Gourmet Master Co. Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2013 and 2012 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Gourmet Master Co. Ltd.

We have audited the accompanying consolidated balance sheets of Gourmet Master Co. Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2013, December 31, 2012 and January 1, 2012, and their consolidated financial performance and their consolidated cash flows for the years ended December 31 2013 and 2012, in conformity 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 by the Financial Supervisory Commission of the Republic of China.

March 12, 2014

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

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2013		December 31, 2012		January 1, 2012	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	$ 2,503,716	28	$ 2,541,543	30	$ 3,477,523	44
Financial assets at fair value through profit or loss - current (Note 4)	-	-	9,202	-	9,376	-
Debt investments with no active market - current (Notes 4, 7 and 27)	285,695	3	742,261	9	665,979	8
Notes receivable	1,041	-	2,401	-	6,382	-
Trade receivables (Notes 4, 5 and 8)	236,397	3	228,083	3	186,853	2
Other receivables	60,453	1	48,872	-	39,505	1
Current tax assets	43,139	-	6,400	-	133	-
Inventories (Notes 4, 5 and 9)	455,331	5	389,083	4	371,233	5
Prepayments (Note 12)	396,800	5	327,443	4	175,297	2
Other current assets (Note 12)	12,607	-	12,721	-	11,374	-
Total current assets	3,995,179	45	4,308,009	50	4,943,655	62
NONCURRENT ASSETS						
Debt investments with no active market - noncurrent (Notes 4, 7 and 27)	-	-	1,700	-	1,700	-
Investments accounted for using equity method (Notes 4 and 10)	188,759	2	96,198	1	-	-
Property, plant and equipment (Notes 4, 11 and 27)	3,899,390	44	3,397,262	40	2,198,689	28
Intangible assets	74,355	1	24,855	-	24,278	-
Deferred tax assets (Notes 4, 5 and 18)	63,346	1	46,511	1	45,029	1
Prepaid equipment (Note 12)	175,661	2	304,407	4	500,484	6
Refundable deposits (Note 12)	418,421	5	377,695	4	273,728	3
Other noncurrent assets (Note 12)	13,328	-	6,369	-	8,467	-
Total noncurrent assets	4,833,260	55	4,254,997	50	3,052,375	38
TOTAL	$ 8,828,439	100	$ 8,563,006	100	$ 7,996,030	100

	December 31, 2013		December 31, 2012		January 1, 2012	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES						
Notes payable	$ 296	-	$ 1,204	-	$ 19	-
Trade payables (Note 13)	812,497	9	744,974	9	755,147	9
Other payables (Note 14)	934,551	11	840,445	10	631,404	8
Current tax liabilities	98,554	1	138,071	1	164,227	2
Receipts in advance (Note 14)	568,626	7	516,498	6	450,085	6
Current portion of long-term borrowings	-	-	668	-	360	-
Other current liabilities (Note 14)	23,280	-	16,303	-	14,416	-
Total current liabilities	2,437,804	28	2,258,163	26	2,015,658	25
NONCURRENT LIABILITIES						
Long-term borrowings	-	-	-	-	681	-
Decommission, restoration and rehabilitation provisions (Note 4)	29,233	-	19,247	-	14,705	-
Guarantee deposits received (Note 14)	87,248	1	51,552	1	53,568	1
Other noncurrent liabilities (Note 14)	-	-	426	-	56	-
Total noncurrent liabilities	116,481	1	71,225	1	69,010	1
Total liabilities	2,554,285	29	2,329,388	27	2,084,668	26
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 15)						
Share capital	1,411,200	16	1,411,200	16	1,344,000	17
Capital surplus						
Additional paid-in capital	2,681,126	30	2,681,126	31	2,748,326	34
Retained earnings						
Reserve	366,706	4	268,972	3	156,864	2
Special reserve	38,098	-	-	-	-	-
Unappropriated earnings	1,487,603	17	1,755,003	21	1,424,569	18
Total retained earnings	1,892,407	21	2,023,975	24	1,581,433	20
Other equity	218,237	3	(7,369)	-	127,893	2
Total equity attributable to owners of the Company	6,202,970	70	6,108,932	71	5,801,652	73
NON-CONTROLLING INTERESTS	71,184	1	124,686	2	109,710	1
Total equity	6,274,154	71	6,233,618	73	5,911,362	74
TOTAL	$ 8,828,439	100	$ 8,563,006	100	$ 7,996,030	100

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

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 16 and 31)	$ 15,114,334	100	$ 13,551,149	100
OPERATING COSTS	(6,719,096)	(45)	(6,065,678)	(45)
GROSS PROFIT	8,395,238	55	7,485,471	55
OPERATING EXPENSES				
Selling and marketing expenses	(6,637,887)	(44)	(5,509,476)	(41)
General and administrative expenses	(798,346)	(5)	(653,274)	(5)
Research and development expenses	(17,561)	-	(16,906)	-
Total operating expenses	(7,453,794)	(49)	(6,179,656)	(46)
OPERATING INCOME	941,444	6	1,305,815	9
NONOPERATING INCOME AND EXPENSES (Note 17)				
Other income	157,970	1	187,146	1
Share of loss of associates and joint ventures	(16,496)	-	(16,523)	-
Other gains and losses	(159,179)	(1)	(49,251)	-
Total nonoperating income and expenses	(17,705)	-	121,372	1
PROFIT BEFORE INCOME TAX	923,739	6	1,427,187	10
INCOME TAX EXPENSE (Notes 4 and 18)	(319,391)	(2)	(418,507)	(3)
NET PROFIT FOR THE YEAR	604,348	4	1,008,680	7
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations	221,146	1	(130,079)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 825,494	5	$ 878,601	6
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	$ 574,032	4	$ 980,142	7
Non-controlling interests	30,316	-	28,538	-
	$ 604,348	4	$ 1,008,680	7

(Continued)

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	$ 799,638	5	$ 844,880	6
Non-controlling interests	25,856	-	33,721	-
	$ 825,494	5	$ 878,601	6
EARNINGS PER SHARE (Note 19)				
Basic	$ 4.07		$ 6.95	

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

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to the Owners of the Company								
			Retained Earnings			Other Equity			
	Share Capital	Capital Surplus	Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2012	$ 1,344,000	$ 2,748,326	$ 156,864	$ -	$ 1,424,569	$ 127,893	$ 5,801,652	$ 109,710	$ 5,911,362
Appropriation of 2011 earnings									
Reserve	-	-	112,108	-	(112,108)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(537,600)	-	(537,600)	-	(537,600)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	(18,745)	(18,745)
Issue of share dividends from capital surplus	67,200	(67,200)	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2012	-	-	-	-	980,142	-	980,142	28,538	1,008,680
Other comprehensive income (loss) for the year ended December 31, 2012, net of income tax	-	-	-	-	-	(135,262)	(135,262)	5,183	(130,079)
Total comprehensive income for the year ended December 31, 2012	-	-	-	-	980,142	(135,262)	844,880	33,721	878,601
BALANCE AT DECEMBER 31, 2012	1,411,200	2,681,126	268,972	-	1,755,003	(7,369)	6,108,932	124,686	6,233,618
Appropriation of 2012 earnings									
Reserve	-	-	97,734	-	(97,734)	-	-	-	-
Special reserve	-	-	-	38,098	(38,098)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(705,600)	-	(705,600)	-	(705,600)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	(47,084)	(47,084)
Net profit for the year ended December 31, 2013	-	-	-	-	574,032	-	574,032	30,316	604,348
Other comprehensive income (loss) for the year ended December 31, 2013, net of income tax	-	-	-	-	-	225,606	225,606	(4,460)	221,146
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	574,032	225,606	799,638	25,856	825,494
Effect of deconsolidation of subsidiary	-	-	-	-	-	-	-	(32,274)	(32,274)
BALANCE AT DECEMBER 31, 2013	$ 1,411,200	$ 2,681,126	$ 366,706	$ 38,098	$ 1,487,603	$ 218,237	$ 6,202,970	$ 71,184	$ 6,274,154

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

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2013	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 923,739	$ 1,427,187
Adjustments for:		
Depreciation expenses	743,713	535,091
Amortization expenses	16,857	6,085
Net gain on fair value change of financial assets at fair value through profit or loss	(5,183)	-
Interest expense	135	82
Interest income	(22,845)	(35,415)
Share of loss of associates and joint ventures	16,496	16,523
Loss on disposal of property, plant and equipment	79,424	4,342
Loss on disposal of intangible assets	426	282
Gain on deconsolidation of subsidiary	(5,874)	-
Changes in operating assets and liabilities		
Decrease in financial assets held for trading	14,267	-
Decrease in notes receivable	1,360	3,981
Increase in trade receivables	(8,444)	(41,230)
Increase in other receivables	(7,515)	(9,367)
Increase in inventories	(76,211)	(17,793)
Increase in prepayments	(75,641)	(152,146)
Decrease (increase) in other current assets	97	(1,347)
(Increase) decrease in other operating assets	(6,959)	2,098
(Decrease) increase in notes payable	(908)	1,185
Increase (decrease) in trade payables	68,503	(10,173)
Increase in other payables	124,279	166,609
Increase in provisions	9,986	4,542
Increase in receipts in advance	53,413	66,413
Increase in other current liabilities	7,002	1,887
(Decrease) increase in other operating liabilities	(426)	370
Cash generated from operations	1,849,691	1,969,206
Interest paid	(135)	(82)
Income taxes paid	(359,625)	(448,302)
Net cash generated from operating activities	1,489,931	1,520,822
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from debt investments with no active market	-	(76,282)
Proceeds on sale of debt investments with no active market	453,969	-
Acquisition of investment accounted for by equity method	-	(112,410)
Net cash outflow from deconsolidation of subsidiary	(47,726)	-
Payment for property, plant and equipment	(1,296,542)	(1,367,225)
Proceeds from property, plant and equipment	20,007	8,952
Increase in refundable deposits	(106,398)	(134,159)

(Continued)

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2013	**2012**
Decrease in refundable deposits	$ 83,903	$ 22,274
Acquisition of intangible assets	(63,661)	(7,622)
Proceeds from intangible assets	89	-
Increase in prepaid equipment	-	(180,377)
Decrease in prepaid equipment	128,746	-
Interest received	18,772	35,415
Net cash used in investing activities	(808,841)	(1,811,434)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term borrowings	(588)	(373)
Increase in guarantee deposits received	41,486	1,130
Decrease in guarantee deposits received	(8,251)	(2,502)
Dividends paid to owners of the Company	(705,600)	(537,600)
Dividends paid to non-controlling interests	(47,084)	(18,745)
Net cash used in financing activities	(720,037)	(558,090)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	1,120	(87,278)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(37,827)	(935,980)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,541,543	3,477,523
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,503,716	$ 2,541,543

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

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Gourmet Master Co. Ltd. (the "Company") was incorporated in the Cayman Islands in September 2008.

The Company and its subsidiaries (collectively, the "Group") mainly engages in the production and wholesale of bakery products, retail of beverages, wholesale of bakery machinery, and the business of multiple shops and alliance shops.

