice President and Chief Business Officer, Taiwan Mobile Co., Ltd. 4. Vice President, Taiwan High Speed Rail Corp.	1. Chairman, BEBE POSHE International Co., Ltd. 2. Director, Fuli Life Insurance Agent Co., Ltd. 3. Director, Fuli Insurance Agent Co., Ltd. (Note6) 4. Chairman, Fu Sheng Travel Service Co., Ltd. 5. Chairman, Fu Sheng Logistics Co., Ltd. 6. Chairman, MFS Co., Ltd. 7. Director, Fubon Gehua (Beijing) Enterprise Ltd. 8. Chairman, Haobo Information Consulting (Shenzhen) Co., Ltd. 9. Chairman, Prosperous Living Co., Ltd 10. Director, Hong Kong Fubon Multimedia Technology Co., Limited 11. Director, Hongkong Yue Numerous Investment Co. Limited 12. Director, Beijing Global Guoguang Media Technology Co., Ltd. 13. Director, Gaius Automotive Co., Ltd.	-	-	-	-
Vice President	ROC	Summer Hsieh	Female	2018.05	50,446	0.02%	-	-	-	-	1. PHD candidate of EMBA, National Taipei University 2. MA in Communication Administration, Min Chuan University 3. BBA, National Chung Cheng University 4. Merchandise Development, Eastern Home Shopping & Leisure Co., Ltd. 5. Director of E-Commerce & Catalogue Division, momo.com Inc.	1. Supervisor, Fubon Gehua (Beijing) Enterprise Ltd. 2. Director and President, BEBE POSHE International Co., Ltd. 3. President, Haobo Information Consulting (Shenzhen) Co., Ltd. 4. Director, MFS Co., Ltd. 5. Supervisor, Fuli Life Insurance Agent Co., Ltd.	-	-	-	-
Vice President	ROC	Jeremy Hong	Male	2018.05	440	0.00% (Note3)	-	-	-	-	1. EMBA, National Taiwan University 2. Manager, Unified and Integrated Marketing Team 3. Director of E-Commerce Vice President, momo.com Inc.	1. Director, Fuli Insurance Agent Co., Ltd. (Note6) 2. Director, Fu Sheng Travel Service Co., Ltd. 3. Director, Fubon Gehua (Beijing) Enterprise Ltd. 4. Supervisor, MFS Co., Ltd. 5. Director, BEBE POSHE International Co., Ltd. 6. Director, Prosperous Living Co., Ltd.	-	-	-	-
Information Technology Division Vice President & Chief Information Security Officer	ROC	Robinson Lin	Male	2022.05	440	0.00% (Note3)	-	-	-	-	1. Bachelor, Department of Business Administration, Feng Chia University 2. Engineer, Cathay Life Insurance Co. Ltd. 3. Director of Information Technology Division, momo.com Inc.	1. Director, Fu Sheng Logistics Co., Ltd	-	-	-	-
Supply Chain Management Division Vice President	ROC	Leanne Wang	Female	2018.05	440	0.00% (Note3)	1,560	0.00% (Note3)	-	-	1. Master's degree of Traffic and Transportation, National Chiao Tung University 2. Director (Officer) of Operation Dept., DHL Taiwan 3. Director of Supporting Service Division, momo.com Inc.	1. Director and President, Fu Sheng Logistics Co., Ltd	-	-	-	-



Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Financial & Accounting Division Vice President	ROC	Gina Lu	Female	2021.05	109,390	0.05%	-	-	-	-	1. MBA, National Taipei University 2. Assistant Manager of Administration Department, Fubon Direct Marketing Consulting Co., Ltd. 3. Senior Director of Financial & Accounting Division. of momo.com Inc.	1. Chairman and President, Fuli Insurance Agent Co., Ltd. (Note6) 2. Supervisor, Fubon Gehua (Beijing) Enterprise Ltd. 3. Supervisor, BEBE POSHE International Co., Ltd. 4. Director, Fu Sheng Travel Service Co., Ltd. 5. Supervisor, Fu Sheng Logistics Co., Ltd 6. Supervisor, Prosperous Living Co., Ltd. 7. Supervisor, Haobo Information Consulting (Shenzhen) Co., Ltd.	-	-	-	-
TV Merchandise Division Senior Director	ROC	Sabrina Huang	Female	2019.05	1,560	0.00% (Note3)	-	-	-	-	1. Master of Business Administration in Executive Management, ROYAL ROADS UNIVERSITY 2. Branch manager, Orise T-ZONE Heping branch 3. PM Product project manager, Fortress 4. Director of TV Merchandise Division, momo.com Inc.	-	-	-	-	-
Senior Director	ROC	Irene Lin	Female	2021.11	-	-	-	-	-	-	1. MBA, National Taiwan University 2. Deputy Director of Mobile Commerce, Taiwan Mobile Co., Ltd. 3. Executive Vice President, Fintech Innovation, KGI Securities 4. Chief Marketing Director and Spokesman, Taobao Taiwan	-	-	-	-	-
EC Sales Division I Director	ROC	Terry Lee	Male	2020.01	-	-	-	-	-	-	1. Bachelor, Department of Business Management, National Taipei University of Technology 2. Department of Industrial Engineering, Provincial Taipei Institute of Technology 3. Product Manager, PChome Online Inc. 4. Director of E-Commerce Division / 3C Dept., momo.com Inc.	1. Supervisor, Fu Sheng Travel Service Co., Ltd. 2. Director, Prosperous Living Co., Ltd.	-	-	-	-
EC Sales Division II Director	ROC	Kevin Lin	Male	2021.05	-	-	123	0.00% (Note3)	-	-	1. Bachelor, Department of Information and Communication, Tamkang University 2. Business Associate, Orangebear International Co., Ltd. 3. Senior manager of EC Sales Division II, momo.com Inc	-	-	-	-	-
EC Sales Division III Director	ROC	Louie Chuang	Male	2021.05	-	-	128	0.00% (Note3)	-	-	1. Bachelor, Department of Information and Communication, Tamkang University 2. Operation Management Specialist of Eslite Corporation 3. Senior manager of EC Sales Division III, momo.com Inc.	1. Director, BEBE POSHE International Co., Ltd.	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Customer Service Center Director	ROC	Rebecca Wu	Female	2019.05	65,650	0.03%	-	-	-	-	1. Master of Business Administration, National Taipei University 2. Ground handling, Eva Air 3. Project Manager, Taiwan Mobile Co., Ltd. 4. Assistant Manager, Taiwan Teleservices & Technologies Co., Ltd. 5. Senior Manager of Customer Service Center, momo.com Inc.	-	-	-	-	-
International Business Division Trading Dept. Director	ROC	Ally Yu	Female	2020.07	-	-	-	-	-	-	1. Bachelor, Department of English, Providence University 2. Master of 101 EMBA, National Chengchi University 3. Deputy Purser, Eva Air 4. Product development & purchase chief officer , HOLA 5. HOLA brand agency chief officer	1. Director and President, MFS Co., Ltd 2. Director, Yung Ping Vocational High School	-	-	-	-
Legal Office Director	ROC	Jasmine Wang (Note 5)	Female	2022.03	-	-	-	-	-	-	1. LL.M., Duke University 2. LL.B., National Taiwan University 3. Admitted to practice law in Taiwan and NY, USA 4. Senior Project Manager, Test Rite Group 5. Associate Partner, Tsar & Tsai Law Firm	-				
Internal Audit Office Manager	ROC	Liang Dung Nan	Male	2017.07	-	-	-	-	-	-	1. MBA, Min Chuan University 2. Certified Internal Auditor (CIA) 3. Internal Audit Manager, Surecom Technology Corp 4. Assistant Manager of Internal Audit Office, momo.com Inc.	-	-	-	-	-

Note 1: Date assumed current position.

Note 2: Shareholding ratio = number of shares ÷ actual number of issued shares (218,491,260 shares)

Note 3: Three decimal places are rounded off, and no shareholding is expressed with "-".

Note 4: Chairman C.F. Lin resigned on June 21, 2022, and Consultant Roxanne Chiu resigned on December 31, 2022.

Note 5: Director Jasmine Wang took office on March 1, 2022.

Note 6: Director Karen Chiang took office on April 18, 2022, and resigned on November 18, 2022.

Note 7: Fuli Property Insurance Agent Co., Ltd. was renamed as Fuli Insurance Agent Co., Ltd. by the board of directors in January 2023, and completed on February 4, 2023

# Remuneration to Directors, President, and Vice President

## 1. Remuneration to Directors

2022; Unit: NT\$ dollars

Title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income (%)		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income (%)		Remuneration received from the parent company and all investee companies
		Base Compensation (A)		Retirement pay and pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)						
		The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company		All consolidated entities		The company	All consolidated entities	
																Cash	Stock	Cash	Stock			
Chairman	Wealth Media Technology Co. Ltd. Representative: Daniel M. Tsai	11,456,180	11,456,180	0	0	4,505,701	4,505,701	0	0	15,961,881 0.46%	15,961,881 0.46%	23,434,658	23,435,542	13,935,761	13,935,761	20,610	0	20,610	0	53,352,910 1.55%	53,353,794 1.55%	71,375,405
Chairman	Wealth Media Technology Co. Ltd. Representative: C.F. Lin.																					
Director	Wealth Media Technology Co. Ltd. Representative: Jeff Ku Jamie Lin Rosie Yu George Chang Chris Tsai																					
Director	TECO CAPITAL INVESTMENT Co., Ltd. Representative: Mao-Hsiung Huang																					
Independent Director	Hong-So, Chen	6,220,000	6,220,000	0	0	1,931,016	1,931,016	0	0	8,151,016 0.24%	8,151,016 0.24%	0	0	0	0	0	0	0	0	8,151,016 0.24%	8,151,016 0.24%	0
Independent Director	Brian Y. Hsieh																					
Independent Director	Chieh Wang																					
1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid The remuneration and compensation of the Company's Independent Directors shall be handled in accordance with the Articles of Incorporation and the "Regulations Governing the Remuneration of Directors" approved by the Board of Directors. Such payments are granted by considering the degree of participation in and contribution to the Company's operations and taking into account the attendance at board meetings, serving in functional committees such as the Remuneration Committee and Audit Committee, and the risks assumed by them as the payment standard.																						
2.*In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities /invested enterprises) : 1,800,000																						

## Range of Remuneration

Range of Remuneration	Name of Directors			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The company	All consolidated entities (H)	The company	All consolidated entities and from the parent company and all investee companies (I)
Less than NT\$ 1,000,000	C.F. Lin Jeff Ku Jamie Lin Rosie Yu George Chang Chris Tsai Mao-Hsiung Huang TECO CAPITAL INVESTMENT Co., Ltd.	C.F. Lin Jeff Ku Jamie Lin Rosie Yu George Chang Chris Tsai Mao-Hsiung Huang TECO CAPITAL INVESTMENT Co., Ltd.	Jamie Lin Rosie Yu George Chang Chris Tsai Mao-Hsiung Huang TECO CAPITAL INVESTMENT Co., Ltd.	Chris Tsai Mao-Hsiung Huang TECO CAPITAL INVESTMENT Co., Ltd.
NT\$1,000,000 ~ NT\$1,999,999				
NT\$2,000,000 ~ NT\$3,499,999	Hong-So Chen Brian Y. Hsieh Chieh Wang	Hong-So Chen Brian Y. Hsieh Chieh Wang	Hong-So Chen Brian Y. Hsieh Chieh Wang	Hong-So Chen Brian Y. Hsieh Chieh Wang
NT\$3,500,000 ~ NT\$4,999,999	Wealth Media Technology Co. Ltd	Wealth Media Technology Co. Ltd	Wealth Media Technology Co. Ltd	Wealth Media Technology Co. Ltd
NT\$5,000,000 ~ NT\$9,999,999				George Chang
NT\$10,000,000 ~ NT\$14,999,999	Daniel M. Tsai	Daniel M. Tsai	Daniel M. Tsai	Rosie Yu
NT\$15,000,000 ~ NT\$29,999,999			C.F. Lin Jeff Ku	C.F. Lin Jeff Ku Jamie Lin
NT\$30,000,000 ~ NT\$49,999,999				Daniel M. Tsai
NT\$50,000,000 ~ NT\$99,999,999				
NT\$100,000,000 or above				
Total	13	13	13	13

## 2. Remuneration to the President and Vice President

2022; Unit: NT\$ dollars

Title and name	Salary(A)		Retirement pay and pension (B)		Rewards and special disbursements(C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from all investee companies (other than subsidiaries) or the parent company
	The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company		All consolidated entities		The company	All consolidated entities	
							Cash	Stock	Cash	Stock			
Chairman, C.F. Lin(Note 1) President, Jeff Ku Vice President, Summer Hsieh Vice President, Jeremy Hong Vice President, Leanne Wang Vice President, Gina Lu Vice President, Robinson Lin Consultant, Roxanne Chiu(Note 2)	24,358,380	24,358,380	14,583,761	14,583,761	31,881,552	31,882,436	52,381	0	52,381	0	70,876,074 2.06%	70,876,958 2.06%	165,889

Note 1: Chairman C.F. Lin resigned on June 21, 2022.

Note 2: Consultant Roxanne Chiu resigned on December 31, 2022.

## Range of Remuneration

Range of Remuneration	Name of President and Vice President	
	The company	All consolidated entities (E)
Less than NT\$1,000,000		
NT\$1,000,000 ~ NT\$1,999,999		
NT\$2,000,000 ~ NT\$3,499,999		
NT\$3,500,000 ~ NT\$4,999,999	Gina Lu Robinson Lin	Gina Lu Robinson Lin
NT\$5,000,000 ~ NT\$9,999,999	Summer Hsieh Jeremy Hong Leanne Wang Roxanne Chiu	Summer Hsieh Jeremy Hong Leanne Wang Roxanne Chiu
NT\$10,000,000 ~ NT\$14,999,999		
NT\$15,000,000 ~ NT\$29,999,999	C.F. Lin Jeff Ku	C.F. Lin Jeff Ku
NT\$30,000,000 ~ NT\$49,999,999		
NT\$50,000,000 ~ NT\$99,999,999		
NT\$100,000,000 or more		
Total	8	8

### 3. Employees' profit sharing paid to management team

2022; Unit: NT\$ dollars

Title and name of managers	Amount in stock	Amount in cash	Total	As a % of net Profit
President, Jeff Ku Vice President, Summer Hsieh Vice President, Jeremy Hong Vice President, Leanne Wang Vice President, Gina Lu Vice President, Robinson Lin Senior Director, Sabrina Huang Senior Director, Irene Lin Director, Rebecca Wu Director, Louie Chuang Director, Kevin Lin Director, Terry Lee Director, Ally Yu Director, Jasmine Wang Manager, Liang Dung Nan	0	96,737	96,737	0.00%

### Comparison of Remuneration for Directors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Presidents, and Vice Presidents

1. Total remuneration as a percentage of net income paid to directors, presidents and vice presidents of the Company and all companies included in the consolidated financial statements for the most recent two fiscal years.

NT\$ dollars, %

Title	2021				2022			
	Remuneration		As a % of net income		Remuneration		As a % of net income	
	The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities
Directors	13,682,049	13,682,049	0.42%	0.42%	24,112,897	24,112,897	0.70%	0.70%
Presidents and Vice Presidents	37,522,957	37,522,957	1.14%	1.15%	70,876,074	70,876,958	2.06%	2.06%

Note: The compensation for directors does not include those for adjunct president and vice president.

2. The policies, standards, and portfolios of the payment of remuneration for the Directors, the procedures for determining remuneration, and the correlation with business performance.

(1) The policies, standards, and portfolios for the payment of remuneration: The remuneration and compensation of the Directors (including the Independent Directors) shall be handled in accordance with the Articles of Association and the "Regulations Governing the Remuneration of Directors" approved by the Board of Directors.

- a. Remuneration of the Directors: Resolved by considering degree of participation in and contribution to the Company's operations and based on the normal remuneration standard of the industry; also, by taking into account the board members' attendance at board meetings, serving in functional committees such as the Remuneration Committee, Audit Committee, Information Security Committee

and Sustainable Development Committee, and the risks assumed by them as the payment standard, in addition, a certain amount of reimbursement for travel expenses or other allowances may also be provided.

- b. Compensation of the Directors: A fixed ratio (a maximum of 0.3%) based on the Articles of Association, when the Company's operation is profitable.

(2) The procedures of remuneration distribution:

- a. Compensation of the Directors shall be in accordance with the Articles of Association of the Company. If the Company is profitable, a maximum of 0.3% of the profit shall be appropriated for the Directors' compensation. A sum shall be set aside in advance to pay down any outstanding cumulative losses of the Company before Director's compensation can be appropriated according to such percentage.
- b. The fixed remuneration of the Directors shall be handled in accordance with the "Regulations Governing the Remuneration of Directors" approved by the Board of Directors.

(3) The correlation with operation performance and future risks:

The remuneration of the Directors of the Company is in accordance with the Company's Articles of Incorporation and is paid subject to the Company's annual profit-earning status. As the result, it is closely related to the business performance. Also, with reference to the evaluation items of the Regulations Governing Performance Evaluation of the Board of Directors and Functional Committees, individual directors are given reasonable remuneration based on their contribution to the Company's operational performance. Furthermore, the Company's Remuneration Committee reviews the remuneration system regularly based on the contribution of individual directors to the Board and to the Company's operations (including the future business risks of the Company, strategic planning, and the engagement in environmental, social and corporate governance (ESG), etc.)

**3. The policies, standards, and portfolios of the payment of remuneration for the Internal Managers, the procedures for determining remuneration, and the correlation with business performance.**

(1) The policies, standards, and portfolios for the payment of remuneration:

The salary structure includes mainly the monthly salary, other bonus, year-end bonus, and employee compensation. Among which, the payment standard for the amount of year-end bonus and employee compensation

- a. Salaries are determined by referring to the standards of other companies in the same industry, position titles, job grades, academic and work experience, professional capability, and responsibilities, while other bonuses take into account managers' performance evaluation, including financial indicators (consolidated consideration such as target achievement rate, operating effectiveness, and contribution) and non-financial indicators (such as assisting the Company in acquiring special certificates, whether an incident involving moral risk or having an adverse impact on the Company's image or goodwill, or a risk event derived from improper internal control and malpractice of personnel occurs).
- b. The payment standard for the amount of year-end bonus and employee compensation is made considering the contribution to the Company's operations, the achievement rate and the annual performance appraisal based on the management indicators set in accordance with the employee performance management measures; such amount shall be proposed by the Remuneration Committee and be paid upon approval by the Board of Directors.

(2) The procedures of remuneration distribution:

- a. Employee compensation shall be handled in accordance with the Company's Articles of Incorporation. If the Company makes an annual profit, it shall allocate 0.1% to 1% as employee compensation (employees include internal managers). However, if the Company's accumulated losses, it should cover in advance.
- b. For year-end bonus, the distribution amount shall be determined based on the annual business performance.

(3) The correlation with operation performance and future risks:

The employee compensation of the Company (employees including internal managers) is allocated in accordance with the Company's Articles of Incorporation and subject to the Company's profit-earning status. As a result, it is closely related to the business performance. Furthermore, the Company's Remuneration Committee, ex officio, performs inspection on the compensation on a yearly basis and regularly reviews the justifiability of the compensation and remuneration, and reports to the Board of Directors by the convener.

### iii. Implementation of Corporate Governance

#### Board of Directors attendance

The Board of Directors convened 8 times (A) in 2022

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Chairman	Wealth Media Technology Co. Ltd. Representative: Daniel M. Tsai (Note1)	3	0	100%	Assumed office on June 21, 2022 (Shall attend 3 times)
Director	Wealth Media Technology Co. Ltd. Representative: Jeff Ku	8	0	100%	None
Director	Wealth Media Technology Co. Ltd. Representative: Jamie Lin	8	0	100%	None
Director	Wealth Media Technology Co. Ltd. Representative: Chris Tsai	8	0	100%	None
Director	Wealth Media Technology Co. Ltd. Representative: George Chang (Note2)	1	0	100%	Assumed office on September 1, 2022 (Shall attend 1 times)
Director	TECO CAPITAL INVESTMENT Co., Ltd. Representative: Mao-Hsiung Huang	8	0	100%	None
Independent director	Hong-So, Chen	8	0	100%	None
Independent director	Brian Y. Hsieh	8	0	100%	None
Independent director	Chieh Wang	8	0	100%	None
Chairman	Wealth Media Technology Co. Ltd. Representative: C.F. Lin (Note1)	5	0	100%	Resigned on June 21, 2022 (Shall attend 5 times)
Director	Wealth Media Technology Co. Ltd. Representative: Rosie Yu (Note2)	7	0	100%	Resigned on September 1, 2022 (Shall attend 7 times)

Note 1: On June 21, 2022, Wealth Media Technology Co. Ltd. reassigned Mr. Daniel M. Tsai to succeed Mr. C.F. Lin as Chairman. The board of directors elected Mr. Daniel M. Tsai as chairman and the effective date of the new appointment is on June 21, 2022.

Note 2: On September 1, 2022, Wealth Media Technology Co. Ltd. reassigned Mr. George Chang to succeed Ms. Rosie Yu as Director.



Other mentionable items:

1. Operation of the board of directors shall, if any of the following, specify date of meeting, period, contents of motions, the opinions of all independent directors and handlings concerning opinions of the independent directors:

(1) The matters listed in Article 14-3 of the Securities Exchange Act: The Company has set up an audit committee and therefore the provisions of Article 14-3 do not apply.

(2) In addition, any resolution matters of Board of Directors with records or statement in writing that independent director has a dissenting opinion or qualified opinion: None.

2. Recusal of directors from motions that may have concerns of conflict of interests

No.	Date	Directors recused	Proposal	Reasons for recusal	Participation in deliberation
1	2022.01.19	C.F. Lin Jeff Ku	The annual bonus allocation of 2021 for managers and other related parties.	The recused directors were beneficiaries of the bonus allocation.	Excluded from the deliberation during the discussion and voting.
		Jeff Ku	Lifting of non-competition of the managers	The recused directors were the parties of this non-competition matter.	Excluded from the deliberation during the discussion and voting.
2	2022.04.27	C.F. Lin Jeff Ku	2022 salary review, salary adjustment and promotion of internal managers and other related parties	The recused directors were the parties of this salary review matter	Excluded from the deliberation during the discussion and voting.
3	2022.05.20	Jamie Lin	Proposed purchase privately placed common shares of Line Bank Taiwan Limited	The recused directors were the directors of the company in this matter	Excluded from the deliberation during the discussion and voting.
4	2022.07.27	Jeff Ku	Appointment of director and supervisor served by corporate shareholder's representative of the Company's reinvested subsidiary.	The recused directors were the parties of this appointment matter	Excluded from the deliberation during the discussion and voting.
		Jeff Ku	The 2021 salary review for internal managerial staff and other related party. And the salary adjustment for the management team.	The recused directors were the parties of this salary matter	Excluded from the deliberation during the discussion and voting.

3. TWSE/TPEX listed companies shall disclose information such as evaluation cycle and period, evaluation scope, method and content of evaluation of the self-evaluation (or peer evaluation) of the Board of Directors:

(1) Evaluation implementation status of the Board of Directors:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once per year	2022.1.1-2022.12.31	Performance evaluation of the overall board of directors, individual board members, and functional committees (audit committee, remuneration committee and Information Security Management Committee)	A. Internal evaluation of the Board. B. Self-evaluation by individual Board members. C. Self-evaluation by functional committees	A. The criteria for Board performance evaluation should contain at least the following six aspects: (A) The degree of participation in the Company's operations. (B) Improvement in the quality of decision making by the board of directors. (C) The composition and structure of the board of directors. (D) The election of the directors and their continuing education. (E) Internal controls. (F) Participation in Environmental, Social, and Governance (ESG) aspects B. The criteria for (self-)evaluating the performance of the board members should contain at least the following six aspects: (A) Understanding of the Company's goals and missions. (B) Knowledge about director's duties. (C) The degree of participation in the Company's operations. (D) Internal relation building and communication. (E) Directors' professionalism and continuing education.

				(F) Internal controls. C. The criteria for functional committees' performance evaluation should contain at least the following five aspects: (A) The degree of participation in the Company's operations. (B) Recognition of duties of the functional committees. (C) Improvement of the decision-making quality of the functional committees. (D) Composition and appointment of members of the functional committees. (E) Internal controls.
One three years	2020.9.1-2021.8.31	Commissioning of an external professional institution to carry out the overall performance evaluation of the board of directors	Appointing Taiwan Corporate Governance Association for the evaluation	Evaluation items include board composition, guidance, authorization, supervision, communication, internal control and risk management, board self-discipline, and others (such as board meetings and support systems)

4. To strengthen competency of the Board of Directors in current and recent years (e.g., to set up an Audit Committee, to enhance transparency of information, etc.) and assessment of implementation:
- (1) All Independent Directors of the Company form the Audit Committee and Remuneration Committee play the supervisory role to achieve the goal of governance the competency. The Chairman of each Committee reports the operation status to the Board of Directors regularly.
  - (2) In order to better enable the directors to understand the Company's operation overview and strategy implementation process. The Company has been providing relevant business performance reports to the directors for reference monthly.
  - (3) In order to urge the functional committees to perform their duties. The Company has arranged the functional committee convener to submit work results reports to the board of directors on a regular basis.
  - (4) The Company's Chairman does not concurrently serve as a manager, whose powers have been expressly designated to enhance the check and balance mechanism.
  - (5) The members of the Company's Board of Directors actively participate in the operation of the board of directors, and the attendance rate of all directors reached 100% in 2022.
  - (6) In addition to pursuing trainings by themselves according to their own needs, the Company regularly arranges lecturers to provide Directors with at the office classes every year to continuously enrich their new knowledge. In 2022, "Taiwan Corporate Governance Association" was appointed to hold 3 training courses, including "The development and application of digital technology", "2030/2050 Green industrial revolution", and "Digital transformation and the strategy of artificial intelligence". The total number of training hours for all directors reached 85 hours (Schedule I).
  - (7) Increase Information Transparency: The Company supports operational transparency and emphasis the rights of shareholders. The investor relations of the Company website instantly provide information in Chinese and English and announce material information of the Board of Directors. The Company attended 35 investors' conferences in 2022.
  - (8) In order to insure against risks incurred by Directors and the Managers in carrying out their responsibilities, the Company shall purchase "Directors and Managers liability Insurance". The Company also reviews the insurance policy on a regular basis to ensure the claim amount and insurance coverage meet the demands and reports to the Board of Directors.
  - (9) In order to enhance the control and supervision of information security risk and strengthen the function of the Board of Directors, the Board of Directors adopted a resolution on Oct. 29, 2020, to establish an "Information Security Management Committee" under the Board of Directors. To enhance the sustainable management culture and development, The board of directors approved the promotion of "Sustainable Development Committee" as a functional committee under the board of directors on July 27, 2022.
  - (10) The Company has established the "Regulations Governing Performance Evaluation of the Board of Directors and Functional Committees." After the performance evaluation each year, the results shall be submitted to the Remuneration Committee for analysis, and the Board of Directors shall be provided with evaluation reports and specific improvement plans. The performance evaluation results of the board of directors and functional committees in 2022 are expected to be reported to the Remuneration Committee and the Board of Directors for review and improvement by the end of March 2023, and shall serve as a reference for the remuneration and nomination of directors.

(Schedule 1): 2022 total number of training hours of all Board members

Title	Name	Date	Organizer	Course name	hours	Training hours of current year
Representative of the juristic-person Director	Daniel M. Tsai	2022.12.09	Independent Director Association Taiwan	The application of artificial intelligence (AI) technology in new fields: financial technology and anti-money laundering	3	18.0
		2022.11.25	Independent Director Association Taiwan	The new financial era: development trends and coping strategies of digital technology	3	
		2022.11.02	Independent Director Association Taiwan	Treating customers fairly principles and friendly financial services	3	
		2022.10.07	Taiwan Corporate Governance Association	Global sustainable finance trends and responses	3	
		2022.04.29	Independent Director Association Taiwan	Carbon pricing mechanism - how should Taiwan choose? TCFD assessment under climate change	3	
		2022.04.21	Independent Director Association Taiwan	Promotion and future outlook of net zero carbon emissions, corporate governance, and Taiwan's taxonomy regulation	3	
Representative of the juristic-person Director	Jeff Ku	2022.11.09	Taiwan Corporate Governance Association	Digital transformation and the strategy of artificial intelligence	3	7.0
		2022.09.07	Taiwan Corporate Governance Association	The development and application of digital technology	3	
		2022.03.10	Qunantum International Corp(QIC), Georgeson and TWSE	An international perspective on independent directors and the 2022 shareholders' meeting	1	
Representative of the juristic-person Director	Jamie Lin	2022.11.25	Independent Director Association Taiwan	The new financial era: development trends and coping strategies of digital technology	3	6.0
		2022.10.07	Taiwan Corporate Governance Association	Global sustainable finance trends and responses	3	
Representative of the juristic-person Director	Chris Tsai	2022.12.22	Fubon Financial Holding Co., Ltd.	Important recent IFRS17 updates	2	8.0
		2022.12.09	Independent Director Association Taiwan	The application of artificial intelligence (AI) technology in new fields: financial technology and anti-money laundering	3	
		2022.11.25	Independent Director Association Taiwan	The new financial era: development trends and coping strategies of digital technology	3	
Representative of the juristic-person Director	George Chang	2022.09.07	Taiwan Corporate Governance Association	The development and application of digital technology	3	6.0
		2022.02.24	Accounting Research and Development Foundation	Practical analysis of "ESG report" under corporate governance 3.0 policy	3	
Representative of the juristic-person Director	Mao-Hsiung Huang	2022.08.15	Taiwan Investor Relations Institute	Global macroeconomic outlook in the second half of 2022	3	6.0
		2022.08.03	Securities & futures Institute	The legitimacy of Cyber Security Management Act under the threat of ransomware	3	
Independent director	Hong-So, Chen	2022.11.09	Taiwan Corporate Governance Association	Digital transformation and the strategy of artificial intelligence	3	14.0

Title	Name	Date	Organizer	Course name	hours	Training hours of current year
		2022.09.07	Taiwan Corporate Governance Association	The development and application of digital technology	3	
		2022.06.22	Taiwan Academy of Banking and Finance	Corporate governance and corporate sustainability workshop	3	
		2022.05.12	TWSE, Alliance Advisors and Taiwan Corporate Governance Association	International twin summit	2	
		2022.05.11	Corporate Operating and Sustainable Development Association	Talking about Taiwanese business operation and M&A strategy from the perspective of global political and economic situation	3	
Independent director	Brian Y. Hsieh	2022.09.07	Taiwan Corporate Governance Association	How the board of directors supervises ESG risks and builds sustainable competitiveness of enterprises	3	6.0
		2022.09.07	Taiwan Corporate Governance Association	Legal risks and responses of corporate directors - starting from corporate investment and financing	3	
Independent director	Chieh Wang	2022.11.09	Taiwan Corporate Governance Association	Digital transformation and the strategy of artificial intelligence	3	9.0
		2022.10.27	Taiwan Corporate Governance Association	2030/2050 Green industrial revolution	3	
		2022.09.07	Taiwan Corporate Governance Association	The development and application of digital technology	3	
Representative of the juristic-person Director	Rosie Yu (Note2)	2022.07.13	TWSE and Taipei Exchange	Industry theme promotion conference on sustainable development roadmap	2	5.0
		2022.05.04	TWSE, Alliance Advisors and Taiwan Corporate Governance Association	International twin summit	2	
		2022.03.10	Quantum International Corp(QIC), Georgeson and TWSE	An international perspective on independent directors and the 2022 shareholders' meeting	1	

Note1: The training hours, training scopes, training systems and training arrangements disclosed above are all in compliance with regulations of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies"

Note2: Director Rosie Yu resigned on September 1, 2022.

## **Audit Committee attendance**

### **1. Composition of the Audit Committee**

Since February 2014, in accordance with Article 14-4 of the Securities and Exchange Act, the Company has established an Audit Committee composed entirely of independent directors.

### **2. Scope of Duties of the Audit Committee**

According to Article 6 of the Audit Committee Organizational Rules of the Company, the scope of duties of the Company's Audit Committee is as follows:

- (1) Adoption of or amendment to the internal control system according to Article 14-1 of the Securities and Exchange Act.
- (2) Assessment of the effectiveness of the internal control system.
- (3) Adoption of or amendment to, pursuant to Articles 36-1 of the Securities and Exchange Act, the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- (4) A matter bearing on the personal interest of a director.
- (5) A material asset or derivatives transaction.
- (6) A material monetary loan, endorsement, or provision of guarantee.
- (7) The offering, issuance, or private placement of any equity-type securities.
- (8) The hiring, discharge, or compensation of an attesting CPA.
- (9) The appointment or discharge of a financial, accounting, or internal auditing officer.
- (10) Review annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the Chairman, managerial officer, and accounting officer.
- (11) Fairness and rationality of M&A plans and transactions.
- (12) Other material matters as may be required by the Company or competent authorities.

**The Audit Committee convened 7 times (A) in 2022**

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent director	Hong-So Chen	7	0	100	None
Independent director	Brian Y. Hsieh	7	0	100	None
Independent director	Chieh Wang	7	0	100	None
Other mentionable items:					
1. If the operation of the audit committee falls under any of the following circumstances, the meeting date of the audit committee, the number of the meeting, the content of the proposals, the independent directors' objections, reservations or major suggestions, the results of the audit committee's resolutions, and the Company's handling based on the audit committee's opinions shall be stated.					
(1) The matters listed in Article 14-5 of the Securities Exchange Act.					
(2) Unless otherwise provided the above, others were approved by Audit Committee, but approved with the consent of two-thirds or more of all Directors.					
Date	Meeting/ session	Contents of Resolutions		Matters listed in Article 14-5 of the Securities and Exchange Act	Resolutions not approved by the audit committee, but which had the consent of more than two-thirds of all directors
2022.01.19	13th meeting of the 3rd session	1. Lifting of non-competition of the managers.		✓	
		2. The appointment of the 2022 CPA of the Company.		✓	
		3. Issuing the 2021 "internal control statement" of the Company.		✓	
		Resolutions of the Audit Committee meeting: All the attending members approved and submitting to the Board of Directors for resolution.			
		The Company's handling of the opinions of the Audit Committee: All the attending directors approved.			
2022.02.16	14th meeting of the 3rd session	1. The Company's 2021 financial report.		✓	
		2. The acquisition of Right of Use Asset for the Proposed Rental of Fubon Life Insurance's Fubon Chengde Building by the Company.		✓	
		Resolutions of the Audit Committee meeting: All the attending members approved and submitting to the Board of Directors for resolution.			
		The Company's handling of the opinions of the Audit Committee: All the attending directors approved.			
2022.03.31	15th meeting of the 3rd session	1. The replacement of the 2022 CPA.		✓	
		2. The Company's 2021 earnings distribution		✓	
		3. The Company's earnings distribution and capital surplus cash dividend issuance.		✓	
		4. Amendment to the Company's Articles of Incorporation.		✓	
		5. Amendment to the Company's Rules and Procedures Governing Shareholders' Meeting.		✓	
		6. Amendment to the Company's Rules and Procedures for Acquisition or Disposal of Assets.		✓	
		7. Removal of non-competition restrictions for Directors of the Company.		✓	
		Resolutions of the Audit Committee meeting: All the attending members approved and submitting to the Board of Directors for resolution.			
		The Company's handling of the opinions of the Audit Committee: All the attending directors approved.			
2022.05.20	17th meeting of the 3rd session	1. Proposed purchase privately placed common shares of Line Bank Taiwan Limited.		✓	
		Resolutions of the Audit Committee meeting: All the attending members approved and submitting to the Board of Directors for resolution.			
		The Company's handling of the opinions of the Audit Committee: All the attending directors approved.			
2022.07.27	18th meeting of the	1. Amendment to the Company's Internal Control System and Program of Internal Audit Implementation Rules.		✓	
		Resolutions of the Audit Committee meeting:			

	3rd session	All the attending members approved and submitting to the Board of Directors for resolution.		
		The Company's handling of the opinions of the Audit Committee: All the attending directors approved.		
2022.10.26	19th meeting of the 3rd session	1. Set up the Company's Internal major information processing and management procedures for preventing insider trading and amendment to the Company's program of internal audit implementation rules.	✓	
		2. Amendment to the Company's Important Rules and Regulations.	✓	
		Resolutions of the Audit Committee meeting: All the attending members approved and submitting to the Board of Directors for resolution.		
		The Company's handling of the opinions of the Audit Committee: All the attending directors approved.		

2. Any conflict of interest among independent directors: None

3. Communication among independent directors, internal audit officer and accountants (for example, any matters, methods, and results of communication for the company's financial status and business operations)

(1) In addition to internal audit office that shall submit audit report to each independent director for review monthly, auditing officer also shall report audit implementation to independent directors in the Audit Committee on a quarterly basis.

(2) It is required to track the improvement on deficiencies and abnormal of events reported in each audit report and submit follow up report to track the progress on a quarterly basis.

(3) When the Audit Committee meeting discusses financial statements and CPAs' audit and certification, CPAs is invited to attend as required.

(4) Independent Directors and CPA shall hold regular meetings at least four times each year. CPA shall report to Independent Directors the matters concerning the Company's financial situation, financial and overall operations of domestic and overseas subsidiaries, and internal control and audit. And with which shall fully communicate any material adjustments of accounting entries, or whether amendment of laws and regulations may affect accounting/journal entry. In the event of major unusual matters, the audit committee may convene meeting at any time.

(5) Regular communication is as the Schedule below:

Date	Communication situation with the internal audit		Communication situation with the CPA	
	Communicated matters	Results of the communication	Communicated matters	Results of the communication
2022.01.19 13th meeting of the 3rd session	1. Report on the 4Q21 internal audit progress 2. Issuing the 2021 "internal control statement " of the Company	1. Noted. 2. After deliberation, submitting to the Board of Directors for resolution	-	-
2022.02.16 14th meeting of the 3rd session	-	-	1. 2021 CPA audit report 2. Explanations of 2021 audit significant risk and crucial audit matters 3. Explanations of other audit inspection items	Noted.
2021.04.27 16th meeting of the 3rd session	Report on the 1Q22 internal audit progress.	Noted.	1.1Q22 CPA review report 2. Other communicated matters: answer the questions.	Noted.
2022.07.27 18th meeting of the 3rd session	1. Report on the 2Q22 internal audit progress 2. Amendment to the Company's Internal Control System and Program of Internal Audit Implementation Rules.	1. Noted. 2. After deliberation, submitting to the Board of Directors for resolution	1.2Q22 CPA review report 2. Explanation of the review results of 2021 consolidated financial report by competent authority. 3. Other communicated matters: answer the questions.	Noted.

2022.10.26 19th meeting of the 3rd session	1. Report on the 3Q22 internal audit progress. 2. Establishment of the Company's 2023 audit plan 3. Amendment to the Company's Program of Internal Audit Implementation Rules.	1. Noted. 2. After deliberation, submitting to the Board of Directors for resolution 3. After deliberation, submitting to the Board of Directors for resolution	1. 3Q21 CPA review report ° 2. Description of the annual audit method of the reinvested companies. 3. Other communicated matters: answer the questions.	Noted.
---	--	---	---	--------

Unless otherwise set forth above, audit officer and CPA shall directly contact with independent Directors as need and maintain a sound communication channels.

### 3. Other performance results of the Audit Committee

In 2022, 7 meetings were convened by the Audit Committee. For agendas deliberated by the Committee in accordance with Article 14-5 of the Securities and Exchange Act, please refer to Item 3. Other matters required to be recorded about Audit Committee's operations in the preceding Paragraph. The following are the performance results of other material agendas:

#### (1)2022.01.19

- a. 2021 performance and independence evaluation of CPAs engaged by the Company.
- b. The Company's 2022 budget.
- c. Internal audit activities.

#### (2)2022.02.16

- a. Major asset acquisition or disposal of the Company in 4Q 2021.
- b. Amendment and rename of the principles of Corporate Social Responsibility.
- c. Amendment of the principles of Corporate Governance Best Practice and Internal Management Regulations.
- d. 2021 CPA audit report.

#### (3)2022.04.27

- a. Major asset acquisition or disposal of the Company in 1Q 2022.
- b. The Company's 1Q 2022 financial statement.
- c. Internal audit activities.
- d. 1Q 2022 CPA audit report

#### (4)2022.07.27

- a. Report on the amendments to the Company's "Hierarchical Authorization Measures".
- b. Major asset acquisition or disposal of the Company in 2Q 2022.
- c. Appointment of director and supervisor served by corporate shareholder's representative of the Company's reinvested subsidiary
- d. The Company's 2Q 2022 financial statement.
- e. Internal audit activities.
- f. 2Q 2022 CPA audit report.

#### (5)2022.10.26

- a. Major asset acquisition or disposal of the Company in 3Q 2022
- b. The Company's 3Q 2022 financial statement.
- c. The Company's 2023 Audit Committee meeting schedule.
- d. Establishment of the Company's 2023 audit plan.
- e. Internal audit activities.
- f. 3Q 2022 CPA audit report



## Composition and duties of the Information Security Management Committee

### 1. Composition of the Information Security Management Committee

The Company established the "Information Security Management Committee" in Oct., 2020. Such Committee consists of 3 Directors (including 2 Independent Directors), of whom, Director Jeff Ku and Independent Director Hong-So Chen have expertise in information technology and thus meet the professional capability required for such Committee. Such Committee functions in accordance with the Company's "Information Security Management Committee Charter."

### 2. Scope of Duties of the Information Security Management Committee

According to the "Information Security Management Committee Charter" of the Company, the scope of duties of the Company's Information Management Security Committee is as follows:

- (1) Review information security management policies, formulate an information security management framework and organizational functions, and periodically inspect the development, establishment, and implementation results of company-wide information security management system.
- (2) Review information security management mechanisms of new services.
- (3) Verify discussions and response measures for losses due to major information security incidents.
- (4) Review other matters stipulated by the competent authority or the Board of Directors or in any information security policy, or matters that need to be reported to the Board of Directors.

### 3. Information Security Management Committee attendance

The term of the 1st Information Security Committee: 2020.10.29-2023.5.14. In the most recent year (2022), the Information Security Committee held 3 meetings (A), and the attendance of directors is as follows:

Title	Name	Professional Qualification Requirements & Work Experience	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent Director	Chieh Wang	please refer to "Information Disclosure of Directors' Professional Qualifications and Independent Directors' Independence" on page 20	3	0	100%	None
Director	Jeff Ku		3	0	100%	None
Independent Director	Hong-So, Chen		3	0	100%	None

### 4. Performance results of Information Security Management Committee

#### (1)2022.1.19

- a. The implementation of information security management of 2021.
- b. The plan of information security strategy of 2022.

#### (2)2022.4.27

- a. The appointment of chief security officer.

#### (3)2022.7.27

- a. The Company's passing of the verification of information security management system ISMS (ISO 27001:2013) and privacy information management PIMS (ISO 27701:2019) in 2022 and the corrections found in external audits.
- b. The implementation of information security management of 2022.

## Composition and duties of the Sustainable Development Committee

### 1. Composition of the Sustainable Development Committee

The Company established the "CSR Committee" in October 2016. In January 2022, the CSR committee renamed as "Sustainable Development Committee." The board of directors approved the promotion of "Sustainable Development Committee" as a functional committee under the board of directors on July 27, 2022. Such Committee consists of 3 Directors (including 2 Independent Directors). All of them have expertise in Sustainable Development and thus meet the professional capability required for such Committee. Such Committee functions in accordance with the Company's "Sustainable Development Committee Charter."

### 2. Scope of Duties of the Sustainable Development Committee

According to the "Sustainable Development Committee Charter" of the Company, the scope of duties of the Company's Information Management Security Committee is as follows:

- (1) Establishment of sustainable development annual plan and strategic direction.
- (2) Formulation of sustainable development projects and campaign plans.
- (3) Tracking and reviewing of the implementation results of the sustainable development annual plan, strategic direction, projects and campaign plans.
- (4) Decisions on other matters related to sustainable development.

