Wowprime Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018 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, 2019, 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

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CHEN CHENG-HUI
Chairman

March 10, 2020

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, 2019 and 2018, 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, 2019 and 2018, 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 audit of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. We conducted our audit of the consolidated financial statements for the year ended December 31, 2018 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, 2019. 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, 2019 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, 2019 was $16,232,208 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, 2019 was $1,938,948 thousand, comprising 11.95% 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, 2019 and 2018 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, 2019 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 10, 2020

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to 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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 1,712,872	13	$ 1,757,960	19
Financial assets at amortized cost - current (Note 7)	970,486	8	888,933	9
Notes receivable (Note 8)	489	-	-	-
Trade receivables (Note 8)	200,347	2	313,282	3
Inventories (Note 9)	1,370,727	11	1,284,367	13
Prepayments (Note 15)	413,553	3	625,123	7
Other financial assets - current (Notes 16 and 32)	953,677	7	1,038,980	11
Other current assets (Note 17)	48,561	-	71,334	1
Total current assets	5,670,712	44	5,979,979	63
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Note 11)	-	-	52,271	1
Property, plant and equipment (Note 12)	2,651,077	21	2,769,380	29
Right-of-use assets (Note 13)	3,773,106	30	-	-
Other intangible assets (Note 14)	38,606	-	47,581	-
Deferred tax assets (Note 25)	109,646	1	96,710	1
Prepaid equipment	19,371	-	57,899	1
Other non-current assets (Note 17)	522,006	4	453,885	5
Total non-current assets	7,113,812	56	3,477,726	37
TOTAL	$ 12,784,524	100	$ 9,457,705	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 23)	$ 2,448,807	19	$ 2,480,920	26
Notes payable (Note 18)	42,695	-	33,078	-
Trade payables (Note 18)	437,859	4	465,263	5
Other payables (Notes 19 and 31)	1,302,677	10	1,606,134	17
Current tax liabilities (Note 25)	56,792	1	45,794	1
Lease liabilities - current (Note 13)	2,320,376	18	-	-
Other current liabilities (Note 19)	18,995	-	10,218	-
Total current liabilities	6,628,201	52	4,641,407	49
NON-CURRENT LIABILITIES				
Provisions - non-current (Note 20)	62,164	1	56,636	1
Deferred tax liabilities (Note 25)	156,068	1	171,891	2
Lease liabilities - non-current (Note 13)	1,466,750	11	-	-
Net defined benefit liabilities - non-current (Note 21)	106,756	1	117,138	1
Other non-current liabilities (Note 19)	16,313	-	5,314	-
Total non-current liabilities	1,808,051	14	350,979	4
Total liabilities	8,436,252	66	4,992,386	53
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Ordinary shares	769,879	6	769,879	8
Capital surplus	1,867,344	14	1,910,913	20
Retained earnings				
Legal reserve	601,001	5	566,894	6
Special reserve	87,763	-	63,248	1
Unappropriated earnings	356,460	3	341,070	3
Total retained earnings	1,045,224	8	971,212	10
Treasury shares	(156,423)	(1)	(299,731)	(3)
Other equity	(143,141)	(1)	(87,763)	(1)
Total equity attributable to owners of the Company	3,382,883	26	3,264,510	34
NON-CONTROLLING INTERESTS (Note 22)	965,389	8	1,200,809	13
Total equity	4,348,272	34	4,465,319	47
TOTAL	$ 12,784,524	100	$ 9,457,705	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, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Note 23)	$ 16,232,208	100	$ 16,286,395	100
OPERATING COSTS (Note 9)	(9,016,439)	(55)	(8,789,473)	(54)
GROSS PROFIT	7,215,769	45	7,496,922	46
OPERATING EXPENSES (Notes 24 and 31)				
Selling and marketing expenses	(5,686,531)	(35)	(5,941,226)	(37)
General and administrative expenses	(911,419)	(6)	(972,479)	(6)
Research and development expenses	(13,706)	-	(14,985)	-
Total operating expenses	(6,611,656)	(41)	(6,928,690)	(43)
PROFIT FROM OPERATIONS	604,113	4	568,232	3
NON-OPERATING INCOME AND EXPENSES (Note 24)				
Other income	135,551	1	137,892	1
Other gains and losses	(217,387)	(1)	(122,784)	(1)
Finance costs	(81,564)	(1)	(604)	-
Share of (loss) profit of associates and joint ventures	(242)	-	4,873	-
Total non-operating income and expenses	(163,642)	(1)	19,377	-
PROFIT BEFORE INCOME TAX	440,471	3	587,609	3
INCOME TAX EXPENSE (Note 25)	(91,486)	(1)	(185,299)	(1)
NET PROFIT FOR THE YEAR	348,985	2	402,310	2
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	3,944	-	(5,980)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	(789)	-	2,879	-

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WOWPRIME CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	$ (110,404)	-	$ (63,829)	-
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	-	-	(797)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 25)	20,708	-	15,052	-
Other comprehensive loss for the year, net of income tax	(86,541)	-	(52,675)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 262,444	2	$ 349,635	2
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 355,018	2	$ 345,142	2
Non-controlling interests	(6,033)	-	57,168	-
	$ 348,985	2	$ 402,310	2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 302,795	2	$ 317,526	2
Non-controlling interests	(40,351)	-	32,109	-
	$ 262,444	2	$ 349,635	2
EARNINGS PER SHARE (Note 26)				
Basic	$ 4.77		$ 4.52	
Diluted	$ 4.77		$ 4.52	

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, 2019 AND 2018
(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 (Note 22)	Total Equity
BALANCE AT JANUARY 1, 2018	$ 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
Appropriation of 2018 earnings										
Legal reserve	-	-	34,107	-	(34,107)	-	-	-	-	-
Special reserve	-	-	-	24,515	(24,515)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(282,448)	-	-	(282,448)	-	(282,448)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	(22,036)	(22,036)
Other changes in capital surplus										
Issuance of cash dividends from capital surplus	-	(47,245)	-	-	-	-	-	(47,245)	-	(47,245)
Share-based payment	-	3,676	-	-	-	-	-	3,676	-	3,676
From differences between the equity purchase price and the carrying amount arising from the actual acquisition or disposal of subsidiaries (Note 27)	-	-	-	-	(1,713)	-	-	(1,713)	1,713	-
Net profit for the year ended December 31, 2019	-	-	-	-	355,018	-	-	355,018	(6,033)	348,985
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	3,155	(55,378)	-	(52,223)	(34,318)	(86,541)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	358,173	(55,378)	-	302,795	(40,351)	262,444
Treasury share transactions	-	-	-	-	-	-	143,308	143,308	-	143,308
Non-controlling interests (Note 27)	-	-	-	-	-	-	-	-	(174,746)	(174,746)
BALANCE AT DECEMBER 31, 2019	$ 769,879	$ 1,867,344	$ 601,001	$ 87,763	$ 356,460	$ (143,141)	$ (156,423)	$ 3,382,883	$ 965,389	$ 4,348,272