The Company's shares have been listed on the Taiwan Stock Exchange ("TSE") since November 22, 2010.

The functional currency of the Company is Renminbi. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company's stocks are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorized for issue on March 12, 2014.

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

a. New, amended and revised standards and interpretations in issue but not yet effective

The Company and entities controlled by the Company (collectively, the "Group") have not applied the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) issued by the IASB. On January 28, 2014, the Financial Supervisory Commission (FSC) announced the framework for the adoption of updated IFRSs version in the ROC. Under this framework, starting January 1, 2015, the previous version of IFRSs endorsed by the FSC (the 2010 IFRSs version) currently applied by companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market will be replaced by the updated IFRSs without IFRS 9 (the 2013 IFRSs version). However, as of the date that the consolidated financial statements were authorized for issue, the FSC has not endorsed the following new, amended and revised standards and interpretations issued by the IASB (the "New IFRSs") included in the 2013 IFRSs version. Furthermore, the FSC has not announced the effective date for the following New IFRSs that are not included in the 2013 IFRSs version.

The New IFRSs Included in the 2013 IFRSs Version Not Yet Endorsed by the FSC	Effective Date Announced by IASB (Note 1)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ending on or after June 30, 2009

(Continued)

The New IFRSs Included in the 2013 IFRSs Version Not Yet Endorsed by the FSC	Effective Date Announced by IASB (Note 1)
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 27 (Revised 2011) "Separate Financial Statements"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

(Concluded)

The New IFRSs Not Included in the 2013 IFRSs Version	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 "Financial Instruments"	Effective date not determined
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	Effective date not determined
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

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

Note 2: The amendment to IFRS 2 applies to share-based payment transactions for which the grant date is on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations for which the acquisition date is on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

b. Significant impending changes in accounting policy that would result from adoption of new, amended and revised standards and interpretations in issue but not yet effective

   The application whenever applied of the above new, amended and revised standards and interpretations would not have any material impact on the Group's accounting policies.

c. Material impact on consolidated financial statements that would result from adoption, whenever adopted of new, amended and revised standards and interpretations in issue but not yet effective

   The application whenever applied, of the above new, amended and revised standards and interpretations would not have any material impact on the consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

On May 14, 2009, the FSC announced the "Framework for the Adoption of IFRSs by the Companies in the ROC." In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (the "IFRSs") endorsed by the FSC.

The Group's consolidated financial statements for the year ended December 31, 2013 is its first IFRS consolidated financial statements. The date of transition to IFRSs was January 1, 2012. Refer to Note 31 for the impact of IFRS conversion on the Group's consolidated financial statements.

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 by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The opening consolidated balance sheets as of the date of transition to IFRSs was prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards". The applicable IFRSs have been applied retrospectively by the Group except for some aspects where IFRS 1 prohibits retrospective application or grants optional exemptions to this general principle. For the exemptions that the Group elected, refer to Note 31.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within twelve months after the reporting period; and

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

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within twelve months after the reporting period; and

c. Liabilities of which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

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

Basis of Consolidation

a. Principles for preparing consolidated financial statements

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

   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 date of acquisition and up to the effective date 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.

   <u>Attribution of total comprehensive income to non-controlling interests</u>

   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.

   <u>Changes in the Group's ownership interests in existing subsidiaries</u>

   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 Group's interests 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.

   When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for the cost on initial recognition of an investment in an associate.

b. Subsidiary included in consolidated financial statements

Investor	Investee	Main Businesses	% of Ownership December 31, 2013	% of Ownership December 31, 2012	% of Ownership January 1, 2012	Note
Gourmet Master Co. Ltd.	85 Degree Co., Ltd.	Investment	100	100	100	-
	Prime Scope Trading Limited	Investment	100	100	100	-
	Perfect 85 Degrees C, Inc.	Investment	100	100	100	-
	85 Degrees Café International Pty Ltd.	Grocery and drink retailing	51	51	51	-
	Lucky Bakery Limited	Investment	100	100	100	-
	WinPin 85 Investments, Inc.	Grocery and drink retailing	100	100	-	-
Perfect 85 Degrees C, Inc.	Golden 85 Investments, LLC	Grocery and drink retailing	65	65	65	-
85 Degree Co., Ltd.	Comestibles Master Co., Ltd.	Grocery and drink retailing	100	100	100	-
Comestibles Master Co., Ltd.	Mei Wei Master Co., Ltd.	Grocery and drink retailing	100	100	100	-
	The Hot Pot Food and Beverage Management Co., Ltd.	Food and beverage sale; grocery and drink retailing	-	76	-	a
Mei Wei Master Co., Ltd.	Mei Wei Fu Xing Ltd.	Grocery and drink retailing	60	60	60	-
	Mei Wei San Min Ltd.	Grocery and drink retailing	-	-	60	-
The Hot Pot Food and Beverage Management Co., Ltd.	The Hot Pot Food and Beverage Management Limited	Investment	-	90	-	a
Prime Scope Trading Limited	Shanghai Gourmet Master Food & Beverage Ltd.	Grocery and drink retailing	100	100	100	-
	He-Shia Food & Beverage Ltd.	Grocery and drink retailing	100	100	100	-
	Sheng-Pin (Hangzhou) Food Ltd.	Manufacturing of baking food and sale	100	100	100	-
	He-Shia (Nanjing) Food & Beverage Ltd.	Grocery and drink retailing	100	100	100	-
	Beijing 85 Food & Beverage Ltd.	Grocery and drink retailing	100	100	100	-
	Zhejiang 85 Food & Beverage Ltd.	Grocery and drink retailing	100	100	100	-
	Sheng-Pin (Beijing) Food Ltd.	Manufacturing of baking food and sale	100	100	100	-
	Fuzhou 85 Food & Beverage Ltd.	Grocery and drink retailing	100	100	100	-
	Sheng-Pin (Jiangsu) Food Ltd.	Manufacturing of baking food and sale	100	100	100	-
	Sheng-Pin (Xiamen) Food Ltd.	Manufacturing of baking food and sale	100	100	-	-
	Sheng-Pin (Qingdao) Food Ltd.	Manufacturing of baking food and sale	100	100	-	-
	Xiamen 85 Food & Beverage Ltd.	Grocery and drink retailing	100	100	-	-
	Shenyang 85 Food & Beverage Ltd.	Grocery and drink retailing	100	100	-	-
	Sheng-Pin (Shenyang) Food Ltd.	Manufacturing of baking food and sale	100	100	-	-
	85 Degree (Qingdao) Food & Beverage Management Ltd.	Grocery and drink retailing	100	100	-	-
	85 Degree (Jiangsu) Food Ltd.	Manufacturing of baking food and sale	68	-	-	-
Shanghai Gourmet Master Food & Beverage Ltd.	Sheng-Pin (Shanghai) Food Ltd.	Manufacturing of baking food and sale	100	100	100	-
	Mai-Jai (Shanghai) Food Ltd.	Manufacturing of baking food and sale	100	100	100	-
	Shanghai Howco Jing Way Food & Beverage Ltd.	Grocery and drink retailing	100	100	100	-
	Shenzheng 85 Food & Beverage Ltd.	Grocery and drink retailing	85	85	85	-
	Chengdu 85 Food & Beverage Ltd.	Grocery and drink retailing	100	100	100	-
	Sheng-Pin (Wuhan) Food Ltd.	Manufacturing of baking food and sale	100	100	-	-
	Wuhan Jing Way Food & Beverage Ltd.	Grocery and drink retailing	100	100	-	-
	Jianxi Jing Way Food & Beverage Ltd.	Grocery and drink retailing	100	100	-	-

(Continued)

Investor	Investee	Main Businesses	% of Ownership December 31, 2013	December 31, 2012	January 1, 2012	Note
	Jin Wei Industrial (Shanghai) Ltd.	Grocery sale	100	100	-	-
	Guangzhou 85 Degree Food & Beverage Management Ltd.	Grocery and drink retailing	100	100	-	-
	85 Degree (Jiangsu) Food Ltd.	Manufacturing of baking food and sale	32	-	-	-
	Mai-Jai (Chengdu) Food Ltd.	Manufacturing of baking food and sale	100	-	-	-
Shenzheng 85 Food & Beverage Ltd.	Sheng-Pin (Shenzheng) Food Ltd.	Manufacturing of baking food and sale	100	100	100	-
85 Degree (Qingdao) Food & Beverage Management Ltd.	Qingdao Jie Wei Food & Beverage Management Ltd.	Manufacturing of baking food and sale	100	100	-	-

(Concluded)

Starting August 2013, The Hot Pot Food and Beverage Management Co., Ltd. increased its share capital and the Group did not participate in the share issuance. The Group lost its power to govern the financial and operating policies of The Hot Pot Food and Beverage Management Co., Ltd. and its subsidiary The Hot Pot Food and Beverage Management Limited due to the loss of power to cast the majority of votes at meetings of the board of directors; accordingly, The Hot Pot Food and Beverage Management Co., Ltd. is no longer consolidated and is accounted for using the equity method. Please refer to Note 20.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (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.

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

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries, associates, joint ventures or branches operations in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising 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 loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process 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. 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.

Investment in Associates and Jointly Controlled Entities

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. Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of associates and jointly controlled entities are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate and jointly controlled entity is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and jointly controlled entity. The Group also recognizes the changes in the Group's share of equity of associates and jointly controlled entity.

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

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

Property, Plant, and Equipment

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Impairment of Tangible and Intangible Assets Other Than Goodwill

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

Recoverable amount is the higher of fair value less costs to sell and value in use. The recoverable amount was estimated by pre-tax discounting future cash flows. The discounting rate reflects the current market for the value of money and not adjusted the certain risk of assessment to future cash flows.

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.

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

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

a. Financial assets

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

   1) Measurement category

      Financial assets are classified into the following specified categories: Financial assets at fair value through profit or loss and loans and receivables.

      <u>Financial assets at fair value through profit or loss</u>

      Financial assets are classified as at fair value through profit or loss when the financial asset is held for trading.

      Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset.

Loans and receivables

Loans and receivables (including trade receivables, cash and cash equivalent and debt investments with no active market) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

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

2) Impairment of financial assets

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

For financial assets carried at amortized cost, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables, and other situation.

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

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

For all other financial assets, objective evidence of impairment could include:

a) Significant financial difficulty of the issuer or counterparty, breach of contract;

b) Default or delinquency in interest or principal payments;

c) It becoming probable that the borrower will enter bankruptcy or financial re-organization; or

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables that are written off against the allowance account.

3) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

b. Financial liabilities

1) Subsequent measurement

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

2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Provisions

Provisions are measured at the best estimate 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).

