Gourmet Master Co. Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013 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, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended. 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 the Regulations Governing Auditing and Attestation 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, 2014 and 2013, and their consolidated financial performance and their consolidated cash flows for the years then ended, 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 11, 2015

Notice to Readers

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

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

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014		2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 2,480,103	25	$ 2,503,716	28
Debt investments with no active market - current (Notes 7 and 28)	56,070	1	285,695	3
Notes receivable	218	-	1,041	-
Trade receivables (Note 8)	238,551	2	236,397	3
Other receivables	76,950	1	60,453	1
Current tax assets	7,291	-	43,139	-
Inventories (Note 9)	533,994	5	455,331	5
Prepayments (Note 12)	361,089	4	396,800	5
Other current assets (Note 12)	12,616	-	12,607	-
Total current assets	3,766,882	38	3,995,179	45
NONCURRENT ASSETS				
Investments accounted for using equity method (Note 10)	58,710	1	188,759	2
Property, plant and equipment (Notes 11 and 28)	4,922,226	50	3,899,390	44
Intangible assets	75,936	1	74,355	1
Deferred tax assets (Notes 5 and 18)	81,596	1	63,346	1
Prepaid equipment (Note 12)	297,939	3	175,661	2
Refundable deposits (Note 12)	545,718	5	418,421	5
Other noncurrent assets (Note 12)	73,748	1	13,328	-
Total noncurrent assets	6,055,873	62	4,833,260	55
TOTAL	$ 9,822,755	100	$ 8,828,439	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	$ -	-	$ 296	-
Trade payables (Note 13)	994,015	10	812,497	9
Other payables (Note 14)	1,171,192	12	934,551	11
Current tax liabilities	83,823	1	98,554	1
Receipts in advance (Note 14)	641,974	7	568,626	7
Current portion of long-term borrowings	934	-	-	-
Other current liabilities (Note 14)	15,594	-	23,280	-
Total current liabilities	2,907,532	30	2,437,804	28
NONCURRENT LIABILITIES				
Long-term borrowings	14,846	-	-	-
Decommission, restoration and rehabilitation provisions (Note 14)	56,726	-	29,233	-
Deferred tax liabilities (Note 18)	653	-	-	-
Guarantee deposits received (Note 14)	67,923	1	87,248	1
Total noncurrent liabilities	140,148	1	116,481	1
Total liabilities	3,047,680	31	2,554,285	29
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 15)				
Share capital	1,411,200	14	1,411,200	16
Capital surplus				
Additional paid-in capital	2,681,126	27	2,681,126	30
Retained earnings				
Reserve	424,109	4	366,706	4
Special reserve	38,098	1	38,098	-
Unappropriated earnings	1,772,876	18	1,487,603	17
Total retained earnings	2,235,083	23	1,892,407	21
Other equity	396,484	4	218,237	3
Total equity attributable to owners of the Company	6,723,893	68	6,202,970	70
NON-CONTROLLING INTERESTS	51,182	1	71,184	1
Total equity	6,775,075	69	6,274,154	71
TOTAL	$ 9,822,755	100	$ 8,828,439	100

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

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 16 and 32)	$ 17,921,236	100	$ 15,114,334	100
OPERATING COSTS	(7,836,415)	(44)	(6,719,096)	(45)
GROSS PROFIT	10,084,821	56	8,395,238	55
OPERATING EXPENSES				
Selling and marketing expenses	(8,265,903)	(46)	(6,637,887)	(44)
General and administrative expenses	(935,236)	(5)	(798,346)	(5)
Research and development expenses	(35,868)	-	(17,561)	-
Total operating expenses	(9,237,007)	(51)	(7,453,794)	(49)
OPERATING INCOME	847,814	5	941,444	6
NONOPERATING INCOME AND EXPENSES				
Gain from bargain purchase acquisition of subsidiaries	8,310	-	-	-
Other income (Note 17)	169,001	1	157,970	1
Share of loss of associates and joint ventures	(21,622)	-	(16,496)	-
Other gains and losses (Note 17)	(90,602)	(1)	(159,179)	(1)
Total nonoperating income and expenses	65,087	-	(17,705)	-
PROFIT BEFORE INCOME TAX	912,901	5	923,739	6
INCOME TAX EXPENSE (Note 18)	(369,115)	(2)	(319,391)	(2)
NET PROFIT FOR THE YEAR	543,786	3	604,348	4
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations	177,980	1	221,146	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 721,766	4	$ 825,494	5
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 527,509	3	$ 574,032	4
Non-controlling interests	16,277	-	30,316	-
	$ 543,786	3	$ 604,348	4

(Continued)

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	**%**	**Amount**	**%**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 705,756	4	$ 799,638	5
Non-controlling interests	16,010	-	25,856	-
	$ 721,766	4	$ 825,494	5
EARNINGS PER SHARE (Note 19)				
Basic	$ 3.74		$ 4.07	

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
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(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, 2013	$ 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
Appropriation of 2013 earnings									
Reserve	-	-	57,403	-	(57,403)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(183,456)	-	(183,456)	-	(183,456)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	(36,012)	(36,012)
Change in capital surplus from investments in associates accounted for by using equity method	-	-	-	-	(1,377)	-	(1,377)	-	(1,377)
Net profit for the year ended December 31, 2014	-	-	-	-	527,509	-	527,509	16,277	543,786
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	-	178,247	178,247	(267)	177,980
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	527,509	178,247	705,756	16,010	721,766
BALANCE AT DECEMBER 31, 2014	$ 1,411,200	$ 2,681,126	$ 424,109	$ 38,098	$ 1,772,876	$ 396,484	$ 6,723,893	$ 51,182	$ 6,775,075

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

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 912,901	$ 923,739
Adjustments for:		
Depreciation expenses	898,613	743,713
Amortization expenses	21,685	16,857
Impairment loss recognized on trade receivables	10,335	-
Net gain on fair value change of financial assets at fair value through profit or loss	-	(5,183)
Interest expense	-	135
Interest income	(35,732)	(22,845)
Share of loss of associates and joint ventures	21,622	16,496
Loss on disposal of property, plant and equipment	60,274	79,424
Loss on disposal of intangible assets	149	426
Impairment loss of non-financial assets	1,688	-
Gain on deconsolidation of subsidiary	-	(5,874)
Gain from bargain purchase acquisition of subsidiaries	(8,310)	-
Changes in operating assets and liabilities		
Decrease in financial assets held for trading	-	14,267
Decrease in notes receivable	823	1,360
Increase in trade receivables	(12,852)	(8,444)
Increase in other receivables	(15,172)	(7,515)
Increase in inventories	(72,522)	(76,211)
Decrease (increase) in prepayments	41,067	(75,641)
(Increase) decrease in other current assets	(9)	97
Increase in other operating assets	(60,180)	(6,959)
Decrease in notes payable	(296)	(908)
Increase in trade payables	174,742	68,503
Increase in other payables	179,968	124,279
Increase in provisions	19,511	9,986
Increase in receipts in advance	73,348	53,413
(Decrease) increase in other current liabilities	(7,810)	7,002
Decrease in other operating liabilities	-	(426)
Cash generated from operations	2,203,843	1,849,691
Interest paid	-	(135)
Income taxes paid	(336,681)	(359,625)
Net cash generated from operating activities	1,867,162	1,489,931
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of debt investments with no active market	229,625	453,969
Acquisition of investment accounted for by equity method	(841)	-
Net cash outflow on acquisition of subsidiaries	(21,859)	-
Net cash outflow on deconsolidation of subsidiary	-	(47,726)
Proceeds from capital reduction of investment accounted for by equity method	53,239	-

