Wowprime Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2018 and 2017 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates of Wowprime Co., Ltd. as of and for the year ended December 31, 2018, 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 of parent and subsidiary companies prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements". In addition, relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Wowprime Co., Ltd. and subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

WOWPRIME CO., LTD.

By

CHEN CHENG-HUI
Chairman

March 7, 2019

Deloitte.

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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 (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, 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 (collectively referred to as the "consolidated financial statements").

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, 2018 and 2017, 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, 2018. 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, 2018 are stated as follows:

Recognition of Deferred Revenue from Gift Vouchers

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, 2018 was $16,286,395 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, 2018 was $1,770,145 thousand, comprising 10.87% 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 vouchers has been deemed as a key audit matter.

For the key accounting policies, refer to Note 4-m.

The key audit procedures we have performed for the recognition of deferred revenue associated with gift vouchers 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 compared with the source data of operating revenue to ensure they are identical. We matched receipt vouchers for revenue with daily operating reports generated.

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, 2018 and 2017 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, 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, 2018 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 Nai-Hua Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2019

<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, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018		2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,757,960	19	$ 4,128,026	42
Financial assets measured at amortized cost - current (Notes 4 and 7)	888,933	9	-	-
Trade receivables (Notes 4 and 8)	313,282	3	248,310	3
Inventories (Notes 4 and 9)	1,284,367	13	977,648	10
Prepayments (Note 14)	625,123	7	661,371	7
Other financial assets (Notes 4, 15 and 33)	1,038,980	11	997,821	10
Other current assets (Notes 4 and 16)	71,334	1	49,163	1
Total current assets	5,979,979	63	7,062,339	73
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 11)	52,271	1	70,556	1
Property, plant and equipment (Notes 4 and 12)	2,769,380	29	2,057,317	21
Other intangible assets (Notes 4 and 13)	47,581	-	50,055	1
Deferred tax assets (Notes 4 and 25)	96,710	1	42,749	-
Prepaid equipment	57,899	1	34,293	-
Other non-current assets (Note 16)	453,885	5	416,489	4
Total non-current assets	3,477,726	37	2,671,459	27
TOTAL	$ 9,457,705	100	$ 9,733,798	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Notes 4 and 23)	$ 2,480,920	26	$ -	-
Notes payable (Notes 4 and 17)	33,078	-	30,797	-
Trade payables (Notes 4 and 17)	465,263	5	475,477	5
Other payables (Notes 18 and 32)	1,606,134	17	1,549,221	16
Current tax liabilities (Notes 4 and 25)	45,794	1	105,172	1
Deferred revenue - current (Note 19)	-	-	2,345,166	24
Other current liabilities (Note 18)	10,218	-	6,615	-
Total current liabilities	4,641,407	49	4,512,448	46
NON-CURRENT LIABILITIES				
Provisions - non-current (Notes 4 and 20)	56,636	1	25,898	1
Deferred tax liabilities (Notes 4 and 25)	171,891	2	85,788	1
Net defined benefit liabilities - non-current (Notes 4 and 21)	117,138	1	113,655	1
Other non-current liabilities (Notes 4 and 18)	5,314	-	11,351	-
Total non-current liabilities	350,979	4	236,692	3
Total liabilities	4,992,386	53	4,749,140	49
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Ordinary shares	769,879	8	769,879	8
Capital surplus	1,910,913	20	1,939,422	20
Retained earnings				
Legal reserve	566,894	6	521,747	5
Special reserve	63,248	1	51,851	1
Unappropriated earnings	341,070	3	451,469	5
Total retained earnings	971,212	10	1,025,067	11
Treasury shares	(299,731)	(3)	-	-
Other equity	(87,763)	(1)	(63,248)	(1)
Total equity attributable to owners of the Company	3,264,510	34	3,671,120	38
NON-CONTROLLING INTERESTS (Note 22)	1,200,809	13	1,313,538	13
Total equity	4,465,319	47	4,984,658	51
TOTAL	$ 9,457,705	100	$ 9,733,798	100

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

WOWPRIME CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 23)	$ 16,286,395	100	$ 15,807,137	100
OPERATING COSTS (Note 9)	(8,789,473)	(54)	(7,967,707)	(51)
GROSS PROFIT	7,496,922	46	7,839,430	49
OPERATING EXPENSES (Notes 24 and 32)				
Selling and marketing expenses	(5,941,226)	(37)	(5,820,722)	(37)
General and administrative expenses	(972,479)	(6)	(980,311)	(6)
Research and development expenses	(14,985)	-	(21,541)	-
Total operating expenses	(6,928,690)	(43)	(6,822,574)	(43)
PROFIT FROM OPERATIONS	568,232	3	1,016,856	6
NON-OPERATING INCOME AND EXPENSES (Note 24)				
Other income (Note 32)	137,892	1	125,557	1
Other gains and losses	(122,784)	(1)	(135,382)	(1)
Finance costs	(604)	-	-	-
Share of profit (loss) of associates and joint ventures	4,873	-	(44,056)	-
Total non-operating income and expenses	19,377	-	(53,881)	-
PROFIT BEFORE INCOME TAX	587,609	3	962,975	6
INCOME TAX EXPENSE (Notes 4 and 25)	(185,299)	(1)	(300,023)	(2)
NET PROFIT FOR THE YEAR	402,310	2	662,952	4
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 21)	(5,980)	-	(9,846)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	2,879	-	1,674	-

(Continued)

WOWPRIME CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	$ (63,829)	-	$ (23,819)	-
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	(797)	-	(2,722)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 25)	15,052	-	2,334	-
Other comprehensive loss for the year, net of income tax	(52,675)	-	(32,379)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 349,635	2	$ 630,573	4
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 345,142	2	$ 462,837	3
Non-controlling interests	57,168	-	200,115	1
	$ 402,310	2	$ 662,952	4
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 317,526	2	$ 443,268	3
Non-controlling interests	32,109	-	187,305	1
	$ 349,635	2	$ 630,573	4
EARNINGS PER SHARE (Note 26)				
Basic	$ 4.52		$ 6.01	
Diluted	$ 4.52		$ 6.01	

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

WOWPRIME CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company									
			Retained Earnings			Other Equity				
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statement of Foreign Operations	Treasury Shares (Note 22)	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2017	$ 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	-	-	-	-	(231,266)	-	-	(231,266)	-	(231,266)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	(59,550)	(59,550)
Other changes in capital surplus										
Issuance of cash dividends from capital surplus	-	(38,191)	-	-	-	-	-	(38,191)	-	(38,191)
From differences between the equity purchase price and the carrying amount arising from the actual acquisition or disposal of subsidiaries (Note 27)	-	-	-	-	(3,196)	-	-	(3,196)	3,196	-
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)
Total comprehensive income for the year ended December 31, 2017	-	-	-	-	454,665	(11,397)	-	443,268	187,305	630,573
Non-controlling interests (Note 27)	-	-	-	-	-	-	-	-	(81,542)	(81,542)
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
Appropriation of 2017 earnings										
Legal reserve	-	-	45,147	-	(45,147)	-	-	-	-	-
Special reserve	-	-	-	11,397	(11,397)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(394,925)	-	-	(394,925)	-	(394,925)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	(58,945)	(58,945)
Other changes in capital surplus										
Issuance of cash dividends from capital surplus	-	(28,509)	-	-	-	-	-	(28,509)	-	(28,509)
From differences between the equity purchase price and the carrying amount arising from the actual acquisition or disposal of subsidiaries (Note 27)	-	-	-	-	(971)	-	-	(971)	971	-
Net profit for the year ended December 31, 2018	-	-	-	-	345,142	-	-	345,142	57,168	402,310
Other comprehensive loss for the year ended December 31, 2018, net of income tax	-	-	-	-	(3,101)	(24,515)	-	(27,616)	(25,059)	(52,675)
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	342,041	(24,515)	-	317,526	32,109	349,635
Purchase of treasury share	-	-	-	-	-	-	(299,731)	(299,731)	-	(299,731)
Non-controlling interests (Note 27)	-	-	-	-	-	-	-	-	(86,864)	(86,864)
BALANCE AT DECEMBER 31, 2018	$ 769,879	$ 1,910,913	$ 566,894	$ 63,248	$ 341,070	$ (87,763)	$ (299,731)	$ 3,264,510	$ 1,200,809	$ 4,465,319