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns and recognizes a liability for returns based on previous experience and other relevant factors.

a. Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

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

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

3) The amount of revenue can be measured reliably;

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

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

b. Interest income

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

c. Royalties

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

Leasing

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

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

Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

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

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Retirement Benefit Costs

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

Taxation

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

a. Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements 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 and interests 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 to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

c. 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 estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Income Taxes

As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amount of the deferred tax assets in relation to unused tax losses was $8,169 thousand, $12,523 thousand and $12,911 thousand, respectively. As of December 31, 2013, December 31, 2012 and January 1, 2012, no deferred tax asset has been recognized on the tax loss of $160,434 thousand, $87,092 thousand and $36,048 thousand, respectively, due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

Estimated Impairment of Trade Receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Write-down of Inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value was based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand	$ 135,854	$ 159,075	$ 74,281
Checking accounts and demand deposits	2,322,438	1,973,184	2,109,000
Cash equivalent			
Time deposits with original maturities less than three months	45,424	409,284	1,294,242
	$ 2,503,716	$ 2,541,543	$ 3,477,523

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Bank deposits	0.01%-0.45%	0.01%-1.15%	0.10%-1.31%
Time deposits	0.94%-4.00%	0.50%-3.15%	0.45%-4.60%

7. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31, 2013	December 31, 2012	January 1, 2012
Current			
Time deposits with original maturity more than 3 months	$ 285,695	$ 737,259	$ 665,207
Trust fund account	-	5,002	772
	$ 285,695	$ 742,261	$ 665,979
Non-current			
Time deposits with original maturity more than 3 months	$ -	$ 1,700	$ 1,700

a. The market interest rates of the time deposits with original maturity more than 3 months were 1.09%-3.25%, 0.90%-1.345% and 1.01%-1.59% per annum respectively as of December 31, 2013, December 31, 2012 and January 1, 2012.

b. Refer to Note 27 for information relating to bond investments with no active market pledged as security.

8. TRADE RECEIVABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Trade receivables	$ 236,397	$ 228,083	$ 186,853
Less: Allowance for doubtful accounts	-	-	-
	$ 236,397	$ 228,083	$ 186,853

The average credit period on sales of goods was between 30 days and 60 days. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. The Group recognized an allowance for impairment loss of 100% against all receivables over 60 days because historical experience had been that receivables that are past due beyond 60 days were not recoverable. Allowance for impairment loss were recognized against trade receivables between 0 and 60 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

For the trade receivables balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss, because there was not a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements for these balances.

The aging of receivables that were past due but not impaired was as follow:

	December 31, 2013	December 31, 2012	January 1, 2012
Less than 90 days	$ 7,020	$ 79	$ 5,233
90 days to 180 days	17,650	8,287	13,425
181 days to 361 days	32,548	1,482	10,083
Over 361 days	10,771	4,845	5,814
	$ 67,989	$ 14,693	$ 34,555

The above aging schedule was based on the invoice date.

On the above receivables that were past due but not impaired, the receivables of outlets in shopping malls are collected by the mall first, which means the procedures and timing for the billing of the Company are longer. The experience shows that the receivables are collectable, so there was no impairment loss recognized.

9. INVENTORIES

	December 31, 2013	December 31, 2012	January 1, 2012
Finished goods	$ 35,695	$ 34,125	$ 40,846
Work in process	2,778	4,046	21,648
Raw materials and supplies	323,832	315,182	201,841
Merchandise	93,026	35,730	106,898
	$ 455,331	$ 389,083	$ 371,233

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2013 and 2012 was $6,719,096 thousand and $6,065,678 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2013 and 2012 both not included inventory write-downs.

10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31, 2013	December 31, 2012	January 1, 2012
Investment in associates	$ 110,233	$ -	$ -
Investment in jointly controlled entities	78,526	96,198	-
	$ 188,759	$ 96,198	$ -

a. Investment in associates

	December 31, 2013	December 31, 2012	January 1, 2012
Unlisted company			
The Hot Pot Food and Beverage Management Co., Ltd.	$ 110,233	$ -	$ -

As the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

Name of Associate	December 31, 2013	December 31, 2012	January 1, 2012
The Hot Pot Food and Beverage Management Co., Ltd.	42%	-	-

The Group has no power to govern the financial and operating policies of The Hot Pot Food and Beverage Management Co., Ltd. starting August 2013. This is because the Group lost power to cast the majority of votes at meetings of the board of directors. As a result, The Hot Pot Food and Beverage Management Co., Ltd. is no longer consolidated but accounted for using the equity method. Please refer to Note 20.

The summarized financial information in respect of the Group's associates is set out below:

	December 31, 2013	December 31, 2012	January 1, 2012
Total asset	$ 297,602	$ -	$ -
Total liabilities	$ 36,509	$ -	$ -

	For the Year Ended December 31	
	2013	2012
Revenue	$ 128,453	$ -
Profit for the year	$ 514	$ -
Other comprehensive income	$ 26	$ -
Group's share of profit of associates for the year	$ 3,516	$ -

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the year ended December 31, 2013 was based on the associates' financial statements audited by the auditors for the same years.

b. Investment in jointly controlled entities:

	December 31, 2013	December 31, 2012	January 1, 2012
Unlisted company			
Profit Sky International Limited	$ 78,526	$ 96,198	$ -

As the end of the reporting period, the proportion of ownership and voting rights in jointly controlled entities held by the Group were as follows:

Name of Jointly Controlled Entities	December 31, 2013	December 31, 2012	January 1, 2012
Profit Sky International Limited	50%	50%	-

The summarized financial information in respect of the Group's interests in the jointly controlled entities which are accounted for using the equity method is set out below:

	December 31, 2013	December 31, 2012	January 1, 2012
Current assets	$ 4,447	$ 4,415	$ -
Non-current assets	$ 76,371	$ 94,414	$ -
Current liabilities	$ 2,653	$ 2,632	$ -

	For the Year Ended December 31	
	2013	2012
Income recognized in profit or loss	$ (20,012)	$ (16,523)
Other comprehensive income	$ -	$ -

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2013 and 2012 were based on the jointly controlled entities' unaudited financial statements.

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Leasehold Improvements	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost									
Balance at January 1, 2012	$ 293,761	$ 70,700	$ 1,284,430	$ 966,125	$ 43,560	$ 89,905	$ 267,795	$ -	$ 3,016,276
Additions	124,791	55,152	465,309	405,036	8,130	99,322	11,598	240,319	1,409,657
Reclassified	-	290,473	47,985	29,748	(483)	182,611	(100,447)	(75,027)	374,860
Disposal	-	-	(34,876)	(4,391)	(2,387)	(14,596)	(2,763)	-	(59,013)
Effect of foreign currency exchange differences	(1,293)	(2,231)	(33,528)	(5,276)	(867)	(3,174)	(4,116)	(996)	(51,481)
Balance at December 31, 2012	$ 417,259	$ 414,094	$ 1,729,320	$ 1,391,242	$ 47,953	$ 354,068	$ 172,067	$ 164,296	$ 4,690,299
Accumulated depreciation and impairment									
Balance at January 1, 2012	$ -	$ 18,296	$ 348,064	$ 292,353	$ 14,533	$ 38,276	$ 106,065	$ -	$ 817,587
Depreciation charge for the period	-	13,144	225,154	209,773	7,906	53,562	25,552	-	535,091
Reclassified	-	1,475	(37,725)	(1,397)	103	65,984	(30,034)	-	(1,594)
Disposal	-	-	(32,468)	(2,390)	(1,449)	(9,156)	(256)	-	(45,719)
Effect of foreign currency exchange differences	-	(50)	(8,568)	(1,590)	(264)	(1,122)	(734)	-	(12,328)
Balance at December 31, 2012	$ -	$ 32,865	$ 494,457	$ 496,749	$ 20,829	$ 147,544	$ 100,593	$ -	$ 1,293,037
Carrying amounts at January 1, 2012	$ 293,761	$ 52,404	$ 936,366	$ 673,772	$ 29,027	$ 51,629	$ 161,730	$ -	$ 2,198,689
Carrying amounts at December 31, 2012	$ 417,259	$ 381,229	$ 1,234,863	$ 894,493	$ 27,124	$ 206,524	$ 71,474	$ 164,296	$ 3,397,262
Cost									
Balance at January 1, 2013	$ 417,259	$ 414,094	$ 1,729,320	$ 1,391,242	$ 47,953	$ 354,068	$ 172,067	$ 164,296	$ 4,690,299
Additions	-	133,798	296,780	448,965	10,674	76,135	26,242	293,643	1,286,237
Reclassified	-	90,952	(19,267)	187,198	1,321	22,909	(15,138)	(267,975)	-
Disposal	-	(1,118)	(44,709)	(152,016)	(7,882)	(18,208)	(19,520)	-	(243,453)
Effect of deconsolidation of subsidiary	-	-	(3,256)	(21,584)	-	(979)	(11,436)	(44,420)	(81,675)
Effect of foreign currency exchange differences	2,952	22,320	79,198	67,968	1,345	18,501	1,100	2,551	195,935
Balance at December 31, 2013	$ 420,211	$ 660,046	$ 2,038,066	$ 1,921,773	$ 53,411	$ 452,426	$ 153,315	$ 148,095	$ 5,847,343

(Continued)

	Land	Buildings	Machinery and Equipment	Leasehold Improvements	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Accumulated depreciation and impairment									
Balance at January 1, 2013	$ -	$ 32,865	$ 494,457	$ 496,749	$ 20,829	$ 147,544	$ 100,593	$ -	$ 1,293,037
Depreciation charge for the period	-	30,459	298,376	298,783	8,995	82,704	24,396	-	743,713
Reclassified	-	-	(9,146)	3,111	(1,282)	8,537	(1,220)	-	-
Disposal	-	(1,118)	(42,195)	(67,908)	(2,127)	(12,391)	(18,283)	-	(144,022)
Effect of deconsolidation of subsidiary	-	-	(379)	(1,277)	-	(111)	(1,651)	-	(3,418)
Effect of foreign currency exchange differences	-	880	23,454	25,378	606	8,013	312	-	58,643
Balance at December 31, 2013	$ -	$ 63,086	$ 764,567	$ 754,836	$ 27,021	$ 234,296	$ 104,147	$ -	$ 1,947,953
Carrying amounts at December 31, 2013	$ 420,211	$ 596,960	$ 1,273,499	$ 1,166,937	$ 26,390	$ 218,130	$ 49,168	$ 148,095	$ 3,899,390

(Concluded)

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful life of the asset:

Building	
Main buildings	20-39 years
Power system engineering	10 years
Furnishing	3-10 years
Others	3-20 years
Machinery and equipment	1-10 years
Leasehold improvements	3-40 years
Transportation equipment	3-6 years
Office equipment	1-6 years
Other equipment	1-10 years

Refer to Note 27 for the carrying amount of property, plant and equipment pledged by the Group to secure borrowings granted to the Group.

12. OTHER ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Current			
Prepaid rent	$ 226,480	$ 198,090	$ 106,544
Prepayments	76,304	37,603	8,593
Offset against business tax payable	55,162	56,488	33,982
Other prepayments	38,854	35,262	26,178
Others	12,607	12,721	11,374
	$ 409,407	$ 340,164	$ 186,671
Noncurrent			
Prepaid equipment	$ 175,661	$ 304,407	$ 500,484
Refundable deposits	418,421	377,695	273,728
Others	13,328	6,369	8,467
	$ 607,410	$ 688,471	$ 782,679

a. Prepaid rent is due to store lease arrangement.

b. Prepaid equipment is due to purchasing new equipment for factory.

c. Refundable deposits are for rental of store and factories.

