Wowprime Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2017 and 2016 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 Wowprime Co., Ltd. as of and for the year ended December 31, 2017, 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, Wowprime Co., Ltd. and subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

WOWPRIME CO., LTD.

By

____
CHEN CHENG-HUI
Chairman

March 9, 2018

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Wowprime Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Wowprime Co., Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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, 2017 and 2016, 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 of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. 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 Republic of China, 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, 2017. 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, 2017 are stated as follows:

<u>Recognition of Deferred Revenue from Gift Vouchers</u>

The Group operates in the food and beverage service industry and generates revenue from direct sales to individual customers at various business locations. Operating revenue for the year ended December 31, 2017 was $15,807,137 thousand. Customers use cash (including credit card payments) and gift vouchers as means of payment. The Group uses its Gift Voucher Management System to control and manage the issuance and redemption of the vouchers. The dollar amount of each voucher may be insignificant, but due to the large number of transactions that occur on a daily basis, the individual small amounts, when aggregated, turns out to be very significant. The amount recognized from deferred revenue for the year ended December 31, 2017 was $1,540,705 thousand, comprising 9.75% of the Group's total operating revenue. Therefore, due to its material effect on the Group's consolidated financial performance, the recognition of deferred revenue from gift certificates has been classified as a key audit matter.

For key accounting policies, refer to Note 4 section n).

The key audit procedures we have performed for the recognition of deferred revenue associated with gift certificates were as follows:

1. We understood and evaluated the operating environment of the Gift Voucher Management System; we performed transfer of test data from the database to check the completeness of reported business transactions.

2. We selected samples from data generated by the system and we compared with the source data of operating revenue to ensure they are identical. We matched receipt vouchers for revenue with daily operating reports generated.

3. We understood and evaluated the process of recycling and nullifying of used gift certificates. We tested samples from redeemed gift certificates via serial number to confirm that they are indeed void and cannot be reused to generate a duplicate revenue transaction through the system.

Other Matter

We have also audited the parent company only financial statements of Wowprime Co., Ltd. as of and for the years ended December 31, 2017 and 2016 on which we have issued an unmodified opinion.

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, 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 of the Republic of China, 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 and supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, 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, 2017 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 audit resulting in this independent auditors' report are Jui-Chuan Chih and Po-Jen Weng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 9, 2018

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

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 Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

WOWPRIME CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017		2016	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 4,128,026	42	$ 3,940,389	43
Trade receivables from unrelated parties (Notes 4 and 7)	248,310	3	198,562	2
Inventories (Notes 4, 5 and 8)	977,648	10	1,110,727	12
Prepayments (Note 13)	661,371	7	394,289	4
Other financial assets (Notes 4, 14 and 30)	997,821	10	584,868	6
Other current assets (Notes 4, 15, 24 and 30)	49,163	1	106,444	1
Total current assets	7,062,339	73	6,335,279	68
NON-CURRENT ASSETS				
Investments accounted for using equity method (Notes 4 and 10)	70,556	1	110,378	1
Property, plant and equipment (Notes 4 and 11)	2,057,317	21	2,259,689	24
Other intangible assets (Notes 4 and 12)	50,055	1	51,623	1
Deferred tax assets (Notes 4 and 24)	42,749	-	40,130	1
Prepaid equipment	34,293	-	131,110	1
Other non-current assets (Notes 13 and 15)	416,489	4	369,558	4
Total non-current assets	2,671,459	27	2,962,488	32
TOTAL	$ 9,733,798	100	$ 9,297,767	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable to unrelated parties (Notes 4 and 16)	$ 30,797	-	$ 29,981	-
Trade payables to unrelated parties (Notes 4 and 16)	475,477	5	394,684	4
Other payables (Notes 17 and 30)	1,549,221	16	1,476,662	16
Current tax liabilities (Notes 4 and 24)	105,172	1	54,259	1
Deferred revenue - current (Note 19)	2,345,166	24	2,340,507	25
Other current liabilities (Note 18)	6,615	-	11,861	-
Total current liabilities	4,512,448	46	4,307,954	46
NON-CURRENT LIABILITIES				
Provisions - non-current (Notes 4 and 20)	25,898	1	22,100	1
Net defined benefit liabilities - non-current (Notes 4 and 21)	113,655	1	113,047	1
Other non-current liabilities (Notes 4, 18 and 24)	97,139	1	90,032	1
Total non-current liabilities	236,692	3	225,179	3
Total liabilities	4,749,140	49	4,533,133	49
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Share capital				
Ordinary shares	769,879	8	769,879	8
Capital surplus	1,939,422	20	1,977,613	21
Retained earnings				
Legal reserve	521,747	5	490,289	5
Special reserve	51,851	1	-	-
Unappropriated earnings	451,469	5	314,575	4
Total retained earnings	1,025,067	11	804,864	9
Other equity	(63,248)	(1)	(51,851)	-
Total equity attributable to owners of the Company	3,671,120	38	3,500,505	38
NON-CONTROLLING INTERESTS (Note 22)	1,313,538	13	1,264,129	13
Total equity	4,984,658	51	4,764,634	51
TOTAL	$ 9,733,798	100	$ 9,297,767	100

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

(With Deloitte & Touche auditors' report dated March 9, 2018)

WOWPRIME CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE (Note 4)				
Sales	$ 15,807,137	100	$ 16,098,867	100
OPERATING COSTS (Note 23)				
Cost of goods sold	(7,967,707)	(51)	(8,203,897)	(51)
GROSS PROFIT	7,839,430	49	7,894,970	49
OPERATING EXPENSES (Notes 23 and 30)				
Selling and marketing expenses	(5,820,722)	(37)	(6,057,057)	(38)
General and administrative expenses	(980,311)	(6)	(955,929)	(6)
Research and development expenses	(21,541)	-	(13,889)	-
Total operating expenses	(6,822,574)	(43)	(7,026,875)	(44)
PROFIT FROM OPERATIONS	1,016,856	6	868,095	5
NON-OPERATING INCOME AND EXPENSES (Note 23)				
Other income (Note 30)	125,557	1	129,117	1
Other gains and losses	(135,382)	(1)	(144,410)	(1)
Finance costs	-	-	-	-
Investment loss recognized under equity method	(44,056)	-	(57,537)	-
Total non-operating income and expenses	(53,881)	-	(72,830)	-
PROFIT BEFORE INCOME TAX	962,975	6	795,265	5
INCOME TAX EXPENSE (Notes 4 and 24)	(300,023)	(2)	(254,580)	(2)
NET PROFIT FOR THE YEAR	662,952	4	540,685	3
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 21)	(9,846)	-	(10,665)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	1,674	-	1,813	-

(Continued)

WOWPRIME CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	$ (23,819)	-	$ (187,009)	(1)
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	(2,722)	-	(9,535)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 24)	2,334	-	17,453	-
Other comprehensive loss for the year, net of income tax	(32,379)	-	(187,943)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 630,573	4	$ 352,742	2
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 462,837	3	$ 323,427	2
Non-controlling interests	200,115	1	217,258	1
	$ 662,952	4	$ 540,685	3
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 443,268	3	$ 229,361	1
Non-controlling interests	187,305	1	123,381	1
	$ 630,573	4	$ 352,742	2
EARNINGS PER SHARE (Note 25)				
Basic	$ 6.01		$ 4.20	
Diluted	$ 6.01		$ 4.20	

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

(With Deloitte & Touche auditors' report dated March 9, 2018) (Concluded)

WOWPRIME CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2016	$ 769,879	$ 2,038,109	$ 488,457	$ -	$ 18,325	$ 33,363	$ 3,348,133	$ 1,150,791	$ 4,498,924
Appropriation of 2015 earnings									
Legal reserve	-	-	1,832	-	(1,832)	-	-	-	-
Cash dividends distributed by the Company	-	(60,496)	-	-	(16,493)	-	(76,989)	-	(76,989)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	(19,043)	(19,043)
Net profit for the year ended December 31, 2016	-	-	-	-	323,427	-	323,427	217,258	540,685
Other comprehensive loss for the year ended December 31, 2016, net of income tax	-	-	-	-	(8,852)	(85,214)	(94,066)	(93,877)	(187,943)
Increase in non-controlling interests	-	-	-	-	-	-	-	9,000	9,000
BALANCE AT DECEMBER 31, 2016	769,879	1,977,613	490,289	-	314,575	(51,851)	3,500,505	1,264,129	4,764,634
Appropriation of 2016 earnings									
Legal reserve	-	-	31,458	-	(31,458)	-	-	-	-
Special reserve	-	-	-	51,851	(51,851)	-	-	-	-
Cash dividends distributed by the Company	-	(38,191)	-	-	(231,266)	-	(269,457)	-	(269,457)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	(59,550)	(59,550)
Net profit for the year ended December 31, 2017	-	-	-	-	462,837	-	462,837	200,115	662,952
Other comprehensive loss for the year ended December 31, 2017, net of income tax	-	-	-	-	(8,172)	(11,397)	(19,569)	(12,810)	(32,379)
Decrease in non-controlling interests (Note 26)	-	-	-	-	-	-	-	(78,346)	(78,346)
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries (Note 26)	-	-	-	-	(3,196)	-	(3,196)	-	(3,196)
BALANCE AT DECEMBER 31, 2017	$ 769,879	$ 1,939,422	$ 521,747	$ 51,851	$ 451,469	$ (63,248)	$ 3,671,120	$ 1,313,538	$ 4,984,658

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

(With Deloitte & Touche auditors' report dated March 9, 2018)