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

WOWPRIME CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 587,609	$ 962,975
Adjustments for:		
Depreciation expenses	824,239	805,433
Amortization expenses	8,936	11,703
Finance costs	604	-
Interest income	(58,867)	(65,896)
Share of (profit) loss of associates and joint ventures	(4,873)	44,056
Loss on disposal of property, plant and equipment	66,027	38,471
Loss on disposal of associates	1,141	4,163
Impairment losses recognized on property, plant and equipment	24,304	18,672
(Reversal of write-downs) write-downs of inventories	(3,830)	1,239
Realized gain on the transactions with associates and joint ventures	(753)	(1,894)
Changes in operating assets and liabilities		
Trade receivables	(64,972)	(49,748)
Inventories	(302,889)	131,840
Prepayments	39,938	(260,105)
Other current assets	2,287	8,692
Contract liabilities	135,754	-
Notes payable	2,281	816
Trade payables	(10,214)	80,793
Other payables	2,982	133,437
Deferred revenue	-	4,659
Other current liabilities	3,603	(5,246)
Net defined benefit liabilities	(2,497)	(9,238)
Cash generated from operations	1,250,810	1,854,822
Interest paid	(604)	-
Income tax paid	(195,386)	(189,421)
Net cash generated from operating activities	1,054,820	1,665,401
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets measured at amortized cost	(888,933)	-
Payments for property, plant and equipment	(1,573,167)	(732,837)
Proceeds from disposal of property, plant and equipment	3,536	4,253
Increase in refundable deposits	(41,086)	(53,908)
Payments for intangible assets	(7,518)	(10,496)
Increase in other financial assets	(41,159)	(412,953)
(Increase) decrease in prepayments for equipment	(23,606)	96,817
Interest received	56,902	65,957
Net cash used in investing activities	(2,515,031)	(1,043,167)
CASH FLOWS FROM FINANCING ACTIVITIES		
Refunds of guarantee deposits received	(6,037)	(1,500)

(Continued)

WOWPRIME CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
Dividends paid to owners of the Company	(423,434)	(269,457)
Payments for acquisition of treasury shares	(299,731)	-
Decrease in non-controlling interests	(86,864)	(81,542)
Dividends paid to non-controlling interests	(58,945)	(59,550)
Net cash used in financing activities	(875,011)	(412,049)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(34,844)	(22,548)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,370,066)	187,637
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,128,026	3,940,389
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,757,960	$ 4,128,026

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

WOWPRIME CO., LTD. AND SUBSIDIARIES

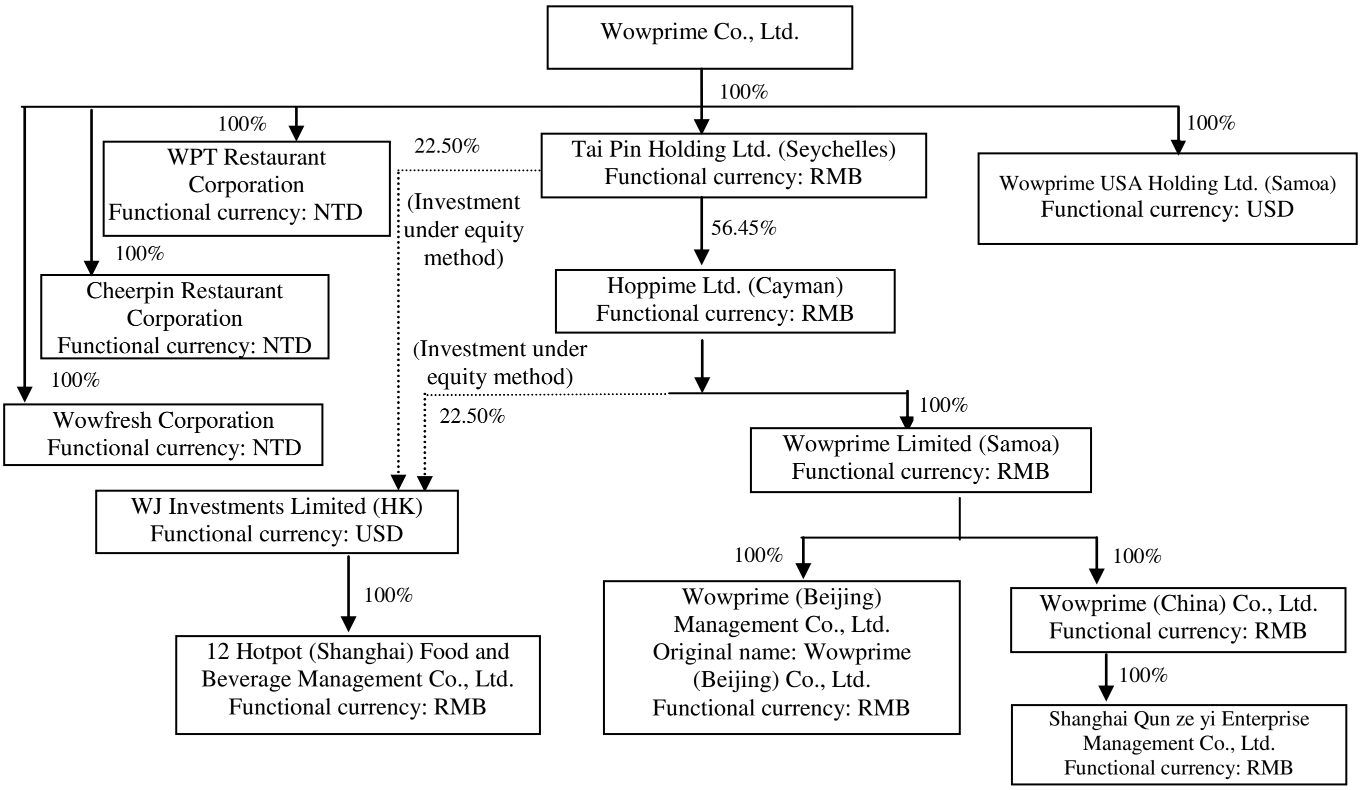
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Wowprime Co., Ltd. (the Company) was incorporated in the Republic of China ("ROC") 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 were listed and have been trading on the Taiwan Stock Exchange ("TWSE") since March 2012.

Investment structure



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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 7, 2019.

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 Financial Supervisory Commission (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) IFRS 9 "Financial Instruments" and related amendments

IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as of January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amounts under IAS 39 and the new measurement categories and carrying amounts under IFRS 9 for each class of the Group's financial assets and financial liabilities as of January 1, 2018.

	Measurement Category		Carrying Amount		
Financial Assets	**IAS 39**	**IFRS 9**	**IAS 39**	**IFRS 9**	**Remark**
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 4,128,026	$ 4,128,026	a)
Trade receivables and other receivables	Loans and receivables	Amortized cost	292,155	292,155	a)
Time deposits with original maturities of more than 3 months	Loans and receivables	Amortized cost	997,821	997,821	b)
Refundable deposits	Loans and receivables	Amortized cost	404,640	404,640	-

a) Cash and cash equivalents, trade receivables and other receivables that were previously classified as loans and receivables under IAS 39 were classified as at amortized cost with an assessment of expected credit losses under IFRS 9.

b) Debt investments previously classified as debt investments with no active market and measured at amortized cost under IAS 39 were classified as at amortized cost with an assessment of expected credit losses under IFRS 9, because on January 1, 2018, the contractual cash flows were solely payments of principal and interest on the principal outstanding and these investments were held within a business model whose objective is to collect contractual cash flows.

2) IFRS 15 "Revenue from Contracts with Customers" and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Refer to Note 4 for the related accounting policies.

Under IFRS 15, the net effect of revenue recognized and consideration received and receivable is recognized as a contract asset or a contract liability. Prior to the application of IFRS 15, receivables were recognized or deferred revenue was reduced when revenue was recognized for the relevant contract under IAS 18.

The Group elected only to retrospectively apply IFRS 15 to contracts that were not complete as of January 1, 2018 and recognized the cumulative effect of the change in retained earnings on January 1, 2018.