13. TRADE PAYABLES

The average credit period on purchases of certain goods was 45 days. The Group has financial risk management policies to ensure in place that all payables are paid within the pre-agreed credit terms.

14. OTHER LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Current			
Other payables			
Payable for purchase of equipment	$ 122,087	$ 141,752	$ 99,320
Accrued payroll and bonus	352,924	294,166	231,529
Utilities	86,421	70,479	44,756
Insurance	43,406	35,900	34,747
Rent	22,529	34,036	35,998
Others (shipping expense and repairing expense, etc.)	307,184	264,112	185,054
	$ 934,551	$ 840,445	$ 631,404
Other liabilities			
Receipts in advance	$ 568,626	$ 516,498	$ 450,085
Others	23,280	16,303	14,416
	$ 591,906	$ 532,801	$ 464,501
Noncurrent			
Guarantee deposits received	$ 87,248	$ 51,552	$ 53,568
Other liabilities	-	426	56
	$ 87,248	$ 51,978	$ 53,624

Receipts in advance are mainly issued gift vouchers not yet redeemed.

15. SHAREHOLDERS' EQUITY

Share Capital

Ordinary shares

	December 31, 2013	December 31, 2012	January 1, 2012
Number of shares authorized (in thousands)	850,000	850,000	850,000
Shares authorized	$ 8,500,000	$ 8,500,000	$ 8,500,000
Number of shares issued and fully paid (in thousands)	141,120	141,120	134,400
Shares issued	$ 1,411,200	$ 1,411,200	$ 1,344,000

Capital Surplus

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares and treasury share transactions) 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 capital (limited to a certain percentage of the Company's capital surplus and once a year).

The capital surplus from long-term investments, employee share options and share warrants may not be used for any purpose.

Retained Earnings and Dividend Policy

The Company's Articles of Incorporation provide that reserve should be set aside at 10% of annual net income less any accumulated losses. In addition, a special reserve should be appropriated as needed. The remainder of the income should be appropriated in the following order:

a. 3% or less as bonus to employees (including subsidiaries' employees);

b. 1% or less as remuneration to directors and supervisors; and

c. The earnings appropriated should not be less than 30% of the after-tax earnings. And the cash dividends should not be less than 10% of the sum of cash dividends and stock dividends.

For the years ended December 31, 2013 and 2012, there were no accrual for bonus to employees and the remuneration to directors and supervisors. Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the fair value of the shares. The fair value of the shares refer to the closing price (after considering the effect of cash and stock dividends) of the shares on the day immediately preceding the shareholders' meeting.

Under Rule No. 100116 and Rule No. 0950000507 issued by the FSC, an amount equal to the net debit balance of shareholders' other equity items (including exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, and the gain or loss on the hedging instrument relating to the effective portion of cash flow hedge) shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings generated before January 1, 2012 shall be made. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a company should appropriate to a special reserve of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the company's use of exemptions under IFRS 1. However, at the date of transitions to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not sufficient for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The special reserve appropriated as above may be reversed in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated on the first-time adoption of IFRSs may be used to offset deficits in subsequent years. No appropriation of earnings shall be made until any shortage of the aforementioned special reserve is appropriated in subsequent years if the company has earnings and the original need to appropriate a special reserve is not eliminated.

The appropriations of earnings for 2012 and 2011 were approved in the shareholders' meeting held on June 11, 2013 and June 5, 2012, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share (Dollars)**	
	2012	**2011**	**2012**	**2011**
Reserve	$ 97,734	$ 112,108	$ -	$ -
Special reserve	38,098	-	-	-
Cash dividends	705,600	537,600	5	4

There was no bonus to employees and the remuneration to directors and supervisors for 2012 and 2011 was approved in the shareholders' meeting held on June 11, 2013 and June 5, 2012, respectively.

The appropriations of earnings for 2012 were proposed according to the Company's financial statements for the year ended December 31, 2012, which were prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the Generally Accepted Accounting Standard in the Republic of China ("ROC GAAP") and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (revised) and International Financial Reporting Standards.

There was no difference between the amounts of bonuses to employees and the remuneration to directors and supervisors approved in shareholders' meetings in 2013 and 2012 and the amounts recognized in the financial statements for the years ended December 31, 2012 and 2011.

The appropriations of earnings for 2013 had been proposed by the Company's board of directors on March 12, 2014. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Reserve	$ 57,403	$ -
Cash dividends	183,456	1.3

The appropriations of earnings, the bonus to employees, and the remuneration to directors and supervisors for 2013 are subject to the resolution of the shareholders' meeting to be held on June 6, 2014.

Information on the bonus to employees, directors and supervisors proposed by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Provision of Special Reserve for First-time Adoption of IFRSs

The Company had a decrease in retained earnings that resulted from all IFRSs adjustments; therefore, no special reserve was appropriated.

Other Equity Items

Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2013	**2012**
Balance at January 1	$ (7,369)	$ 127,893
The translation of foreign operation's net assets	225,711	(135,262)
Gain reclassified to profit or loss upon disposal of foreign operation	(105)	-
Balance at December 31	$ 218,237	$ (7,369)

The exchange differences arising from the translation of foreign operation's net assets from its functional currency to presentation currency (i.e. New Taiwan dollars) were recognized directly in other comprehensive income and also accumulated in the foreign currency translation reserve.

The cumulative foreign currency translation reserve is reclassified to profit or loss when the foreign operation is disposed of.

16. REVENUE

	For the Year Ended December 31	
	2013	**2012**
Revenue from sales of goods	$ 15,114,334	$ 13,551,149

17. NET PROFIT

Net profit had been arrived of after charging:

a. Other income

	For the Year Ended December 31	
	2013	**2012**
Interest income	$ 22,845	$ 35,415
Income from government grants	87,169	95,044
Others	47,956	56,687
	$ 157,970	$ 187,146

b. Other gains and losses

	For the Year Ended December 31	
	2013	2012
Net foreign exchange losses	$ (5,507)	$ (7,739)
Loss on disposal of property, plant and equipment	(79,424)	(4,342)
Gain on deconsolidation of subsidiary	5,874	-
Others	(80,122)	(37,170)
	$ (159,179)	$ (49,251)

c. Depreciation and amortization

	For the Year Ended December 31	
	2013	2012
Property, plant and equipment	$ 743,713	$ 535,091
Intangible assets	16,857	6,085
	$ 760,570	$ 541,176
An analysis of depreciation by function		
Operating costs	$ 134,221	$ 95,564
Operating expenses	609,492	439,527
	$ 743,713	$ 535,091
An analysis of amortization by function		
Selling and marketing expenses	$ 3,379	$ 1,202
General and administrative expenses	13,478	4,883
	$ 16,857	$ 6,085

d. Employee benefits expense

	For the Year Ended December 31	
	2013	2012
Post-employment benefits		
Defined contribution plans	$ 36,652	$ 36,568
Other employee benefits	3,779,354	2,936,018
	$ 3,816,006	$ 2,972,586
An analysis of employee benefits expense by function		
Operating costs	$ 527,192	$ 420,994
Operating expenses	3,288,814	2,551,592
	$ 3,816,006	$ 2,972,586

18. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2013	2012
Current tax		
In respect of the current period	$ 299,853	$ 384,161
Income tax expense of unappropriated earnings	32,379	33,584
In respect of prior periods	4,215	3,718
	336,447	421,463
Deferred tax		
In respect of the current period	(17,056)	(2,956)
Income tax expense recognized in profit or loss	$ 319,391	$ 418,507

A reconciliation of accounting income and income tax expense used is as follow:

	For the Year Ended December 31	
	2013	2012
Profit before income tax	$ 923,739	$ 1,427,187
Income tax expense calculated at the statutory rate	$ 243,130	$ 365,166
Nondeductible expense in determining taxable income	(29,544)	(41,175)
Tax exempt income	(8,863)	(10,498)
Additional income tax on unappropriated earnings	32,379	33,584
Oversea earnings repatriate tax withholdings	7,939	8,773
Unrecognized temporary difference	(2,127)	7,880
Unrecognized loss carryforward	72,262	51,059
Adjustment for prior year's tax	4,215	3,718
Income tax expense recognized in profit or loss	$ 319,391	$ 418,507

The applicable tax rate used by the subsidiaries in ROC is 17%, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of 2014 appropriations of earnings is uncertain, the potential income tax consequences of 2013, unappropriated earnings are not reliably determinable.

b. Deferred tax assets

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

The movements of deferred tax assets were as follows:

For the year ended December 31, 2013

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Effect of Deconsolidation of Subsidiary	Exchange Differences	Closing Balance
Temporary differences					
Unrealized foreign exchange losses	$ 840	$ (121)	$ -	$ -	$ 719
Salary and wages payable	32,512	8,235	-	1,990	42,737
Write-down of inventories	630	(349)	-	-	281
Others	6	11,219	(35)	250	11,440
	33,988	18,984	(35)	2,240	55,177
Tax losses	12,523	(1,928)	(2,948)	522	8,169
	$ 46,511	$ 17,056	$ (2,983)	$ 2,762	$ 63,346

For the year ended December 31, 2012

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Temporary differences				
Unrealized foreign exchange losses	$ 842	$ (1)	$ (1)	$ 840
Salary and wages payable	30,825	2,644	(957)	32,512
Write-down of inventories	451	188	(9)	630
Others	-	6	-	6
	32,118	2,837	(967)	33,988
Tax losses	12,911	119	(507)	12,523
	$ 45,029	$ 2,956	$ (1,474)	$ 46,511

c. Items for which no deferred tax assets have been recognized

	December 31, 2013	December 31, 2012	January 1, 2012
Loss carryforwards	$ 160,434	$ 87,092	$ 36,048
Deductible temporary differences	$ 12,058	$ 2,669	$ 1,910

d. Information about unused loss carry-forward and tax-exemption

Loss carryforwards as of December 31, 2013 comprised of:

Unused Amount	**Expiry Year**
$ 19	2023
230	2022
342	2020
1,593	2019
93,794	2018
54,382	2017
16,516	2016
1,727	2015
$ 168,603	

As of December 31, 2013, profits attributable to the following expansion projects were exempted from income tax for a five-year period:

Expansion of Construction Project	**Tax-exemption Period**
Construction and expansion of 2009 by Comestibles Master Co., Ltd.	2012 to 2016

e. Unrecognized deferred tax liabilities associated with investments

As of December 31, 2013, December 31, 2012 and January 1, 2012, the taxable temporary differences associated with investment in subsidiaries and branch for which no deferred tax liabilities have been recognized were $27,043 thousand, $8,275 thousand and $2,230 thousand, respectively.

f. Except for the Company which is tax-free, the income tax returns through 2011 of Comestibles Master Co., Ltd., Mei Wei Master Co., Ltd. and Mei Wei Fu Xing had been examined and cleared by the Republic of China (Taiwan)'s tax authorities. All other companies prepare their tax returns according to local law.