WOWPRIME CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 962,975	$ 795,265
Adjustments for:		
Depreciation expenses	805,433	850,349
Amortization expenses	11,703	10,829
Interest income	(65,896)	(48,503)
Share of loss of associates and joint ventures	44,056	57,537
Loss on disposal of property, plant and equipment	38,471	96,762
Impairment loss on non-financial assets	19,911	8,183
Reversal of impairment loss on non-financial assets	-	(23,007)
(Realized) unrealized gain on the transactions with associates and joint ventures	(1,894)	644
Changes in operating assets and liabilities		
Increase in trade receivables	(49,748)	(48,224)
Decrease in inventories	131,840	896,935
Increase in prepayments	(260,105)	(7,457)
Decrease (increase) in other current assets	8,692	(12,110)
Increase in notes payable	816	4,953
Increase in trade payables	80,793	4,479
Increase (decrease) in other payables	133,437	(63,600)
Increase (decrease) in deferred revenue	4,659	(133,147)
Decrease in other current liabilities	(5,246)	(3,000)
Decrease in net defined benefit liabilities	(9,238)	(24,575)
Cash generated from operations	1,850,659	2,362,313
Income tax paid	(189,421)	(138,239)
Net cash generated from operating activities	1,661,238	2,224,074
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associates and joint ventures	-	(18,804)
Proceeds from disposal of investment properties	4,163	-
Payments for property, plant and equipment	(732,837)	(498,800)
Proceeds from disposal of property, plant and equipment	4,253	1,435
Increase in refundable deposits	(53,908)	-
Decrease in refundable deposits	-	4,443
Payments for intangible assets	(10,496)	(4,945)
Increase in other financial assets	(412,953)	(312,545)
Increase in prepayments for equipment	-	(94,549)
Decrease in prepayments for equipment	96,817	-
Interest received	65,957	49,097
Net cash used in investing activities	(1,039,004)	(874,668)

(Continued)

WOWPRIME CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits (paid) received	$ (1,500)	$ 12,630
Dividends paid to owners of the Company	(269,457)	(76,989)
Dividends paid to non-controlling interests	(59,550)	(19,043)
Increase in non-controlling interests	(81,542)	9,000
Net cash used in financing activities	(412,049)	(74,402)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(22,548)	(106,215)
NET INCREASE IN CASH AND CASH EQUIVALENTS	187,637	1,168,789
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,940,389	2,771,600
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 4,128,026	$ 3,940,389

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

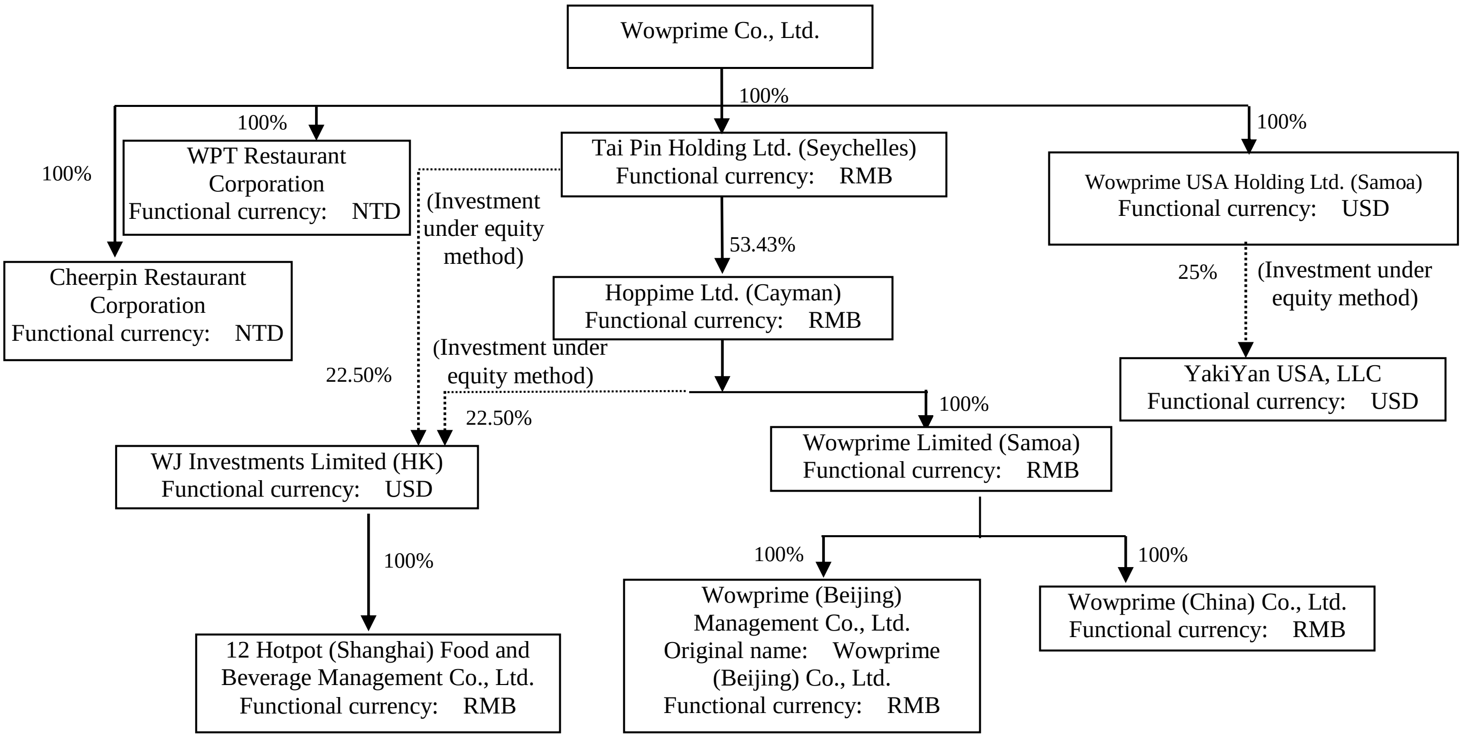
(With Deloitte & Touche auditors' report dated March 9, 2018) (Concluded)

1. GENERAL INFORMATION

Wowprime Co., Ltd. (the Company) was incorporated in December 1993. The Company primarily engages in operating restaurants, retail sale of agricultural and husbandry products, food products and groceries. The Company also engages in running coffee/tea shops and bakery product manufacturing.

The Company's shares have been traded on the Emerging Stock Market of the Taiwan GreTai Securities Market since April 2011 and have been listed on the Taiwan Stock Exchange since March 2012.

Investment structure



The consolidated financial statements of the Company and its subsidiaries (referred to collectively as "the Group") are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 9, 2018.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the FSC

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies:

1) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

The amendments clarify that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of an item of property, plant and equipment for which impairment loss has been recognized or reversed is the fair value less costs of disposal, the Group is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Level 2 or Level 3, the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using the present value technique. The amendments should be applied retrospectively starting from January 1, 2017.

2) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards, including IFRS 2 "Share-based Payment", IFRS 3 "Business Combinations" and IFRS 8 "Operating Segments", were amended in this annual improvement.

The amended IFRS 8 requires the Group to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker. The judgements made in applying aggregation criteria should be disclosed retrospectively upon initial application of the amendment in 2017.

When the amended IFRS 13 becomes effective in 2017, the short-term receivables and payables with no stated interest rate will be measured at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 "Related Party Disclosures" was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the services paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

3) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards, including IFRS 3, IFRS 13 and IAS 40 "Investment Property", were amended in this annual improvement.

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangements themselves. The amendment should be applied prospectively starting from January 1, 2017.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even those contracts which do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and the application of both standards may be required to determine whether the investment property acquired is an acquisition of an asset or business combination.

4) Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization

An entity should use the appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible assets are expected to be consumed by the entity.

The amended IAS 16 "Property, Plant and Equipment" stipulates that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

The amended IAS 38 "Intangible Assets" clarifies that there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances when:

a) The intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity's use of the intangible asset will expire upon achievement of a revenue threshold); or

b) It can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

5) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 5 "Non-current assets held for sale and discontinued operations", IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

IAS 19 was amended to clarify that the depth of the market for high quality corporate bonds used to estimate the discount rate for post-employment benefits should be assessed by the market of the corporate bonds denominated in the same currency as the benefits to be paid, i.e. assessed at currency level (instead of country or regional level). The amendment should be applied prospectively to transactions that occur on or after January 1, 2017.

6) Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed and issued into effect by the FSC. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president, or is the spouse or second immediate family of the chairman of the board of directors or president of the Group are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationships with whom the Group has significant transactions. If the transaction or balance with a specific related party is 10% or more of the Group's respective total transaction or balance, such transaction should be separately disclosed by the name of each related party.

When the amendments are applied retrospectively from January 1, 2017, the disclosures of related party transactions and impairment of goodwill are enhanced. Refer to Note 30 for the related disclosures.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Group's financial position and financial performance, and will disclose these other impacts when the assessment is completed.

b. The Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed by the FSC for application starting from 2018 and the amendments to IFRS 9 for early adoption starting from 2018.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4"Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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

Note 2: The amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

1) Annual Improvements to IFRSs 2014-2016 Cycle

Several standards, including IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures," were amended in this annual improvement.

The amendment to IFRS 12 clarifies that when an entity's interest in a subsidiary, a joint venture or an associate is classified as held for sale or is included in a disposal group that is classified as held for sale, the entity is not required to disclose summarized financial information of that subsidiary, joint venture or associate in accordance with IFRS 12. However, all other requirements in IFRS 12 apply to interests in entities classified as held for sale in accordance with IFRS 5. The Group will apply the aforementioned amendment retrospectively.

2) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for the above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

Impairment of financial assets

IFRS 9 requires impairment loss on financial assets to be recognized by using the "Expected Credit Losses Model". A loss allowance is required for financial assets measured at amortized cost, investments in debt instruments measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full-lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

The group has performed a preliminary assessment in which it will apply the simplified approach to recognize full-lifetime expected credit losses for trade receivables, contract assets and lease receivables. In relation to debt instrument investments and financial guarantee contracts, the Group will assess whether there has been a significant increase in credit risk to determine whether to recognize 12-month or full-lifetime expected credit losses. In general, the Group anticipates that the application of the expected credit losses model of IFRS 9 will result in an earlier recognition of credit losses for financial assets.

The Group elects not to restate prior reporting periods when applying the requirements for the classification, measurement and impairment of financial assets under IFRS 9 with the cumulative effect of the initial application recognized at the date of initial application and will provide the disclosures related to the classification and the adjustment information upon initial application of IFRS 9.

The Group has assessed that the application of IFRS 9 would not result in significant impact on the measurement of financial assets. However, the effect of applying the standards in 2018 will need to be reassessed based on accounting judgment; taking into account the financial assets held and the economic conditions that prevail.