The impact on assets, liabilities and equity as of January 1, 2018 from the initial application of IFRS 15 is set out below:

	As Originally Stated	Adjustments Arising from Initial Application	Restated
Deferred revenue - current	$ 2,345,166	$ (2,345,166)	$ -
Contract liabilities - current	-	2,345,166	2,345,166
Total effect on liabilities	$ 2,345,166	$ -	$ 2,345,166

b. 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 by the FSC for application starting from 2019

New, Amended or Revised Standards and Interpretations (the “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)
IFRS 16 “Leases”	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019 (Note 3)
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
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: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 “Leases”

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

Definition of a lease

Upon initial application of IFRS 16, the Group will elect to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

Upon initial application of IFRS 16, the Group will recognize right-of-use assets or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases will be recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within operating activities. Currently, payments under operating lease contracts, including property interest qualified as investment properties, are recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights of land are recognized as prepayments for leases. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables are recognized for contracts classified as finance leases.

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at an amount equal to the lease liabilities. Except for the following practical expedients which are to be applied, the Group will apply IAS 36 to all right-of-use assets.

A lease liability for that leasehold building will be recognized and measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate on January 1, 2019. Related right-of-use assets will be measured at fair value and presented as investment properties.

The Group expects to apply the following practical expedients:

a) The Group will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

b) The Group will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.

c) The Group will use hindsight, such as in determining lease terms, to measure lease liabilities.

Anticipated impact on assets, liabilities and equity

	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Right-of-use assets	$ -	$ 4,370,628	$ 4,370,628
Prepayments for leases - current	201,063	(31,089)	169,974
Prepayments for leases - non-current	8,159	(8,159)	-
Total effect on assets	$ 209,222	$ 4,331,380	$ 4,540,602
Lease liabilities - current	$ -	$ 1,430,814	$ 1,430,814
Lease liabilities - non-current	-	2,900,566	2,900,566
Total effect on liabilities	$ -	$ 4,331,380	$ 4,331,380

2) 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 Group expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

Upon initial application of IFRIC 23, the Group will recognize the cumulative effect of retrospective application on retained earnings on January 1, 2019.

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 the 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.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (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 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

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 Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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 an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, 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

Principles for preparing consolidated financial statements

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.

See Note 10 and Table 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

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 translated using the exchange rate at the date of the transaction.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and the group entities (including subsidiaries and associates in other countries that use currencies which are 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; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials and finished goods 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.

g. Investments 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.

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

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

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

h. Property, plant and equipment

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

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term of an item of property, plant and equipment is shorter than its useful life, such asset is depreciated over its 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.

i. 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.

j. Impairment of tangible and intangible assets and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contracts applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs 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, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. 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 FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

   a) Measurement categories

      2018

      Financial assets are classified as financial assets at amortized cost.

      Financial assets at amortized cost

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

      i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

      ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

      Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

      i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

      ii. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

      2017

      Financial assets are classified as loans and receivables.

Loans and receivables

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

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

b) Impairment of financial assets and contract assets

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2017

Financial assets, other than those at FVTPL, 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 such financial assets, that the estimated future cash flows of the investment have been affected.

Financial assets at amortized cost, such as trade receivables, 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 with 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 a financial asset at amortized cost, the amount of the impairment loss recognized is the difference between such an asset’s carrying amount and the present value of its estimated future cash flows, discounted at the financial asset’s original effective interest rate.

For a financial asset 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 on which 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 and other receivables are considered uncollectible, they are 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 uncollectible 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.

Before 2018, 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 which had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

All 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.

l. Provisions

Provisions, including those arising from the contractual obligations specified in lease arrangements to maintain or restore lease assets prior to returning it to the lessor, 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).

m. Revenue recognition

2018

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

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of food, beverage, and other goods. Sales of food and other goods are recognized as revenue when individual customers purchase the goods at various business locations. Deferred revenue is recognized as a contract liability before the customer uses gift vouchers to exchange for food and other goods.

Under the customer loyalty programme, the Group offers vouchers which can be used for future purchases. The voucher provides a material right to the customer. The transaction price allocated to the voucher is recognized as a contract liability when collected and will be recognized as revenue when the voucher is redeemed or has expired.

2017

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) Revenue from the 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 sale of goods that results in award credits for customers under the Group's award scheme is accounted for as a multiple element revenue transaction, 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 with 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 transactions but is deferred and recognized as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

2) Royalty revenue

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement and provided that it is probable that the economic benefits will flow to the Group and that 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 with 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 with reference to the principal outstanding and at the applicable effective interest rate.

n. 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.

<u>The Group as lessee</u>

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.

o. 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) represent 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.

p. 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.

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 estimates are 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.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2018	**2017**
Cash on hand	$ 91,653	$ 78,342
Checking accounts and demand deposits	1,073,834	3,166,036
Cash equivalents		
Time deposits	592,473	883,648
	$ 1,757,960	$ 4,128,026

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

	December 31	
	2018	**2017**
Time deposits	1.76%-2.75%	0.77%-1.70%

7. FINANCIAL ASSETS AT AMORTIZED COST - 2018

	December 31, 2018
Current	
Time deposits with original maturities of more than 3 months	$ 888,933

The interest rates for time deposits with original maturities of more than 3 months ranged from 0.04% to 2.81% as at the end of the reporting period.

8. TRADE RECEIVABLES

	December 31 2018	December 31 2017
Trade receivables		
At amortized cost		
Gross carrying amount	$ 313,282	$ 248,310
Less: Allowance for impairment loss	-	-
	$ 313,282	$ 248,310

In 2018

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.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2018

	0 to 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	Total
Expected credit loss rate	-	-	-	-	-
Gross carrying amount	$ 300,642	$ 12,415	$ 167	$ 58	$ 313,282
Loss allowance (Lifetime ECL)	-	-	-	-	-
Amortized cost	$ 300,642	$ 12,415	$ 167	$ 58	$ 313,282

In 2017

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 with individual customers that are unrelated to one another, the Group is exposed to limited credit risk.

The aging of receivables was as follows:

	December 31, 2017
Up to 30 days	$ 236,949
31-60 days	7,562
61-90 days	824
More than 91 days	2,975
	$ 248,310

The above aging schedule was based on the number of past due days from the invoice date.

The Group does not hold any collateral for the carrying amount of trade receivables.

9. INVENTORIES

	December 31	
	2018	2017
Raw materials	$ 1,222,018	$ 954,534
Finished goods	287	230
Inventory in transit	62,062	22,884
	$ 1,284,367	$ 977,648

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017 was $8,789,473 thousand and $7,967,707 thousand, respectively. The cost of goods sold included reversals of inventory write-downs of $3,830 thousand and inventory write-downs of $1,239 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.

10. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Percentage of Ownership December 31 2018	2017	Remark
Wowprime Co., Ltd.	Tai Pin Holding Ltd.	Investment	100.00	100.00	-
Wowprime Co., Ltd.	WPT Restaurant Corporation	Catering and catering management	100.00	100.00	3)
Wowprime Co., Ltd.	Wowprime USA Holding Ltd.	Investment	100.00	100.00	2)
Wowprime Co., Ltd.	Cheerpin Restaurant Corporation	Catering and catering management	100.00	100.00	4)
Tai Pin Holding Ltd.	Hoppime Ltd.	Investment	56.45	53.43	1), 5)
Hoppime Ltd.	Wowprime Limited	Investment	100.00	100.00	

(Continued)

Investor	Investee	Nature of Activities	Percentage of Ownership December 31 2018	2017	Remark
Wowprime Limited	Wowprime (China) Co., Ltd.	Catering and catering management	100.00	100.00	
Wowprime Limited	Wowprime (Beijing) Management Co., Ltd.	Catering and catering management	100.00	100.00	
Wowprime (China) Co., Ltd.	Shanghai Qun ze yi Enterprise Management Co., Ltd.	Management consulting	100.00	-	6)
Wowprime Co., Ltd.	Wowfresh Corporation	Fresh food trading	100.00	-	7)

(Concluded)

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 a 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 27 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 1.8%, 1.22%, and 2.43% ownership of Hoppime Ltd. on November 14, 2018, May 15, 2018, and March 31, 2017, respectively. Refer to Note 27 for equity transactions with non-controlling interests.