19. EARNINGS PER SHARE

	For the Year Ended December 31	
	2013	**2012**
Basic earnings per share		
From continuing operations	$ 4.07	$ 6.95

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

Net Profit for the Year

	For the Year Ended December 31	
	2013	**2012**
Earnings used in computation of basic earnings per share	$ 574,032	$ 980,142

Weighted Average Number of Ordinary Shares Outstanding (in Thousand Shares)

	For the Year Ended December 31	
	2013	**2012**
Weighted average number of ordinary shares used in the computation of basic and diluted earnings per share	141,120	141,120

20. DECONSOLIDATION OF SUBSIDIARY

Starting August 2013, The Hot Pot Food and Beverage Management Co., Ltd. increased its share capital and the Group did not participate in the share issuance. The Group lost is power to govern the financial and operating policies of The Hot Pot Food and Beverage Management Co., Ltd. and its subsidiary The Hot Pot Food and Beverage Management Limited due to the loss of power to cast the majority of votes at meetings of the board of directors; accordingly, the Company derecognized related assets, liabilities and noncontrolling interests of The Hot Pot Food and Beverage Management Co., Ltd.

a. Consideration received

The Company did not receive any consideration in the deconsolidation of The Hot Pot Food and Beverage Management Co., Ltd.

b. Analysis of assets and liabilities over which the Company lost control

	December 31, 2013
Current assets	
Cash and cash equivalents	$ 47,726
Inventories	10,109
Others	10,748
Noncurrent assets	
Property, plant and equipment	78,257
Others	8,598
Current liabilities	
Other payables	(19,868)
Others	(2,290)
Net assets deconsolidated	$ 133,280

c. Gain on deconsolidation of subsidiary

	For the Year Ended December 31, 2013
Fair value of interest retained	$ 106,775
Net assets deconsolidated	(133,280)
Noncontrolling interests	32,274
Other equity reclassified to profit or loss	105
	(100,901)
Gain on deconsolidation of subsidiary	$ 5,874

Gain on deconsolidation of subsidiary was included in other gains and losses for the year ended December 31, 2013.

d. Net cash outflow arising from deconsolidation of the subsidiary

	For the Year Ended December 31, 2013
The balance of cash and cash equivalents deconsolidated	$ 47,726

21. GOVERNMENT GRANTS

The amounts of project subsidies and incentives received for the years ended December 31, 2013 and 2012 were $87,169 thousand and $95,044 thousand, respectively. The government grants were recognized in non-operating income and expenses - other income in the consolidated statements of comprehensive income.

22. NON-CASH TRANSACTIONS

For the years ended December 31, 2013 and 2012, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statement of cash flows:

a. The Group acquired property, plant and equipment with an aggregate fair value of $1,286,237 thousand, and paid related other payables in the amount of $10,305 thousand. Net cash used in acquiring property, plant and equipment was $1,296,542 thousand in the year ended December 31, 2013. (Please refer to Note 11)

b. The Group acquired property, plant and equipment with an aggregate fair value of $1,409,657 thousand, of which amount $42,432 thousand was recognized as other payables. Net cash used in acquiring property, plant and equipment was $1,367,225 thousand in the year ended December 31, 2012. (Please refer to Note 11)

23. OPERATING LEASE ARRANGEMENTS

Operating leases relate to leases of store and plant with lease terms between 1 and 10 years. All operating lease contracts over 5 years contain clauses for 5-yearly market rental reviews. The Group does not have a bargain purchase option to acquire the leased property and plant at the expiration of the lease periods.

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

	December 31, 2013	December 31, 2012	January 1, 2012
Not later than 1 year	$ 1,528,167	$ 1,691,242	$ 1,280,746
Later than 1 year and not later than 5 years	3,274,402	4,110,622	3,619,803
Later than 5 years	458,097	589,571	53,343
	$ 5,260,666	$ 6,391,435	$ 4,953,892

24. 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 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.

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued and the amount of existing debt redeemed.

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

The management considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements as approximate amounts of their fair values.

2) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities are as follows:

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Financial assets at fair value through profit or loss	$ -	$ 9,202	$ 9,376

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

There were no transfers between Level 1 and 2 in the current and prior periods.

3) Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities were determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;

- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

b. Categories of financial instruments

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
<u>Financial assets</u>			
Loans and receivables (Note 1)	$ 3,087,302	$ 3,564,860	$ 4,377,942
Fair value through profit or loss (FVTPL)			
Held for trading	-	9,202	9,376
<u>Financial liabilities</u>			
Amortized cost (Note 2)	1,747,344	1,587,291	1,387,611

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, and trade and other receivables.

Note 2: The balances included financial liabilities measured at amortized cost, which notes payable, trade and other payables, and long-term borrowings.

c. Financial risk management objectives and policies

The Group's major financial instruments included equity, trade receivables and trade payables. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, 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

a) Foreign currency risk

The Group's primary financial risk is foreign exchange risk. There is no change in the financial instrument's market risk and exposure of management and measurement since prior period.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 29.

<u>Sensitivity analysis</u>

The Group was mainly exposed to the U.S. dollars.

The following table details the Group's sensitivity to a 1% increase and decrease in Renminbi (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with Renminbi strengthen 1% against the relevant currency. For a 1% weakening of Renminbi against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	U.S. Dollars Impact	
	For the Year Ended December 31	
	2013	**2012**
Profit or loss	$ 4,631	$ 3,156 (i)

i. This was mainly attributable to the exposure outstanding on U.S. dollars receivables and cash in bank, which were not hedged at the end of the reporting period.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group had time deposits and borrowed fund at both fixed and floating interest rates.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Cash flow interest rate risk			
Financial assets	$ 285,695	$ 738,959	$ 666,907
Financial liabilities	-	668	1,041

The sensitivity analysis about interest rate is on the basis of fix rate of fair value financial asset and liability on financial report date. As the rate raise for one percentage, the cash inflow on year ended December 31, 2013 is $2,857 thousand.

2) Credit risk

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

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the balance sheet.

Most of the Group's counterparties are franchisees traded for a long-term, and the Group monitors trade receivables from franchisees continuously. So impairment loss recognized on trade receivables was not significant. Trade receivables consisted of a large number of customers and spread across diverse industries between geographical areas. Therefore the Group assessed that the concentration of credit risk was limited.

The concentration of credit risk with counterparties was never more than 10 percent of non-monetary assets.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Because most counterparties of excess liquidity are banks monitored by regulators in the People's Republic of China and Republic of China, the credit risk is limited.

3) Liquidity risk

The working capital of the Group is enough to afford the contract so there is no risk of liquidity.

26. 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. Details of transactions between the Group and other related parties are disclosed below.

a. Trading transactions

	For the Year Ended December 31	
	2013	**2012**
Sale of goods		
Joint ventures	$ 11,184	$ 9,719
Purchase of goods		
Related party	$ 121,639	$ 137,303

There is no significant difference between sales to related parties and sales to other customers. The purchase price is 65% of the sale price, and paid 30 days date of purchase.

	December 31, 2013	December 31, 2012	January 1, 2012
Trade receivables			
Joint ventures	$ 1,039	$ 610	$ -
Others receivables			
Joint ventures	$ 559	$ 2,319	$ -

b. Other transactions with related parties

The Group performed technical services for joint ventures. For the years ended December 31, 2013 and 2012, other income amounted to $3,833 thousand and $7,391 thousand, respectively.

c. Compensation of key management personnel

	For the Year Ended December 31	
	2013	**2012**
Short-term benefits	$ 32,574	$ 30,941

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The assets pledged or mortgaged as collaterals for bank borrowings and other contracts were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Property, plant and equipment			
Land	$ 202,305	$ 202,305	$ 202,305
Buildings	13,760	14,818	15,876
Transporation equipment	-	1,401	1,557
Bond investments with no active market - current			
Trust fund account	-	5,002	772
Restiricted bank deposits	186,922	-	-
Bond investments with no active market - noncurrent			
Restricted bank deposits	-	1,700	1,700
	$ 402,987	$ 225,226	$ 222,210

28. 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, 2013, December 31, 2012 and January 1, 2012 were as follows:

Significant Commitments

a. As of December 31, 2013, December 31, 2012 and January 1, 2012, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately US$2,000 thousand, US$2,000 thousand and €928 thousand, respectively.

b. Unrecognized commitments are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Acquisition of property, plant and equipment	$ 101,963	$ 154,284	$ 38,348

29. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

	December 31, 2013		
	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 15,442	6.0969 (USD:RMB)	$ 463,126

	December 31, 2012		
	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 10,703	6.2855 (USD:RMB)	$ 315,594

	January 1, 2012		
	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 14,810	6.3009 (USD:RMB)	$ 448,560

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financings provided to others: Table 1

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): None

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

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

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 2

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3

9) Trading in derivative transactions: None

10) Intercompany relationships and significant intercompany transactions: Table 4

11) Information on investees: Table 5

b. Information on investments in Mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6

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

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

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

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

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

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

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

31. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's principal geographical areas are China, Taiwan and the United Stated (USA).

a. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations categorized by major products and services:

	For the Year Ended December 31	
	2013	**2012**
Beverages	$ 4,288,168	$ 3,864,489
Cake	5,308,791	4,494,992
Bread	5,423,622	5,076,865
Others	93,753	114,803
	$ 15,114,334	$ 13,551,149

b. Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers For the Year Ended December 31		Non-current Assets		
	2013	2012	December 31, 2013	December 31, 2012	January 1, 2012
China	$ 10,948,763	$ 9,427,692	$ 3,158,033	$ 2,767,823	$ 1,720,792
Taiwan	3,228,781	3,425,488	749,075	751,547	672,109
USA	768,384	503,834	631,829	239,047	60,060
Others	168,406	194,135	42,218	47,764	52,201
	$ 15,114,334	$ 13,551,149	$ 4,581,155	$ 3,806,181	$ 2,505,162

Non-current assets exclude financial instruments and deferred tax assets.

c. Significant customer information

The Group has no client that its revenue is over 10% of the income statement at years ended December 31, 2013 and 2012.