(Continued)

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
Payment for property, plant and equipment	$ (1,864,835)	$ (1,296,542)
Proceeds from property, plant and equipment	114,219	20,007
Increase in refundable deposits	(144,284)	(106,398)
Decrease in refundable deposits	48,559	83,903
Acquisition of intangible assets	(21,520)	(63,661)
Proceeds from intangible assets	94	89
Increase in prepaid equipment	(116,450)	-
Decrease in prepaid equipment	-	128,746
Interest received	34,407	18,772
Net cash used in investing activities	(1,689,646)	(808,841)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	15,780	-
Repayments of long-term borrowings	-	(588)
Increase in guarantee deposits received	47,653	41,486
Decrease in guarantee deposits received	(68,670)	(8,251)
Dividends paid to owners of the Company	(183,456)	(705,600)
Dividends paid to non-controlling interests	(36,012)	(47,084)
Net cash used in financing activities	(224,705)	(720,037)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	23,576	1,120
NET DECREASE IN CASH AND CASH EQUIVALENTS	(23,613)	(37,827)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,503,716	2,541,543
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,480,103	$ 2,503,716

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 on March 11, 2015.

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

a. The amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC not yet effective

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
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 ended on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013

(Continued)

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
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 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)

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

Except for the following, whenever applied, the initial application of the above 2013 IFRSs version and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Group's accounting policies:

1) IFRS 12 "Disclosure of Interests in Other Entities"

   IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

2) IFRS 13 "Fair Value Measurement"

   IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

   The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

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

c. New IFRSs in issue but not yet endorsed by the FSC

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	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
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
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 their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date 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.

Note 3: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

   Recognition and measurement of financial assets

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

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

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

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

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

   The impairment of financial assets

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

   For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

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

   In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) Annual Improvements to IFRSs: 2010-2012 Cycle

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

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

   IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

4) Annual Improvements to IFRSs: 2011-2013 Cycle

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

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

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

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

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

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

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

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

An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

6) Annual Improvements to IFRSs: 2012-2014 Cycle

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

7) Amendment to IAS 1 "Disclosure Initiative"

The amendment clarifies that the consolidated financial statements should be prepared for the purpose of disclosing material information. To improve the understandability of its consolidated financial statements, the Group should disaggregate the disclosure of material items into their different natures or functions, and disaggregate material information from immaterial information.

The amendment further clarifies that the Group should consider the understandability and comparability of its consolidated financial statements to determine a systematic order in presenting its footnotes.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

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 value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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).

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.

Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

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 2014	2013	Note
Gourmet Master Co. Ltd.	85 Degree Co., Ltd.	Investment	100	100	-
	Prime Scope Trading Limited	Investment	100	100	-
	Perfect 85 Degrees C, Inc.	Manufacturing of baking fund and sale	100	100	-
	85 Degrees Café International Pty Ltd.	Grocery and drink retailing	51	51	-
	Lucky Bakery Limited	Investment	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	-
85 Degree Co., Ltd.	Comestibles Master Co., Ltd.	Grocery and drink retailing	100	100	-
Comestibles Master Co., Ltd.	Mei Wei Master Co., Ltd.	Grocery and drink retailing	100	100	1)
Mei Wei Master Co., Ltd.	Mei Wei Fu Xing Ltd.	Grocery and drink retailing	60	60	-
Lucky Bakery Limited	Profit Sky International Limited	Investment	100	-	2)
Profit Sky International Limited	WinCase Limited	Grocery and drink retailing	100	-	2)
	Worldinn Limited	Manufacturing of baking fund and sale	100	-	2)
Prime Scope Trading Limited	Shanghai Gourmet Master Food & Beverage Ltd.	Grocery and drink retailing	100	100	-
	He-Shia Food & Beverage Ltd.	Grocery and drink retailing	100	100	-
	Sheng-Pin (Hangzhou) Food Ltd.	Manufacturing of baking food and sale	100	100	-
	He-Shia (Nanjing) Food & Beverage Ltd.	Grocery and drink retailing	100	100	-
	Beijing 85 Food & Beverage Ltd.	Grocery and drink retailing	100	100	-
	Zhejiang 85 Food & Beverage Ltd.	Grocery and drink retailing	100	100	-
	Sheng-Pin (Beijing) Food Ltd.	Manufacturing of baking food and sale	100	100	-
	Fuzhou 85 Food & Beverage Ltd.	Grocery and drink retailing	100	100	-
	Sheng-Pin (Jiangsu) Food Ltd.	Manufacturing of baking food and sale	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	25	68	-
Shanghai Gourmet Master Food & Beverage Ltd.	Sheng-Pin (Shanghai) Food Ltd.	Manufacturing of baking food and sale	100	100	-
	Mai-Jai (Shanghai) Food Ltd.	Manufacturing of baking food and sale	100	100	-
	Shanghai Howco Jing Way Food & Beverage Ltd.	Grocery and drink retailing	100	100	-
	Shenzheng 85 Food & Beverage Ltd.	Grocery and drink retailing	85	85	-
	Chengdu 85 Food & Beverage Ltd.	Grocery and drink retailing	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	57	100	-
	Jianxi Jing Way Food & Beverage Ltd.	Grocery and drink retailing	100	100	-
	Jin Wei Industrial (Shanghai) Ltd.	Grocery sale	100	100	-

(Continued)

Investor	Investee	Main Businesses	% of Ownership December 31 2014	2013	Note
	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	-	-
	Jai Ding Jing Way Food & Beverage Ltd.	Grocery and drink retailing	100	-	-
He-Shia Food Beverage Ltd.	Wuhan Jing Way Food & Beverage Ltd.	Grocery and drink retailing	43	-	
Shenzheng 85 Food & Beverage Ltd.	Sheng-Pin (Shenzheng) Food Ltd.	Manufacturing of baking food and sale	100	100	-
85 Degree (Qingdao) Food & Beverage Management Ltd.	Qingdao Jie Wei Food & Beverage Management Ltd.	Grocery and drink retailing	100	100	-

(Concluded)

1) In order to improve the efficiency of the management and operation of the factories and stores since, May 2014, Comestibles Master Co., Ltd. transferred the management and operation of most stores to Mei Wei Master Co., Ltd.

2) In November 2014, the Group acquired 50% interest in Profit Sky International Limited. As a result, the Group can control Profit Sky International Limited and its subsidiaries. Hence, Profit Sky International Limited and its subsidiaries were included in the consolidated financial statements from the date of acquisition. Please refer to Note 21.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree, the excess are recognized immediately in profit or loss as a bargain purchase gain.

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.