6) Wowprime (China) Co., Ltd. setup and invested in its wholly-owned subsidiary, Shanghai Qun ze yi Enterprise Management Co., Ltd. on February 2, 2018.

7) Wowprime Co., Ltd. setup and invested in its wholly-owned subsidiary, Wowfresh Corporation on October 11, 2018.

b. Subsidiaries excluded from the consolidated financial statements: None

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests December 31 2018	2017
Hoppime Ltd.	43.55%	46.57%

See Tables 5 and 6 for information on the place of incorporation and principal place of business.

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Year Ended December 31 2018	2017	Accumulated Non-controlling Interests December 31 2018	2017
Hoppime Ltd.	$ 57,168	$ 201,315	$ 1,200,809	$ 1,313,538

Summarized 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 amounts before intragroup eliminations.

Hoppime Ltd. and Hoppime Ltd.'s subsidiaries:

	December 31	
	2018	2017
Current assets	$ 1,975,845	$ 2,763,728
Non-current assets	1,929,635	1,201,467
Current liabilities	(1,141,840)	(1,131,709)
Non-current liabilities	(6,328)	(12,919)
Equity	$ 2,757,312	$ 2,820,567
Equity attributable to:		
Owners of Hoppime Ltd.	$ 1,556,503	$ 1,507,029
Non-controlling interests of Hoppime Ltd.	1,200,809	1,313,538
	$ 2,757,312	$ 2,820,567

	For the Year Ended December 31	
	2018	2017
Revenue	$ 6,904,614	$ 6,848,386
Profit for the year	$ 123,700	$ 424,324
Other comprehensive loss for the year	(55,252)	(151,619)
Total comprehensive income for the year	$ 68,448	$ 272,705
Profit attributable to:		
Owners of Hoppime Ltd.	$ 66,532	$ 223,009
Non-controlling interests of Hoppime Ltd.	57,168	201,315
	$ 123,700	$ 424,324
Total comprehensive income attributable to:		
Owners of Hoppime Ltd.	$ 36,339	$ 145,706
Non-controlling interests of Hoppime Ltd.	32,109	126,999
	$ 68,448	$ 272,705
Net cash inflow (outflow) from:		
Operating activities	$ 195,898	$ 705,725
Investing activities	(1,109,560)	(348,161)
Financing activities	4,279	(127,270)
Net cash (outflow) inflow	$ (909,383)	$ 230,294
Dividends paid to non-controlling interests Hoppime Ltd.	$ 58,945	$ 59,550

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2018	**2017**
Material associates		
WJ Investments Limited	$ 52,271	$ 50,548
YakiYan USA, LLC	-	20,008
	$ 52,271	$ 70,556

Material Associates

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	**2018**	**2017**
WJ Investments Limited	45%	45%
YakiYan USA, LLC	-	25%

Refer to Table 5 "Information on Investees" 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. This transaction resulted in the recognition of a loss in profit or loss, calculated as follows:

Proceeds from disposal	$ -
Less: Carrying amount of the investment on the date of loss of significant influence	(4,163)
Loss recognized in other gains and losses	$ (4,163)

In 2017, the Group held a 25% interest in YakiYan USA, LLC, which was accounted for using the equity method. In December 2018, the Group sold 25% of its interest in YakiYan USA, LLC to a third party for proceeds of $22,473 thousand (received in January 2019) and, thus, ceased to have significant influence. This transaction resulted in the recognition of a loss, calculated as follows:

Proceeds from dispoal (recognized in other receivables)	$ 22,473
Less: Carrying amount of investment on the date of loss of significant influence	(23,614)
Loss recognized in other gains and losses	$ (1,141)

Investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have not been audited. Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements which has not been audited.

All associates are accounted for using the equity method.

Summarized financial information in respect of 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	
	2018	2017
Current assets	$ 116,157	$ 117,891
Current liabilities	-	(5,562)
Equity	$ 116,157	$ 112,329
Proportion of the Group's ownership	45%	45%
Carrying amount	$ 52,271	$ 50,548

	For the Year Ended December 31	
	2018	2017
Operating revenue	$ -	$ 199,245
Net profit (loss) for the year	$ 6,048	$ (100,410)
Other comprehensive loss	(2,215)	(4,137)
Total comprehensive income (loss) for the year	$ 3,833	$ (104,547)

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
Current assets	$ 14,131
Non-current assets	76,350
Current liabilities	(7,436)
Equity	$ 83,045
Proportion of the Group's ownership	25%
Equity attributable to the Group	$ 20,761
Unrealized gain or loss with associates	(753)
Carrying amount	$ 20,008

	For the Year Ended December 31, 2017
Operating revenue	$ 70,301
Net profit for the year	$ 4,513
Other comprehensive loss	(3,444)
Total comprehensive income for the year	$ 1,069

12. 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, 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
Reclassifications	-	-	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
Cost								
Balance at January 1, 2018	$ 95,925	$ 88,188	$ 1,078,476	$ 163,154	$ 1,329,116	$ 2,839,022	$ 227,038	$ 5,820,919
Additions	-	799,187	128,576	28,754	196,433	255,019	29,265	1,437,234
Reclassifications	-	-	26,836	-	(195)	194,029	(68)	220,602
Disposals	-	-	(151,888)	(17,674)	(246,099)	(359,338)	(24,730)	(799,729)
Effect of foreign currency exchange differences	-	(16,281)	(5,249)	(1,731)	(9,387)	(31,412)	(2,599)	(66,659)
Balance at December 31, 2018	$ 95,925	$ 871,094	$ 1,076,751	$ 172,503	$ 1,269,868	$ 2,897,320	$ 228,906	$ 6,612,367
Accumulated depreciation and impairment								
Balance at January 1, 2018	$ -	$ 40,678	$ 697,683	$ 131,208	$ 904,737	$ 1,832,210	$ 157,086	$ 3,763,602
Depreciation expenses	-	14,479	147,310	19,620	193,823	416,175	32,832	824,239
Impairment losses recognized	-	-	5,353	-	1,557	16,525	869	24,304
Disposals	-	-	(136,671)	(16,712)	(231,457)	(323,230)	(22,096)	(730,166)
Effect of foreign currency exchange differences	-	(154)	(4,154)	(1,454)	(6,377)	(25,112)	(1,741)	(38,992)
Balance at December 31, 2018	$ -	$ 55,003	$ 709,521	$ 132,662	$ 862,283	$ 1,916,568	$ 166,950	$ 3,842,987
Carrying amounts at December 31, 2018	$ 95,925	$ 816,091	$ 367,230	$ 39,841	$ 407,585	$ 980,752	$ 61,956	$ 2,769,380

The management of the Group estimated the future profit of various business locations at December 31, 2018 and 2017. The Group determined that the property, plant and equipment of some business locations did not have any value in use, and the review led to the recognition of an impairment loss of $24,304 thousand and $18,672 thousand for the years ended December 31, 2018 and 2017.

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

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

13. OTHER INTANGIBLE ASSETS

	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 amount at December 31, 2017	$ 43,643	$ 6,412	$ 50,055
Cost			
Balance at January 1, 2018	$ 77,887	$ 7,386	$ 85,273
Additions	7,518	-	7,518
Disposals	(9,107)	(374)	(9,481)
Effect of foreign currency exchange differences	(1,136)	-	(1,136)
Balance at December 31, 2018	$ 75,162	$ 7,012	$ 82,174
Accumulated amortization			
Balance at January 1, 2018	$ 34,244	$ 974	$ 35,218
Amortization expenses	8,468	468	8,936
Disposals	(9,107)	-	(9,107)
Effect of foreign currency exchange differences	(454)	-	(454)
Balance at December 31, 2018	$ 33,151	$ 1,442	$ 34,593
Carrying amount at December 31, 2018	$ 42,011	$ 5,570	$ 47,581

Other intangible assets were amortized on a straight-line basis over their estimated useful lives as follows:

Software	2-7 years
Trademark	15 years

	For the Year Ended December 31	
	2018	**2017**
An analysis of depreciation by function		
General and administrative expenses	$ 8,936	$ 11,703

14. PREPAYMENTS

	December 31	
	2018	**2017**
Current		
Prepaid rent	$ 201,063	$ 193,552
Supplies	22,284	21,036
Prepayment for purchases	48,069	213,164
Others	353,707	233,619
	$ 625,123	$ 661,371

15. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2018	**2017**
Trust account	$ 941,000	$ 941,000
Pledged time deposits	64,853	17,856
Reserve account	33,127	38,965
	$ 1,038,980	$ 997,821

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

	December 31	
	2018	**2017**
Trust account	1.035%	1.035%
Pledged time deposits	2.6%-2.65%	1.55%

Refer to Note 33 for information on other financial assets pledged as collateral or for security.