### 3. The term of the Sustainable Development Committee

The term of the 1st Sustainable Development Committee: 2022.7.27-2023.5.14. The attendance of directors is as follows :

Title	Name	Professional Qualification Requirements & Work Experience	Remarks
Independent Director	Chieh Wang	please refer to "Information Disclosure of Directors' Professional Qualifications and Independent Directors' Independence" on page 20	None
Director	Jeff Ku		None
Independent Director	Hong-So, Chen		None

**Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”**

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		On 2015.10.26, the Board of Directors of the Company resolved to approve the Corporate Governance Best Practice Principles. In order to comply with the development trend of international corporate governance and to respond to the development of social and international issues of concern in recent years, on 2022.10.26, amendments to relevant content of the principles were approved by the Board of Directors and disclosed on the Market Observation Post System (MOPS) and the Company's official website.	None
2.Shareholding Structure and Shareholders' Rights (1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		(1) The Corporate Governance Best Practice Principles has a “designated chapter for the protection of shareholders' rights and interests” and was implemented. Accordingly, the stock registrar is commissioned by the company to handle shareholder-related issues. When shareholders are in a shareholders meeting, their inherent rights to attend, nominate, propose, elect, litigate, and so on are all handled in accordance with the content and exercise methods of the rights specified in the "Regulations and Procedures of Shareholders' Meeting", "Regulations Governing the Election of Directors" and relevant laws and regulations. The Company has a spokesperson and a deputy spokesperson. In order to deal with the relevant suggestions of shareholders in a timely manner, the communication channel has been disclosed on the Company's official website: stock affairs (shareholders) Information ( <a href="https://corp.momo.com.tw/">https://corp.momo.com.tw/</a> ) to strengthen communication and contact with the shareholders.	None
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		(2) The Company has declared the shareholding status of Directors, managers, and major shareholders with more than 10% stake on a monthly basis.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary description	
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		(3) The internal control system of the Company has established the "Operational Procedures for Specific Company and Related Party Transactions of Group Companies" and "Regulations related to Financial and Business Matters among Affiliated Companies". The supervision and management of subsidiaries have been implemented and appropriate risk management mechanisms and firewalls have been established.	None
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		(4) In line with the amendment to the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities", on October 26, 2022, the board of directors of the Company passed a resolution to nullify the existing "Management and Operational Procedures to Prevent Insider Trading", and separately stipulated the "Internal Material Information Processing and Management and Operational Procedures to Prevent Insider Trading". In addition to regulating the Company's directors, managers and all employees, as well as anyone who knows the Company's information by reason of occupation or controlling relationship, to prohibit any behavior that may involve insider trading, keeping prohibition on directors' stock trading during the blackout period before the financial report announcement, it also clarifies the scope of internal material information, the responsible unit for releasing material information, the evaluation procedures, the approval authority, the retention of audit records and the handling of violations, and the regular holding of internal education, training and dissemination every year. 2022 promotion results of the Internal Material Information Processing and Management and Operational Procedures to Prevent Insider Trading:	None

Evaluation Item	Implementation Status					Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons								
	Yes	No	Summary description											
			<table><tr><th>Name</th><th>Date</th><th>Training hours</th><th>No. of People</th></tr><tr><td>Promotion of the Internal Material Information Processing and Management and Operational Procedures to Prevent Insider Trading</td><td>November 4 ~ November 18</td><td>2,970</td><td>2,970</td></tr></table>	Name	Date	Training hours	No. of People	Promotion of the Internal Material Information Processing and Management and Operational Procedures to Prevent Insider Trading	November 4 ~ November 18	2,970	2,970			
Name	Date	Training hours	No. of People											
Promotion of the Internal Material Information Processing and Management and Operational Procedures to Prevent Insider Trading	November 4 ~ November 18	2,970	2,970											
			* 100% of the in-service employees completed the online course and passed the test by Nov. 4.											
3.Composition and responsibilities of the board of directors														
(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		(1) In order to improve the structure of the board of directors and actively implement the diversity of board members, the Company has specified a diversity policy in the "Practical Guidelines for Corporate Governance" and "Regulations Governing the Election of Directors". For the specific management objectives and implementation status, please refer to the description of the "Board diversity and independence" on page 26.			None								
(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?	V		(2) In addition to the establishment of the Remuneration Committee and the Audit Committee under the Board of Directors according to the laws, for the purpose of strengthening controls and monitoring information security risks, as well as enhancing the function of the Board of Directors, the Board of Directors adopted a resolution on Oct. 29, 2020, to establish the "Information Security Management Committee." To enhance the sustainable management culture and development, The board of directors approved the promotion of "Sustainable Development Committee" as a functional committee under the board of directors on July 27, 2022.			None								

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary description	
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	V		<p>(3) A. To implement corporate governance, establish performance goals and enhance the operational efficiency of the board of directors, the Company has established the "Regulations Governing Performance Evaluation of the Board of Directors and Functional Committees," based on which relevant evaluations are carried out.</p> <p>B. While internal performance evaluations are conducted at year end, external evaluations are conducted by external professional independent institutions, teams of experts and scholars, or by other proper means, at least once every three years.</p> <p>C. Results of internal and external performance evaluations shall be completed by the end of the first quarter of the following year. Such results shall not only be submitted to the Remuneration Committee and the Board of Directors for review and improvement, but also serve as a reference for the remuneration and nomination of Directors.</p> <p>D. In 2021, the Taiwan Corporate Governance Association has been appointed to perform an external evaluation. The Association has issued a "Board of Directors' Performance Evaluation Report" on Dec. 3, 2021, and the relevant suggestions and the measures to be adopted by the Company have been submitted to be reported in the Board Meeting on Jan. 19, 2022.</p> <p>E. Relevant results of performance evaluation of the Board of Directors have been announced on the Company's official website.</p>	None
(4) Does the Company regularly evaluate its external auditors' independence?	V		<p>(4) In accordance with the Company's Corporate Governance Best Practice Principles, the Company evaluate the independent and competency of CPAs annually. The reference Audit Quality Index (AQI) is as follows :</p> <p>1. Professionalism and quality control</p> <p>(1) The audit team has sufficient audit experience.</p> <p>(2) The firm has sufficient professionals to support the audit team.</p>	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary description	
			<p>(3) The audit team receives sufficient education and training every year.</p> <p>(4) The audit team has low turnover and sufficient manpower.</p> <p>(5) Service quality and efficiency on auditing and taxation work.</p> <p>(6) The working hours invested in the Group's by and the overall workload of the CPAs.</p> <p>2. Independence</p> <p>(1) Examination of the accountant's personal resume.</p> <p>(2) Has not served on a board of directors, as a manager or is in position of major influence in a company which may generate conflicts of interest.</p> <p>(3) The certified public accountant has not been appointed for accountant assurance service for seven years consecutively.</p> <p>(4) Suitability of the appointed firm's cumulative number of years performing attestation.</p> <p>(5) Has obtained accountant certified declaration of independence every year.</p> <p>(6) Appropriateness of the proportion of non-audit services fees.</p> <p>3. Supervision</p> <p>(1) CPAs and the firm have no major lawsuits or corrective cases with competent authorities.</p> <p>4. Innovation capabilities</p> <p>(1) The innovative planning of computer auditing can effectively improve the efficiency of auditing and enhance the quality of auditing</p> <p>5. Obtaining of the CPAs' Audit Quality Index Report (AQI Report) every year.</p> <p>6. The accountant suitability survey is used every year to summarize the result of evaluation on the independence and competency of the accountant.</p> <p>Joint evaluation by the Company's accounting and auditing supervisors has determined the independence and competency of the public certified accountant meets the standard. On Feb. 17, 2023, the Audit Committee and Board of Directors approved the 2022 public certified accountant performance and independence evaluation.</p>	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary description	
4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		<p>The Company's "Corporate Governance Best Practice Principles" have explicitly stated that the Financial &amp; Accounting Division is concurrently responsible for matters related to corporate governance and shall be supervised by the general manager. According to the resolution adopted by the Board of Directors on Oct. 29, 2018, the Company appointed the Vice President Gina Lu, Director of the Financial &amp; Accounting Division, to hold a concurrent post as Chief Governance Officer. She has more than 9 years of experience in managing financial, stock, and meeting affairs in public companies.</p> <p>There is stock affairs section set up under the financial and accounting division, which is responsible for corporate governance matters and assists in providing Directors with the information they need to conduct business and meetings, in order to safeguard shareholder rights and strengthen Board functions. Its main responsibilities are as follows:</p> <ol style="list-style-type: none"> <li>(1) Draft and set up effective corporate governance related covenants to properly comply with laws and regulations and to ensure healthy internal management</li> <li>(2) Carry out work related to the shareholders' meetings</li> <li>(3) Carry out work related to the Board of Directors and Auditing Committee</li> <li>(4) The production of meeting minutes for board of directors' meetings and shareholders' meetings.</li> <li>(5) Carry out changes in Company registration by law</li> <li>(6) Set up and maintain information on the Company's website in both Chinese and English, disclosing information and results related to the Company's financial, operational, and corporate governance affairs.</li> <li>(7) Quality review of independent directors.</li> <li>(8) Assisting in furnishing information required for the on boarding and business execution of directors and arranging directors' continuing education.</li> <li>(9) Assisting directors with legal compliance.</li> </ol>	None



Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																
	Yes	No	Summary description																	
			<p>The operations during 2022 were as follows:</p> <p>(1) Assisting directors and independent directors in carrying out their respective roles, providing essential information, and organizing further studies for the directors:</p> <p>(A) Providing regular notification to Board of Directors members on the amendment and development of the latest laws and regulations pertaining to the Company's scope of business as well as corporate governance</p> <p>(B) Providing the directors with the necessary Company information, and maintaining a smooth channel of communication between the directors and the business management</p> <p>(C) Arranging "at the office classes" for Directors</p> <p>* Training courses for Directors held by the Company on its own in 2022:</p> <table><tr><th>Date</th><th>Organizer</th><th>Course name</th><th>Hours</th></tr><tr><td>2022.09.07</td><td>Taiwan Corporate Governance Association</td><td>The development and application of digital technology</td><td>3.0</td></tr><tr><td>2022.10.27</td><td>Taiwan Corporate Governance Association</td><td>2030/2050 Green industrial revolution</td><td>3.0</td></tr><tr><td>2022.11.09</td><td>Taiwan Corporate Governance Association</td><td>Digital transformation and the strategy of artificial intelligence</td><td>3.0</td></tr></table> <p>(2) Assist with the Board of Directors, Audit Committee, Annual Shareholder Meeting’s agenda and resolution to ensure compliance with the relevant laws and regulations.</p> <p>(A) Ensure the convening of Company's Board of Directors, Audit Committee and shareholders’ meeting is in accordance with the relevant laws and regulations as well as the specifications set out in the Company's Corporate governance guidelines.</p>	Date	Organizer	Course name	Hours	2022.09.07	Taiwan Corporate Governance Association	The development and application of digital technology	3.0	2022.10.27	Taiwan Corporate Governance Association	2030/2050 Green industrial revolution	3.0	2022.11.09	Taiwan Corporate Governance Association	Digital transformation and the strategy of artificial intelligence	3.0	
Date	Organizer	Course name	Hours																	
2022.09.07	Taiwan Corporate Governance Association	The development and application of digital technology	3.0																	
2022.10.27	Taiwan Corporate Governance Association	2030/2050 Green industrial revolution	3.0																	
2022.11.09	Taiwan Corporate Governance Association	Digital transformation and the strategy of artificial intelligence	3.0																	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary description	
			<p>(B) Responsible for checking major announcements related to important decisions after each meeting, ensuring the content of said announcements are accurate and lawful to protect trading information for investors.</p> <p>(3) Draft the agenda for Board of Directors and Audit Committee meetings; notify the directors 7 days prior to meetings; convene the meetings and provide relevant information at the meetings; prior reminder of recusal if the motion leads to conflicts of interest, and complete the meeting minutes within 20 days after each meeting.</p> <p>(4) Carry out preregistration for shareholders' meeting; produce meeting notification, meeting proceeding manuals, memos etc., within the legally allowed time and when necessary, make the appropriate amendments after revising bylaws and re-election of Board of Directors members.</p> <p>(5) Handling the Company's change registrations according to the laws.</p> <p>(6) In order to implement corporate governance, the Company regularly conducts performance evaluations of the board of directors and individual directors in accordance with the Regulations Governing Performance Evaluation of the Board of Directors and Functional Committees formulated by the Company. Also, external evaluations are performed by external professional independent institutions at least once every three years.</p> <p>(7) In order to fully guarantee shareholders' rights and interests, advance duties of the Board of Directors/functional committees, and enhance the corporate governance function, the Company has set up or amended corporate governance-related measures, such as the "Articles of Incorporation", "Internal control system and relative implement principal and audit procedure", "Corporate governance best practice principles", "Regulations and Procedures of Shareholders' Meeting", "Regulations and Procedures of Board of Directors", "Sustainable Development Committee Charter", "Procedures for acquisition or disposal of assets", Regulations Governing</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																												
	Yes	No	Summary description																													
			<p>Performance Evaluation of the Board of Directors and Functional Committees”, "Internal major information processing and management procedures for preventing insider trading" and "Corporate Social Responsibility Principles" renamed ad "Sustainable Development principles.”</p> <p>8.Continuing education situation of CGO in 2022</p> <table><tr><th>Date</th><th>Organizer</th><th>Course name</th><th>hours</th></tr><tr><td>2022.04.12</td><td>Taiwan Corporate Governance Association</td><td>Talking about how enterprises can effectively maintain brand value from recent famous trademark cases</td><td>3.0</td></tr><tr><td>2022.04.22</td><td>Taiwan Corporate Governance Association</td><td>Net-zero emissions, carbon neutrality and corporate regulatory compliance</td><td>3.0</td></tr><tr><td>2022.05.12</td><td>TWSE, Alliance Advisors and Taiwan Corporate Governance Association</td><td>International twin summit</td><td>2.0</td></tr><tr><td>2022.05.27</td><td>Taiwan Corporate Governance Association</td><td>Respond to climate change and create sustainable enterprise competitiveness</td><td>3.0</td></tr><tr><td>2022.07.19</td><td>Taiwan Corporate Governance Association</td><td>Carbon management trends and countermeasures towards net-zero</td><td>3.0</td></tr><tr><td>2022.08.16</td><td>Taiwan Corporate</td><td>Aspects of ESG governance - from</td><td>3.0</td></tr></table>	Date	Organizer	Course name	hours	2022.04.12	Taiwan Corporate Governance Association	Talking about how enterprises can effectively maintain brand value from recent famous trademark cases	3.0	2022.04.22	Taiwan Corporate Governance Association	Net-zero emissions, carbon neutrality and corporate regulatory compliance	3.0	2022.05.12	TWSE, Alliance Advisors and Taiwan Corporate Governance Association	International twin summit	2.0	2022.05.27	Taiwan Corporate Governance Association	Respond to climate change and create sustainable enterprise competitiveness	3.0	2022.07.19	Taiwan Corporate Governance Association	Carbon management trends and countermeasures towards net-zero	3.0	2022.08.16	Taiwan Corporate	Aspects of ESG governance - from	3.0	
Date	Organizer	Course name	hours																													
2022.04.12	Taiwan Corporate Governance Association	Talking about how enterprises can effectively maintain brand value from recent famous trademark cases	3.0																													
2022.04.22	Taiwan Corporate Governance Association	Net-zero emissions, carbon neutrality and corporate regulatory compliance	3.0																													
2022.05.12	TWSE, Alliance Advisors and Taiwan Corporate Governance Association	International twin summit	2.0																													
2022.05.27	Taiwan Corporate Governance Association	Respond to climate change and create sustainable enterprise competitiveness	3.0																													
2022.07.19	Taiwan Corporate Governance Association	Carbon management trends and countermeasures towards net-zero	3.0																													
2022.08.16	Taiwan Corporate	Aspects of ESG governance - from	3.0																													

Evaluation Item	Implementation Status						Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary description				
				Governance Association	knowing to doing		
			2022.09.06	Taiwan Corporate Governance Association	The real value created by circulation and low-carbon innovation – understanding circular economy and governance	3.0	
			2022.09.07	Taiwan Corporate Governance Association	The development and application of digital technology	3.0	
			2022.10.27	Taiwan Corporate Governance Association	2030/2050 Green industrial revolution	3.0	
			2022.11.03	Taiwan Corporate Governance Association	Fubon Insurance ESG trend and risk management seminar	3.0	
			2021.11.09	Taiwan Corporate Governance Association	Digital transformation and the strategy of artificial intelligence	3.0	
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		The Company has a spokesperson and a deputy spokesperson. In order to continuously understand the needs of stakeholders, a “Stakeholders” section has been set up on the Company website to ensure smooth communication channels with stakeholders. Since 2019, an annual stakeholder forum has been held to communicate face-to-face with stakeholders, and to provide concrete responses to the important issues concerned by stakeholders and their expectations for the Company, as a basis for the promotion of the economy, society, and environmental sustainability, laying the foundation for the Company's sustainable development.				None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary description	
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The Company designates Fubon shareholder service agency to deal with shareholder affairs.	None
7. Information Disclosure				
(1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	V		(1) The Company has a website ( <a href="https://corp.momo.com.tw/">https://corp.momo.com.tw/</a> ) with a dedicated person in charge of maintaining and updating important financial, business information and corporate governance information at all times for the reference of shareholders and stakeholders.	None
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors' conference etc.)?	V		(2) An English website ( <a href="https://corp.momo.com.tw/en/">https://corp.momo.com.tw/en/</a> ) has been built, and a spokesperson and deputy spokesperson system has been established to speak on behalf of the Company. A dedicated staffer is responsible for information collection and immediate disclosure of the Company, including institutional investors' conference information, and the immediate disclosure of Company's material information in Chinese and English on the MOPS of TWSE.	None
(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	V		(3) The Company announces and reports the annual financial report as early as possible within two months after the end of the fiscal year, and announces and reports the first, second and third quarter financial reports and the operating status of each month as early as possible before the required deadlines.	None
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		(1) Employees' rights, interests, and care, this company established rules and scheme for human resource management based on the minimum standards stipulated in relevant governmental policies, such as Labor Standards Act, Act of Gender Equality in Employment, and Sexual Harassment Prevention Act, in protecting employees' rights and interests. (2) Improving employee relations: In order to improve employee relations, the Company regularly holds labor-management meetings and provides a complete communication channel to immediately hear employees' voices and suggestions, as a reference for the Company's welfare adjustment and system optimization.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary description	
			<p>(3) Investor relations: The Company adheres to the principles of protecting shareholders' interests and treating shareholders equally. In addition to convening shareholders meetings in accordance with laws and regulations and actively participating in external institutional investors' conferences, all major company information is published in both Chinese and English on the MOPS, and the financial information is provided in both Chinese and English on a regular basis, so as to ensure the consistency of information disclosure. In addition, in shareholders meetings, relevant documents are provided in both Chinese and English and electronic voting is adopted, so that domestic and foreign investors can obtain equal channels and participate in the Company's major decision-making in a timely manner.</p> <p>(4) Supplier relations: The Company regards suppliers as long-term business partners, through cooperation on the subject matters and information-sharing, we establish a good interactive mode. In addition, the Company award prizes to suppliers with outstanding performance through regular supplier meetings.</p> <p>(5) In terms of stakeholders' rights: In order to protect the rights and interests of stakeholders, the Company has set up various benign and smooth communication channels. It has been convening physical stakeholder forums on a yearly basis since 2019 to communicate with stakeholders on the Company's achievements in corporate social responsibility implementation and to collect stakeholders' materiality issues of concern. Based on opinions raised by stakeholders, the Company deals with relevant affairs properly by adhering to the integrity principle and adopting a responsible attitude, thus fulfilling its corporate social responsibility.</p> <p>(6) Directors' Training records: The Company holds advanced studies in the form of "at the office classes" for Directors each year. The contents include corporate governance-related themes. As of the end of 2022, all training hours of in-service Directors (including Independent Directors) are in compliance</p>	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary description	
			<p>with requirements prescribed in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies."</p> <p>(7) Execution of risk management policies and risk measurement standards: The Company has established different internal regulations according to laws and conducts various risk management and assessment.</p> <p>(8) Execution of client policies: The Company is dedicated to improving quality and enhancing professional skills to provide clients with the best services and products.</p> <p>(9) Status of liability insurance for directors: In order to optimize the corporate governance mechanism and insure against risks incurred by Directors and the managers in carrying out their responsibilities, the Company purchases the "Directors and Managers Liability Insurance" for Directors and managers annually. The Company also reviews the insurance policy on a regular basis to ensure the claim amount and insurance coverage meets the demands, and reports to the Board of Directors.</p> <p>(10) Intellectual property management plan: Since 2020, the Company has gradually promoted intellectual property management measures, linked operational goals and internal resources, followed the TIPS system to standardize the content, established an overall intellectual property management plan system to strengthen the management and application of the Company's intellectual property rights and enhance the corporate brand value and market competitiveness, so that consumers can trust the Company for safe shopping experience, enhance the willingness of brand suppliers to cooperate with the Company, reduce the risk of operation infringement, and create a stable business growth target. To ensure the implementation of the company's intellectual property management system, the improvement and implementation results of intellectual property management are reported to the board of directors annually.</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																	
	Yes	No	Summary description																		
			(11) For personnel of the Company relevant to financial information transparency, their status of obtaining designated licenses from the competent authority are as follows: <table><tr><th rowspan="2">Licenses</th><th colspan="2">Number</th></tr><tr><th>Internal Audit Office</th><th>Financial &amp; Accounting Division</th></tr><tr><td>Certification in Control Self-Assessment (CCSA)</td><td>-</td><td>1</td></tr><tr><td>Certified Internal Auditor (CIA)</td><td>1</td><td>1</td></tr><tr><td>CPA of R.O.C</td><td>-</td><td>2</td></tr><tr><td>Project Management Professional (PMP)</td><td>-</td><td>3</td></tr></table>	Licenses	Number		Internal Audit Office	Financial & Accounting Division	Certification in Control Self-Assessment (CCSA)	-	1	Certified Internal Auditor (CIA)	1	1	CPA of R.O.C	-	2	Project Management Professional (PMP)	-	3	
Licenses	Number																				
	Internal Audit Office	Financial & Accounting Division																			
Certification in Control Self-Assessment (CCSA)	-	1																			
Certified Internal Auditor (CIA)	1	1																			
CPA of R.O.C	-	2																			
Project Management Professional (PMP)	-	3																			
9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. <p>A. The Company has been participating in the "Corporate Governance Evaluation" jointly held by the Taiwan Stock Exchange and the Taipei Exchange; the Company has been ranked top 5% in the TWSE-listed companies for six consecutive years and has continued to be chosen as one of constituents of "Taiwan Corporate Governance 100 Index".</p> <p>B. The Company continues to promote the enhancement of various corporate governance mechanisms to adapt to the "corporate governance blueprint 3.0" announced by the FSC and responds to stakeholders' expectations through implementation of the five key strategies: maintaining shareholders' rights and interests, treating shareholders in a fair manner, increasing information transparency, strengthening the structure of the Board of Directors, and promoting sustainable development. It keeps creating values for stakeholders and anticipates setting an example for sustainable enterprises.</p>																					



## Composition, Responsibilities and Operations of the Remuneration Committee

Since Feb., 2014, the Company has stipulated that the Remuneration Committee shall be composed of all Independent Directors in accordance with the provisions of the Securities and Exchange Act. In order to implement the spirit of corporate governance, the Company operates under the "Remuneration Committee Charter", with the main purpose of supervising the following matters:

- (1) Formulating and reviewing regularly the performance evaluation and compensation policies, systems, standards and structures of the Directors and managers.
- (2) Regularly reviewing and formulating Directors' and managers' remuneration.

### 1. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Name	Professional Qualification Requirements & Work Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent director	Brian Y. Hsieh	Please refer to "Information Disclosure of Directors' Professional Qualifications and Independent Directors' Independence" on page 20		2
Independent director	Hong-So Chen			3
Independent director	Chieh Wang			0

### 2. Compensation Committee attendance

- (1) The Compensation Committee consists of 3 members.
- (2) Terms of office for current members: May 15, 2020, to May 14, 2023 for the third session. The most recent (2022) Compensation Committee has already convened meetings 6 times.

Date	Meeting/ session	Contents of Resolutions	Resolution of the Remuneration Committee	The Company's process of the opinions of the Remuneration Committee
2022.1.19	9th meeting of the 3rd session	2021 performance appraisal and year-end bonus of internal managers and other related parties	All attending members had no objection and the proposal was approved as proposed	None
2022.2.16	10th meeting of the 3rd session	2021 employee salary and Director remuneration distribution	All attending members had no objection and the proposal was approved as proposed	None
2022.3.31	11th meeting of the 3rd session	2021 performance evaluation of the Board of Directors and functional committees	All attending members had no objection and the proposal was approved as proposed	None
2022.4.27	12th meeting of the 3rd session	1. 2022 salary review of internal managers and other related parties. 2. 2022 promotion and salary adjustment of internal managers	All attending members had no objection and the proposal was approved as proposed	None
2022.7.27	13th meeting of the 3rd session	"Regulations Governing the Payment of Employee Salary in 2021" and distribution amount to the internal managers	All attending members had no objection and the proposal was approved as proposed	None
2022.10.26	14th meeting of the 3rd session	Amendment to the Company's "Regulations Governing Performance Evaluation of the Board of Directors and Functional Committees" and relative report was approved.	All attending members had no objection and the proposal was approved as proposed	None

(3) The attendance record of the Compensation Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy(A)	Attendance Rate (%) 【B/A】	Remarks
Convener	Brian Y. Hsieh	6	0	100%	-
Committee Member	Hong-So Chen	6	0	100%	-
Committee Member	Chieh Wang	6	0	100%	-

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

**Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons**

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		<p>The Company has submitted and reported to the Board on Oct. 2016 and then set up the CSR committee. At Jan., 2022, the CSR committee changed the name to “Sustainable Development Committee.” Since April 2022, the sustainable development department was established under the Financial &amp; Accounting Division and set its own independent budgets, being responsible for planning and implementing sustainable projects, and to coordinate cross-departmental related businesses.</p> <p>In order to strengthen the implementation of sustainable management, on July 27, 2022, the board of directors approved the promotion of the “Sustainable Development Committee” as a functional committee under the board of directors, consisting of 2 independent directors and 1 director, and the president serves as the chief executive officer with the sustainable development department serving as the secretariat unit. The chief responsible officer of each unit is responsible for the implementation of various sustainable development action projects, and reports to the board of directors at least twice a year. The board of directors supervises the promotion of sustainable development action projects and implementation results.</p> <p>The Sustainable Development Committee of the Company held a total of two meetings in 2022, and submitted the following resolutions to the board of directors: 1. The three-year future plan for sustainable development (2022-2024), including corporate human rights risk management, sustainable supply chain management, stakeholder communication improvement, and TCFD climate-related financial disclosure; 2. Science Based Targets initiative (SBTi) commitment introduction and approval of plan; 3. 2021 ESG implementation results report and 2022 ESG target plan; 4. Communication situation of the 3rd stakeholder forum in 2021.</p>	None
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or	V		<p>In 2022, based on the principle of materiality, and by analyzing international sustainable management trends and benchmarking enterprises' concerned sustainable issues, a list of material sustainable themes has been produced. Then, according to the guidelines of the “GRI Standards 2021 Edition” issued by the Global Reporting Initiative, and through diverse means such as cross-</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons						
	Yes	No	Summary description							
strategies?			<p>departmental workshops, questionnaire surveys of internal and external stakeholders, and stakeholder forums, 16 material themes have been identified. Furthermore, an impact analysis has been conducted based on the positive and negative impacts, identifying 16 positive and negative material issues, 3 positive and negative minor issues, and 2 positive and negative basic issues, and the 2022 “material theme identification matrix” has been generated. For details, please refer to the 2022 Sustainability Report.</p> <p>Risk assessment and management policies and strategies corresponding to each aspect of material themes are summarized as follows:</p> <table><tr><th>Aspect</th><th>Material issues</th><th>Description</th></tr><tr><td>Environment</td><td>Green packaging and logistics</td><td><p>1. Due to the characteristics of the e-commerce industry, packaging and logistics are the main environmental impact issues faced by the Company. With the aid of data and systems, our expert team studies analysis such as product inventory distribution and shipping packaging, reduces separate shipments from different warehouses and usage of cartons and packaging materials, and continues to expand circular packaging projects and develop sustainable packaging materials.</p><p>2. Beginning at the end of 2020, we have been following the government’s online shopping packaging reduction guidelines, and continue to promote the packaging material reduction policy. In 2022, the average weight of a single packaging material was 204.8g; a decrease of 6.9% (15.14g) compared with that for the full year of 2021; and the use of cushioning materials decreased by 17.6% compared with the same period in 2021. At the same time, we actively promote the circular packaging policy, collaborating with more than 800 stores of the supermarket chain “Simple Mart Retail Co., Ltd. in Taiwan in developing the recycling channel. In 2022, the total number of momo recycled bag collect points had exceeded 10,000, and the number of shipments had</p></td></tr></table>	Aspect	Material issues	Description	Environment	Green packaging and logistics	<p>1. Due to the characteristics of the e-commerce industry, packaging and logistics are the main environmental impact issues faced by the Company. With the aid of data and systems, our expert team studies analysis such as product inventory distribution and shipping packaging, reduces separate shipments from different warehouses and usage of cartons and packaging materials, and continues to expand circular packaging projects and develop sustainable packaging materials.</p> <p>2. Beginning at the end of 2020, we have been following the government’s online shopping packaging reduction guidelines, and continue to promote the packaging material reduction policy. In 2022, the average weight of a single packaging material was 204.8g; a decrease of 6.9% (15.14g) compared with that for the full year of 2021; and the use of cushioning materials decreased by 17.6% compared with the same period in 2021. At the same time, we actively promote the circular packaging policy, collaborating with more than 800 stores of the supermarket chain “Simple Mart Retail Co., Ltd. in Taiwan in developing the recycling channel. In 2022, the total number of momo recycled bag collect points had exceeded 10,000, and the number of shipments had</p>	
Aspect	Material issues	Description								
Environment	Green packaging and logistics	<p>1. Due to the characteristics of the e-commerce industry, packaging and logistics are the main environmental impact issues faced by the Company. With the aid of data and systems, our expert team studies analysis such as product inventory distribution and shipping packaging, reduces separate shipments from different warehouses and usage of cartons and packaging materials, and continues to expand circular packaging projects and develop sustainable packaging materials.</p> <p>2. Beginning at the end of 2020, we have been following the government’s online shopping packaging reduction guidelines, and continue to promote the packaging material reduction policy. In 2022, the average weight of a single packaging material was 204.8g; a decrease of 6.9% (15.14g) compared with that for the full year of 2021; and the use of cushioning materials decreased by 17.6% compared with the same period in 2021. At the same time, we actively promote the circular packaging policy, collaborating with more than 800 stores of the supermarket chain “Simple Mart Retail Co., Ltd. in Taiwan in developing the recycling channel. In 2022, the total number of momo recycled bag collect points had exceeded 10,000, and the number of shipments had</p>								

Evaluation Item	Implementation Status			Summary description	Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No			
				<p>reached 22,822. In addition, we also create the new operation mode of recycled cartons. From October 2022, working with Tzu Chi's seven major recycling education centers, we've been collecting cartons from consumers. After being screened by Tzu Chi volunteers, sterilized and refurbished by momo, the cartons will once again put into the ranks of recycled packaging materials. In 2022, a total of 1,946 cartons were refurbished and put into use again.</p> <p>3. To reduce the carbon emissions, momo promotes diversified green logistics action plans:</p> <ul style="list-style-type: none"> <li>• Offer the in-store pickup service in the four leading convenience stores nationwide.</li> <li>• In-store pickup service in the Taiwan Mobile's myfone stores</li> <li>• Continue to build satellite warehouses to optimize the short logistics network.</li> <li>• Purchase commercial electric 3-wheels year by year to fulfill green fleet transformation</li> <li>• Implement de-node measures to improve logistics efficiency</li> </ul>	
			Climate Governance and energy management	<p>momo introduced the environmental management system at the end of 2018 and established the "Environmental Management Committee" to formulate environmental security and health management policy. From 2019 to 2020, it has obtained the ISO 14001:2015 environmental management system certificate and ISO 14064-1 greenhouse gas inventory verification statement. momo has also completed the 14064-1:2018 version conversion in the second quarter of 2021, adding indirect emissions such as emissions from employee commuting, business travel, and organizational procurement of goods (paper), etc. In 2022, momo also promoted the SBT Science Based Targets and the TCFD climate-related financial disclosure project, carried out risk identification and goal setting, in order to</p>	

Evaluation Item	Implementation Status			Summary description	Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No			
				implement climate governance and energy and resource management.	
			Social	<p>Quality security requirements and inspections</p> <p>1. momo formulates guidelines for various products ,the QC department inspect product quality, composition, source, and whether the Chinese labels are correct and in compliance with various laws and regulations in Taiwan.</p> <p>2. Three types of inspections, including corrective inspection, preventive inspection and periodic inspection, were carried out for different types of products, with a total of 87,976 pieces; Continue to strengthen the ingredient traceability management, add borax residue testing and detection, and continue to add quality management items, striving to protect consumer rights.</p> <p>3. Expand the scope of the ISO 9001 quality management system to include the return and shipping links, strengthen relevant education and training, and promote the logistics and transportation system to achieve operational standardization, so as to lay a good foundation for the sustainable development of the organization.</p>	
			Customer privacy and information security	<p>The Company has set up the "Information Security Committee" and "Information Security and Personal Information Protection Team" under the board of directors, and regularly adopts the ISO 27001 Information Security Management System, ISO 27701 Personal Information Protection Management System and Payment Card Industry Data Security Standard (PCI DSS) to verify the effectiveness of information security management, and launched the "biometrics identification for bonus payment" project to enhance transaction security.</p> <p>Since 2021, the IVR logistics distribution transfer service and delivery form de-identification has been introduced and continuously optimized, converting the consumer's phone number into a</p>	

Evaluation Item	Implementation Status			Summary description	Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No			
				code, and simultaneously encrypting consumer's name, phone number, and address on the home delivery orders, so that the consumers can feel more at ease.	
			Human Rights management	Since the launch of corporate human rights management project in 2022, we follow the recommendations of the UN Guiding Principles on Business and Human Rights (UNGPs) to establish a human rights risk management mechanism and improve human rights policies. A list of major human rights risks has been identified, and the top five risks include: Product safety, privacy, forced labor, workplace health, work and labor conditions protection, and the corporate human rights due diligence has been promoted.	
			Corporate Governance	<p>Corporation Governance and Integrity management</p> <p>In 2022, for the sixth time, momo was ranked top 5% in the corporate governance evaluation among the TWSE-listed companies, and ranked top 10% in the non-finance, non-electronics TWSE/TPEX-listed companies with a market value of over 10 billion for four consecutive years (the first tier), and the ESG indicators have been included in the performance goal setting of senior executives, accounting for more than 10%.</p> <p>With its core value centered on "Integrity," momo keeps carrying out and strengthening compliance management, and creates a good compliance culture. It holds training sessions to help colleagues and partners understand laws and regulations; it also establishes a governing organization and implements the internal control mechanism to ensure all employees and operations in the Company are in compliance with relevant laws and regulations.</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons						
	Yes	No	Summary description							
3. Environmental Issues										
(1).Has the Company set an environmental management system designed to industry characteristics?	V		(1) Since the headquarters building and the Northern Logistics Center passed the ISO 14001 environmental management system verification in September 2019, the environmental safety and health management policies have been formulated, an “Environmental Management Committee” has been established, and the re-verification has been passed every year; in 2022, they passed the verification again, maintaining the operation of the environmental management system. The certificate of the ISO 14001 verification lasts from Sep. 24, 2022, to Sep. 23, 2025.	None						
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		(2) The Company continuously improves resource efficiency of various resources, including paperless operations, establishing waste recycling management plans, and it has also been committed to creating more environmentally friendly online shopping packaging. In addition to reducing the use of packaging materials from the source, it continues to develop sustainable packaging, such as: using 100% recycled pulp to make cartons. The Company actively improved energy efficiency by launching the innovative corn-starch decomposition bags, repulpable paper tapes, and honeycomb paper bags, as well as cooperating with Tzu Chi in the recycled cartons.	None						
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		(3) The Company introduces the TCFD climate-related financial disclosure project in 2022 to assess climate-related physical risks, transition risks and opportunities. Based on the climate risk identification table, identify and evaluate the potential risks brought by various instances of climate change in connection with the interaction between the organization’s operating activities, services, and the environment, identify risks and develop response measures and management methods.	None						
			<table><tr><th>Climate risk factors</th><th>Impact</th><th>Countermeasures and Action Plans</th></tr><tr><td>Increased cost of greenhouse</td><td>The regulations of the competent authority have increased the control of</td><td>1. Continue and expand ISO 14064-1 greenhouse gas inventory to expose the data in</td></tr></table>	Climate risk factors	Impact	Countermeasures and Action Plans	Increased cost of greenhouse	The regulations of the competent authority have increased the control of	1. Continue and expand ISO 14064-1 greenhouse gas inventory to expose the data in	
Climate risk factors	Impact	Countermeasures and Action Plans								
Increased cost of greenhouse	The regulations of the competent authority have increased the control of	1. Continue and expand ISO 14064-1 greenhouse gas inventory to expose the data in								



Evaluation Item	Implementation Status			Summary description	Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No			
			gas emissions	<p>greenhouse gas emissions year by year. Potential carbon risks such as total greenhouse gas emission amount control, carbon tax, carbon pricing and carbon trading plan will directly or indirectly affect the operating costs of enterprises.</p> <p>1. Carbon tax liability results in increased operating costs.</p> <p>2. Needs to purchase renewable energy, resulting in increased electricity costs and related expenses.</p>	<p>scope 3.</p> <p>2. Replacement of LED lamps or power-saving equipment in offices and warehouses.</p> <p>3. Planned construction of rooftop solar panels for new warehouses to increase the proportion of self-built renewable energy.</p> <p>4. Continue to pay attention to the development of Climate Change Response and Management Act and related policies such as carbon tax, carbon pricing, and carbon trading at home and abroad.</p>
			Increased extreme weather events - heavy rain, drought, typhoons	<p>Physical assets are damaged and operating costs increase.</p> <p>1. Owned assets face flooding, fire, etc., and are directly damaged by impact, which increases maintenance and repair costs.</p> <p>2. Natural disasters cause flooding, power outages, damage to inventory, and food spoilage, resulting in losses.</p> <p>3. More capital needs to be invested in building resilience enhancement, UPS installation, and repair/rebuilding of damaged facilities, resulting in increased building improvement costs.</p> <p>4. As the frequency and severity of natural disasters increase, related insurance costs thus increase.</p>	<p>1. Discuss with suppliers in advance to deal with extreme temperature changes, and jointly formulate action plans for when transportation or warehousing is impacted.</p> <p>2. Natural disasters may cause suppliers to be unable to supply as scheduled. The relevant continue to strengthen supplier management and communication.</p> <p>3. Check the vehicle condition of the self-operated fleet before departure and record the weather conditions on the day of the car accident. The Company find ways to prevent weather from affecting vehicle accidents by obtain and analyze information.</p>

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary description	
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		5. Power outages, traffic disruptions, equipment damage, and other issues due to extreme weather cause chain disruption, affecting company operations and customer rights.	None
			<p>Sea-level rise</p> <p>Due to the rise of sea level, the operation base is restricted and related losses are caused.</p> <p>1. Operating base being submerged, resulting in property damage.</p> <p>2. The construction site of the operation base is limited, and the related construction cost increases.</p>	
			<p>1. Include geographical area and surrounding environmental factors into important considerations for warehouse construction and management.</p> <p>2. The warehousing operates 24 hours a day, and in the event of an emergency warning, the operation of the local units will be connected horizontally.</p> <p>3. Through data system calculation and concatenation, it can be configured in response to order transfer, and the cooperation with multiple couriers can disperse the impact of climate risks on transportation capacity.</p>	
			<p>(4)</p> <p>A. The Company has carried out the ISO 14064-1 greenhouse gas inventory since 2016, and has passed the third-party verification every year. The verification was carried out in the second quarter of 2022. In order to strengthen the management of greenhouse gases, the Science-Based Targets (SBT) was introduced in 2022, calculating the future carbon reduction targets and paths with scientific methods.</p> <p>The greenhouse gas emissions in the past 3 years are as the Schedule below:</p>	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons																													
	Yes	No	Summary description																														
			<p style="text-align: right;">Unit: Metric ton CO<sub>2</sub>e</p> <table border="1"> <thead> <tr> <th colspan="2">Year</th><th>2019</th><th>2020</th><th>2021</th></tr> </thead> <tbody> <tr> <td>Direct emissions</td><td>Category I</td><td>357.31</td><td>337.92</td><td>384.99</td></tr> <tr> <td rowspan="2">Indirect emissions</td><td>Category II</td><td>5,939.59</td><td>5,353.62</td><td>7,384.91</td></tr> <tr> <td>Category III</td><td>-</td><td>3,663.90</td><td>2,204.74</td></tr> <tr> <td colspan="2">Total emissions</td><td>6,296.90</td><td>9,355.43</td><td>9,974.64</td></tr> <tr> <td colspan="2">Emission intensity</td><td>3.35</td><td>3.80</td><td>3.60</td></tr> </tbody> </table> <p>Note 1: Greenhouse gas emissions data had been verified by the British Standards Institution (BSI).</p> <p>Note 2: The emission intensity is calculated by dividing the total greenhouse gas emissions (metric ton CO<sub>2</sub>e) of the current year by the total number of persons hired by the headquarters and the actual number of stationed personnel (including the personnel stationed in from the dispatch company) in the north logistics center and 4 warehouses at the end of the current year.</p> <p>Note 3: The base year for the inventory is 2021, according to the Global Warming Potential (GWP): 5th evaluation report by the IPCC.</p> <p>B. The water used is mainly water for household use, and the wastewater is discharged into the sewage treatment plant for processing according to the effluent standards set by the government as the upper limit. In addition, we regularly promote water conservation among employees, and control the temperature of workplaces and the room cooling efficiency in summer, etc. In the future, we will continue to introduce water-saving equipment and employee promotion, and set water-saving goals to manage and control water resources. The goal for 2023 is to reduce the per capita water consumption of the headquarters building by 1% compared with the base year (2022).</p>	Year		2019	2020	2021	Direct emissions	Category I	357.31	337.92	384.99	Indirect emissions	Category II	5,939.59	5,353.62	7,384.91	Category III	-	3,663.90	2,204.74	Total emissions		6,296.90	9,355.43	9,974.64	Emission intensity		3.35	3.80	3.60	
Year		2019	2020	2021																													
Direct emissions	Category I	357.31	337.92	384.99																													
Indirect emissions	Category II	5,939.59	5,353.62	7,384.91																													
	Category III	-	3,663.90	2,204.74																													
Total emissions		6,296.90	9,355.43	9,974.64																													
Emission intensity		3.35	3.80	3.60																													

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons																																					
	Yes	No	Summary description																																						
			<p>The water consumption is as follows:</p> <table><tr><td>Water usage amount</td><td>Unit</td><td>2020</td><td>2021</td><td>2022</td></tr><tr><td></td><td>Cubic meters</td><td>39,404.00</td><td>48,816.70</td><td>52,407.88</td></tr><tr><td>Employee water-consumption density</td><td>Consumed units/number of persons</td><td>18.69</td><td>17.78</td><td>17.27</td></tr></table> <p>Note : The disclosure include momo building in 2020 ; The disclosures include momo building, the north logistics center and 4 warehouses in 2021 and 2022.</p> <p>C. The waste management policy includes the reduction of paper usage and the amount of waste in the headquarters building:</p> <p>(1) The setup of the printer control system led to the reduction of the per capita paper consumption by 17.14% compared with 2020.</p> <p>Paper usage in the headquarters building</p> <table><tr><td>Item</td><td>2020</td><td>2021</td><td>2022</td></tr><tr><td>Total paper usage</td><td>1,606,122</td><td>1,354,911</td><td>1,615,370</td></tr><tr><td>Per capita usage</td><td>1,156.32</td><td>929.37</td><td>958.11</td></tr></table> <p>Note 1: Paper size: A4,210mm x 297mm</p> <p>(2) The amount of waste generated per capita in the momo building was reduced by 20.18% compared with 2020.</p> <p>The amounts of waste is in the following table:</p> <table><tr><td>Amount of waste generated per capita</td><td>Unit</td><td>2020</td><td>2021</td><td>2022</td></tr><tr><td></td><td>ton/person</td><td>0.0167</td><td>0.0144</td><td>0.0133</td></tr></table> <p>Note: The amount of waste generated per capita: Total amount of waste in momo office building / total number of people in momo office building</p>	Water usage amount	Unit	2020	2021	2022		Cubic meters	39,404.00	48,816.70	52,407.88	Employee water-consumption density	Consumed units/number of persons	18.69	17.78	17.27	Item	2020	2021	2022	Total paper usage	1,606,122	1,354,911	1,615,370	Per capita usage	1,156.32	929.37	958.11	Amount of waste generated per capita	Unit	2020	2021	2022		ton/person	0.0167	0.0144	0.0133	
Water usage amount	Unit	2020	2021	2022																																					
	Cubic meters	39,404.00	48,816.70	52,407.88																																					
Employee water-consumption density	Consumed units/number of persons	18.69	17.78	17.27																																					
Item	2020	2021	2022																																						
Total paper usage	1,606,122	1,354,911	1,615,370																																						
Per capita usage	1,156.32	929.37	958.11																																						
Amount of waste generated per capita	Unit	2020	2021	2022																																					
	ton/person	0.0167	0.0144	0.0133																																					
4. Social Issues (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		(1) The Company discloses work policies, performance evaluation criteria, etc. internally for employees to peruse and gain understanding of relevant labor regulations and basic rights (I) In accordance with current relevant laws and regulations, including the Labor Standards Act, Employment Service	None																																					

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary description	
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		<p>Act, and Act of Gender Equality in Employment, the Company completed the formulation of the human rights policy on May 18, 2017 and introduced human rights project in 2022 to refine the content of the human rights policy, implement the corporate human rights education and training, identify material human rights risks, and formulate human rights risk mitigation and remedial measures. In the identified list of material human rights risks, the top five risks include: product safety, privacy, forced labor, workplace health, work and labor conditions protection. The Company also promotes corporate human rights due diligence and develops mitigation measures to ensure that basic human rights are not violated, so that both internal and external individuals related the Company can be treated with fairness and dignity. The Company discloses work policies, performance evaluation criteria, etc. internally for employees to peruse and gain understanding of relevant labor regulations and basic rights.</p> <p>(2)</p> <p>A. Implementing reasonable measures for employee benefits: The Company attaches great importance to labor human rights, and strictly abides by the Labor Standards Act, the Act of Gender Equality in Employment, and the Occupational Safety and Health Act. The work conditions and leave system of each employee are in compliance with the laws and regulations, and they enjoy statutory benefits and protections; according to regulations, a labor-management meeting is held every quarter for the labor-management representatives to discuss issues such as optimizing labor rights, employee benefits, and improving the workplace environment (related to occupational safety and health) to enhance labor-management communication.</p> <p>The Company also regularly monitors the salary situation of the market, and provides grassroots employees with a starting salary standard that is higher than the statutory basic salary, regardless of gender, age, race, etc.; instead, the Company gives employees fair and reasonable salary and treatment according to conditions such as education and work experience, work and ability performance, and expertise, establishing a working environment where the right person is in the right place.</p>	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary description	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		<p>B. Business performance and results are appropriately reflected in employee compensation: Employee salary structure includes mainly the monthly salary, year-end bonus, and employee compensation. Among which, the payment standard for the amount of year-end bonus and employee compensation is made considering the contribution to the Company's operations, the achievement rate, and the annual performance appraisal based on employee performance management measures. Employee compensation shall be handled in accordance with the Company's Articles of Incorporation. If the Company makes an annual profit, it shall allocate 0.1% to 1% as employee compensation, however, the Company's accumulated losses, if any, shall have been covered in advance. For the year-end bonus, the distribution amount shall be determined based on the annual business performance.</p> <p>A. The establishment of the Company's dedicated occupational safety and health management unit or personnel: The headquarters building and the Northern Logistics Center passed the verification of the ISO 45001 occupational health and safety management system in September 2020, the environmental safety and health management policies have been formulated, an "Occupational Safety and Health Committee" has been established, and the re-verification was passed in the third quarter of 2022. The Company has set up an Occupational Safety and Health Committee. Members of the Committee include occupational safety and health personnel, various department heads, registered nurses, and labor representatives. There are 26 members of the Committee, in which 38% are labor representatives. Meetings are held once a quarter to discuss, coordinate and plan together relevant regulations on safety, hygiene, and health promotion. The occupational safety and health management system covers full-time employees, contracted employees, temporary workers, and contractors to provide comprehensive care-taking and build solidarity for workplace safety.</p>	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary description	
			<p>The term of ISO 45001 certification is from September 15 2020 to September 14 2023..</p> <p>B. Operating environment check Endeavors to establish a safe occupational environment. The protection measures adopted for the operating environment and operators are as follows:</p> <p>(A)Within a defined range, personnel shall be prohibited from entering the work environment. Machinery and equipment inspection shall be performed in accordance with laws and regulations; reports and hazard notification shall be publicized at the work site.</p> <p>(B)Work personnel shall (regularly) undergo health check-ups and special hazard health check-ups. Further evaluation and health education shall be arranged for any personnel that is found to have an abnormal result and requires management.</p> <p>C. Key health and safety implementation status: The principles of health and safety management are disclosures in the Company website. The implement of key task is following :</p> <p>(A)The labor health and safety management plan, labor health and safety code of practice, application for occupational injury claims and management specifications related to various hazardous operations were drafted in accordance with laws and regulations.</p> <p>(B)Measures for a safe and healthy working environment: implement self-check for all mechanical equipment and tools on daily, weekly, monthly, quarterly, half-yearly and annual basis according to the checklist items to ensure operation safety of mechanical equipment; provide special workplaces, with monitoring the working environment according to law and publishing the report on the working site; equip the office buildings with comprehensive fire system, and regularly inspect and declare in accordance with the law; conduct annual smear test report on radioactive material for quality control testing instruments; carry out floor cleaning and disinfection of pests, bacteria and rodents every month, and increase the frequency of pest control and disinfection operations in summer; perform regular monthly self-check of occupational safety and health matters on the logistics and</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																										
	Yes	No	Summary description																											
			<p>warehousing site, quarterly self-check of the contractor’s commodity distribution business safety specifications, and spot checks on whether the on-site operators follow the relevant work specifications and management regulations.</p> <p>(C)Educational training: implement occupational safety and health education and training in accordance with laws and regulations for new, in-service personnel, and personnel with special hazards risks, etc. and retain data for future reference; work with the building management organization to implement fire drill lectures and conduct on-site escape drills for employees every six months, and the number of participants this year is 254; regularly hold initial training and second-level training courses for workplace first aid personnel every year, and the number of qualified personnel is 100; strengthen employees’ first aid awareness in the workplace every year, including AED and CPR instruction, with a total of 12 participants.</p> <p>D. Industrial safety inspection operation</p> <table> <tr> <th>Item</th> <th>Operation frequency</th> </tr> <tr> <td>Fire drill lectures and field evacuation drills for employees</td> <td>Every six months</td> </tr> <tr> <td>Operating environment monitoring</td> <td>Every six months</td> </tr> <tr> <td>Water testing for drinking fountains</td> <td>Quarterly</td> </tr> <tr> <td>Pest, bacteria and rodent disinfection project</td> <td>Monthly</td> </tr> <tr> <td>Occupational safety and health surveillance unit</td> <td>Monthly</td> </tr> <tr> <td>Occupational safety and health educational training</td> <td>Weekly</td> </tr> </table> <p>E. Occupational safety and health related certification</p> <table> <tr> <th>Occupational safety and health management personnel with professional certification</th> <th>Number of certificate holders</th> </tr> <tr> <td>Occupational safety management specialist</td> <td>3</td> </tr> <tr> <td>Occupational safety and health management personnel</td> <td>4</td> </tr> <tr> <td>Labor health services nursing staff</td> <td>4</td> </tr> <tr> <td>First-aid personnel</td> <td>100</td> </tr> <tr> <td>Operators of forklifts over 1 ton</td> <td>105</td> </tr> </table>	Item	Operation frequency	Fire drill lectures and field evacuation drills for employees	Every six months	Operating environment monitoring	Every six months	Water testing for drinking fountains	Quarterly	Pest, bacteria and rodent disinfection project	Monthly	Occupational safety and health surveillance unit	Monthly	Occupational safety and health educational training	Weekly	Occupational safety and health management personnel with professional certification	Number of certificate holders	Occupational safety management specialist	3	Occupational safety and health management personnel	4	Labor health services nursing staff	4	First-aid personnel	100	Operators of forklifts over 1 ton	105	
Item	Operation frequency																													
Fire drill lectures and field evacuation drills for employees	Every six months																													
Operating environment monitoring	Every six months																													
Water testing for drinking fountains	Quarterly																													
Pest, bacteria and rodent disinfection project	Monthly																													
Occupational safety and health surveillance unit	Monthly																													
Occupational safety and health educational training	Weekly																													
Occupational safety and health management personnel with professional certification	Number of certificate holders																													
Occupational safety management specialist	3																													
Occupational safety and health management personnel	4																													
Labor health services nursing staff	4																													
First-aid personnel	100																													
Operators of forklifts over 1 ton	105																													



Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary description	
(4) Has the Company established effective career development training programs for employees?	V		<p>F. Safe and healthy work environment for employees</p> <p>(A) The types of employee occupational disasters applied for in 2022 included traffic accidents in the workplace and outside the workplace. In the event of occupational disasters, immediately takes necessary first aid, rescue, and other measures, furthermore, it reports to the occupational safety and health committee and confirms the improvement measures and methods to enhance protection, so as to eliminate the chance of disaster. There was a total of 40 occupational disasters in 2022. Rehabilitation assistance was provided to employees suffering from occupational injury, such as adjusting work content and location, or wound care and health education. A total of 38 colleagues returned to work, with a return rate of 95.0 %.</p> <p>(B) During the COVID-19 pandemic, the Company assembled a "COVID-19 Response Team" to adopt an emergency response mechanism by grades and various pandemic-prevention measures; in 2022, through the Company's EAP (Employee Assistance Program), we took the initiative to intervene and appease employees quarantined due to pandemic prevention and cared for a total of 900 people after they returned to work.</p> <p>(C) Establishing a comprehensive maternal and child care system, holding online lectures on maternity care issues, and provide pregnant and postpartum employees with assistance such as health education and care.</p> <p>(D) Complaint channel with specially assigned personnel is set up to provide all kinds of assistance and protect employees. It has been declared and announced that all employees are protected from wrongful physical or mental violations in the workplace that would result in physical and mental illness. Any incident of violence or sexual harassment is absolutely prohibited.</p> <p>(4) The company has established educational training policies, which plan and execute training programs for new employees as well as on-job training programs for current employees and managerial roles. It also provides employee subsidies for external trainings to encourage employees' professional advancement and development.</p>	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary description	
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		<p>Training structure is divided into six categories, namely, new personnel training, professional functional training, e-learning, excellent service and development, team consensus and self-growth, and management training. Every year, according to the training blueprint, we plan the training of each job category in a(n) orderly and systematic way, and ensure the quality of training and the implementation of learning. We understand the needs and make plans before the class, implement tracking after the class, and make follow-up improvements for the class. The satisfaction toward the course increases year by year and has reached 95 points; the total cost invested is NT\$4,120,771 the total number of trainees is 49,223, and the total training hours are 121,463 hours.</p> <p>(5) The Company closely follows up on the updates and trends regarding the laws and regulations of customer rights and interests (such as the Fair Trade Act, the Commodity Labeling Act, the Cosmetic Hygiene and Safety Act, the Act Governing Food Safety and Sanitation, the Health Food Control Act, the Medical Devices Act, the Pharmaceutical Affairs Act, the Personal Data Protection Act, and the Consumer Protection Act), and the dedicated unit carries out the promulgation and formulation of policies (such as customer privacy policy) and corresponding measures. In addition to the aforementioned specific actions on product and service marketing labeling, the Company implements key educational training to strengthen employees' and collaborating suppliers' legal awareness regarding consumer protection, advertising, and right to privacy. It also has open and transparent channels and dedicated units to assist consumers in various consultation and service needs and disclose the rights and obligations of customers (customer service terms).</p> <p>For customer privacy protection, the Company has set up the "Information Security Committee" and "Information Security and the Personal Information Protection Team", and regularly adopts the ISO 27001, ISO 27701 and Payment Card Industry Data Security Standard (PCI DSS) to verify the effectiveness of information security management. Since 2021, the IVR logistics distribution transfer service and delivery form de-identification has been introduced, converting the consumer's phone number into a code and encrypting consumer's personal information on the delivery form, so that the consumers can feel more at ease.</p>	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary description	
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		<p>(6)</p> <p>A. Policies and regulations</p> <p>a. The Company implements the occupational safety and health management system specifications through the level 2 documentation in ISO45001, which are applicable to various work areas, personnel, contracting and outsourcing operations, and specifies the business scope that each responsible unit shall pay attention to and implement in accordance with the specifications.</p> <p>b. There is the Corporate Social Responsibility Code of Practice for Suppliers, and the new sustainable development principles for Suppliers in 2023, and the content is disclosed in the suppliers' back-end management system. Which cooperating suppliers shall abide by to promote the balance and sustainable development of economy, society and eco-environment.</p> <p>c. Suppliers need to pass basic corporate governance and financial structure review, and sign related terms such as privacy rights, personal data regulations, ethical management statements, commodity intellectual property rights, and information security. The completion rate is 100%. Suppliers who sell special commodities (such as medical equipment, food, and luxury goods) are required to sign and return the guarantee letter and provide relevant certificates in accordance with laws and regulations.</p> <p>B. Implementation status:</p> <p>a. Before the contractors enters the site to work, they must complete the "Hazard Notification" and submit the relevant forms to the labor safety and health department for filing and reference. The applying unit may hold a safety and health meeting when necessary for the contractor to explain the control measures, and a "safety and health meeting minutes" shall be made.</p> <p>b. Before the contractor enters the site for construction, the applying unit shall conduct safety and health hazard identification and risk assessment for the construction steps, and propose risk control measures; in addition, the planning of the measures shall consider the priority of the risk control hierarchy.</p>	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary description	
			<p>c. In 2022, 2,206 "Supplier Personal Information Protection Self-Assessment Form" questionnaires were collected, and for the 12 suppliers that needed to strengthen information security protection, coordinators were arranged to conduct interviews by telephone.</p> <p>d. Carry out quality management visits to international luxury goods vendors, and actually go to the factory to inspect products, confirm their sources, warehouse management, operating status and evaluate other items; for beauty and healthcare related items, it is necessary to review the certification of the manufacturer first, and then determine whether to perform audit of the manufacturer. The audit process includes environment and process confirmation, and raw material and product inspection and control.</p>	
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	V		<p>The Company's sustainability report is written in accordance with the Sustainability Reporting Principles (GRI Standards) issued by the Global Sustainability Standards Board, and the ESG information related to stakeholders is disclosed in accordance with the e-commerce industry indicators issued by the Sustainability Accounting Standards Board (SASB). The content disclosed in the sustainability report follows the AA1000 v3 assurance standard and meets the core options of the GRI sustainability reporting standard. The ESG information is disclosure in accordance with the Sustainability Accounting Standards Board(SASB). The Compant has obtained an independent assurance opinion statement issued by the British Standards Institution (BSI).</p>	None
<p>6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations:</p> <p>In Jan., 2016, this company's board of directors had resolved to approve the "Guidelines of Corporate Social Responsibility." Any operations related to corporate social responsibility shall follow the connotations and relevant regulations as stated in the practical guidelines. In response to the international development trend, the implementation of the goal of sustainable development, the strengthening of the Company's implementation of sustainable development promotion, and the compliance with the amendments to the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies" promulgated by the Taiwan Stock Exchange, including their renaming into "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and provisions, the Company's "Corporate Social Responsibility Best Practice Principles" were thus amended, with the name being changed into " Sustainable Development Best Practice Principles". Such amendment was approved by the resolution of the Corporate Social Responsibility Committee in January and implemented after the approval of the board of directors in February. It is proposed to report such amendment in the 2022 annual general shareholders' meeting.</p>				
7. Other important information to facilitate better understanding of the company's promotion of sustainable development:				

Evaluation Item		Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
		Yes	No	Summary description	
In response to the opportunities and challenges brought by the risks faced by various corporate operations, as well as issues of concern to stakeholders, the Company launched the CSR vision project at the end of 2019. Continuing “everything in life, everything in momo” as the development foundation, the Company is committed to building the six major values of brand, products, services, green consumption, talent, and society starting from the five major aspects of “Partnership · Sustainable consumption and operation”, employees and friendly workplace, and seeking the common good for the society.” The Company hopes to use the power of the e-commerce platform to provide Taiwanese consumers and society with a “blueprint for sustainable living.”					
blueprint for sustainable living		momo’s Sustainable Values	Upholding 9 Major Strategies	momo’s Commitment	
Mutually beneficial partnership for a better life	Pay attention to the needs of stakeholders, continue to maintain good interaction with them, and deepen the coordination with value chain partners to achieve common prosperity with the industrial ecosystem; continue to focus on sustainable governance, strengthen the establishment and communication of sustainable brand, and manage and govern all matters in a steady manner.	Brand Value	Strengthen corporate governance Protect shareholders' interests Sound supply system	<ul style="list-style-type: none"><li>● Keep strengthening the corporate ethical management, and maintaining stability and an outstanding operating performance.</li><li>● Continue to improve the management of momo’s suppliers, which includes not only assuring suppliers’ product quality and safety continuously, but also checking the environmental and social impacts that are possibly imposed by the suppliers constantly.</li><li>● Endeavor to safeguard consumers’ rights and interests, and through the conveyance of the importance of personal information protection and relevant protection techniques to the suppliers, and requiring the suppliers to enhance their awareness and standards of information security at the same time, we prevent consumers’ rights and interests from being harmed as a result of a leakage of consumers’ personal information.</li></ul>	
A new lifestyle of sustainable consumption	Committed to growing consumers' awareness of sustainable consumption and enabling consumers to support sustainable consumption at the time of making purchases by increasing the ratio of sustainable products, promoting relevant initiatives, and making responsible disclosures; With an emphasis on consumer feedbacks and service experiences, we strive to provide customers with the best purchase journeys by discretely managing and inspecting product qualities, grasping details of responsible	Product value Service value	Preserve quality and safety Enhance service quality	<ul style="list-style-type: none"><li>● With complete quality inspection program to provide consumers the products that comply with laws and regulations.</li><li>● Develop diverse payment methods and add pick-up locations for online purchases constantly, thereby allowing consumers to make purchases with ease.</li><li>● Step up measures for personal information protection and information security management to carefully guard consumers’ information security.</li><li>● Promote sustainable consumption and require suppliers to fully label products and disclose relevant contents so as to promote responsible consumption and ensure consumers purchase good and safe products.</li><li>● Provide consumers with products (food) and services that are safe and having a positive impact on the environment, in order to promote environmental protection and create a win-win situation for consumers.</li></ul>	

Evaluation Item		Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
		Yes	No	Summary description	
	products, and catering to customers' demands				<ul style="list-style-type: none"> <li>● Continue to conduct environmentally friendly purchases and create a green economic industry under partnership with others, thereby embracing a new lifestyle of sustainable consumption.</li> </ul>
Sustainable green life	Focus on environmental management, strive to reduce the negative impacts of commercial activities on the environment, enhance the management of resources and waste, development of green products, green logistics and packaging, green low-carbon transportation, green accounting, etc., and cooperate and exchange opinions with the suppliers to mitigate environmental impacts, thereby implementing all details of green e-commerce and building up a green lifestyle jointly.			Continue energy conservation and carbon reduction efforts	<ul style="list-style-type: none"> <li>● Set up a sound environment management system and operating system.</li> <li>● Reduce greenhouse gas emissions and environmental impacts posed by energy consumption.</li> <li>● Increase the ratio of green procurement (Note).</li> <li>● Boost the Company's internal awareness of environmental sustainability through training sessions.</li> <li>● Continue to draw up relevant action plans to reduce environmental impacts caused by logistics.</li> <li>● Reduce waste and environmental impacts caused by packaging materials by following the "Online Shopping Package Downsizing" guidelines stipulated jointly by the Environmental Protection Administration, Executive Yuan, online shopping vendors, package manufacturers, and carriers and logistics companies.</li> </ul> <p>(Note): The scope of green procurement includes trunks, scooters, computer, MFP, air conditioner, and electrical equipment.</p>
Healthy and equal life	Emphasize employees as partners of sustainable operations, protect employees' welfare, create a diverse, equal, and healthy workplace, and carefully look after employee-related matters while offering a friendly workplace; such acts express the company's original intention to care for employees.			Show caring for employee welfare Promote talent development	<ul style="list-style-type: none"> <li>● Continue to comply with labor-related laws and guarantee employees legal and reasonable work hours and wages.</li> <li>● Continue to convey the idea of gender friendliness, diversity and equality through training sessions; build up a gender-friendly, diverse and inclusive workplace.</li> <li>● Attract talent retention, and keep conducting and expanding the employee welfare system.</li> <li>● Plan a comprehensive training system for participants ranging from new recruits to supervisors, continue to provide employees with training and development opportunities for diverse career paths, and establish a complete talent cultivation plan.</li> <li>● Deepen the conveyance and implementation of human right topic</li> <li>● Strengthen the occupational security and health management system and guarantee the workplace safety in accordance with the environmental safety and health management policy.</li> </ul>

Evaluation Item		Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
		Yes	No	Summary description	
					<ul style="list-style-type: none"> <li>● Provide employees with physical and mental health care services and promotion activities.</li> </ul>
Mutually beneficial society for a happy life	Through the influence of the e-commerce platform, assist NGOs and NPOs to promote public welfare activities, continue to deepen and promote related projects connected with the Company's e-commerce business, and pay attention to issues that the public cares about, keep investing in social public welfare matters, and create a social circle of mutual benefit and common prosperity.		Social value	Exert to fulfill corporate responsibility	<ul style="list-style-type: none"> <li>● Keep focusing on eliminating topics involving hunger and decrease inequality, and appeal for momo members and resources of the Fubon group via the online public welfare platform to hold relevant public welfare events and projects for three major groups, which are disadvantaged women and children, care for the elderly, and people with disabilities.</li> <li>● Continue to support sound development of domestic sports industry.</li> </ul>

## Ethical Corporate Management

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(1) The company has established the "Ethical Corporate Management Best Practice Principles" to regulate its good faith policies. For employees, managers, and directors to acknowledge and follow these principles, the company organizes awareness programs on a regularly basis and monitors through the company's internal control system.	None
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	V		(2) This company constructed effective accounting and internal control systems in response to business activities that are prone to greater risks of violating the good faith principles. In order to ensure that the system design and execution remain effective, there are no external or hidden accounts. Reviews may always be conducted.	None
(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		(3) The company's "Ethical Corporate Management Best Practice Principles" clearly prohibits any acts of bribery, illegal political contributions, inappropriate charitable donations or sponsorships, and unreasonable gifts and treats. Any other inappropriate interest prevention programs and procedures are also regulated by the principles. These principles are advocated and explained to new employees upon their arrivals; relevant announcements and notifications are released to employees, managers, and directors periodically to enhance the concept of good faith and self-discipline.	None
2. Ethical Management Practice				
(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		(1) The company avoids trading with any parties that have the records of violating the good faith principles in the past. The provision of good faith behaviors shall be clearly outlined in relevant commercial contracts.	None



Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		<p>(2) momo has established the "Ethical Corporate Management Best Practice Principles" and disclosed them on the Company's official website and internal employee section. From March 2021, the Legal Office has been the dedicated unit for promoting corporate ethical management and has been responsible for assisting the Board of Directors and management in formulating and supervising the ethical management policy and preventive schemes to ensure the implementation of the Ethical Corporate Management Best Practice Principles. It reports the implementation status and results to the Board of Directors on a yearly basis.</p> <p>2022 Implementation Status:</p> <p>A. Identification and implementation of laws and regulations: The implementation of laws and related internal regulations is an important link for the Company to ensure the implementation of ethical management operations. The Company continuously tracks and evaluates the changes in laws and regulations every year to ensure that there are corresponding internal regulations to follow for the potential risks and impacts that may be caused.</p> <p>B. Educational training: In order to ensure that all employees realistically understand and comply with the ethical corporate management principles, the Company includes in new recruits' orientation the rule of law concepts, such as moral code of conduct and ethical corporate management guidelines, and schedules online courses annually to enhance the concept of integrity and self-discipline. The scope of the course covers Ethical Corporate Management Best Practice Principles, Code of Ethical Conduct, Promotion of business secrets and anti-corruption and anti-bribery, etc.</p>	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>C. Scheduled inspections: momo has explicitly stipulated in its "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" the preventive measures against and handling procedures for offering and acceptance of bribes, offering illegal political donations, improper charitable donations or sponsorship, offering or acceptance of unreasonable presents or hospitality, or other improper benefits. When engaging in commercial activities, it shall avoid engaging in transactions with those having a record of unethical conducts, and expressly specify in relevant commercial contracts provisions of ethical conducts. Every year all units shall carry out the self-assessment of compliance and internal control system to ensure effective controls and implementation. The Internal Audit Office shall conduct independent audits to ensure effective execution of the entire mechanism.</p> <p>D. A definite reporting mechanism: In order to implement the company's rules governing moral code of conduct and Ethical Corporate Management Best Practice Principles and encourage reporting of any illegal conducts or acts in violation against moral code of conduct and Ethical Corporate Management Best Practice Principles, momo has established the "Measures for Handling Cases of Illegal and Unethical or Dishonest Conduct" and disclosed such on the Company's official website and its internal employee portal. Such Measures have designated an authorized unit to accept whistle-blowing cases, whistle-blowing channels, and handling procedures, and established the company's internal and external whistle-blowing channels and handling procedures, thereby ensuring the implementation of the company's rules governing moral code of conduct and Ethical Corporate Management Best Practice Principles, as well as the legal rights and interests of whistle-blowers and counterparties.</p>	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		Whistle-blowing cases may be raised via three channels, which are "Reported in Person," "Reported by Phone," and "Reported by Letter." momo has established an independent whistle-blowing mailbox and hotline, and disclosed an email address to which the Audit Committee (Independent Director) directly has access. If the whistle-blowing case involves a Director or senior supervisor, it will be reported to Independent Directors. A protection system for the whistle-blower will be introduced to realistically keep the whistle-blower's identity and case details confidential, and commitments shall be made to protect the whistle-blower from being punished improperly owing to the whistle-blowing case, which were mainly business service arguments and advancements of operating procedures. Under the premise of keeping the identity of the whistle-blower confidential, momo has investigated the whole story and adopted proper enhancement measures to implement ethics transparency acts.	None
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		(3) The company's Ethical Corporate Management Best Practice Principles clearly outlines the policy for prevention of interest conflicts. The discovery of any violations shall be reported to the audit committee, managers, and internal audit supervisors.	None
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		(4) The company's management has constructed effective accounting and internal control systems for the internal audit personnel to plan and execute reviews ranging from the highest-level risks to the lowest-level risks. The results of the reviews did not find any violations to the good faith principle.	None
			(5) In order to enable employees, managers, and Directors to know and abide by the good faith principles for corporate, Company presents organization policies and procedures to employees on their first day	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																							
	Yes	No	Summary description																								
			<p>at work. And Company regularly holds online courses and tests every year to enhance the concept of good faith and self-discipline. As for business activities with higher unethical risks, the Company has established an effective accounting system and internal control system. There are no external accounts or secret accounts kept, and the systems are reviewed at all times to ensure that their design and implementation continue to be effective.</p> <p>Tests are designed for online courses scheduled for in-service employees annually. All employees are required to complete the course and their scores must reach 80 to pass the test. 100% of the in-service employees during the span of the course of 2022 completed the online course and passed the test.</p> <p>The results of the 2022 implementation:</p> <table><tr><th>Course name</th><th>Course enrollments</th><th>Sessions</th><th>Hours</th><th>Total hours</th><th>Description</th></tr><tr><td>New recruits orientation (Physical / online courses)</td><td>1,204</td><td>51</td><td>3</td><td>3,612</td><td>100% of the reported new employees completed the orientation. (note)</td></tr><tr><td>Ethical Corporate Management Best Practice Principles, moral code of conduct, anti-corruption, and anti-bribery (online courses) for employees.</td><td>3,430</td><td>1</td><td>1</td><td>3,430</td><td rowspan="2">100% of in-service employees during the span of the course completed the online course and passed the test</td></tr><tr><td>Internal major information processing and insider trading prevention (online course)</td><td>3,420</td><td>1</td><td>1</td><td>3,420</td></tr></table>	Course name	Course enrollments	Sessions	Hours	Total hours	Description	New recruits orientation (Physical / online courses)	1,204	51	3	3,612	100% of the reported new employees completed the orientation. (note)	Ethical Corporate Management Best Practice Principles, moral code of conduct, anti-corruption, and anti-bribery (online courses) for employees.	3,430	1	1	3,430	100% of in-service employees during the span of the course completed the online course and passed the test	Internal major information processing and insider trading prevention (online course)	3,420	1	1	3,420	
Course name	Course enrollments	Sessions	Hours	Total hours	Description																						
New recruits orientation (Physical / online courses)	1,204	51	3	3,612	100% of the reported new employees completed the orientation. (note)																						
Ethical Corporate Management Best Practice Principles, moral code of conduct, anti-corruption, and anti-bribery (online courses) for employees.	3,430	1	1	3,430	100% of in-service employees during the span of the course completed the online course and passed the test																						
Internal major information processing and insider trading prevention (online course)	3,420	1	1	3,420																							

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>Note: 3-hour orientation for new recruits, and the course content is as follows:</p> <ol style="list-style-type: none"> <li>1. Courses related to human rights issues (employee rights work rules and related management measures, conveyance of the Act of Gender Equality in Employment and Sexual Harassment Prevention Act, sexual harassment prevention and control measures, complaints and disciplinary measures, and instructions on employee suggestions and complaint channels).</li> <li>2. Conveyance of Ethical Corporate Management Best Practice Principles, Code of Ethical Conduct, Trade Secrets Act, insider trading prevention, and anti-corruption anti-bribery for employees.</li> <li>3. Information security and personal data protection act, external protection against hacker attacks, internal protection against leakage, and introduction to computer use and training on Occupational Safety and Health Act for laborers.</li> </ol>	
<p>3. Implementation of Complaint Procedures</p> <p>(1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?</p>	V		<p>(1) The Company has formulated the "Code of Conduct for Reporting Illegal, Unethical or Dishonest Cases", and has established three convenient reporting channels of "in-person reporting", "telephone reporting by phone" and "reporting by letter". Spokespersons and acting spokespersons will accept reports from stakeholders such as shareholders and investors, and the audit supervisor will accept reports from internal colleagues, customers, suppliers, and contractors of the Company. If the whistleblower case is verified to be true, and the contribution to the Company and the economic benefits generated are significant, the acceptance unit may submit a proposal to the chairman for approval of the whistleblower reward, and if the reward criteria are met, the whistleblower may be awarded an amount equal to 5% of the unjustified enrichment of the whistleblower</p>	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V		case as the whistleblower reward. However, the reward for reporting each case shall be limited to a maximum of NT\$100,000. (2) The Company undertakes to strictly protect the identity information of the whistleblower. The acceptance unit or the relevant personnel handling the whistleblower case shall handle the whistleblower case in a confidential manner and conduct verification through independent channels, so as to fully protect the whistleblower, and the whistleblower's identity will be kept strictly confidential. If the whistleblower is threatened, intimidated or experiences other unfavorable behaviors, the Company will report it to the police for it to be handled in accordance with the law.	None
(3) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	V		(3) The Company has expressly established the "Code of Conduct for Reporting Illegal, Unethical or Dishonest Cases", and the whistleblower shall not be dismissed, discharged, demoted, reduced in salary, nor shall his / her rights and interests enjoyed according to law and regulations, contract or custom be damaged, or other unfavorable sanctions be imposed on the whistleblower due to the reported case.	None
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		(1) The Company website has disclosed Ethical Corporate Management Best Practice Principles, Measures for Handling Cases of Illegal and Unethical or Dishonest Conduct and has disclosed the implementations thereof. (2) momo.com Inc. avoids trading with entities with records of dishonest behavior in its business activities, and clearly lays out best practice clause in related commercial contracts. The internal audit division is responsible for auditing whether there are internal breaches of good faith, and makes regular reports to the Board of Directors, while drafting policy to avoid conflicts of interest in the best practice principles. Where violations are found, they shall be reported to the Audit Committee, managers, internal audit supervisors or other	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>relevant parties.</p> <p>To provide employees better understanding of their rights and Company actions and policies, and in addition to trainings on ethical corporate management, and best practice principles for new employees (attended by 8,054 employees during 2022), special e-mail and contact window for employee complaints has been set up to provide a safe and completely confidential channel to convey their opinions.</p>	
<p>5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation:</p> <p>There have been no differences.</p>				
<p>6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies :</p> <p>None</p>				

## Corporate Governance Guidelines and Regulations:

Please visit the company website (<https://corp.momo.com.tw/>) or the reference of the company's "Corporate Governance Best Practice Principles," "Procedures for Elections of Directors," "Shareholder Meeting Regulations," "Board of Directors Meeting Regulations," "Regulations Governing Performance Evaluation of the Board of Directors and Functional Committees" "Regulations Governing Scope of Duties of Independent Directors," "Audit Committee Organizational Rules," "Remuneration Committee Charter," "Information Security Management Committee Charter," "Management and Operational Procedures to prevent Insider Trading," "Code of Ethical Conduct," "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," "Sustainable Development Best Practice Principles," "Corporate Social Responsibility Principles," "Measures for Handling Cases of Illegal and Unethical or Dishonest Conduct", "Regulations related to Financial and Business Matters among Affiliated Companies", and "Operational Procedures for Specific Company and Related Party Transactions of Group Companies"

## Other Important Information Regarding Corporate Governance:

1. The above information is posted on momo website (<https://corp.momo.com.tw/>) or MOPS (<http://mops.twse.com.tw/>; Ticker: 8454)
2. The Company's Directors have been elected by adopting the candidate nomination system. Matters in the shareholders' meetings have been voted one by one, and the voting rights may be exercised by electronic voting. The voting result of each matter in the shareholders' meetings will be announced on the same day to fully protect the shareholders' rights and interests.
3. In order to treat shareholders equally, Chinese and English information will be provided simultaneously for major news, financial reports and related information of the shareholders' meetings.
4. In order to strengthen the Audit Committee's function of supervision over the Company's finance, in addition to annual financial reports, the Company's quarterly financial reports are all proposed to the Audit Committee for deliberation and adoption, which is stricter than the legal requirement.
5. The Company attaches great importance to the spirit of corporate governance and practicing of corporate social responsibility. In order to be in line with international standards, the Company has actively applied for the certification of corporate governance system assessment, and was awarded the "standard" and "excellent" certification since 2017. In 2021, it was even awarded the "Premium" certification of the CG6013(2021) corporate governance system assessment, showing that the Company has been highly recognized for its achievement in continuous corporate governance improvement.
6. In order to coordinate the promotion of information security policies, coordinate resource allocation, and strengthen the promotion and implementation of information security issues, on April 27, 2022, the board of directors approved the establishment of Chief Information Security Officer to regularly review information security policies and report to the Information Security Committee and the board of directors on a regular basis.
7. To deepen the Company's sustainable governance culture and accelerate the Company's sustainable development, the "Sustainable Development Committee" has been promoted as a functional committee under the board of directors.
8. The directors and senior management of the Company have issued the "ethical management statement", and the dedicated unit regularly reports the "implementation status of ethical management" to the board of directors every year.



## Internal Control Systems:

1. Accountants' recommendations for internal control improvement within the last three years

Year	Accountants' Recommendations	Improvement Status
2020	No Material Weaknesses	Not applicable
2021	No Material Weaknesses	Not applicable
2022	No Material Weaknesses	Not applicable

2. The improvement status for the material weaknesses discovered by internal auditing: No Material Weaknesses.
3. Internal control statement: Please refer to page 97
4. Personnel who entrust the review of internal control to accountants shall outline their rationales, accountants' review comments, the company's actions, and improvement status of the deficiency: Not applicable.

**In the most recent year and up to the printing date of the annual report, if the Company and its internal personnel were punished according to law, or if the Company punished its internal personnel for violating the provisions of the internal control system, and the results of such punishment may have a significant impact on shareholders' equity or securities prices, the punishment content, major defects, and improvement status shall be specified:** None

## Major resolutions at the shareholders' meeting and board meetings

**Major resolutions at the shareholders' meeting and board meetings as the most recent year and the date of the annual reports printed.**

1. The contents and implementation of major resolutions in 2022 annual general meeting (AGM):

AGM dated May 20, 2022

(1) Business report and financial statement for 2021 was approved.

(2) Distribution of earnings for 2021 was approved.

Implementation Status:

a. A cash dividend of NT\$13 per share will be distributed, totaling NT\$2,366,988,650.

b. For the transfer of earnings and capital reserve to capital increase and distribution of shares, NT\$2 per share will be distributed, that is, 200 shares will be allotted free of charge for every thousand shares (which include 100 shares from earnings; and 100 shares from capital reserve), totaling NT\$364,152,100.

c. July 8, 2022, is set as the record date for ex-right (dividend), and July 29, 2021, as the cash dividend distribution date.

d. 36,415,210 shares were issued through transfer of earnings and capital reserve to capital increase and issuance of new stocks at a par value of NT\$10 per share, totaling NT\$364,152,100, whose effective registration was approved and filed by the Financial Supervisory Commission on June 6, 2022. The change of registration was approved by Letter Jing-Shou-Shang-Zi No. 11101142090 dated July 28, 2022 issued by the MOEA.

e. On August 17, 2022, the listing of new shares issued from capital increase on Taiwan Stock Exchange has been completed.

(3) Adoption of the Company's transfer of earnings and capital reserve to capital increase and issuance of new stocks.

Implementation Status:

a. For the transfer of earnings and capital reserve to capital increase and distribution of shares, NT\$2 per share will be distributed, that is, 200 shares will be allotted free of charge for every thousand shares (which include 100 shares from earnings; and 100 shares from capital reserve), totaling NT\$364,152,100.

b July 8, 2022 is set as the record date for ex-right (dividend).

- c. 36,415,210 shares were issued through transfer of earnings and capital reserve to capital increase and issuance of new stocks at a par value of NT\$10 per share, totaling NT\$364,152,100, whose effective registration was approved and filed by the Financial Supervisory Commission on June 6, 2022. The change of registration was approved by Letter Jing-Shou-Shang-Zi No. 11101142090 dated July 28, 2022 issued by the MOEA.
  - d. On August 17, 2022, the listing of new shares issued from capital increase on Taiwan Stock Exchange has been completed.
- (4) Amendment to the Company's "Articles of Incorporation" was approved.  
Implementation Status: Registration has been approved by the MOEA on May 27, 2022, and announcement has been made on the corporate website.
  - (5) Amendment to the Company's "Rules and Procedures Governing Shareholders' Meeting" was approved.  
Implementation Status: Follow the amended procedure and registration has been approved by the MOEA on May 20, 2022, and announcement has been made on the corporate website.
  - (6) Amendment to the Company's "Rules and Procedures for Acquisition or Disposal of Assets" was approved.  
Implementation Status: Follow the amended procedure and registration has been approved by the MOEA on May 20, 2022, and announcement has been made on the corporate website.
  - (7) Lifting of non-competition restrictions for Directors of the Company was approved.  
Implementation Status: Publicly announced on MOPS website on May 20, 2022.
2. Major resolutions at the shareholders' meeting and board meetings of 2022 and as of the date of the annual reports printed:
- (1) The 15th meeting of the 7th session of Board of Directors, Jan. 19, 2022
    - A. The 2021 internal control statement was approved.
    - B. Lifting of non-competition of the managers.
    - B. The appointment of the 2022 CPA of the Company was approved.
    - D. The Company's 2022 budget was approved.
  - (2) The 16th meeting of the 7th session of Board of Directors, Feb. 16, 2022
    - A. The 2021 financial report was approved.
    - B. Employee and director remuneration allocation for 2021 was approved.
    - C. The acquisition of Right of Use Asset for the Proposed Rental of Fubon Life Insurance's Fubon Chengde Building by the Company was approved.
    - D. Amendment and renamed to the Company's "Corporate Social Responsibility Principle " was approved.
    - E. Amendment to the Company's "Corporate Governance Best-Practice Principles" and internal management principles was approved.
    - F. Convening the Company's shareholders' meeting for 2022 was approved.
  - (3) The 17th meeting of the 7th session of Board of Directors, Mar. 31, 2022
    - A. The replacement of the 2022 CPA was approved.
    - B. Adoption of the Company's 2021 earnings distribution.
    - C. Adoption of the Company's transfer of earnings and capital reserve to capital increase and issuance of new stocks.
    - D. Amendment to the Company's "Articles of Incorporation" was approved.
    - E. Amendment to the Company's "Rules and Procedures Governing Shareholders' Meeting" was approved.
    - F. Amendment to the Company's "Rules and Procedures for Acquisition or Disposal of Assets" was approved.
    - G. Removal of non-competition restrictions for the Directors of the Company was approved.
  - (4) The 18th meeting of the 7th session of Board of Directors, Apr. 27, 2022
    - A. The Company's 1Q 2022 financial statement was approved.

- B. Adoption of the appointment of the Chief Information Security Officer of the Company..
  - C. Adoption of the Company and its consolidated subsidiaries' greenhouse gas inventory and verification schedule planning.
- (5) The 19th meeting of the 7th session of Board of Directors, May 20, 2022
- A. Adoption of the record date designation of ex-dividend, ex-right, and capital increase by the chairman authorized by the Company.
  - B. Adoption of the Company's participation in the subscription of private placement common shares of LINE Bank Taiwan Limited.
- (6) The 20th meeting of the 7th session of Board of Directors, Jun. 21, 2022
- A. Adoption of the re-election of the chairman of the Company.
- (7) The 21st meeting of the 7th session of Board of Directors, Jul. 27, 2022
- A. The Company's 2Q 2022 financial statement was approved.
  - B. The promotion of Sustainable Development Committee was approved.
  - C. The appointment of 1st "Sustainable Development Committee" was approved.
  - D. Amendment to the Company's "Internal Control System", " Program of Internal Audit Implementation Rules" were approved.
- (8) The 22nd meeting of the 7th session of Board of Directors, Oct. 26, 2022
- A. The Company's 3Q 2022 financial statement was approved.
  - B. Adoption of the amendment to the Company's "Regulations Governing Performance Evaluation of the Board of Directors and Functional Committees" and related schedules.
  - C. Adoption of the formulation of the Company's "Internal Material Information Processing and Management and Operational Procedures for Insider Trading Prevention" and the amendments to the "Enforcement Rules of Internal Audit and and Audit Procedures".
- (9) The 23rd meeting of the 7th session of Board of Directors, Jan. 6, 2023
- A. The 2022 internal control statement was approved.
  - B. Adoption of the Company's budgets for the "Warehouse Construction" and "Warehouse Equipment" plan of the central distribution center.
  - C. Lifting of non-competition of the managers.
  - D. The Company's 2023 budget was approved.
- (10) The 24th meeting of the 7th session of Board of Directors, Feb. 17, 2023
- A. The 2022 financial report was approved.
  - B. Employee and director remuneration allocation for 2022 was approved.
  - C. Adoption of the independence and eligibility evaluation and the renewal of the 2022 CPA of the Company.
  - D. Full re-election of the Company's directors (including independent directors) was approved.
  - E. Convening the Company's shareholders' meeting for 2023 was approved.

**Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors: None**

**Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D:**

Title	Name	Appointment	Resigned	Reason
Chairman	C.F. Lin	2018.12.14	2022.6.21	Retirement

momo.com Inc.

## Internal Control Statement

Date: January 6, 2023

momo states the following with regard to its internal control system for the year 2022:

1. momo is fully aware that establishing, operating and maintaining an internal control system are the responsibilities of its Board of Directors and management. momo has established such a system to provide reasonable assurance in achieving objectives related to the effectiveness and efficiency of operations (including profits, performance and safeguarding of assets), reliability of financial reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. An effective internal control system, no matter how perfectly designed, can provide only a reasonable assurance in the accomplishment of the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in the environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms and the Company takes corrective actions as soon as a deficiency is identified.
3. momo evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems" by public companies promulgated by the Securities and Futures Bureau, the Financial Supervisory Commission and the Executive Yuan (herein referred to as the "Regulations"). The internal control system evaluation criteria stated in the Regulations classify internal control into five key elements based on the process of management control: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communications, and 5. Monitoring. Please refer to the Regulations for details on these five key elements.
4. momo has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria
5. Based on the findings of the evaluation mentioned in the third paragraph, momo believes that as of Dec. 31, 2022, its internal control system (including its supervision of subsidiaries), which encompasses internal controls to achieve effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations, was effectively designed and operating, and is reasonably assured of achieving the above-stated objectives.
6. This statement will form a major part of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been passed by the momo Board of Directors' Meeting on January 6, 2023, where all of the nine attending directors did not express any dissenting opinion and affirmed the content of the same.

momo.com Inc.

Daniel M. Tsai  
Chairman



Jeff Ku  
President



#### iv. Information Regarding the Company's Audit Fee and Independence

##### Audit Fee

Unit: NT\$, '000

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Audit Fee	Non-Audit Fee	Total	Remarks
Deloitte & Touche	Pei-De Chen	Chun-Hung Chen	2022.1.1~2022.12.31	4,010	6,036	10,046	Non- Audit Fee: Tax Compliance audit, Transfer pricing service and Project

- (1) For CPA changes, if the audit fee in the first year is lower than that of the prior year, specify the audit fee before and after the change and the reasons: None.
- (2) If audit fees dropped by more than 10%, specify the amount and percentage of decline and reasons: None.

#### v. Information on CPA changes:

##### 1. Former CPA

Date of replacement	Approved by the board of directors on March 31, 2022		
Reason for replacement and explanation	For the internal work adjustments of Deloitte & Touche, the CPAs attesting the financial statements were changed from Pei-De Chen, CPA and Vita Kuo, CPA to Pei-De Chen, CPA and Chun-Hung Chen, CPA from the first quarter of 2022.		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Part		
	Circumstances	CPA	Company
	Terminated the engagement	None	None
	No longer accepted (discontinued) the engagement	None	None
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	None °		
Disagreement with the Company?	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Other
	No	V	
	Explanation: None		
Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)	None		

##### 2. Current CPA

Name of accounting firm	Deloitte & Touche
Names of CPAs	Pei-De Chen, Chun-Hung Chen
Date of engagement	Approved by the board of directors on March 31, 2022: Auditing of the financial report since 1Q22.
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting	None

treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None

3. The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations : Not applicable.

**vi. Company Chairman, President or finance/accounting manager held positions in the Company's audit firm or its affiliates within the past year: None**

**vii. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders**

**1. Changes in shareholding for shareholders who holds more than 10% share of the company**

Unit: shares

Title	Name	Year	2022		As of Feb. 17, 2023	
			Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman and Director	Wealth Media Technology Co. Ltd.		16,392,273	-	-	-
	Wealth Media Technology Co. Ltd. Representative: Daniel M. Tsai * (Assumed office on Jun. 21, 2022)		74,000	-	-	-
	Wealth Media Technology Co. Ltd. Representative: Jeff Ku		1,919	-	-	-
	Wealth Media Technology Co. Ltd. Representative: Jamie Lin		15,980	-	-	-
	Wealth Media Technology Co. Ltd. Representative: Chris Tsai		-	-	-	-
	Wealth Media Technology Co. Ltd. Representative: George Chang * (Assumed office on Sep. 1, 2022)		-	-	-	-
Director	TECO CAPITAL INVESTMENT Co., Ltd.		3,834,800	-	-	-
	TECO CAPITAL INVESTMENT Co., Ltd. Representative: Mao-Hsiung Huang		-	-	-	-
Independent director	Hong-So Chen		-	-	-	-
Independent director	Brian Y. Hsieh		-	-	-	-
Independent director	Chieh Wang		-	-	-	-
President	Jeff Ku		1,919	-	-	-
Vice President	Summer Hsieh		8,774	-	-	-
Vice President	Jeremy Hong		440	-	-	-
Vice President	Leanne Wang		700	-	-	-
Vice President	Gina Lu		20,598	-	-	-
Vice President	Robinson Lin		440	-	-	-

Title	Name	Year	2022		As of Feb. 17, 2023	
			Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
TV Merchandise Division Senior Director	Sabrina Huang		260	-	-	-
Customer Service Center Director	Rebecca Wu		10,941	-	-	-
EC Division I Director	Terry Lee		-	-	-	-
Internal Audit Office Assistant Manager	Dong-Nan Liang		-	-	-	-
International Business Division Director	Ally Yu		-	-	-	-
EC Division II Director	Kevin Lin		123	-	-	-
EC Division III Director	Louie Chuang		21	-	-	-
Senior Director	Irene Lin		-	-	-	-
Director	Jasmine Wang* (Assumed office on Mar. 1, 2022)		-	-	-	-
Chairman	Wealth Media Technology Co. Ltd. Representative: C.F. Lin* (Resigned on Jun. 21, 2022)		-	-	NA	NA
Director	Wealth Media Technology Co. Ltd. Representative: Rosie Yu* (Resigned on Sep. 1, 2022)		-	-	NA	NA
Director	Karen Chiang* (Term : 2022.4.18~2022.11.18)		-	-	NA	NA
Consultant	Roxanne Chiu* (Resigned on Dec. 31, 2022)		-	-	NA	NA

\* Filing of shares trading or pledged with related parties as from (of) the job commencement (dismissal or resignation) date.

## 2. Shares Trading with Related Parties:

Name	Reason for transfer	Date of transaction	Counterparty	Relationship between the counterparty and the Company, directors, supervisors, managerial officers, and major shareholders	No. of shares	Transaction price
Gina Lu	Gain (Gift)	2022.2.18	Ares Wu	Spouse	12,092	1,110

## 3. Stock pledged with related party: None

## viii. Relationship of the Top 10 Shareholders

As of July 8, 2022

Name	Current Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%(Note)	Shares	%	Shares	%	Name	Relationship	
Wealth Media Technology Co., Ltd.	98,353,639	45.01%	-	-	-	-	Fubon Life Insurance Co., Ltd.	A twice-removed relative of the company's chairman	
							Fubon Financial Venture Capital Investment Co. Ltd.	Person responsible is the same individual	
Chairman: Daniel Tsai	204,000	0.09%	-	-	-	-	Fubon Life Insurance Co., Ltd.	A twice-removed relative of the company's chairman	
							Fubon Financial Venture Capital Investment Co. Ltd.	Chairman of the company	
TECO CAPITAL INVESTMENT Co., Ltd.	23,008,800	10.53%	-	-	-	-	NA	NA	
Chairman: Mao-Hsiung Huang	-	-	-	-	-	-	NA	NA	
WOORI HOME SHOPPING CO., LTD.	17,301,840	7.92%	-	-	-	-	NA	NA	
Chairman: Shin Dong Bin	-	-	-	-	-	-	NA	NA	
Fubon Life Insurance Co., Ltd.	10,374,000	4.75%	-	-	-	-	Wealth Media Technology Co., Ltd.	A twice-removed relative of the company's chairman	
							Fubon Financial Venture Capital Investment Co. Ltd.	A twice-removed relative of the company's chairman	
							Howard Lin	Vice chairman of the company	
Chairman: Richard Tsai	-	-	-	-	-	-	Wealth Media Technology Co., Ltd.	A twice-removed relative of the company's chairman	
							Fubon Financial Venture Capital Investment Co. Ltd.	A twice-removed relative of the company's chairman	
Fubon Financial Venture Capital Investment Co. Ltd.	5,021,640	2.30%	-	-	-	-	Wealth Media Technology Co., Ltd.	Person responsible is the same individual	
							Fubon Life Insurance Co., Ltd.	A twice-removed relative of the company's chairman	
Chairman: Daniel Tsai	204,000	0.09%	-	-	-	-	Wealth Media Technology Co., Ltd.	Director of the company	
							Fubon Life Insurance Co., Ltd.	A twice-removed relative of the company's chairman	
Howard Lin	4,227,811	1.94%	-	-	-	-	Fubon Life Insurance Co., Ltd.	Vice chairman of the company	
Standard Chartered Bank, the custodian of investment account of Wasatch Advisors Inc.	3,226,934	1.48%	-	-	-	-	NA	NA	
Deutsche Bank, the custodian of investment account of SmallCap World Fund Inc.	2,873,758	1.32%	-	-	-	-	NA	NA	
Itochu Corporation	1,994,850	0.91%	-	-	-	-	NA	NA	
Chairman: Masahiro Okafuji	-	-	-	-	-	-	NA	NA	
China Chemical & Pharmaceutical Co., Ltd.	815,400	0.37%	-	-	-	-	NA	NA	
Chairman : Yi-Zhen Xie Wang	-	-	-	-	-	-	NA	NA	

Note 1: Shareholding ratio = number of shares ÷ actual number of issued shares (218,491,260 shares).