3) IFRS 15 "Revenue from Contracts with Customers" and related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations.

When applying IFRS 15, the Group recognizes revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the Group satisfies a performance obligation.

In identifying performance obligations, IFRS 15 and the related amendments require that a good or service is distinct if it is capable of being distinct (for example, the Group regularly sells it separately) and the promise to transfer it is distinct within the context of the contract (i.e. the nature of the promise in the contract is to transfer each good or service individually rather than to transfer a combined output).

The Group has assessed that application of the new standard would not result in a significant impact on the Group's current revenue recognition method, however, effects on the Group's 2018 Financial Statements will need to be reassessed based on conditions outlined in contracts then applicable.

4) Amendments to IAS 12 "Recognition of Deferred Tax Assets for unrealized Losses"

The Amendments clarify that the difference between the carrying amount of a debt instrument measured at fair value and its tax base gives rise to a temporary difference, even though there are unrealized losses on that asset, irrespective of whether the Group expects to recover the carrying amount of the debt instrument by sale or by holding it and collecting contractual cash flows.

In addition, in determining whether to recognize a deferred tax asset, the Group should assess a deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax law restricts the utilization of losses as deduction against income of a specific type, in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendments also stipulate that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Group's assets for more than their carrying amount if there is sufficient evidence that it is probable that the Group will achieve the higher amount, and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

In assessing a deferred tax asset, the Group currently assumes it will recover the asset at its carrying amount when estimating probable future taxable profit; the amendments will be applied retrospectively in 2018.

5) Amendments to IAS 40 "Transfers of Investment Property"

The amendments clarify that the Group should transfer to, or from, investment property when, and only when, a property meets, or ceases to meet, the definition of investment property and there is evidence of a change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments also clarify that evidence of a change in use is not limited to those illustrated in IAS 40.

6) IFRIC 22 "Foreign Currency Transactions and Advance Consideration" IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

IAS 21 stipulated that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Group will apply IFRIC 22 prospectively to all assets, expenses and income recognized on or after January 1, 2018 within the scope of the interpretation.

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 16 "Leases"	January 1, 2019 (Note 3)
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019

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

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: On December 19, 2017, the FSC announced that IFRS 16 will take effect starting from January 1, 2019.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

   The amendments stipulate that, when an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

   Conversely, when an entity sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors’ interest in the associate or joint venture, i.e. the entity’s share of the gain or loss is eliminated. Also, when an entity loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors’ interest in the associate or joint venture, i.e. the entity’s share of the gain or loss is eliminated.

2) IFRS 16 “Leases”

   IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

   Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating leases under IAS 17 to low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed by using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities/financing activities.

   The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

   When IFRS 16 becomes effective, the Group may elect to apply this standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this standard recognized at the date of initial application.

3) IFRIC 23 “Uncertainty Over Income Tax Treatments”

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the entity expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

On initial application, the Group shall apply IFRIC 23 either retrospectively to each prior reporting period presented, if this is possible without the use of hindsight, or retrospectively with the cumulative effect of the initial application of IFRIC 23 recognized at the date of initial application.

4) Annual Improvements to IFRSs 2015-2017 Cycle

Several standards, including IFRS 3, IFRS 11, IAS 12 and IAS 23 “Borrowing Costs”, were amended in this annual improvement. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. The amendment shall be applied prospectively.

Except for the above impact, 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.

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 the 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 the 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, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; 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. Terms of a liability than could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

<u>Principles for preparing consolidated financial statements</u>

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

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.

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 period in which they arise.

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the Group entities (including subsidiaries and associates in other countries that use currency different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, checking accounts and demand deposits, and highly liquid financial instruments with carrying amounts that approximate their fair values. Time deposits that conform with the definition above and are held for the purpose of meeting short-term cash commitments are classified as cash and cash equivalents, or if not, as other financial assets.

g. Inventories

Inventories consist of raw materials and are stated at the lower of cost or net realizable value. Inventory 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 of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

h. Investment in associates

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

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

Under the equity method, investments in an associate and a joint venture 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 and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates and joint venture attributable to the Group.

The entire carrying amount of the 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 deducted from 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.

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

i. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Freehold land is not depreciated.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in 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 and is recognized in profit or loss.

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

k. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any 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.

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 asset may be impaired.

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

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

l. Financial instruments

Financial assets and financial liabilities are recognized when a group entity 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 fair value through profit or loss) 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 fair value through profit or loss 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 category

Financial assets are classified into loans and receivables.

Loans and receivables

Loans and receivables (including trade receivables and cash and cash equivalent) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalent includes 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.

b) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence, as a result of one or more events that occurred after the initial recognition of the financial asset, that the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables, such assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract, such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for those financial assets because of financial difficulties.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectable trade receivables that are written off against the 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 in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

All the 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, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

m. Provisions

Provisions, including those arising from the contractual obligations specified in service concession arrangements to maintain or restore infrastructure prior to returning it to the grantor, 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. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

n. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

1) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the Group; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

The sales of goods that result in award credits for customers under the Group's award scheme is accounted for as a multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value, i.e. the amount for which the award credits could be sold separately. Such consideration is not recognized as revenue at the time of the initial sale transaction but is deferred and recognized as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

2) Royalties

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognized by reference to the underlying arrangement.

3) Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

o. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rents are recognized as an expense in the period in which they are incurred.

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 services.

2) Retirement benefits

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

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

Net defined benefit liabilities (assets) represents the actual deficit (surplus) in the Group's defined benefit plan. 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

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax 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 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 are only recognized 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 they 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 asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset 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 tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Since Tai Pin Holding Ltd. (Seychelles), Hoppime Ltd. (Cayman), Wowprime Limited (Samoa) and Wowprime USA Holding Ltd. (Samoa) are registered in foreign countries with preferential duty rates, income tax estimations were not necessary.

According to The Law of the People’s Republic of China on Enterprise Income Tax, a 25% taxation rate is applicable to both Wowprime (China) Co., Ltd. and Wowprime (Beijing) Management Co., Ltd., both with operations in China.

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, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

Write-down of Inventories

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value was based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2017	**2016**
Cash on hand	$ 78,342	$ 70,767
Checking accounts and demand deposits	3,166,036	3,286,472
Time deposits	883,648	583,150
	$ 4,128,026	$ 3,940,389

Time deposits are highly liquid in nature, readily convertible to a known amount of cash and are subject to insignificant risks of changes in value.

The market rate intervals of time deposits at the end of the reporting period were as follows:

	December 31	
	2017	**2016**
Time deposits	0.77%-1.70%	0.87%-1.36%

7. TRADE RECEIVABLES

	December 31	
	2017	**2016**
Trade receivables		
Trade receivables	$ 248,310	$ 198,562
Less: Allowance for impairment loss	-	-
	$ 248,310	$ 198,562

Aside from branches operating in retail stores, shopping malls and in collaboration with other businesses with negotiated 30-90 day credit terms, the Group earns its revenue on a cash basis or via credit card sales to individual customers. In determining the collectability of trade receivables, the Group assesses any changes in credit quality from the start of the credit period to the balance sheet date. According to the Group's historical experience, no delayed payments have previously occurred; hence, no amount was credited to the allowance account.

Furthermore, as the Group maintains a broad client base individual customers having no relation to one another, the Group is exposed limited credit risk.

The aging of receivables was as follows:

	December 31 2017	December 31 2016
Less than 30 days	$ 236,949	$ 190,390
31-60 days	7,562	7,075
61-90 days	824	490
More than 91 days	2,975	607
	$ 248,310	$ 198,562

The above aging schedule was based on the invoice date.

8. INVENTORIES

	December 31 2017	December 31 2016
Raw materials	$ 977,648	$ 1,110,727

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2017 and 2016 was $7,967,707 thousand and $8,203,897 thousand, respectively.

The cost of goods sold for the years ended December 31, 2017 and 2016 included an inventory write-down of $1,239 thousand and a reversal of inventory write-down of $23,007 thousand, respectively. Reversals of inventory write-downs occur when circumstances that initially caused net realizable value to be lower than cost are no longer applicable.

9. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Percentage of Ownership December 31 2017	Percentage of Ownership December 31 2016	Remark
Wowprime Co., Ltd.	Tai Pin Holding Ltd.	Investment	100%	100%	-
Wowprime Co., Ltd.	WPT Restaurant Corporation	Catering and catering management	100%	70%	3)
Wowprime Co., Ltd.	Wowprime USA Holding Ltd.	Investment	100%	100%	2)
Wowprime Co., Ltd.	Cheerpin Restaurant Corporation	Catering and catering management	100%	-	3), 4)
Tai Pin Holding Ltd.	Hoppime Ltd.	Investment	53.43%	51%	1), 5)
Hoppime Ltd.	Wowprime Limited	Investment	100%	100%	
Wowprime Limited	Wowprime (China) Co., Ltd.	Catering and catering management	100%	100%	
Wowprime Limited	Wowprime (Beijing) Management Co., Ltd.	Catering and catering management	100%	100%	

1) Hoppime Ltd. is a subsidiary that has material non-controlling interests.

2) The financial statements have not been audited. Management believes that audits of the financial statements of Wowprime USA Holding Ltd. would not result in significant impact on the Group's consolidated financial statements.

3) The Group acquired 30% ownership of WPT Restaurant Corporation on August 31, 2017. Refer to Note 26 for equity transactions with non-controlling interests.

4) The Group incorporated and invested in its wholly-owned subsidiary, Cheerpin Restaurant Corporation on April 20, 2017.

5) The Group acquired 2.43% ownership of Hoppime Ltd. on March 31, 2017. Refer to Note 26 for equity transactions with non-controlling interests.

b. Subsidiaries excluded from the consolidated financial statements: None

c. Details of subsidiaries that have material non-controlling interests

	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
Name of Subsidiary	**2017**	**2016**
Hoppime Ltd.	46.57%	49%

Refer to Table 3 and Table 4 for information on the place of incorporation and principal place of business.