Financial assets at fair value through profit or loss

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 significant financial difficulty of the issuer or counterparty, breach of contract, such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for 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 discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

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 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 and unused loss carry forward 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, 2014 and 2013, the carrying amount of the deferred tax assets in relation to unused tax losses was $19,707 thousand and $8,169 thousand, respectively. As of December 31, 2014 and 2013, no deferred tax asset has been recognized on the tax loss of $966,682 thousand and $655,920 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.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2014	2013
Cash on hand	$ 115,765	$ 135,854
Checking accounts and demand deposits	1,116,362	2,322,438
Cash equivalent		
Time deposits with original maturities less than three months	1,247,976	45,424
	$ 2,480,103	$ 2,503,716

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

	December 31	
	2014	2013
Bank deposits	0.01%-0.50%	0.01%-0.45%
Time deposits	0.87%-3.20%	0.94%-4.00%

7. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31	
	2014	2013
Current		
Time deposits with original maturity more than 3 months	$ 5,150	$ 98,773
Restricted bank deposit	50,920	186,922
	$ 56,070	$ 285,695

a. The market interest rates of the time deposits with original maturity more than 3 months were 0.88%-1.345% and 1.09%-3.25% per annum respectively as of December 31, 2014 and 2013.

b. Refer to Note 28 for information relating to bond investments with no active market pledged as security.

8. TRADE RECEIVABLES

	December 31 2014	December 31 2013
Trade receivables	$ 249,249	$ 236,397
Less: Allowance for doubtful accounts	(10,698)	-
	$ 238,551	$ 236,397

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.

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 2014	December 31 2013
Less than 90 days	$ 8,378	$ 7,020
90 days to 180 days	3,936	17,650
181 days to 361 days	31,351	32,548
Over 361 days	18,245	10,771
	$ 61,910	$ 67,989

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.

The movements of the allowance for doubtful trade receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2014	$ -	$ -	$ -
Add: Impairment losses recognized on receivables	10,335	-	10,335
Foreign exchange translation gains and losses	363	-	363
Balance at December 31, 2014	$ 10,698	$ -	$ 10,698

9. INVENTORIES

	December 31	
	2014	2013
Finished goods	$ 29,500	$ 35,695
Work in process	2,999	2,778
Raw materials and supplies	409,322	323,832
Merchandise	92,173	93,026
	$ 533,994	$ 455,331

As of December 31, 2014 and 2013, the allowance for inventory devaluation was $4,371 thousand and $2,701 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2014 and 2013 was $7,836,415 thousand and $6,719,096 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2014 and 2013 included inventory write-down of $1,688 thousand and zero respectively.

The obsolescence of inventories recognized as cost of goods sold for the years ended December 31, 2014 and 2013 was $241,700 thousand and $210,566 thousand, respectively.

10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2014	2013
Investment in associates	$ 58,710	$ 110,233
Investment in jointly controlled entities	-	78,526
	$ 58,710	$ 188,759

a. Investment in associates

	December 31	
	2014	2013
Unlisted company		
The Hot Pot Food and Beverage Management Co., Ltd.	$ 58,710	$ 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:

	December 31	
Name of Associate	**2014**	**2013**
The Hot Pot Food and Beverage Management Co., Ltd.	23%	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 22.

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

	December 31	
	2014	2013
Total asset	$ 317,804	$ 297,602
Total liabilities	$ 58,940	$ 36,509

	For the Year Ended December 31	
	2014	2013
Revenue	$ 280,244	$ 128,453
Profit for the year	$ 3,864	$ 514
Other comprehensive income	$ -	$ 26
Group's share of profit of associates for the year	$ 2,252	$ 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, 2014 was based on the associates' financial statements audited by the auditors for the same years.

b. Investment in jointly controlled entities:

	December 31	
	2014	2013
Unlisted company		
Profit Sky International Limited	$ -	$ 78,526

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:

	December 31	
Name of Jointly Controlled Entities	2014	2013
Profit Sky International Limited	-	50%

In November 2014, the Group acquired 50% interest in Profit Sky International Limited. As a result, the Group can control Profit Sky International Limited and its subsidiaries. Hence, Profit Sky International Limited and its subsidiaries were included in the consolidated financial statements from the date of acquisition. Please refer to Note 21.

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
Current assets	$ 4,447
Non-current assets	$ 76,371
Current liabilities	$ 2,653

	For the Year Ended December 31, 2013
Income recognized in profit or loss	$ (20,012)
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 year ended December 31, 2013 was 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, 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
Disposal	-	(1,118)	(44,709)	(152,016)	(7,882)	(18,208)	(19,520)	-	(243,453)
Reclassified	-	90,952	(19,267)	187,198	1,321	22,909	(15,138)	(267,975)	-
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
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
Disposal	-	(1,118)	(42,195)	(67,908)	(2,127)	(12,391)	(18,283)	-	(144,022)
Reclassified	-	-	(9,146)	3,111	(1,282)	8,537	(1,220)	-	-
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
Cost									
Balance at January 1, 2014	$ 420,211	$ 660,046	$ 2,038,066	$ 1,921,773	$ 53,411	$ 452,426	$ 153,315	$ 148,095	$ 5,847,343
Additions	-	83,136	482,286	551,636	9,683	139,933	89,531	531,635	1,887,840
Disposal	-	(1,178)	(197,460)	(214,444)	(12,062)	(37,868)	(80,707)	-	(543,719)
Reclassified	102,714	5,261	40,362	140,236	-	(38,128)	96	(250,541)	-
Acquisitions through business combinations	-	-	24,147	38,711	-	-	62,473	401	125,732
Effect of foreign currency exchange differences	3,713	19,605	66,085	73,709	1,126	17,176	1,384	13,108	195,906
Balance at December 31, 2014	$ 526,638	$ 766,870	$ 2,453,486	$ 2,511,621	$ 52,158	$ 533,539	$ 226,092	$ 442,698	$ 7,513,102
Accumulated depreciation and impairment									
Balance at January 1, 2014	$ -	$ 63,086	$ 764,567	$ 754,836	$ 27,021	$ 234,296	$ 104,147	$ -	$ 1,947,953
Depreciation charge for the period	-	36,909	357,510	363,979	10,161	105,625	24,429	-	898,613
Disposal	-	(1,178)	(138,831)	(134,518)	(8,782)	(32,545)	(53,372)	-	(369,226)
Reclassified	-	-	24,180	-	-	(24,186)	6	-	-

(Continued)

	Land	Buildings	Machinery and Equipment	Leasehold Improvements	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Acquisitions through business combinations	$ -	$ -	$ 4,437	$ 13,660	$ -	$ -	$ 19,882	$ -	$ 37,979
Effect of foreign currency exchange differences	-	2,075	28,867	33,122	675	10,041	777	-	75,557
Balance at December 31, 2014	$ -	$ 100,892	$ 1,040,730	$ 1,031,079	$ 29,075	$ 293,231	$ 95,869	$ -	$ 2,590,876
Carrying amounts at January 1, 2014	$ 420,211	$ 596,960	$ 1,273,499	$ 1,166,937	$ 26,390	$ 218,130	$ 49,168	$ 148,095	$ 3,899,390
Carrying amounts at December 31, 2014	$ 526,638	$ 665,978	$ 1,412,756	$ 1,480,542	$ 23,083	$ 240,308	$ 130,223	$ 442,698	$ 4,922,226

(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	11 years
Furnishing	3-20 years
Machinery and equipment	1-20 years
Leasehold improvements	1-41 years
Transportation equipment	1-15 years
Office equipment	1-11 years
Other equipment	1-11 years

Refer to Note 28 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 2014	December 31 2013
Current		
Prepaid rent	$ 205,603	$ 226,480
Prepayments	69,333	76,304
Offset against business tax payable	47,329	55,162
Other prepayments	38,824	38,854
Others	12,616	12,607
	$ 373,705	$ 409,407
Noncurrent		
Prepaid equipment	$ 297,939	$ 175,661
Refundable deposits	545,718	418,421
Long-term prepayments for lease	63,616	9,497
Others	10,132	3,831
	$ 917,405	$ 607,410

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.

d. Long-term prepayments for lease are land use right in China.