## ix. Ownership of Shares in Affiliated Enterprises

As of Dec. 31, 2022; Unit: '000 shares/ %

Affiliated Enterprises (Note 2)	Ownership by the Company		Direct or Indirect Ownership by Directors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Fu Sheng Travel Service Co., Ltd.	3,000	100	-	-	3,000	100
Fuli Life Insurance Agent Co., Ltd.	500	100	-	-	500	100
Fuli Insurance Agent Co., Ltd. (Note1)	500	100	-	-	500	100
BEBE POSHE International Co., Ltd.	8,868	88.68	-	-	8,868	88.68
Fu Sheng Logistics Co., Ltd.	25,000	100	-	-	25,000	100
MFS Co., Ltd.	10,000	100	-	-	10,000	100
Prosperous Living Co., Ltd	22,085	73.62	1,630	5.43	23,715	79.05
Asian Crown International Co., Ltd.	9,735	81.99	-	-	9,735	81.99
Honest Development Co., Ltd	21,778	100	-	-	21,778	100

Note1: Fuli Property Insurance Agent Co., Ltd. was renamed as Fuli Insurance Agent Co., Ltd. by the board of directors in January 2023, and completed on February 4, 2023.

Note2: The list comprised of companies' earnings recognized as long-term investment under the equity method.

## IV. Financial Information

### i. Capital and Shares

#### Source of capital

As of Feb. 17, 2023; Unit: shares / NT\$

Date	Par value (NT\$)	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Source of capital (NT\$)	In a form other than cash	Remarks
Sep. 2004	10	150,000,000	1,500,000,000	45,000,000	450,000,000	Authorized capital	NA	Note1
July 2008	10	150,000,000	1,500,000,000	63,000,000	630,000,000	Capital increased out of earnings of NT\$ 180,000,000	NA	Note2
Jun. 2009	10	150,000,000	1,500,000,000	81,900,000	819,000,000	Capital increased out of earnings of NT\$ 189,000,000	NA	Note3
Jun. 2010	10	150,000,000	1,500,000,000	114,660,000	1,146,600,000	Capital increased out of earnings of NT\$ 327,600,000	NA	Note4
Jan. 2011	10	150,000,000	1,500,000,000	115,405,000	1,154,050,000	Exercise of Employee Stock Options: NT\$7,450,000	NA	Note5
Dec. 2011	10	150,000,000	1,500,000,000	116,235,000	1,162,350,000	Exercise of Employee Stock Options: NT\$8,300,000	NA	Note6
July 2012	10	150,000,000	1,500,000,000	127,858,500	1,278,585,000	Capital increased out of earnings of NT\$ 116,235,000	NA	Note7
Jan. 2015	10	150,000,000	1,500,000,000	142,058,500	1,420,585,000	Capital increased by cash NT\$ 142,000,000	NA	Note8
Jan. 2019	10	150,000,000	1,500,000,000	140,058,500	1,400,585,000	Capital decrease of NT\$2,000,000 by cancellation of treasury stocks	NA	Note9
Jun. 2020	10	200,000,000	2,000,000,000	140,058,500	1,400,585,000	-	NA	Note10
Aug. 2021	10	300,000,000	3,000,000,000	182,076,050	182,076,050	The transfer of earnings and capital reserve to capital increase and issuance of new stocks of NT\$420,175,500	NA	Note11
Jul. 2022	10	300,000,000	3,000,000,000	218,491,260	2,184,912,600	The transfer of earnings and capital reserve to capital increase and issuance of new stocks of NT\$364,152,100	NA	Note12

Note 1: Authorization No. 93221642 on Sep. 27, 2004  
 Note 2: Authorization No. 09701157070 on July 7, 2008  
 Note 3: Authorization No. 09801119000 on Jun.12, 2009  
 Note 4: Authorization No. 09901123520 on Jun.11, 2010  
 Note 5: Authorization No. 10001005520 on Jan.17, 2011  
 Note 6: Authorization No. 10001294200 on Dec.30, 2011  
 Note 7: Authorization No. 10201211460 on July 13, 2012  
 Note 8: Authorization No. 10401013220 on Jan.23, 2015  
 Note 9: Authorization No. 10701163920 on Jan.19, 2019  
 Note 10: Authorization No. 10901090580 on Jun.2, 2020. In compliance with the amendments of the Company Act, the total shares and the amount of capital were amended in accordance with Article of the Company Act.  
 Note 11: Authorization No. 11001128100 on Aug.3, 2021  
 Note 12: Authorization No. 11101142090 on Jul.28, 2022

As of Feb. 17, 2023

Unit:'000 shares

	Authorized capital			Remarks
	Listed shares	Unissued shares	Total	
Common stock	218,491	81,509	300,000	-

**Information related to shelf registration:** None.

## Shareholder structure

As of July 8, 2022

	Government agencies	Financial institutions	Other institutions	Foreign institutions & individuals	Individuals	Total
No. of shareholders	—	—	127	672	22,522	23,321
Total shares owned	—	—	141,611,215	60,557,065	16,322,980	218,491,260
Holding percentage (%)	—	—	64.81%	27.72%	7.47%	100.00%

## Shareholding distribution

### Common shares

As of July 8, 2022

Shareholding range	No. of shareholders	Total shares owned	Holding percentage (Note)
1 ~ 999	20,223	1,637,623	0.75 %
1,000 ~ 5,000	2,394	4,487,916	2.05 %
5,001 ~ 10,000	255	1,835,600	0.84 %
10,001 ~ 15,000	83	1,003,250	0.46 %
15,001 ~ 20,000	48	825,984	0.38 %
20,001 ~ 30,000	68	1,691,568	0.77 %
30,001 ~ 40,000	32	1,143,818	0.52 %
40,001 ~ 50,000	32	1,414,080	0.65 %
50,001 ~ 100,000	62	4,419,452	2.02 %
100,001 ~ 200,000	48	6,525,402	2.99 %
200,001 ~ 400,000	40	11,223,300	5.14 %
400,001 ~ 600,000	15	7,152,245	3.27 %
600,001 ~ 800,000	11	7,932,350	3.63 %
800,001 ~ 1,000,000	1	815,400	0.37 %
1,000,001 and above	9	166,383,272	76.16 %
Total	23,321	218,491,260	100.00 %

## Major shareholders

As of July 8, 2022

	Total shares owned	Shareholding ratio (Note)
Wealth Media Technology Co., Ltd.	98,353,639	45.01%
TECO CAPITAL INVESTMENT Co., Ltd.	23,008,800	10.53%
WOORI HOME SHOPPING CO., LTD.	17,301,840	7.92%
Fubon Life Insurance Co., LTD.	10,374,000	4.75%
Fubon Financial Venture Capital Investment Co. Ltd	5,021,640	2.30%
Howard Lin	4,227,811	1.94%
Standard Chartered Bank, the custodian of investment account of Wasatch Advisors Inc.	3,226,934	1.48%
Deutsche Bank, the custodian of investment account of SmallCap World Fund Inc.	2,873,758	1.32%
ITICHU Corporation	1,994,850	0.91%
China Chemical & Pharmaceutical Co., Ltd.	815,400	0.37%

Note 1: Shareholding ratio = number of shares ÷ actual number of issued shares (218,491,260 shares).

The top 10 shareholders are all legal persons; the name and percentage of share held are as follow:

Name of legal person	Major shareholders of legal person
Wealth Media Technology Co. Ltd	Taiwan Mobile Co. Ltd. (100.00%)
TECO CAPITAL INVESTMENT Co., Ltd.	TECO Electric and Machinery Co., Ltd. (99.60%) TECO International Investment Co., Ltd. (0.2%) An Tai International Investment Co., Ltd (0.2%)
WOORI HOMESHOPPING CO., LTD.	Lotte Shopping Co., Ltd. (53.49%) Taekwang Industrial Co., Ltd. (27.99%) Daehan Synthetic Fiber Co., Ltd. (10.21%) Tsis Co., Ltd. (6.78%)
Fubon Life Insurance Co. Ltd.	Fubon Financial Holding Co. Ltd. (100.00%)
Fubon Financial Venture Capital Investment Co. Ltd.	Fubon Financial Holding Co. Ltd. (53.80%) Fubon Life Insurance Co., Ltd. (25.00%) Fubon Securities Co., Ltd. (11.20%) Fubon Insurance Co., Ltd. (10.00%)
ITICHU Corporation	The Master Trust Bank of Japan, Ltd.(trust account) (17.71%) Custody Bank of Japan, Ltd. (trust account) (5.57%) EURO CLEAR BANK S.A./ N.V. (5.56%) CP WORLDWIDE INVESTMENT COMPANY LIMITED (4.31%) Nippon Life Insurance Company (2.31%) Mizuho Bank, Ltd. (2.12%) Asahi Mutual Life Insurance Company (1.59%) STATE STREET BANK WEST CLIENT - TREATY 505234 (1.47%) SSBTC CLIENT OMNIBUS ACCOUNT (1.37%) BNYM AS AGT/CLTS NON-TREATY JASDEC (1.30%)
China Chemical & Pharmaceutical Co., Ltd.	Chunghwa Chemical Synthesis & Biotech Co., Ltd. (14.11%) Fubon Life Insurance Co., Ltd. (4.28%) Panshi Holdings Co., Ltd. (3.98%) Wang Ming-Ning Memorial Foundation (3.50%) Kuan Enterprise Limited (3.14%) Hou-Jie Wang (2.14%) Special Property Trust Account in Far Eastern International Bank as commissioned for Employees of China Chemical and Pharmaceutical Co., Ltd. (2.06%) Cheng-Ching Xie Wang (1.99%) Majiade Enterprises Co., Ltd (1.64%) Hsun-Sheng Wang (1.59%)

## Share price, net worth, earnings, dividends and related information

Unit: NT\$, '000 shares

			2021		2022		As of Feb. 17, 2023
			Before	After	Before	After	
Share price (NT\$)	High		2,190	2,190	1,780	1483.33	804
	Low		633	486.92	435	435	659
	Average		1,381.5	1,256.07	803.91	723.34	758.46
Net worth per share (NT\$)	Before earnings appropriation		48.11		44.92		-
	After earnings appropriation		40.09		Note 1		-
Earnings per share (NT\$)	Adjusted weighted average outstanding shares		182,076	218,491	218,491		218,491
	Earnings per share		18.02	15.01	15.72		-
Dividends per share (NT\$)	Cash dividends		13		Note 1		-
	Stock dividends	Retained earnings	1		Note 1		-
		Capital surplus	1		Note 1		-
	Accumulated unpaid dividends		-		-		-
PE and dividend yield	Price earnings ratio		76.66		51.14		-
	Price to cash dividend		106.27		-		-
	Cash dividend yield		0.94		-		-

Note 1: Figures after distribution referred to above is based on the resolutions approved during the shareholders' meetings for the fiscal year. 2022 annual earnings distribution has not yet been approved yet by the board meeting and shareholders' meeting.

Note 2: The calculation formula of this table is as follows:

- (1) Price earnings ratio = average closing price per share for the current year/earnings per share.
- (2) Price to cash dividend = average closing price per share for the current year/cash dividends per share.
- (3) Cash dividend yield = cash dividends per share/average closing price per share for the current year.

## Dividend policy

### 1. Dividend policy under Articles of Incorporation (Applicable since Apr., 20, 2016):

If there is any surplus in the annual accounts, the Company shall, after having paid for all taxes and covered its losses in the preceding years pursuant to laws and regulations, set aside ten percent of such surplus as a legal surplus. However, when the legal surplus amounts to the authorized capital, this shall not apply. The Company shall also appropriate or reclassify another sum as a special surplus in accordance with laws and regulations or in light of the business needs. If there is still a balance, the board of directors shall submit to a shareholder meeting the surplus earning distribution proposal for resolution to appropriate at least 10% of the balance and the unallocated accumulated earnings in the previous year.

Given the overall macro environment and the growth needs of the Company's operation, the Company may in mind, adopt the residual dividend policy for the distribution dividends with the aim to maximize shareholders' return. The Board of Directors will propose an appropriate dividend payout for approval at shareholder meetings and consider the following factors: based on the company's budget plans and estimate of future cash flow requirements while considering the company's profitability, financial stability, and dilutive impact of earnings.

Dividends may be distributed in cash and/or stock dividends. Cash dividends shall comprise at least ten percent of the total distribution, subject to the operations and growth needs of the Company, stability of the payout, and shareholders' return.

## 2. Proposed dividend allocation for approval at the annual shareholders' meeting

As of the printing date of the annual report, the Board of Directors of the Company has not yet approved the 2022 distribution of earnings. A meeting of the Board of Directors is proposed to be held within 40 days of the annual shareholders' meeting for its resolution. Relevant information will be disclosed on the Company's website and in the Market Observation Post System (MOPS).

## 3. The Company has adopted a dividends policy with high earnings payout ratio, and it has been distributing dividends accounting for no lower than 80% of the net income after tax of the current year to shareholders since 2008. For details of dividends distribution in the past, please refer to the "Dividend" section on the Company's website. The dividend payout ratio of 2021 was 83.24%.

## Impact of stock dividend distribution on business performance and EPS

The Board of Directors has not yet approved the dividend allocation proposal for 2022 as of publication date

## Employees' bonus and directors' remuneration:

### 1. The proportion or range of employees' bonus and directors' remuneration as prescribed by the Company's Articles of Incorporation are as follows:

The Company's annual profit, if any, shall be set aside for directors' remuneration and employees' bonus according to the following proportions:

- (1) Directors' remuneration should be no more than 0.3%.
- (2) Employees' bonus should be between 0.1 % and 1%.

However, the Company shall reserve profits to cover any cumulative losses. Employees' compensation may be distributed to, including but not limited to, employees of parents or subsidiaries of the Company meeting certain specific requirements set by the Board of Directors or its authorized persons.

### 2. The basis for estimating the amount of employees' bonus and directors' remuneration for the current period, and the accounting treatment of the discrepancy, if any, between the actual amount of bonus shares distributed to employees and estimated figure thereof are as follows:

If there are major changes to the distribution amounts by resolution of the board of directors meeting after closing of a fiscal year, the changes shall apply to adjust the expenses of the year of the proposal. If there are still pending changes to the amount on the date of resolution by the shareholders' meeting, the changes shall be processed according to the accounting estimates and booked as an adjusting entry in the year of the shareholders' resolution.

### 3. Employee, Directors' and Supervisors' Remuneration approved in Board of Directors Meeting.

The Company at the Board of Directors meeting on Feb. 17, 2023, approved the remuneration for employees and directors for 2022, where a total of NT\$4,291,145 was allocated for employee remuneration and NT\$6,436,717 for director remuneration, respectively. The amount was distributed in cash and reported at the 2023 shareholders' meeting.

### 4. The actual distribution of employee, director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, the treatment of the discrepancy, if any, between the actual distribution and the recognized employee or director compensation.

- (1) The distribution of the Company's remuneration for employees and directors was approved at the shareholder's meeting on May 20, 2022, where a total of NT\$4,081,366 was allocated for employee remuneration and NT\$6,122,049 was allocated for the directors, respectively. This was confirmed to be the same as listed in the 2021 financial report.

## Buyback of Treasury Stock: None

**ii. Corporate Bonds:** None

**iii. Preferred Shares:** None

**iv. Global Depository Receipts:** None

**v. Employee Stock Options:** None

**vi. New Restricted Employee Shares:** None

**vii. Status of New Shares Issuance in Connection with Mergers and Acquisitions:** None

**viii. Financing Plans and Implementation:** None

## V. Operational Highlights

### i. Scope of Business

#### 1. Main areas of business operations

- A. J503020 Television Production
- B. J503010 Broadcasting Production
- C. J503030 Broadcasting and Television Program Distribution
- D. J503040 Broadcasting and Television Commercial
- E. J503050 Video Program Distribution
- F. F108031 Wholesale of Drugs, Medical Goods
- G. F208031 Retail sale of Medical Equipment
- H. F208021 Retail sale of Drugs and Medicines
- I. F208011 Retail sale of Chinese Medicine
- J. F108021 Wholesale of Drugs and Medicines
- K. F108011 Wholesale of Chinese Medicine
- L. F401161 Tobacco Products Import
- M. F401171 Alcohol Drink Import
- N. F203020 Retail Sale of Tobacco and Alcoholic Beverages
- O. I301040 The third-party payment
- P. G801010 Warehousing and Storage
- Q. F107080 Wholesale of Environmental Agents
- R. F207080 Retail Sale of Environmental Agents
- S. F401181 Measuring Instruments Import
- T. IZ06010 Tally packaging
- U. F399040 Retail Sale No Storefront
- V. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

#### 2. Retail revenue breakdown

Unit: NT\$'000

Classification	Year	2021		2022	
		Revenue	% of total	Revenue	% of total
TV Shopping and Catalogue Shopping		5,281,608	5.97	4,792,617	4.63
Online shopping		83,066,465	93.97	98,607,403	95.33
Others		48,623	0.06	36,415	0.04
Total		88,396,696	100.00	103,436,435	100.00

#### 3. Main products

momo offers TV shopping, online shopping, catalogue shopping, travel services, and property and life insurance sales.

#### 4. New products development

##### (1) Developing New Categories of Products

As consumers become increasingly reliant on virtual shopping, the product diversification will have impact on TV ratings and the customers reached. The more diversification of the product categories, the more customer bases will be reached. Therefore, new categories will likely develop new customer base and lower the risks associated with highly concentrated product categories. In 2023, we continued to develop new products, while aggressively introduced overseas products to expand the breadth of product categories and establish our platform uniqueness in order to attract a more diversified customer base.



## (2) Introduction of new brands

New brand has always been important to momo. It took at least 6 months to work with a brand, from the negotiations, sales on platforms, customer development, to the incubation of benefits. Brand companies' the quality assurance, rich marketing resources and stable supply chains are beneficial to the long-term development of momo. Consequently, in recent years, momo has been working more closely with brand names. Through the co-planning of marketing resources, we maximize the synergy between the channels and the brand names.

## (3) Expanding new platforms

With the saturation of cable TV's audience ratings, shorter cable TV viewing time, and the trend of TV digitalization and mobile devices, TV shopping shall not only focus on the cable TV platform but also expand its territory to digital, mobile and social platforms.

# Industry Overview

## 1. Current market and outlook of related industries

Currently, the Company operates in three segments: virtual channel-based TV shopping, online shopping and catalogue shopping. Revenues for each of the three industries are expected to continue to rise in the future. The following discussion will include the development of TV shopping, online shopping, and catalogue shopping.

### (1) TV shopping

The operation model in the Taiwanese TV shopping industry is to provide a sales platform via listing of high-quality programing through various cable platforms. By showcasing the suppliers' products in these programs and complete the sales transactions by leverage call center capabilities of individual TV shopping operators.

#### A. Taiwan's TV shopping market

Major TV shopping operators in Taiwan's include Fubon's momo channels, Eastern Home Shopping & Leisure, U-Life, and ViVa. An analysis of the current market situation and competition involving the aforementioned corporations is as follows:

	momo	EHS	ViVa
Parent Company/Group	Taiwan Mobile	Eastern Media International	-
Number of Home Shopping Channels	2	4	1
Number of MOD channels	2	5	2
Number of Households	5 million	5 million	5 million
Multi-Channel	EC/Catalog/Mobile Commerce	EC/Catalog/Mobile Commerce	EC Commerce

#### B. The household penetration rate of cable TV and digital TV in Taiwan

Year	Total Number of Households	Number of Households in Cable TV	Number of Households in Digital TV	The Penetration rate in Digital TV	The Penetration rate in Cable TV
2015 Q3	8,459,688	5,043,726	4,408,742	52.11%	59.62%
2016 Q3	8,536,883	5,175,093	4,874,844	57.10%	60.62%
2017 Q3	8,636,922	5,248,554	5,200,162	60.21%	60.77%
2018 Q3	8,722,997	5,117,121	5,112,620	58.61%	58.66%
2019 Q3	8,824,319	4,962,278	4,961,922	56.23%	56.23%
2020 Q3	8,921,682	4,896,529	4,896,529	54.88%	54.88%
2021 Q3	9,004,362	4,768,417	4,768,417	52.96%	52.96%
2022 Q3	9,062,527	4,669,961	4,669,961	51.53%	51.53%

According to the data, the household penetration rate of cable TV and digital TV in Taiwan has been showing a decreasing trend year by year since 2017. The number of subscribers to digital set-top boxes

has decline since 2018. The decline in the no. of cable/digital TV subscribers has caused a certain degree of impacts on TV shopping. Although the customer base that has been lost is not our main customer segment of TV shopping, we still need to develop new venues and product to stabilize the no. of subscribers.

#### C. Audio-visual shopping platform with professional product explanations

The TV shopping is through host's vivid introduction of products, expert guests' detailed demonstration of the products' uses and when coupled with the enhancement of the visual and audio from the TV programming, can deliver the necessary production information and entertainment value in order to drive revenue growth. In addition, an advantage of TV shopping is that firms are equipped with an excellent team of professional customer service agents to provide consumers with good after-sales service.

### (2) Online Shopping

Customers of B2C platforms will provide personal information to B2C operators. B2C operators would then save the information for use in marketing/promotional campaigns in the future. When customers make a purchase by placing orders and entering payment information, the transaction is verified by third party financial companies before the orders are fulfilled, aided by third party logistics operators for the final delivery of the purchased merchandise.

#### A. Analysis of Taiwan's online shopping environment

Observing the e-commerce shopping and consumption platform in 2022, relevant survey statistics from the Market Intelligence & Consulting Institute (MIC) of the Institute for Information Industry pointed out that 86% of consumers most often make consumptions on comprehensive e-commerce platforms, followed by physical retailers online shopping channels (31%), third-party food delivery platforms (17%), brands' online shopping channels (15%) and social or communication platforms (12%); among them, the comprehensive e-commerce platform dropped by 5% compared with 2021, mainly due to the impact of the development of physical retailers, also, the decline in the popularity of e-commerce shopping due to the subsidy of the pandemic benefits had something to do with it.

#### B. Overview of Internet usage in Taiwan

According to the statistics in the "Digital 2022: TAIWAN" report, as of January 2022, the number of Internet users in Taiwan increased by about 1.3% compared to that in the same period in 2021. For the current Internet usage in Taiwan, the Internet access rate of females (50.4%) is slightly higher than that of males (49.6%). Moreover, due to the increasing popularity of Internet services, the average daily Internet usage time of Taiwanese is as high as 8 hours and 7 minutes, which is already higher than the global average of 6 hours and 58 minutes. It is obvious that the importance of the Internet to Taiwanese is increasing.

In addition, there are three intermediary factors that affects the online shopping competition environment, namely, third-party payments, logistics and distribution integration, and cross border transactions. Third-party payment platforms can serve as a guarantee of money flow and reduce the financial cost (FX) for cross border transactions for both parties. They allow the buyers and sellers of mobile online shopping and cross border online shopping to complete the transactions more comfortably, conveniently and quickly, thereby enhancing the vigorous development of mobile shopping and cross-border transactions. The next is the logistics and distribution integration. Delivery guarantees of online shopping platforms in Taiwan has been reduced from 24 hours at first to 12 hours, and now some platforms are even offering 3-hour delivery services. Online retailers/platforms' distribution services continue to compete with time and have effectively shortened the difference between the amount of time needed to have products reach the consumers from the physical stores and from the virtual channels. The ever-improving services are also a key strategic advantage of virtual channels when infiltrating physical stores, and one that will continue to erode any advantages physical stores may have. Finally, in addition to consolidating the domestic market, the overseas development is a key point that will lead to another wave of online shopping growth in Taiwan. Currently, due to the inconsistencies in various countries' policies and supporting systems for money flow and logistics, integration of the ecosystem remains challenging. However, as countries emphasize more and hold a more open attitude toward online shopping, more frequent cross-border online transactions and richly cultivated cross-border operations will be realized.

### (3) Catalogue Shopping

Catalogue Shopping is where customers obtain product information from product catalogues prepared and sent by catalogue shopping companies. Orders are placed via telephone, fax, return order sheets, and/or the Internet. The catalogue shopping companies then deliver the products to the customers via third party logistics providers, including the post office. Customers make payments via postal office wire transfers, credit cards, or cash on delivery.

#### A. Current state of the catalogue shopping industry in Taiwan

Examples of catalogue shopping companies in Taiwan in the early days included the Taipei Mail Order Company, Sandory Shop, and MI SC Mail Order, whose main customers were students. The catalogue shopping industry subsequently evolved to include the likes of Avon, with the use of mail order catalogues to help direct selling. Other cosmetic specialists from Japan such as DHC and Orbis, and catalogues that support TV shopping such as momo catalogues and Eastern Home Shopping & Leisure catalogues also entered the sector. As media exposure becomes increasingly multifaceted, companies often employ advertising strategies through multiple outlets to strengthen their connections with consumers and to meet their demands. For instance, 7-ELEVEN, a franchise with over 5,000 stores in Taiwan, publishes Easy Purchase in Advance (which features the Gourmet Food Purchase in Advance Magazine, the T-Cat Specialty Food Purchase in Advance Magazine, and the Reading Blog) to make up for the lack of merchandise put on display within physically smaller 7-Eleven stores.

#### B. Future trends of catalogue shopping

As entry barrier for the catalogue shopping business is high, only major TV shopping, physical channels, as well as domestic and foreign-based cosmetic companies remain in Taiwan. Small catalogue shopping companies make comparatively less profits. As a result, catalogue shopping companies are mostly run by subsidiaries of major corporations in Taiwan. As the price for paper can be volatile, and catalogue shopping operators are more of price takers, it is more feasible to manage cost by using consumer data analyses to identify mailing list that are more likely to improve elevate response/purchase rates.

### 2. Relationships between suppliers, distributors, and retailers in the industry

Products sold by the Company are purchased from various suppliers who are considered to be the upstream of the industrial supply chain. Our products mainly comprise of household items, cosmetics, and travel items. The Company operates in three main business segments, including TV shopping, online shopping, and catalogue shopping – these segments are viewed as the midstream of the industrial supply chain. Finally, our products are sold to and consumers via different segments of our businesses. A diagram of the relationships between the suppliers, distributors, and consumers of the industry supply chain is provided as follows:



### 3. Product development trends

#### (1) TV shopping

Although TV shopping can provide vivid introduction of products, it is constrained by the air time, meaning number of SKUs available for sales is limited and selection of products is also limited for some consumers. Even though TV remains a powerful and effective communications tool, the traditional TV viewership and interactions with consumers have declined due to the growth of mobile devices. As a result, the main development trends of the TV shopping industry are social medialization, "go mobile" and differentiated of product offerings; Product wise, TV shopping companies focused more on promoting domestic and international brands in the past. Going forward, in order to meet the consumer demand for diversified products, these companies will expand the introduction of foreign differentiated products and leverage procurement power of TV large-scale purchase to secure better pricing of the latest foreign products for the consumers.

#### (2) Online Shopping

In recent years, online shopping are more and more attaching social networks as well as data applications. Traditional shopping networks provide a diverse selection of products to meet consumer demands. However, when facing millions of products on the websites, more often than not, online shoppers can only browse products based on brand impressions or through limited pages, and the proportion of products actually purchased is limited. Therefore, many shopping websites began to focus on functions offered by social networks such as the promotion effect of "recommendations from fellow shoppers" and opinion leaders. They all hope to reduce the cognitive differences of products during shopping and the purchasing risk of new adopters through managing the social networks' users' reviews and various aspects of product descriptions. At the same time, through the various behavioral data of consumers during browsing, the potential demand of the online shopping group can be further analyzed, the required products can be presented in a timely and appropriate manner when the customer needs them, and the consumers can be created as a positive feedback loop.

#### (3) Catalogue Shopping

Various catalogue companies have started developing online sales in recent years, the overall revenue has shown a slight growth trend, and business activities for these companies are concentrated in densely populated cities in order to benefit from lower logistics costs. The market situation in Japan is similar to the United States. As a result, catalogue shopping companies have adopted mobile and app technologies as sales tools. For example, Japan Nissen's online strategy is based on the wealth of the knowledge it has acquired from the catalogue shopping business over the years and the data from its 20-34 years old female customers. The result is an increase in online sales, along with higher percentage revenue generated from mobile platforms.

### 4. Competitive Landscape

#### (1) TV shopping

momo TV shopping channels' are positioned as comprehensive TV shopping platform, and its main competitors in Taiwan are Eastern Home Shopping & Leisure Co., Ltd. and ViVa TV. However, with the rapid growth of e-commerce in recent years, the TV shopping market has been divided up, and consumers' dependence on TV has gradually decreased. Under the factors of channel competition and unfavorable environment, in addition to extending audio-visual technology to mobile APP and FB, TV shopping started livestream selling with KOLs in 2019 to open up a new field of socialnomics. Overall, professional product development and audio-visual production still have considerable competitive advantages in socialnomics.

#### (2) Online Shopping

momoshop.com positions itself as a comprehensive B2C online shopping network whose major Taiwanese competitors include PChome Online and Yahoo Shopping. Competitors that may potentially replace momoshop include C2C online auction sites, B2B2C online shopping malls, O2O online group buying networks, and category specific online shopping platforms. momoshop.com allows online shoppers to make purchases on the comprehensive B2C online shopping platform, as well as visit online shopping platforms in other business models when searching for products, comparing product prices, and completing online shopping. Although momoshop.com is a relative latecomer among the major

comprehensive B2C online shopping platforms, it has experienced a rapid growth as it is able to leverage the Group's TV shopping "know-how".

### (3) Catalogue Shopping

momo catalogue is positioned as TV shopping catalogue, and is an added value service and extension of sales for members of the TV and internet shopping network. The main competitor is the Eastern catalogue. Currently the catalogue shopping market in Taiwan is divided between TV shopping catalogues (momo, Eastern), direct sales (Amway/Avon/Herbalife/Nu Skin, etc.), Japanese cosmetics postal and internet sales (DHC/ORBIS, etc.) and other catalogue shopping companies. In terms of momo catalogue, the main alternative for it are the direct sales companies and the Japanese systems.

## Research and Development

The Company's R&D funds for 2022 and as of Jan. 31, 2023 were NT\$227,377,000 and NT\$20,236,000, respectively. Each project plan was focused on providing advanced technology and enhancing customer convenience and new experiences while hoping to enhance the overall business growth of the Company. The main technologies were as follows:

Project title	Project description
Product distribution transfer system and its management method	Consumers' phone numbers can be code-converted to effectively protect key personal information, while also enabling suppliers and couriers to have smooth contact with consumers during product delivery.

To encourage colleagues to engage in technological innovation and secure intellectual property rights, the Company continuously evaluates the possibility of applying for patents for technological innovation, and regularly maintains the validity of obtained patents.

Patents approved in 2022:

Type	Number	Name	Period(s)	Content
Utility model patent	M636569	Resource authorization system	2023/01/11 ~ 2032/09/27	It is a resource authorization system that utilizes the configuration server to protect the public key, private key, and client certificate and shares the authentication calculation responsibility of the authentication server.
Utility model patent	M636227	Project automatic creation system	2023/01/01 ~ 2032/09/28	Under the microservices structure, it is necessary to frequently create small projects. This utility model patent utilizes the existing technology combination to form common templates and automatically input a variety of functional modules.
Utility model patent	M637552	Product price inquiry system	2023/02/11 ~ 2032/09/28	Product price inquiry system makes it convenient for consumers to inquire about prices anytime and anywhere. It has a variety of inquiry conditions and price inquiries can be conducted with other similar items in the system. It also has the display of historical price chart and other functions to assist users in making purchase decisions.

## Long-term and Short-term Development

### 1. Short-Term business development plan

#### (1) TV shopping

##### A. Increasing breadth and depth of product offerings

To improve product quality and attract different consumer segments, increasing number of product offerings in terms of breadth and depth are important missions for TV Shopping. To increase the number of product offerings, efforts are made to enhance current suppliers' product categories as well as finding new suppliers. To increase product depth, efforts are made to promote general merchandise as well as developing special products that complement TV shopping (and vice versa) and are markedly appealing when showcased through videos to maximize the efficiency of TV-related media resources.

##### B. Developing mobile shopping, digital and live streaming platforms

Digitization of TV platforms and mobile business has already been a trend. As a result, momo also launched two MOD TV shopping channels in Nov., 2017, to promote the media content of TV shopping to digital platforms outside traditional TV channels, in order to increase audience ratings and broaden viewership. momo TV shopping has been proactively laying out plans for live streaming platforms, and engaging social communities and members.

#### (2) Online Shopping

##### A. Enhancing the differentiation in platform services

In the future, momo will focus on service enhancement, for example: providing installation services for large home appliances, immediate online customer service, after-sales warranty and maintenance, tracking of delivery history and other services; expanding the layout of logistics services and providing a complete distribution mechanism from northern to southern Taiwan; continuing to improve various user experiences to enhance the differences in platform services.

##### B. Enhancing product line diversity

The variety of products on momoshop.com has already reached high diversification, but the refining and developing of various product categories will continue from now on, in order to increase the number of brands and completeness of items in all the categories. This will offer consumers more choices when shopping on momoshop.com and increase product sales efficiency through strengthening the diversification of product lines.

##### C. Increase content diversity on social network platforms

In the future, momo will be striving to manage its social networks and provide more articles, video and audio contents on products, lifestyles or related information. The live streaming content will also continue to improve. In addition to its own production, suppliers will also be invited to continue to create more relevant live streams together to strengthen the marketing richness of the content and gain greater traffic and new members.

#### (3) Catalogue shopping

##### A. Target customers by segment in order to drive revenue per page

momo will Focus on the elderly market. In the elderly market, momo catalogue will collaborate with healthcare-related publications, to provide direct marketing membership forms, to print publications to communicate with the elderly population in details on healthcare and related products. This will ensure stable growth of healthcare product brands and can increase revenue for service-based advertisements (cleaners/caretakers, etc.). In addition, to meet demands of homemakers, increase the number of food categories. Fashion is also another key area for development. Clothing shall be represented as in a magazine, to bring out the current trends and product quality, in order to increase the member's preference for catalogue clothing and to attract new customers. Based on different target market, provide products and services the target audience desires, and this can be achieved through in-depth communication and precision marketing strategies to increase efficiency.

B. Integrating visual editing, sophisticated arrangement design

Improve visual stylization creates a sense of atmosphere, and this is highly recommended to effectively distinguish momo catalogue from other more traditional catalogues.

2. Long-term business development plan

(1) TV shopping

A. Enhancing the brand image of momo TV Shopping

General stigma of TV shopping is that it offers more generic brands and unreliable products. Thus, a long-term objective of momoshop is to enhance the brand image by introducing more well-known brands, actively participating in charitable activities, improving service functions, and improving the management of the membership base.

B. Circulation of cross-country best-sellers

Actively expand Asian markets of TV shopping, and circulate best-sellers in TV shopping of different countries. The Company gets to understand the local TV shopping market through such approach, which serves as a litmus test for the entry to the next stage.

(2) Online Shopping

A. Talent development for online shopping

Multi-talented and experienced employees, management teams, and leaders provide a competitive advantage in a fast growing and dynamic online shopping market. Since the establishment of momoshop, momo has been committed to cultivating local talents and developing e-commerce management teams. momo is continuing to do so in order to tackle challenges and in pursuit of achieving excellence in the ever-changing and competitive environment.

B. Effectively utilizing the internal multi-channel marketing resources for consolidation

Since many of momomall's partners have physical stores, momo's future development includes not only online cross-platform information linking but also seamless online-to-offline (O2O) integration. Besides various online marketing events, momo will continue to integrate marketing campaigns among physical shops and local specialty stores. Consumers will be solicited to participate in various campaign activities to obtain discounts for momomall or participating companies in order to integrate O2O campaigns for momomall partners.

C. Improving operations, provide differentiating services, and maintain growth momentum

A leading interactive online shopping platform requires continuous input to improve its service quality, exercising its advantages in online shopping, and maintain appropriate level of profit margins. Teams at momoshop will continue to develop, acquire, and implement website technologies and transaction processing systems. In addition, momoshop will continue to add various value-added programs and improve the user interface, thereby providing a more responsive, efficient, and attractive user experience to access campaigns and facilitate increasing transaction volumes.

D. Strengthening mobile and cloud services and pursuing sustainable business platform

Consumers currently have multiple ways to access online shopping platforms: via desktop computers, laptops, mobile phones, tablets, and TVs. In order to improve consumers' shopping experience and tailor the experience to individual users, momoshop will continue to innovate and improve the user interface for the difference devices. The goal is to provide users with convenient and rapid access to momoshop wherever internet service is available.

(3) Catalogue Shopping

A. Cultivating media marketing talents with multi-channel experience and strengthening integrated marketing effectiveness

Since momo catalogue shopping is an extension of momo TV and online sales, its vendors need to understand the characteristics and unique selling points of TV and online products, select the products that will catch consumers' attention, while using just a single picture or short message in a limited editorial space. Therefore, momo TV and online sales channels complements momo catalogue shopping. In the future, vendors will play a key role in the seamless integration of various channels to effectively consolidate marketing media for the catalogue shopping business.

## ii. Midmarket and Sales Overview

### Market analysis

#### 1. Sales (Service) Region

Unit: NT\$'000

	2021		2022	
	Revenue	% of total	Revenue	% of total
Taiwan	88,374,588	99.97%	103,431,543	100.00%
China	22,108	0.03%	4,892	0.00%
Total	88,396,696	100.00%	103,436,435	100.00%

#### 2. Market status

##### (1) TV shopping

###### A. Global market

QVC is the largest television shopping channel in the United States and has 96% coverage in cable TV subscribing households, where TV shopping accounts for 8% of gross retail sales in USA. In Korea, TV shopping accounts 12% for total gross retail sales. The two markets are seen to be more mature TV shopping markets.

###### B. Domestic market

Currently Taiwan's cable TV subscribers have shown a saturated trend. Digitalization has turned TV into a platform through which mutual interaction with consumers is feasible, and the Company may increase loyal customers' stickiness and per customer transaction by launching marketing activities. On the other hand, mobile shopping has gradually expanded subsequent to the prevalence of mobile Internet. As 5G, the new generation of mobile Internet achieves universal access, immersive video and live stream will attract the young Internet customer segment.

##### (2) Online Shopping

###### A. Global market

Driven by high growth in China and India, the Asian-Pacific region has become the world's largest online shopping market, followed by the North American region. Research report from e-marketer estimates that the global online shopping retail revenue will grow from 4.25 trillion USD in 2020 to 7.39 trillion USD by the end of 2025, which is equivalent to 23.6% of total retail revenue. The percentage of online shopping in retail industry will continue to grow, increasing its importance, thus development sector in the future remains optimistic.

###### B. Domestic market

According to the statistics of the Department of Statistics of MOEA, Taiwan's retail online sales reached NT\$493 billion in 2022, YoY 10.9%, which outperformed the total retail sales (YoY 7.4%) and accounted for 11.5% of the total retail industry, up 4 percentage points compared with that in 2019 before the pandemic. It is obvious that under the influence of pandemic and industry trends, retail players have been expanding onto online sales channels.

##### (3) Catalogue Shopping

###### A. Overseas markets

Various catalogue shopping companies have started to develop online sales in recent years, the overall revenue has shown a slight growing trend.

###### B. Domestic markets

The catalogue shopping industry in Taiwan includes TV shopping catalogues (momo, ETS, VIVA), direct marketing (Amway, Avon, Herbalife, Nuskin), Japanese mail order beauty products (DHC, ORBIS), and other catalogue shopping companies. Catalogue shopping can be a complementary platform to physical and virtual channels, be used to increase product sales and exposure, or to add values by increasing the traction of the member base and their satisfaction level.



### 3. Competitive advantages

#### (1) TV shopping

##### A. momo TV is a reputable and leading TV shopping brand in Taiwan

momo TV developed a quality brand image in the minds of suppliers or consumers in Taiwan for many years. Thus, consumers feel more secure when shopping on momo TV, and suppliers of famous brands are more willing sell their products through the platform. As a result, there is higher product variety and differentiation on momo TV.

##### B. Channel integrations with online shopping and catalogue shopping

momoshop and momo catalogue are the largest B2C platform and circulation in Taiwan. Through the integration of multiple sales channels, and cross platform marketing of products to our members, momo suppliers and their merchandise can leverage greater synergies provided by our platforms.

#### (2) Online Shopping

##### A. Diverse supplier base, product development of international brands, and complete product line

momoshop.com has a healthy, long standing relationship with its suppliers. With the support its broad supplier base, the company can leverage its suppliers to introduce international brands to Taiwan through momohop.com, that currently do not have domestic presence in Taiwan, momoshop has the most complete lines of beauty supplies and nutritional supplements in Taiwan that includes generic-brands from Taiwan and foreign brand-name products from Japan, the U.S., and Europe. In addition, 100% owned Fu Sheng Travel Service, provides customers with access to a comprehensive online shopping network to purchase domestic and overseas tour packages. momoshop.com is a clear leader in the online retailing space for products in the beauty supply/cosmetics, food/fresh produce, home accessories, and health/weight loss categories. The diverse product offering aims to meet the trend where consumers demand for convenience over fashionable items.

##### B. Effective and diversified marketing strategy

A goal-oriented marketing strategy resulted in a 9% YoY increase in membership number, totaling 12 million users as of 2022. In order to ensure its price competitiveness, the company established four price search and tracking mechanism and held promotional campaigns to attract customers. In addition to general price discounts and promotions, momoshop introduced the free-coupon promotion beginning in 2006. The promotions that have proved to be effective include campaigns such as Happiness Roulette, Polling Event with Free Raffle, Retailer/Product Strategic Partnership, and High-end 3C Product Promotion. In terms of advertising, momoshop.com leverages cross selling opportunities to include catalogue inserts, logistics flyers, TV commercial spots (in between programs) and integrate these activities with momo social networks and brick & mortar supplier partners.

##### C. Customer relations management with data analysis

The biggest value of momoshop.com is the membership base and the lifetime transaction value of the customers. momoshop.com's membership base is classified into three categories in order to better manage the interaction and communication campaigns. They are membership recruitment, securing first purchase, and recurring repurchase. The largest proportion of resources is invested in customer relationship management, which includes data mining for use in targeted marketing, social media management online and Facebook, health and parenting-related knowledge sharing, and events campaigns. In general, momoshop's customer relationship management not only involves massive and dynamic customer behavior analyses but also emphasizes practical member interactions and exchange.

##### D. Improving and pursuing innovative management of operations

momoshop.com's management team is already focused on delivering and managing diversified sources of cash flow, improving logistics operation that features 12-hour delivery, live 24-hour telephone customer service, cross selling of momoshop.com products on live TV shopping broadcasts, establishing a product quality control (QC) center, and optimizing user interface of our portal and mobile apps. In addition, the team is focused on innovative delivery plans to manage personalized product recommendation pages, personal cloud, and additional value added mobile services.

#### E. Security of online transactions

Momoshop.com provides consumers a safe, secure, and trustworthy shopping platform. Any notices and terms regarding customer's privacy, rights and obligations, and transactions data are disclosed on the website, while internal information security management and transaction disputes are processed with utmost urgency, pursuant to standards adopted by financial institutions.

#### (3) Catalogue shopping

##### A. Complete product line and abundant media resources

Due to the comprehensive range of momo TV and online products, the product lines in the current momo catalogue are not limited to fashion, cosmetics, but also include home living and healthcare. It is one-stop shopping for health food, traveling, and dining, or maternal and children's products. In addition, the internal momoshop and TV app can be used to integrate brand image or increase exposure and demand for online catalogues.

##### B. Diversified promotional strategy for innovation and change

The strategy includes analyzing new trends in promoting catalogue shopping in the U.S., Japan, and South Korea, as well as examining the performance of and responses to campaigns in order to better promote domestic catalogue shopping.

### 4. Opportunities and challenges

#### (1) Favorable factors

##### A. Mobile shopping market continues to grow rapidly

According to the statistics of Taiwan Internet Report conducted by TWNIC, the mobile Internet access rate in Taiwan has risen from 67% in 2016 to about 82% in 2022. The popularization of smart phones, tablets, and other mobile devices has not only contributed to the diversification of Internet accesses, but also created a new wave of commercial opportunities for mobile shopping and will be an important key to the growth of e-commerce in Taiwan in the future.

##### B. Government to promote E-commerce

In order to establish a solid foundation of e-commerce and expand the presence in international markets, the government makes efforts to promote the "Online shopping environment improvement plan". By strengthening the domestic online shopping environment, using digital tools to invigorate the industry, and expanding the scale of themed online shopping campaigns, etc., enhancing the application capabilities of digital tools in the online retail industry (platform) and the industrial value of the online shopping industry.

##### C. Commercial opportunities increasing in the elderly market

Development of the elderly market is certain to be a future trend as the population continues to age in Taiwan. momo catalogue shall integrate the Company's internal resources to enter this market.

#### (2) Risks factors and mitigating actions

##### A. Consumers' behavioral changes in contact with media

The popularity of internet and mobile devices is changing consumers' exposure to and behaviors towards the media. Although printed materials remain the mainstream reading format in Taiwan's print media market, the overlap between reading paper-based publications and digital media cannot be overlooked.

##### Potential actions:

Increase the content richness and optimize the reading interface of the momo catalog, and implement momo catalog exposure and online request features on the momoshop network and through TV app platform resources.

## B. Concern over privacy

As Internet usage behaviors become more and more mature, consumers' awareness of Internet security and privacy issues gradually increases. If consumers have doubts about personal privacy, it will also affect consumers' confidence in online shopping. According to the "Digital 2022: TAIWAN" report, as of January 2022, the number of Internet users in Taiwan had reached 21.72 million, of which 48.8% of users were worried about the rampant fake news on the Internet and being unable to distinguish between true and false information; 33.1% of users are concerned that a third party may misuse their personal information; another 35% of users had cleared their cookie records within a month, showing the importance of personal privacy to consumers.

Potential actions:

In protecting member privacy, momoshop fully discloses privacy related policies, such as the methods for collecting, saving, storing, protecting, and the security of customer information; validation of information security; targeted personnel that customer information are disclosed to; purpose of utilizing customer information; categorization of customer information and scope of use; modification of customer information; cookies; and deletion of customer information. These processes shall be periodically updated in accordance with relevant regulations. In respect to the control of internal information, USB disks, Bluetooth, smart phone/Blackberry mobile devices, floppy, Wi-Fi, and DVDs can only be used to store and replicate data under intranet control to prevent the leakage of internal information and virus attacks as well as to protect privacy of members.