	Profit Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	For the Year Ended December 31		December 31	
Name of Subsidiary	**2017**	**2016**	**2017**	**2016**
Hoppime Ltd.	$ 201,315	$ 222,223	$ 1,313,538	$ 1,248,453

A summary of financial information with respect to each of the Group's subsidiaries having material non-controlling interests is as follows. The summarized financial information below represents the amounts prior to intragroup eliminations.

Hoppime Ltd. and Hoppime Ltd.'s subsidiaries:

	December 31	
	2017	**2016**
Current assets	$ 2,763,728	$ 2,303,135
Non-current assets	1,201,467	1,346,278
Current liabilities	(1,131,709)	(1,088,485)
Non-current liabilities	(12,919)	(13,066)
Equity	$ 2,820,567	$ 2,547,862
Equity attributable to:		
Owners of Hoppime Ltd.	$ 1,507,029	$ 1,299,409
Non-controlling interests of Hoppime Ltd.	1,313,538	1,248,453
	$ 2,820,567	$ 2,547,862

	For the Year Ended December 31	
	2017	2016
Revenue	$ 6,848,386	$ 6,759,277
Profit for the year	$ 424,324	$ 453,516
Other comprehensive income for the year	(151,619)	(191,586)
Total comprehensive income for the year	$ 272,705	$ 261,930
Profit attributable to:		
Owners of Hoppime Ltd.	$ 223,009	$ 231,293
Non-controlling interests of Hoppime Ltd.	201,315	222,223
	$ 424,324	$ 453,516
Total comprehensive income attributable to:		
Owners of Hoppime Ltd.	$ 145,706	$ 133,584
Non-controlling interests of Hoppime Ltd.	126,999	128,346
	$ 272,705	$ 261,930
Net cash inflow (outflow) from:		
Operating activities	$ 705,725	$ 1,031,516
Investing activities	(348,161)	(334,087)
Financing activities	(127,270)	(34,305)
Net cash inflow	$ 230,294	$ 663,124
Dividends paid to non-controlling interest Hoppime Ltd.	$ 59,550	$ 19,043

10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2017	2016
Material associates		
WJ Investments Limited	$ 50,548	$ 97,594
Sufood Singapore Pte. Ltd.	-	4,776
YakiYan USA, LLC	20,008	8,008
	$ 70,556	$ 110,378

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	2017	2016
WJ Investments Limited	45%	45%
Sufood Singapore Pte. Ltd.	-	30%
YakiYan USA, LLC	25%	25%

Refer to Table 3 “Information on Investees” and Table 4 “Information on Investments in Mainland China” for the nature of activities, principal location of business and country of incorporation of the associates.

The Group disposed of its 30% interest in Sufood Singapore Pte. Ltd. On August 31, 2017. Effects on the Group’s gains and losses were as follows:

Proceeds of disposition	$ -
Less: Book value of the investment on disposition date	(4,163)
Loss recognized in other gains and losses	$ (4,163)

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income of WJ Investments Limited and Sufood Singapore Pte. Ltd. were calculated based on the financial statements audited by other auditors for the same years. However, the 2017 financial statements of YakiYan USA, LLC have not been audited. Management believes that an audit of the financial statements of YakiYan USA, LLC would not result in significant impact on the Group’s consolidated financial statements.

All associates are accounted for using the equity method.

Summarized financial information with respect to each of the Group’s material associates is set out below. 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.

WJ Investments Limited

	December 31	
	2017	**2016**
Current assets	$ 117,891	$ 191,632
Non-current assets	-	60,079
Current liabilities	(5,562)	(34,835)
Equity	$ 112,329	$ 216,876
Proportion of the Group’s ownership	45%	45%
Carrying amount	$ 50,548	$ 97,594

	For the Year Ended December 31	
	2017	**2016**
Operating revenue	$ 119,245	$ 281,905
Net profit for the year	$ (100,410)	$ (99,165)
Other comprehensive income	(4,137)	(19,747)
Total comprehensive income for the year	$ (104,547)	$ (118,912)

The decision to dissolve 12 Hotpot (Shanghai) Food and Beverage Management Co., Ltd., on October 31, 2017, of which WJ Investments Limited previously held 100% of the shares, was finalized during the second shareholders' meeting of 2017. As of the financial reporting date, 12 Hotpot (Shanghai) Food and Beverage Management Co., Ltd. is still in the process of dissolution.

YakiYan USA, LLC

	December 31	
	2017	**2016**
Current assets	$ 14,131	$ 19,418
Non-current assets	76,350	67,083
Current liabilities	(7,436)	(51,290)
Equity	$ 83,045	$ 35,211
Proportion of the Group's ownership	25%	25%
Equity attributable to the Group	$ 20,761	$ 8,803
Unrealized gain or loss with associates	(752)	(795)
Carrying amount	$ 20,009	$ 8,008

	For the Year Ended December 31	
	2017	**2016**
Operating revenue	$ 70,301	$ 4,029
Net profit for the year	$ 4,513	$ (12,966)
Other comprehensive income	(3,444)	(1,336)
Total comprehensive income for the year	$ 1,069	$ (14,302)

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Utilities and Fire-fighting Equipment	Office Equipment	Dining Equipment	Leasehold Improvements	Other Equipment	Total
Cost								
Balance at January 1, 2016	$ 95,925	$ 88,188	$ 1,108,893	$ 180,893	$ 1,381,709	$ 2,864,921	$ 210,862	$ 5,931,391
Additions	-	-	37,667	6,393	66,995	43,897	6,579	161,531
Reclassified	-	-	48,437	60	47,810	195,278	14,004	305,589
Disposals	-	-	(132,269)	(14,411)	(191,060)	(313,797)	(10,895)	(662,432)
Effect of foreign currency exchange differences	-	-	(18,410)	(5,747)	(29,967)	(107,186)	(7,441)	(168,751)
Balance at December 31, 2016	$ 95,925	$ 88,188	$ 1,044,318	$ 167,188	$ 1,275,487	$ 2,683,113	$ 213,109	$ 5,567,328
Accumulated depreciation and impairment								
Balance at January 1, 2016	$ -	$ 36,872	$ 582,123	$ 112,411	$ 734,168	$ 1,534,599	$ 106,834	$ 3,107,007
Depreciation expenses	-	1,909	155,732	24,391	231,782	404,827	31,708	850,349
Impairment losses recognized	-	-	-	-	-	8,183	-	8,183
Disposals	-	-	(99,285)	(12,686)	(165,343)	(280,623)	(6,298)	(564,235)
Effect of foreign currency exchange differences	-	-	(10,555)	(3,434)	(14,802)	(61,402)	(3,472)	(93,665)
Balance at December 31, 2016	$ -	$ 38,781	$ 628,015	$ 120,682	$ 785,805	$ 1,605,584	$ 128,772	$ 3,307,639
Carrying amounts at December 31, 2016	$ 95,925	$ 49,407	$ 416,303	$ 46,506	$ 489,682	$ 1,077,529	$ 84,337	$ 2,259,689

(Continued)

	Land	Buildings	Utilities and Fire-fighting Equipment	Office Equipment	Dining Equipment	Leasehold Improvements	Other Equipment	Total
Cost								
Balance at January 1, 2017	$ 95,925	$ 88,188	$ 1,044,318	$ 167,188	$ 1,275,487	$ 2,683,113	$ 213,109	$ 5,567,328
Additions	-	-	91,267	7,596	119,920	154,631	4,455	377,869
Reclassified	-	-	37,324	-	29,242	215,834	15,488	297,888
Disposals	-	-	(92,135)	(10,872)	(91,370)	(201,393)	(5,100)	(400,870)
Effect of foreign currency exchange differences	-	-	(2,298)	(758)	(4,163)	(13,163)	(914)	(21,296)
Balance at December 31, 2017	$ 95,925	$ 88,188	$ 1,078,476	$ 163,154	$ 1,329 116	$ 2,839,022	$ 227,038 ,	$ 5,820,919
Accumulated depreciation and impairment								
Balance at January 1, 2017	$ -	$ 38,781	$ 628,015	$ 120,682	$ 785,805	$ 1,605,584	$ 128,772	$ 3,307,639
Depreciation expenses	-	1,897	148,627	21,318	201,002	400,110	32,479	805,433
Impairment losses recognized	-	-	2,563	-	4,157	11,454	498	18,672
Disposals	-	-	(80,414)	(10,420)	(84,515)	(178,438)	(4,359)	(358,146)
Effect of foreign currency exchange differences	-	-	(1,108)	(372)	(1,712)	(6,500)	(304)	(9,996)
Balance at December 31, 2017	$ -	$ 40,678	$ 697,683	$ 131,208	$ 904,737	$ 1,832,210	$ 157,086	$ 3,763,602
Carrying amounts at December 31, 2017	$ 95,925	$ 47,510	$ 380,793	$ 31,946	$ 424,379	$ 1,006,812	$ 69,952	$ 2,057,317

(Concluded)

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the asset:

Building	
Main buildings	29-51 years
Renovation	6-16 years
Utilities and fire-fighting equipment	5-6 years
Office equipment	5-6 years
Dining equipment	3-6 years
Leasehold improvement	2-6 years
Other equipment	5-6 years

12. INTANGIBLE ASSETS

	Software	Trademark	Total
Cost			
Balance at January 1, 2016	$ 67,200	$ 7,012	$ 74,212
Additions	4,945	-	4,945
Disposals	(168)	-	(168)
Effect of foreign currency exchange differences	(3,797)	-	(3,797)
Balance at December 31, 2016	$ 68,180	$ 7,012	$ 75,192
Accumulated amortization			
Balance at January 1, 2016	$ 13,619	$ 40	$ 13,659
Amortization expenses	10,362	467	10,829
Disposals	(168)	-	(168)
Effect of foreign currency exchange differences	(751)	-	(751)
Balance at December 31, 2016	$ 23,062	$ 507	$ 23,569
Carrying amounts at December 31, 2016	$ 45,118	$ 6,505	$ 51,623

(Continued)

	Software	Trademark	Total
Cost			
Balance at January 1, 2017	$ 68,180	$ 7,012	$ 75,192
Additions	10,122	374	10,496
Effect of foreign currency exchange differences	(415)	-	(415)
Balance at December 31, 2017	$ 77,887	$ 7,386	$ 85,273
Accumulated amortization			
Balance at January 1, 2017	$ 23,062	$ 507	$ 23,569
Amortization expenses	11,236	467	11,703
Effect of foreign currency exchange differences	(54)	-	(54)
Balance at December 31, 2017	$ 34,244	$ 974	$ 35,218
Carrying amounts at December 31, 2017	$ 43,643	$ 6,412	$ 50,055

(Concluded)

Intangible assets are amortized on a straight-line basis over the estimated useful lives as follows:

Software	2-7 years
Trademark	15 years

13. PREPAYMENTS

	December 31	
	2017	2016
Current		
Prepaid rent	$ 193,552	$ 167,978
Supplies	21,036	48,384
Prepayment for purchases	213,164	29,574
Others	233,619	148,353
	$ 661,371	$ 394,289
Non-current (other non-current assets)		
Prepaid rent	$ 11,849	$ 18,050

14. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2017	2016
Trust account	$ 941,000	$ 503,256
Pledged time deposits	17,856	51,600
Reserve account	38,965	30,012
	$ 997,821	$ 584,868

The market rate intervals of other financial assets at the end of the reporting period were as follows:

	December 31	
	2017	**2016**
Trust account	1.035%	1.04%-1.21%
Pledged time deposits	1.55%	1.05%-1.10%

Refer to Note 31 for information on other financial assets pledged as collateral or for security.