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 440,471	$ 587,609
Adjustments for:		
Depreciation expenses	2,190,999	824,239
Amortization expenses	9,600	8,936
Finance costs	81,564	604
Interest income	(49,812)	(58,867)
Share-based payment awards	3,676	-
Share of loss (profit) of associates and joint ventures	242	(4,873)
Loss on disposal of property, plant and equipment	139,496	66,027
Loss on disposal of associates	221	1,141
(Reversal of impairment) impairment losses recognized on property, plant and equipment	(4,138)	24,304
Reversal of write-downs of inventories	(2,106)	(3,830)
Realized gain on the transactions with associates and joint ventures	-	(753)
Loss on lease modification	649	-
Changes in operating assets and liabilities		
Notes receivable	(489)	-
Trade receivables	112,935	(64,972)
Inventories	(84,254)	(302,889)
Prepayments	168,633	39,938
Other current assets	(1,419)	2,287
Contract liabilities	(32,113)	135,754
Notes payable	9,617	2,281
Trade payables	(27,404)	(10,214)
Other payables	(277,590)	2,982
Other current liabilities	8,777	3,603
Net defined benefit liabilities	(6,438)	(2,497)
Cash generated from operations	2,681,117	1,250,810
Interest paid	(81,564)	(604)
Income tax paid	(89,313)	(195,386)
Net cash generated from operating activities	2,510,240	1,054,820
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(81,553)	(888,933)
Net cash inflow on disposal of associates	74,281	-
Increase in prepayments for investment	(74,828)	-
Payments for property, plant and equipment	(848,329)	(1,573,167)
Proceeds from disposal of property, plant and equipment	1,324	3,536
Increase in refundable deposits	(1,452)	(41,086)
Payments for intangible assets	(1,683)	(7,518)
Payments for right-of-use assets	(30,931)	-
Decrease (increase) in other financial assets	85,303	(41,159)

(Continued)

WOWPRIME CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
Decrease (increase) in prepayments for equipment	$ 38,528	$ (23,606)
Interest received	51,534	56,902
Net cash used in investing activities	(787,806)	(2,515,031)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	10,999	-
Refunds of guarantee deposits received	-	(6,037)
Repayment of the principal portion of lease liabilities	(1,322,834)	-
Dividends paid to owners of the Company	(329,693)	(423,434)
Payments for acquisition of treasury shares	-	(299,731)
Treasury shares transferred to employees	143,308	-
Acquisition of subsidiaries (Note 27)	(174,746)	(86,864)
Dividends paid to non-controlling interests	(22,036)	(58,945)
Net cash used in financing activities	(1,695,002)	(875,011)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(72,520)	(34,844)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(45,088)	(2,370,066)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,757,960	4,128,026
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,712,872	$ 1,757,960

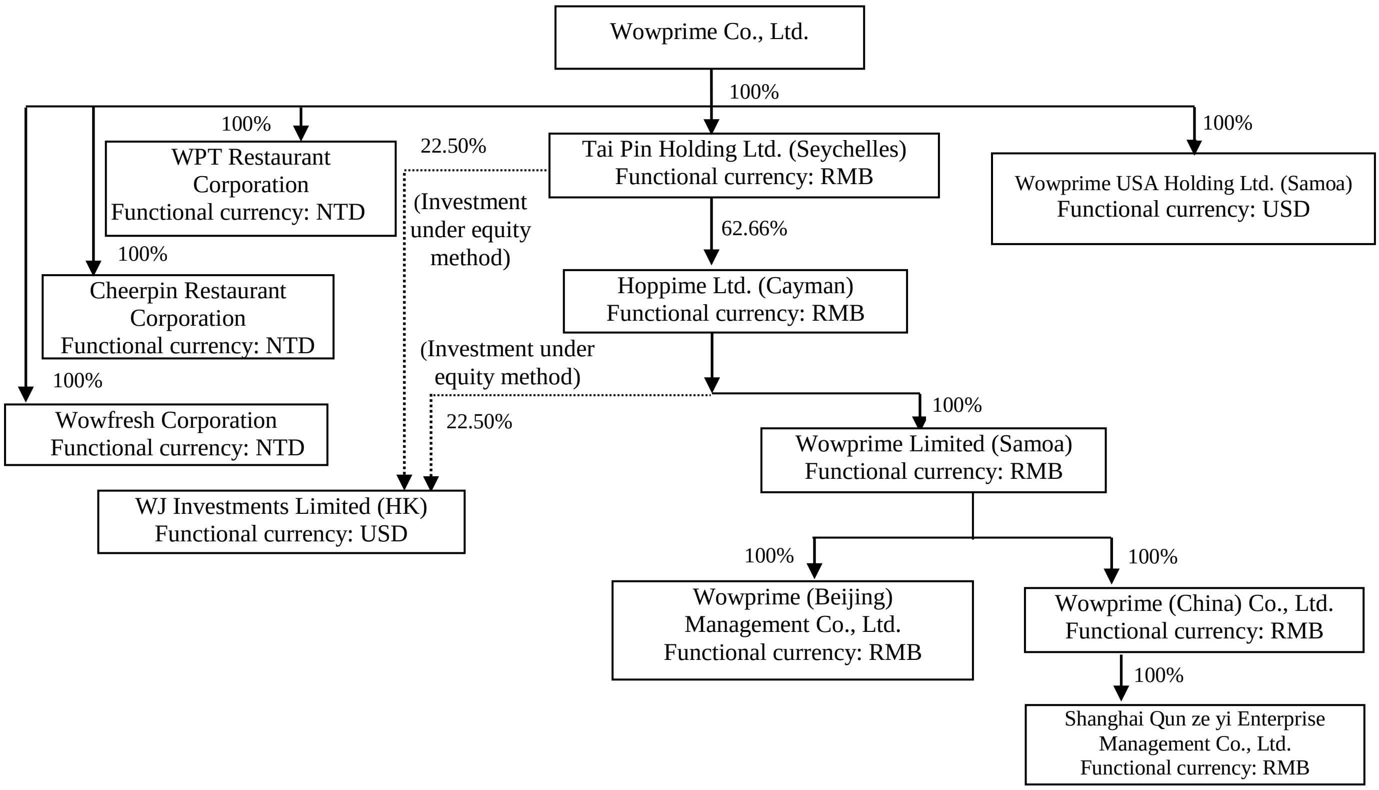
The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

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.

WJ Investments Limited (HK) has ceased operations, and as of March 10, 2020, the liquidation process had not yet been completed.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 10, 2020.

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 SIC Interpretations (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 16 "Leases"

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Group elects 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 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents 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 are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights were recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables were recognized on the consolidated balance sheets for contracts classified as finance leases.

The Group elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were 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 are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. The Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

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

b) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

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

d) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

The lessee's weighted average incremental borrowing rate range applied to lease liabilities recognized on January 1, 2019 is 1.065%-4.75%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 4,645,032
Less: Recognition exemption for short-term leases	(75,852)
Undiscounted amounts on January 1, 2019	$ 4,569,180
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 4,415,927
Lease liabilities recognized on January 1, 2019	$ 4,415,927

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	**Adjustments Arising from Initial Application**	**Restated on January 1, 2019**
Prepayments for leases - current	$ 201,063	$ (42,937)	$ 158,126
Prepayments for leases - non-current	8,159	(8,159)	-
Right-of-use assets	-	4,437,683	4,437,683
Total effect on assets	$ 209,222	$ 4,386,587	$ 4,595,809
Lease liabilities - current	$ -	$ 1,430,814	$ 1,430,814
Lease liabilities - non-current	-	2,985,113	2,985,113
Payables for rent	225,709	(29,340)	196,369
Total effect on liabilities	$ 225,709	$ 4,386,587	$ 4,612,296

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 has 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 recognized the cumulative effect of retrospective application in retained earnings on January 1, 2019.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1: 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 2: The Group shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

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.

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

New IFRSs	Effective Date Announced by IASB (Note)
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 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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

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

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 6 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 (i.e., not retranslated).