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	
	2014	2013
Current		
Other payables		
Payable for purchase of equipment	$ 151,142	$ 122,087
Accrued payroll and bonus	460,869	352,924
Utilities	91,127	86,421
Insurance	58,194	43,406
Rent	38,308	22,529
Others (shipping expense and repairing expense, etc.)	371,552	307,184
	$ 1,171,192	$ 934,551
Other liabilities		
Receipts in advance	$ 641,974	$ 568,626
Others	15,594	23,280
	$ 657,568	$ 591,906
Noncurrent		
Decommission restoration and rehabilitation provision	$ 56,726	$ 29,233
Guarantee deposits received	67,923	87,248
	$ 124,649	$ 116,481

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

15. SHAREHOLDERS' EQUITY

Share Capital

Ordinary shares

	December 31	
	2014	2013
Number of shares authorized (in thousands)	850,000	850,000
Shares authorized	$ 8,500,000	$ 8,500,000
Number of shares issued and fully paid (in thousands)	141,120	141,120
Shares issued	$ 1,411,200	$ 1,411,200

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

Capital Surplus

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares 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, 2014 and 2013, 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. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

The appropriations of earnings for 2013 and 2012 were approved in the shareholders' meeting held on June 6, 2014 and June 11, 2013, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2013	2012	2013	2012
Reserve	$ 57,403	$ 97,734	$ -	$ -
Special reserve	-	38,098	-	-
Cash dividends	183,456	705,600	1.3	5

There was no bonus to employees and the remuneration to directors and supervisors for 2013 and 2012 was approved in the shareholders' meeting held on June 6, 2014 and June 11, 2013, respectively.

The appropriations of earnings for 2014 had been proposed by the Company's board of directors on March 11, 2015. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Reserve	$ 52,751	$ -
Cash dividends	169,344	1.2

The appropriations of earnings, the bonus to employees, and the remuneration to directors and supervisors for 2014 are subject to the resolution of the shareholders' meeting to be held on June 6, 2015.

There was no difference between the amounts of bonuses to employees and the remuneration to directors and supervisors approved in shareholders' meetings in 2014 and 2013 and the amounts recognized in the financial statements for the years ended December 31, 2013 and 2012.

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

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

16. REVENUE

	For the Year Ended December 31	
	2014	2013
Revenue from sales of goods	$ 17,921,236	$ 15,114,334

17. NET PROFIT

a. Other income

	For the Year Ended December 31	
	2014	2013
Interest income	$ 35,732	$ 22,845
Income from government grants	75,809	87,169
Others	57,460	47,956
	$ 169,001	$ 157,970

b. Other gains and losses

	For the Year Ended December 31	
	2014	2013
Net foreign exchange gains (losses)	$ 12,369	$ (5,507)
Loss on disposal of property, plant and equipment	(60,274)	(79,424)
Gain on deconsolidation of subsidiary	-	5,874
Others	(42,697)	(80,122)
	$ (90,602)	$ (159,179)

c. Depreciation and amortization

	For the Year Ended December 31	
	2014	2013
Property, plant and equipment	$ 898,613	$ 743,713
Intangible assets	21,685	16,857
	$ 920,298	$ 760,570
An analysis of depreciation by function		
Operating costs	$ 157,251	$ 134,221
Operating expenses	741,362	609,492
	$ 898,613	$ 743,713
An analysis of amortization by function		
Selling and marketing expenses	$ 2,051	$ 3,379
General and administrative expenses	19,634	13,478
	$ 21,685	$ 16,857

d. Employee benefits expense

	For the Year Ended December 31	
	2014	2013
Post-employment benefits		
Defined contribution plans	$ 39,468	$ 36,652
Other employee benefits	4,711,572	3,779,354
	$ 4,751,040	$ 3,816,006
An analysis of employee benefits expense by function		
Operating costs	$ 623,204	$ 527,192
Operating expenses	4,127,836	3,288,814
	$ 4,751,040	$ 3,816,006

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 2014	2013
Current tax		
In respect of the current year	$ 366,035	$ 299,853
Income tax on unappropriated earnings	-	32,379
Adjustments for prior periods	5,335	4,215
	371,370	336,447
Deferred tax		
In respect of the current year	(2,255)	(17,056)
Income tax expense recognized in profit or loss	$ 369,115	$ 319,391

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

	For the Year Ended December 31 2014	2013
Profit before income tax	$ 912,901	$ 923,739
Income tax expense calculated at the statutory rate	$ 237,522	$ 243,130
Nondeductible expense in determining taxable income	4,381	(29,544)
Tax exempt income	(7,901)	(8,863)
Income tax on unappropriated earnings	-	32,379
Oversea earnings repatriate tax withholdings	55,621	7,939
Unrecognized deductible temporary differences	6,195	(2,127)
Unrecognized loss carryforwards	67,962	72,262
Adjustment for prior year's tax	5,335	4,215
Income tax expense recognized in profit or loss	$ 369,115	$ 319,391

The applicable tax rate used by the subsidiaries in ROC is 17%, in China is 25%, and in Hong Kong is 16.5%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of 2015 appropriations of earnings is uncertain, the potential income tax consequences of 2014, unappropriated earnings are not reliably determinable.

b. Deferred tax assets

The movements of deferred tax assets were as follows:

For the year ended December 31, 2014

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Effect of Consoli-dation of Subsidiary	Exchange Differences	Closing Balance
Temporary differences					
Unrealized foreign exchange losses	$ 719	$ (718)	$ -	$ (1)	$ -
Salary and wages payable	42,737	1,588	-	1,553	45,878
Write-down of inventories	281	140	-	-	421
Others	11,440	3,634	-	516	15,590
	55,177	4,644	-	2,068	61,889
Tax losses	8,169	(1,737)	12,757	518	19,707
	$ 63,346	$ 2,907	$ 12,757	$ 2,586	$ 81,596

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Effect of Consoli-dation of Subsidiary	Exchange Differences	Closing Balance
Temporary differences					
Unrealized foreign exchange gains	$ -	$ 652	$ -	$ 1	$ 653

For the year ended December 31, 2013

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Effect of Deconsoli-dation 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

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

	December 31			
	2014		2013	
	Applicable Tax Rate 25%	Applicable Tax Rate 17%	Applicable Tax Rate 25%	Applicable Tax Rate 17%
Loss carryforwards				
Expired 2015	$ 7,142	$ -	$ 6,906	$ -
Expired 2016	53,188	-	66,063	-
Expired 2017	171,812	117	246,526	117
Expired 2018	357,027	21,674	301,788	21,674
Expired 2019	295,209	9,369	-	9,369
Expired 2020	-	2,012	-	2,012
Expired 2022	-	1,352	-	1,352
Expired 2023	-	113	-	113
Expired 2024	-	77,667	-	-
	$ 884,378	$ 112,304	$ 621,283	$ 34,637

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

Loss carryforwards as of December 31, 2014 comprised of:

Unused Amount				
Applicable Tax Rate 25%	Applicable Tax Rate 17%	Applicable Tax Rate 16.5%	Total	Expiry Year
$ 7,142	$ -	$ -	$ 7,142	2015
53,188	-	-	53,188	2016
171,812	117	-	171,929	2017
382,426	21,674	36,900	441,000	2018
296,472	9,369	2,120	307,961	2019
-	2,012	40,019	42,031	2020
-	1,352	-	1,352	2022
-	113	-	113	2023
-	77,667	-	77,667	2024
$ 911,040	$ 112,304	$ 79,039	$ 1,102,383	

As of December 31, 2014, 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.	2013 to 2016

e. Except for the Company which is tax-free, the income tax returns through 2012 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	
	2014	2013
Basic earnings per share		
From continuing operations	$ 3.74	$ 4.07

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	
	2014	2013
Earnings used in computation of basic earnings per share	$ 527,509	$ 574,032

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

	For the Year Ended December 31	
	2014	2013
Weighted average number of ordinary shares used in the computation of basic and diluted earnings per share	141,120	141,120

20. GOVERNMENT GRANTS

The amounts of project subsidies and incentives received for the years ended December 31, 2014 and 2013 were $75,809 thousand and $87,169 thousand, respectively. The government grants were recognized in non-operating income and expenses - other income in the consolidated statements of comprehensive income.

21. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Profit Sky International Limited and its subsidiaries	Grocery and drink retailing	November 30, 2014	50%	$46,296

Profit Sky International Limited was acquired in order to control the operation in the Hong Kong market.

b. Assets acquired and liabilities assumed at the date of acquisition

	Profit Sky International Limited and its Subsidiaries
Current assets	
Cash and cash equivalents	$ 24,437
Inventories	7,811
Prepayments	5,356
Non-current assets	
Plant and equipment	87,753
Deferred income tax assets	12,757
Other non-current assets	22,402
Current liabilities	
Trade and other payables	(40,444)
Other current liabilities	(124)
Non-current liabilities	
Decommission, restoration and rehabilitation provisions	(7,982)
	$ 111,966

c. Net cash outflow on acquisition of subsidiaries

	For the Year Ended December 31, 2014
Consideration paid in cash	$ 46,296
Less: Cash and cash equivalent balances acquired	(24,437)
	$ 21,859

d. Impact of acquisitions on the results of the Group

The results of the acquirees since the acquisition date included in the consolidated statements of comprehensive income were as follows:

	For the Year Ended December 31, 2014
Revenue	
Profit Sky International Limited and its subsidiaries	$ 20,126
Profit	
Profit Sky International Limited and its subsidiaries	$ (4,152)

22. 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
Less: Carrying amount of interest retained	
Net assets deconsolidated	133,280
Noncontrolling interests	(32,274)
	101,006
Add: Reclassified other equity to profit or loss	105
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

23. NON-CASH TRANSACTIONS

For the years ended December 31, 2014 and 2013, 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 $1,887,840 thousand, of which amount $23,005 thousand was recognized as other payables. Net cash used in acquiring property, plant and equipment was $1,864,835 thousand in the year ended December 31, 2014. (Please refer to Note 11)

b. 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)

24. 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 1 to 5 years 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	
	2014	2013
Not later than 1 year	$ 1,845,335	$ 1,528,167
Later than 1 year and not later than 5 years	4,463,857	3,274,402
Later than 5 years	998,484	458,097
	$ 7,307,676	$ 5,260,666

25. 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.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

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.

b. Categories of financial instruments

	December 31	
	2014	**2013**
Financial assets		
Loans and receivables (Note 1)	$ 2,851,892	$ 3,087,302
Financial liabilities		
Amortized cost (Note 2)	2,180,987	1,747,344

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

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 30.

Sensitivity analysis

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 weaken 1% against the relevant currency. For a 1% strengthening 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	
	2014	2013
Profit or loss	$ 3,317	$ 4,631 (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.

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.

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides as disclosed elsewhere in other notes, details of transactions between the Group and other related parties are disclosed below:

a. Sales of goods

Line Items	Related Party Categories	For the Year Ended December 31 2014	2013
Sales	Joint ventures	$ 17,827	$ 11,184
	Associates	44	-
		$ 17,871	$ 11,184

There is no significant difference between sales to related parties and sales to other customers.

b. Purchases of goods

Related Party Categories	For the Year Ended December 31 2014	2013
Related party	$ 98,133	$ 121,639

The purchases price is 65% of the sale price, and paid 30 days date of purchases.

c. Receivables from related parties (excluding loans to related parties)

Line Items	Related Party Categories	December 31 2014	2013
Trade receivables	Joint ventures	$ -	$ 1,039
	Associates	37	-
		$ 37	$ 1,039
Other receivables	Joint ventures	$ -	$ 559
	Associates	745	-
		$ 745	$ 559

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2014 and 2013, no impairment loss was recognized for trade receivables from related parties.

d. Other transactions with related parties

The Group performed technical services for joint ventures. For the years ended December 31, 2014 and 2013, other income amounted to $6,809 thousand and $3,833 thousand, respectively.

e. Compensation of key management personnel

	For the Year Ended December 31	
	2014	2013
Short-term benefits	$ 23,716	$ 32,574

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

28. 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	
	2014	2013
Property, plant and equipment		
Land	$ 293,761	$ 202,305
Buildings	69,835	13,760
Bond investments with no active market - current		
Restiricted bank deposits	50,920	186,922
	$ 414,516	$ 402,987

29. 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, 2014 and 2013 were as follows:

Significant Commitments

a. As of December 31, 2014 and 2013, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately US$4,000 thousand and US$2,000 thousand, respectively.

b. Unrecognized commitments are as follows:

	December 31	
	2014	2013
Acquisition of property, plant and equipment	$ 671,290	$ 101,963

30. 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, 2014		
	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 10,645	6.119 (USD:RMB)	$ 331,671

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

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financings provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

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. (Table 3)

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

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

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 5)

9) Trading in derivative instruments. (None)

10) Intercompany relationships and significant intercompany transactions. (Table 6)

11) Information on investees. (Table 7)

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 8)

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.

32. 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	
	2014	**2013**
Beverages	$ 5,020,383	$ 4,288,168
Cake	6,274,571	5,308,791
Bread	6,591,746	5,423,622
Others	34,536	93,753
	$ 17,921,236	$ 15,114,334

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 December 31	
	2014	2013	2014	2013
China	$ 12,933,689	$ 10,948,763	$ 3,966,417	$ 3,158,033
Taiwan	3,028,661	3,228,781	947,913	749,075
USA	1,774,290	768,384	776,411	631,829
Others	184,596	168,406	224,826	42,218
	$ 17,921,236	$ 15,114,334	$ 5,915,567	$ 4,581,155

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, 2014 and 2013.