16. OTHER ASSETS

	December 31	
	2018	2017
Current		
Other receivables	$ 30,028	$ 43,235
Other receivables for investment (Note 11)	22,473	-
Other receivables - related parties	-	610
Tax refund receivable	32	12
Others	18,801	5,306
	$ 71,334	$ 49,163
Non-current		
Refundable deposits (Note 29)	$ 445,726	$ 404,640
Prepaid rent	8,159	11,849
	$ 453,885	$ 416,489

17. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2018	2017
Notes payable		
Operating	$ 33,078	$ 30,797
Trade payables		
Operating	$ 465,263	$ 475,477

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

18. OTHER LIABILITIES

	December 31 2018	December 31 2017
Current		
Other payables		
Payables for purchase of equipment	$ 212,293	$ 158,362
Payables for salaries and bonus	624,271	605,971
Payables for rent	225,709	224,369
Payables for retirement benefit	31,171	27,920
Payables for insurance	75,395	77,354
Payables for annual leave	26,839	37,643
Payables for tax expense	18,304	24,607
Others	392,152	392,995
	$ 1,606,134	$ 1,549,221
Other liabilities		
Temporary receipts	$ 5,939	$ 6,615
Others	4,279	-
	$ 10,218	$ 6,615
Non-current		
Deposits received	$ 5,314	$ 11,351

19. RECEIPTS IN ADVANCE - 2017

	December 31, 2017
Proceeds from sale of gift vouchers	$ 2,343,800
Deferred revenue	1,034
Others	332
	$ 2,345,166

The deferred revenue was recognized from the Group's customer loyalty program in accordance with IFRIC 13 "Customer Loyalty Programmes".

20. PROVISIONS

	December 31 2018	December 31 2017
Non-current		
Decommissioning liabilities	$ 56,636	$ 25,898

	Decommissioning Liabilities
Balance at January 1, 2017	$ 22,100
Additional provisions recognized	5,198
Disposals	(1,400)
Balance at December 31, 2017	$ 25,898
Balance at January 1, 2018	$ 25,898
Additional provisions recognized	36,550
Disposals	(5,812)
Balance at December 31, 2018	$ 56,636

Decommissioning liabilities are the estimated costs 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, Cheerpin Restaurant Corporation, and Wowfresh 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	
	2018	2017
Operating costs	$ 52,876	$ 54,112
Selling and marketing expenses	85,807	81,400
General and administrative expenses	14,873	12,722
	$ 153,556	$ 148,234

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. 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	
	2018	2017
Present value of defined benefit obligation	$ 158,814	$ 157,600
Fair value of plan assets	(41,676)	(43,945)
Net defined benefit liabilities	$ 117,138	$ 113,655

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2017	$ 147,562	$ (34,515)	$ 113,047
Service cost			
Current service cost	112	-	112
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
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
Balance at January 1, 2018	$ 157,600	$ (43,945)	$ 113,655
Service cost			
Current service cost	115	-	115
Previous service cost	4,732	-	4,732
Net interest expense (income)	2,364	(667)	1,697
Recognized in profit or loss	7,211	(667)	6,544
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,033)	(1,033)
Actuarial loss			
Changes in demographic assumptions	4,928	-	4,928
Changes in financial assumptions	2,786	-	2,786
Experience adjustments	(701)	-	(701)
Recognized in other comprehensive income	7,013	(1,033)	5,980
Contributions from the employer	-	(1,007)	(1,007)
Benefits paid	(4,976)	4,976	-
Others	(8,034)	-	(8,034)
Balance at December 31, 2018	$ 158,814	$ (41,676)	$ 117,138

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	
	2018	**2017**
General and administrative expenses	$ 6,544	$ 1,800

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	
	2018	**2017**
Discount rates	1.375%	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	
	2018	**2017**
Discount rates		
0.25% increase	$ (5,671)	$ (5,610)
0.25% decrease	$ 5,953	$ 5,892
Expected rates of salary increase		
0.25% increase	$ 5,816	$ 5,762
0.25% decrease	$ (5,569)	$ (5,516)

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	
	2018	2017
Expected contributions to the plan for the next year	$ 1,028	$ 1,028
The average duration of the defined benefit obligation	14.6 years	14.6 years

c. Others

Tai Pin Holding Ltd., Hoppime Ltd., Wowprime Limited, Wowprime (China) Co., Ltd., Shanghai Qun ze yi Enterprise Management Co., Ltd., Wowprime (Beijing) Management Co., Ltd. and Wowprime USA Holding Ltd. (Samoa) 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	
	2018	2017
Operating costs	$ 63,580	$ 73,485
Selling and marketing expenses	33,006	65,870
General and administrative expenses	25,159	21,185
	$ 121,745	$ 160,540

22. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2018	2017
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	
	2018	2017
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Arising from issuance of common shares	$ 1,910,913	$ 1,939,422

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 dividends policy

Under the dividend policy as set forth in the amended Articles, in the event that the Company made a 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 bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration to directors and supervisors before and after the amendment, refer to employee benefits expense in Note 24-g.

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 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.

The appropriations of earnings for 2017 and 2016 that had been approved in the shareholders' meetings on May 30, 2018 and June 7, 2017, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2017	2016	2017	2016
Legal reserve	$ 45,147	$ 31,458	$ -	$ -
Special reserve	11,397	51,851	-	-
Cash dividends	394,925	231,266	5.13	3.00

The Company's shareholders also resolved to issue cash dividends of $28,509 thousand and $38,191 thousand from the capital surplus in the shareholders' meetings on May 30, 2018 and June 7, 2017, respectively, which translates to $0.37 and $0.5 per share.

The appropriations of earnings for 2018 had been proposed by the Company's board of directors on March 7, 2019. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 34,107	$ -
Special reserve	24,515	-
Cash dividends	282,447	3.86

The Company's board of directors proposed to issue cash dividends from the capital surplus of $47,245 thousand on March 7, 2019 during the board of directors' meeting, which translates to $0.64 per share.

The appropriations of earnings for 2018 are subject to the resolution of the shareholders in the shareholders' meeting to be held on June 6, 2019.

d. Special reserve

	For the Year Ended December 31	
	2018	2017
Balance at January 1	$ 51,851	$ -
Appropriations in respect of Debits to other equity items	11,397	51,851
Balance at December 31	$ 63,248	$ 51,851

e. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2018	2017
Balance at January 1	$ (63,248)	$ (51,851)
Effect of change in tax rate	2,286	-
Recognized for the year		
Exchange differences arising on translating the financial statements of foreign operations	(33,501)	(13,731)
Related income tax	6,700	2,334
Balance at December 31	$ (87,763)	$ (63,248)

f. Non-controlling interests

	For the Year Ended December 31	
	2018	2017
Balance at January 1	$ 1,313,538	$ 1,264,129
Cash dividends from subsidiaries	(58,945)	(59,550)
Attributable to non-controlling interests:		
Share of profit for the year	57,168	200,115
Exchange differences on translating the financial statements of foreign entities	(25,059)	(12,810)
Acquisition of non-controlling interests in Hoppime Ltd. (Note 27)	(85,893)	(78,346)
Balance at December 31	$ 1,200,809	$ 1,313,538

g. Treasury shares

	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2018	-
Increase during the year	3,723
Number of shares at December 31, 2018	3,723

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

23. REVENUE

	For the Year Ended December 31	
	2018	2017
Revenue from contracts with customers		
Revenue from the sale of food and beverages	$ 16,285,188	$ 15,806,263
Revenue from the sale of goods	1,207	874
	$ 16,286,395	$ 15,807,137

a. Contract information

1) Revenue from the sale of food and beverage

Sales of food and beverages are recognized as revenue when individual customers purchase the goods at various business locations.