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries and associates in other countries or those 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).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

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.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

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.

Except for freehold land which is not depreciated, depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation 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. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

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

Financial assets are classified as financial assets at amortized cost.

<u>Financial assets at amortized cost</u>

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.

A financial asset is credit impaired when one or more of the following events have occurred:

i. Significant financial difficulty of the issuer or the borrower;

ii. Breach of contract, such as a default;

iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv. The disappearance of an active market for that financial asset because of financial difficulties.

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

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 (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.

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

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in 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

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

<u>Revenue from the sale of goods</u>

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 program, 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.

n. Leasing

<u>2019</u>

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

1) The Group as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

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

<u>2018</u>

Leases are classified as finance leases whenever the terms of a 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 expenses on a straight-line basis over the lease term.

Contingent rentals are recognized as expenses 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. Share-based payment arrangements

Employee share options granted to employees

The fair value of the employee share options on the grant date is expensed on a straight-line basis over the vesting period, based on the Group’s best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approves the transaction.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

q. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the 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 liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the 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	
	2019	**2018**
Cash on hand	$ 39,474	$ 91,653
Checking accounts and demand deposits	1,578,843	1,073,834
Cash equivalents		
Time deposits	94,555	592,473
	$ 1,712,872	$ 1,757,960

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

	December 31	
	2019	**2018**
Time deposits	2.38%-3.70%	1.76%-2.75%

7. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2019	**2018**
Current		
Time deposits with original maturities of more than 3 months	$ 970,486	$ 888,933

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.035% to 3.28% and 0.04% to 2.81% per annum as of December 31, 2019 and 2018, respectively.

8. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2019	**2018**
Notes receivable		
At amortized cost		
Gross carrying amount	$ 489	$ -
Less: Allowance for impairment loss	-	-
	$ 489	$ -
Trade receivables		
At amortized cost		
Gross carrying amount	$ 200,347	$ 313,282
Less: Allowance for impairment loss	-	-
	$ 200,347	$ 313,282

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, 2019

	0 to 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	-	-	-	-	-	-
Gross carrying amount	$ 184,681	$ 13,483	$ 321	$ 1,932	$ 419	$ 200,836
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Amortized cost	$ 184,681	$ 13,483	$ 321	$ 1,932	$ 419	$ 200,836

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

9. INVENTORIES

	December 31	
	2019	2018
Raw materials	$ 1,313,631	$ 1,222,018
Finished goods	324	287
Inventory in transit	56,772	62,062
	$ 1,370,727	$ 1,284,367

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 was $9,016,439 thousand and $8,789,473 thousand, respectively. The cost of goods sold included reversals of inventory write-downs of $2,106 thousand and $3,830 thousand, respectively. Reversals of inventory write-downs were due to the closing out of inventories.

10. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Percentage of Ownership (%) December 31 2019	2018	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	-
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	-
Tai Pin Holding Ltd.	Hoppime Ltd.	Investment	62.66	56.45	1), 3)
Hoppime Ltd.	Wowprime Limited (Samoa)	Investment	100.00	100.00	-
Wowprime Limited (Samoa)	Wowprime (China) Co., Ltd.	Catering and catering management	100.00	100.00	-
Wowprime Limited (Samoa)	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	100.00	4)
Wowprime Co., Ltd.	Wowfresh Corporation	Fresh food trading	100.00	100.00	5)

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 3.77%, 2.44%, 1.8% and 1.22% ownership of Hoppime Ltd. on July 1, 2019, April 12, 2019, November 14, 2018 and May 15, 2018, respectively. Refer to Note 27 for equity transactions with non-controlling interests.

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

5) 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 2019	2018
Hoppime Ltd.	37.34%	43.55%

See Tables 6 and 7 for information on the place of incorporation and principal place of business.

	Profit Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
Name of Subsidiary	**2019**	**2018**	**2019**	**2018**
Hoppime Ltd.	$ (6,033)	$ 57,168	$ 965,389	$ 1,200,809

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Hoppime Ltd. and Hoppime Ltd.'s subsidiaries:

	December 31	
	2019	**2018**
Current assets	$ 1,699,426	$ 1,975,845
Non-current assets	3,821,734	1,929,635
Current liabilities	(2,631,773)	(1,141,840)
Non-current liabilities	(303,985)	(6,328)
Equity	$ 2,585,402	$ 2,757,312
Equity attributable to:		
Owners of Hoppime Ltd.	$ 1,620,013	$ 1,556,503
Non-controlling interests of Hoppime Ltd.	965,389	1,200,809
	$ 2,585,402	$ 2,757,312

	For the Year Ended December 31	
	2019	**2018**
Revenue	$ 6,419,441	$ 6,904,614
(Loss) profit for the year	$ (18,266)	$ 123,700
Other comprehensive loss for the year	(100,041)	(55,252)
Total comprehensive (loss) income for the year	$ (118,307)	$ 68,448
(Loss) profit attributable to:		
Owners of Hoppime Ltd.	$ (12,233)	$ 66,532
Non-controlling interests of Hoppime Ltd.	(6,033)	57,168
	$ (18,266)	$ 123,700
Total comprehensive (loss) income attributable to:		
Owners of Hoppime Ltd.	$ (77,956)	$ 36,339
Non-controlling interests of Hoppime Ltd.	(40,351)	32,109
	$ (118,307)	$ 68,448

(Continued)

	For the Year Ended December 31	
	2019	2018
Net cash inflow (outflow) from:		
Operating activities	$ 1,524,339	$ 195,898
Investing activities	(1,448,650)	(1,109,560)
Financing activities	(50,761)	4,279
Net cash inflow (outflow)	$ 24,928	$ (909,383)
Dividends paid to non-controlling interests		
Tai Pin Holding Ltd.	$ 22,036	$ 58,945

(Concluded)

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Material associates		
WJ Investments Limited	$ -	$ 52,271
YakiYan USA, LLC	-	-
	$ -	$ 52,271

Material Associates

Name of Associate	Proportion of Ownership and Voting Rights December 31 2019	2018
WJ Investments Limited	-	45%
YakiYan USA, LLC	-	-

Refer to Tables 6 and 7 “Information on Investees” and “Information on Investments in Mainland China” for the nature of activities, principal location of business and country of incorporation of the associates.

In 2018, the Group held a 45% interest in WJ Investments Limited, which was accounted for using the equity method. WJ Investments Limited liquidated on December 27, 2019, and returned the remaining original investment cost of $51,808 thousand to the Group. The Group recognized a loss of $221 thousand from the disposal of the associate (see Note 24).