15. OTHER ASSETS

	December 31	
	2017	**2016**
Current		
Tax refund receivable	$ -	$ 48,528
Others	49,163	57,916
	$ 49,163	$ 106,444
Non-current		
Refundable deposit (Note 28)	$ 404,640	$ 350,732
Prepaid rent (Note 13)	11,849	18,050
Others	-	776
	$ 416,489	$ 369,558

16. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2017	**2016**
Notes payable		
Operating	$ 30,797	$ 29,981
Trade payables		
Operating	$ 475,477	$ 394,684

The Group purchases inventory on a 30-60 day credit.

17. OTHER PAYABLES

	December 31 2017	December 31 2016
Payable for purchase of equipment	$ 158,362	$ 219,240
Payable for salaries and bonus	605,971	553,169
Payable for rent	224,369	212,712
Payable for retirement benefit	27,920	26,610
Payable for insurance	77,354	81,507
Payable for annual leave	37,643	37,597
Payable for tax expense	24,607	18,730
Others	392,995	327,097
	$ 1,549,221	$ 1,476,662

18. OTHER LIABILITIES

	December 31 2017	December 31 2016
Current		
Temporary receipts	$ 6,615	$ 11,861
Non-current		
Deposits received	$ 11,351	$ 12,851
Deferred tax liabilities (Note 24)	85,788	77,181
	$ 97,139	$ 90,032

19. RECEIPTS IN ADVANCE

	December 31 2017	December 31 2016
Proceeds from sold gift coupons	$ 2,343,800	$ 2,332,670
Deferred revenue	1,034	1,723
Others	332	6,114
	$ 2,345,166	$ 2,340,507

The deferred revenue was recognized from the Group’s customer loyalty program in accordance with IFRIC 13 “Customer Loyalty Programs”.

20. PROVISION

	December 31 2017	December 31 2016
Non-current		
Decommissioning liability	$ 25,898	$ 22,100

	Decommi-ssioning Liability
Balance at January 1, 2016	$ 24,050
Additions	350
Disposals	(2,300)
Balance at December 31, 2016	$ 22,100
Balance at January 1, 2017	$ 22,100
Additions	5,198
Disposals	(1,400)
Balance at December 31, 2017	$ 25,898

Decommissioning liability is the estimated cost required to restore the asset back to its original condition upon return, as stated in the operating lease agreement.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Among the Group, The Company, WPT Restaurant Corporation, and Cheerpin Restaurant Corporation 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.

Pension costs under defined contribution plans were as follows:

	For the Year Ended December 31	
	2017	2016
Operating costs	$ 54,112	$ 53,418
Selling and marketing expenses	$ 81,400	$ 80,377
General and administrative expenses	$ 12,722	$ 12,528

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law 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. The Company 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:

	December 31	
	2017	2016
Present value of defined benefit obligation	$ 157,600	$ 147,562
Fair value of plan assets	(43,945)	(34,515)
Net defined benefit liability	$ 113,655	$ 113,047

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2016	$ 136,884	$ (9,927)	$ 126,957
Service cost			
Current service cost	114	-	114
Previous service cost	2,106	-	2,106
Net interest expense (income)	2,395	(183)	2,212
Recognized in profit or loss	4,615	(183)	4,432
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(27)	(27)
Actuarial loss - changes in demographic assumptions	6,411	-	6,411
Actuarial loss - changes in financial assumptions	5,141	-	5,141
Actuarial gain - experience adjustments	(860)	-	(860)
Recognized in other comprehensive income	10,692	(27)	10,665
Contributions from the employer	-	(29,007)	(29,007)
Benefits paid	(4,629)	4,629	-
Balance at December 31, 2016	$ 147,562	$ (34,515)	$ 113,047
Balance at January 1, 2017	$ 147,562	$ (34,515)	$ 113,047
Service cost			
Current service cost	112	-	112
Previous service cost	-	-	-
Net interest expense (income)	2,213	(525)	1,688
Recognized in profit or loss	2,325	(525)	1,800
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	157	157
Actuarial loss - changes in demographic assumptions	6,251	-	6,251
Actuarial loss - changes in financial assumptions	3,437	-	3,437
Recognized in other comprehensive income	9,688	157	9,845
Contributions from the employer	-	(11,037)	(11,037)
Benefits paid	(1,975)	1,975	-
Balance at December 31, 2017	$ 157,600	$ (43,945)	$ 113,655

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans were as follows:

	For the Year Ended December 31	
	2017	2016
General and administrative expenses	$ 1,800	$ 4,432

Through the defined benefit plans under the Labor Standards Law, 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 corporate 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 by reference to the future salaries of plan participants. As such, an increase in the salary 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	
	2017	2016
Discount rates	1.50%	1.50%
Expected rates of salary increase	2.00%	2.00%

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

	December 31	
	2017	2016
Discount rates		
0.25% increase	$ (5,610)	$ (5,331)
0.25% decrease	$ 5,892	$ 5,602
Expected rates of salary increase		
0.25% increase	$ 5,762	$ 5,479
0.25% decrease	$ (5,516)	$ (5,241)

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

	December 31	
	2017	2016
The expected contributions to the plan for the next year	$ 1,028	$ 1,028
The average duration of the defined benefit obligation	14.6 years	14.8 years

c. Others

Tai Pin Holding Ltd., Hoppime Ltd., Wowprime Limited, Wowprime (China) Co., Ltd., Wowprime (Beijing) Management Co., Ltd. and Wowprime USA Holding Ltd. are not required by local regulations to make monthly contributions to a defined benefit pension plan; hence, no pension costs were recognized under the actuarial method.

Wowprime (China) Co., Ltd. and Wowprime (Beijing) Management Co., Ltd. are required by local regulations to make pension contributions, to a defined contribution plan at amounts equal to a fixed proportion of the employees' monthly salaries.

Pension contributions classified by function were as follows:

	For the Year Ended December 31	
	2017	2016
Operating costs	$ 73,485	$ 76,853
Selling and marketing expenses	$ 65,870	$ 73,675
General and administrative expenses	$ 21,185	$ 20,497

22. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2017	2016
Number of shares authorized (in thousands)	100,000	100,000
Shares authorized	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	76,988	76,988
Shares issued	$ 769,879	$ 769,879

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	December 31	
	2017	2016
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Arising from issuance of common shares	$ 1,939,422	$ 1,977,613

Such capital surplus 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 transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 6, 2016 and, in that meeting, had resolved amendments to the Company's Articles of Incorporation (the Articles), particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation.

Under the dividend policy as set forth in the amended Articles, in the event that the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations. Remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration to directors and supervisors before and after amendment, please refer to employee benefits expense in Note 23(d).

The Company operates within the food and beverage service industry. It is currently at the maturity stage of the business life cycle, as reflected by its profitability and sound financial structure. In principle, the company applies the constant growth dividend policy as outlined in the Articles of Association. In addition, the Company must consider its capital plans and actual operating results when declaring its annual dividends. Prior to the shareholders' meeting every year, there will be a Board of directors' meeting to draft the earnings distribution (i.e. cash dividends or stock dividends) and the amount to be declared. The Company's Articles also stipulate a dividends policy whereby cash dividends are must comprise a minimum of 20% of total dividends distributed. The exact proportion shall be determined per fiscal year end during the shareholders' meeting.

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

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings for 2016 and 2015 had been approved in the shareholders' meetings on June 7, 2017 and June 6, 2016, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31		**Dividends Per Share (NT$) For the Year Ended December 31**	
	2016	**2015**	**2016**	**2015**
Legal reserve	$ 31,458	$ 1,832	$ -	$ -
Special Reserve	51,851	-	-	-
Cash dividends	231,266	16,493	3.00	0.21

The Company's shareholders also resolved to issue cash dividends by $38,191 thousand and $60,496 thousand from capital surplus in the shareholders' meeting on June 7, 2017 and June 6, 2016 respectively, which translates to $0.5 and $0.79 per share.

The appropriations of earnings for 2016 had been proposed by the Company's board of directors on March 9, 2018. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 45,147	$ -
Special reserve	11,397	-
Cash dividends	394,925	5.13

The Company's board of directors proposed to issue cash dividends from capital surplus of $28,509 thousand on March 9, 2018 during the board of directors' meeting.