2) Revenue from the sale of goods

Revenue from the Group's sale of agricultural products is recognized as revenue when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

b. Contract balances

	December 31, 2018
Contract liabilities - current	
Deferred revenue from gift vouchers	$ 2,480,920

Revenue of the reporting period recognized from the contract liabilities at the beginning of the year and from the performance obligations which were satisfied in the previous periods is as follows:

	For the Year Ended December 31, 2018
From the contract liabilities at the beginning of the year	
Deferred revenue from gift vouchers	$ 846,932

c. Disaggregation of revenue

	For the Year Ended December 31	
	2018	2017
Type of goods or services		
Premium catering industry	$ 12,914,510	$ 12,752,400
Fast food industry	3,371,885	3,054,737
	$ 16,286,395	$ 15,807,137

d. Partially completed contracts

	For the Year Ended December 31, 2018
Catering sales services	
- completed in 2019	$ 1,344,045
- completed in 2020	437,074
- completed in 2021	269,241
- completed in 2022	178,140
- completed in 2023	252,420
	$ 2,480,920

24. NET PROFIT FROM CONTINUING OPERATIONS

a. Other income

	For the Year Ended December 31	
	2018	2017
Interest income	$ 58,867	$ 65,896
Royalties (Note 32)	3,919	5,131
Others	75,106	54,530
	$ 137,892	$ 125,557

b. Other gains (losses)

	For the Year Ended December 31	
	2018	2017
Loss on disposal of property, plant and equipment	$ (66,027)	$ (38,471)
Impairment losses on property, plant and equipment	(24,304)	(18,672)
Net foreign exchange gains (losses)	31,656	(34,162)
Others	(64,109)	(44,077)
	$ (122,784)	$ (135,382)

Loss on disposal of property, plant and equipment was due to branch relocation or branch closure for the years ended December 31, 2018 and 2017.

c. Finance costs

	For the Year Ended December 31	
	2018	2017
Interest on loans	$ 604	$ -

d. Impairment losses (recognized) reversed

	For the Year Ended December 31	
	2018	2017
Inventories (included in operating costs)	$ 3,830	$ (1,239)
Property, plant and equipment (included in other gains and losses)	$ (24,304)	$ (18,672)

e. Depreciation and amortization

	For the Year Ended December 31	
	2018	2017
An analysis of depreciation by function		
Operating costs	$ 260,310	$ 272,752
Operating expenses	563,929	532,681
	$ 824,239	$ 805,433
An analysis of amortization by function		
Operating expenses	$ 8,936	$ 11,703

f. Employee benefits expense

	For the Year Ended December 31	
	2018	2017
Short-term benefits	$ 4,693,908	$ 4,692,723
Post-employment benefits (Note 21)		
Defined contribution plans	275,301	308,774
Defined benefit plans	6,544	1,800
	281,845	310,574
Other employee benefits	898,377	897,382
Total employee benefits expense	$ 5,874,130	$ 5,900,679
An analysis of employee benefits expense by function		
Operating costs	$ 2,724,078	$ 2,394,076
Operating expenses	3,150,052	3,506,603
	$ 5,874,130	$ 5,900,679

g. Employees' compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation at rates of 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, 2018 and 2017 which have been approved by the Company's board of directors on March 7, 2019 and March 9, 2018, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2018	2017
Employees' compensation	0.1%	0.1%
Remuneration of directors and supervisors	-	-

Amount

	For the Year Ended December 31	
	2018	2017
	Cash	Cash
Employees' compensation	$ 464	$ 557
Remuneration of directors and supervisors	-	-

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2017 and 2016.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2019 and 2018 is accessible at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2018	2017
Current tax		
In respect of the current year	$ 132,675	$ 295,011
Adjustments for prior years	3,313	(4,731)
	135,988	290,280
Deferred tax		
In respect of the current year	49,311	9,743
Income tax expense recognized in profit or loss	$ 185,299	$ 300,023

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

	For the Year Ended December 31	
	2018	2017
Profit before income tax from continuing operations	$ 587,609	$ 962,975
Income tax expense calculated at the statutory rate	$ 152,274	$ 267,395
Nondeductible expenses in determining taxable income	9,825	5,205
Deferred tax effect of earnings of subsidiaries	6,474	22,402
Unrecognized loss carryforwards	(4,765)	-
Unrecognized deductible temporary differences	-	9,752
Effect of tax rate changes	18,178	-
Adjustments for prior years' tax	3,313	(4,731)
Income tax expense recognized in profit or loss	$ 185,299	$ 300,023

In 2017, the applicable corporate income tax rate used by the group entities in the ROC was 17%. However, the Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%. The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

The applicable corporate income tax rate for the group entities are as follows: Wowprime Co., Ltd., WPT Restaurant Corporation, Cheerpin Restaurant Corporation, and Wowfresh Corporation are 20%. Wowprime (China) Co., Ltd., Wowprime (Beijing) Management Co., Ltd., and Shanghai Qun ze yi Enterprise Management Co., Ltd. are 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.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2018	**2017**
Deferred tax		
Effect of changes in tax rate	$ 3,969	$ -
In respect of the current year		
Fair value changes of hedging instruments for hedges of net investments in foreign operations	12,766	2,334
Remeasurement of defined benefit plan	1,196	1,674
Total income tax recognized in other comprehensive income	$ 17,931	$ 4,008

c. Current tax assets and liabilities

	December 31	
	2018	**2017**
Current tax assets		
Tax refund receivable	$ 32	$ 12
Current tax liabilities		
Income tax payable	$ 45,794	$ 105,172

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Rental expense on a straight line basis	$ 42,749	$ (3,599)	$ -	$ (802)	$ 38,348
Write-down on inventories	-	643	-	-	643
Impairment loss of property, plant and equipment	-	7,160	-	(91)	7,069
Exchange differences on translating the financial statements of foreign operations	-	6,888	15,052	-	21,940
Defined benefit obligation	-	20,549	2,879	-	23,428
Payables for annual leave	-	5,282	-	-	5,282
	$ 42,749	$ 36,923	$ 17,931	$ (893)	$ 96,710
Deferred tax liabilities					
Temporary differences					
Write-down on inventories	$ (1,198)	$ 1,198	$ -	$ -	$ -
Impairment loss of property, plant and equipment	(7,828)	7,828	-	-	-
Exchange differences on translating the financial statements of foreign	(12,954)	12,954	-		-
Exchange differences	(1,435)	4,574	-		3,139
Defined benefit obligation	(19,322)	19,322	-		-
Payables for annual leave	(6,332)	6,332	-		-
Associates	121,938	40,486	-		162,424
Cash dividends	12,919	(6,460)	-	(131)	6,328
	$ 85,788	$ 86,234	$ -	$ (131)	$ 171,891

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					
Rental 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 differences on translating the financial statements of foreign	(10,620)	-	(2,334)	-	(12,954)
Exchange differences	2,403	(3,838)	-	-	(1,435)
Defined benefit obligation	(19,218)	1,570	(1,674)	-	(19,322)
Payables for annual leave	(6,325)	(7)	-	-	(6,332)
Associates	99,337	22,601	-	-	121,938
Cash dividends	13,066	-	-	(147)	12,919
	$ 77,181	$ 12,786	$ (4,008)	$ (171)	$ 85,788

e. Income tax assessments

Income tax returns through 2016 have been assessed by the tax authorities.

26. EARNINGS PER SHARE (Attributable to Owners of the Company)

Unit: NT$ Per Share

	For the Year Ended December 31	
	2018	**2017**
Basic earnings per share	$ 4.52	$ 6.01
Diluted earnings per share	$ 4.52	$ 6.01

The earnings and weighted average number of ordinary shares outstanding used 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	
	2018	**2017**
Earnings used in the computation of basic earnings per share	$ 345,142	$ 462,837
Effect of potentially dilutive ordinary shares	-	-
Earnings used in the computation of diluted earnings per share	$ 345,142	$ 462,837

Weighted average number of ordinary shares outstanding (in thousands of shares) were as follows:

	For the Year Ended December 31	
	2018	**2017**
Weighted average number of ordinary shares used in the computation of basic earnings per share	76,335	76,988
Effect of potentially dilutive ordinary shares:		
Employees' compensation or bonuses issued to employees	6	5
Weighted average number of ordinary shares used in the computation of diluted earnings per share	76,341	76,993

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

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The Group acquired 1.8%, 1.22%, and 2.43% ownership of Hoppime Ltd. on November 14, 2018, May 15, 2018, and March 31, 2017, respectively. As a result, its percentage of ownership increased from 54.65% to 56.45%, from 53.43% to 54.65%, and from 51% to 53.43%, respectively on these dates.