TABLE 1

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2014
(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.	Sheng-Pin (Shanghai) Food Ltd.	Other receivable - related parties	Yes	$ 101,840 (RMB 20,000)	$ 76,380 (RMB 15,000)	$ 76,380 (RMB 15,000)	3.75	For short-term financing	$ -	Working capital loan	$ -	-	$ -	$ 672,389	$ 1,344,779	Note
		Sheng-Pin (Shenzheng) Food Ltd.	Other receivable - related parties	Yes	76,380 (RMB 15,000)	-	-	3.75	For short-term financing	-	Working capital loan	-	-	-	672,389	1,344,779	Note
		Sheng-Pin (Wuhan) Food Ltd.	Other receivable - related parties	Yes	61,104 (RMB 12,000)	50,920 (RMB 10,000)	50,920 (RMB 10,000)	3.75	For short-term financing	-	Working capital loan	-	-	-	672,389	1,344,779	Note
		Wuhan Jing Way Food & Beverage Ltd.	Other receivable - related parties	Yes	101,840 (RMB 20,000)	-	-	3.75	For short-term financing	-	Working capital loan	-	-	-	672,389	1,344,779	Note
2	He-Shia Food & Beverage Ltd.	Sheng-Pin (Beijing) Food Ltd.	Other receivable - related parties	Yes	76,380 (RMB 15,000)	76,380 (RMB 15,000)	76,380 (RMB 15,000)	3.75	For short-term financing	-	Working capital loan	-	-	-	672,389	1,344,779	Note
		Beijing 85 Food & Beverage Ltd.	Other receivable - related parties	Yes	203,680 (RMB 40,000)	127,300 (RMB 25,000)	127,300 (RMB 25,000)	3.75	For short-term financing	-	Working capital loan	-	-	-	672,389	1,344,779	Note
		Zhejiang 85 Food & Beverage Ltd.	Other receivable - related parties	Yes	101,840 (RMB 20,000)	101,840 (RMB 20,000)	-	3.75	For short-term financing	-	Working capital loan	-	-	-	672,389	1,344,779	Note
		Shenyang 85 Food & Beverage Ltd.	Other receivable - related parties	Yes	76,380 (RMB 15,000)	76,380 (RMB 15,000)	76,380 (RMB 15,000)	3.75	For short-term financing	-	Working capital loan	-	-	-	672,389	1,344,779	Note
3	He-Shia (Nanjing) Food & Beverage Ltd.	Sheng-Pin (Xiamen) Food Ltd.	Other receivable - related parties	Yes	101,840 (RMB 20,000)	101,840 (RMB 20,000)	50,920 (RMB 10,000)	3.75	For short-term financing	-	Working capital loan	-	-	-	672,389	1,344,779	Note
		Shenzheng 85 Food & Beverage Ltd.	Other receivable - related parties	Yes	101,840 (RMB 20,000)	101,840 (RMB 20,000)	50,920 (RMB 10,000)	3.75	For short-term financing	-	Working capital loan	-	-	-	672,389	1,344,779	Note
4	Comestibles Master Co., Ltd.	Perfect 85 Degrees C, Inc.	Other receivable - related parties	Yes	56,084 (US$ 1,800)	56,084 (US$ 1,800)	56,084 (US$ 1,800)	3.75	For short-term financing	-	Working capital loan	-	-	-	672,389	1,344,779	Note
		WinPin 85 Investments Inc.	Other receivable - related parties	Yes	56,084 (US$ 1,800)	56,084 (US$ 1,800)	56,084 (US$ 1,800)	3.75	For short-term financing	-	Working capital loan	-	-	-	672,389	1,344,779	Note
		Perfect 85 Degrees C, Inc.	Other receivable - related parties	Yes	171,368 (US$ 5,500)	171,368 (US$ 5,500)	171,368 (US$ 5,500)	3.75	For short-term financing	-	Working capital loan	-	-	-	672,389	1,344,779	Note
		Perfect 85 Degrees C, Inc.	Other receivable - related parties	Yes	56,084 (US$ 1,800)	-	-	3.75	For short-term financing	-	Working capital loan	-	-	-	672,389	1,344,779	Note
		WinPin 85 Investments Inc.	Other receivable - related parties	Yes	56,084 (US$ 1,800)	-	-	3.75	For short-term financing	-	Working capital loan	-	-	-	672,389	1,344,779	Note
5	WinPin 85 Investments, Inc.	Perfect 85 Degrees C, Inc.	Other receivable - related parties	Yes	68,547 (US$ 2,200)	68,547 (US$ 2,200)	-	3.75	For short-term financing	-	Working capital loan	-	-	-	672,389	1,344,779	Note

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

a. 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.

$6,723,893 × 40% = $2,689,557 (in thousands).

b. 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.

$6,723,893 × 20% = $1,344,779 (in thousands).

(Continued)

c. The total amount for lending to a company for funding for a short-term period shall not exceed $6,723,893 (in thousands) x 20% = $1,344,779 (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 $6,723,893 (in thousands) x 10% = $672,389 (in thousands) of the net worth of Gourmet Master Co. Ltd.

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

(Concluded)

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity In Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
1	He-Shia Food & Beverage Ltd.	Shanghai Gourmet Master Food & Beverage Ltd.	c	$ 1,344,779	$ 254,600 (RMB 50,000)	$ 254,600 (RMB 50,000)	$ 203,680 (RMB 40,000)	$ -	3.79	$ 3,361,947	No	No	Yes	
2	Comestibles Master Co., Ltd.	Gourmet Master Co. Ltd.	d	1,344,779	124,632 (US$ 4,000)	124,632 (US$ 4,000)	15,579 (US$ 500)	148,583	1.85	3,361,947	No	Yes	No	

Note 1: Number should be noted in number column.

a. Number 0 represents issuer.
b. Start from number 1 represents the order of the investee.

Note 2: Relationship information of endorser and endorsee should be noted.

a. Trading partner.
b. Majority owned subsidiary.
c. The Company and subsidiary owns over fifty percent (50%) ownership of the investee company.
d. A subsidiary jointly owned over fifty percent (50%) by the Company and the Company's directly-owned subsidiary.
e. Guaranteed by the Company according to the construction contract.
f. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.

Note 3: The limit of amount is calculated as follows:

a. The total amount of guarantee shall not exceed fifty percent (50%) of net worth Gourmet Master Co. Ltd. $6,723,893 × 50% = $3,361,947 (in thousands).
b. The total amount of the guarantee provided by Gourmet Master Co. Ltd. to any individual entity shall not exceed twenty percent (20%) of net worth of Gourmet Master Co. Ltd. $6,723,893 × 20% = $1,344,779 (in thousands).

TABLE 3

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty is a Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
85 Degree (Jiangsu) Food Ltd.	Building and equipment	November 30, 2014	$ 516,147 (RMB 101,364)	By the contract	Jiansu Jiangdu Construction Group Co., Ltd. etc.	-	N/A	N/A	N/A	N/A	Bidding, price comparison and negotiated by the contracts	Manufacturing purpose	-