The appropriations of earnings for 2017 are subject to the resolution of the shareholders' meeting to be held on May 30, 2018.

d. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2017	**2016**
Balance at January 1	$ (51,851)	$ 33,363
Exchange differences arising on translating the financial statements of foreign operations	(13,731)	(102,667)
Related income tax	2,334	17,453
Balance at December 31	$ (63,248)	$ (51,851)

Exchange differences arising from translating the foreign operation's functional currency to the Group's functional currency was recognized in other comprehensive income.

e. Non-controlling interests

	For the Year Ended December 31	
	2017	2016
Balance at January 1	$ 1,264,129	$ 1,150,791
Acquisition of non-controlling interests in WPT Restaurant Corporation	-	9,000
Acquisition of non-controlling interests in Hoppime Ltd. (Note 26)	(78,346)	-
Cash dividends from subsidiaries	(59,550)	(19,043)
Change from investments in associates and joint ventures accounted for by using equity method	-	-
Attributable to non-controlling interests:		
Share of profit for the year	200,115	217,258
Exchange differences arising on translation of foreign operations	(12,810)	(93,877)
Balance at December 31	$ 1,313,538	$ 1,264,129

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Other income

	For the Year Ended December 31	
	2017	2016
Interest income	$ 65,896	$ 48,503
Royalties (Note 30)	5,131	5,777
Others	54,530	74,837
	$ 125,557	$ 129,117

b. Other gains and (losses)

	For the Year Ended December 31	
	2017	2016
Loss on disposal of property, plant and equipment	$ (38,471)	$ (96,762)
Impairment losses on property, plant and equipment	(18,672)	(8,183)
Net foreign exchange (losses) gains	(34,162)	(16,747)
Others	(44,077)	(22,718)
	$ (135,382)	$ (144,410)

Loss on disposal of property, plant and equipment was due to branch relocation or branch closure for the years ended December 31, 2017 and 2016

c. Depreciation and amortization

	For the Year Ended December 31	
	2017	2016
Property, plant and equipment	$ 805,433	$ 850,349
Intangible assets	11,703	10,829
	$ 817,136	$ 861,178
An analysis of depreciation by function		
Operating costs	$ 272,752	$ 315,550
Operating expenses	532,681	534,799
	$ 805,433	$ 850,349
An analysis of amortization by function		
Operating costs	$ -	$ -
Operating expenses	11,703	10,829
	$ 11,703	$ 10,829

d. Employee benefits expense

	For the Year Ended December 31	
	2017	2016
Short-term benefits	$ 4,692,723	$ 5,018,458
Post-employment benefits (Note 21)		
Defined contribution plans	308,824	317,348
Defined benefit plans	1,800	4,432
	310,624	321,780
Other employee benefits	897,332	922,327
Total employee benefits expense	$ 5,900,679	$ 6,262,565
An analysis of employee benefits expense by function		
Operating costs	$ 2,394,076	$ 2,440,242
Operating expenses	3,506,603	3,822,323
	$ 5,900,679	$ 6,262,565

Employees’ compensation and remuneration to directors and supervisors for 2017 and 2016.

In compliance with the Company Act as amended in May 2015 and the amended Articles of Incorporation of the Company approved by the shareholders during their meeting in June 2016, the Company accrued employees' compensation at rates between 0.1% to 10% and remuneration of directors and supervisors at rates no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration to directors and supervisors for the years ended December 31, 2017 and 2016 which have been approved by the Company's board of directors on March 9, 2018 and March 14, 2017, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2017	**2016**
Employees' compensation	0.1%	0.1%
Remuneration to directors and supervisors	-	-

Amount

	For the Year Ended December 31	
	2017	**2016**
	Cash	**Cash**
Employees' compensation	$ 557	$ 378
Remuneration to directors and supervisors	-	-

Information on the employees' compensation and remuneration to directors and supervisors resolved by the Company's board of directors in 2017 and 2016 is accessible at the Market Observation Post System website of the Taiwan Stock Exchange.

e. (Reversal of) impairment losses on non-financial assets

	For the Year Ended December 31	
	2017	**2016**
Property, plant and equipment (included in other gains and losses)	$ 18,672	$ 8,183
Inventories (included in operating costs)	1,239	(23,007)
	$ 19,911	$ (14,824)

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of tax expense recognized in profit or loss:

	For the Year Ended December 31	
	2017	**2016**
Current tax		
In respect of the current year	$ 295,011	$ 140,939
Adjustments for prior years	(4,731)	7,614
	290,280	148,553

(Continued)

	For the Year Ended December 31	
	2017	2016
Deferred tax		
In respect of the current year	$ 9,743	$ 106,027
Income tax expense recognized in profit or loss	$ 300,023	$ 254,580
		(Concluded)

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

	For the Year Ended December 31	
	2017	2016
Profit before income tax from continuing operations	$ 962,975	$ 795,265
Income tax expense calculated at the statutory rate	$ 267,395	$ 208,243
Nondeductible expenses in determining taxable income	5,205	2,313
Deferred tax effect of earnings of subsidiaries	22,402	34,638
Unrecognized deductible temporary differences	9,752	1,772
Adjustments for prior years' tax	(4,731)	7,614
Income tax expense recognized in profit or loss	$ 300,023	$ 254,580

The applicable corporate income tax rate used by the group entities in the ROC is 17%, while the applicable tax rate used by subsidiaries in China, i.e. Wowprime (China) Co., Ltd. And Wowprime (Beijing) Management Co., Ltd., is 25%. Tai Pin Holding Ltd. (Seychelles), Hoppime Ltd. (Cayman), Wowprime Limited (Samoa) and Wowprime USA Holding Ltd. (Samoa) are registered in foreign jurisdictions with preferential duty rates; hence, no income tax was estimated.

In February 2018, it was announced by the President that the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%. Deferred tax assets and deferred tax liabilities recognized as at December 31, 2017 are expected to be adjusted and would increase by $14,209 thousand in 2018.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2017	2016
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ 2,334	$ 17,453
Remeasurement on defined benefit plan	1,674	1,813
Total income tax recognized in other comprehensive income	$ 4,008	$ 19,266

c. Current tax assets and liabilities

	December 31 2017	December 31 2016
Current tax assets		
Tax refund receivable	$ 12	$ 48,528
Current tax liabilities		
Income tax payable	$105,172	$ 54,259

d. Deferred tax assets and liabilities

The Group offset certain deferred tax assets and deferred tax liabilities which met the offset criteria.

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

For the year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Rent expense on a straight line basis	$ 40,130	$ 3,043	$ -	$ (424)	$ 42,749
Deferred tax liabilities					
Temporary differences					
Write-down on inventories	$ (988)	$ (210)	$ -	$ -	$ (1,198)
Impairment loss of property, plant and equipment	(181)	(7,623)	-	(24)	(7,828)
Deferred revenue	(293)	293	-	-	-
Exchange difference on foreign operations	(10,620)	-	(2,334)	-	(12,954)
Exchange difference	2,403	(3,838)	-	-	(1,435)
Defined benefit obligation	(19,218)	1,570	(1,674)	-	(19,322)
Payable for annual leave	(6,325)	(7)	-	-	(6,332)
Associates	99,337	22,601	-	-	121,938
Cash dividend	13,066	-	-	(147)	12,919
	$ 77,181	$ 12,786	$ (4,008)	$ (171)	$ 85,788

For the year ended December 31, 2016

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Impairment loss of property, plant and equipment	$ 20,407	$ (20,150)	$ -	$ (257)	$ -
Payable for salaries and bonus	40,131	(40,573)	-	442	-
Rent expense on a straight line basis	42,332	1,107	-	(3,309)	40,130
	$ 102,870	$ (59,616)	$ -	$ (3,124)	$ 40,130

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax liabilities					
Temporary differences					
Write-down on inventories	$ (4,898)	$ 3,910	$ -	$ -	$ (988)
Impairment loss of property, plant and equipment	(7,068)	6,887	-	-	(181)
Deferred revenue	(214)	(79)	-	-	(293)
Exchange difference on foreign operations	6,833	-	(17,453)	-	(10,620)
Exchange difference	3,260	(857)	-	-	2,403
Defined benefit obligation	(21,583)	4,178	(1,813)	-	(19,218)
Payable for annual leave	(6,347)	22	-	-	(6,325)
Associates	80,124	19,213	-	-	99,337
Cash dividend	-	13,137	-	(71)	13,066
	$ 50,107	$ 46,411	$ (19,266)	$ (71)	$ 77,181

(Concluded)

e. Integrated income tax

	December 31 2017	December 31 2016
Unappropriated earnings		
Generated before January 1, 1998		$ -
Generated on and after January 1, 1998	Note	314,575
		$ 314,575
Imputation credits accounts	Note	$ 72,934

	For the Year Ended December 31 2017	For the Year Ended December 31 2016
Creditable ratio for distribution of earnings	Note	20.48%

Note: Since the amended Income Tax Act announced in February 2018 abolished the imputation tax system, related information for 2017 is not applicable.

f. Income tax assessments

Income tax expenses through 2015 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31 2017	For the Year Ended December 31 2016
Basic earnings per share	$ 6.01	$ 4.20
Diluted earnings per share	$ 6.01	$ 4.20

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

Net Profit for the Year (Attributable to Owners of the Company)

	For the Year Ended December 31	
	2017	**2016**
Earnings used in the computation of basic earnings per share	$ 462,837	$ 323,427
Effect of potentially dilutive ordinary shares:		
Bonus to employees	-	-
Earnings used in the computation of diluted earnings per share	$ 462,837	$ 323,427

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Year Ended December 31	
	2017	**2016**
Weighted average number of ordinary shares in computation of basic earnings per share	76,988	76,988
Effect of potentially dilutive ordinary shares:		
Bonus to employees	5	3
Weighted average number of ordinary shares used in the computation of diluted earnings per share	76,993	76,991

If the Group can settle compensation or bonus to employees in cash or shares, the Group should assume the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares, if dilutive, should be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. 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.

26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The Group acquired 2.43% ownership of Hoppime Ltd. on March 31, 2017. As a result, its percentage of ownership increased from 51% to 53.43%.