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 disposal (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 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 of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements which have 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
Current assets	$ 116,157
Current liabilities	-
Equity	$ 116,157
Proportion of the Group's ownership	45%
Carrying amount	$ 52,271

	For the Year Ended December 31, 2018
Operating revenue	$ -
Net profit for the year	$ 6,048
Other comprehensive loss	(2,215)
Total comprehensive income for the year	$ 3,833

12. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2019
Assets used by the Group	$ 1,927,316
Assets leased under operating leases	723,761
	$ 2,651,077

a. Assets used by the Group - 2019

	Freehold Land	Buildings	Utilities and Fire-fighting Equipment	Office Equipment	Dining Equipment	Leasehold Improvements	Other Equipment	Total
Cost								
Balance at January 1, 2019	$ 95,925	$ 871,094	$ 1,076,751	$ 172,503	$ 1,269,868	$ 2,897,320	$ 228,906	$ 6,612,367
Additions	-	-	136,854	24,749	179,279	267,387	12,568	620,837
Reclassifications	-	-	25,825	(176)	20,652	172,600	17,592	236,493
Disposals	-	-	(213,517)	(18,867)	(227,825)	(744,202)	(28,356)	(1,232,767)
Transfers to assets leased under operating leases	-	(782,906)	-	-	-	-	-	(782,906)
Effects of foreign currency exchange differences	-	-	(6,367)	(2,816)	(11,949)	(39,221)	(3,757)	(64,110)
Balance at December 31, 2019	$ 95,925	$ 88,188	$ 1,019,546	$ 175,393	$ 1,230,025	$ 2,553,884	$ 226,953	$ 5,389,914
Accumulated depreciation and impairment								
Balance at January 1, 2019	$ -	$ 55,003	$ 709,521	$ 132,662	$ 862,283	$ 1,916,568	$ 166,950	$ 3,842,987
Depreciation expenses	-	1,898	148,067	17,019	178,906	404,982	29,433	780,305
Impairment losses reversed	-	-	-	-	-	(4,138)	-	(4,138)
Disposals	-	-	(185,428)	(17,457)	(197,567)	(666,536)	(24,959)	(1,091,947)
Transfers to assets leased under operating leases	-	(12,428)	-	-	-	-	-	(12,428)
Effects of foreign currency exchange differences	-	-	(5,133)	(2,556)	(9,652)	(31,631)	(3,209)	(52,181)
Balance at December 31, 2019	$ -	$ 44,473	$ 667,027	$ 129,668	$ 833,970	$ 1,619,245	$ 168,215	$ 3,462,598
Carrying amounts at December 31, 2019	$ 95,925	$ 43,715	$ 352,519	$ 45,725	$ 396,055	$ 934,639	$ 58,738	$ 1,927,316

The management of the Group estimated the future profit of various business locations at December 31, 2019. The Group estimated future cash flows expected to arise from property, plant and equipment of some business locations increased, and the review led to the recognition of an impairment loss reversal of $4,138 thousand, which was recognized in other gains and losses for the year ended December 31, 2019. The Group determined the recoverable amounts of the relevant assets on the basis of their value in use. The discount rate used in measuring the value in use was 4.6% per annum.

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	29-33 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

b. Assets leased under operating leases - 2019

	Buildings
Cost	
Balance at January 1, 2019	$ -
Transfers from assets used by the Group	782,906
Effects of foreign currency exchange differences	(29,237)
Balance at December 31, 2019	$ 753,669

(Continued)

	Buildings
Accumulated depreciation	
Balance at January 1, 2019	$ -
Transfers from assets used by the Group	12,428
Depreciation expenses	18,641
Effects of foreign currency exchange differences	(1,161)
Balance at December 31, 2019	$ 29,908
Carrying amounts at December 31, 2019	$ 723,761

(Concluded)

Operating leases relate to leases of buildings with lease terms ranging from 2 to 3 years. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	December 31, 2019
Year 1	$ 16,367
Year 2	5,390
	$ 21,757

To reduce the residual asset risk related to buildings at the end of the relevant lease, the Group follows its general risk management strategy.

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

Buildings	42 years

c. 2018

	Freehold Land	Buildings	Utilities and Fire-fighting Equipment	Office Equipment	Dining Equipment	Leasehold Improvements	Other Equipment	Total
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. 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 for the year ended December 31, 2018.

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. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Buildings	$ 3,773,106

	For the Year Ended December 31, 2019
Additions to right-of-use assets	$ 1,292,389
Disposals of right-of-use assets	$ 532,342
Depreciation charge for right-of-use assets	
Buildings	$ 1,392,053

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 2,320,376
Non-current	$ 1,466,750

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Buildings	1.065%-4.75%

c. Material lease-in activities and terms

The Group leases buildings for the use of plants, offices and retail stores with lease terms of 2 to 8 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms.

In order to cope with retail demand, the Group entered into a large number of lease arrangements for the purposes of renting commercial space for the establishment of retail stores. Lease terms are negotiated by the management of each business segment and includes a wide range of payment terms. Variable payment terms are used for a variety of reasons, including minimizing the fixed cost base for newly established stores or for reasons of margin control and operational flexibility. Variable lease payment terms vary widely across the Group:

- The majority of variable payment terms are calculated based on the specified percentage of each store's total sales.

- Some variable lease payment terms include minimum or cap clauses.

Variable payment terms lead to the incurrence of higher rental costs for stores with higher sales. However, the use of variable payment terms help to facilitate the management of margins across the Group.

Variable rental expenses are expected to continue to represent a similar proportion of store sales in future years.

d. Other lease information

2019

	For the Year Ended December 31, 2019
Expenses relating to variable lease payments and short-term leases not included in the measurement of lease liabilities	$ 494,015
Total cash outflow for leases	$ (1,929,341)

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

2018

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

	December 31, 2018
Not later than 1 year	$ 2,401,337
Later than 1 year and not later than 5 years	2,099,874
Later than 5 years	143,821
	$ 4,645,032

14. OTHER INTANGIBLE ASSETS

	Software	Trademarks	Total
Cost			
Balance at January 1, 2019	$ 75,162	$ 7,012	$ 82,174
Additions	1,683	-	1,683
Disposals	(1,941)	-	(1,941)
Effect of foreign currency exchange differences	(2,078)	-	(2,078)
Balance at December 31, 2019	$ 72,826	$ 7,012	$ 79,838
Accumulated amortization			
Balance at January 1, 2019	$ 33,151	$ 1,442	$ 34,593
Amortization expenses	9,134	466	9,600
Disposals	(1,941)	-	(1,941)
Effect of foreign currency exchange differences	(1,020)	-	(1,020)
Balance at December 31, 2019	$ 39,324	$ 1,908	$ 41,232
Carrying amount at December 31, 2019	$ 33,502	$ 5,104	$ 38,606
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
Trademarks	15 years

	For the Year Ended December 31	
	2019	2018
An analysis of depreciation by function		
General and administrative expenses	$ 9,600	$ 8,936

15. PREPAYMENTS

	December 31	
	2019	2018
Current		
Prepaid rent	$ 36,455	$ 201,063
Supplies	21,145	22,284
Prepayment for purchases	33,868	48,069
Others	322,085	353,707
	$ 413,553	$ 625,123

16. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2019	2018
Trust account	$ 842,974	$ 941,000
Pledged time deposits	94,619	64,853
Reserve account	16,084	33,127
	$ 953,677	$ 1,038,980

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

	December 31	
	2019	2018
Trust account	0.01%-1.035%	1.035%
Pledged time deposits	1.95%-3.15%	2.6%-2.65%

Refer to Note 32 for information on other financial assets pledged as collateral or for security.