## Production Procedures of Main Products:

Not applicable. The Company primarily engages in general wholesale and retail business and does not produce or manufacture any products.

## Supply Status of Main Materials:

Not applicable. The Company primarily engages in general wholesale and retail business and does not produce or manufacture any products.

## Major Suppliers and Clients:

### 1. Procurement

Not applicable. The Company provides multiple platforms where transactions occurs and purchases products for sale from multiple suppliers. Payment to any single supplier is less than 10% of the total payment.

### 2. Sales

Not applicable. The Company does not sell to any specific customers. Contribution from any single customer is less than 10% of total sales.

## Production volume in the past two years:

Not applicable as the Company is not a manufacturer.

## Sales volume in the past two years

	2021				2022			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Revenue (NT\$'000)	Volume	Revenue (NT\$'000)	Volume	Revenue (NT\$'000)	Volume	Revenue (NT\$'000)
TV Shopping and Catalogue Shopping	3,058,084	5,281,608	-	-	2,757,901	4,792,617	-	-
Online shopping	104,468,532	83,066,465	-	-	126,413,687	98,607,293	235	110
Others	-	26,515	18,772	22,108	-	31,633	19,290	4,782
Total	107,526,616	88,374,588	18,772	22,108	129,171,588	103,431,543	19,525	4,892

Reasons for the differences: The market demand continues to grow, so the Group's shopping website business has also grown.

## iii. Human Resources

### Employee statistics in the past two years up to publication date

Year		2021	2022	2023 (as of Feb. 17)
Number of employees	All consolidated entities	3,081	3,506	3,499
	The company	2,771	3,035	3,012
Average age		35.16	35.43	35.59
Average years of service		4.53	4.51	4.61
Education level	Ph.D.	0.07%	0.06%	0.06%
	Master's degree	7.95%	7.79%	8.00%
	College	71.47%	70.76%	70.85%
	High School	19.41%	19.99%	19.63%
	Others	1.10%	1.40%	1.46%

Note 1: Company included momo.com Inc., Fuli Life Insurance Agent Co., Ltd., Fuli Insurance Agent Co., Ltd., BEBE POSHE International Co., LTD., Fu Sheng Logistics Co., Ltd., Prosperous Living Co., Ltd., Fubon Gehua (Beijing) Enterprise Ltd.

Note 2: Doctoral degree: Including doctors and doctoral degree candidates.

## iv. Environmental Protection Expenditure

The company suffered losses due to environmental pollution which including compensation and environmental protection audit results being in violation of environmental protection laws and regulations. The company should list the date of disciplinary action, disciplinary action no., laws and regulations violated, content of the laws and regulations violated, and content of the disciplinary action shall be listed. In addition, the company must write the current and future possible amount and corresponding measures. If it really cannot be reasonably estimated, the company should be explained: None

## v. Employee Relations

The following specifies the conditions of implementing welfare measures, continuing education, training programs, retirement scheme, and maintaining labor agreements and various employee rights and benefits:

### 1. Employee welfare measures, continuing education, and training programs

The Company has held regular labor-management conferences and employee meetings to provide details on Company policies and overall state of operations. Mechanism to facilitate communication with employees has also been set up to understand their needs. In addition, the employee welfare committee is responsible for planning and carrying out various welfare programs and measure during the year, and aims to obtain the best benefits for employees. Currently the various welfare and benefit systems at the Company include the following:

Title	Description
Bonus distribution	<ul style="list-style-type: none"> <li>• Year-end bonus, Incentives for senior employees</li> </ul>
Welfare allowance	<ul style="list-style-type: none"> <li>• Occupational injury and emergency assistance funds</li> <li>• Yearly bonuses for Dragon Boat Festival and Mid-Autumn</li> <li>• Birthday bonus, Marriage / Maternity gift, Child education assistance</li> <li>• Childcare welfare allowance for 0-6 years old</li> </ul>
Entertainment allowance	<ul style="list-style-type: none"> <li>• Recreation allowances</li> <li>• Community activity allowances</li> <li>• Monthly teatime, birthday parties</li> <li>• Monthly food stall event (stop in 2022 due to Covid-19)</li> </ul>
Insurance and Health	<ul style="list-style-type: none"> <li>• Group insurance, 70% of insurance premium borne by the Company</li> <li>• Regular health examinations</li> <li>• Add notifiable infectious disease insurance that's fully borne by the Company (the policy period ended on July 31, 2022)</li> </ul>
Flexible working hours and time off	<ul style="list-style-type: none"> <li>• 30 minutes flexible working hours</li> <li>• Disaster (typhoon) day-off being more favorable than the Labor Standards Act, with no salary deductions and additional work allowances</li> <li>• Colleagues who have miscarriages within three months of pregnancy are given paid maternity leave, which is more favorable than the laws and regulations</li> <li>• All are entitled to paid vaccine leave on the day of receiving the first, second and additional doses of the COVID-19 vaccine</li> <li>• Before the law was amended, seven days of leave for pregnancy checkups had been granted, which was more favorable than the laws and regulations</li> </ul>
Promotional items	<ul style="list-style-type: none"> <li>• Employees enjoy shopping discounts and affiliate employee discounts</li> <li>• Special store discounts</li> <li>• Special employee loans</li> <li>• Affiliate insurance benefits</li> <li>• Affiliate telecommunications discounts</li> </ul>
Welfare facilities	<ul style="list-style-type: none"> <li>• Hired visually impaired massage therapist to help employees relax</li> <li>• Employee gyms</li> <li>• Infirmary and professional medical staff set up on site</li> </ul>

In addition to the preceding benefits, an Employee Stock Ownership Trust project was officially launched in Jan. 2020. The trust will solidify the core of the Company and help to retain its outstanding employees.

The system consists of senior project managers and management at the base level and above. A certain amount of the fixed monthly salary of each employee is allocated, to which is added the same amount from the Company, the purpose of which is to encourage employees to invest in momo on a regular basis each month and become a momo shareholder! Share in the results of the Company!

In 2022, the trust has 1,099 of qualified members, 925 of voluntary members, and 84% of participation rate. The Company's first allocation of funds totaled NT\$23.07 million.

### 2. Staff further education / training

- (1) Talent cultivation, establishing a complete education and training system and employee development, planning training courses for all management levels, professional fields, and common core functions, and providing diversified learning resources, while complementing ESG training goals, and continuing to follow the Company's strategic development to perfect the talent training system at all levels.

As of December 31, 2022, the total amount of employee training expenditures and the total number of participants and hours; the amount of employee training expenditures: NT\$ 4,120,771, number of participants: 49,223, and training hours: 121,463 hours.

- (2) Provision of external training education funds: Every year, full subsidy funds are provided to encourage colleagues to combine their own ability developing hobbies with work-related external training courses to maximize the learning effect, and allow colleagues to freely choose training time while balancing work and life.
- (3) Team consensus and self-growth motivation: In order to strengthen the team spirit of the department, we organize activities to unite the team and set various goals through the activities. Through healthy competition and mutual cooperation, we work together to exceed the performance goals and achieve greater success.

### 3. Retirement system and implementation thereof

- (1) Subject to Labor Standard Act and Labor Pension Act, adhere to regulations for employee retirement to ensure rights and benefits relating to employees' retirement.
- (2) Subject to Labor Standard Act, to establish the Labor Pension Fund Supervisory Committee (here-in-after referred to as the Supervisory Committee) and shall reserve amount of 2% of monthly wage and contribute it to the labor retirement reserve fund account.
- (3) Subject to Subject to provisions stipulated in Labor Pension Act, and he amount of each labor pension borne by the employer shall reserve 6% of the worker's monthly wage for individual accounts of labor pension at the Bureau for employees applicable to the Act.

Pension system	Old system	New system
Appropriation method	Establishing the Supervisory Committee of Labor Retirement Reserve and appropriating 2% of the employee's monthly salary payment to be deposited in the pension reserve account according to the Labor Standards Act.	Appropriating 6% of the labor pension for each employee to the employee's individual account of labor pension at the Bureau of Labor Insurance in compliance with the Labor Pension Act.
Appropriated amount	Appropriated amount of 2022 was NT\$0	Appropriated amount of 2022 was NT\$110,149,847

Note 1: After accounting, the old pension system has been allocated in full, so application has been made to suspend the payment according to law. The suspension period is from 2021.08 to 2022.07.

### 4. Labor agreements

The Company and its subsidiary are dedicated to strengthening healthy labor relations and encourage two-way communication for resolving issues. All labor conditions are executed pursuant to the Labor Standards Act. So far, labor relations have been peaceful, and there have not been any labor disputes requiring coordination.

### 5. Maintenance measures of various employee rights and benefits

The regulations of the Company and its subsidiary adhere to the labor guidelines set forth by the government and provide complete systems clearly specifying various management standards. These include employee rights and obligations as well as welfare benefits, which are periodically reviewed and amended to maintain the rights and benefits of all employees.

In the recent year and up to the date of publication, the losses suffered due to labor disputes (including the labor inspection results being in violation of the Labor Standards Act, in which the date of disciplinary action, disciplinary action no., laws and regulations violated, content of the laws and regulations violated, and content of the disciplinary action shall be listed), and the current and estimated possible future amount and corresponding measures shall be disclosed; if it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be explained:

In the recent two years and up to the date of publication, this company has maintained peaceful labor relations and has not incurred loss due to labor disputes.

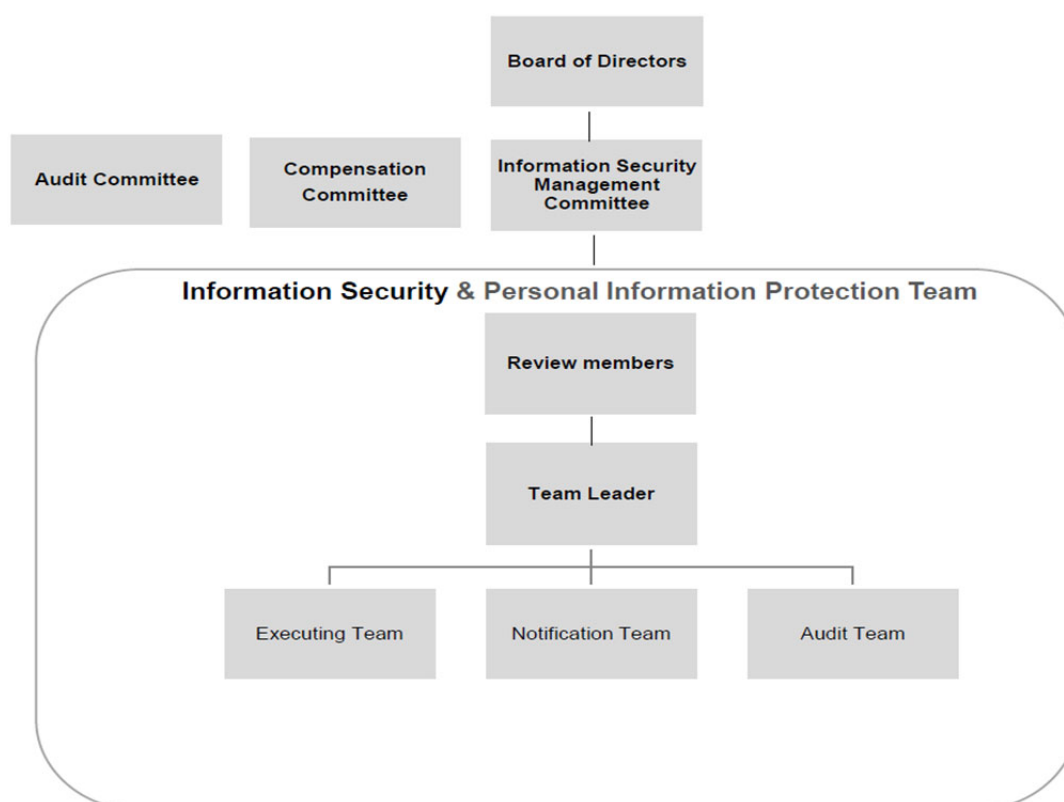
## vi. Information Security Management

### 1. Organizational of Information Security

#### A Information Security Governance Framework

momo established the Information Security Committee in 2009 to promote information security operations; in order to strengthen the protection of personal data, the Information Security Committee was renamed as the "Information Security and Personal Information Protection Management and Review Committee" in 2018 to continuously and regularly review information security policies and promote their implementation. For the 2020 purpose of strengthening controls and monitoring information security risks, as well as enhancing the function of the Board of Directors, we have established the "Information Security Committee" under the Board of Directors. The "Information Security and Personal Information Protection Management and Review Committee" originally established in response to ISO 27001 and ISO 27701 has been renamed as "Information Security and Personal Information Protection Team." Such team continues to comply with provisions of ISO management systems and reports the annual implementation result to the "Information Security Committee".

#### B Organizational Chart



### 2. Information security policy

#### A Information security and personal information protection policy

In order to effectively implement information security and personal information management, the Company's information security organization has established a complete information security and personal information protection management system. At the same time, it has continued to pass the international information security and personal information management system certification, reduce corporate information security and personal information threats from the system, technical and procedure levels, maintain the confidentiality, integrity and availability of the Company's important information and personal information assets, and implement annual supervision and audits to ensure that information security and personal information standards will continue to be effective, so that information and personal information will not be leaked.

#### B Information security risk management, continuous improvement of framework and specific management plans, and investment of resources

The information security and personal information protection team conducts risk assessments on information security and system assets on a yearly basis, evaluating respective aspects including confidentiality, integrity, possibility, and compliance with laws and regulations. For those with high risks, appropriate control mechanisms and countermeasures will be established, and business continuity drill plans will be formulated for core information systems and new equipment. Moreover, operational drills will be scheduled every year to manage and control various business risks.

Security issues	Protection measures	Benefits
Theft or improper use of customer personal data	<ol style="list-style-type: none"> <li>1. Obtain the "data protection liability insurance"</li> <li>2. Perform penetration tests and improve weaknesses</li> <li>3. Information security awareness</li> <li>4. DLP email personal information protection system</li> <li>5. Supplier shipment encryption mechanism</li> </ol>	<ol style="list-style-type: none"> <li>1. Reduce company compensation risk</li> <li>2. Improve website and protection strength</li> <li>3. Raise employees' information security awareness</li> <li>4. Protection against email personal information leakage</li> <li>5. Reduce shipment data leakage</li> </ol>
Information security protection implementation	<ol style="list-style-type: none"> <li>1. Continue to improve the Information Safety and Personal Data Management System</li> <li>2. Implement basic information security specifications for mobile apps</li> <li>3. Establish boundaries between internal and external networks</li> <li>4. Privileged account management</li> <li>5. Web page login push notification, strengthened member password rules, malicious registration check mechanism</li> </ol>	<ol style="list-style-type: none"> <li>1. Continue to obtain ISO 27001 and ISO 27701 certification, demonstrating the care of a good administrator</li> <li>2. Obtain App 3.0 certification to improve application security</li> <li>3. Attack and intrusion prevention</li> <li>4. Avoid operating risks</li> <li>5. Strengthen defense mechanism</li> </ol>
Continuous monitoring and improvement	Establish various quantitative indicators * Bug fixes * Gateway endpoint protection	Gradually improve the level of information security indicators

### 3. Information security risks and countermeasures

The company has established comprehensive network and computer-related information security protection measures, through continuous review and evaluation of its information security regulations and procedures to ensure their appropriateness and effectiveness. Introduction of the IVR logistics distribution transfer service and delivery note code hiding strengthens data protection, along with the strengthening of email detection and social engineering drills, the Company is prevent from being affected by new risks and attacks when facing the ever-changing information security threats.

### 4. Major information security incidents

In 2022 and up to the printing date of the annual report, there was no loss of operation or goodwill due to major information security incidents. For the reporting and handling of information security incidents, the "Regulations Governing the Operation of Information Security Incident Notification" is expressly defined, which include authorities and responsibilities, incident classification, reporting procedures, and processing evaluation and decision-making. Information unit needs to exclude and resolve information security incidents within the target handling time, conduct root cause analysis and take corrective measures after the incident is handled, and strengthen information technology security.



## vii. Major Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Procurement agreement	Cheng Loong Co., Ltd.	2022.05.01~ 2023.06.30	Procurement agreement for cortons	Non-disclosure
Procurement agreement	Shuenn Chyang Paper Container Co., Ltd.	2022.05.01~ 2023.06.30	Procurement agreement for cortons	Non-disclosure
Contract Agreement	Li Jin Engineering Co., Ltd.	2021.05.05	Construction of south logistics center	Non-disclosure
Program broadcasting Agreement	Homeplus Digital Co., Ltd.	2021.01.01~ 2023.12.31	Consign and authorize advertisements of TV shopping to be publicly broadcast to cable TV viewers.	Non-disclosure
Lease Agreement	Fubon Life Insurance Co., Ltd.	2018.08.01~ 2023.07.31	momo office building	Non-disclosure
Lease Agreement	Zong Sine Industries Inc.	2021.06.08~ 2033.05.31	Lease contract for warehouse	Non-disclosure
Lease Agreement	Yongyou Development Ltd.	2022.01.28~ 2032.07.31	Lease contract for warehouse	Non-disclosure

## VI. Financial Highlights

### i. Condensed Balance Sheets and Statements of Comprehensive Income

#### Condensed Balance Sheets and Statements of Comprehensive Income

##### 1. Stand-alone condensed balance sheet (2018-2022)

Unit: NT\$'000

		Stand-alone condensed balance sheet (Note1)				
		2018	2019	2020	2021	2022
Current assets		5,745,492	7,062,610	9,274,981	13,992,434	14,622,483
Property, plant and equipment (PP&E)		4,465,793	4,356,415	4,846,582	5,033,347	7,262,200
Right-of-use assets		-	1,086,620	1,282,411	1,505,291	1,588,102
Intangible assets		97,151	109,700	91,436	75,506	55,043
Other assets		1,662,305	1,701,795	2,160,324	2,228,717	2,580,358
Total assets		11,970,741	14,317,140	17,655,734	22,835,295	26,108,186
Current liabilities	Before appropriation	5,543,234	7,114,974	9,518,412	12,708,483	14,885,939
	After appropriation	6,803,761	8,305,471	10,918,997	15,075,472	-(Note 2)
Non-current liabilities		277,004	1,046,190	1,203,329	1,367,821	1,406,872
Total liabilities	Before appropriation	5,820,238	8,161,164	10,721,741	14,076,304	16,292,811
	After appropriation	7,080,765	9,351,661	12,122,326	16,443,293	-(Note 2)
Paid-in capital	Before appropriation	1,400,585	1,400,585	1,400,585	1,820,761	2,184,913
	After appropriation	1,400,585	1,400,585	1,820,761	2,184,913	-(Note 2)
Capital surplus	Before appropriation	2,976,991	2,647,360	2,624,386	2,446,415	2,259,399
	After appropriation	2,685,893	2,630,469	2,484,327	2,264,339	-(Note 2)
Retained earnings	Before appropriation	1,940,821	2,280,724	3,051,552	4,698,492	5,581,448
	After appropriation	971,392	1,107,118	1,370,850	2,149,427	-(Note 2)
Other equity interest		(167,894)	(172,693)	(142,530)	(206,677)	(210,385)
Total equity	Before appropriation	6,150,503	6,155,976	6,933,993	8,758,991	9,815,375
	After appropriation	4,889,976	4,965,479	5,533,408	6,392,002	-(Note 2)

Note 1: All financial data have been duly audited by independent auditors.

Note 2: The appropriation amount for the 2022 earnings has not to be approved at the AGM yet.

## 2. Stand-alone statements of comprehensive income (2018-2022)

Unit: NT\$'000

	Stand-alone statements of comprehensive income ( Note 1 )				
	2018	2019	2020	2021	2022
Operating revenue	41,938,107	51,729,220	67,160,246	88,360,085	103,403,362
Gross profit	4,217,066	5,014,649	6,265,248	8,765,491	10,061,399
Operating income	1,423,093	1,647,699	2,238,004	3,975,659	4,143,236
Non-operating income and expense	54,825	65,407	155,248	95,503	137,181
Income before tax	1,477,918	1,713,106	2,393,252	4,071,162	4,280,417
Net income	1,449,640	1,393,781	1,943,304	3,280,300	3,434,626
Other comprehensive income (after tax)	(50,102)	(4,908)	34,004	(13,200)	(315)
Comprehensive income	1,399,538	1,388,873	1,977,308	3,267,100	3,434,311
EPS (NT\$)(Note 2)	6.63	6.38	8.89	15.01	15.72

Note 1: All financial data have been duly audited by independent auditors.

Note 2: Calculated based on a retrospectively adjusted weighted average number of shares.

## 3. Consolidated condensed balance sheet (2018-2022)

Unit: NT\$'000

		Consolidated condensed balance sheet ( Note 1 )				
		2018	2019	2020	2021	2022
Current assets		6,168,249	7,547,400	9,932,680	14,923,554	15,649,166
Property, plant and equipment (PP&E)		4,477,398	4,364,869	4,873,389	5,079,849	7,322,583
Right-of-use assets		-	1,088,091	1,282,411	1,505,291	1,588,102
Intangible assets		128,397	126,107	94,071	77,801	57,354
Other assets		1,452,508	1,472,702	1,626,483	1,428,551	1,723,504
Total assets		12,226,552	14,599,169	17,809,034	23,015,046	26,340,709
Current liabilities	Before appropriation	5,772,994	7,372,246	9,651,475	12,793,604	15,025,287
	After appropriation	7,033,521	8,562,743	11,052,060	15,160,593	-(Note 2)
Non-current liabilities		281,454	1,050,690	1,207,579	1,372,429	1,411,826
Total liabilities	Before appropriation	6,054,448	8,422,936	10,859,054	14,166,033	16,437,113
	After appropriation	7,314,975	9,613,433	12,259,639	16,533,022	-(Note 2)
Equity attributable to owners of the parent company		6,150,503	6,155,976	6,933,993	8,758,991	9,815,375
Paid-in capital	Before appropriation	1,400,585	1,400,585	1,400,585	1,820,761	2,184,913
	After appropriation	1,400,585	1,400,585	1,820,761	2,184,913	-(Note 2)
Capital surplus	Before appropriation	2,976,991	2,647,360	2,624,386	2,446,415	2,259,399
	After appropriation	2,685,893	2,630,469	2,484,327	2,264,339	-(Note 2)
Retained earnings	Before appropriation	1,940,821	2,280,724	3,051,552	4,698,492	5,581,448
	After appropriation	971,392	1,107,118	1,370,850	2,149,427	-(Note 2)
Other equity interest		(167,894)	(172,693)	(142,530)	(206,677)	(210,385)
Non-controlling interest		21,601	20,257	15,987	90,022	88,221
Total equity	Before appropriation	6,172,104	6,176,233	6,949,980	8,849,013	9,903,596
	After appropriation	4,911,577	4,985,736	5,549,395	6,482,024	-(Note 2)

Note 1: All financial data have been duly audited by independent auditors.

Note 2: The appropriation amount for the 2022 earnings has not to be approved at the AGM yet.

#### 4. Consolidated statements of comprehensive income (2018-2022)

Unit: NT\$'000

	Consolidated statements of comprehensive income ( Note 1 )				
	2018	2019	2020	2021	2022
Operating revenue	42,017,012	51,830,417	67,198,104	88,396,696	103,436,435
Gross profit	4,260,240	5,084,636	6,314,485	8,944,803	10,272,018
Operating income	1,422,418	1,655,629	2,219,090	4,042,072	4,284,819
Non-operating income and expense	57,194	65,231	171,703	42,641	26,972
Income before tax	1,479,612	1,720,860	2,390,793	4,084,713	4,311,791
Net Income	1,444,675	1,392,701	1,938,938	3,275,266	3,433,902
Other comprehensive income (after tax)	(49,899)	(5,260)	34,100	(13,281)	(266)
Comprehensive income	1,394,776	1,387,441	1,973,038	3,261,985	3,433,636
Profit attributable to owners of the parent company	1,449,640	1,393,781	1,943,304	3,280,300	3,434,626
Profit attributable to non-controlling interest	(4,965)	(1,080)	(4,366)	(5,034)	(724)
Comprehensive income attributable to owners of parent company	1,399,538	1,388,873	1,977,308	3,267,100	3,434,311
Comprehensive income attributable to non-controlling interest	(4,762)	(1,432)	(4,270)	(5,115)	(675)
EPS (NT\$) (Note 2)	6.63	6.38	8.89	15.01	15.72

Note 1: All financial data have been duly audited by independent auditors.

Note 2: Calculated based on a retrospectively adjusted weighted average number of shares.

#### Independent auditors' names and their audit opinions for the past five years

Year	Accounting firm	Name of CPA	Opinion	Replacement reason
2018	Deloitte & Touche	Vita Kuo, Peter Lin	Unqualified opinion	-
2019	Deloitte & Touche	Vita Kuo, Pei-De Chen	Unqualified opinion	In coordination with the internal work adjustment of the firm
2020	Deloitte & Touche	Vita Kuo, Pei-De Chen	Unqualified opinion	-
2021	Deloitte & Touche	Pei-De Chen, Vita Kuo	Unqualified opinion	In coordination with the internal work adjustment of the firm
2022	Deloitte & Touche	Pei-De Chen, Chun-Hung Chen	Unqualified opinion	In coordination with the internal work adjustment of the firm

## ii. Financial Analysis

### Consolidated financial analysis (2018-2022)

		2018	2019	2020	2021	2022
Financial structure	Liability to asset rate (%)	49.52	57.69	60.97	61.55	62.40
	Long-term fund to PP&E rate (%)	144.14	165.57	167.39	201.22	154.53
Solvency	Current rate (%)	106.85	102.38	102.91	116.65	104.15
	Quick rate (%)	75.61	68.68	67.02	86.84	73.77
	Interest coverage rate (%)	540.02	202.77	246.11	323.42	332.01
Operations	Accounts receivable turnover (x)	39.76	48.23	65.07	59.28	44.43
	Average collection days	9.18	7.56	5.60	6.15	8.21
	Inventory turnover (x)	25.46	21.08	19.35	20.80	21.23
	Accounts payable turnover (x)	8.42	8.79	9.23	9.39	8.85
	Average days sales	14.33	17.31	18.86	17.54	17.19
	Property, plant and equipment turnover (x)	9.29	11.72	14.55	17.76	16.68
	Total asset turnover (x)	3.50	3.86	4.15	4.33	4.19
Profitability	Return on assets (%)	12.06	10.44	12.01	16.10	13.96
	Return on equity (%)	24.00	22.56	29.54	41.46	36.62
	Pre-tax income as a % of paid-in capital	105.64	122.87	170.70	224.34	197.34
	Net income margin (%)	3.44	2.69	2.89	3.71	3.32
	EPS (NT\$) (Note 2)	6.63	6.38	8.89	15.01	15.72
Cash flow	Cash flow rate (%)	36.13	38.47	38.60	44.72	35.49
	Cash flow adequacy rate (%)	67.59	77.11	88.13	122.95	129.57
	Cash reinvestment rate (%)	21.74	37.29	61.38	143.54	54.85
Leverage	Operating leverage	4.08	3.92	3.22	2.39	2.46
	Financial leverage	1.00	1.01	1.00	1.00	1.00

Note 1: All financial data have been duly audited by independent auditors.

Note 2: Calculated based on a retrospectively adjusted weighted average number of shares.

The following explains the financial ratios that fluctuated more than 20% between 2021 and 2022:

1. Long-term fund to PP&E rate: the increase in the amount of plant, property and equipment in 2022 resulted in a decrease in the rate.
2. Accounts receivable turnover and average collection days: Due to the increase in accounts receivable in 2022, the turnover rate of accounts receivable had decreased and the average collection days had increased.
3. Cash flow rate: The increase in current liabilities in 2022 resulted in a decrease in the rate.
4. Cash reinvestment ratio: The increase in the plant, property and equipment in 2022 resulted in a decrease in the ratio.

## Stand-alone financial analysis (2018~2022)

		2018	2019	2020	2021	2022
Financial structure	Liability to asset rate (%)	48.62	57.00	60.73	61.64	62.40
	Long-term fund to PP&E rate (%)	143.93	165.32	167.90	201.19	154.53
Solvency	Current rate (%)	103.65	99.26	97.44	110.10	98.23
	Quick rate (%)	71.52	64.71	61.58	80.57	67.88
	Interest coverage rate (%)	-	207.70	246.99	322.35	329.61
Operations	Accounts receivable turnover (x)	39.39	47.69	64.84	59.21	44.37
	Average collection days	9.27	7.65	5.62	6.16	8.22
	Inventory turnover (x)	25.48	21.17	19.52	21.07	21.48
	Accounts payable turnover (x)	8.44	8.80	9.22	9.32	8.74
	Average days sales	14.32	17.24	18.69	17.32	16.99
	Property, plant and equipment turnover (x)	9.30	11.73	14.60	17.89	16.82
	Total asset turnover (x)	3.58	3.94	4.20	4.36	4.23
Profitability	Return on assets (%)	12.38	10.66	12.20	16.25	14.08
	Return on equity (%)	24.11	22.65	29.69	41.81	36.98
	Pre-tax income as a % of paid-in capital	105.52	122.31	170.88	223.60	195.91
	Net income margin (%)	3.46	2.69	2.89	3.71	3.32
	EPS (NT\$) (Note 2)	6.63	6.38	8.89	15.01	15.72
Cash flow	Cash flow rate (%)	38.52	39.63	40.89	45.04	34.47
	Cash flow adequacy rate (%)	71.61	78.99	90.90	124.90	130.07
	Cash reinvestment rate (%)	22.48	35.97	60.12	121.97	46.24
Leverage	Operating leverage	4.06	3.91	3.13	2.34	2.43
	Financial leverage	1.00	1.01	1.00	1.00	1.00

Note 1: All financial data have been duly audited by independent auditors.

Note 2: Calculated based on a retrospectively adjusted weighted average number of shares.

The following explains the financial ratios that fluctuated more than 20% between 2021 and 2022:

1. Long-term fund to PP&E rate: The increase in the amount of plant, property and equipment in 2022 resulted in a decrease in the rate.
2. Accounts receivable turnover and average collection days: Due to the increase in accounts receivable in 2022, the turnover rate of accounts receivable had decreased and the average collection days had increased.
3. Cash flow rate: The increase in current liabilities in 2022 resulted in a decrease in the rate.
4. Cash reinvestment ratio: The increase in the plant, property and equipment in 2022 resulted in a decrease in the ratio.

Note: Formulas for the above tables:

### 1. Financial structure

(1) Liability to asset rate = Total liabilities / Total assets

(2) Long-term fund to PP&E rate = (Shareholders' equity + Long-term liabilities) / Net PP&E

### 2. Solvency

(1) Current rate = Current assets / Current liabilities

(2) Quick rate = (Current assets – Inventory – Prepaid expenses) / Current liabilities

(3) Interest coverage rate = Income before interest and taxes / Interest expense

### 3. Operations

(1) Accounts receivable turnover = Net revenue / Average accounts receivable

(2) Average collection days = 365 / AR turnover

- (3) Inventory turnover =  $\text{COGS} / \text{Average inventory}$
- (4) Accounts payable turnover =  $\text{COGS} / \text{Average accounts payable}$
- (5) Average days sales =  $365 / \text{Inventory turnover}$
- (6) PP&E turnover =  $\text{Net revenue} / \text{Average net PP\&E}$
- (7) Total asset turnover =  $\text{Net revenue} / \text{Average total assets}$

#### 4. Profitability

- (1) Return on assets =  $[\text{Net income} + \text{Interest expense} \times (1 - \text{Tax rate})] / \text{Average assets}$
- (2) Return on equity =  $\text{Net income} / \text{Average equity}$
- (3) Net income margin =  $\text{Net income} / \text{Net sales}$
- (4) EPS =  $(\text{Net income} - \text{Preferred stock dividend}) / \text{Weighted average outstanding shares}$

#### 5. Cash flow

- (1) Cash flow rate =  $\text{Cash flow from operating activities} / \text{Current liabilities}$
  - (2) Cash flow adequacy rate =  $\text{Net cash flow from operating activities for the past 5 years} / (\text{Capital expenditures} + \text{Increases in inventory} + \text{Cash dividend}) \text{ for the past 5 years}$
  - (3) Cash reinvestment rate =  $(\text{Cash flow from operating activities} - \text{Cash dividends}) / (\text{Gross fixed assets} + \text{Long-term investments} + \text{Other assets} + \text{Working capital})$
- (Note: Use zero if working capital value is negative)

#### 6. Leverage

- (1) Operating leverage =  $(\text{Net revenue} - \text{Variable operating costs and expenses}) / \text{Operating income}$
- (2) Financial leverage =  $\text{Operating income} / (\text{Operating income} - \text{Interest expense})$

III.

## **momo.com Inc. Examination Report of the Audit Committee**

**February 17, 2023**

The Board of Directors of momo.com Inc. has submitted the Company's 2022 business report and financial statements to the Audit Committee. The CPA firm, Deloitte & Touche, was retained by the Board to audit momo's financial statements and has issued an audit report relating to the financial statements. The business report and financial statements have been reviewed and determined to be correct and accurate by the Audit Committee of momo. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Sincerely,

The 2023 General Shareholders Meeting of momo.com Inc.

momo.com Inc.

Audit committee convener: Hong-So Chen

### **iv. Consolidated Financial Statements of the Most Recent Year**

Refer to the attachment.

### **v. Certified Financial Statements of the Company of the Most Recent Year**

Refer to the attachment.

### **vi. Financial Difficulties for the Company and its Affiliates**

None



## VII. Review and Analysis of Financial Conditions, Operating Results and Risk Management

### i. Balance Sheet Analysis

#### Consolidated balance sheet analysis

##### 2021 ~ 2022 Consolidated Balance Sheet

Unit: NT\$'000, %

	2021	2022	YoY change	
			Amount	%
Current assets	14,923,554	15,649,166	725,612	4.86
Property, plant and equipment	5,079,849	7,322,583	2,242,734	44.15
Right-of-use assets	1,505,291	1,588,102	82,811	5.50
Intangible assets	77,801	57,354	(20,447)	(26.28)
Other assets	1,428,551	1,723,504	294,953	20.65
Total assets	23,015,046	26,340,709	3,325,663	14.45
Current liabilities	12,793,604	15,025,287	2,231,683	17.44
Long-term Liabilities	1,372,429	1,411,826	39,397	2.87
Total liabilities	14,166,033	16,437,113	2,271,080	16.03
Paid-in capital	1,820,761	2,184,913	364,152	20.00
Capital surplus	2,446,415	2,259,399	(187,016)	(7.64)
Retained earnings	4,698,492	5,581,448	882,956	18.79
Other equity	(206,677)	(210,385)	(3,708)	1.79
Non-controlling interests	90,022	88,221	(1,801)	(2.00)
Total equity	8,849,013	9,903,596	1,054,583	11.92

All financial data have been duly audited by independent auditors.

Explanation for changes that exceed 20% and reached NT \$10 million or above in the past two years:

1. Increase in the plant, property and equipment: Mainly due to the self-construction of the logistics center in 2022.
2. Decrease in intangible assets: Mainly due to the decrease in the purchase of computer software and the provision for amortization in 2022.
3. Increase in other assets: Mainly due to the acquisition of financial assets at FVOCI in 2022.
4. Increase in common stock: Mainly due to the payment of stock dividends in 2022.

## ii. Statements of Comprehensive Income Analysis

### Consolidated statements of comprehensive income analysis

#### 2021 ~ 2022 Consolidated Statements of Comprehensive Income

Unit: NT\$'000, %

	2021	2022	YoY change	
			Amount	%
Operating revenue	88,396,696	103,436,435	15,039,739	17.01
Operating costs	79,451,893	93,164,417	13,712,524	17.26
Gross profit	8,944,803	10,272,018	1,327,215	14.84
Operating expenses	5,026,293	6,198,934	1,172,641	23.33
Net other income and expenses	123,562	211,735	88,173	71.36
Operating income	4,042,072	4,284,819	242,747	6.01
Non-operating income and expenses	42,641	26,972	(15,669)	(36.75)
Income before tax	4,084,713	4,311,791	227,078	5.56
Tax expense	809,447	877,889	68,442	8.46
Net income	3,275,266	3,433,902	158,636	4.84
Other comprehensive income, net of Tax	(13,281)	(266)	13,015	(98.00)
Comprehensive income	3,261,985	3,433,636	171,651	5.26

All financial data have been duly audited by independent auditors.

Explanation for changes that exceed 20% and reached NT \$10 million or above in the past two years:

1. Operating expenses: Mainly due to stimulating the sale growth in 2022, increased the advertising expense, and the cash flow charge increased as the revenue growth.
2. Increase in net other income and expenses: Mainly due to increasing in the recognition of the expired gift voucher as other income in 2022.
3. Decrease of non-operating income and expenses: Mainly due to the increase in investment impairment loss accounted for using equity method in 2022
4. Increase in Other comprehensive income, net of Tax: Mainly because of an increase in exchange differences on translation of foreign financial statements in 2022.

### Revenue outlook, key assumptions, potential impact on the Company's business and corresponding proposal

The Company's sales estimates for the ensuing year are based on the Company's previous festive events, seasonal changes, predicted market environment, supply-demand conditions, and predictive data for its future business development.

### iii. Cash Flow Analysis

#### Consolidated cash flow analysis

##### 2021 ~ 2022 Consolidated Cash Flow Statement

Unit: NT\$'000, %

	2021	2022	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	5,720,847	5,332,034	(388,813)	(6.80)
Cash inflow (outflow) from investment activities	(158,001)	(3,084,933)	(2,926,932)	1,852.48
Cash inflow (outflow) from financing activities	(1,813,450)	(3,006,958)	(1,193,508)	65.81
Impact from changes in exchange rate	(245)	170	415	(169.39)
Net cash increase (decrease)	3,749,151	(759,687)	(4,508,838)	(120.26)

Analysis of the Change in Cash Flow:

1. Increase of cash outflow from investment activities: Mainly due to the increase in fixed asset purchases in 2022.
2. Increase of cash outflow from financing activities: Mainly due to the increase in cash dividend in 2022.

**Plans to improve negative liquidity:** None

#### Consolidated projected cash flow for 2023

##### 2023 Consolidated Projected Cash Flow Analysis

Unit: NT\$'000

Cash balance, Beginning of the year (1)	Forecast net cash inflow from operating activities (2)	Forecast cash outflow from investment and financing activities (3)	Cash balance, end of the year (1) + (2) - (3)	Source of funding for negative cash balance	
				Cash inflow from investment activities	Cash inflow from financing activities
8,044,437	6,169,173	6,313,533	7,900,077	-	-

Explanations and analysis:

1. Operating revenue and profit growth trends in 2023 are expected to remain unchanged from those in 2022. However, investment activities supporting revenue growth scale have increased, therefore, the expected cash balance amounts to NT \$7,900,077,000.
2. It is expected that as the operating revenue increases, the cash inflow for the ensuing year will stem from operating activities.
3. Investment activities: Primarily the cash outflow was the result of the payments for warehouse storage equipment.

### iv. Analysis of Major Capex and its Impact on Finance and Operations

None of material influence.

## v. Investment Policies, Reasons for Profit/Loss, Plans for Improvement, and Future Investment Plan

Investment transfer policies in the most recent fiscal year:

The Company conducts investment transfer according to the Company's business development needs and future business growth. A detailed evaluation of the following is provided as a reference to decision-making authorities for making investment decisions: organizational profile of the investment target, investment objective, market condition, business development, shareholding ratio, and other related items.

Concerning financial management policies for domestic and foreign investments, the Company adopts management regulations in relation to its internal control system as the basis for investment management. In addition, it monitors and manages investment transfer businesses in accordance with the Regulation for Monitoring and Managing Subsidiaries and the Operational Procedures for Specific Company and Related Party Transactions of Group Companies.

Reasons for profit/loss and plans for improvement:

The Company's 2022 individual investment loss recognized with equity method was NT\$25,938,000, which was mainly due to the fact that the subsidiary company recognized the impairment loss of Global Home Shopping in this period, so the investment loss increased; under consolidated basis, there was a loss of NT\$63,871,000, the loss narrowed compared with the previous year. This was mainly due to the fact that last year, Global Home Shopping recognized the loss on goodwill impairment of Kaleida Holdings S.A, a re-investment company; and there was no such situation in this period, so the investment loss decreased.

Investment plans for the ensuing year:

In order to optimize the customer's shopping process and shorten the time taken from ordering to picking up, the Company will continue to invest in warehousing and logistics, so as to improve its grasp of logistics distribution and customer satisfaction with the shopping experience. In the future, the completion of the southern logistics center and the central logistics center in preparation for construction will benefit the coordination of logistics in northern, central, and southern Taiwan and improve the efficiency of delivery, thereby expanding the territory of same day delivery and speedy delivery services in central and southern Taiwan.

In response to the global goal of net zero carbon emissions in 2050, in addition to promoting the use of environmentally friendly packaging materials, we will continue to expand and actively build the green fleet. In addition to purchasing environmentally friendly vehicles, we will also purchase "momo electric 3-wheelers" to arrange for sustainable retail development.

## vi. Risk Management

### Impact of inflation, interest and exchange rate fluctuations, and preventive measures:

Unit: NT\$'000, %				
	2021	% of Operating revenue	2022	% of Operating revenue
Interest income	26,834	0.03%	55,669	0.05%
Interest expense	12,669	0.01%	13,026	0.01%
Exchange gain (loss)	(1,095)	0.00%	4,629	0.00%

#### 1. Impact of interest rate fluctuations

The interest income of the Company and its subsidiary was NT \$27million in 2021 and NT \$56 million in 2022, which respectively accounted for 0.03% and 0.05% of the net operating revenue. In addition, the interest expense for 2021 and 2022 was NT \$12.7 million and NT \$13 million, respectively accounting for 0.01% and 0.01% of the net operating revenue. Therefore, interest rate fluctuations posed no material influence on the company's operations. The Company and its subsidiary will timely adjust its use of funds as interest rate fluctuates in order to mitigate the impact that interest rate volatilities may have on the earnings of the Company and its subsidiary.

2. Impact of exchange rate fluctuations

The exchange profit (loss) of the Company and its subsidiary was NT (\$1.1) million for 2021 and NT 4.6 million for 2022, which respectively accounted for 0.00% and 0.00% of the net operating revenue. The Company and its subsidiary's proportion of operating revenue in Taiwan registered 99.9%. We primarily adopt telegraphic transfer when purchasing products overseas. Although exchange gains and losses were the result of exchange rate volatility, their proportion as a percentage of net sales revenue was low. Therefore, exchange rate volatility had a limited impact on the company operation. The Company and its subsidiary will closely monitor information related to exchange rate fluctuations, stay vigilant at all times toward the trends of the exchange rates, and make appropriate adjustments according to the global economy, exchange rates, and future cash flow demands. The ultimate goal is to minimize risks associated with exchange rate volatility and thereby reduce the impact of such volatility on the earnings of the Company and its subsidiary.

3. Impact of inflation

The Company and its subsidiary have maintained a close, positive interactive relationship with its suppliers and customers. In addition, we pay detailed attention to market price fluctuations at all time in order to adjust purchasing and selling prices in response to price fluctuations in the market, thereby minimize the impact of product inflation.

**Investment policy and reasons for gains & losses for high-risk/high-leverage financial products, derivatives, loans to others and guarantees of debts**

1. The Company and its subsidiaries dedicate to operations of shopping platform business, tourist and insurance agency products respectively, but do not engage in other commercial activities involving high-risk or high-leverage investments. Nevertheless, in order to control relevant risks effectively and enhance the security of financial operations, the Company and its subsidiaries have strictly stipulated the "Operating Procedures Governing Loaning of Funds and Making of Endorsements/Guarantees," "Procedures for the Acquisition or Disposal of Assets," and relevant operating standards, and established relevant systems to carry out risk management and evaluation tasks

2. Reasons for gains and losses for loans to others, endorsements/guarantees, and financial derivatives:

(1) Loans to others: The Company and its subsidiary have not made loans to others up to the publishing date of the annual report.

(2) Endorsements/guarantees: The Company and its subsidiary rigorously formulated and strictly adhere to the Procedures for Loaning of Funds and Making of Endorsements/Guarantees when making endorsements/guarantees. In addition, endorsements/guarantees are typically made to subsidiaries that directly or indirectly hold over 50% of the voting share of the Company, thus minimizing risks.

(3) Derivatives transaction: None.

3. Response measures:

In future, the Company and its subsidiary will continue to adhere to existing principles of not engaging in high-risk/high-leverage investments. In addition, we will follow company regulations and systems when handling loans to others, endorsement/guarantee policies, and derivative products.

## Research and development plans

Project title	Project description
Intelligent Product Hashtag	A hashtag is a combination of words used to express the characteristics of a product. Users click on a hashtag to link to products with the same hashtag in the same category. It can be used for product recommendation, which did not used before.
Logistics warehousing expansion project	In response to the expansion of short-chain logistics warehousing in the coming year, including the construction of 2 main warehouses, 8 satellite warehouses and SDC, for information appliances, it is planned to start the construction of: 1. network equipment, 2. information communication, and 3. SDC information communication and introduction plans.
Business continuity plan	Carry out business continuity planning and construction for systems with single point of failure.
Resource authorization system	It is a resource authorization system that utilizes the configuration server to protect the public key, private key, and client certificate and shares the authentication calculation responsibility of the authentication server. After the transformation of the structure, it will be distributed and run in appropriate services, which can disperse the operating energy and protect the certificate, and can also ensure the scalability of the operating energy.
Project automatic creation system	The R&D project automatic creation system is a way to easily create projects by selecting templates and functions. In the future, through the project automatic creation system, we will have a better grasp of the schedule of each project.
Planning of the mobile office	In order to provide colleagues with a safer and more convenient office environment, it is planned to build a mobile office.

Expected investment in R&D in 2023 is NT\$288 million.

## Regulatory changes and developments

The Company and its subsidiary ensure that their daily operations adheres to domestic laws and regulations, including Fair Trade Act, Copyright Act, Patent Act, Trademark Act, Commodity Labeling Act, Statute for Control of Cosmetic Hygiene, Act Governing Food Safety and Sanitation, Health Food Control Act, Regulations for Governing the Management of Medical Device, Telecommunications Management Act, Radio and Television Act, Cable Radio and Television Act, and Consumer Protection Act. They also abide by industry-related domestic and foreign laws and regulations; constantly follow the development trends of domestic and foreign policies as well as changes to laws and regulations. The Company educates its employees and suppliers regarding changes to legislations on a regular basis, actively adjusts its product categories, and reinforces its evaluation methods to effectively observe and respond to market changes. The Company designates specialized legal officers to monitor changes in crucial policies and laws of Taiwan and other countries. It proposes response measures in a timely manner, and complies with domestic and foreign laws and regulations to minimize related risks.