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.

	November 14, 2018 Hoppime Ltd.	May 15, 2018 Hoppime Ltd.	March 31,2017 Hoppime Ltd.	August 31, 2017 WPT Restaurant Corporation
Cash consideration paid	$ 51,478	$ 35,386	$ 57,542	$ 24,000
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(49,321)	(36,572)	(63,870)	(14,476)
Differences recognized from equity transactions	$ 2,157	$ (1,186)	$ (6,328)	$ 9,524
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	$ (1,186)	$ 1,186	$ 6,328	$ (6,328)
Retained earnings	$ (971)	$ -	$ -	$ (3,196)

28. PART OF NON-CASH TRANSACTIONS

For the years ended December 31, 2018 and 2017, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

	For the Year Ended December 31 2018	2017
Acquisition of property, plant and equipment		
Increase in property, plant and equipment (including reclassified)	$ 1,657,836	$ 675,757
Add: Payable for purchase of equipment, balance at January 1	158,362	219,240
Decommissioning liability, balance at January 1	25,898	22,100
Less: Payable for purchase of equipment, balance at December 31	(212,293)	(158,362)
Decommissioning liability, balance at December 31	(56,636)	(25,898)
Cash payment	$ 1,573,167	$ 732,837

29. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

Operating leases relate to leases of business locations and warehouses 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 refundable deposits paid under leases as of December 31, 2018 and 2017, were $405,282 thousand and $387,834 thousand, respectively.

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

	December 31	
	2018	**2017**
Not later than 1 year	$ 1,202,537	$ 1,341,888
Later than 1 year and not later than 5 years	2,445,510	2,258,175
Later than 5 years	170,673	199,384
	$ 3,818,720	$ 3,799,447

30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from previous years.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests)/equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

31. FINANCIAL INSTRUMENTS

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

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	
	2018	**2017**
Financial assets		
Loans and receivables (1)	$ -	$ 5,822,642
Financial assets at amortized cost (2)	4,497,382	-
Financial liabilities		
Financial liabilities at amortized cost (3)	2,109,789	2,066,846

1) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, trade receivables, other receivables, other financial assets, and refundable deposits.

2) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, trade receivables, other receivables, other financial assets, and refundable deposits.

3) The balances include financial liabilities measured at amortized cost, which comprise notes payable, trade payables, other payables, and guarantee deposits.

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 finance 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 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 had foreign currency denominated 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 35.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% 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 1%. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 1% against the relevant currency.

	USD Impact	
	For the Year Ended December 31	
	2018	**2017**
Profit or loss (before income tax)	$ 6,624	$ 4,233

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

	December 31	
	2018	**2017**
Fair value interest rate risk		
Financial assets	$ 1,546,259	$ 901,504
Cash flow interest rate risk		
Financial assets	2,047,961	4,146,001

Sensitivity analysis

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

If interest rates had been 0.1% higher or lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2018 and 2017 would increase by $2,048 thousand and $4,146 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 transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

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.

32. 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 name and category

Related Party Name	Related Party Category
Pu Tien Overseas Investment Pte. Ltd.	Related party in substance
Sufood Singapore Pte. Ltd.	Associate
YakiYan USA, LLC	Associate

b. Receivables from related parties (excluding loans to related parties and contract assets)

Line Items	Related Party Categories	December 31 2018	December 31 2017
Other receivables	Associates		
	YakiYan USA, LLC	$ -	$ 610

c. Other income (royalties) from related parties

Line Items	Related Party Categories	December 31 2018	December 31 2017
Other income (royalties)	Associates		
	Sufood Singapore Pte Ltd.	$ 1,468	$ 2,954
	YakiYan USA, LLC	-	1,691
		$ 1,468	$ 4,645

The Group's royalty income is paid on a monthly basis. 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. Expense (royalties)

Line Items	Related Party Categories	December 31 2018	December 31 2017
Other expense	Related party in substance	$ -	$ 4,605

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	
	2018	2017
Short-term employee benefits	$ 150,830	$ 199,561
Post-employment benefits	3,025	3,916
	$ 153,855	$ 203,477

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for letters of credit application and security deposits for issuing gift vouchers:

	December 31	
	2018	2017
Pledged deposits	$ 64,853	$ 17,856
Reserve account	33,127	38,965
	$ 97,980	$ 56,821

34. 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, 2018 and 2017 were as follows:

Significant Commitments

a. As of December 31, 2018 and 2017, unused letters of credit for purchases of raw materials amounted to approximately US$12,279 thousand and US$5,742 thousand, respectively.

b. Unrecognized commitments were as follows:

	December 31	
	2018	2017
Acquisition of property, plant and equipment	$ 42,446	$ 27,983

c. As of December 31, 2018 and 2017, the Group had a line of credit to sell gift vouchers, of which $1,576,961 thousand and $1,409,015 thousand had been drawn, respectively.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The 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 the foreign currencies and the respective functional currencies were as follows:

December 31, 2018

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 19,252,175	30.715 (USD:NTD)	$ 591,416
USD	2,311,672	6.863 (USD:RMB)	71,003
RMB	11,552	4.472 (RMB:NTD)	52
NTD	1,348,355	0.224 (NTD:RMB)	1,348
SGD	238,938	22.48 (SGD:NTD)	5,370
			$ 669,189
Non-monetary items			
Investments accounted for using the equity method			
USD	1,701,728	30.715 (USD:NTD)	$ 52,271

December 31, 2017

	Foreign Currency	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
Non-monetary items			
Investments accounted for using the equity method			
USD	1,694,614	29.76 (USD:NTD)	$ 50,548
USD	672,305	29.76 (USD:NTD)	20,008
			$ 70,556

The Group is mainly exposed to the 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			
	2018		2017	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	$ 25,157	1 (NTD:NTD)	$ (28,246)
RMB	4.472 (RMB:NTD)	6,499	4.565 (RMB:NTD)	(5,916)
		$ 31,656		$ (34,162)

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

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

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

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (Table 3)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. 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 4)

11) Information on investees. (Table 5)

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 6)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, 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.

37. 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			
	2018		2017	
	Segment Revenue	Segment Profit	Segment Revenue	Segment Profit
Taiwan	$ 9,381,907	$ 390,942	$ 8,958,751	$ 394,081
Mainland China	6,904,488	177,290	6,848,386	622,775
Total for continuing operations	$ 16,286,395	568,232	$ 15,807,137	1,016,856
Interest income		58,867		65,896
Investment loss accounted for under the equity method		4,873		(44,056)
Loss on disposal of property, plant and equipment		(66,027)		(38,471)
Exchange (loss) gain		31,656		(34,162)
Impairment losses on property, plant and equipment		(24,304)		(18,672)
Finance costs		(604)		-
General revenue		79,025		59,661
General expense		(64,109)		(44,077)
Profit before tax (continuing operations)		$ 587,609		$ 962,975

Segment revenues reported above represents revenue generated from external customers. There were no inter-segment sales during the years ended December 31, 2018 and 2017.

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, finance costs 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	
	2018	2017
Taiwan	$ 5,422,727	$ 5,739,278
Mainland China	4,034,978	3,994,520
Total segment assets	$ 9,457,705	$ 9,733,798

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 for details.

d. Geographical information

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

	Revenues from External Customers	
	For the Year Ended December 31	
	2018	2017
Taiwan	$ 9,381,907	$ 8,958,751
Mainland China	6,904,488	6,848,386
	$ 16,286,395	$ 15,807,137

e. Information about major customers

No revenue from any individual customer exceeded 10% of the Group's revenue for the years ended December 31, 2018 and 2017.