17. OTHER ASSETS

	December 31	
	2019	2018
Current		
Other receivables	$ 41,709	$ 30,028
Other receivables from investment (Note 11)	-	22,473
Tax refund receivable	35	32
Others	6,817	18,801
	$ 48,561	$ 71,334

(Continued)

	December 31	
	2019	2018
Non-current		
Refundable deposits	$ 447,178	$ 445,726
Prepayments for investment (Note 31)	74,828	-
Prepaid rent	-	8,159
	$ 522,006	$ 453,885

(Concluded)

18. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2019	2018
Notes payable		
Operating	$ 42,695	$ 33,078
Trade payables		
Operating	$ 437,859	$ 465,263

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

19. OTHER LIABILITIES

	December 31	
	2019	2018
Current		
Other payables		
Payables for purchase of equipment	$ 215,766	$ 212,293
Payables for salaries and bonus	561,854	624,271
Payables for rent	33,570	225,709
Payables for retirement benefit	30,075	31,171
Payables for insurance	73,329	75,395
Payables for annual leave	25,652	26,839
Payables for tax expense	36,130	18,304
Others	325,461	392,152
	1,301,837	1,606,134
Other payables to related parties (Note 31)	840	-
	$ 1,302,677	$ 1,606,134

(Continued)

	December 31	
	2019	2018
Other liabilities		
Temporary receipts	$ 18,385	$ 5,939
Others	610	4,279
	$ 18,995	$ 10,218
Other payables to related parties (Note 31)	$ 840	$ -
Non-current		
Deposits received	$ 16,313	$ 5,314

(Concluded)

20. PROVISIONS

	December 31	
	2019	2018
Non-current		
Decommissioning liabilities	$ 62,164	$ 56,636

	Decommi-ssioning Liabilities
Balance at January 1, 2018	$ 25,898
Additional provisions recognized	36,550
Disposals	(5,812)
Balance at December 31, 2018	$ 56,636
Balance at January 1, 2019	$ 56,636
Additional provisions recognized	18,519
Disposals	(12,991)
Balance at December 31, 2019	$ 62,164

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	
	2019	2018
Operating costs	$ 51,136	$ 52,876
Selling and marketing expenses	92,135	85,807
General and administrative expenses	15,795	14,873
	$ 159,066	$ 153,556

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	
	2019	2018
Present value of defined benefit obligation	$ 146,974	$ 158,814
Fair value of plan assets	(40,218)	(41,676)
Net defined benefit liabilities	$ 106,756	$ 117,138

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, 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

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (1,033)	$ (1,033)
Actuarial (gain) 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
Balance at January 1, 2019	$ 158,814	$ (41,676)	$ 117,138
Service cost			
Current service cost	43	-	43
Previous service cost	284	-	284
Net interest expense (income)	2,184	(580)	1,604
Recognized in profit or loss	2,511	(580)	1,931
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,369)	(1,369)
Actuarial (gain) loss			
Changes in demographic assumptions	6,371	-	6,371
Changes in financial assumptions	7,692	-	7,692
Experience adjustments	(16,638)	-	(16,638)
Recognized in other comprehensive income	(2,575)	(1,369)	(3,944)
Contributions from the employer	-	(1,007)	(1,007)
Benefits paid	(4,414)	4,414	-
Others	(7,362)	-	(7,362)
Balance at December 31, 2019	$ 146,974	$ (40,218)	$ 106,756

(Concluded)

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

	For the Year Ended December 31	
	2019	2018
General and administrative expenses	$ 739	$ 6,544
Selling and marketing expenses	1,192	-
	$ 1,931	$ 6,544

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	
	2019	**2018**
Discount rates	1.00%	1.375%
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	
	2019	**2018**
Discount rates		
0.25% increase	$ (5,337)	$ (5,671)
0.25% decrease	$ 5,607	$ 5,953
Expected rates of salary increase		
0.25% increase	$ 5,459	$ 5,816
0.25% decrease	$ (5,224)	$ (5,569)

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	
	2019	**2018**
Expected contributions to the plan for the next year	$ 1,028	$ 1,028
Average duration of the defined benefit obligation	14.8 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	
	2019	**2018**
Operating costs	$ 46,801	$ 63,580
Selling and marketing expenses	21,626	33,006
General and administrative expenses	25,088	25,159
	$ 93,515	$ 121,745

22. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2019	**2018**
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	
	2019	**2018**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Issuance of ordinary shares	$ 1,863,668	$ 1,910,913
Treasury share transactions	3,382	-
May not be used for any purpose		
Employee share options	294	-
	$ 1,867,344	$ 1,910,913

* 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 to once a year).

c. Retained earnings and dividends policy

Under the dividend policy as set forth in the amended Articles, where 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 2018 and 2017 that had been approved in the shareholders' meetings on June 6, 2019 and May 30, 2018, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2018	**2017**	**2018**	**2017**
Legal reserve	$ 34,107	$ 45,147	$ -	$ -
Special reserve	24,515	11,397	-	-
Cash dividends	282,448	394,925	3.76	5.13

The Company's shareholders also resolved to issue cash dividends of $47,245 thousand and $28,509 thousand from the capital surplus in the shareholders' meetings on June 6, 2019 and May 30, 2018, respectively, which translates to $0.63 and $0.37 per share.

The appropriations of earnings for 2019 had been proposed by the Company's board of directors on March 10, 2020. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 35,646	$ -
Special reserve	55,378	-
Cash dividends	265,436	3.54

The Company's board of directors proposed to issue cash dividends from the capital surplus of $72,266 thousand on March 10, 2020 during the board of directors' meeting, which translates to $0.96 per share.

The appropriations of earnings for 2019 are subject to the resolution of the shareholders in the shareholders' meeting to be held on June 5, 2020.

d. Special reserve

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 63,248	$ 51,851
Appropriations in respect of		
Debits to other equity items	24,515	11,397
Balance at December 31	$ 87,763	$ 63,248

e. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (87,763)	$ (63,248)
Effect of change in tax rate	-	2,286
Recognized for the year		
Exchange differences arising on translating the financial statements of foreign operations	(69,223)	(33,501)
Related income tax	13,845	6,700
Balance at December 31	$ (143,141)	$ (87,763)

f. Non-controlling interests

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 1,200,809	$ 1,313,538
Cash dividends from Hoppime Ltd.	(22,036)	(58,945)
Attributable to non-controlling interests:		
Share of profit for the year	(6,033)	57,168
Exchange differences on translating the financial statements of foreign operations	(34,318)	(25,059)
Acquisition of non-controlling interests in Hoppime Ltd. (Note 27)	(173,033)	(85,893)
Balance at December 31	$ 965,389	$ 1,200,809

g. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2019	3,723
Employee executed option right	(1,780)
Number of shares at December 31, 2019	1,943
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 number of shares bought back shall not exceed 10% of the total number of issued shares. The total purchase amount shall not exceed the sum of retained earnings, additional paid-in capital-premiums and realized capital surplus. The shares purchased for the purpose of transferring to employees shall be transferred within three years from the date of share repurchase. Those not transferred within the said limit shall be deemed as not issued by the Company and amendment registration shall be processed.

The shares bought back as mentioned in the previous paragraph should be transferred within three years from the date of buyback. The shares not transferred within the said time limit shall be deemed as not issued by the Company, and amendment registration shall be processed.

The Company's board of directors decided to transfer 3,723 thousand treasury shares to its employees at the transfer price of $80.51 per treasury share on March 7, 2019. The aggregate transfer price is $299,739 thousand, and the cost of treasury shares is $299,731 thousand. The Company's board of directors set the base date for subscription as March 7, 2019, and the Company had recognized compensation costs of $3,676 on the grant date.

The Company transferred 1,780 thousand treasury shares to employees for proceeds of $143,308 thousand on May 17, 2019.