32. FIRST-TIME ADOPTION OF IFRSs

a. Basis of the preparation for financial information under IFRSs

The Group's consolidated financial statements for the year ended December 31, 2013 were the first IFRS financial statement. The Group not only follows the significant accounting policies stated in Note 4 but also applies the requirements under IFRS 1 "First-time Adoption of IFRS" as the basis for the preparation.

b. Impact on the transition to IFRSs

After transition to IFRSs, the impact on the Group's consolidated balance sheets and consolidated statements of comprehensive income is stated as follow:

1) Reconciliation of consolidated balance sheet as of January 1, 2012

	ROC GAAP	Effect of Transition to IFRSs	IFRSs	Note
Assets				
Cash	$ 4,142,730	$ (665,207)	$ 3,477,523	5) b)
Debt investments with no active market - current	-	665,979	665,979	5) b)
Restricted assets	2,472	(2,472)	-	5) b)
Deferred income tax - current	32,118	(32,118)	-	5) a)
Deferred income tax - noncurrent	12,911	32,118	45,029	5) a)
Debt investments with no active market - noncurrent	-	1,700	1,700	5) b)
Property, plant and equipment	2,134,768	63,921	2,198,689	4), 5) c) and 5) d)
Prepayments	163,480	11,817	175,297	5) c)

(Continued)

	ROC GAAP	Effect of Transition to IFRSs	IFRSs	Note
Prepaid equipment	$ -	$ 500,484	$ 500,484	5) d)
Deferred charges	575,509	(575,509)	-	5) c)
Noncurrent assets	-	8,467	8,467	5) c)
Liabilities				
Decommission provisions	-	14,705	14,705	4) b) and 5) f)
Equity				
Capital surplus	2,850,226	(101,900)	2,748,326	5) e)
Reserve	162,879	(6,015)	156,864	5) e)
Unappropriated earnings	1,489,930	(65,361)	1,424,569	4) b) and 5) e)
Exchange differences on translating foreign operations	(39,858)	167,751	127,893	5) e)

(Concluded)

2) Reconciliation of consolidated balance sheet as of December 31, 2012

	ROC GAAP	Effect of Transition to IFRSs	IFRSs	Note
Assets				
Cash	$ 3,278,802	$ (737,259)	$ 2,541,543	5) b)
Debt investments with no active market - current	-	742,261	742,261	5) b)
Restricted assets	6,702	(6,702)	-	5) b)
Deferred income tax - current	33,982	(33,982)	-	5) a)
Deferred income tax - noncurrent	12,529	33,982	46,511	5) a)
Debt investments with no active market - noncurrent	-	1,700	1,700	5) b)
Property, plant and equipment	2,887,264	509,998	3,397,262	4), 5) c) and 5) d)
Prepayments	323,950	3,493	327,443	5) c)
Prepaid equipment	-	304,407	304,407	5) d)
Deferred charges	813,466	(813,466)	-	5) c)
Noncurrent assets	-	6,369	6,369	5) c)
Liabilities				
Decommission provisions	-	19,247	19,247	4) b) and 5) f)
Equity				
Capital surplus	2,696,451	(15,325)	2,681,126	5) e)
Reserve	266,578	2,394	268,972	5) e)
Unappropriated earnings	1,781,248	(26,245)	1,755,003	4) b) and 5) e)
Exchange differences on translating foreign operations	(38,099)	30,730	(7,369)	5) e)

3) Reconciliation of consolidated statement of comprehensive income for the year ended December 31, 2012

	ROC GAAP	Effect of Transition to IFRSs	IFRSs	Note
Operating revenue	$ 13,479,263	$ 71,886	$ 13,551,149	5) e)
Operating cost	(6,033,561)	(32,117)	(6,065,678)	5) e)
Operating expenses	(6,144,506)	(35,150)	(6,179,656)	5) e) and 5) f)
Other income and expenses	120,636	736	121,372	5) e)
Income tax expense	(416,130)	(2,377)	(418,507)	5) e)
Income for non-controlling interest, net of tax	(28,359)	(179)	(28,538)	5) e)
Net income	977,343	2,799	980,142	
Other comprehensive income				
Exchange differences on translating foreign operations	1,759	(137,021)	(135,262)	5) e)
Net comprehensive income	$ 979,102	$ (134,222)	$ 844,880	

4) Exemptions from IFRS 1

IFRS 1 establishes the procedures for the Group's first consolidated financial statements prepared in accordance with IFRSs. According to IFRS 1, the Group is required to determine the accounting policies under IFRSs and retrospectively apply those accounting policies in its opening balance sheet at the date of transition to IFRSs, January 1, 2012; except for optional exemptions and mandatory exceptions to such retrospective application provided under IFRS 1. The major optional exemptions the Group adopted are summarized as follows:

a) Deemed cost

The carrying values of the Group's property, plant and equipment, investment property and intangible assets are deemed cost in the first-time adoption of IFRSs.

b) Decommissioning liabilities included in property, plant and equipment cost

The Group decided to measure the decommissioning liabilities under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" on the date of adoption of IFRSs, and discounted the amounts of provisions to the balance sheet date as the estimated amounts for the related costs of assets. The accumulated depreciation was calculated based on the adjusted amounts.

5) Explanations of significant reconciling items in the transition to IFRSs

Material differences between the accounting policies under ROC GAAP and the accounting policies adopted under IFRSs were as follows:

a) Deferred tax assets/liabilities

Under ROC GAAP, valuation allowances is provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. In accordance with IAS No 12, "Income Taxes," deferred tax assets are only recognized to the extent that it is probable that there will be sufficient taxable profits, and valuation allowance account is not used.

In addition, under ROC GAAP, a deferred tax asset and deferred tax liability are classified as current or noncurrent in accordance with the classification of the related asset or liability. However, if a deferred income tax asset does not relate to an asset in the financial statements, it is classified as either current or noncurrent based on the expected length of time before it is realized or settled. Under IFRSs, deferred tax asset are classified as noncurrent asset.

b) Classification of time deposit

Under ROC GAAP, the time deposit that can be terminated at any time without prejudice to the principal is classified under cash. After transferring to IFRSs, the time deposit for short-term cash commitments is classified under cash, and the rest of time deposit is transferred to bond investments with not active market.

c) Classification of deferred charges

Under ROC GAAP, deferred charges are reclassified under assets. Under IFRSs, deferred charges are reclassified as property, plant and equipment, and prepaid expenses according to their nature.

d) Classification of prepayments for equipment

Under ROC GAAP, prepayments for equipment are classified under property, plant and equipment. Under IFRSs, prepayments for equipment are classified as other prepayments, and the prepayments are classified as noncurrent assets.

e) Presentation currency

When the consolidated financial statements are translated from functional currency - RMB dollar to presentation currency - N.T. dollar, except for the share capital that is translated to NT$10 per share at the historical exchange rate, the other items of financial statements are translated at the exchange rates on the balance sheet date. Exchange differences resulting from translation to presentation currency are recognized in the cumulative translation adjustments.

Under IFRSs, exchange rates used for the translation to presentation currency are the same as those used in the translation of different foreign functional currency. Assets and liabilities are translated at the exchange rate on the balance sheet date. Equity items are translated at historical exchange rates, and income and expense items are translated at the average exchange rate for the period. The exchange differences resulting from translation of financial statements are recognized in the cumulative translation adjustments.

f) Decommissioning liabilities of property, plant and equipment cost

Under IFRSs, decommissioning, restoration and similar liabilities should be recognized as addition to the cost of related assets, and depreciated over the estimated useful life.

6) Explanation of material adjustments to the statement of cash flows

According to ROC GAAP, interest paid and interest received are classified as operating activities. Additional disclosure is required for interest expenses when reporting cash flow using indirect method. However, under IAS 7" Statement of Cash Flow", cash flows from interest received and paid shall each be disclosed separately. Each shall be classified in a consistent manner from period to period as operating, investing or financing activities. Therefore, interests received by the Group of $35,415 thousand, for the year ended December 31, 2012 were presented separately at the date of transition to IFRSs.

Except for the above differences, there are no other significant differences between ROC GAAP and IFRSs in the consolidated statement of cash flows.

TABLE 1

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
1	Shanghai Gourmet Master Food & Beverage Ltd.	Wuhan Jing Way Food & Beverage Ltd.	Other receivable - related parties	Yes	$ 98,380 (RMB20,000)	$ 24,595 (RMB 5,000)	$ 24,595 (RMB 5,000)	3.75	For short-term financing	$ -	Working capital loan	$ -	-	$ -	$ 620,297	$ 1,240,594	
		Sheng-Pin (Shenzheng) Food Ltd.	Other receivable - related parties	Yes	73,785 (RMB15,000)	49,190 (RMB10,000)	49,190 (RMB10,000)	3.75	For short-term financing	-	Working capital loan	-	-	-	620,297	1,240,594	
		Sheng-Pin (Wuhan) Food Ltd.	Other receivable - related parties	Yes	59,028 (RMB12,000)	59,028 (RMB12,000)	59,028 (RMB12,000)	3.75	For short-term financing	-	Working capital loan	-	-	-	620,297	1,240,594	
		Sheng-Pin (Shanghai) Food Ltd.	Other receivable - related parties	Yes	98,380 (RMB20,000)	98,380 (RMB20,000)	98,380 (RMB20,000)	3.75	For short-term financing	-	Working capital loan	-	-	-	620,297	1,240,594	
2	He-Shia Food & Beverage Ltd.	Zhejiang 85 Food & Beverage Ltd.	Other receivable - related parties	Yes	24,595 (RMB 5,000)	-	-	3.75	For short-term financing	-	Working capital loan	-	-	-	620,297	1,240,594	
		Shenzheng 85 Food & Beverage Ltd.	Other receivable - related parties	Yes	49,190 (RMB10,000)	-	-	3.75	For short-term financing	-	Working capital loan	-	-	-	620,297	1,240,594	
		Shanghai Gourmet Master Food & Beverage Ltd.	Other receivable - related parties	Yes	122,975 (RMB25,000)	-	-	3.75	For short-term financing	-	Working capital loan	-	-	-	620,297	1,240,594	
		Beijing 85 Food & Beverage Ltd.	Other receivable - related parties	Yes	196,760 (RMB40,000)	196,760 (RMB40,000)	196,760 (RMB40,000)	3.75	For short-term financing	-	Working capital loan	-	-	-	620,297	1,240,594	
		Sheng-Pin (Beijing) Food Ltd.	Other receivable - related parties	Yes	73,785 (RMB15,000)	73,785 (RMB15,000)	73,785 (RMB15,000)	3.75	For short-term financing	-	Working capital loan	-	-	-	620,297	1,240,594	
		Sheng-Pin (Shanghai) Food Ltd.	Other receivable - related parties	Yes	98,380 (RMB20,000)	-	-	3.75	For short-term financing	-	Working capital loan	-	-	-	620,297	1,240,594	
3	Comestibles Master Co., Ltd.	Perfect 85 Degrees C, Inc.	Other receivable - related parties	Yes	53,983 (US$ 1,800)	53,983 (US$ 1,800)	53,983 (US$ 1,800)	3.75	For short-term financing	-	Working capital loan	-	-	-	620,297	1,240,594	
		WinPin 85 Investments Inc.	Other receivable - related parties	Yes	53,983 (US$ 1,800)	53,983 (US$ 1,800)	53,983 (US$ 1,800)	3.75	For short-term financing	-	Working capital loan	-	-	-	620,297	1,240,594	
		Perfect 85 Degrees C, Inc.	Other receivable - related parties	Yes	164,949 (US$ 5,500)	164,949 (US$ 5,500)	164,949 (US$ 5,500)	3.75	For short-term financing	-	Working capital loan	-	-	-	620,297	1,240,594	
4	Jin Wei Industrial (Shanghai) Ltd.	Shanghai Gourmet Master Food & Beverage Ltd.	Other receivable - related parties	Yes	49,190 (RMB10,000)	-	-	3.75	For short-term financing	-	Working capital loan	-	-	-	620,297	1,240,594	
5	WinPin 85 Investments, Inc.	Perfect 85 Degrees C, Inc.	Other receivable - related parties	Yes	65,980 (US$ 2,200)	65,980 (US$ 2,200)	-	3.75	For short-term financing	-	Working capital loan	-	-	-	620,297	1,240,594	

Note: According to Gourmet Master Co. Ltd. financing provided procedure the limit of amount is calculated as follow:

1. The total amount for lending for funding for a short-term period shall not exceed forty percent (40%) of the net worth of Gourmet Master Co. Ltd., which was reviewed by CPA. While subsidiaries whose voting shares are 100% owned directly or indirectly, by Gourmet Master Co. Ltd. are not subject to the above restrictions.