WOWPRIME CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Party	Highest Balance for the Period (Note 3)	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing (Note 4)	Business Transaction Amount (Note 5)	Reasons for Short-term Financing (Note 6)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 7)	Aggregate Financing Limit (Note 7)	Note
													Item	Value			
0	Wowprime Co., Ltd.	Cheerpin Restaurant Corporation	Other receivables	Yes	$ 50,000	$ 50,000	$ -	-	Short-term financing	$ -	Supporting the subsidiary's short-term operating requirements	$ -	-	$ -	$ 1,305,804	$ 1,305,804	
		WPT Restaurant Corporation	Other receivables	Yes	50,000	50,000	-	1.365%	Short-term financing	-	Supporting the subsidiary's short-term operating requirements	-	-	-	1,305,804	1,305,804	

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. ($3,264,510 thousand x 40% = $1,305,804 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. ($3,264,510 thousand x 40% = $1,305,804 thousand).

WOWPRIME CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Wowprime Co., Ltd.	Wowfresh Corporation	A Company in which the parent company directly and indirectly holds more than 50 percent of the voting shares	$ 652,902	$ 300,000	$ 300,000	$ -	$ -	9.19	$ 1,305,804	Y	N	N	

Note 1: Numbering sequence is as follows:

a. The issuer is numbered 0

Note 2: Aggregate Endorsement/Guarantee Limit: Shall not exceed forty percent (40%) of net worth of WOWPRIME CO., LTD. ($3,264,510 thousand x 40% = $1,305,804 thousand). In addition, the total amount loanable to any one borrower shall be no more than forty percent (20%) of the net worth of Wowprime Co., Ltd. ($3,264,510 thousand x 20% = $652,902 thousand).

TABLE 3

WOWPRIME CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Wowprime (China) Co., Ltd.	Buildings	January 30, 2018	$ 809,262 (RMB 174,147,141)	Full payment	Shanghai Greenland Huan Bin Properties Co., Ltd.	Non-related party	Not applicable	Not applicable	Not applicable	Not applicable	RMB 185,000,000	Headquarters office and training centre	None

WOWPRIME CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018
(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.	Cheerpin Restaurant Corporation	a	Other receivables	$ 60,601	-	0.64

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, 2018
(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, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2018	December 31, 2017	Shares	%	Carrying Amount			
Wowprime Co., Ltd.	Tai Pin Holding Ltd. (Seychelles)	Seychelles	Investment	$ 950,627	$ 837,400	14,517,134	100.00	$ 1,686,001	$ 70,298	$ 70,298	Note 1
	WPT Restaurant Corporation	Taiwan	Catering and catering management	200,000	124,000	20,000,000	100.00	126,047	(36,992)	(36,992)	Note 1
	Wowprime USA Holding Ltd. (Samoa)	Samoa	Investment	24,069	24,069	762,500	100.00	22,474	1,006	1,006	Note 2
				(US$ 762,500)	(US$ 762,500)			(US$ 731,683)	(US$ 34,052)	(US$ 34,052)	
	Cheerpin Restaurant Corporation	Taiwan	Catering and catering management	300,000	100,000	30,000,000	100.00	298,763	23,499	23,499	Note 1
	Wowfresh Corporation	Taiwan	Catering and catering management	60,000	-	6,000,000	100.00	60,035	35	35	Note 1
Tai Pin Holding Ltd. (Seychelles)	Hoppime Ltd. (Cayman)	Cayman	Investment	759,693	672,620	13,312,587	56.45	1,556,503	123,700	66,532	Note 1
				(RMB 161,477,064)	(RMB 142,382,175)			(RMB 348,055,144)	(RMB 26,997,690)	(RMB 14,522,497)	
	WJ Investments Limited (HK)	Hong Kong	Investment	140,457	140,457	-	22.50	26,135	6,048	1,361	Note 2
				(US$ 4,500,000)	(US$ 4,500,000)			(US$ 850,864)	(US$ 195,279)	(US$ 43,938)	
Wowprime USA Holding Ltd. (Samoa)	YakiYan USA, LLC	USA	Catering and catering management	-	24,069	-	-	-	8,604	2,150	Notes 2 and 4
				(US$ -)	(US$ 762,500)			(US$ -)	(US$ 284,687)	(US$ 71,172)	
Hoppime Ltd. (Cayman)	Wowprime Limited (Samoa)	Samoa	Investment	991,732	991,732	-	100.00	2,652,430	152,945	152,945	Note 1
				(RMB 213,980,111)	(RMB 213,980,111)			(RMB 593,119,387)	(RMB 33,397,185)	(RMB 33,397,185)	
	WJ Investments Limited (HK)	Hong Kong	Investment	131,681	131,681	-	22.50	26,136	6,408	1,362	Note 2
				(US$ 4,500,000)	(US$ 4,500,000)			(US$ 850,864)	(US$ 195,279)	(US$ 43,938)	
Wowprime Limited (Samoa)	Wowprime (China) Co., Ltd.	China	Catering and catering management	596,480	596,480	-	100.00	2,498,193	155,632	155,632	Note 1
				(RMB 125,996,904)	(RMB 125,996,904)			(RMB 558,629,981)	(RMB 34,014,068)	(RMB 34,014,068)	
	Wowprime (Beijing) Management Co., Ltd.	China	Catering and catering management	118,608	118,608	-	100.00	160,564	5,274	5,274	Note 1
				(RMB 24,673,989)	(RMB 24,673,989)			(RMB 35,904,263)	(RMB 1,151,769)	(RMB 1,151,769)	
WJ Investments Limited (HK)	12 Hotpot (Shanghai) Food and Beverage Management Co., Ltd.	China	Catering and catering management	603,225	603,225	-	100.00	113,850	6,138	6,138	Notes 2 and 3
				(RMB 123,022,850)	(RMB 123,022,850)			(RMB 25,458,379)	(RMB 1,361,906)	(RMB 1,361,906)	
Wowprime (China) Co., Ltd.	Shanghai Qun ze yi Enterprise Management Co., Ltd.	China	Catering management	-	-	-	100.00	(1)	(1)	(1)	Notes 1
				(RMB -)	(RMB -)			(RMB (238))	(RMB (238))	(RMB (238))	

Note 1: The investment gain (loss) was recognized based on the financial statement audited by the same auditors for the same period.

Note 2: The investment gain (loss) was recognized based on the financial statement provided by the Company that have not been audited.

Note 3: After the resolution of the shareholders of WJ Investments Ltd.'s in their second shareholders' meeting, 12 Hotpot (Shanghai) Food and Beverage Management Co., Ltd. ceased its operations on October 31, 2017. As of March 7, 2019, the liquidation process had not yet been completed.

Note 4: In December 2018, Wowprime USA Holding Ltd. (Samoa) sold 25% of its interest in YakiYan USA, LLC to a third party and, thus, ceased to have significant influence.

WOWPRIME CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(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, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	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, 2018	Accumulated Repatriation of Investment Income as of December 31, 2018
					Outflow	Inflow						
Wowprime (China) Co., Ltd.	Catering and catering management	$ 596,480 (RMB 125,996,904)	Note 1 (2)	$ 214,139 (US$ 7,272,235)	$ -	$ -	$ 214,139 (US$ 7,272,235)	$ 155,632 (RMB 34,014,068)	56.45	$ 83,927 (RMB 18,345,650)	$ 1,410,230 (RMB 315,346,624)	$ 207,023 (US$ 6,813,742)
Wowprime (Beijing) Management Co., Ltd.	Catering and catering management	118,608 (RMB 24,673,989)	Note 1 (2)	92,639 (US$ 3,057,046)	-	-	92,639 (US$ 3,057,046)	5,274 (RMB 1,151,769)	56.45	2,850 (RMB 622,499)	90,638 (RMB 20,267,957)	15,439 (US$ 512,838)
12 Hotpot (Shanghai) Food and Beverage Management Co., Ltd.	Catering and catering management	603,225 (RMB 123,022,850)	Note 1 (2)	206,997 (US$ 6,772,050)	-	-	206,997 (US$ 6,772,050)	6,138 (RMB 1,361,906)	35.2	2,138 (RMB 474,442)	40,077 (RMB 8,961,667)	-
Shanghai Qun ze yi Enterprise Management Co., Ltd.	Catering and catering management	- (RMB -)	Note 1 (2)	- (US$ -)	-	-	- (US$ -)	(1) (RMB (238))	56.45	(1) (RMB (131))	(1) (RMB (131))	-

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, 2018	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)	$ 2,679,191 (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.