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	
	2019	2018
Revenue from contracts with customers		
Revenue from the sale of food and beverages	$ 16,147,538	$ 16,285,188
Revenue from the sale of goods	84,670	1,207
	$ 16,232,208	$ 16,286,395

a. Contract information

1) Revenue from the sale of food and beverages

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, 2019	December 31, 2018	January 1, 2018
Notes receivable and trade receivables (Note 8)	$ 200,836	$ 313,282	$ 248,310
Contract liabilities			
Deferred revenue from gift vouchers	$ 2,442,721	$ 2,480,920	$ 2,345,166
Sale of goods	6,086	-	-
	$ 2,448,807	$ 2,480,920	$ 2,345,166

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods is as follows:

	For the Year Ended December 31	
	2019	2018
From contract liabilities at the beginning of the year		
Deferred revenue from gift vouchers	$ 1,008,628	$ 846,932

c. Disaggregation of revenue

	For the Year Ended December 31	
	2019	2018
Type of goods or services		
Fine Dining Business Group	$ 14,046,831	$ 12,914,510
Fast Casual Business Group	2,100,707	3,371,885
Others	84,670	-
	$ 16,232,208	$ 16,286,395

d. Partially completed contracts

	For the Year Ended December 31	
	2019	2018
Catering sales services		
- completed in 2019	$ -	$ 1,344,045
- completed in 2020	1,260,559	437,074
- completed in 2021	415,785	269,241
- completed in 2022	210,579	178,140
- completed in 2023	127,921	252,420
- completed in or after 2024	427,877	-
	$ 2,442,721	$ 2,480,920

The above information does not include contracts with expected durations which are equal to or less than one year.

24. NET PROFIT FROM CONTINUING OPERATIONS

a. Other income

	For the Year Ended December 31	
	2019	2018
Rental income	$ 24,678	$ -
Interest income	49,812	58,867
Royalties	757	3,919
Others (Note 31)	60,304	75,106
	$ 135,551	$ 137,892

b. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Loss on disposal of property, plant and equipment	$ (139,496)	$ (66,027)
Reversal of impairment (impairment losses) recognized on property, plant and equipment	4,138	(24,304)
Loss on disposal of associates	(221)	(1,141)
Contract modification loss	(649)	-
Net foreign exchange (losses) gains	(13,459)	31,656
Others	(67,700)	(62,968)
	$ (217,387)	$ (122,784)

Loss on disposal of property, plant and equipment was due to branch relocation or branch closure for the years ended December 31, 2019 and 2018.

c. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on lease liabilities	$ 81,561	$ -
Others	3	604
	$ 81,564	$ 604

d. Impairment losses (recognized) reversed

	For the Year Ended December 31	
	2019	2018
Inventories (included in operating costs)	$ 2,106	$ 3,830
Property, plant and equipment (included in other gains and losses)	4,138	(24,304)
	$ 6,244	$ (20,474)

e. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
An analysis of depreciation by function		
Operating costs	$ 633,507	$ 260,310
Operating expenses	1,557,492	563,929
	$ 2,190,999	$ 824,239
An analysis of amortization by function		
Operating expenses	$ 9,600	$ 8,936

f. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Short-term benefits	$ 4,755,827	$ 4,693,908
Post-employment benefits (Note 21)		
Defined contribution plans	252,581	275,301
Defined benefit plans	1,931	6,544
	254,512	281,845
Other employee benefits	785,063	898,377
Total employee benefits expense	$ 5,795,402	$ 5,874,130
An analysis of employee benefits expense by function		
Operating costs	$ 2,693,544	$ 2,724,078
Operating expenses	3,101,858	3,150,052
	$ 5,795,402	$ 5,874,130

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, 2019 and 2018 which have been approved by the Company's board of directors on March 10, 2020 and March 7, 2019, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2019	2018
Employees' compensation	0.1%	0.1%
Remuneration of directors and supervisors	-	-

Amount

	For the Year Ended December 31	
	2019	2018
	Cash	Cash
Employees' compensation	$ 427	$ 464
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, 2018 and 2017.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2020 and 2019 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 (benefit) were as follows:

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	$ 105,290	$ 132,675
Adjustments for prior years	(4,982)	3,313
	100,308	135,988
Deferred tax		
In respect of the current year	(8,822)	49,311
Income tax expense recognized in profit or loss	$ 91,486	$ 185,299

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

	For the Year Ended December 31	
	2019	2018
Profit before income tax from continuing operations	$ 440,471	$ 587,609
Income tax expense calculated at the statutory rate	$ 90,857	$ 152,274
Nondeductible expenses in determining taxable income	2,810	9,825
Deferred tax effect of earnings of subsidiaries	-	6,474
Unrecognized loss carryforwards	7,508	(4,765)
Unrecognized deductible temporary differences	(4,707)	-
Effect of tax rate changes	-	18,178
Adjustments for prior years' tax	(4,982)	3,313
Income tax expense recognized in profit or loss	$ 91,486	$ 185,299

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. For entities in the Group which are subject to the Income Tax Act in the ROC, deferred tax losses which should be recognized in profit or loss due to changes in tax rates have been fully recognized in the period of tax rate change. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

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	
	2019	2018
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	20,708	12,766
Remeasurement of defined benefit plan	(789)	1,196
Total income tax recognized in other comprehensive income	$ 19,919	$ 17,931

c. Current tax assets and liabilities

	December 31	
	2019	2018
Current tax assets		
Tax refund receivable	$ 35	$ 32
Current tax liabilities		
Income tax payable	$ 56,792	$ 45,794

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, 2019

	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	$ 38,348	$ 9,065	$ -	$ (291)	$ 47,122
Write-down on inventories	643	(421)	-	-	222
Impairment loss of property, plant and equipment	7,069	(6,380)	-	(608)	81
Exchange differences on translating the financial statements of foreign operations	21,940	(6,863)	20,708	-	35,785
Exchange differences	-	33	-	-	33
Defined benefit obligation	23,428	(1,288)	(789)	-	21,351
Payables for annual leave	5,282	(230)	-	-	5,052
	$ 96,710	$ (6,084)	$ 19,919	$ (899)	$ 109,646
Deferred tax liabilities					
Temporary differences					
Exchange differences	$ 3,139	$ (2,810)	$ -	$ -	$ 329
Associates	162,424	(6,685)	-	-	155,739
Cash dividends	6,328	(5,411)	-	(917)	-
	$ 171,891	$ (14,906)	$ -	$ (917)	$ 156,068

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 operations	(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

e. Income tax assessments

Income tax returns through 2017 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2019	**2018**
Basic earnings per share	$ 4.77	$ 4.52
Diluted earnings per share	$ 4.77	$ 4.52

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

	For the Year Ended December 31	
	2019	**2018**
Earnings used in the computation of basic earnings per share	$ 355,018	$ 345,142
Effect of potentially dilutive ordinary shares	-	-
Earnings used in the computation of diluted earnings per share	$ 355,018	$ 345,142

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

	For the Year Ended December 31	
	2019	**2018**
Weighted average number of ordinary shares used in the computation of basic earnings per share	74,377	76,335
Effect of potentially dilutive ordinary shares:		
Employees' compensation or bonuses issued to employees	6	6
Weighted average number of ordinary shares used in the computation of diluted earnings per share	74,383	76,341

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 3.77%, 2.44%, 1.8% and 1.22% ownership of Hoppime Ltd. on July 1, 2019, April 12, 2019, November 14, 2018 and May 15, 2018, respectively. As a result, its percentage of ownership increased from 58.89% to 62.66%, from 56.45% to 58.89%, from 54.65% to 56.45% and from 53.43% to 54.65%, respectively on these dates.