   $6,202,970 × 40% = $2,481,188 (in thousands).

2. The total amount for lending to a company for a short-term period shall not exceed twenty percent (20%) of the net worth of Gourmet Master Co. Ltd., and the amount shall not exceed the amount of transaction.

   $6,202,970 × 20% = $1,240,594 (in thousands).

(Continued)

3. The total amount for lending to a company for funding for a short-term period shall not exceed $6,202,970 (in thousands) x 20% = $1,240,594 (in thousands) of the net worth of Gourmet Master Co. Ltd. The total amount for lending to a company for funding for a short-term period shall not exceed $6,202,970 (in thousands) x 10% = $620,297 (in thousands) of the net worth of Gourmet Master Co. Ltd.

4. Transaction above is already written off in consolidated financial statements.

(Concluded)

GOURMET MASTER 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, 2013
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts Payable or Receivable			Note
			Purchases/ Sales	Amount	% to Total	Payment Term	Unit Price	Payment Term	Account	Ending Balance	% to Total	
Sheng-Pin (Shanghai) Food Ltd.	Shanghai Gourmet Master Food & Beverage Ltd.	Parent company	Sales	$ 569,623	4	60 days	Based on the Group's transfer pricing policy	-	Accounts receivable	$ 60,351	25	Note
	He-Shia Food & Beverage Ltd.	Affiliated company	Sales	194,928	1	60 days	Based on the Group's transfer pricing policy	-	Accounts receivable	1,545	1	Note
	Jin Wei Industrial (Shanghai) Ltd.	Affiliated company	Sales	157,758	1	60 days	Based on the Group's transfer pricing policy	-	-	-	-	Note
Sheng-Pin (Jiangsu) Food Ltd.	He-Shia (Nanjing) Food & Beverage Ltd.	Affiliated company	Sales	567,405	4	60 days	Based on the Group's transfer pricing policy	-	Accounts receivable	71,163	30	Note
	He-Shia Food & Beverage Ltd.	Affiliated company	Sales	143,126	1	60 days	Based on the Group's transfer pricing policy	-	Accounts receivable	32,077	14	Note
Sheng-Pin (Hangzhou) Food Ltd.	Shanghai Gourmet Master Food & Beverage Ltd.	Affiliated company	Sales	307,530	2	60 days	Based on the Group's transfer pricing policy	-	Accounts receivable	143,177	60	Note
	He-Shia Food & Beverage Ltd.	Affiliated company	Sales	329,880	2	In advance	Based on the Group's transfer pricing policy	-	Receipts in advance	(162,696)	(29)	Note
Sheng-Pin (Beijing) Food Ltd.	Beijing 85 Food & Beverage Ltd.	Affiliated company	Sales	287,749	2	60 days	Based on the Group's transfer pricing policy	-	Accounts receivable	108,321	46	Note
Sheng-Pin (Xiamen) Food Ltd.	Fuzhou 85 Food & Beverage Ltd.	Affiliated company	Sales	190,477	1	60 days	Based on the Group's transfer pricing policy	-	Accounts receivable	33,228	14	Note

Note: Transaction above is already written off in consolidated financial statements.

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Comestibles Master Co., Ltd.	Perfect 85 Degrees C, Inc.	Affiliated company	$ 218,932	(Note)	$ -	-	$ -	$ -
Shanghai Gourmet Master Food & Beverage Ltd.	Sheng-Pin (Hangzhou) Food Ltd.	Affiliated company	143,177	3.03	-	-	-	-
	Mai-Jia (Chengdu) Food Ltd.	Affiliated company	127,653	(Note)	-	-	-	-
He-Shia Food & Beverage Ltd.	Shanghai Gourmet Master Food & Beverage Ltd.	Affiliated company	246,521	(Note)	-	-	-	-
	Sheng-Pin (Xiamen) Food Ltd.	Affiliated company	115,129	(Note)	-	-	-	-
	Beijing 85 Food & Beverage Ltd.	Affiliated company	196,760	(Note)	-	-	-	-
Sheng-Pin (Beijing) Food Ltd.	Beijing 85 Food & Beverage Ltd.	Affiliated company	108,321	2.71	-	-	-	-

Note: The ending balance is primarily consisted of other receivables, which is not applicable for the calculation of turnover ratio.

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Intercompany Transactions			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets
1	Comestibles Master Co., Ltd.	Perfect 85 Degrees C, Inc.	3	Other receivables/payables	$ 218,932	Financings provided, annual interest rate 3.75%	2
		WinPin 85 Investments Inc.	3	Other receivables/payables	53,983	Financings provided, annual interest rate 3.75%	1
2	Shanghai Gourmet Master Food & Beverage Ltd.	Sheng-Pin (Shanghai) Food Ltd.	3	Other receivables/payables	98,380	Financings provided, annual interest rate 3.75%	1
		Sheng-Pin (Shanghai) Food Ltd.	3	Accounts receivable/payable	60,351	60 days	1
		Sheng-Pin (Shanghai) Food Ltd.	3	Purchases/sales	569,623	60 days	4
		He-Shia (Nanjing) Food & Beverage Ltd.	3	Other receivables/payables	67,405	-	1
		Sheng-Pin (Shenzheng) Food Ltd.	3	Other receivables/payables	52,663	-	1
		Sheng-Pin (Shenzheng) Food Ltd.	3	Other receivables/payables	49,190	Financings provided, annual interest rate 3.75%	1
		Wuhan Jing Way Food & Beverage Ltd.	3	Other receivables/payables	24,595	Financings provided, annual interest rate 3.75%	-
		Sheng-Pin (Shenyang) Food Ltd.	3	Other receivables/payables	61,492	-	1
		Sheng-Pin (Wuhan) Food Ltd.	3	Other receivables/payables	59,028	Financings provided, annual interest rate 3.75%	1
		Sheng-Pin (Hangzhou) Food Ltd.	3	Purchases/sales	307,530	60 days	2
		Sheng-Pin (Hangzhou) Food Ltd.	3	Accounts receivable/payable	143,177	60 days	2
		Mai-Jia (Chengdu) Food Ltd.	3	Other receivables/payables	127,653	-	1
		Shanghai Maijia Food Co., Ltd.	3	Other receivables/payables	60,568	-	1
3	He-Shia Food & Beverage Ltd.	Shanghai Gourmet Master Food & Beverage Ltd.	3	Other receivables/payables	246,521	-	3
		Sheng-Pin (Beijing) Food Ltd.	3	Other receivables/payables	64,232	-	1
		Sheng-Pin (Beijing) Food Ltd.	3	Other receivables/payables	73,785	Financings provided, annual interest rate 3.75%	1
		Sheng-Pin (Hangzhou) Food Ltd.	3	Purchases/sales	329,880	60 days	2
		Sheng-Pin (Hangzhou) Food Ltd.	3	Prepayments/receipts in advance	162,696	-	2
		Sheng-Pin (Xiamen) Food Ltd.	3	Other receivables/payables	115,129	-	2
		Sheng-Pin (Shanghai) Food Ltd.	3	Purchases/sales	194,928	60 days	1
		Sheng-Pin (Jiangsu) Food Ltd.	3	Purchases/sales	143,126	60 days	1
		Sheng-Pin (Shenzheng) Food Ltd.	3	Purchases/sales	65,717	60 days	1

(Continued)

No.	Investee Company	Counterparty	Relationship	Intercompany Transactions			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets
3	He-Shia Food & Beverage Ltd.	Beijing 85 Food & Beverage Ltd.	3	Other receivables/payables	$ 196,760	Financings provided, annual interest rate 3.75%	2
		Shenyang 85 Food & Beverage Ltd.	3	Other receivables/payables	65,137	-	-
4	Beijing 85 Food & Beverage Ltd.	Sheng-Pin (Beijing) Food Ltd.	3	Purchases/sales	287,749	60 days	2
		Sheng-Pin (Beijing) Food Ltd.	3	Accounts payable/receivable	108,321	60 days	1
5	He-Shia (Nanjing) Food & Beverage Ltd.	Sheng-Pin (Jiangsu) Food Ltd.	3	Purchases/sales	567,405	60 days	4
		Sheng-Pin (Jiangsu) Food Ltd.	3	Accounts payable/receivable	71,075	60 days	1
		Sheng-Pin (Hangzhou) Food Ltd.	3	Purchases/sales	76,971	60 days	1
6	Jin Wei Industrial (Shanghai) Ltd.	Sheng-Pin (Shanghai) Food Ltd.	3	Purchases/sales	157,758	60 days	1
7	85 Degree (Jiangsu) Food Ltd.	Sheng-Pin (Jiangsu) Food Ltd.	3	Purchases/sales	51,922	60 days	-
8	Wuhan Jing Way Food & Beverage Ltd.	Sheng-Pin (Wuhan) Food Ltd.	3	Purchases/sales	78,968	60 days	1
9	Zhejiang 85 Food & Beverage Ltd.	Sheng-Pin (Hangzhou) Food Ltd.	3	Accounts payable/receivable	60,838	60 days	1
		Sheng-Pin (Hangzhou) Food Ltd.	3	Purchases/sales	92,739	60 days	1
10	Fuzhou 85 Food & Beverage Ltd.	Sheng-Pin (Xiamen) Food Ltd.	3	Purchases/sales	190,477	60 days	1
11	Sheng-Pin (Jiangsu) Food Ltd.	Sheng-Pin (Shanghai) Food Ltd.	3	Purchases/sales	56,383	60 days	-
12	Mai-Jai (Shanghai) Food Ltd.	Sheng-Pin (Shanghai) Food Ltd.	3	Accounts payable/receivable	48,573	60 days	-
13	Shenzheng 85 Food & Beverage Ltd.	Sheng-Pin (Shenzheng) Food Ltd.	3	Accounts payable/receivable	60,602	60 days	1
		Sheng-Pin (Shenzheng) Food Ltd.	3	Purchases/sales	86,113	60 days	1
14	Chengdu 85 Food & Beverage Ltd.	Mai-Jia (Chengdu) Food Ltd.	3	Purchases/sales	64,904	60 days	-

Note 1: Intercompany relationships and significant intercompany transactions information should be noted in number column.