The Group acquired 30% ownership of WPT Restaurant Corporation on August 31, 2017. As a result, its percentage of ownership increased from 70% to 100%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	Hoppime Ltd.	**WPT Restaurant Corporation**	**Total**
Cash consideration paid	$ 57,542	$ 24,000	$ 81,542
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(63,870)	(14,476)	(78,346)
Differences recognized from equity transactions	$ (6,328)	$ 9,524	$ 3,196

(Continued)

	Hoppime Ltd.	WPT Restaurant Corporation	Total
Line items adjusted for equity transactions			
Capital surplus - difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	$ 6,328	$ (6,328)	$ -
Retained earnings	$ -	$ (3,196)	$ (3,196)

(Concluded)

27. NON-CASH TRANSACTIONS

For the years ended December 31, 2017 and 2016, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statement of cash flows:

	For the Year Ended December 31	
	2017	2016
Acquisition of property, plant and equipment		
Increase in property, plant and equipment (include in reclassified)	$ 675,757	$ 467,120
Add: Payable for purchase of equipment, balance at January 1	219,240	248,970
Decommissioning liability, balance at January 1	22,100	24,050
Less: Payable for purchase of equipment, balance at December 31	(158,362)	(219,240)
Decommissioning liability, balance at December 31	(25,898)	(22,100)
Cash payment	$ 732,837	$ 498,800

28. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

Operating leases relate to leases of land with lease terms between 5 and 10 years. All operating lease contracts over 5 years contain clauses for 5-year market rental reviews. The Group does not have a bargain purchase option to acquire the leased land at the expiration of the lease periods.

The total of deposits paid under non-cancellable subleases as of December 31, 2017 and 2016, were $387,834 thousand and $333,457 thousand, respectively.

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31	
	2017	2016
Not later than 1 year	$ 1,341,888	$ 1,005,611
Later than 1 year and not later than 5 years	2,258,175	1,774,011
Later than 5 years	199,384	186,747
	$ 3,799,447	$ 2,966,369

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

Management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

b. Categories of financial instruments

	December 31	
	2017	**2016**
Financial assets		
Loans and receivables (1)	$ 4,376,336	$ 4,138,951
Other current assets (2)	1,046,985	683,852
Financial liabilities		
Amortized cost (3)	2,160,667	1,967,180

1) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and trade receivables.

2) The balances included other financial assets, tax refund receivable and other receivables.

3) The balances included financial liabilities measured at amortized cost, which comprise notes payable, trade payables, income tax payable and other payables.

c. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, trade receivables and trade payables. The Group's Financial Department provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's operating activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below):

a) Foreign currency risk

The Group conducted foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to the USD and RMB.

The following table details the Group's sensitivity to a one percent increase and decrease in the New Taiwan dollar (i.e. the functional currency) against the relevant foreign currency. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is one percent. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar strengthening one percent against the relevant currency.

	Currency B Impact	
	For the Year Ended December 31	
	2017	**2016**
Profit or loss (before income tax)	$ 4,250	$ 3,183

b) Interest rate risk

The Group was exposed to interest rate risk from its bank deposits. As the associated interest rates experience minor fluctuations, the changes in market rates have a limited effect on the Group's revenue and operating cash.

The carrying amount of the Group's financial assets exposed to interest rate risk on the balance sheet date were as follows:

	December 31	
	2017	**2016**
Fair value interest rate risk		
Financial assets	$ 1,920,846	$ 1,205,517
Cash flow interest rate risk		
Financial assets	3,205,000	3,319,740

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period.

Sensitivity analysis

If interest rates had been one basis point higher or lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2017 and 2016 would increase by $3,205 thousand and $3,320 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements.

30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, 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 and relation

Name of Related Party	Relation to the Group
Pu Tien Overseas Investment Pte Ltd.	Related party
Sufood Singapore Pte Ltd.	Associate
YakiYan USA, LLC	Associate

b. Other receivables from related parties (excluding loans to related parties)

		December 31	
Line Items	**Related Party Categories**	**2017**	**2016**
Other receivables	Associates		
	Sufood Singapore Pte Ltd.	$ -	$ 559
	YakiYan USA, LLC	610	-
		$ 610	$ 559

c. Other income (royalties) from related parties

Line Items	Related Party Categories	December 31 2017	December 31 2016
Other income	Associates		
	Sufood Singapore Pte Ltd.	$ 2,954	$ 3,063
	YakiYan USA, LLC	1,691	2,556
		$ 4,645	$ 5,619

The Group's royalty income can be classified as occurring on a disposable or monthly payment basis. Disposable payments were amounts recognized in income after agreements with related parties are settled. Monthly payment schedules refer to the royalty scheme where the percentage of the monthly net sales of the catering department is recognized as royalty income on a monthly basis, with payments received on a quarterly basis.

d. Other expense (royalties) from related parties

Line Items	Related Party Categories	December 31 2017	December 31 2016
Other expense	Related party		
	Pu Tien Overseas Investment Pte Ltd.	$ 4,605	$ 2,613

Royalty expense is calculated based on the catering departments' percentage of the monthly net sales and paid on a quarterly basis.

e. Compensation of key management personnel

	For the Year Ended December 31 2017	For the Year Ended December 31 2016
Short-term employee benefits	$ 199,561	$ 216,112
Post-employment benefits	3,916	4,074
	$ 203,477	$ 220,186

The remuneration of directors and key executives was determined by the remuneration committee based on individual performance and market trends.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for letter of credit application and security deposit for issuing gift certificates:

	December 31 2017	December 31 2016
Pledge deposits	$ 17,856	$ 51,600
Reserve account	38,965	30,012
	$ 56,821	$ 81,612

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2017 and 2016 were as follows:

Significant Commitments

a. As of December 31, 2017 and 2016, unused letters of credit for purchases of raw materials amounted to approximately US$5,742 thousand and US$1,780 thousand, respectively.

b. Unrecognized commitments were as follows:

	December 31	
	2017	**2016**
Acquisition of property, plant and equipment	$ 27,983	$ 114,852

c. As of December 31, 2017 and 2016, the Group had a line of credit to sell gift certificates, of which $1,409,015 thousand and $1,463,459 thousand had been drawn, respectively.

33. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

Wowprime (China) Co., Ltd. acquired five properties in Xuhui District, Shanghai, China for its own use on January 1, 2018 at a total transaction price of $801,077 thousand New Taiwan dollars. The payment schedule is as follows: 30% of total purchase price to be paid in January 2018, 30% in February 2018 and the remaining 40% in March 2018.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2017

	Foreign Currencies	**Exchange Rate**	**Carrying Amount**
Financial assets			
Monetary items			
USD	$ 13,586,181	29.76 (USD:NTD)	$ 404,325
USD	3,087,429	6.519 (USD:RMB)	19,015
RMB	356,708	4.565 (RMB:NTD)	1,628
NTD	8,063,495	0.219 (NTD:RMB)	8,063
SGD	168,699	22.26 (SGD:NTD)	3,775
			$ 436,806

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Non-monetary items			
Investments accounted for using equity method			
USD	1,694,614	29.76 (USD:NTD)	$ 50,548
USD	672,305	29.76 (USD:NTD)	20,009
			$ 70,557

(Concluded)

December 31, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 9,455,113	32.250 (USD:NTD)	$ 304,927
USD	362,866	6.985 (USD:RMB)	11,702
RMB	355,662	4.617 (RMB:NTD)	1,642
NTD	10,716,228	0.217 (NTD:RMB)	10,716
SGD	100,646	22.290 (SGD:NTD)	2,243
			$ 331,230
Non-monetary items			
Investments accounted for using equity method			
USD	$ 3,047,146	32.250 (USD:NTD)	$ 97,594
SGD	214,241	22.290 (SGD:NTD)	4,776
USD	248,312	32.250 (USD:NTD)	8,008
			$ 110,378

The Group is mainly exposed to USD. The following information was aggregated by the functional currencies of the group entities, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2017		2016	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	$ (28,246)	1 (NTD:NTD)	$ (16,412)
RMB	4.565 (RMB:NTD)	(5,916)	4.833 (RMB:NTD)	(335)
		$ (34,162)		$ (16,747)

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. None

3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures). None

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. None

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. 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. None

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. None

9) Trading in derivative instruments. None

10) Intercompany relationships and significant intercompany transactions. (Table 2)

11) Information on investees. (Table 3)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 4)

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, and unrealized gains or losses: None

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments were as follows:

Taiwan	- Wang Steak - Chamonix - Ikki - Yuanshao - Tasty - Tokiya - WPT - Giguo - Pintian - Sufood - Others
Mainland China	- Wang Steak - Tasty - Others

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment:

	For the Year Ended December 31			
	2017		2016	
	Segment Revenue	Segment Profit	Segment Revenue	Segment Profit
Taiwan	$ 8,958,751	$ 394,081	$ 9,339,590	$ 234,134
Mainland China	6,848,386	622,775	6,759,277	633,961
Total for continuing operations	$ 15,807,137	1,016,856	$ 16,098,867	868,095
Interest income		66,124		48,503
Investment loss accounted for under the equity method		(44,056)		(57,537)
Loss on disposal of property, plant and equipment		(38,471)		(96,762)
Exchange (loss) gain		(34,162)		(16,747)
Impairment losses on property, plant and equipment		(18,672)		(8,183)
General revenue		59,661		80,614
General expense		(44,305)		(22,718)
Profit before tax (continuing operations)		$ 962,975		$ 795,265

Segment revenues reported above represents revenue generated from external customers. There were no inter-segment sales during the years ended December 31, 2017 and 2016.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, investment income or loss recognized under the equity method, interest income, gain or loss on disposal of property, plant and equipment, exchange gain or loss, interest expense and income tax expense. This was the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

b. Segment total assets

	December 31	
	2017	**2016**
Taiwan	$ 5,739,278	$ 5,596,291
Mainland China	3,994,520	3,701,476
Total segment assets	$ 9,733,798	$ 9,297,767

c. Revenue from major products and services

The Group's revenues from continuing operations from its major products and services were divided into segments. Refer to the disclosure regarding Segment Revenue.

d. Geographical information

The Group operates in two principal geographical areas - Taiwan and China. The Group's revenue from continuing operations from external customers by location of operations was detailed below:

	Revenues from External Customers For the Year Ended December 31	
	2017	**2016**
Taiwan	$ 8,958,751	$ 9,339,590
Mainland China	6,848,396	6,759,277
	$ 15,807,137	$ 16,098,867

e. Information about major customers

No revenue from any individual customer exceeded 10% of the Group's revenue for the years ended December 31, 2017 and 2016.