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

	July 1, 2019	**April 12, 2019**	**November 14, 2018**	**May 15, 2018**
	Hoppime Ltd.	**Hoppime Ltd.**	**Hoppime Ltd.**	**Hoppime Ltd.**
Cash consideration paid	$ 105,338	$ 69,408	$ 51,478	$ 35,386
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(102,950)	(70,083)	(49,321)	(36,572)
Differences recognized from equity transactions	$ 2,388	$ (675)	$ 2,157	$ (1,186)
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	$ (675)	$ 675	$ (1,186)	$ 1,186
Retained earnings	$ (1,713)	$ -	$ (971)	$ -

28. CASH FLOW INFORMATION

a. Non-cash transactions

For the years ended December 31, 2019 and 2018, 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	
	2019	2018
Acquisition of property, plant and equipment		
Increase in property, plant and equipment (including reclassified)	$ 857,330	$ 1,657,836
Add: Payable for purchase of equipment, balance at January 1	212,293	158,362
Decommissioning liability, balance at January 1	56,636	25,898
Less: Payable for purchase of equipment, balance at December 31	(215,766)	(212,293)
Decommissioning liability, balance at December 31	(62,164)	(56,636)
Cash payment	$ 848,329	$ 1,573,167

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2019

			Non-cash Changes					
	Opening Balance	Cash Flows	New Leases	Finance Costs	Remeasurement of Lease Contract	Remeasurement of Branch Closure	Exchange Differences	Closing Balance
Lease liabilities (Note 3)	$ 4,415,927	$ (1,404,395)	$ 1,196,740	$ 81,561	$ 64,718	$ (531,693)	$ (35,732)	$ 3,787,126

29. 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 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.

30. 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	
	2019	2018
Financial assets		
Financial assets at amortized cost (1)	$ 4,326,758	$ 4,497,382
Financial liabilities		
Financial liabilities at amortized cost (2)	1,799,544	2,109,789

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

2) The balances include financial liabilities 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, trade payables and lease liabilities. 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 34.

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	
	2019	2018
Profit or loss	$ 6,990	$ 6,624

b) Interest rate risk

As there are no major fluctuations in the interest rates of the Group's bank deposits, changes in market rates have a limited effect on the Group's revenue and operating cash flow.

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

	December 31	
	2019	**2018**
Fair value interest rate risk		
Financial assets	$ 1,159,660	$ 1,546,259
Financial liabilities	3,787,126	-
Cash flow interest rate risk		
Financial assets	2,437,901	2,047,961
Financial liabilities	-	-

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, 2019 and 2018 would increase by $2,438 thousand and $2,048 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a 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.

31. 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
Dudoo Ltd. (Cayman)	Related party in substance
uniEat Co., Ltd.	Related party in substance
LEE, SEN-PIN	Key management personnel
HUANG, JIA-CING	Key management personnel
JHANG, HUEI-YING	Key management personnel
WANG, FU-BIAO	Key management personnel
JHENG, LI-TENG	Key management personnel
HUANG, DA-WEI	Key management personnel
FONG, JIA-WUN	Key management personnel

b. Payables to related parties

		December 31	
Line Items	**Related Party Category**	**2019**	**2018**
Other payable	Related party in substance uniEat Co., Ltd.	$ 840	$ -

The outstanding trade payables to from related parties are unsecured.

c. Prepayments

		December 31	
Line Items	**Related Party Category**	**2019**	**2018**
Prepaid investments	Related party in substance Dudoo Ltd. (Cayman)	$ 74,828	$ -

d. Other income

		December 31	
Line Items	**Related Party Category**	**2019**	**2018**
Other income	Related party in substance uniEat Co., Ltd.	$ 5,000	$ -

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.

e. Compensation of key management personnel

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	$ 156,056	$ 150,830
Post-employment benefits	2,668	3,025
	$ 158,724	$ 153,855

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

f. Others

On April 12, 2019, the Group paid $14,139 thousand (equivalent to US$457,755) to acquire 117,373 shares of Hoppime Ltd. from key management personnel.

On July 1, 2019, the Group paid $38,117 thousand (equivalent to US$1,234,029) to acquire 323,892 shares of Hoppime Ltd. from key management personnel.

32. 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	
	2019	2018
Pledged deposits	$ 94,619	$ 64,853
Reserve account	16,084	33,127
	$ 110,703	$ 97,980

33. 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, 2019 and 2018 were as follows:

Significant Commitments

a. As of December 31, 2019 and 2018, unused letters of credit for purchases of raw materials amounted to approximately US$776 thousand and US$400 thousand, respectively.

b. Unrecognized commitments were as follows:

	December 31	
	2019	2018
Acquisition of property, plant and equipment	$ 25,880	$ 42,446

c. As of December 31, 2019 and 2018, the Group had a line of credit to sell gift vouchers, of which $1,559,005 thousand and $1,576,961 thousand had been drawn, respectively.

34. 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, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 19,574,592	29.98 (USD:NTD)	$ 586,847
USD	3,741,144	6.9762 (USD:RMB)	112,159
NTD	5,379,305	0.2323 (NTD:RMB)	5,379
SGD	241,634	22.28 (SGD:NTD)	5,384
			$ 709,769

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

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 the 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			
	2019		2018	
Functional Currency	**Exchange Rate**	**Net Foreign Exchange Gain (Loss)**	**Exchange Rate**	**Net Foreign Exchange Gain (Loss)**
NTD	1 (NTD:NTD)	$ (15,052)	1 (NTD:NTD)	$ 25,157
RMB	4.305 (RMB:NTD)	1,593	4.472 (RMB:NTD)	6,499
		$ (13,459)		$ 31,656

35. 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. None

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

9) Trading in derivative instruments. None

10) Intercompany relationships and significant intercompany transactions. (Table 5)

11) Information on investees. (Table 6)

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 7)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None

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

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

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

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

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

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

36. SEGMENT INFORMATION

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

Taiwan	- Wang Steak - Chamonix - Ikki - Yakiyan - Tasty - Tokiya - Putien - Giguo - Pintian - 12 Hot Pot - Others
Mainland China	- Wang Steak - Tasty - Madam Goose - 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			
	2019		2018	
	Segment Revenue	Segment Profit	Segment Revenue	Segment Profit
Taiwan	$ 9,812,767	$ 523,036	$ 9,381,907	$ 390,942
Mainland China	6,419,441	81,077	6,904,488	177,290
Total for continuing operations	$ 16,232,208	$ 604,113	$ 16,286,395	$ 568,232
Interest income		$ 49,812		$ 58,867
Rental income		24,678		-
Share of (loss) profit of associates and joint ventures		(242)		4,873
Loss on disposal of property, plant and equipment		(139,496)		(66,027)
Exchange (loss) gain		(13,459)		31,656
Reversal of impairment (impairment losses) recognized on property, plant and equipment		4,138		(24,304)
Finance costs		(81,564)		(604)
General revenue		61,061		79,025
General expense		(68,570)		(64,109)
Profit before tax (continuing operations)		$ 440,471		$ 587,609

Segment revenues reported above represents revenue generated from external customers. There were no inter-segment sales during the years ended December 31, 2019 and 2018.

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	
	2019	2018
Taiwan	$ 7,185,208	$ 5,422,727
Mainland China	5,599,316	4,034,978
Total from continuing operations	$ 12,784,524	$ 9,457,705

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	
	2019	2018
Taiwan	$ 9,812,767	$ 9,381,907
Mainland China	6,419,441	6,904,488
	$ 16,232,208	$ 16,286,395

e. Information about major customers

No revenue from any individual customer exceeded 10% of the Group's revenue for the years ended December 31, 2019 and 2018.