## **Technology changes (Including information security risks) and development**

The Company and its subsidiary manage TV, online, and catalogue shopping channels, offer travel and insurance products, and establish an integrated platform that affords shopping, travel and insurance services. In addition to providing diverse purchasing services to meet market demands, the Company ensures steady, flexible financial management at all times to address the challenges involved with technology and industry changes and maintain its competitive edge. Therefore, technology and industry changes exerted no material impact on the operation of the Company and its subsidiary.

## **Impact of changes in brand image on the Company's risk management policies in 2022 up to publication date in 2023**

The Company and its subsidiary uphold the principles of ethical management, professionalism, and innovation, while emphasizing the importance of satisfying market demands and strengthening internal control. The Company is committed to improve product quality and customer service. Up to the publication date of the annual report and in recent years, there were no impact of changes in brand image on the Company and its subsidiary.

## **Expected benefits and risks from mergers in 2022 up to publication date in 2023**

In recent years and up to the publication date of the annual report, the Company and its subsidiary are not undertaking any merger and acquisition (M&A) activities and have no plans in merging and acquiring other companies. Nevertheless, if it intends to undertake M&A activities, the Company and its subsidiary will strictly assess the impact of such plans to in the best interests of shareholders' return.

## **Expected benefits and risks related to plant facility expansions in 2022 up to publication date in 2023**

The category of the Company and its subsidiary's business belongs to the retail and service industry, thus explanation under this heading is not applicable.

## **Risks from supplier and buyer concentration in 2022 up to publication date in 2023**

### **1. Procurement**

This corporation provides multi-transaction platforms and purchases products for sale from multiple suppliers. Thus, this is not applicable because the payment to any single supplier is less than 10% of the total payment.

### **2. Sales**

Due to the nature of the business the Company is in, the Company does not sell to any specific customers. Thus, this is not applicable as the contribution from any single customer is less than 10% of total sales.

## **Significant changes in shareholdings of directors and major shareholders in 2022 up to publication date in 2023**

Since 2022 up to the publication date of this annual report, the Company has not been made significant changes in or transferred shareholdings of directors or major shareholders who hold more than 10% of the Company's shares.

All transfer information has been announced and declared in the Market Observation Post System according to the regulations.

## **Changes in management controls in 2022 up to publication date in 2023**

Not applicable.

## **Significant lawsuits and non-litigious matters in 2022 up to publication date in 2023**

If there has been any substantial impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the company that was finalized or remained pending during the most recent two fiscal years or during the current fiscal year up to the printing date of the prospectus, the prospectus shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case:

There has been no substantial impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the company that was finalized or remained pending during the most recent two fiscal years or during the current fiscal year up to the publication date of this annual report.

Any finalized or pending litigation, non-litigious proceeding, or administrative dispute involving a company director, supervisor, general manager, de facto responsible person, or major shareholder with a stake of more than 10% during the most recent two fiscal years or during the current fiscal year up to the printing date of the prospectus that potentially exert a substantial impact upon shareholders' equity or prices for the company's securities:

The Company's director, supervisor, general manager, de facto responsible person, or major shareholder with a stake of more than 10% were not involved in any litigation, non-litigious proceeding, or administrative dispute that potentially exert a substantial impact upon shareholders' equity or prices for the company's securities.

## **Other major risks:**

Information security risk:

The Company has long been committed to the implementation of information security and personal information protection control. In Nov., 2009, we passed the international verification of SGS Taiwan Limited and obtained ISO 27001 information security certification. In 2018 and 2021, we expanded the scope of verification and added items such as operating procedures of logistics delivery management and development, maintenance, and data management of subsidiaries' systems, so to ensure the highest level of protection is achieved for customers' information under the multi-layered information security control. We regularly maintain and continuously obtain the certification on a yearly basis to keep the certification valid.

In 2018, we conducted the verification of Personal Information Management System (PIMS, BS10012:2017) for the first time, and passed the international verification of SGS Taiwan Limited and obtained the certification. Such certification emphasizes management of member shoppers' personal information, personal information obtained from phone ordering services, and management operation of personal information obtained from the insurance agency service offered by the subsidiary. In 2021, we were re-verified, and the personal information management was changed from the original verification BS10012 to ISO 27701 for the information security and personal information management system standards to become consistent, and certificates were obtained to ensure the security of information and personal information. The constantly certification is passed on May 25, 2022. In the future, we will regularly maintain and continuously obtain the certification on a yearly basis to keep the certification valid.

Introducing PCI DSS to protect the security of consumer electronic payment transactions. momo is the leader in Taiwan's e-commerce industry. According to statistics, each channel is required to process millions of card transactions every year. In order to bring our core profession into full play to strengthen the protection of consumers' card transaction data and transaction security, the Payment Card Industry Data Security Standard (PCI DSS) verification was completed in Q1 of 2019 to protect the security certificates of consumers' electronic payment transactions. Due to the continuous growth of business, the number of card transactions gradually increases. On March 17, 2022, Level 1 compliance certification was obtained, and verification will continue to be conducted every year thereafter to maintain and enhance the effective reduction of the possibility of cardholder data breach.



#### Educational training on information security

General users and supervisors received information security online courses and tests for 4 hours a year; for information technology staff, at least 6 hours a year; and for information security colleagues, at least 16 hours a year. In addition, information training courses were held irregularly.

Name	Hours	No. of People	Note
Practical advocacy of the Personal Data Protection Act	1	2,724	100% of the in-service employees during the span of the course completed the online course and passed the test
External protection against hacker attacks	1	2,754	
Internal protection against leakage	1	2,881	
Defense practice advocacy against social engineering attacks	1	2,986	
New recruits orientation	1	986	1. 100% of the reported new employees completed the orientation. 2. 3-hour orientation for new recruits, of which 1-hour course content was information security protection, Personal Data Protection Act, external protection against hacker attacks, internal protection against leakage, and introduction to the use of computer.

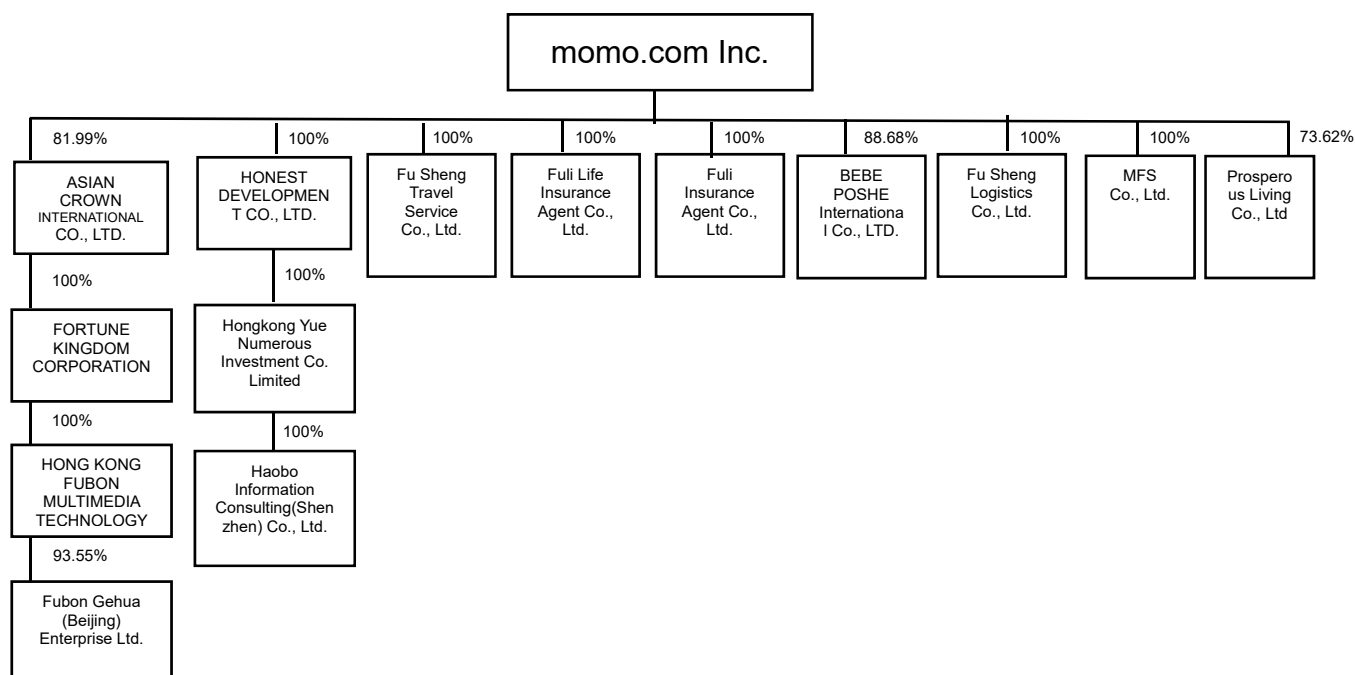
#### vii. Other Significant Items: None.

## VIII. Special Notes

### i. Affiliates

#### Investment holding structure

As of Dec. 31, 2022



#### Affiliates' profile

Dec. 31, 2022 Unit: NT\$ (unless otherwise stated)

Name	Date	Address	Paid-in capital	Main business
Fu Sheng Travel Service Co., Ltd.	2004.12.16	7F, No 92, Zhouzi St., Neihu District, Taipei, Taiwan	30,000,000	Travel agent
Fuli Life Insurance Agent Co., Ltd.	2005.12.27	7F, No 98, Zhouzi St., Neihu District, Taipei, Taiwan	5,000,000	Life insurance agent
Fuli Insurance Agent Co., Ltd.(Note 1)	2006.01.03	7F, No 96, Zhouzi St., Neihu District, Taipei, Taiwan	5,000,000	Property insurance agent
BEBE POSHE International Co., LTD.	2010.01.07	4F, No 92, Zhouzi St., Neihu District, Taipei, Taiwan	100,000,000	Wholesale of cosmetics
Fu Sheng Logistics Co., Ltd.	2020.02.15	8F, No.96, Zhouzi St., Neihu District, Taipei, Taiwan	250,000,000	Logistics industry
MFS Co., Ltd.	2020.07.30	14F.-6, No.1, Zhanqian, Miaoli City, Miaoli County 360, Taiwan	100,000,000	Wholesaling
Prosperous Living Co., Ltd	2021.11.26	7F, No 98, Zhouzi St., Neihu District, Taipei, Taiwan	300,000,000	Wholesaling & Retail
Asian Crown International Co.,Ltd.	2009.01.07	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands	USD11,873,735	Investment
Fortune Kingdom Corporation	2009.01.06	Maystar Chamber, P.O. Box 3269, Apia, Samoa	USD11,594,429	Investment
Hong Kong Fubon	2010.03.18	Unit 06, G/F, The Lodge, 535	USD11,594,429	Investment

Name	Date	Address	Paid-in capital	Main business
Multimedia Technology Co., Ltd.		Canton Road, Kowloon, Hong Kong		
Fubon Gehua (Beijing) Enterprise Ltd.	2010.12.08	Room 244, 2nd Floor, Building 2, 241 Pingfang Road, Chaoyang District, Beijing	RMB77,500,000	Wholesaling
Honest Development Co., Ltd.	2015.01.23	Maystar Chamber, P.O. Box 3269, Apia, Samoa	USD21,778,413	Investment
Hongkong Yue Numerous Investment Co. Limited	2015.03.12	Unit 06, G/F, The Lodge, 535 Canton Road, Kowloon, Hong Kong	HK16,600,000	Investment
Haobo Information Consulting (Shenzhen) Co., Ltd.	2008.11.14	3207A, Building A, Xinghe Century Building, 3069 CaiTian Road, Gangxia Community, Futian Street, Futian District, Shenzhen City, China	RMB11,000,000	Investment

Note 1: Fuli Property Insurance Agent Co., Ltd. was renamed as Fuli Insurance Agent Co., Ltd. by the board of directors in January 2023, and completed on February 4, 2023.

**The information of the same shareholders in companies presumed to have a controlling or subordinate relation with the Company: None**

#### **Information of Director, Supervisor and President in each affiliated company**

Dec. 31, 2022 Unit: Dollar in foreign currency; Share; %

Name	Title	name of Representative	Shareholding	
			Shares (Note 3)	Shares %
Fu Sheng Travel Service Co., Ltd.	Chairman	momo.com Inc. Representative: Jeff Ku	3,000,000	100.00%
	Director	momo.com Inc. Representative: Jeremy Hong	3,000,000	100.00%
	Director	momo.com Inc. Representative: Gina Lu	3,000,000	100.00%
	Supervisor	momo.com Inc. Representative: Terry Lee	3,000,000	100.00%
	President	(Note 2)		
Fuli Life Insurance Agent Co., Ltd.	Chairman	momo.com Inc. Representative: C.F. Lin	500,000	100.00%
	Director	momo.com Inc. Representative: Jeff Ku	500,000	100.00%
	Director	momo.com Inc. Representative: Julia Chou	500,000	100.00%
	Supervisor	momo.com Inc. Representative: Summer Hsieh	500,000	100.00%
	President	C.F. Lin	-	-
Fuli Insurance Agent Co., Ltd. (Note 1)	Chairman	momo.com Inc. Representative: Gina Lu	500,000	100.00%
	Director	momo.com Inc. Representative: Jeff Ku	500,000	100.00%
	Director	momo.com Inc. Representative: Jeremy Hong	500,000	100.00%
	Supervisor	momo.com Inc. Representative: Hana Hsieh	500,000	100.00%
	President	Gina Lu	-	-
BEBE POSHE International Co., LTD.	Chairman	momo.com Inc. Representative: Jeff Ku	8,867,500	88.68%
	Director	Jennifer Lin	-	-
	Director	momo.com Inc. Representative: Roxanne Chiu	8,867,500	88.68%
	Director	momo.com Inc. Representative: Summer Hsieh	8,867,500	88.68%
	Director	momo.com Inc. Representative: Jeremy Hong	8,867,500	88.68%

Name	Title	name of Representative	Shareholding	
			Shares (Note 3)	Shares %
	Supervisor	Gina Lu	-	-
	President	Summer Hsieh	-	-
Fu Sheng Logistics Co., Ltd.	Chairman	momo.com Inc. Representative: Jeff Ku	25,000,000	100.00%
	Director	momo.com Inc. Representative: Leanne Wang	25,000,000	100.00%
	Director	momo.com Inc. Representative: Robinson Lin	25,000,000	100.00%
	Supervisor	momo.com Inc. Representative: Gina Lu	25,000,000	100.00%
	President	Leanne Wang	-	-
MFS Co., Ltd.	Chairman	momo.com Inc. Representative: Jeff Ku	10,000,000	100.00%
	Director	momo.com Inc. Representative: Summer Hsieh	10,000,000	100.00%
	Director	momo.com Inc. Representative: Ally Yu	10,000,000	100.00%
	Supervisor	momo.com Inc. Representative: Jeremy Hong	10,000,000	100.00%
	President	Ally Yu	-	-
Prosperous Living Co., Ltd	Chairman	momo.com Inc. Representative: Jeff Ku	22,085,000	73.62%
	Director	momo.com Inc. Representative: Jeremy Hong	22,085,000	73.62%
	Director	momo.com Inc. Representative: Roxanne Chiu	22,085,000	73.62%
	Supervisor	Gina Lu	100,000	0.3333%
	President	Roxanne Chiu	100,000	0.3333%
Asian Crown International Co., Ltd.	Director	momo.com Inc.	USD 9,735,459	81.99%
	President	(Note 2)		
Fortune Kingdom Corporaten	Director	Asian Crown International Co., Ltd.	USD 11,594,429	100.00%
	President	(Note 2)		
Hong Kong Fubon Multimedia Technology Co., Ltd.	Director	Fortune Kingdom Corporaten	USD 11,594,429	100.00%
	Director	C.F. Lin	-	-
	President	(Note 2)		
Fubon Gehua (Beijing) Enterprise Ltd.	Chairman	Hong Kong Fubon Multimedia Technology Co., Ltd. Representative: C.F. Lin	RMB 72,499,800	93.55%
	Director	Hong Kong Fubon Multimedia Technology Co., Ltd. Representative: Jeff Ku	RMB 72,499,800	93.55%
	Director	Hong Kong Fubon Multimedia Technology Co., Ltd. Representative: Jeremy Hong	RMB 72,499,800	93.55%
	Director	Hong Kong Fubon Multimedia Technology Co., Ltd. Representative: Nien Pei Tsai	RMB 72,499,800	93.55%
	Director	Prosperous Group(Asia) Limited Representative: Pei Yin Yu	RMB 5,000,200	6.45%
	Supervisor	Hong Kong Fubon Multimedia Technology Co., Ltd. Representative: Summer Hsieh	RMB 72,499,800	93.55%
	Supervisor	Hong Kong Fubon Multimedia Technology Co., Ltd. Representative: Gina Lu	RMB 72,499,800	93.55%
	President	C.F. Lin	-	-

Name	Title	name of Representative	Shareholding	
			Shares (Note 3)	Shares %
Honest Development Co., Ltd.	Director	momo.com Inc.	USD 21,778,413	100.00%
	President	(Note 2)		
Hongkong Yue Numerous Investment Co. Limited	Director	Honest Development Co., Ltd.	HKD 16,600,000	100.00%
	Director	C.F. Lin	-	-
	President	(Note 2)		
Haobo Information Consulting(Shenzhen) Co., Ltd.	Chairman	Hongkong Yue Numerous Investment Co. Limited Representative: Jeff Ku	RMB 11,000,000	100.00%
	Supervisor	Hongkong Yue Numerous Investment Co. Limited Representative: Gina Lu	RMB 11,000,000	100.00%
	President	Summer Hsieh	-	-

Note 1: Fuli Property Insurance Agent Co., Ltd. was renamed as Fuli Insurance Agent Co., Ltd. by the board of directors in January 2023, and completed on February 4, 2023.

Note 2: No President position.

Note 3: Except for the information of Asian Crown International Co., Ltd., Fortune Kingdom Corporaten, Hong Kong Fubon Multimedia Technology Co., Ltd., Fubon Gehua (Beijing) Enterprise Ltd., Honest Development Co., Ltd., Hongkong Yue Numerous Investment Co., Ltd., and Haobo Information Consulting (Shenzhen) Co., Ltd., which are indicated by the amount of contribution (dollars), the remaining information are indicated by the number of shares.

## Affiliates' operating highlights

Dec. 31, 2022 Unit: NT\$'000

Company name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net income	EPS (NT\$)
momo.com Inc.	2,184,913	26,108,186	16,292,811	9,815,375	103,403,362	4,143,236	3,434,626	15.72
Fu Sheng Travel Service Co., Ltd.	30,000	217,929	171,317	46,612	8,816	6,090	5,577	1.86
Fuli Life Insurance Agent Co., Ltd.	5,000	3,259	337	2,922	339	(2,276)	(2,280)	(4.56)
Fuli Insurance Agent Co., Ltd. (Original: Fuli Property Insurance Agent Co., Ltd.) (Note 2)	5,000	15,543	2,560	12,983	12,372	4,358	3,515	7.03
BEBE POSHE International Co., LTD.	100,000	33,377	1,854	31,523	38,303	(5,813)	(5,790)	(0.58)
Fu Sheng Logistics Co., Ltd.	250,000	573,093	198,680	374,413	915,827	146,473	118,512	4.74
MFS Co., Ltd.	100,000	145,159	46,760	98,399	268,552	(3,323)	(2,380)	(0.24)
Prosperous Living Co., Ltd	300,000	312,089	8,037	304,052	35,514	3,941	4,232	0.14
Asian Crown International Co., Ltd.	364,890	21,352	-	21,352	-	(104)	(3,448)	(0.29)
Fortune Kingdom Corporaten	356,500	16,913	-	16,913	-	-	(3,834)	(0.33)
Hong Kong Fubon Multimedia Technology Co., Ltd.	356,500	16,913	-	16,913	-	(126)	(3,834)	(0.33)
Fubon Gehua (Beijing) Enterprise Ltd.	341,076	14,473	5,378	9,095	5,843	(9,408)	(4,943)	Not applicable
Honest Development CO., Ltd.	670,448	560,502	-	560,502	-	-	(99,495)	(4.57)
Hongkong Yue Numerous Investment Co. Limited	66,035	560,502	-	560,502	-	-	(99,495)	(5.99)
Haobo Information Consulting (Shenzhen) Co., Ltd.	48,411	531,879	-	531,879	-	(221)	(100,135)	Not applicable
Note 1: Exchange rate of US\$1=NT\$30.725 and HKD\$1=NT\$3.942 and RMB1=NT\$4.401 as of Dec. 31, 2022 Average exchange rate of US\$1=NT\$29.788 and HKD\$1=NT\$3.804 and RMB1=NT\$4.42 for 2022 Note 2: Fuli Property Insurance Agent Co., Ltd. was renamed as Fuli Insurance Agent Co., Ltd. by the board of directors in January 2023, and completed on February 4, 2023								

## Consolidated financial statements of affiliated companies

According to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", in 2022, the companies required to be included in the consolidated financial statements of affiliates by the Company are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in Financial Accounting Criteria Gazette No. 10, and the relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the aforementioned consolidated financial statements of parent and subsidiary companies, as a result, a separate consolidated financial statements of affiliates is not prepared.

- ii. Private Placement of Company Shares: None**
- iii. momo Shares held / Sold by Subsidiaries: None**
- iv. Other Supplementary Information: None**
- v. Other Significant Events Affecting Shareholders' Equity or Stock Price: None**

**momo.com Inc. and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2022 and 2021 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, 2022, 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

---

DANIEL TSAI  
Chairman

February 17, 2023

## **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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of the Republic of China (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, 2022. 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, 2022 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, 2022 and 2021 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 Standards on Auditing of the Republic of China (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 Standards on Auditing of the Republic of China (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, 2022 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 Chun-Hung Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 17, 2023

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, 2022 AND 2021**  
**(In Thousands of New Taiwan Dollars)**

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 6 and 29)	\$ 8,044,437	30	\$ 8,804,124	38
Financial assets at fair value through other comprehensive income - current (Note 8)	4,217	-	15,179	-
Notes and accounts receivable, net (Note 9)	178,680	1	116,728	1
Accounts receivable from related parties (Note 29)	286,633	1	104,783	1
Other receivables, net (Notes 9 and 29)	2,259,749	9	1,689,565	7
Inventories (Note 10)	4,479,408	17	3,728,410	16
Prepayments	69,661	-	69,244	-
Other financial assets - current (Notes 11, 29 and 30)	134,752	-	217,047	1
Other current assets	16,505	-	15,955	-
Right to recover products - current (Note 21)	175,124	1	162,519	1
Total current assets	15,649,166	59	14,923,554	65
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Note 7)	237,546	1	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	403,487	2	61,177	-
Investments accounted for using equity method (Note 13)	486,008	2	691,559	3
Property, plant and equipment (Note 14)	7,322,583	28	5,079,849	22
Right-of-use assets (Notes 15 and 29)	1,588,102	6	1,505,291	7
Intangible assets	57,354	-	77,801	-
Deferred tax assets (Note 23)	27,716	-	57,298	-
Prepayments for equipment (Note 29)	91,692	-	270,265	1
Refundable deposits (Note 29)	239,774	1	142,913	1
Net defined benefit assets - non-current (Note 19)	3,952	-	803	-
Other financial assets - non-current (Notes 11, 29 and 30)	233,329	1	204,536	1
Total non-current assets	10,691,543	41	8,091,492	35
<b>TOTAL</b>	<b>\$ 26,340,709</b>	<b>100</b>	<b>\$ 23,015,046</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Contract liabilities - current (Note 21)	\$ 203,414	1	\$ 85,916	-
Accounts payable (Note 16)	10,659,957	40	8,537,131	37
Accounts payable to related parties (Note 29)	344,214	1	447,295	2
Other payables (Notes 17 and 29)	1,580,298	6	1,623,417	7
Current tax liabilities	427,759	2	585,583	3
Lease liabilities - current (Notes 15, 26 and 29)	628,254	2	535,770	2
Refund liabilities - current (Note 21)	191,002	1	180,104	1
Other current liabilities (Note 18)	990,389	4	798,388	4
Total current liabilities	15,025,287	57	12,793,604	56
<b>NON-CURRENT LIABILITIES</b>				
Provisions - non-current	26,709	-	24,160	-
Deferred tax liabilities (Note 23)	28,302	-	15,064	-
Lease liabilities - non-current (Notes 15, 26 and 29)	997,045	4	998,402	4
Guarantee deposits received	359,770	1	334,803	2
Total non-current liabilities	1,411,826	5	1,372,429	6
Total liabilities	16,437,113	62	14,166,033	62
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)</b>				
Common stock	2,184,913	8	1,820,761	8
Capital surplus	2,259,399	9	2,446,415	11
Retained earnings				
Legal reserve	1,461,632	6	1,128,868	5
Special reserve	206,677	1	142,530	1
Unappropriated earnings	3,913,139	15	3,427,094	14
Total retained earnings	5,581,448	22	4,698,492	20
Other equity	(210,385)	(1)	(206,677)	(1)
Total equity attributable to owners of the Company	9,815,375	38	8,758,991	38
<b>NON-CONTROLLING INTERESTS (Note 20)</b>	88,221	-	90,022	-
Total equity	9,903,596	38	8,849,013	38
<b>TOTAL</b>	<b>\$ 26,340,709</b>	<b>100</b>	<b>\$ 23,015,046</b>	<b>100</b>

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 29)	\$ 103,436,435	100	\$ 88,396,696	100
OPERATING COSTS (Notes 10, 19, 22 and 29)	<u>93,164,417</u>	<u>90</u>	<u>79,451,893</u>	<u>90</u>
GROSS PROFIT FROM OPERATIONS	<u>10,272,018</u>	<u>10</u>	<u>8,944,803</u>	<u>10</u>
OPERATING EXPENSES (Notes 9, 19, 22 and 29)				
Marketing expenses	3,379,974	3	2,857,970	3
Administrative expenses	2,590,355	3	1,963,051	2
Research and development expenses	227,377	-	202,289	-
Expected credit loss	<u>1,228</u>	<u>-</u>	<u>2,983</u>	<u>-</u>
Total operating expenses	<u>6,198,934</u>	<u>6</u>	<u>5,026,293</u>	<u>5</u>
NET OTHER INCOME AND EXPENSES (Note 29)	<u>211,735</u>	<u>-</u>	<u>123,562</u>	<u>-</u>
OPERATING INCOME	<u>4,284,819</u>	<u>4</u>	<u>4,042,072</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	55,669	-	26,834	-
Other income	8,609	-	4,317	-
Other gains and losses, net (Notes 13 and 22)	39,591	-	96,577	-
Finance costs (Note 22)	(13,026)	-	(12,669)	-
Share of loss of associates accounted for using equity method (Note 13)	<u>(63,871)</u>	<u>-</u>	<u>(72,418)</u>	<u>-</u>
Total non-operating income and expenses	<u>26,972</u>	<u>-</u>	<u>42,641</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	4,311,791	4	4,084,713	5
INCOME TAX EXPENSE (Note 23)	<u>877,889</u>	<u>1</u>	<u>809,447</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>3,433,902</u>	<u>3</u>	<u>3,275,266</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 13, 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	3,145	-	136	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	<u>(41,514)</u>	<u>-</u>	<u>(2,429)</u>	<u>-</u>

(Continued)

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

## **CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2022</b>		<b>2021</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Share of remeasurement of defined benefit plans of associates accounted for using equity method	\$ 367	-	\$ -	-
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	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss	(629)	-	(27)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation	30,407	-	(26,147)	-
Share of other comprehensive income (loss) of associates accounted for using equity method	<u>7,958</u>	<u>-</u>	<u>(2,514)</u>	<u>-</u>
Other comprehensive loss, net of tax	<u>(266)</u>	<u>-</u>	<u>(13,281)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,433,636</u>	<u>3</u>	<u>\$ 3,261,985</u>	<u>4</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,434,626	3	\$ 3,280,300	4
Non-controlling interests	<u>(724)</u>	<u>-</u>	<u>(5,034)</u>	<u>-</u>
	<u>\$ 3,433,902</u>	<u>3</u>	<u>\$ 3,275,266</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,434,311	3	\$ 3,267,100	4
Non-controlling interests	<u>(675)</u>	<u>-</u>	<u>(5,115)</u>	<u>-</u>
	<u>\$ 3,433,636</u>	<u>3</u>	<u>\$ 3,261,985</u>	<u>4</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 15.72</u>		<u>\$ 15.01</u>	
Diluted	<u>\$ 15.72</u>		<u>\$ 15.01</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, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company					Other Equity			Non-controlling Interests	Total	Total Equity
	Common Stock	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translation	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
			Legal Reserve	Special Reserve							
BALANCE AT JANUARY 1, 2021	\$ 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)	-	-	(1,400,585)	-	(1,400,585)	
Cash dividends	280,117	-	-	-	(1,400,585)	-	-	-	-	-	
Stock dividends	-	-	-	-	(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	-	-	-	-	109	(28,580)	15,271	(13,200)	(81)	(13,281)	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	3,280,409	(28,580)	15,271	3,267,100	(5,115)	3,261,985	
Disposal of investments accounted for using equity method	-	(42,852)	-	-	50,838	-	(50,838)	(42,852)	-	(42,852)	
Increase in non-controlling interests	-	-	-	-	-	-	-	-	79,150	79,150	
BALANCE AT DECEMBER 31, 2021	1,820,761	2,446,415	1,128,868	142,530	3,427,094	(107,892)	(98,785)	8,758,991	90,022	8,849,013	
Distribution of 2021 earnings	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	332,764	-	(332,764)	-	-	-	-	-	
Special reserve	-	-	-	64,147	(64,147)	-	-	-	-	-	
Cash dividends	-	-	-	-	(2,366,989)	-	-	(2,366,989)	-	(2,366,989)	
Stock dividends	182,076	-	-	-	(182,076)	-	-	-	-	-	
Changes in equity of associates accounted for using equity method	-	-	-	-	(1,244)	-	-	(1,244)	-	(1,244)	
Issue of stock dividends from capital surplus	182,076	(182,076)	-	-	-	-	-	-	-	-	
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	3,434,626	-	-	3,434,626	(724)	3,433,902	
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,883	38,316	(41,514)	(315)	49	(266)	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	3,437,509	38,316	(41,514)	3,434,311	(675)	3,433,636	
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	(4,754)	-	-	(4,754)	(1,126)	(5,880)	
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	510	-	(510)	-	-	-	
Changes in equity of non-current assets held for sale	-	(4,940)	-	-	-	-	-	(4,940)	-	(4,940)	
BALANCE AT DECEMBER 31, 2022	\$ 2,184,913	\$ 2,259,399	\$ 1,461,632	\$ 206,677	\$ 3,913,139	\$ (69,576)	\$ (140,809)	\$ 9,815,375	\$ 88,221	\$ 9,903,596	

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 4,311,791	\$ 4,084,713
Adjustments for:		
Depreciation expenses	1,048,464	887,563
Amortization expenses	60,005	62,232
Expected credit loss	1,228	2,983
Gain on financial assets at fair value through profit or loss	(7,546)	-
Finance costs	13,026	12,669
Interest income	(55,669)	(26,834)
Share of loss of associates accounted for using equity method	63,871	72,418
Loss on disposal of property, plant and equipment	135	124
Gain on disposal of non-current assets held for sale	(109,805)	-
Gain on disposal of investments accounted for using equity method	-	(97,762)
Impairment loss on non-financial assets	82,231	-
Others	391	564
Changes in operating assets and liabilities		
Notes and accounts receivable	(62,667)	31,942
Accounts receivable from related parties	(181,850)	(52,642)
Other receivables	(568,832)	(846,856)
Inventories	(750,998)	(338,398)
Prepayments	(417)	(15,249)
Other current assets	71	4,963
Right to recover products	(12,605)	(27,182)
Contract liabilities	117,498	50,464
Accounts payable	2,122,826	1,917,511
Accounts payable to related parties	(103,081)	9,665
Other payables	155,294	394,778
Provisions	(140)	-
Other current liabilities	192,001	99,034
Net defined benefit plans	(4)	(946)
Refund liabilities	10,898	27,503
Cash generated from operations	6,326,116	6,253,257
Interest received	61	46
Income tax paid	(994,143)	(532,456)
Net cash generated from operating activities	5,332,034	5,720,847
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(375,000)	-
Disposal of financial assets at fair value through other comprehensive income	2,138	-
Acquisition of financial assets at fair value through profit or loss	(230,000)	-
Disposal of investments accounted for using equity method	-	466,547
Disposal of non-current assets held for sale	200,156	-

(Continued)

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

## **CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)**

	2022	2021
Acquisition of property, plant and equipment	\$ (2,404,718)	\$ (291,966)
Disposal of property, plant and equipment	733	-
Increase in refundable deposits	(103,246)	(46,616)
Decrease in refundable deposits	6,259	28,029
Acquisition of intangible assets	(36,144)	(37,917)
Increase in other financial assets	(355,006)	(54,424)
Decrease in other financial assets	409,547	51,616
Increase in prepayments for equipment	(252,228)	(306,552)
Interest received	52,576	25,368
Dividends received	<u>-</u>	<u>7,914</u>
Net cash used in investing activities	<u>(3,084,933)</u>	<u>(158,001)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in guarantee deposits received	68,240	69,729
Decrease in guarantee deposits received	(43,424)	(35,746)
Repayment of the principal portion of lease liabilities	(646,220)	(513,544)
Cash dividends paid	(2,366,989)	(1,400,585)
Interest paid	(12,685)	(12,454)
Changes in non-controlling interests	<u>(5,880)</u>	<u>79,150</u>
Net cash used in financing activities	<u>(3,006,958)</u>	<u>(1,813,450)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<u>170</u>	<u>(245)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(759,687)</u>	<u>3,749,151</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>8,804,124</u>	<u>5,054,973</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 8,044,437</u>	<u>\$ 8,804,124</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, 2022 AND 2021 (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 commercial, video program distribution, issuing of magazine, and retailing.

The consolidated financial statements of the Company as of and for the year ended December 31, 2022, 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 17, 2023.

#### **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 2023

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: The amendments will be 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 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were 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 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. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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 financial instruments which are measured at fair value, and net defined benefit 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 of during the year 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 12, Table 6 and Table 7 for detailed information of subsidiaries (including percentages of ownership and main business).

e. 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 year 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 year 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 year. 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.

f. 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 costs or selling expenses. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. 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.

#### h. 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.

#### i. 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 lives, residual values, 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.



- j. 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 corresponding 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.

- k. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When the Group is committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate, only the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method. If the Group ceases to have significant influence over the investment after the disposal takes place, the Group accounts for any retained interest that has not been classified as held for sale in accordance with the accounting policies for financial instruments.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

- l. 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. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

#### 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 FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

##### i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL, including investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28.

##### ii. 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.

iii. 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.

## m. 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.

## n. 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. Revenue 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 revenue from rendering of services are advertising revenue and service revenue. Service revenue is 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 revenue is recognized as revenue during the contract period.

o. 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 years in which they are incurred.

p. Government grants

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

q. 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 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 assets represent the actual 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.

r. 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 Act 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 year 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, in which case, the current and deferred taxes are also recognized in other comprehensive income.

## 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 year in which the estimates are revised if the revisions affect only that year or in the year of the revisions and future years if the revisions affect both current and future years.

### Critical Accounting Judgements

#### a. 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.

b. Principal versus agent

1) The Group is considered as an agent

For contracts with customers relating to the sale of tickets and rendering services, the Group has no control over tickets before passing it on to customers, taking into additional consideration of other indicators such as the Group not being primarily responsible for providing tickets and, therefore, recognized revenue on a net basis when it satisfies its performance obligations.

2) The Group is considered as a principal

For contracts with customers relating to the sale of goods, the Group takes into additional consideration of other indicators such as the Group being primarily responsible for providing goods and, therefore, recognized revenue on a gross basis when it satisfies its performance obligations.

**Key Sources of Estimation Uncertainty**

Impairment of investments in associates

The Group immediately recognizes impairment losses on its net investment in an associate when there is an indication that the investment may be impaired and the carrying amount may not be recoverable. The Group's management evaluates the impairment based on the estimated future cash flows expected to be generated by the associate, including assumptions on the growth rate of sales. The Group also takes into consideration market conditions and industry development when evaluating the appropriateness of the relevant assumptions.

**6. CASH AND CASH EQUIVALENTS**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash on hand and revolving funds	\$ 3	\$ 16
Cash in banks	1,690,469	5,850,979
Time deposits	<u>6,353,965</u>	<u>2,953,129</u>
	<u>\$ 8,044,437</u>	<u>\$ 8,804,124</u>
The market rate intervals of time deposits	0.4%-2.6%	0.07%-0.9%

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Domestic unlisted stock	<u>\$ 237,546</u>	<u>\$ -</u>

In July 2022, the Group acquired 8.02% equity interest of Gaius Automotive Inc. with the investment amount of \$230,000 thousand.

As of December 31, 2022, the financial assets were not pledged.



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

### Equity Instrument Investments

	December 31	
	2022	2021
<u>Current</u>		
Foreign unlisted stock	\$ 4,217	\$ 15,179
<u>Non-current</u>		
Domestic unlisted stock	\$ 403,487	\$ 61,177

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.

In June 2022, the Group acquired 2.5% equity interest of Line Bank Taiwan Limited. with the investment amount of \$375,000 thousand.

As of December 31, 2022 and 2021, the financial assets were not pledged.

## 9. NOTES AND ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2022	2021
<u>Notes and accounts receivable</u>		
Measured at amortized cost		
Gross carrying amount	\$ 180,166	\$ 118,504
Less: Allowance for impairment loss	(1,486)	(1,776)
	<u>\$ 178,680</u>	<u>\$ 116,728</u>
<u>Other receivables</u>		
Measured at amortized cost		
Gross carrying amount	\$ 2,265,218	\$ 1,700,561
Less: Allowance for impairment loss	(5,469)	(10,996)
	<u>\$ 2,259,749</u>	<u>\$ 1,689,565</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 and other receivables at an amount equal to lifetime ECLs. The ECLs on notes and accounts and other receivables are estimated using a provision matrix approach considering the past default experience and collecting experience of each debtor, an increase in the number of delayed payments in the portfolio past the average credit period, as well as the change rates of consumer price index and economic leading indicators. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix does not distinguish customer segments. As a result, the expected credit loss rate is based on the number of past due days of notes and accounts and other receivables.

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, 2022

	Not Past Due	1 to 120 Days Past Due	121 to 365 Days Past Due	Over 365 Days Past Due	Total
Gross carrying amount	\$ 2,415,056	\$ 21,417	\$ 3,254	\$ 5,657	\$ 2,445,384
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(226)</u>	<u>(1,072)</u>	<u>(5,657)</u>	<u>(6,955)</u>
Amortized cost	<u>\$ 2,415,056</u>	<u>\$ 21,191</u>	<u>\$ 2,182</u>	<u>\$ -</u>	<u>\$ 2,438,429</u>

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	\$ 1,779,747	\$ 21,649	\$ 7,391	\$ 10,278	\$ 1,819,065
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>\$ 1,779,740</u>	<u>\$ 21,503</u>	<u>\$ 5,050</u>	<u>\$ -</u>	<u>\$ 1,806,293</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>2022</u>	<u>2021</u>
Beginning balance	\$ 12,772	\$ 12,454
Add: Provision	1,228	2,983
Less: Write-off	<u>(7,045)</u>	<u>(2,665)</u>
Ending balance	<u>\$ 6,955</u>	<u>\$ 12,772</u>

## 10. INVENTORIES

	December 31	
	2022	2021
Merchandise	\$ 4,479,408	\$ 3,728,410

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 were \$88,408,385 thousand and \$75,342,971 thousand, respectively, which included reversal of inventory write-downs of \$935 thousand and inventory write-downs of \$13,346 thousand, respectively.

## 11. OTHER FINANCIAL ASSETS

	December 31	
	2022	2021
<u>Current</u>		
Pledged time deposits and restricted deposits	\$ 65,200	\$ 65,900
Time deposits with original maturities of more than 3 months	<u>69,552</u>	<u>151,147</u>
	<u>\$ 134,752</u>	<u>\$ 217,047</u>

### Non-current

Pledged time deposits and restricted deposits	<u>\$ 233,329</u>	<u>\$ 204,536</u>
---	-------------------	-------------------

- The ranges of interest rates for time deposits with original maturities of more than 3 months were 0.27%-2.6% and 0.09%-1.75% per annum as of December 31, 2022 and 2021, respectively.
- The Group estimates the expected credit risks of the above financial assets are not significant, and all the credit risks did not increase after initial recognition.
- Refer to Note 30 for information relating to other financial assets pledged as security.

## 12. SUBSIDIARIES

- Subsidiaries included in the consolidated financial statements

Investor	Subsidiary	Nature of Activities	% of Ownership		Note
			2022	2021	
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 Insurance Agent Co., Ltd.(former named Fuli Property Insurance Agent Co., Ltd.) (FI)	Comprehensive insurance agent	100.00	100.00	Note 1
momo	Bebe Poshe International Co., Ltd. (Bebe Poshe)	Wholesale of cosmetics	88.68	85.00	Note 2
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	73.62	-
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	93.55	93.55	-
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 1: Fuli Property Insurance Agent Co., Ltd. was renamed Fuli Insurance Agent Co., Ltd. in January 2023, which was approved by the Board of Directors. On February 4, 2023, the government approval has been successfully obtained.

Note 2: momo acquired equity interest of Bebe Poshe's non-controlling interests with the amount of \$5,880 thousand in October 2022. Please refer to Note 25 for the details.

b. Subsidiaries excluded from the consolidated financial statements: None.

### 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

#### Investments in Associates

Investee Company	December 31			
	2022		2021	
	Amount	% of Ownership	Amount	% of Ownership
Global Home Shopping Co., Ltd. (GHS)	\$ 486,008	20.00	\$ 571,213	20.00
TV Direct Public Company Limited (TV Direct)	-	-	120,346	21.35
	<u>\$ 486,008</u>		<u>\$ 691,559</u>	

Refer to Table 6 and Table 7 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.

Due to intense market competition in China, the actual operating conditions did not perform as expected. The Group carried out the impairment test on the equity investment by comparing its recoverable amount with its carrying amount. The Group calculated its recoverable amount on the basis of the value in use of the investment and estimated its present value by using the discount rate 14.26%. Based on assessment, the Group recognized impairment loss of \$82,231 thousand in other gains and losses for the year ended December 31, 2022.

b. TV Direct

During 2020, momo acquired 24.99% equity interest of TV Direct.

In January and April 2021, momo's percentage of ownership interest 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 has reclassified to loss on the disposal of investment for \$1,290 thousand relating to the deduction in ownership interest.

In May 2022, momo's percentage of ownership interest in TV Direct decreased to 11.17% as momo did not exercise the rights to participate in any share issuance for cash. Subsequently, momo resolved to sell all of its shares in TV Direct and reclassified its investments to non-current assets held for sale.

During the period from June to August 2022, momo sold all shares of TV Direct for \$200,156 thousand, and gain on disposal of non-current assets held for sale was \$109,805 thousand.

c. Taiwan Pelican Express Co., Ltd.

In March 2021, momo sold all shares of Taiwan Pelican Express Co., Ltd. (collectively, the “TPE”) for \$466,547 thousand, and gain on the disposal of investment was \$99,052 thousand.

d. 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.

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
The Group’s share of:		
Net loss for the year	\$ (63,871)	\$ (72,418)
Other comprehensive income	<u>8,325</u>	<u>15,186</u>
Total comprehensive loss for the year	<u>\$ (55,546)</u>	<u>\$ (57,232)</u>

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

	<b>December 31</b>	
<b>Name of Associate</b>	<b>2022</b>	<b>2021</b>
TV Direct	<u>\$ -</u>	<u>\$ 175,566</u>

All the associates are accounted for using the equity method.

## 14. PROPERTY, PLANT AND EQUIPMENT

	<b>Land</b>	<b>Buildings</b>	<b>Machinery</b>	<b>Office Equipment</b>	<b>Lease Improvement</b>	<b>Other Equipment</b>	<b>Property under Construction</b>	<b>Total</b>
<b>Cost</b>								
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>
<b>Accumulated depreciation and impairment</b>								
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>
<b>Cost</b>								
Balance at January 1, 2022	\$ 2,338,155	\$ 1,776,262	\$ 1,774,390	\$ 160,793	\$ 346,305	\$ 137,159	\$ 344,303	\$ 6,877,367
Additions	924,481	1,142	137,730	30,720	47,716	15,100	1,057,632	2,214,521
Disposals	-	-	(475)	(2,644)	(983)	(556)	(571)	(5,229)
Reclassifications	396,548	-	3,120	698	2,445	22,386	(3,263)	421,934
Effect of foreign currency exchange differences	-	-	1,064	28	-	4	-	1,096
Balance at December 31, 2022	<u>\$ 3,659,184</u>	<u>\$ 1,777,404</u>	<u>\$ 1,915,829</u>	<u>\$ 189,595</u>	<u>\$ 395,483</u>	<u>\$ 174,093</u>	<u>\$ 1,398,101</u>	<u>\$ 9,509,689</u>

(Continued)

	Land	Buildings	Machinery	Office Equipment	Lease Improvement	Other Equipment	Property under Construction	Total
Accumulated depreciation and impairment								
Balance at January 1, 2022	\$ -	\$ 329,639	\$ 1,056,257	\$ 116,529	\$ 251,323	\$ 43,770	\$ -	\$ 1,797,518
Depreciation expenses	-	79,452	209,645	25,321	55,644	22,792	-	392,854
Disposals	-	-	(473)	(2,501)	(983)	(404)	-	(4,361)
Effect of foreign currency exchange differences	-	-	1,064	27	-	4	-	1,095
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 409,091</u>	<u>\$ 1,266,493</u>	<u>\$ 139,376</u>	<u>\$ 305,984</u>	<u>\$ 66,162</u>	<u>\$ -</u>	<u>\$ 2,187,106</u>
Carrying amount at December 31, 2022	<u>\$ 3,659,184</u>	<u>\$ 1,368,313</u>	<u>\$ 649,336</u>	<u>\$ 50,219</u>	<u>\$ 89,499</u>	<u>\$ 107,931</u>	<u>\$ 1,398,101</u>	<u>\$ 7,322,583</u>

(Concluded)

No impairment loss or reversal of impairment loss was recognized for the years ended December 31, 2022 and 2021.