TABLE 4

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, 2014
(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	
Comestibles Master Co., Ltd.	Mei Wei Master Co., Ltd.	Affiliated company	Sales	$ 303,491	11	25 days	Based on the Group's transfer pricing policy	-	Trade receivables	$ 89,200	39	Note
Sheng-Pin (Shanghai) Food Ltd.	Shanghai Gourmet Master Food & Beverage Ltd.	Parent company	Sales	741,555	62	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	87,852	58	Note
	He-Shia Food & Beverage Ltd.	Affiliated company	Sales	209,667	17	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	24,090	16	Note
	Jin Wei Industrial (Shanghai) Ltd.	Affiliated company	Sales	100,503	8	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	26,097	17	Note
Sheng-Pin (Jiangsu) Food Ltd.	He-Shia Food & Beverage Ltd.	Affiliated company	Sales	132,859	13	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	10,734	8	Note
	He-Shia (Nanjing) Food & Beverage Ltd.	Affiliated company	Sales	761,608	75	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	97,797	69	Note
Sheng-Pin (Hangzhou) Food Ltd.	Shanghai Gourmet Master Food & Beverage Ltd.	Affiliated company	Sales	299,914	31	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	33,134	24	Note
	He-Shia Food & Beverage Ltd.	Affiliated company	Sales	263,223	27	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	18,418	13	Note
	He-Shia (Nanjing) Food & Beverage Ltd.	Affiliated company	Sales	113,234	12	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	19,385	14	Note
	Zhejiang 85 Food & Beverage Ltd.	Affiliated company	Sales	170,254	17	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	28,831	21	Note
Sheng-Pin (Beijing) Food Ltd.	Beijing 85 Food & Beverage Ltd.	Affiliated company	Sales	353,544	88	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	44,061	70	Note
Sheng-Pin (Xiamen) Food Ltd.	Fuzhou 85 Food & Beverage Ltd.	Affiliated company	Sales	295,564	53	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	39,117	36	Note
	Xiamen 85 Food & Beverage Ltd.	Affiliated company	Sales	131,668	24	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	33,118	30	Note
Sheng-Pin (Shenzheng) Food Ltd.	Shengzheng 85 Food & Beverage Ltd.	Parent company	Sales	236,378	77	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	50,171	74	Note
Mai-Jai (Chengdu) Food Ltd.	Chengdu 85 Food & Beverage Ltd.	Affiliated company	Sales	153,640	70	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	23,627	66	Note
Perfect 85 Degrees C, Inc.	WinPin 85 Investments, Inc.	Affiliated company	Sales	566,477	76	30 days	Based on the Group's transfer pricing policy	-	Trade receivables	43,683	54	Note
	Golden 85 Investment, LLC.	Parent company	Sales	176,744	24	30 days	Based on the Group's transfer pricing policy	-	Trade receivables	15,293	19	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, 2014
(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	$ 227,452	(Note)	$ -	-	$ -	$ -
Shanghai Gourmet Master Food & Beverage Ltd.	Sheng-Pin (Shenzheng) Food Ltd.	Parent company	105,236	(Note)	-	-	-	-
He-Shia Food & Beverage Ltd.	Shanghai Gourmet Master Food & Beverage Ltd.	Affiliated company	406,097	(Note)	-	-	-	-
	Beijing 85 Food & Beverage Ltd.	Affiliated company	291,262	(Note)	-	-	-	-
	Chengdu 85 Food & Beverage Ltd.	Affiliated company	103,459	(Note)	-	-	-	-
	Zhejiang 85 Food & Beverage Ltd.	Affiliated company	129,907	(Note)				
He-Shia (Nanjing) Food & Beverage Ltd.	Shanghai Gourmet Master Food & Beverage Ltd.	Affiliated company	121,419	(Note)	-	-	-	-

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

TABLE 6

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Intercompany Transactions			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets
1	Comestibles Master Co., Ltd.	Perfect 85 Degrees C, Inc.	c	Other receivables	$ 227,452	Financings provided, annual interest rate 3.75%	2
		WinPin 85 Investments Inc.	c	Other receivables	56,084	Financings provided, annual interest rate 3.75%	1
		85 Degrees Co., Ltd.	c	Other receivables	46,399	-	-
2	Mei Wei Master Co., Ltd.	Comestibles Master Co., Ltd.	c	Purchases	303,491	25 days	2
		Comestibles Master Co., Ltd.	c	Trade payables	89,200	25 days	1
3	Shanghai Gourmet Master Food & Beverage Ltd.	Sheng-Pin (Shanghai) Food Ltd.	c	Other receivables	76,380	Financings provided, annual interest rate 3.75%	1
		Sheng-Pin (Shanghai) Food Ltd.	c	Purchases	741,555	60 days	4
		Sheng-Pin (Shanghai) Food Ltd.	c	Trade payables	87,852	60 days	1
		Sheng-Pin (Shenzheng) Food Ltd.	c	Other receivables	105,236	-	1
		Sheng-Pin (Wuhan) Food Ltd.	c	Other receivables	50,920	Financings provided, annual interest rate 3.75%	1
		Sheng-Pin (Hangzhou) Food Ltd.	c	Purchases	299,914	60 days	2
		Sheng-Pin (Hangzhou) Food Ltd.	c	Trade payables	33,134	60 days	-
		Mai-Jia (Chengdu) Food Ltd.	c	Other receivables	65,834	-	1
		Sheng-Pin (Shenyang) Food Ltd.	c	Other receivables	63,635	-	1
		Sheng-Pin (Xiamen) Food Ltd.	c	Purchases	49,235	60 days	-
4	He-Shia Food & Beverage Ltd.	Shanghai Gourmet Master Food & Beverage Ltd.	c	Other receivables	406,097	-	4
		Sheng-Pin (Beijing) Food Ltd.	c	Other receivables	76,380	Financings provided, annual interest rate 3.75%	1
		Sheng-Pin (Hangzhou) Food Ltd.	c	Purchases	263,223	60 days	1
		Sheng-Pin (Xiamen) Food Ltd.	c	Other receivables	41,189	-	-
		Sheng-Pin (Shanghai) Food Ltd.	c	Purchases	209,667	60 days	1
		Beijing 85 Food & Beverage Ltd.	c	Other receivables	127,300	Financings provided, annual interest rate 3.75%	1
		Beijing 85 Food & Beverage Ltd.	c	Other receivables	163,962	-	2
		Sheng-Pin (Jiangsu) Food Ltd.	c	Purchases	132,859	60 days	1
		Shenyang 85 Food & Beverage Ltd.	c	Other receivables	76,380	Financings provided, annual interest rate 3.75%	1
		Shenyang 85 Food & Beverage Ltd.	c	Other receivables	70,229	-	1

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Intercompany Transactions			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets
		Shenzheng 85 Food & Beverage Ltd.	c	Other receivables	58,151	-	1
		Chengdu 85 Food & Beverage Ltd.	c	Other receivables	103,459	-	1
		Zhejiang 85 Food & Beverage Ltd.	c	Other receivables	129,907	-	1
5	Beijing 85 Food & Beverage Ltd.	Sheng-Pin (Beijing) Food Ltd.	c	Purchases	353,544	60 days	2
		Sheng-Pin (Beijing) Food Ltd.	c	Trade payables	44,061	60 days	-
6	He-Shia (Nanjing) Food & Beverage Ltd.	Sheng-Pin (Jiangsu) Food Ltd.	c	Purchases	761,608	60 days	4
		Sheng-Pin (Jiangsu) Food Ltd.	c	Trade payables	97,797	60 days	1
		Shanghai Gourmet Master Food & Beverage Ltd.	c	Other receivables	121,419	-	1
		Shenzheng 85 Food & Beverage Ltd.	c	Other receivables	50,920	Financings provided, annual interest rate 3.75%	1
		Sheng-Pin (Xiamen) Food Ltd.	c	Other receivables	50,920	Financings provided, annual interest rate 3.75%	1
		Sheng-Pin (Hangzhou) Food Ltd.	c	Purchases	113,234	60 days	1
7	Wuhan Jing Way Food & Beverage Ltd.	Sheng-Pin (Wuhan) Food Ltd.	c	Purchases	87,757	60 days	-
		Sheng-Pin (Wuhan) Food Ltd.	c	Prepayment for purchases	32,665	60 days	-
8	Zhejiang 85 Food & Beverage Ltd.	Sheng-Pin (Hangzhou) Food Ltd.	c	Purchases	170,254	60 days	1
9	Fuzhou 85 Food & Beverage Ltd.	Sheng-Pin (Xiamen) Food Ltd.	c	Purchases	295,564	60 days	2
		Sheng-Pin (Xiamen) Food Ltd.	c	Trade payables	39,117	60 days	-
		Guangzhou 85 Degree Food & Beverage Management Ltd.	c	Other receivables	43,027	-	-
10	Xiamen 85 Food & Beverage Ltd.	Sheng-Pin (Xiamen) Food Ltd.	c	Purchases	131,668	60 days	1
		Sheng-Pin (Xiamen) Food Ltd.	c	Trade payables	33,118	60 days	-
11	Shenzheng 85 Food & Beverage Ltd.	Sheng-Pin (Shenzheng) Food Ltd.	c	Purchases	236,378	60 days	1
		Sheng-Pin (Shenzheng) Food Ltd.	c	Trade payables	50,171	60 days	1
12	Chengdu 85 Food & Beverage Ltd.	Mai-Jia (Chengdu) Food Ltd.	c	Purchases	153,640	60 days	1
13	Jin Wei Industrial (Shanghai) Ltd.	Sheng-Pin (Shanghai) Food Ltd.	c	Purchases	100,503	60 days	1
		Sheng-Pin (Hangzhou) Food Ltd.	c	Purchases	54,442	60 days	-
		Sheng-Pin (Hangzhou) Food Ltd.	c	Trade payables	30,914	60 days	-
14	WinPin 85 Investments, Inc.	Perfect 85 Degrees C, Inc.	c	Purchases	566,477	30 days	3
		Perfect 85 Degrees C, Inc.	c	Trade payables	43,683	30 days	-
		Perfect 85 Degrees C, Inc.	c	Administrative expenses - other expenses	69,725	-	-
15	Golden 85 Investments, LLC	Perfect 85 Degrees C, Inc.	c	Purchases	176,744	30 days	1