TABLE 1

WOWPRIME CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Parties	Highest Balance for the Period (Note 3)	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 4)	Business Transaction Amounts (Note 5)	Reasons for Short-term Financing (Note 6)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 7)	Aggregate Financing Limits (Note 7)	Note
													Item	Value			
0	Wowprime Co., Ltd.	WPT Restaurant Corporation	-	Yes	$ 50,000	$ 50,000	$ 50,000	1.365%	Short-term financing	$ -	Support the subsidiary's short-term operation requirement	$ -	-	$ -	$ 1,468,448	$ 1,468,448	

Note 1: Numbering sequence is as follows:

a. The issuer is numbered 0
b. Investees are numbered sequentially starting from the number 1

Note 2: The financial statement account must be disclosed if the related party transactions (i.e. receivables, payables, shareholder's accounts, prepayments, temporary payments etc.) are of financing nature.

Note 3: The highest amount of financing provided to others throughout the fiscal year.

Note 4: The nature of financing - i.e. short-term financing or for business transaction purposes.

Note 5: If the nature of financing is for business transaction purposes, the aggregate amount transacted throughout the fiscal year should be disclosed.

Note 6: If the nature of financing is for short-term operations, the purpose should be disclosed i.e. repaying a loan, financing an asset purchase or working capital, etc.

Note 7: The total amount for lending to a company shall not exceed forty percent (40%) of the net worth of Wowprime Co., Ltd. ($3,671,120 thousand x 40% = $1,468,448 thousand). In addition, the total amount loanable to any one borrower shall be no more than forty percent (40%) of the net worth of Wowprime Co., Ltd. ($3,671,120 thousand × 40% ＝ $1,468,448 thousand).

WOWPRIME CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
0	Wowprime Co., Ltd.	WPT Restaurant Corporation	a	Other receivables - financing	$ 50,095	-	0.51
		WPT Restaurant Corporation	a	Other receivables	3,847	-	0.04
		WPT Restaurant Corporation	a	Other income - management fee	6,396	-	0.04
		WPT Restaurant Corporation	a	Interest revenue	228	-	-
		WPT Restaurant Corporation	a	Other payables	73	-	-
		Cheerpin Restaurant Corporation	a	Other receivables	6,313	-	0.06
		Cheerpin Restaurant Corporation	a	Other payables	322	-	-
		Cheerpin Restaurant Corporation	a	Other income - management fee	2,673	-	0.02
		Hoppime Ltd.	a	Other income	3,735	-	0.02

Note 1: Parties to the intercompany transactions are identified and numbered as follows:

a. “0” for parent company
b. Subsidiaries are numbered from “1”

Note 2: The flow of related-party transactions is as follows:

a. From the parent company to its subsidiary
b. From a subsidiary to its parent company
c. Between subsidiaries

Note 3: For assets and liabilities, percentage is based on the consolidated total assets as of the end of the period; for revenues, costs and expenses, percentage is based on the consolidated total operating revenues as of the end of the period.

WOWPRIME CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017	December 31, 2016	Shares	%	Carrying Amount			
Wowprime Co., Ltd.	Tai Pin Holding Ltd. (Seychelles)	Seychelles	Investment	$ 837,400	$ 779,858	13,492,134	100.00	$ 1,538,028	$ 188,006	$ 188,006	Note 1
	WPT Restaurant Corporation	Taiwan	Catering and catering management	124,000	56,000	12,400,000	100.00	87,039	(9,215)	(8,015)	Note 1
	Wowprime USA Holding Ltd. (Samoa)	Samoa	Investment	24,069	12,378	762,500	100.00	20,009	1,128	1,128	Note 2
				(US$ 762,500)	(US$ 375,000)			(US$ 697,631)	(US$ 37,176)	(US$ 37,176)	
	Cheerpin Restaurant Corporation	Taiwan	Catering and catering management	100,000	-	10,000,000	100.00	75,264	(24,736)	(24,736)	Note 1
Tai Pin Holding Ltd. (Seychelles)	Hoppime Ltd. (Cayman)	Cayman	Investment	615,078	615,078	12,599,854	53.43	1,507,029	424,324	223,009	Note 1
				(RMB 129,589,545)	(RMB 129,589,545)			(RMB 330,126,902)	(RMB 94,330,713)	(RMB 49,582,314)	
	WJ Investments Limited (HK)	Hong Kong	Investment	140,457	140,457	-	22.50	25,274	(100,410)	(22,592)	Note 1
				(US$ 4,500,000)	(US$ 4,500,000)			(US$ 847,307)	(US$ -3,357,040)	(US$ -755,334)	
Wowprime USA Holding Ltd. (Samoa)	YakiYan USA, LLC	USA	Catering and catering management	24,069	12,378	-	25.00	20,008	4,513	1,128	Notes 2 and 3
				(US$ 762,500)	(US$ 375,000)			(US$ 672,305)	(US$ 148,675)	(US$ 37,169)	
Hoppime Ltd. (Cayman)	Wowprime Limited (Samoa)	Samoa	Investment	991,732	991,732	-	100.00	2,685,932	497,888	497,888	Note 1
				(RMB 213,980,111)	(RMB 213,980,111)			(RMB 588,375,004)	(RMB 110,615,799	(RMB 110,615,799)	
	WJ Investments Limited (HK)	Hong Kong	Investment	131,681	131,681	-	22.50	25,274	(100,410)	(22,592)	Note 1
				(US$ 4,500,000)	(US$ 4,500,000)			(US$ 847,307)	(US$ -3,357,040)	(US$ -755,334)	
Wowprime Limited (Samoa)	Wowprime (China) Co., Ltd.	China	Catering and catering management	596,480	596,480	-	100.00	2,540,205	506,811	506,811	Note 1
				(RMB 125,996,904)	(RMB 125,996,904)			(RMB 556,452,361)	(RMB 112,544,230)	(RMB 112,544,230)	
	Wowprime (Beijing) Management Co., Ltd.	China	Catering and catering management	118,608	118,608	-	100.00	158,645	17,860	17,860	Note 1
				(RMB 24,673,989)	(RMB 24,673,989)			(RMB 34,752,494)	(RMB 3,967,425)	(RMB 3,967,425)	
WJ Investments Limited (HK)	12 Hotpot (Shanghai) Food and Beverage Management Co., Ltd.	China	Catering and catering management	603,225	603,225	-	100.00	110,000	(101,132)	(101,132)	Notes 1 and 4
				(RMB 123,022,850)	(RMB 123,022,850)			(RMB 24,096,473)	(RMB -22,310,979)	(RMB -22,310,979)	

Note 1: The investment gain (loss) was recognized according to the financial reports audited by the same auditors for the same period.

Note 2: The investment gain (loss) was recognized according to the financial reports provided by the Company that have not been audited.

Note 3: The carrying amount of the investee company as of December 31, 2017 includes deferred credits gains on inter-affiliate accounts of $753 thousand (US$25,319).

Note 4: From the resolution of WJ Investments Ltd.'s second shareholders' meeting, 12 Hotpot (Shanghai) Food and Beverage Management Co., Ltd. ceased its operation on October 31, 2017. As of March 9, 2018, the liquidation process had not yet been completed.

WOWPRIME CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Investee companies, main businesses, paid-in capital, method of investment, accumulated outward remittance for investment, percentage of ownership of investment, net income (loss) of investee, investment gain (loss), and the carrying amount:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of Investee	% Ownership of Direct or Indirect Investment (Note 3)	Investment Gain (Loss) (Note 2 (2) b.)	Carrying Amount as of December 31, 2017	Accumulated Repatriation of Investment Income as of December 31, 2017
					Outflow	Inflow						
Wowprime (China) Co., Ltd.	Catering and catering management	$ 596,480 (RMB 125,996,904)	Note 1 (2)	$ 270,234 (US$ 9,121,405)	$ -	$ 56,095 (US$ 1,849,170)	$ 214,139 (US$ 7,272,235)	$ 506,811 (RMB 112,544,230	53.43	$ 266,954 (RMB 59,285,469)	$ 1,357,232 (RMB 297,312,496)	$ 207,023 (US$ 6,813,742)
Wowprime (Beijing) Management Co., Ltd.	〃	118,608 (RMB 24,673,989)	Note 1 (2)	92,639 (US$ 3,057,046)	-	-	92,639 (US$ 3,057,046)	17,860 (RMB 3,967,425)	53.43	9,422 (RMB 2,093,276)	84,764 (RMB 18,568,258)	15,439 (US$ 512,838)
12 Hotpot (Shanghai) Food and Beverage Management Co., Ltd.	〃	603,225 (RMB 123,022,850)	Note 1 (2)	206,997 (US$ 6,772,050)	-	-	206,997 (US$ 6,772,050)	(101,132) (RMB -22,310,979)	34.52	(34,888) (RMB -7,696,633)	37,974 (RMB 8,318,524)	-

Note 1: The 3 methods of investment are as follows:

a. Wowprime Co., Ltd. invested directly in China.
b. Wowprime Co., Ltd. indirectly invested in China through third region companies.
c. Other

Note 2: The amount recognized in investment income in the current year:

a.. Should be noted if currently under arrangement and not generating investment income.
b. The basis of investment is classified as follows:

1) Amount was recognized based on the financial statements audited by international audit firms with affiliations in the ROC.
2) Amount was recognized based on the parent company's audited financial statements
3) Other

Note 3: Investment gain (loss) of 12 Hotpot (Shanghai) Food and Beverage Management Co., Ltd. is based on substantial percentage of ownership by Wowprime Co., Ltd.

2. Investment limit on investments in China

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
$ 513,775 (US$ 17,101,331)	$ 827,283 (US$ 27,622,913)	$ 2,990,795 (Note 4)

Note 4: According to Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China administered by the Foreign Investment Commission, the amount is limited to the higher of the net worth of the investment company or 60% of the consolidated net worth.

3. Significant events arising from direct or indirect transactions with investee companies in China through a third party: None.

4. Situations where the Company directly or indirectly provides endorsement, guarantee, or collateral to investee companies in China through a third party: None.

5. Situations where the Company directly or indirectly provides financing of capital to investee companies in China through a third party: None.

6. Transactions with material effects on the net income (loss) of the Company: None.