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, 2022 and 2021, the property, plant and equipment were not pledged as collateral.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amount</u>		
Land	\$ -	\$ 1,386
Buildings	1,587,318	1,498,805
Office equipment	577	3,506
Transportation equipment	<u>207</u>	<u>1,594</u>
	<u>\$ 1,588,102</u>	<u>\$ 1,505,291</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 738,737</u>	<u>\$ 600,789</u>
Depreciation charge for right-of-use assets		
Land	\$ 1,386	\$ 1,386
Buildings	650,224	515,500
Office equipment	2,929	3,242
Transportation equipment	<u>1,071</u>	<u>1,453</u>
	<u>\$ 655,610</u>	<u>\$ 521,581</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, 2022 and 2021.

b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amount</u>		
Current	<u>\$ 628,254</u>	<u>\$ 535,770</u>
Non-current	<u>\$ 997,045</u>	<u>\$ 998,402</u>

The ranges of discount rate for lease liabilities were all 0.61%-0.86% per annum as of December 31, 2022 and 2021, respectively.

c. Material leasing activities and terms

The Group leases buildings for the use of offices and warehouses with lease terms of 1.4 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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	<u>\$ 31,927</u>	<u>\$ 34,359</u>
Expenses relating to low-value asset leases	<u>\$ 23,408</u>	<u>\$ 1,747</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 75,368</u>	<u>\$ 94,116</u>
Total cash outflow for leases	<u>\$ (789,608)</u>	<u>\$ (656,220)</u>

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 \$20,400 thousand and \$18,960 thousand as of December 31, 2022 and 2021, respectively.

## 16. ACCOUNTS PAYABLE

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Suppliers	<u>\$ 10,659,957</u>	<u>\$ 8,537,131</u>

## 17. OTHER PAYABLES

	December 31	
	2022	2021
Payables for salaries and bonus	\$ 537,912	\$ 505,030
Payables for business tax	156,495	112,808
Payables for equipment and construction	72,200	280,906
Payables for pension	35,087	27,791
Others	<u>778,604</u>	<u>696,882</u>
	<u>\$ 1,580,298</u>	<u>\$ 1,623,417</u>

## 18. OTHER CURRENT LIABILITIES

	December 31	
	2022	2021
Collection about travelling merchandise	\$ 161,798	\$ 110,262
Other financial liabilities	577,549	505,229
Others	<u>251,042</u>	<u>182,897</u>
	<u>\$ 990,389</u>	<u>\$ 798,388</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.

For the years ended December 31, 2022 and 2021, the pension expenses of defined contribution plans were \$124,759 thousand and \$106,261 thousand 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 contributes 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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligation	\$ 12,316	\$ 14,218
Fair value of plan assets	<u>(16,268)</u>	<u>(15,021)</u>
Net defined benefit assets	<u>\$ (3,952)</u>	<u>\$ (803)</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2021	<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>
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 loss (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>
Net interest expense (income)	<u>71</u>	<u>(75)</u>	<u>(4)</u>
Recognized in profit or loss	<u>71</u>	<u>(75)</u>	<u>(4)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,172)	(1,172)
Actuarial gain			
Changes in financial assumptions	(1,924)	-	(1,924)
Experience adjustments	<u>(49)</u>	<u>-</u>	<u>(49)</u>
Recognized in other comprehensive income	<u>(1,973)</u>	<u>(1,172)</u>	<u>(3,145)</u>
Balance at December 31, 2022	<u>\$ 12,316</u>	<u>\$ (16,268)</u>	<u>\$ (3,952)</u>

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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate	1.5%	0.5%
Expected rate 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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate		
0.25% increase	\$ (431)	\$ (549)
0.25% decrease	\$ 450	\$ 575
Expected rate of salary increase		
0.25% increase	\$ 438	\$ 556
0.25% decrease	\$ (422)	\$ (534)

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.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Average duration of the defined benefit obligation	14.3 years	15.7 years

## 20. EQUITY

### a. Common stock

As of December 31, 2022 and 2021, momo had authorized 300,000 thousand common shares with 218,491 thousand and 182,076 thousand shares issued and outstanding at par value \$10 per share.

On May 20, 2022, the Company's shareholders resolved in the shareholders' meeting to issue 36,415 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 \$2,184,913 thousand. On June 6, 2022, 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 8, 2022.

b. Capital surplus

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Issuance of common shares	\$ 2,133,938	\$ 2,316,014
Changes in percentage of ownership interests in subsidiaries	125,291	125,291
Share of changes in capital surplus of associates	-	4,940
Expired employee share options	<u>170</u>	<u>170</u>
	<u>\$ 2,259,399</u>	<u>\$ 2,446,415</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 2021 and 2020 that had been resolved by the shareholders in their meetings on May 20, 2022 and May 18, 2021, respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Legal reserve	\$ 332,764	\$ 194,443
Special reserve	\$ 64,147	\$ (30,163)
Cash dividends	\$ 2,366,989	\$ 1,400,585
Share dividends	\$ 182,076	\$ 280,117
Cash dividends per share (NT\$)	\$ 13	\$ 10
Share dividends per share (NT\$)	\$ 1	\$ 2

The Company's shareholders resolved in the shareholders' meeting on May 20, 2022 and May 18, 2021 to issue share dividends of \$182,076 thousand and \$140,059 thousand, respectively, from capital surplus.

d. Other equity items

1) Exchange differences on translation

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Beginning balance	\$ (107,892)	\$ (79,312)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	30,358	(26,066)
Share from associates accounted for using equity method	7,958	(2,514)
Other comprehensive income (loss) recognized for the year	38,316	(28,580)
Ending balance	\$ (69,576)	\$ (107,892)

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Beginning balance	\$ (98,785)	\$ (63,218)
Recognized for the year		
Unrealized loss - equity instruments	(41,514)	(2,429)
Share from associates accounted for using equity method	-	17,700
Other comprehensive (loss) income recognized for the year	(41,514)	15,271
Disposal of associates accounted for using equity method	-	(50,838)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(510)	-
Ending balance	\$ (140,809)	\$ (98,785)

e. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Beginning balance	\$ 90,022	\$ 15,987
Share in loss for the year	(724)	(5,034)
Other comprehensive income (loss) during the year		
Exchange differences on the translation of the financial statements of foreign entities	49	(81)
Acquisition of non-controlling interests in subsidiaries (Note 25)	(1,126)	-
Increase in non-controlling interests	<u>-</u>	<u>79,150</u>
Ending balance	<u>\$ 88,221</u>	<u>\$ 90,022</u>

## 21. OPERATING REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
TV and magazine	\$ 4,792,617	\$ 5,281,608
E-commerce	98,607,403	83,066,465
Others	<u>36,415</u>	<u>48,623</u>
	<u>\$ 103,436,435</u>	<u>\$ 88,396,696</u>

Please refer to Note 4(n) and Note 35 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:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Sale of goods	\$ 80,360	\$ 28,026
Others	<u>4,471</u>	<u>7,408</u>
	<u>\$ 84,831</u>	<u>\$ 35,434</u>

## 22. PROFIT BEFORE INCOME TAX

### a. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Gain on financial assets at fair value through profit or loss	\$ 7,546	\$ -
Gain on disposal of non-current assets held for sale (Note 13)	109,805	-
Gain on disposal of investments accounted for using equity method (Note 13)	-	97,762
Impairment loss on investments accounted for using equity method (Note 13)	(82,231)	-
Net foreign exchange gains (losses)	4,629	(1,095)
Loss on disposal of property, plant and equipment	(135)	(124)
Others	(23)	34
	<u>\$ 39,591</u>	<u>\$ 96,577</u>

### b. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on lease liabilities	\$ 12,943	\$ 12,598
Others	<u>83</u>	<u>71</u>
	<u>\$ 13,026</u>	<u>\$ 12,669</u>

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

Nature \ Function	<b>For the Year Ended December 31, 2022</b>			<b>For the Year Ended December 31, 2021</b>		
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
Employee benefits expense						
Salary	\$ 1,136,066	\$ 1,431,801	\$ 2,567,867	\$ 936,888	\$ 1,298,024	\$ 2,234,912
Insurance expense	123,270	143,765	267,035	99,139	128,697	227,836
Pension	57,230	67,525	124,755	45,302	60,957	106,259
Other employee benefits	74,498	81,007	155,505	59,760	82,428	142,188
Depreciation expense	835,897	212,567	1,048,464	688,171	199,392	887,563
Amortization expense	9,467	50,538	60,005	7,750	54,482	62,232

### 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, 2022 and 2021, which were approved by the Board of Directors on February 17, 2023 and February 16, 2022, respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 4,291	\$ 4,081
Remuneration of directors	\$ 6,437	\$ 6,122

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, 2021 and 2020.

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:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 840,536	\$ 823,513
Adjustments for prior years	(4,838)	(579)
	<u>835,698</u>	<u>822,934</u>
Deferred tax		
In respect of the current year	<u>42,191</u>	<u>(13,487)</u>
Income tax expense recognized in profit or loss	\$ <u>877,889</u>	\$ <u>809,447</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax	\$ 4,311,791	\$ 4,084,713
Income tax expense calculated at the statutory rate (20%)	\$ 862,358	\$ 816,943
Share of loss of domestic investments accounted for using equity method	-	(1,223)
Adjustment items in determining taxable profit	(3,026)	2,555
Disposal of domestic marketable securities	-	(19,810)
		(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Temporary differences	\$ (21,211)	\$ 19,534
Deferred tax	42,191	(13,487)
Adjustments for prior years' tax	(4,838)	(579)
Unrecognized loss carryforwards/deductible temporary differences	2,848	6,113
Effect of different tax rates of group entities operating in other jurisdictions	<u>(433)</u>	<u>(599)</u>
Income tax expense recognized in profit or loss	<u>\$ 877,889</u>	<u>\$ 809,447</u> (Concluded)

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Deferred tax</u>		
Remeasurement of defined benefit plans	\$ <u>(629)</u>	\$ <u>(27)</u>
Income tax expense recognized in other comprehensive income	\$ <u>(629)</u>	\$ <u>(27)</u>

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, 2022

<b>Deferred Tax Assets</b>	<b>Beginning Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Ending Balance</b>
Temporary differences				
Allowance for inventory valuation loss	\$ 11,888	\$ (2,763)	\$ -	\$ 9,125
Others	<u>45,410</u>	<u>(26,819)</u>	<u>-</u>	<u>18,591</u>
	<u>\$ 57,298</u>	<u>\$ (29,582)</u>	<u>\$ -</u>	<u>\$ 27,716</u>



<b>Deferred Tax Liabilities</b>	<b>Beginning Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Ending Balance</b>
Temporary differences				
Defined benefit obligation	\$ 161	\$ -	\$ 629	\$ 790
Unrealized valuation gain on financial assets at fair value through other comprehensive income	3,774	-	-	3,774
Others	<u>11,129</u>	<u>12,609</u>	<u>-</u>	<u>23,738</u>
	<u>\$ 15,064</u>	<u>\$ 12,609</u>	<u>\$ 629</u>	<u>\$ 28,302</u>

For the year ended December 31, 2021

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

<b>Deferred Tax Liabilities</b>	<b>Beginning Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Ending Balance</b>
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>

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Loss carryforwards	<u>\$ 112,480</u>	<u>\$ 127,594</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, 2022, the Group had not recognized the prior years' loss carryforwards, totaling \$112,480 thousand, as deferred tax assets. The expiry years are from 2023 to 2032.

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	2020
FST	2020
FLI	2020
FI	2020
Bebe Poshe	2020
FSL	2020
MFS	2020

## 24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Basic earnings per share	\$ <u>15.72</u>	\$ <u>15.01</u>
Diluted earnings per share	\$ <u>15.72</u>	\$ <u>15.01</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 8, 2022. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2021 were as follows:

Unit: NT\$ Per Share

	<u>Before Retrospective Adjustment</u>	<u>After Retrospective Adjustment</u>
Basic earnings per share	\$ <u>18.02</u>	\$ <u>15.01</u>
Diluted earnings per share	\$ <u>18.02</u>	\$ <u>15.01</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>2022</u>	<u>2021</u>
Earnings used in the computation of basic and diluted earnings per share	\$ <u>3,434,626</u>	\$ <u>3,280,300</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted average number of common shares used in the computation of basic earnings per share	218,491	218,491
Effect of potentially dilutive common shares:		
Compensation of employees	<u>7</u>	<u>3</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>218,498</u>	<u>218,494</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. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In October 2022, the Group acquired equity interests of Bebe Poshe, and consequently the shareholding in Bebe Poshe increased. Please refer to Note 12.

The above transactions were accounted for as equity transactions, since it did not have effect on the Group's control over its subsidiary.

	<b>Bebe Poshe</b>
Consideration paid	\$ (5,880)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>1,126</u>
Differences recognized from equity transactions	<u>\$ (4,754)</u>
	<b>Bebe Poshe</b>
<u>Line items adjusted for equity transactions</u>	
Retained earnings	<u>\$ (4,754)</u>

### 26. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the year ended December 31, 2022

	<b>Beginning Balance</b>	<b>Cash Flows</b>	<b>Non-cash Changes</b>		<b>Ending Balance</b>
			<b>New Leases</b>	<b>Others</b>	
Lease liabilities	<u>\$ 1,534,172</u>	<u>\$ (658,905)</u>	<u>\$ 737,409</u>	<u>\$ 12,623</u>	<u>\$ 1,625,299</u>

For the year ended December 31, 2021

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

## 27. 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.

## 28. FINANCIAL INSTRUMENTS

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

Management of the Group considers that the carrying amounts of financial assets and financial liabilities in the consolidated financial statements that are not measured at fair value 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, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss				
Unlisted stock - domestic	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 237,546</u>	<u>\$ 237,546</u>
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
Unlisted stock - foreign	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,217</u>	<u>\$ 4,217</u>
Unlisted stock - domestic	<u>-</u>	<u>-</u>	<u>403,487</u>	<u>403,487</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 407,704</u>	<u>\$ 407,704</u>

December 31, 2021

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

2) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of domestic and foreign unlisted stocks were determined using the market approach, asset approach or income approach. The evaluations were referenced to the valuation of the same type of companies, the transaction prices of recent financing activities, the information of companies or estimated free cash flows to measure its fair values. The unobservable inputs were the liquidity discount rates and the stock price volatility. At December 31, 2022 and 2021, the ranges of liquidity discount rates were 18.33%-30% and 17.65%-27.4%, and the ranges of stock price volatility were 38.91%-52.39% and 26.07%-44.95%.

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

Financial assets at fair value through profit or loss - equity instruments:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Beginning balance	\$ -	\$ -
Recognized in profit or loss (gain on financial assets at fair value through profit or loss)	7,546	-
Purchase	<u>230,000</u>	<u>-</u>
Ending balance	<u>\$ 237,546</u>	<u>\$ -</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Beginning balance	\$ 76,356	\$ 78,785
Recognized in other comprehensive loss (unrealized valuation loss on financial assets at fair value through other comprehensive income)	(41,514)	(2,429)
Purchases	375,000	-
Disposal	<u>(2,138)</u>	<u>-</u>
Ending balance	<u>\$ 407,704</u>	<u>\$ 76,356</u>

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Mandatorily classified as at fair value through profit or loss	\$ 237,546	\$ -
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	407,704	76,356
Financial assets at amortized cost (Note 1)	<u>11,377,354</u>	<u>11,279,696</u>
	<u>\$ 12,022,604</u>	<u>\$ 11,356,052</u>

(Continued)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	<u>\$ 13,521,788</u>	<u>\$ 11,447,875</u> (Concluded)

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 level of capital to ensure the requirements of paying estimated operating expenditures, including financial obligations on each contract. The Group also monitors its bank credit facilities to ensure that the provisions of loan contracts are all complied with properly. As of December 31, 2022 and 2021, the Group had unused bank facilities of \$50,000 thousand and \$150,000 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, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 60,054	\$ 120,109	\$ 462,638	\$ 897,542	\$ 113,649

#### December 31, 2021

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

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 other 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 assets and liabilities exposed to significant exchange rate risk, please refer to Note 33.

#### Sensitivity analysis

The Group was mainly exposed to the USD, EUR 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 (decreased) increased as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Appreciated 5%	\$ (6,216)	\$ (6,604)
Depreciated 5%	\$ 6,216	\$ 6,604

### 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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 4,712,559	\$ 3,371,093
Financial liabilities	1,625,299	1,534,172
Cash flow interest rate risk		
Financial assets	3,883,206	5,969,319



### 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, 2022 and 2021 would have increased or decreased by \$19,416 thousand and \$29,847 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 profit for the years ended December 31, 2022 would have increased or decreased by \$11,877 thousand, as a result of the change in fair value of financial assets at FVTPL, and the post-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased or decreased by \$20,385 thousand and \$3,818 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

## 29. TRANSACTIONS WITH RELATED PARTIES

momo's parent is Wealth Media Technology Co., Ltd., which held 45.01% of common stocks of momo as of December 31, 2022 and 2021, respectively. momo's ultimate parent and ultimate controlling party is Taiwan Mobile Co., Ltd.

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
Citruss Saudi Trading Company LLC	Associates
TPE	Associates (Note 1)
Taipei New Horizon Co., Ltd.	Same ultimate parent entity
Taiwan Fixed Network Co., Ltd.	Same ultimate parent entity
Taiwan Digital Service Co., Ltd.	Same ultimate parent entity

(Continued)

Related Party Name	Related Party Categories
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
Mistake Entertainment Co., Ltd.	Related party in substance
AppWorks School Co., Ltd.	Related party in substance
NADA Holdings Corp.	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.	Related party in substance
Fu-Sheng 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 International Bank, Ltd.	Related party in substance
Jih Sun Securities Co., Ltd.	Related party in substance
Jih Sun Securities Investment Consulting Co., Ltd.	Related party in substance
Jih Sun Futures 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
Hung Fu Investment Co., Ltd.	Related party in substance
Ming Dong Co., Ltd.	Related party in substance
Cho Pharma Inc.	Related party in substance
kbro Co., Ltd. (kbro)	Related party in substance
kbro Media Co., Ltd.	Related party in substance
One Production Film 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

(Continued)

Related Party Name	Related Party Categories
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
Uspace Tech Co., Ltd.	Related party in substance
Far Eastern Memorial Hospital	Related party in substance (Note 2)
Fubon Cultural & Educational Foundation	Related party in substance
Fubon Charity Foundation	Related party in substance
Fubon Art Foundation	Related party in substance
Taiwan Mobile 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: Not a related party since September 2021.

b. Operating revenue

Line Items	Related Party Categories	For the Year Ended December 31	
		2022	2021
Sales	Ultimate parent entity	\$ 247,316	\$ 228,337
	Associates	1,020	6,960
	Other related parties	<u>12,383</u>	<u>12,510</u>
		<u>\$ 260,719</u>	<u>\$ 247,807</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	
	2022	2021
Ultimate parent entity	\$ 2,836,202	\$ 2,584,095
Associates	-	127,694
Other related parties	<u>291,500</u>	<u>275,829</u>
	<u>\$ 3,127,702</u>	<u>\$ 2,987,618</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	
		2022	2021
Accounts receivable	Ultimate parent entity	\$ 50,391	\$ 58,675
	Associates	<u>2</u>	<u>373</u>
	Other related parties		
	TFCB	233,631	43,255
	Others	<u>2,609</u>	<u>2,480</u>
		<u>236,240</u>	<u>45,735</u>
		<u>\$ 286,633</u>	<u>\$ 104,783</u>
Other receivables	Ultimate parent entity	\$ 66,042	\$ 45,248
	Other related parties		
	TFCB	<u>279,206</u>	<u>201,248</u>
		<u>\$ 345,248</u>	<u>\$ 246,496</u>

The outstanding trade receivables from related parties are unsecured, and no impairment losses were recognized after assessment.

e. Payables to related parties

Line Items	Related Party Categories	December 31	
		2022	2021
Accounts payable	Ultimate parent entity	\$ 343,588	\$ 284,803
	Other related parties	<u>626</u>	<u>162,492</u>
		<u>\$ 344,214</u>	<u>\$ 447,295</u>
Other payables	Ultimate parent entity	\$ 89,052	\$ 50,743
	Parent entity	-	3,673
	Other related parties	<u>-</u>	<u>17,270</u>
		<u>\$ 89,052</u>	<u>\$ 71,686</u>

The outstanding trade payables to related parties are unsecured.

f. Bank deposits

Line Items	Related Party Categories/Name	December 31	
		2022	2021
Cash and cash equivalents	Other related parties		
	TFCB	\$ 772,798	\$ 1,270,658
	Others	<u>8,177</u>	<u>10,554</u>
		<u>\$ 780,975</u>	<u>\$ 1,281,212</u>
Other financial assets	Other related parties	<u>\$ 21,086</u>	<u>\$ 8,000</u>

g. Lease arrangements

		<b>For the Year Ended December 31</b>	
		<b>2022</b>	<b>2021</b>
Acquisition of right-of-use assets	Ultimate parent entity	\$ -	\$ 13,405
	Other related parties		
	Fubon Life	<u>85,197</u>	<u>64,999</u>
		<u>\$ 85,197</u>	<u>\$ 78,404</u>
		<b>December 31</b>	
<b>Line Items</b>	<b>Related Party Categories/Name</b>	<b>2022</b>	<b>2021</b>
Lease liabilities	Ultimate parent entity	\$ 6,350	\$ 11,174
	Other related parties		
	Fubon Life	<u>173,354</u>	<u>270,497</u>
		<u>\$ 179,704</u>	<u>\$ 281,671</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

		<b>Purchase Price</b>	
		<b>For the Year Ended December 31</b>	
		<b>2022</b>	<b>2021</b>
Prepayments for equipment	Other related parties	<u>\$ -</u>	<u>\$ 4,271</u>

i. Others

1) Refundable deposits

		<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
<b>Related Party Categories/Name</b>			
Ultimate parent entity		<u>\$ -</u>	<u>\$ 736</u>
Associates		<u>-</u>	<u>1,556</u>
Other related parties			
Fubon Life		46,270	41,000
Others		<u>-</u>	<u>572</u>
		<u>46,270</u>	<u>41,572</u>
		<u>\$ 46,270</u>	<u>\$ 43,864</u>

2) Operating expenses

Related Party Categories/Name	For the Year Ended December 31	
	2022	2021
Ultimate parent entity	\$ 73,762	\$ 53,468
Associates	-	2,398
Other related parties		
TFCB	701,334	110,976
FPM	15,836	14,742
Others	29,666	66,914
	<u>746,836</u>	<u>192,632</u>
	<u>\$ 820,598</u>	<u>\$ 248,498</u>

3) Other income and expenses

Related Party Categories/Name	For the Year Ended December 31	
	2022	2021
Ultimate parent entity	\$ -	\$ 893
Associates		
GHS	15,056	14,785
Others	-	24
	<u>15,056</u>	<u>14,809</u>
Other related parties		
TFCB	60,590	37,388
	<u>\$ 75,646</u>	<u>\$ 53,090</u>

j. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 91,207	\$ 78,696
Post-employment benefits	1,816	2,386
	<u>\$ 93,023</u>	<u>\$ 81,082</u>

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

### 30. ASSETS PLEDGED

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

	December 31	
	2022	2021
Other financial assets - current	\$ 65,200	\$ 65,900
Other financial assets - non-current	<u>233,329</u>	<u>204,536</u>
	<u>\$ 298,529</u>	<u>\$ 270,436</u>

### 31. 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 \$143,932 thousand, electronic tickets of \$166,267 thousand, and physical tickets of \$26,426 thousand as of December 31, 2022, respectively.
- b. As of December 31, 2022 and 2021, the amounts of lease commitments commencing after the balance sheet date were \$2,079,295 thousand and \$1,896,117 thousand, respectively.
- c. Due to the business development needs, the momo's Board of Directors resolved the logistics warehouse construction and equipment procurement in Southern District in July 2020. As of December 31, 2022, contract amount not yet paid for the logistics warehouse construction and equipment were \$1,041,613 thousand and \$181,333 thousand.

### 32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 6, 2023, in order to construct logistics warehouse in response to the business development needs, the momo's Board of Directors resolved the logistics warehouse construction and equipment procurement, and planned to invest \$6,300,000 thousand and \$1,270,000 thousand.

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

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
RMB	\$ 16,951	4.401 (RMB:NTD)	\$ 74,603
USD	1,801	30.725 (USD:NTD)	55,333
EUR	60	32.65 (EUR:NTD)	<u>1,951</u>
			<u>\$ 131,887</u>
			(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Non-monetary items			
Financial assets at fair value through other comprehensive income			
HKD	\$ 1,070	3.942 (HKD:NTD)	\$ 4,217
Investments accounted for using equity method			
RMB	110,431	4.401 (RMB:NTD)	<u>486,008</u>
			<u>\$ 490,225</u>
<u>Foreign currency liabilities</u>			
Monetary items			
RMB	375	4.401 (RMB:NTD)	\$ 1,650
USD	111	30.725 (USD:NTD)	3,413
EUR	77	32.65 (EUR:NTD)	<u>2,501</u>
			<u>\$ 7,564</u> (Concluded)
<u>December 31, 2021</u>			
	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>

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were \$4,629 thousand and \$(1,095) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of foreign currencies transactions and the functional currencies of the entities in the Group.



### 34. 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. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 9) Trading in derivative instruments. (None)
- 10) Intercompany relationships and significant intercompany transactions. (Table 5)

b. Information on investees. (Table 6)

c. Information on investments in mainland China

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

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 8)

### 35. 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, FI – comprehensive 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, 2022 and 2021, 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, 2022</u>					
Revenue					
Non-inter-company revenue	\$ 4,793,610	\$ 98,609,267	\$ 1,286,051	\$ (1,252,493)	\$ 103,436,435
Segment profits	\$ 373,848	\$ 3,823,011	\$ (78,143)	\$ 193,075	\$ 4,311,791
For the year ended <u>December 31, 2021</u>					
Revenue					
Non-inter-company revenue	\$ 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

#### 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, 2022

(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, 2022			Note
				Shares (Thousands)	Carrying Amount	% of Ownership	
momo	Unlisted Stock						
	Media Asia Group Holdings Limited	-	Financial assets at fair value through other comprehensive income - current	4,367	\$ 4,217	0.15	\$ 4,217
	We Can Medicines Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	3,073	65,988	7.68	65,988
	LINE Bank Taiwan Limited	-	Financial assets at fair value through other comprehensive income - non-current	37,500	337,499	2.5	337,499
	Gaius Automotive Inc.	-	Financial assets at fair value through profit or loss - non-current	5,750	237,546	8.02	237,546

Note: Refer to Table 6 and Table 7 for the information on investment in subsidiaries and associates.

**momo.com Inc. AND SUBSIDIARIES**

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(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		Gain (Loss) on Disposal		Ending Balance	
					Shares (Thousands)	Amount	Shares (Thousands)	Amount	Shares (Thousands)	Amount	Carrying Amount		Shares (Thousands)	Amount (Note)
momo	Unlisted Stock LINE Bank Taiwan Limited	Financial assets at fair value through other comprehensive income - non-current	-	-	-	\$ -	37,500	\$ 375,000	-	\$ -	\$ -	-	37,500	\$ 337,499

Note: The ending balance included unrealized valuation gain (loss) on financial asset.

## 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, 2022  
(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	\$ 247,357	-	Based on contract terms	-	-	\$ 50,391	11	
			Purchase	2,835,090	3	Based on contract terms	-	-	(343,588)	(3)	
	FSL	Subsidiary	Purchase	907,150	1	Based on contract terms	-	-	(254,317)	(2)	
	MFS	Subsidiary	Purchase	203,739	-	Based on contract terms	-	-	(17,631)	-	
	kbno	Related party in substance	Purchase	132,202	-	Based on contract terms	-	-	(51)	-	

## 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, 2022  
(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 \$ 50,391	11.89	-	-	\$ 49,020	-
	TFCB	Related party in substance	Other receivables 66,042	-	-	-	52,530	-
			Accounts receivable 233,631	Note	-	-	233,075	-
			Other receivables 279,185	-	-	-	279,185	-
FSL	momo	Parent entity	Accounts receivable 254,851	4.6	-	-	238,725	-

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

TABLE 5

**momo.com Inc. AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Number	Investee Company	Counterparty	Relationship (Note)	Transaction Details			% of Consolidated Total Operating Revenue or Total Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	momo	Bebe Poshe FSL MFS	1 1 1	Operating costs Accounts payable Operating costs Accounts payable Operating costs	\$ 26,096 254,317 907,150 17,631 203,739	The terms of transaction are determined in accordance with mutual agreements or general business practices	0.03 0.97 0.88 0.07 0.20
1	MFS	Prosperous Living Prosperous Living	1 3	Operating costs Operating revenue	30,451 10,393		0.03 0.01

Note: No. 1 represents the transactions from parent entity to subsidiary.  
No. 2 represents the transactions from subsidiary to parent entity.  
No. 3 represents the transactions from subsidiary to subsidiary.

## momo.com Inc. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(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, 2022		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Shares (Thousands)	Carrying Amount			
momo	FST	Taiwan	Travel agent	\$ 6,000	\$ 6,000	3,000	\$ 46,612	\$ 5,577	\$ 5,577	Note 3
	FLI	Taiwan	Life insurance agent	3,000	3,000	500	2,922	(2,280)	(2,280)	
	FI	Taiwan	Comprehensive insurance agent	3,000	3,000	500	12,983	3,515	3,515	
	Asian Crown (BVI)	British Virgin Islands	Investment	885,285	885,285	9,735	17,506	(3,448)	(2,827)	
	Honest Development	Samoa	Investment	670,448	670,448	21,778	560,502	(99,495)	(99,495)	
	Bebe Poshe	Taiwan	Wholesale of cosmetics	90,880	85,000	8,868	27,953	(5,790)	(4,889)	
	FSL	Taiwan	Logistics industry	250,000	250,000	25,000	374,472	118,512	118,524	
	MFS	Taiwan	Wholesaling	100,000	100,000	10,000	98,399	(2,380)	(2,380)	
	Prosperous Living	Taiwan	Wholesale and retail sales	220,850	220,850	22,085	223,833	4,232	3,115	
	TV Direct	Thailand	Wholesale and retail sales	-	179,406	-	-	(192,427)	(44,798)	
Asian Crown (BVI)	Fortune Kingdom	Samoa	Investment	1,132,789	1,132,789	11,594	16,913	(3,834)	Note 2	Note 2
Fortune Kingdom	HK Fubon Multimedia	Hong Kong	Investment	1,132,789	1,132,789	11,594	16,913	(3,834)	Note 2	
Honest Development	HK Yue Numerous	Hong Kong	Investment	670,448	670,448	16,600	560,502	(99,495)	Note 2	

Note 1: Except for 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 it is not presented in this table.

Note 3: In October 2022, momo's percentage of ownership interest in Bebe Poshe increased to 88.68% due to the acquisition of non-controlling interest.

Note 4: During the period from June to August 2022, momo sold all shares of TV Direct, please refer to Note 13 for information.

Note 5: Please refer to Table 7 for information on investments in mainland China.



TABLE 7

**momo.com Inc. AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(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, 2022	Remittance of Funds		Accumulated Outward Remittance For Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
FGE	Wholesaling	\$ 341,076 (RMB 77,500)	b.	\$ 823,012 (USD 14,000) (RMB 89,267)	\$ -	\$ -	\$ 823,012 (USD 14,000) (RMB 89,267)	\$ (4,943)	76.70	\$ (3,791)	\$ 6,976	\$ -	
Haobo	Investment	48,411 (RMB 11,000)	b.	-	-	-	-	(100,135)	100.00	(100,135)	531,879	-	
GHS	Wholesaling	220,049 (RMB 50,000)	b.	-	-	-	-	61,451	20.00	(19,073)	486,008	-	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$1,487,393 (USD14,000, RMB89,267 and HKD168,539)	\$1,487,393 (USD14,000, RMB89,267 and HKD168,539)	\$5,942,158

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, 2022 are USD1=NT\$30.725, RMB1=NT\$4.401 and HKD1=NT\$3.942.

**TABLE 8****momo.com Inc.****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	% of Ownership
WMT	98,353,639	45.01
TECO CAPITAL INVESTMENT Co., Ltd.	23,008,800	10.53
WOORI HOMESHOPPING Co., Ltd.	17,301,840	7.92

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.

**momo.com Inc.**

**Financial Statements for the  
Years Ended December 31, 2022 and 2021 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
momo.com Inc.

### **Opinion**

We have audited the accompanying financial statements of momo.com Inc. (“momo”), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of momo as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China (ROC). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of momo 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 financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the 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 momo's financial statements for the year ended December 31, 2022 are stated as follows:

#### Risk of Revenue Recognition

momo's primary source of revenue is generated from virtual channels, including TV shopping channels, E-commerce portals and catalogues. Due to the nature of momo's core sales, momo 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 momo's business model being highly relying on IT infrastructure and the fact that momo 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.

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

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

In preparing the financial statements, management is responsible for assessing momo'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 momo 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 momo's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 Standards on Auditing of 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 financial statements.

As part of an audit in accordance with the Standards on Auditing of 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 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 momo'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 momo'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 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 momo to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 momo to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 financial statements for the year ended December 31, 2022 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 Chun-Hung Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 17, 2023

Notice to Readers

*The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the ROC.*

*For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.*

**momo.com Inc.**
**BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 28)	\$ 7,128,301	27	\$ 8,084,518	35
Financial assets at fair value through other comprehensive income - current (Note 8)	4,217	-	15,179	-
Accounts receivable, net (Note 9)	177,218	1	115,456	1
Accounts receivable from related parties (Note 28)	286,267	1	103,934	1
Other receivables, net (Notes 9 and 28)	2,265,399	9	1,693,075	7
Inventories (Note 10)	4,447,225	17	3,684,463	16
Prepayments	58,149	-	55,037	-
Other financial assets - current (Notes 11 and 29)	67,550	-	64,000	-
Other current assets	13,033	-	14,253	-
Right to recover products - current (Note 20)	175,124	1	162,519	1
Total current assets	14,622,483	56	13,992,434	61
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	237,546	1	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	403,487	2	61,177	-
Investments accounted for using equity method (Note 12)	1,365,182	5	1,512,478	7
Property, plant and equipment (Note 13)	7,262,200	28	5,033,347	22
Right-of-use assets (Notes 14 and 28)	1,588,102	6	1,505,291	7
Intangible assets	55,043	-	75,506	-
Deferred tax assets (Note 22)	25,192	-	55,872	-
Prepayments for equipment (Note 28)	91,235	-	270,265	1
Refundable deposits (Note 28)	235,635	1	138,786	1
Net defined benefit assets - non-current (Note 18)	3,952	-	803	-
Other financial assets - non-current (Notes 11 and 29)	218,129	1	189,336	1
Total non-current assets	11,485,703	44	8,842,861	39
TOTAL	\$ 26,108,186	100	\$ 22,835,295	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 20)	\$ 203,414	1	\$ 85,916	-
Accounts payable (Note 15)	10,511,531	40	8,479,438	37
Accounts payable to related parties (Note 28)	622,376	2	614,388	3
Other payables (Notes 16 and 28)	1,499,452	6	1,557,962	7
Current tax liabilities	402,758	2	567,642	3
Lease liabilities - current (Notes 14, 25 and 28)	628,254	2	535,770	2
Refund liabilities - current (Note 20)	191,002	1	180,104	1
Other current liabilities (Note 17)	827,152	3	687,263	3
Total current liabilities	14,885,939	57	12,708,483	56
NON-CURRENT LIABILITIES				
Provisions - non-current	26,709	-	24,160	-
Deferred tax liabilities (Note 22)	28,298	-	15,055	-
Lease liabilities - non-current (Notes 14, 25 and 28)	997,045	4	998,402	4
Guarantee deposits received	354,820	1	330,204	2
Total non-current liabilities	1,406,872	5	1,367,821	6
Total liabilities	16,292,811	62	14,076,304	62
EQUITY (Note 19)				
Common stock	2,184,913	8	1,820,761	8
Capital surplus	2,259,399	9	2,446,415	11
Retained earnings				
Legal reserve	1,461,632	6	1,128,868	5
Special reserve	206,677	1	142,530	1
Unappropriated earnings	3,913,139	15	3,427,094	14
Total retained earnings	5,581,448	22	4,698,492	20
Other equity	(210,385)	(1)	(206,677)	(1)
Total equity	9,815,375	38	8,758,991	38
TOTAL	\$ 26,108,186	100	\$ 22,835,295	100

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



**momo.com Inc.**

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2022</b>		<b>2021</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
OPERATING REVENUE (Notes 20 and 28)	\$ 103,403,362	100	\$ 88,360,085	100
OPERATING COSTS (Notes 10, 18, 21 and 28)	<u>93,341,963</u>	<u>90</u>	<u>79,594,594</u>	<u>90</u>
GROSS PROFIT FROM OPERATIONS	<u>10,061,399</u>	<u>10</u>	<u>8,765,491</u>	<u>10</u>
OPERATING EXPENSES (Notes 9, 18, 21 and 28)				
Marketing expenses	3,313,679	3	2,757,176	3
Administrative expenses	2,587,429	3	1,950,611	2
Research and development expenses	227,377	-	202,289	-
Expected credit loss	<u>1,193</u>	<u>-</u>	<u>3,005</u>	<u>-</u>
Total operating expenses	<u>6,129,678</u>	<u>6</u>	<u>4,913,081</u>	<u>5</u>
NET OTHER INCOME AND EXPENSES (Note 28)	<u>211,515</u>	<u>-</u>	<u>123,249</u>	<u>-</u>
OPERATING INCOME	<u>4,143,236</u>	<u>4</u>	<u>3,975,659</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	50,522	-	24,354	-
Other income	6,031	-	5,916	-
Other gains and losses, net (Notes 12 and 21)	119,592	-	97,361	-
Finance costs (Note 21)	(13,026)	-	(12,669)	-
Share of loss of subsidiaries and associates accounted for using equity method (Note 12)	<u>(25,938)</u>	<u>-</u>	<u>(19,459)</u>	<u>-</u>
Total non-operating income and expenses	<u>137,181</u>	<u>-</u>	<u>95,503</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	4,280,417	4	4,071,162	5
INCOME TAX EXPENSE (Note 22)	<u>845,791</u>	<u>1</u>	<u>790,862</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>3,434,626</u>	<u>3</u>	<u>3,280,300</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 12, 18, 19 and 22)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	3,145	-	136	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	<u>(41,514)</u>	<u>-</u>	<u>(2,429)</u>	<u>-</u>

(Continued)

**momo.com Inc.**

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2022</b>		<b>2021</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Share of remeasurement of defined benefit plans of associates accounted for using equity method	\$ 367	-	\$ -	-
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	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss	(629)	-	(27)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation	22,053	-	(21,133)	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	<u>16,263</u>	<u>-</u>	<u>(7,447)</u>	<u>-</u>
Other comprehensive loss, net of tax	<u>(315)</u>	<u>-</u>	<u>(13,200)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,434,311</u>	<u>3</u>	<u>\$ 3,267,100</u>	<u>4</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 15.72</u>		<u>\$ 15.01</u>	
Diluted	<u>\$ 15.72</u>		<u>\$ 15.01</u>	

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

(Concluded)

**momo.com Inc.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	Common Stock	Capital Surplus	Legal Reserve	Retained Earnings		Other Equity		
				Special Reserve	Unappropriated Earnings	Exchange Differences on Translation	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2021	\$ 1,400,585	\$ 2,624,386	\$ 934,425	\$ 172,693	\$ 1,944,434	\$ (79,312)	\$ (63,218)	\$ 6,933,993
Distribution of 2020 earnings	-	-	194,443	-	(194,443)	-	-	-
Legal reserve	-	-	-	-	(1,400,585)	-	-	(1,400,585)
Cash dividends	280,117	-	-	-	(280,117)	-	-	-
Stock dividends	-	-	-	(30,163)	30,163	-	-	-
Reversal of special reserve	-	-	-	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	4,940	-	-	(3,605)	-	-	1,335
Issue of stock dividends from capital surplus	140,059	(140,059)	-	-	-	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	3,280,300	-	-	3,280,300
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	109	(28,580)	15,271	(13,200)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	3,280,409	(28,580)	15,271	3,267,100
Disposal of investments accounted for using equity method	-	(42,852)	-	-	50,838	-	(50,838)	(42,852)
BALANCE AT DECEMBER 31, 2021	1,820,761	2,446,415	1,128,868	142,530	3,427,094	(107,892)	(98,785)	8,758,991
Distribution of 2021 earnings	-	-	332,764	-	(332,764)	-	-	-
Legal reserve	-	-	-	64,147	(64,147)	-	-	-
Special reserve	-	-	-	-	(2,366,989)	-	-	(2,366,989)
Cash dividends	-	-	-	-	(182,076)	-	-	-
Stock dividends	182,076	-	-	-	(1,244)	-	-	(1,244)
Changes in equity of associates accounted for using equity method	-	-	-	-	-	-	-	-
Issue of stock dividends from capital surplus	182,076	(182,076)	-	-	-	-	-	-
Net profit for the year ended December 31, 2022	-	-	-	-	3,434,626	-	-	3,434,626
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,883	38,316	(41,514)	(315)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	3,437,509	38,316	(41,514)	3,434,311
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	(4,754)	-	-	(4,754)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	510	-	(510)	-
Changes in equity of non-current assets held for sale	-	(4,940)	-	-	-	-	-	(4,940)
BALANCE AT DECEMBER 31, 2022	\$ 2,184,913	\$ 2,259,399	\$ 1,461,632	\$ 206,677	\$ 3,913,139	\$ (69,576)	\$ (140,809)	\$ 9,815,375

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

**momo.com Inc.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 4,280,417	\$ 4,071,162
Adjustments for:		
Depreciation expenses	1,034,829	877,418
Amortization expenses	58,682	60,487
Expected credit loss	1,193	3,005
Gain on financial assets at fair value through profit or loss	(7,546)	-
Finance costs	13,026	12,669
Interest income	(50,522)	(24,354)
Share of loss of subsidiaries and associates accounted for using equity method	25,938	19,459
Loss on disposal of property, plant and equipment	135	124
Gain on disposal of non-current assets held for sale	(109,805)	-
Gain on disposal of investments accounted for using equity method	-	(97,762)
Others	1,430	145
Changes in operating assets and liabilities		
Accounts receivable	(62,442)	30,894
Accounts receivable from related parties	(182,333)	(51,830)
Other receivables	(571,337)	(847,180)
Inventories	(762,762)	(327,609)
Prepayments	(3,112)	(16,305)
Other current assets	1,220	3,349
Right to recover products	(12,605)	(27,182)
Contract liabilities	117,498	50,464
Accounts payable	2,032,093	1,874,455
Accounts payable to related parties	7,988	129,196
Other payables	136,320	381,495
Provisions	(140)	-
Other current liabilities	139,889	105,450
Net defined benefit plans	(4)	(946)
Refund liabilities	10,898	27,503
Cash generated from operations	6,098,948	6,254,107
Interest received	61	46
Income tax paid	(967,381)	(530,628)
Net cash generated from operating activities	<u>5,131,628</u>	<u>5,723,525</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(375,000)	-
Disposal of financial assets at fair value through other comprehensive income	2,138	-
Acquisition of financial assets at fair value through profit or loss	(230,000)	-
Acquisition of investments accounted for using equity method	(5,880)	(220,850)
Disposal of investments accounted for using equity method	-	466,547

(Continued)

**momo.com Inc.**
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
**(In Thousands of New Taiwan Dollars)**

	2022	2021
Disposal of non-current assets held for sale	\$ 200,156	\$ -
Acquisition of property, plant and equipment	(2,396,014)	(289,145)
Disposal of property, plant and equipment	161	-
Increase in refundable deposits	(102,829)	(46,545)
Decrease in refundable deposits	5,818	28,029
Acquisition of intangible assets	(34,782)	(37,917)
Increase in other financial assets	(189,035)	(5,577)
Decrease in other financial assets	156,692	5,237
Increase in prepayments for equipment	(228,985)	(282,076)
Interest received	47,794	22,885
Dividends received	<u>63,199</u>	<u>14,558</u>
Net cash used in investing activities	<u>(3,086,567)</u>	<u>(344,854)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in guarantee deposits received	67,440	68,529
Decrease in guarantee deposits received	(42,824)	(35,046)
Repayment of the principal portion of lease liabilities	(646,220)	(513,544)
Cash dividends paid	(2,366,989)	(1,400,585)
Interest paid	<u>(12,685)</u>	<u>(12,454)</u>
Net cash used in financing activities	<u>(3,001,278)</u>	<u>(1,893,100)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(956,217)</b>	<b>3,485,571</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b><u>8,084,518</u></b>	<b><u>4,598,947</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>\$ 7,128,301</u></b>	<b><u>\$ 8,084,518</u></b>

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

(Concluded)

## **momo.com Inc.**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (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 commercial, video program distribution, issuing of magazine, and retailing.

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

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

The financial statements were approved by the Company’s Board of Directors on February 17, 2023.

#### **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 Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)
Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.	
Note 2: The amendments will be 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 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.	

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company'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 financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit 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.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using equity method, share of profit or loss of subsidiaries and associates accounted for using equity method, share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method and the related equity items, as appropriate, in these parent company only financial statements.

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 Company 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. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company'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 item 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 parent company only 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.

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

e. Inventories

Inventories are measured at the lower of cost or net realizable value. Inventories write-downs are made by item, except 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 costs or selling expenses. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments accounted for using equity method

The Company uses the equity method to account for its investments in subsidiaries and associates.

1) Investments in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business 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 Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

## 2) Investments in associates

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

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

Any excess of the cost of acquisition over the Company'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 Company'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 Company 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 Company's proportionate interest in the associate. The Company 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 Company'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 Company 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 Company 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 Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

g. 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.

h. 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 lives, residual values, 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.

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

At the end of each reporting period, the Company 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 Company 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 corresponding 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.

j. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When the Company is committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate, only the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Company discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method. If the Company ceases to have significant influence over the investment after the disposal takes place, the Company accounts for any retained interest that has not been classified as held for sale in accordance with the accounting policies for financial instruments.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company 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. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

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 FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL, including investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27.

ii. 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, 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.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company 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 Company'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 Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable and other receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable and other receivables. For all other financial instruments, the Company 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 Company 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 Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

- 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 Company 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 Company 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 Company 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.

1. 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 Company 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.

m. Revenue recognition

The Company 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 Company's primary source of revenue is generated from virtual channels. Revenue from sale of goods are recognized when the goods are transferred or delivered to the customers. Advance receipts obtained before goods are transferred or delivered to the customer are recognized as contract liabilities.

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

n. Leases

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

1) The Company 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 Company as lessee

The Company 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 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 Company 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 Company 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; (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 balance sheets.

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

o. Government grants

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

p. 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 an expense 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 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 assets represent the actual surplus in the Company'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.



q. Taxation

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

1) Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of the tax jurisdiction.

According to the Income Tax Act 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 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 Company 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 year in which the liabilities are settled or the assets are 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 Company 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, in which case, the current and deferred taxes are also recognized in other comprehensive income.

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

In the application of the Company'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 year in which the estimates are revised if the revisions affect only that year or in the year of the revisions and future years if the revisions affect both current and future years.

### Critical Accounting Judgements

#### a. Lease terms

In determining a lease term, the Company 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 Company occurs.

#### b. Principal versus agent

##### 1) The Company is considered as an agent

For contracts with customers relating to the sale of tickets and rendering services, the Company has no control over tickets before passing it on to customers, taking into additional consideration of other indicators such as the Company not being primarily responsible for providing tickets and, therefore, recognized revenue on a net basis when it satisfies its performance obligations.