WOWPRIME CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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.	Wowfresh Corporation	Other receivables	Yes	$ 100,000	$ 100,000	$ -	-	Short-term financing	$ -	Supporting the subsidiary's short-term operating requirements	$ -	-	$ -	$ 1,353,153	$ 1,353,153	
		WPT Restaurant Corporation	Other receivables	Yes	50,000	50,000	-	-	Short-term financing	-	Supporting the subsidiary's short-term operating requirements	-	-	-	1,353,153	1,353,153	
		Cheerpin Restaurant Corporation	Other receivables	Yes	50,000	-	-	-	Short-term financing	-	Supporting the subsidiary's short-term operating requirements	-	-	-	1,353,153	1,353,153	

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. ($3,382,883 thousand x 40% = $1,353,153 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. ($3,382,883 thousand x 40% = $1,353,153 thousand).

WOWPRIME CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(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	$ 676,577	$ 300,000	$ 300,000	$ -	$ -	8.87	$ 1,353,153	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. ($3,382,883 thousand x 40% = $1,353,153 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. ($3,382,883 thousand x 20% = $676,577 thousand).

TABLE 3

WOWPRIME CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Wowprime Co., Ltd.	Wowfresh Corporation	Subsidiary	Purchase	$ 518,333	13.2	100% prepayments	According to Company's policy	-	$ -	-	According to the Company's credit period to related parties

Note: The above transaction has been written off in the consolidated financial statements.

TABLE 4

WOWPRIME CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Wowprime Co., Ltd.	Wowfresh Corporation	Subsidiary	Other receivables $ 111,295	-	$ -		$ 12,824	$ -

WOWPRIME CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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	$ 73,610	-	1
		Wowfresh Corporation	b	Prepaid investments	86,927	-	1
			b	Purchases	518,333	-	3
			b	Prepayment for purchases	130,363	-	1
			b	Other receivables	111,295	-	1
	Cheerpin Restaurant Corporation	Wowfresh Corporation	c	Prepayment for purchases	179,732	-	1

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, 2019
(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, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
Wowprime Co., Ltd.	Tai Pin Holding Ltd. (Seychelles)	Seychelles	Investment	$ 1,043,291	$ 950,627	15,267,134	100.00	$ 1,698,170	$ (10,106)	$ (10,106)	Note 1
	WPT Restaurant Corporation	Taiwan	Catering and catering management	200,000	200,000	20,000,000	100.00	88,066	(37,981)	(37,981)	Note 1
	Wowprime USA Holding Ltd. (Samoa)	Samoa	Investment	24,069	24,069	762,500	100.00	22,141	214	214	Note 2
				(US$ 762,500)	(US$ 762,500)			(US$ 738,525)	(US$ 6,842)	(US$ 6,842)	
	Cheerpin Restaurant Corporation	Taiwan	Catering and catering management	300,000	300,000	30,000,000	100.00	381,119	82,356	82,356	Note 1
	Wowfresh Corporation	Taiwan	Fresh food trading	60,000	60,000	6,000,000	100.00	63,711	3,676	3,676	Note 1
Tai Pin Holding Ltd. (Seychelles)	Hoppime Ltd. (Cayman)	Cayman	Investment	933,635	759,693	14,778,527	62.66	1,620,013	(18,266)	(12,230)	Note 1
				(RMB 199,827,687)	(RMB 161,477,064)			(RMB 376,309,573)	(RMB (4,212,931))	(RMB (2,811,345))	
	WJ Investments Limited (HK)	Hong Kong	Investment	-	140,457	-	-	-	(538)	(121)	Notes 2 and 4
				(US$ -)	(US$ 4,500,000)			(US$ -)	(US$ (17,273))	(US$ (3,886))	
Hoppime Ltd. (Cayman)	Wowprime Limited (Samoa)	Samoa	Investment	991,732	991,732	-	100.00	2,506,126	8,375	8,375	Note 1
				(RMB 213,980,111)	(RMB 213,980,111)			(RMB 582,143,097)	(RMB 1,758,289)	(RMB 1,758,289)	
	WJ Investments Limited (HK)	Hong Kong	Investment	-	131,681	-	-	-	(538)	(121)	Notes 2 and 4
				(US$ -)	(US$ 4,500,000)			(US$ -)	(US$ (17,273))	(US$ (3,886))	
Wowprime Limited (Samoa)	Wowprime (China) Co., Ltd.	China	Catering and catering management	596,480	596,480	-	100.00	2,347,375	4,041	4,041	Note 1
				(RMB 125,996,904)	(RMB 125,996,904)			(RMB 545,267,222)	(RMB 786,772)	(RMB 786,772)	
	Wowprime (Beijing) Management Co., Ltd.	China	Catering and catering management	118,608	118,608	-	100.00	158,748	4,332	4,332	Note 1
				(RMB 24,673,989)	(RMB 24,673,989)			(RMB 36,875,301)	(RMB 971,038)	(RMB 971,038)	
WJ Investments Limited (HK)	12 Hotpot (Shanghai) Food and Beverage Management Co., Ltd.	China	Catering and catering management	-	603,225	-	-	-	156	156	Notes 2 and 3
				(RMB -)	(RMB 123,022,850)			(RMB -)	(RMB 34,207)	(RMB 34,207)	
Wowprime (China) Co., Ltd.	Shanghai Qun ze yi Enterprise Management Co., Ltd.	China	Catering management	-	-	-	100.00	(5)	(4)	(4)	Note 1
				(RMB -)	(RMB -)			(RMB (1,196))	(RMB (959))	(RMB (959))	

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: The investee company had liquidated and dissolved in August 2019.

Note 4: The investee company had ceased operations and carried out the liquidation process in 2019, and returned the share proceeds to investors in December 2019. As of March 10, 2020, the liquidation process had not yet been completed.

WOWPRIME CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(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, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of Investee	% Ownership of Direct or Indirect Investment (Note 3)	Investment Gain (Loss) (Note 2 b (2).)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019
					Outflow	Inflow						
Wowprime (China) Co., Ltd.	Catering and catering management	$ 596,480 (RMB 125,966,904)	Note 1 (2)	$ 214,139 (US$ 7,272,235)	$ -	$ -	$ 214,139 (US$ 7,272,235)	$ 4,041 (RMB 786,772)	62.66	$ 1,219 (RMB 206,110)	$ 1,470,865 (RMB 341,664,441)	$ 207,023 (US$ 6,813,742)
Wowprime (Beijing) Management Co., Ltd.	Catering and catering management	118,608 (RMB 24,673,989)	Note 1 (2)	922,639 (US$ 3,057,046)	-	-	92,639 (US$ 3,057,046)	4,332 (RMB 971,038)	62.66	2,608 (RMB 585,052)	99,472 (RMB 23,106,064)	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)	156 (RMB 34,207)	-	55 (RMB 12,066)	- (RMB -)	-
Shanghai Qun ze yi Enterprise Management Co., Ltd.	Catering management	- (RMB -)	Note 1 (2)	- (US$ -)	-	-	- (US$ -)	(4) (RMB (959))	62.66	(2) (RMB (561))	(3) (RMB (750))	-

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: The percentage of ownership in 12 Hotpot (Shanghai) Food and Beverage Management Co., Ltd. is calculated based on the Company's substantial percentage of ownership of 12 Hotpot (Shanghai) Food and Beverage Management Co. Ltd., therefore, the investment gain (loss) in the current period was calculated based on the Company's substantial shareholding percentage. 12 Hotpot (Shanghai) Food and Beverage Management Co., Ltd. had liquidated and dissolved in August 2019.

2. Investment limit on investments in China

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	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)	$ 2,608,963 (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.