1 Number 0 represents parent company.
2 Number 1 to 14 represents subsidiaries.

Note 2: 1 Represents the transactions from parent company to subsidiary.
2 Represents the transactions from subsidiary to parent company.
3 Represents the transactions between subsidiaries.

Note 3: The asset accounts and liability accounts amounts are calculated as percentage of consolidated total assets. The income accounts amounts are calculated as percentage of consolidated total gross sales.

(Concluded)

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

INFORMATION OF INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2013			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2013	December 31, 2012	Shares	%	Carrying Amount			
Gourmet Master Co. Ltd.	85 Degree Co., Ltd.	Malaysia	Investment	$ 553,447	$ 553,447	12,899,078	100	$ 1,382,695	$ 298,405	$ 298,405	
	Prime Scope Trading Limited	Hong Kong	Investment	1,401,852 (US$ 46,743)	1,251,899 (US$ 41,743)	46,742,963	100	4,115,229	313,952	313,952	(Note 1)
	Perfect 85 Degrees C, Inc.	USA	Investment	196,516 (US$ 6,553)	196,516 (US$ 6,553)	4,301,000	100	244,849	(461)	(461)	(Notes 1 and 2)
	85 Degrees Café International Pty. Ltd.	Australia	Grocery and drink retailing	47,454 (AUD 1,785)	47,454 (AUD 1,785)	1,785,000	51	38,642	633	323	(Notes 1 and 2)
	Lucky Bakery Limited	Samoa	Investment	164,949 (US$ 5,500)	164,949 (US$ 5,500)	5,500,000	100	127,715	(19,905)	(19,905)	(Note 1)
	WinPin 85 Investments, Inc.	USA	Grocery and drink retailing	263,918 (US$ 8,800)	47,985 (US$ 1,600)	8,800,000	100	257,412	708	708	(Notes 1 and 2)
Perfect 85 Degrees C, Inc.	Golden 85 Investments, LLC	USA	Grocery and drink retailing	59,124 (US$ 1,971)	59,124 (US$ 1,971)	-	65	72,024	63,590	41,333	(Notes 1 and 2)
Lucky Bakery Limited	Profit Sky International Limited	Hong Kong	Grocery and drink retailing	115,290 (HK$ 30,000)	115,290 (HK$ 30,000)	-	50	78,526	(40,005)	(20,003)	(Notes 1 and 2)
Profit Sky International Limited	Wincase Limited	Hong Kong	Grocery and drink retailing	107,604 (HK$ 28,000)	107,604 (HK$ 28,000)	-	100	78,127	(13,311)	(13,311)	(Notes 1 and 2)
	Worldinn Limited	Hong Kong	Manufacturing of baking food and sale	115,290 (HK$ 30,000)	115,290 (HK$ 30,000)	-	100	75,335	(26,627)	(26,627)	(Notes 1 and 2)
85 Degree Co., Ltd.	Comestibles Master Co., Ltd.	Taichung City, Taiwan (R.O.C.)	Grocery and drink retailing	553,447	553,447	17,054,268	100	1,365,998	302,162	302,162	
Comestibles Master Co., Ltd.	Mei Wei Master Co., Ltd.	Taichung City, Taiwan (R.O.C.)	Grocery and drink retailing	43,000	43,000	2,060,600	100	7,256	(290)	(290)	
	The Hot Pot Food and Beverage Management Co., Ltd.	Taichung City, Taiwan (R.O.C.)	Food and beverage; Grocery and drink retailing	114,000	114,000	11,400,000	42	110,233	514	(2,423)	
Mei Wei Master Co., Ltd.	Mei Wei Fu Xing Ltd.	Taichung City, Taiwan (R.O.C.)	Grocery and drink retailing	1,800	1,800	-	60	2,419	388	233	

Note 1: The exchange rate was US$1=NT$29.99; RMB1=NT$4.919; AUD1=NT$26.585; HK$1=NT$3.843 as of December 31, 2013.

Note 2: The carrying amount was based on the net assets of investee, which was not audited as of December 31, 2013.

Note 3: For information of investment in Mainland China, please refer to Table 6.

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (RMB in Thousands) (Note)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2013	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2013	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2013	Accumulated Repatriation of Investment Income as of December 31, 2013	Note
					Outward	Inward							
Prime Scope Trading Limited													
Shanghai Gourmet Master Food & Beverage Ltd.	Grocery and drink retailing	$ 298,737 US$ 9,961	Direct investment	$ -	$ -	$ -	$ -	$ (8,406)	100	$ (8,406)	$ 1,327,989	$ -	
He-Shia Food & Beverage Ltd.	Grocery and drink retailing	73,608 US$ 2,454	Direct investment	-	-	-	-	274,603	100	274,603	1,611,215	-	
Sheng-Pin (Hangzhou) Food Ltd.	Manufacturing of baking food and sale	59,981 US$ 2,000	Direct investment	-	-	-	-	42,624	100	41,313	128,190	-	
He-Shia (Nanjing) Food & Beverage Ltd.	Grocery and drink retailing	59,981 US$ 2,000	Direct investment	-	-	-	-	123,845	100	123,845	437,927	-	
Beijing 85 Food & Beverage Ltd.	Grocery and drink retailing	59,981 US$ 2,000	Direct investment	-	-	-	-	(63,663)	100	(63,663)	(45,424)	-	
Zhejiang 85 Food & Beverage Ltd.	Grocery and drink retailing	59,981 US$ 2,000	Direct investment	-	-	-	-	(27,436)	100	(27,436)	(7,880)	-	
Sheng-Pin (Beijing) Food Ltd.	Manufacturing of baking food and sale	119,963 US$ 4,000	Direct investment	-	-	-	-	(21,476)	100	(22,267)	61,125	-	
Fuzhou 85 Food & Beverage Ltd.	Grocery and drink retailing	14,995 US$ 500	Direct investment	-	-	-	-	54,600	100	54,600	75,347	-	
Sheng-Pin (Jiangsu) Food Ltd.	Manufacturing of baking food and sale	134,958 US$ 4,500	Direct investment	-	-	-	-	21,406	100	20,105	116,000	-	
Sheng-Pin (Xiamen) Food Ltd.	Manufacturing of baking food and sale	59,981 US$ 2,000	Direct investment	-	-	-	-	(13,524)	100	(14,037)	6,490	-	
Sheng-Pin (Qingdao) Food Ltd.	Manufacturing of baking food and sale	74,977 US$ 2,500	Direct investment	-	-	-	-	(21,282)	100	(21,282)	44,421	-	
Xiamen 85 Food & Beverage Ltd.	Grocery and drink retailing	29,991 US$ 1,000	Direct investment	-	-	-	-	2,169	100	2,169	33,271	-	
Shenyang 85 Food & Beverage Ltd.	Grocery and drink retailing	29,991 US$ 1,000	Direct investment	-	-	-	-	(31,172)	100	(31,172)	(5,386)	-	
Sheng-Pin (Shenyang) Food Ltd.	Manufacturing of baking food and sale	119,963 US$ 4,000	Direct investment	-	-	-	-	(24,346)	100	(24,346)	92,670	-	
85 Degree (Qingdao) Food & Beverage Management Ltd.	Grocery and drink retailing	59,981 US$ 2,000	Direct investment	-	-	-	-	8,502	100	8,502	77,696	-	
85 Degree (Jiangsu) Food Ltd.	Manufacturing of baking food and sale	149,953 US$ 5,000	Direct investment	-	-	-	-	2,670	68	1,804	230,091	-	
Shanghai Gourmet Master Food & Beverage Ltd.													
Sheng-Pin (Shanghai) Food Ltd.	Manufacturing of baking food and sale	88,542 RMB 18,000	Direct investment	-	-	-	-	40,294	100	38,489	95,004	-	
Mai-Jai (Shanghai) Food Ltd.	Manufacturing of baking food and sale	34,925 RMB 7,100	Direct investment	-	-	-	-	9,474	100	5,012	46,835	-	
Shanghai Howco Jing Way Food & Beverage Ltd.	Grocery and drink retailing	73,785 RMB 15,000	Direct investment	-	-	-	-	(1,497)	100	(1,497)	94,668	-	
Shenzheng 85 Food & Beverage Ltd.	Grocery and drink retailing	55,874 RMB 11,359	Direct investment	-	-	-	-	(23,412)	85	(19,900)	(35,914)	-	

(Continued)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (RMB in Thousands) (Note)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2013	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2013	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2013	Accumulated Repatriation of Investment Income as of December 31, 2013	Note
					Outward	Inward							
Chengdu 85 Food & Beverage Ltd.	Grocery and drink retailing	32,416 RMB 6,590	Direct investment	$ -	$ -	$ -	$ -	$ (9,502)	100	$ (9,502)	$ 24,196	$ -	
Sheng-Pin (Wuhan) Food Ltd.	Manufacturing of baking food and sale	29,514 RMB 6,000	Direct investment	-	-	-	-	(28,156)	100	(28,156)	(17,305)	-	
Wuhan Jing Way Food & Beverage Ltd.	Grocery and drink retailing	157,408 RMB 32,000	Direct investment	-	-	-	-	(44,493)	100	(44,493)	55,435	-	
Jianxi Jing Way Food & Beverage Ltd.	Grocery and drink retailing	29,514 RMB 6,000	Direct investment	-	-	-	-	(8,762)	100	(8,762)	21,158	-	
Jin Wei Industrial (Shanghai) Ltd.	Grocery sale	9,838 RMB 2,000	Direct investment	-	-	-	-	(2,956)	100	(2,956)	30,601	-	
Guangzhou 85 Degree Food & Beverage Management Ltd.	Grocery and drink retailing	29,514 RMB 6,000	Direct investment	-	-	-	-	(5,639)	100	(5,639)	23,783	-	
Mai-Jia (Chengdu) Food Ltd.	Manufacturing of baking food and sale	9,838 RMB 2,000	Direct investment	-	-	-	-	(14,698)	100	(14,698)	(5,188)	-	
85 Degree (Jiangsu) Food Ltd.	Manufacturing of baking food and sale	73,785 RMB 15,000	Direct investment	-	-	-	-	2,670	32	867	74,671	-	
Jia Ding Jing Way Food & Beverage Ltd.	Grocery and drink retailing	-	-	-	-	-	-	(303)	100	(303)	(310)	-	
Shenzheng 85 Food & Beverage Ltd.													
Sheng-Pin (Shenzheng) Food Ltd.	Manufacturing of baking food and sale	31,974 RMB 6,500	Direct investment	-	-	-	-	(15,561)	100	(15,561)	(23,009)	-	
85 Degree (Qingdao) Food & Beverage Management Ltd.													
Qingdao Jie Wei Food & Beverage Management Ltd.	Grocery and drink retailing	7,379 RMB 1,500	Direct investment	-	-	-	-	726	100	726	7,406	-	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2013	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
NA	NA	NA

Note: The exchange rate was US$1=NT$29.99, RMB1=NT$4.919 as of December 31, 2013.

(Concluded)