##### 2) The Company is considered as a principal

For contracts with customers relating to the sale of goods, the Company takes into additional consideration of other indicators such as the Company being primarily responsible for the providing goods and, therefore, recognized revenue on a gross basis when it satisfies its performance obligations.

## 6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash in banks	\$ 1,544,162	\$ 5,408,181
Time deposits	<u>5,584,139</u>	<u>2,676,337</u>
	<u>\$ 7,128,301</u>	<u>\$ 8,084,518</u>
The market rate intervals of time deposits	0.88%-2.6%	0.07%-0.9%

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

	December 31	
	2022	2021
<u>Non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Domestic unlisted stock	\$ 237,546	\$ -

In July 2022, the Company acquired 8.02% equity interest of Gaius Automotive Inc. with the investment amount of \$230,000 thousand.

As of December 31, 2022, the financial assets were not pledged.

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

### Equity Instrument Investments

	December 31	
	2022	2021
<u>Current</u>		
Foreign unlisted stock	\$ 4,217	\$ 15,179
<u>Non-current</u>		
Domestic unlisted stock	\$ 403,487	\$ 61,177

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 momo's strategy of holding these investments for long-term purposes.

In June 2022, the Company acquired 2.5% equity interest of Line Bank Taiwan Limited. with the investment amount of \$375,000 thousand.

As of December 31, 2022 and 2021, the financial assets were not pledged.

## 9. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2022	2021
<u>Accounts receivable</u>		
Measured at amortized cost		
Gross carrying amount	\$ 178,697	\$ 117,219
Less: Allowance for impairment loss	(1,479)	(1,763)
	\$ 177,218	\$ 115,456

(Continued)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Other receivables</u>		
Measured at amortized cost		
Gross carrying amount	\$ 2,270,868	\$ 1,704,071
Less: Allowance for impairment loss	<u>(5,469)</u>	<u>(10,996)</u>
	<u>\$ 2,265,399</u>	<u>\$ 1,693,075</u> (Concluded)

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

The Company measures the loss allowance for accounts receivable and other receivables at an amount equal to lifetime ECLs. The ECLs on accounts receivable and other receivables are estimated using a provision matrix approach considering the past default experience and collecting experience of each debtor, an increase in the number of delayed payments in the portfolio past the average credit period, as well as the change rates of consumer price index and economic leading indicators. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix does not distinguish customer segments. As a result, the expected credit loss rate is based on the number of past due day of accounts receivable and other receivables.

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

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

December 31, 2022

	<b>Not Past Due</b>	<b>1 to 120 Days Past Due</b>	<b>121 to 365 Days Past Due</b>	<b>Over 365 Days Past Due</b>	<b>Total</b>
Gross carrying amount	\$ 2,419,921	\$ 20,740	\$ 3,254	\$ 5,650	\$ 2,449,565
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(226)</u>	<u>(1,072)</u>	<u>(5,650)</u>	<u>(6,948)</u>
Amortized cost	<u>\$ 2,419,921</u>	<u>\$ 20,514</u>	<u>\$ 2,182</u>	<u>\$ -</u>	<u>\$ 2,442,617</u>

December 31, 2021

	<b>Not Past Due</b>	<b>1 to 120 Days Past Due</b>	<b>121 to 365 Days Past Due</b>	<b>Over 365 Days Past Due</b>	<b>Total</b>
Gross carrying amount	\$ 1,782,096	\$ 21,539	\$ 7,390	\$ 10,265	\$ 1,821,290
Loss allowance (Lifetime ECLs)	<u>(7)</u>	<u>(146)</u>	<u>(2,341)</u>	<u>(10,265)</u>	<u>(12,759)</u>
Amortized cost	<u>\$ 1,782,089</u>	<u>\$ 21,393</u>	<u>\$ 5,049</u>	<u>\$ -</u>	<u>\$ 1,808,531</u>

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

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Beginning balance	\$ 12,759	\$ 12,418
Add: Provision	1,193	3,005
Less: Write-off	<u>(7,004)</u>	<u>(2,664)</u>
Ending balance	<u>\$ 6,948</u>	<u>\$ 12,759</u>

## 10. INVENTORIES

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Merchandise	<u>\$ 4,447,225</u>	<u>\$ 3,684,463</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 were \$88,426,851 thousand and \$75,399,512 thousand, respectively, which included reversal of inventory write-downs of \$3,062 thousand and inventory write-downs of \$7,497 thousand, respectively.

## 11. OTHER FINANCIAL ASSETS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Current</u>		
Pledged time deposits and restricted deposits	\$ 63,300	\$ 64,000
Time deposits with original maturities of more than 3 months	<u>4,250</u>	<u>-</u>
	<u>\$ 67,550</u>	<u>\$ 64,000</u>
<u>Non-current</u>		
Pledged time deposits and restricted deposits	<u>\$ 218,129</u>	<u>\$ 189,336</u>

- The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.05%-1.44% per annum as of December 31, 2022.
- The Company 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.

## 12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	\$ 1,365,182	\$ 1,392,132
Investments in associates	-	120,346
	<u>\$ 1,365,182</u>	<u>\$ 1,512,478</u>

### a. Investments in subsidiaries

	December 31				
	2022		2021		
Investee Company	Amount	% of Ownership	Amount	% of Ownership	Note
Fu Sheng Travel Service Co., Ltd. (FST)	\$ 46,612	100.00	\$ 43,830	100.00	-
Fuli Life Insurance Agent Co., Ltd. (FLI)	2,922	100.00	5,202	100.00	-
Fuli Insurance Agent Co., Ltd.(former named Fuli Property Insurance Agent Co., Ltd.) (FI)	12,983	100.00	11,386	100.00	Note 1
Bebe Poshe International Co., Ltd. (Bebe Poshe)	27,953	88.68	31,716	85.00	Note 2
Fu Sheng Logistics Co., Ltd. (FSL)	374,472	100.00	309,059	100.00	-
MFS Co., Ltd. (MFS)	98,399	100.00	106,154	100.00	-
Prosperous Living Co., Ltd. (Prosperous Living)	223,833	73.62	220,718	73.62	-
Asian Crown International Co., Ltd. (Asian Crown (BVI))	17,506	81.99	20,170	81.99	-
Honest Development Co, Ltd. (Honest Development)	<u>560,502</u>	100.00	<u>643,897</u>	100.00	-
	<u>\$ 1,365,182</u>		<u>\$ 1,392,132</u>		

Note 1: Fuli Property Insurance Agent Co., Ltd. was renamed Fuli Insurance Agent Co., Ltd. in January 2023, which was approved by the Board of Directors. On February 4, 2023, the government approval has been successfully obtained.

Note 2: momo acquired equity interest of Bebe Poshe's non-controlling interests with the amount of \$5,880 thousand in October 2022. Please refer to Note 24 for the details.

In June 2015, momo's subsidiary acquired 20% equity interests of Global Home Shopping Co., Ltd. (GHS), which is invested by Haobo Information Consulting (Shenzhen) Co., Ltd. (Haobo). Due to increased competition in the market of China, the actual operating did not performed as expected. As a result, the recoverable amount of Haobo's equity investment of GHS was less than the carrying amount. Haobo recognized impairment losses of \$82,231 thousand for the year ended December 31, 2022. momo also recognized share of loss of subsidiaries accounted for using equity method by subsidiaries proportional.

Refer to Table 5 and Table 6 for the details of the subsidiaries indirectly held by the Company.

### b. Investments in associates

	December 31			
	2022		2021	
Investee Company	Amount	% of Ownership	Amount	% of Ownership
TV Direct Public Company Limited (TV Direct)	<u>\$ -</u>	-	<u>\$ 120,346</u>	21.35

Refer to Table 5 for the nature of activities, principal places of business and countries of incorporation of the associates.

1) TV Direct

During 2020, momo acquired 24.99% equity interest of TV Direct.

In January and April 2021, momo's percentage of ownership interest 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 has reclassified to loss on the disposal of investment for \$1,290 thousand relating to the deduction in ownership interest.

In May 2022, momo's percentage of ownership interest in TV Direct decreased to 11.17% as momo did not exercise the rights to participate in any share issuance for cash. Subsequently, momo resolved to sell all of its shares in TV Direct and reclassified its investments to non-current assets held for sale.

During the period from June to August 2022, momo sold all shares of TV Direct for \$200,156 thousand, and gain on disposal of non-current assets held for sale was \$109,805 thousand.

2) Taiwan Pelican Express Co., Ltd.

In March 2021, momo sold all shares of Taiwan Pelican Express Co., Ltd. (collectively, the "TPE") for \$466,547 thousand, and gain on the disposal of investment was \$99,052 thousand.

3) Summarized financial information of the Company'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 Company for equity accounting purposes.

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
The Company's share of:		
Net loss for the year	\$ (44,798)	\$ (44,555)
Other comprehensive income	<u>367</u>	<u>17,819</u>
Total comprehensive loss for the year	<u>\$ (44,431)</u>	<u>\$ (26,736)</u>

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

	<b>December 31</b>	
<b>Name of Associate</b>	<b>2022</b>	<b>2021</b>
TV Direct	<u>\$ -</u>	<u>\$ 175,566</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 under Construction	Total
<u>Cost</u>								
Balance at January 1, 2021	\$ 2,338,155	\$ 1,770,464	\$ 1,577,537	\$ 132,265	\$ 309,325	\$ 79,472	\$ 3,445	\$ 6,210,663
Additions	-	5,798	113,887	27,059	36,980	6,396	340,287	530,407
Disposals	-	-	(72,513)	(625)	-	(625)	-	(73,763)
Reclassifications	-	-	12,319	-	-	-	-	12,319
Balance at December 31, 2021	<u>\$ 2,338,155</u>	<u>\$ 1,776,262</u>	<u>\$ 1,631,230</u>	<u>\$ 158,699</u>	<u>\$ 346,305</u>	<u>\$ 85,243</u>	<u>\$ 343,732</u>	<u>\$ 6,679,626</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	\$ -	\$ 248,058	\$ 788,493	\$ 94,209	\$ 207,269	\$ 26,052	\$ -	\$ 1,364,081
Depreciation expenses	-	81,581	200,707	20,772	44,054	8,723	-	355,837
Disposals	-	-	(72,488)	(526)	-	(625)	-	(73,639)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 329,639</u>	<u>\$ 916,712</u>	<u>\$ 114,455</u>	<u>\$ 251,323</u>	<u>\$ 34,150</u>	<u>\$ -</u>	<u>\$ 1,646,279</u>
Carrying amount at December 31, 2021	<u>\$ 2,338,155</u>	<u>\$ 1,446,623</u>	<u>\$ 714,518</u>	<u>\$ 44,244</u>	<u>\$ 94,982</u>	<u>\$ 51,093</u>	<u>\$ 343,732</u>	<u>\$ 5,033,347</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 2,338,155	\$ 1,776,262	\$ 1,631,230	\$ 158,699	\$ 346,305	\$ 85,243	\$ 343,732	\$ 6,679,626
Additions	924,481	1,142	135,581	30,539	47,716	11,729	1,057,632	2,208,820
Disposals	-	-	(475)	(2,643)	(983)	(556)	-	(4,657)
Reclassifications	396,548	-	3,120	698	2,445	-	(3,263)	399,548
Balance at December 31, 2022	<u>\$ 3,659,184</u>	<u>\$ 1,777,404</u>	<u>\$ 1,769,456</u>	<u>\$ 187,293</u>	<u>\$ 395,483</u>	<u>\$ 96,416</u>	<u>\$ 1,398,101</u>	<u>\$ 9,283,337</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ -	\$ 329,639	\$ 916,712	\$ 114,455	\$ 251,323	\$ 34,150	\$ -	\$ 1,646,279
Depreciation expenses	-	79,452	207,907	25,281	55,644	10,935	-	379,219
Disposals	-	-	(473)	(2,501)	(983)	(404)	-	(4,361)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 409,091</u>	<u>\$ 1,124,146</u>	<u>\$ 137,235</u>	<u>\$ 305,984</u>	<u>\$ 44,681</u>	<u>\$ -</u>	<u>\$ 2,021,137</u>
Carrying amount at December 31, 2022	<u>\$ 3,659,184</u>	<u>\$ 1,368,313</u>	<u>\$ 645,310</u>	<u>\$ 50,058</u>	<u>\$ 89,499</u>	<u>\$ 51,735</u>	<u>\$ 1,398,101</u>	<u>\$ 7,262,200</u>

No impairment loss or reversal of impairment loss was recognized for the years ended December 31, 2022 and 2021.

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	3-10 years
Lease improvement	1-10 years
Other equipment	2-15 years

As of December 31, 2022 and 2021, the property, plant and equipment were not pledged as collateral.



## 14. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amount</u>		
Land	\$ -	\$ 1,386
Buildings	1,587,318	1,498,805
Office equipment	577	3,506
Transportation equipment	<u>207</u>	<u>1,594</u>
	<u>\$ 1,588,102</u>	<u>\$ 1,505,291</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 738,737</u>	<u>\$ 600,789</u>
Depreciation charge for right-of-use assets		
Land	\$ 1,386	\$ 1,386
Buildings	650,224	515,500
Office equipment	2,929	3,242
Transportation equipment	<u>1,071</u>	<u>1,453</u>
	<u>\$ 655,610</u>	<u>\$ 521,581</u>

Except for the aforementioned addition and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2022 and 2021.

### b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amount</u>		
Current	<u>\$ 628,254</u>	<u>\$ 535,770</u>
Non-current	<u>\$ 997,045</u>	<u>\$ 998,402</u>

The ranges of discount rates for lease liabilities were all 0.61%-0.86% per annum as of December 31, 2022 and 2021, respectively.

### c. Material leasing activities and terms

The Company leases buildings for the use of offices and warehouses with lease terms of 1.4 to 10.1 years. The Company does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	\$ 30,071	\$ 30,170
Expenses relating to low-value asset leases	\$ 23,285	\$ 1,628
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 75,368	\$ 94,116
Total cash outflow for leases	\$ (787,629)	\$ (651,912)

The Company's leases of certain buildings qualify as short-term leases and leases of certain office equipment qualify as low-value asset leases. The Company 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 \$20,400 thousand and \$18,960 thousand as of December 31, 2022 and 2021, respectively.

**15. ACCOUNTS PAYABLE**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Suppliers	\$ 10,511,531	\$ 8,479,438

**16. OTHER PAYABLES**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Payables for salaries and bonus	\$ 479,313	\$ 465,594
Payables for business tax	151,555	110,667
Payables for equipment and construction	71,120	276,223
Payables for pension	30,952	25,958
Others	766,512	679,520
	\$ 1,499,452	\$ 1,557,962

**17. OTHER CURRENT LIABILITIES**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Other financial liabilities	\$ 577,549	\$ 505,229
Others	249,603	182,034
	\$ 827,152	\$ 687,263

## 18. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

momo 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.

For the years ended December 31, 2022 and 2021, the pension expenses of defined contribution plans were \$110,177 thousand and \$96,531 thousand, 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 contributes 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, momo 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, momo 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”); momo has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of momo’s defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligation	\$ 12,316	\$ 14,218
Fair value of plan assets	<u>(16,268)</u>	<u>(15,021)</u>
Net defined benefit assets	<u>\$ (3,952)</u>	<u>\$ (803)</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2021	<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>
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 loss (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>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Net interest expense (income)	\$ 71	\$ (75)	\$ (4)
Recognized in profit or loss	<u>71</u>	<u>(75)</u>	<u>(4)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,172)	(1,172)
Actuarial gain			
Changes in financial assumptions	(1,924)	-	(1,924)
Experience adjustments	<u>(49)</u>	<u>-</u>	<u>(49)</u>
Recognized in other comprehensive income	<u>(1,973)</u>	<u>(1,172)</u>	<u>(3,145)</u>
Balance at December 31, 2022	<u>\$ 12,316</u>	<u>\$ (16,268)</u>	<u>\$ (3,952)</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Company 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	
	2022	2021
Discount rate	1.5%	0.5%
Expected rate 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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate		
0.25% increase	\$ (431)	\$ (549)
0.25% decrease	\$ 450	\$ 575
Expected rate of salary increase		
0.25% increase	\$ 438	\$ 556
0.25% decrease	\$ (422)	\$ (534)

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.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Average duration of the defined benefit obligation	14.3 years	15.7 years

## 19. EQUITY

### a. Common stock

As of December 31, 2022 and 2021, momo had authorized 300,000 thousand common shares, with 218,491 thousand and 182,076 thousand shares issued and outstanding at par value \$10 per share.

On May 20, 2022, the Company's shareholders resolved in the shareholders' meeting to issue 36,415 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 \$2,184,913 thousand. On June 6, 2022, the above transaction was approved by the Securities and Futures Bureau, FSC, and the subscription base date was determined by the Board of Directors to be July 8, 2022.

### b. Capital surplus

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Issuance of common shares	\$ 2,133,938	\$ 2,316,014
Changes in percentage of ownership interests in subsidiaries	125,291	125,291
Share of changes in capital surplus of associates	-	4,940
Expired employee share options	170	170
	<u>\$ 2,259,399</u>	<u>\$ 2,446,415</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 21(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 2021 and 2020 that had been resolved by the shareholders in their meetings on May 20, 2022 and May 18, 2021, respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Legal reserve	\$ 332,764	\$ 194,443
Special reserve	\$ 64,147	\$ (30,163)
Cash dividends	\$ 2,366,989	\$ 1,400,585
Share dividends	\$ 182,076	\$ 280,117
Cash dividends per share (NT\$)	\$ 13	\$ 10
Share dividends per share (NT\$)	\$ 1	\$ 2

The Company's shareholders resolved in the shareholders' meeting on May 20, 2022 and May 18, 2021 to issue share dividends of \$182,076 thousand and \$140,059 thousand, respectively, from capital surplus.

d. Other equity items

1) Exchange differences on translation

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Beginning balance	\$ (107,892)	\$ (79,312)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	22,053	(21,133)
Share from subsidiaries and associates accounted for using equity method	<u>16,263</u>	<u>(7,447)</u>
Other comprehensive income (loss) recognized for the year	<u>38,316</u>	<u>(28,580)</u>
Ending balance	\$ (69,576)	\$ (107,892)

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Beginning balance	\$ (98,785)	\$ (63,218)
Recognized for the year		
Unrealized loss - equity instruments	(41,514)	(2,429)
Share from associates accounted for using equity method	<u>-</u>	<u>17,700</u>
Other comprehensive (loss) income recognized for the year	<u>(41,514)</u>	<u>15,271</u>
Disposal of associates accounted for using equity method	<u>-</u>	<u>(50,838)</u>
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(510)</u>	<u>-</u>
Ending balance	\$ (140,809)	\$ (98,785)

## 20. OPERATING REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
TV and magazine	\$ 4,793,610	\$ 5,287,247
E-commerce	98,609,267	83,066,858
Others	<u>485</u>	<u>5,980</u>
	<u>\$ 103,403,362</u>	<u>\$ 88,360,085</u>

Please refer to Note 4(m) for the details of revenue.

### Contract Information

momo'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 momo'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:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Sale of goods	\$ 80,360	\$ 28,026
Others	<u>4,471</u>	<u>7,408</u>
	<u>\$ 84,831</u>	<u>\$ 35,434</u>

## 21. PROFIT BEFORE INCOME TAX

### a. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Gain on financial assets at fair value through profit or loss	\$ 7,546	\$ -
Gain on disposal of non-current assets held for sale (Note 12)	109,805	-
Gain on disposal of investments accounted for using equity method (Note 12)	-	97,762
Net foreign exchange gains (losses)	2,373	(311)
Loss on disposal of property, plant and equipment	(135)	(124)
Others	<u>3</u>	<u>34</u>
	<u>\$ 119,592</u>	<u>\$ 97,361</u>

### b. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on lease liabilities	\$ 12,943	\$ 12,598
Others	<u>83</u>	<u>71</u>
	<u>\$ 13,026</u>	<u>\$ 12,669</u>

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

Function \ Nature	<b>For the Year Ended December 31, 2022</b>			<b>For the Year Ended December 31, 2021</b>		
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
Employee benefits expense						
Salary	\$ 906,736	\$ 1,381,349	\$ 2,288,085	\$ 777,387	\$ 1,261,635	\$ 2,039,022
Insurance expense	97,306	139,181	236,487	81,565	125,912	207,477
Pension	44,934	65,239	110,173	37,136	59,393	96,529
Compensation of directors	-	14,097	14,097	-	13,682	13,682
Other employee benefits	63,955	77,670	141,625	52,956	79,485	132,441
Depreciation expense	823,114	211,715	1,034,829	681,974	195,444	877,418
Amortization expense	9,467	49,215	58,682	7,750	52,737	60,487

As of December 31, 2022 and 2021, the average number of employees of the Company were 2,869 and 2,547, respectively. There were both 7 non-employee directors. The calculation basis was consistent with employee benefits expenses.



The Company's average employee benefits expenses for the years ended December 31, 2022 and 2021 were \$970 thousand and \$975 thousand, respectively; average employee salary were \$799 thousand and \$803 thousand, respectively, and the decrease in the average employee salary was 0.5%.

Compliance with the Securities and Exchange Act in the ROC, the Company set up an Audit Committee with all of the independent directors to replace supervisors.

The compensation policies for directors and managers were as follows:

1) The policies of remuneration of the directors:

- a) Remuneration of the directors: Resolved by considering degree of participation in and contribution to the Company's operations and based on the normal remuneration standard of the industry; also, by taking into account the board members' attendance at board meetings, serving in functional committees such as the Remuneration Committee, Audit Committee, Information Security Committee and Sustainable Development Committee, and the risks assumed by them as the payment standard, in addition, a certain amount of reimbursement for travel expenses or other allowances may also be provided.
- b) Compensation of the directors: A ratio (no more than 0.3%) based on the Articles of Association, when the Company earns profits in a fiscal year.

2) The policies of the payment of compensation for the employees (including internal managers):

The salary structure includes mainly the monthly salary, other bonus, year-end bonus and employee compensation.

- a) Salaries are determined by referring to the standards of other companies in the same industry, position titles, job grades, academic and work experience, professional capabilities, and responsibilities, while other bonuses take into account performance evaluation.
- b) For year-end bonus, the distribution amount shall be determined based on the annual business performance. Employee compensation shall be handled in accordance with the Company's Articles of Incorporation. If the Company makes an annual profit, it shall allocate 0.1% to 1% as employee compensation. However, if the Company's accumulated losses, it should cover in advance.
- c) The payment standard for the amount of year-end bonus and employee compensation is made considering the contribution to the Company's operations, the achievement rate and the annual performance appraisal based on the management indicators set in accordance with the employee performance management measures.

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, 2022 and 2021, which were approved by the Board of Directors on February 17, 2023 and February 16, 2022, respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 4,291	\$ 4,081
Remuneration of directors	\$ 6,437	\$ 6,122

If there is a change in the amounts after the annual 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 financial statements for the years ended December 31, 2021 and 2020.

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.

## 22. INCOME TAX

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

Major components of income tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 807,113	\$ 804,420
Adjustments for prior years	(4,616)	(582)
	<u>802,497</u>	<u>803,838</u>
Deferred tax		
In respect of the current year	<u>43,294</u>	<u>(12,976)</u>
Income tax expense recognized in profit or loss	\$ 845,791	\$ 790,862

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax	\$ 4,280,417	\$ 4,071,162

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Income tax expense calculated at the statutory rate (20%)	\$ 856,083	\$ 814,232
Share of loss of domestic investments accounted for using equity method	(24,236)	(13,924)
Adjustment items in determining taxable profit	(2,621)	2,484
Disposal of domestic marketable securities	-	(19,810)
Temporary differences	(22,113)	21,438
Deferred tax	43,294	(12,976)
Adjustments for prior years' tax	<u>(4,616)</u>	<u>(582)</u>
Income tax expense recognized in profit or loss	<u>\$ 845,791</u>	<u>\$ 790,862</u> (Concluded)

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Deferred tax</u>		
Remeasurement of defined benefit plans	\$ (629)	\$ (27)
Income tax expense recognized in other comprehensive income	<u>\$ (629)</u>	<u>\$ (27)</u>

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, 2022

<b>Deferred Tax Assets</b>	<b>Beginning Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Ending Balance</b>
Temporary differences				
Allowance for inventory valuation loss	\$ 11,118	\$ (2,570)	\$ -	\$ 8,548
Others	<u>44,754</u>	<u>(28,110)</u>	<u>-</u>	<u>16,644</u>
	<u>\$ 55,872</u>	<u>\$ (30,680)</u>	<u>\$ -</u>	<u>\$ 25,192</u>

<b>Deferred Tax Liabilities</b>	<b>Beginning Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Ending Balance</b>
Temporary differences				
Defined benefit obligation	\$ 161	\$ -	\$ 629	\$ 790
Unrealized valuation gain on financial assets at fair value through other comprehensive income	3,774	-	-	3,774
Others	<u>11,120</u>	<u>12,614</u>	<u>-</u>	<u>23,734</u>
	<u>\$ 15,055</u>	<u>\$ 12,614</u>	<u>\$ 629</u>	<u>\$ 28,298</u>

For the year ended December 31, 2021

<b>Deferred Tax Assets</b>	<b>Beginning Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Ending Balance</b>
Temporary differences				
Defined benefit obligation	\$ 56	\$ (56)	\$ -	\$ -
Allowance for inventory valuation loss	11,360	(242)	-	11,118
Others	<u>24,000</u>	<u>20,754</u>	<u>-</u>	<u>44,754</u>
	<u>\$ 35,416</u>	<u>\$ 20,456</u>	<u>\$ -</u>	<u>\$ 55,872</u>

<b>Deferred Tax Liabilities</b>	<b>Beginning Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Ending Balance</b>
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>7,346</u>	<u>-</u>	<u>11,120</u>
	<u>\$ 7,548</u>	<u>\$ 7,480</u>	<u>\$ 27</u>	<u>\$ 15,055</u>

d. Income tax assessments

The tax authorities have examined income tax returns of the Company through 2020.

## 23. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Basic earnings per share	<u>\$ 15.72</u>	<u>\$ 15.01</u>
Diluted earnings per share	<u>\$ 15.72</u>	<u>\$ 15.01</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 8, 2022. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2021 were as follows:

Unit: NT\$ Per Share

	<b>Before Retrospective Adjustment</b>	<b>After Retrospective Adjustment</b>
Basic earnings per share	<u>\$ 18.02</u>	<u>\$ 15.01</u>
Diluted earnings per share	<u>\$ 18.02</u>	<u>\$ 15.01</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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 3,434,626</u>	<u>\$ 3,280,300</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted average number of common shares used in the computation of basic earnings per share	218,491	218,491
Effect of potentially dilutive common shares:		
Compensation of employees	<u>7</u>	<u>3</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>218,498</u>	<u>218,494</u>

If momo may settle the compensation of employees in cash or shares, momo 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.

## 24. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

In October 2022, momo acquired 3.68% interests of Bebe Poshe from non-controlling interest. momo's interest in Bebe Poshe increased from 85% to 88.68% (refer to Note 12).

The above transactions were accounted for as equity transactions, since the Company did not cease to have control over these subsidiaries.

## 25. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the year ended December 31, 2022

	Beginning Balance	Cash Flows	Non-cash Changes		Ending Balance
			New Leases	Others	
Lease liabilities	\$ 1,534,172	\$ (658,905)	\$ 737,409	\$ 12,623	\$ 1,625,299

For the year ended December 31, 2021

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

## 26. CAPITAL RISK MANAGEMENT

momo 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, momo 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 momo believes the carrying amounts of financial assets and financial liabilities not measured at fair value recognized in the 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, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Unlisted stock - domestic	\$ -	\$ -	\$ 237,546	\$ 237,546
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
Unlisted stock - foreign	-	-	4,217	4,217
Unlisted stock - domestic	-	-	403,487	403,487
	\$ -	\$ -	\$ 407,704	\$ 407,704

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	-	-	61,177	61,177
	\$ -	\$ -	\$ 76,356	\$ 76,356

2) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of domestic and foreign unlisted stocks were determined using the market approach, asset approach or income approach. The evaluations were referenced to the valuation of the same type of companies, the transaction prices of recent financing activities, the information of companies or estimated free cash flows to measure its fair values. The unobservable inputs were the liquidity discount rates and the stock price volatility. At December 31, 2022 and 2021, the ranges of liquidity discount rates were 18.33%-30% and 17.65%-27.4%, and the ranges of stock price volatility were 38.91%-52.39% and 26.07%-44.95%.

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

Financial assets at fair value through profit or loss - equity instruments:

	<u>For the Year Ended December 31</u>	
	2022	2021
Beginning balance	\$ -	\$ -
Recognized in profit or loss (gains on financial assets at fair value through profit or loss)	7,546	-
Purchase	<u>230,000</u>	<u>-</u>
Ending balance	\$ 237,546	\$ -

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Beginning balance	\$ 76,356	\$ 78,785
Recognized in other comprehensive loss (unrealized valuation loss on financial assets at fair value through other comprehensive income)	(41,514)	(2,429)
Purchases	375,000	-
Disposals	<u>(2,138)</u>	<u>-</u>
Ending balance	<u>\$ 407,704</u>	<u>\$ 76,356</u>

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Mandatorily classified as at fair value through profit or loss	\$ 237,546	\$ -
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	407,704	76,356
Financial assets at amortized cost (Note 1)	<u>10,378,499</u>	<u>10,389,105</u>
	<u>\$ 11,023,749</u>	<u>\$ 10,465,461</u>

Financial liabilities

Financial liabilities at amortized cost (Note 2)	<u>\$ 13,565,728</u>	<u>\$ 11,487,221</u>
--	----------------------	----------------------

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, accounts receivable, other receivables, other financial assets and refundable deposits.

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

d. Financial risk management objectives and policies

1) momo 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 momo's risk exposure and momo'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 momo's operating target and performance to meet the momo'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 momo 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 momo if a customer or counterparty of a financial instrument fails to meet its contractual obligations, which arises principally from momo's receivables from customers and financial instruments. momo deals with customers with good reputation and monitors customers' credit risk and credit ratings continuously. momo transacts with a large number of unrelated customers and, thus, credit risk is not highly concentrated.

momo'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 momo fails to meet the obligations associated with its financial liabilities that are settled by delivering cash and cash equivalents or other financial asset. momo'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 momo's reputation.

momo manages and maintains sufficient level of capital to ensure the requirements of paying estimated operating expenditures, including financial obligations on each contract. momo also monitors its bank credit facilities to ensure that the provisions of loan contracts are all complied with properly. As of December 31, 2022 and 2021, momo had unused bank facilities of \$0 thousand and \$100,000 thousand, respectively.

The following table details momo'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 momo can be required to pay. The table includes both interest and principal cash flows.

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ <u>60,054</u>	\$ <u>120,109</u>	\$ <u>462,638</u>	\$ <u>897,542</u>	\$ <u>113,649</u>

December 31, 2021

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

momo'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 momo'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.

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

a) Exchange rate risk

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

For momo's foreign currency assets and liabilities exposed to significant exchange rate risk, please refer to Note 32.

### Sensitivity analysis

momo was mainly exposed to the USD, EUR and RMB.

momo's exchange rate risk comes mainly from conversion gains and losses of accounts denominated in foreign currencies such as cash and cash equivalents, accounts receivable, 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 (decreased) increased as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Appreciated 5%	<u>\$ (1,863)</u>	<u>\$ (2,383)</u>
Depreciated 5%	<u>\$ 1,863</u>	<u>\$ 2,383</u>

#### b) Interest rate risk

momo was exposed to interest rate risk because momo 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 momo's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 4,064,434	\$ 3,036,023
Financial liabilities	1,625,299	1,534,172
Cash flow interest rate risk		
Financial assets	3,532,052	5,416,227

### Sensitivity analysis

The sensitivity analysis below was determined based on momo'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, momo's profit for the years ended December 31, 2022 and 2021 would have increased or decreased by \$17,660 thousand and \$27,081 thousand, respectively.

#### c) Other price risk

momo was exposed to equity price risk through its investments in equity instruments. momo 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 profit for the year ended December 31, 2022 would have increased or decreased by \$11,877 thousand, as a result of the change in fair value of financial assets at FVTPL, and the post-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased or decreased by \$20,385 thousand and \$3,818 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, 2022 and 2021, respectively. momo's ultimate parent and ultimate controlling party is Taiwan Mobile Co., Ltd. (TWM).

Besides information disclosed elsewhere in the other notes, details of transactions between momo and other related parties are disclosed below.

### a. Related party name and categories

Related Party Name	Related Party Categories
Taiwan Mobile Co., Ltd. (TWM)	Ultimate parent entity
Wealth Media Technology Co., Ltd. (WMT)	Parent entity
FST	Subsidiary
FLI	Subsidiary
FI	Subsidiary
Bebe Poshe	Subsidiary
FSL	Subsidiary
MFS	Subsidiary
Fubon Gehua (Beijing) Enterprise Ltd. (FGE)	Subsidiary
GHS	Associates
Citruss Saudi Trading Company LLC	Associates
TPE	Associates (Note 1)
Taipei New Horizon Co., Ltd.	Same ultimate parent entity
Taiwan Fixed Network Co., Ltd.	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
Mistake Entertainment Co., Ltd.	Related party in substance
AppWorks School Co., Ltd.	Related party in substance
NADA Holding Corp.	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 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

(Continued)

Related Party Name	Related Party Categories
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.	Related party in substance
Fu-Sheng 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 International Bank, Ltd.	Related party in substance
Jih Sun Securities Co., Ltd.	Related party in substance
Jih Sun Securities Investment Consulting Co., Ltd.	Related party in substance
Jih Sun Futures 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
Hung Fu Investment CO., Ltd.	Related party in substance
Ming Dong Co., Ltd.	Related party in substance
Cho Pharma Inc.	Related party in substance
kbro Co., Ltd.(kbro)	Related party in substance
kbro Media Co., Ltd.	Related party in substance
One Production Film 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
Uspace Tech Co., Ltd.	Related party in substance
Far Eastern Memorial Hospital	Related party in substance
	(Note 2)
Fubon Cultural & Educational Foundation	Related party in substance
Fubon Charity Foundation	Related party in substance
Fubon Art Foundation	Related party in substance
Taiwan Mobile 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: Not a related party since September 2021.

b. Operating revenue

Line Items	Related Party Categories	For the Year Ended December 31	
		2022	2021
Sales	Ultimate parent entity	\$ 247,357	\$ 227,911
	Subsidiaries	3,220	11,765
	Associates	-	988
		<u>\$ 250,577</u>	<u>\$ 240,664</u>

momo 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	
	2022	2021
Ultimate parent entity	\$ 2,835,090	\$ 2,583,974
Subsidiaries	1,167,436	652,542
Associates	-	127,694
Other related parties	<u>285,897</u>	<u>272,956</u>
	<u>\$ 4,288,423</u>	<u>\$ 3,637,166</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	
		2022	2021
Accounts receivable	Ultimate parent entity	\$ 50,391	\$ 58,675
	Subsidiaries	<u>439</u>	<u>166</u>
	Other related parties		
	TFCB	233,631	43,255
	Others	<u>1,806</u>	<u>1,838</u>
		<u>235,437</u>	<u>45,093</u>
		<u>\$ 286,267</u>	<u>\$ 103,934</u>
Other receivables	Ultimate parent entity	\$ 66,042	\$ 45,248
	Subsidiaries	-	5,481
	Other related parties		
	TFCB	<u>279,185</u>	<u>199,813</u>
		<u>\$ 345,227</u>	<u>\$ 250,542</u>

The outstanding trade receivables from related parties are unsecured, and no impairment losses were recognized after assessment.

e. Payables to related parties

Line Items	Related Party Categories	December 31	
		2022	2021
Accounts payable	Ultimate parent entity	\$ 343,588	\$ 284,803
	Subsidiaries	278,162	167,093
	Other related parties	<u>626</u>	<u>162,492</u>
		<u>\$ 622,376</u>	<u>\$ 614,388</u>
Other payables	Ultimate parent entity	\$ 89,051	\$ 50,743
	Parent entity	-	3,673
	Subsidiaries	-	250
	Other related parties	<u>-</u>	<u>16,955</u>
		<u>\$ 89,051</u>	<u>\$ 71,621</u>

The outstanding trade payables to related parties are unsecured.

f. Bank deposits

Line Items	Related Party Categories/Name	December 31	
		2022	2021
Cash and cash equivalents	Other related parties		
	TFCB	<u>\$ 607,865</u>	<u>\$ 816,228</u>

g. Lease arrangements

	Related Party Categories/Name	For the Year Ended December 31	
		2022	2021
Acquisition of right-of-use assets	Ultimate parent entity	\$ -	\$ 13,405
	Other related parties		
	Fubon Life	<u>85,197</u>	<u>64,999</u>
		<u>\$ 85,197</u>	<u>\$ 78,404</u>
Line Items	Related Party Categories/Name	December 31	
		2022	2021
Lease liabilities	Ultimate parent entity	\$ 6,350	\$ 11,174
	Other related parties		
	Fubon Life	<u>173,354</u>	<u>270,497</u>
		<u>\$ 179,704</u>	<u>\$ 281,671</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	Purchase Price	
		For the Year Ended December 31	
		2022	2021
Prepayments for equipment	Other related parties	\$ <u>-</u>	\$ <u>4,271</u>

i. Others

1) Refundable deposits

Related Party Categories/Name	December 31	
	2022	2021
Ultimate parent entity	\$ <u>-</u>	\$ <u>736</u>
Other related parties		
Fubon Life	46,270	41,000
Others	<u>-</u>	<u>572</u>
	<u>46,270</u>	<u>41,572</u>
	\$ <u>46,270</u>	\$ <u>42,308</u>

2) Operating expenses

Related Party Categories/Name	For the Year Ended December 31	
	2022	2021
Ultimate parent entity	\$ <u>73,760</u>	\$ <u>53,466</u>
Subsidiaries	<u>-</u>	<u>7</u>
Associates	<u>-</u>	<u>1,241</u>
Other related parties		
TFCB	701,179	110,899
FPM	15,836	14,742
Others	<u>29,666</u>	<u>66,682</u>
	<u>746,681</u>	<u>192,323</u>
	\$ <u>820,441</u>	\$ <u>247,037</u>

3) Other income and expenses

Related Party Categories/Name	For the Year Ended December 31	
	2022	2021
Ultimate parent entity	\$ <u>-</u>	\$ <u>893</u>
Subsidiaries	<u>-</u>	<u>396</u>
Associates		
GHS	15,056	14,785
Others	<u>-</u>	<u>24</u>
	<u>15,056</u>	<u>14,809</u>
Other related parties		
TFCB	<u>60,590</u>	<u>37,388</u>
	\$ <u>75,646</u>	\$ <u>53,486</u>



j. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 88,328	\$ 76,085
Post-employment benefits	<u>1,713</u>	<u>2,314</u>
	<u>\$ 90,041</u>	<u>\$ 78,399</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, lawsuits and purchases were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Other financial assets - current	\$ 63,300	\$ 64,000
Other financial assets - non-current	<u>218,129</u>	<u>189,336</u>
	<u>\$ 281,429</u>	<u>\$ 253,336</u>

## 30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- 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 \$143,932 thousand, electronic tickets of \$166,267 thousand, and physical tickets of \$26,426 thousand as of December 31, 2022, respectively.
- As of December 31, 2022 and 2021, the amounts of lease commitments commencing after the balance sheet date were \$2,079,295 thousand and \$1,896,117 thousand, respectively.
- 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, 2022, contract amount not yet paid for the logistics warehouse construction and equipment were \$1,041,613 thousand and \$181,333 thousand.

## 31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 6, 2023, in order to construct logistics warehouse in response to the business development needs, the Company's Board of Directors resolved the logistics warehouse construction and equipment procurement, and planned to invest \$6,300,000 thousand and \$1,270,000 thousand.

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

momo's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of momo and the related exchange rates between the foreign currencies and the functional currencies were as follows:

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 1,378	30.725 (USD:NTD)	\$ 42,328
EUR	60	32.65 (EUR:NTD)	<u>1,951</u>
			<u>\$ 44,279</u>
Non-monetary items			
Financial assets at fair value through other comprehensive income			
HKD	1,070	3.942 (HKD:NTD)	<u>\$ 4,217</u>
<u>Foreign currency liabilities</u>			
Monetary items			
RMB	375	4.401 (RMB:NTD)	\$ 1,650
USD	111	30.725 (USD:NTD)	3,413
EUR	60	32.65 (EUR:NTD)	<u>1,951</u>
			<u>\$ 7,014</u>

December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
RMB	\$ 8,876	4.341 (RMB:NTD)	\$ 38,531
USD	400	27.66 (USD:NTD)	<u>11,064</u>
			<u>\$ 49,595</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			
THB	144,178	0.835 (THB:NTD)	<u>120,346</u>
			<u>\$ 135,525</u>

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Foreign currency liabilities</u>			
Monetary items			
USD	\$ 70	27.66 (USD:NTD)	\$ 1,944 (Concluded)

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were \$2,373 thousand and \$(311) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of foreign currencies transactions of the Company.

### 33. 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. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 9) Trading in derivative instruments. (None)

#### b. Information on investees (Table 5)

#### 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 6)

- 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 7)

### **34. SEGMENT INFORMATION**

Please refer to the consolidated financial statements for the year ended December 31, 2022.

## momo.com Inc.

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(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, 2022			Note
				Shares (Thousands)	Carrying Amount	% of Ownership	
momo	Unlisted Stock						
	Media Asia Group Holdings Limited	-	Financial assets at fair value through other comprehensive income - current	4,367	\$ 4,217	0.15	\$ 4,217
	We Can Medicines Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	3,073	65,988	7.68	65,988
	LINE Bank Taiwan Limited	-	Financial assets at fair value through other comprehensive income - non-current	37,500	337,499	2.5	337,499
	Gaius Automotive Inc.	-	Financial assets at fair value through profit or loss - non-current	5,750	237,546	8.02	237,546

Note: Refer to Table 5 and Table 6 for the information on investment in subsidiaries and associates.

## momo.com Inc.

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(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		Gain (Loss) on Disposal		Ending Balance	
					Shares (Thousands)	Amount	Shares (Thousands)	Amount	Amount	Carrying Amount	Gain (Loss) on Disposal	Gain (Loss) on Disposal	Shares (Thousands)	Amount (Note)
momo	Unlisted Stock LINE Bank Taiwan Limited	Financial assets at fair value through other comprehensive income - non-current	-	-	-	\$ -	37,500	\$ 375,000	\$ -	\$ -	\$ -	-	37,500	\$ 337,499

Note: The ending balance included unrealized valuation gain (loss) on financial asset.

## momo.com Inc.

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, 2022  
(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	\$ 247,357	-	Based on contract terms	-	-	\$ 50,391	11
			Purchase	2,835,090	3	Based on contract terms	-	-	(343,588)	(3)
	FSL	Subsidiary	Purchase	907,150	1	Based on contract terms	-	-	(254,317)	(2)
	MFS	Subsidiary	Purchase	203,739	-	Based on contract terms	-	-	(17,631)	-
	kbno	Related party in substance	Purchase	132,202	-	Based on contract terms	-	-	(51)	-

## momo.com Inc.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
 DECEMBER 31, 2022  
 (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	\$ 50,391	11.89	\$ -	-	\$ 49,020	-
			Other receivables	66,042	-	-	-	52,530	-
	TFCB	Related party in substance	Accounts receivable	233,631	Note	-	-	233,075	-
			Other receivables	279,185	-	-	-	279,185	-
FSL	momo	Parent entity	Accounts receivable	254,851	4.6	-	-	238,725	-

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



TABLE 5

## momo.com Inc.

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(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, 2022		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Shares (Thousands)	Carrying Amount			
momo	FST	Taiwan	Travel agent	\$ 6,000	\$ 6,000	3,000	\$ 46,612	\$ 5,577	\$ 5,577	Note 3
	FLI	Taiwan	Life insurance agent	3,000	3,000	500	2,922	(2,280)	(2,280)	
	FI	Taiwan	Comprehensive insurance agent	3,000	3,000	500	12,983	3,515	3,515	
	Asian Crown (BVI)	British Virgin Islands	Investment	885,285	885,285	9,735	17,506	(3,448)	(2,827)	
	Honest Development	Samoa	Investment	670,448	670,448	21,778	560,502	(99,495)	(99,495)	
	Bebe Poshe	Taiwan	Wholesale of cosmetics	90,880	85,000	8,868	27,953	(5,790)	(4,889)	
	FSL	Taiwan	Logistics industry	250,000	250,000	25,000	374,472	118,512	118,524	
	MFS	Taiwan	Wholesaling	100,000	100,000	10,000	98,399	(2,380)	(2,380)	
	Prosperous Living	Taiwan	Wholesale and retail sales	220,850	220,850	22,085	223,833	4,232	3,115	
	TV Direct	Thailand	Wholesale and retail sales	-	179,406	-	-	(192,427)	(44,798)	
Asian Crown (BVI)	Fortune Kingdom	Samoa	Investment	1,132,789	1,132,789	11,594	16,913	(3,834)	Note 2	Note 2
Fortune Kingdom	HK Fubon Multimedia	Hong Kong	Investment	1,132,789	1,132,789	11,594	16,913	(3,834)	Note 2	
Honest Development	HK Yue Numerous	Hong Kong	Investment	670,448	670,448	16,600	560,502	(99,495)	Note 2	

Note 1: Except for 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 it is not presented in this table.

Note 3: In October 2022, momo's percentage of ownership interest in Bebe Poshe increased to 88.68% due to the acquisition of non-controlling interest.

Note 4: During the period from June to August 2022, momo sold all shares of TV Direct, please refer to Note 12 for information.

Note 5: Please refer to Table 6 for information on investments in mainland China.

TABLE 6

**momo.com Inc.**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(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 Investment Remittance from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Investment Remittance from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
FGE	Wholesaling	\$ 341,076 (RMB 77,500)	b.	\$ 823,012 (USD 14,000) (RMB 89,267)	Outward	Inward	\$ 823,012 (USD 14,000) (RMB 89,267)	\$ (4,943)	76.70	\$ (3,791)	\$ 6,976	\$ -	
Haobo	Investment	48,411 (RMB 11,000)	b.	-	-	-	-	(100,135)	100.00	(100,135)	531,879	-	
GHS	Wholesaling	220,049 (RMB 50,000)	b.	-	-	-	-	61,451	20.00	(19,073)	486,008	-	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$1,487,393 (USD14,000, RMB89,267 and HKD168,539)	\$1,487,393 (USD14,000, RMB89,267 and HKD168,539)	\$5,942,158

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, 2022 are USD1=NT\$30.725, RMB1=NT\$4.401 and HKD1=NT\$3.942.

**TABLE 7****momo.com Inc.****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	% of Ownership
WMT	98,353,639	45.01
TECO CAPITAL INVESTMENT Co., Ltd.	23,008,800	10.53
WOORI HOMESHOPPING Co., Ltd.	17,301,840	7.92

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 financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.