(Continued)

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

a. Number 0 represents parent company.
b. Number 1 to 15 represents subsidiaries.

Note 2: a. Represents the transactions from parent company to subsidiary.
b. Represents the transactions from subsidiary to parent company.
c. 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)

TABLE 7

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

INFORMATION OF INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2014
(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, 2014			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2014	December 31, 2013	Shares	%	Carrying Amount			
Gourmet Master Co. Ltd.	85 Degree Co., Ltd.	Malaysia	Investment	$ 553,447	$ 553,447	12,899,078	100	$ 1,364,173	$ 132,920	$ 132,920	
	Prime Scope Trading Limited	Hong Kong	Investment	1,456,415 (US$ 46,743)	1,456,415 (US$ 46,743)	46,742,963	100	4,596,902	381,948	381,948	Note 1
	Perfect 85 Degrees C, Inc.	USA	Manufacturing of baking food and sale	235,323 (US$ 7,553)	204,165 (US$ 6,553)	5,301,000	100	305,899	19,814	19,814	Note 1
	85 Degrees Café International Pty. Ltd.	Australia	Grocery and drink retailing	46,240 (AUD 1,785)	46,240 (AUD 1,785)	1,785,000	51	32,778	(9,610)	(4,901)	Notes 1 and 2
	Lucky Bakery Limited	Samoa	Investment	171,369 (US$ 5,500)	171,369 (US$ 5,500)	5,500,000	100	114,891	(20,072)	(20,072)	Notes 1 and 2
	WinPin 85 Investments, Inc.	USA	Grocery and drink retailing	274,190 (US$ 8,800)	274,190 (US$ 8,800)	8,800,000	100	320,326	51,766	51,766	Note 1
Perfect 85 Degrees C, Inc.	Golden 85 Investments, LLC	USA	Grocery and drink retailing	61,425 (US$ 1,971)	61,425 (US$ 1,971)	-	65	36,667	45,946	29,865	Notes 1 and 2
Lucky Bakery Limited	Profit Sky International Limited	Hong Kong	Investment	169,728 (HK$ 41,600)	122,400 (HK$ 30,000)	-	100	110,181	(54,837)	(28,129)	Notes 1 and 2
Profit Sky International Limited	Wincase Limited	Hong Kong	Grocery and drink retailing	114,240 (HK$ 28,000)	114,240 (HK$ 28,000)	-	100	53,309	(28,736)	(28,736)	Notes 1 and 2
	Worldinn Limited	Hong Kong	Manufacturing of baking food and sale	122,400 (HK$ 30,000)	122,400 (HK$ 30,000)	-	100	53,154	(26,011)	(26,011)	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	1,407,152	180,992	180,992	
Comestibles Master Co., Ltd.	Mei Wei Master Co., Ltd.	Taichung City, Taiwan (R.O.C.)	Grocery and drink retailing	220,606	20,606	22,060,600	100	126,062	(81,194)	(81,194)	
	The Hot Pot Food and Beverage Management Co., Ltd.	Taichung City, Taiwan (R.O.C.)	Food and beverage; Grocery and drink retailing	57,841	114,000	5,784,050	23	58,710	3,864	2,252	
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	2,136	(122)	(73)	

Note 1: The exchange rate was US$1=NT$31.158; RMB1=NT$5.092; AUD1=NT$25.905; HK$1=NT$4.08 as of December 31, 2014.

Note 2: The carrying amount was based on the net assets of investee, which was not audited as of December 31, 2014.

Note 3: For information of investment in Mainland China, please refer to Table 8.

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2014
(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, 2014	Remittance of Funds Outward	Remittance of Funds Inward	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2014	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2014	Accumulated Repatriation of Investment Income as of December 31, 2014	Note
Prime Scope Trading Limited													
Shanghai Gourmet Master Food & Beverage Ltd.	Grocery and drink retailing	$ 310,364 (US$ 9,961)	Direct investment	$ -	$ -	$ -	$ -	$ (17,402)	100	$ (17,402)	$ 1,391,226	$ -	Note 1
He-Shia Food & Beverage Ltd.	Grocery and drink retailing	76,473 (US$ 2,454)	Direct investment	-	-	-	-	167,974	100	167,974	1,747,776	-	Note 1
Sheng-Pin (Hangzhou) Food Ltd.	Manufacturing of baking food and sale	62,316 (US$ 2,000)	Direct investment	-	-	-	-	39,202	100	37,921	171,627	-	Note 1
He-Shia (Nanjing) Food & Beverage Ltd.	Grocery and drink retailing	62,316 (US$ 2,000)	Direct investment	-	-	-	-	140,262	100	140,262	597,319	-	Note 1
Beijing 85 Food & Beverage Ltd.	Grocery and drink retailing	62,316 (US$ 2,000)	Direct investment	-	-	-	-	(56,400)	100	(56,400)	(104,921)	-	Notes 1 and 2
Zhejiang 85 Food & Beverage Ltd.	Grocery and drink retailing	62,316 (US$ 2,000)	Direct investment	-	-	-	-	(11,020)	100	(11,020)	(19,470)	-	Notes 1 and 2
Sheng-Pin (Beijing) Food Ltd.	Manufacturing of baking food and sale	124,632 (US$ 4,000)	Direct investment	-	-	-	-	(22,378)	100	(23,245)	39,412	-	Notes 1 and 2
Fuzhou 85 Food & Beverage Ltd.	Grocery and drink retailing	15,579 (US$ 500)	Direct investment	-	-	-	-	94,330	100	94,330	174,834	-	Note 1
Sheng-Pin (Jiangsu) Food Ltd.	Manufacturing of baking food and sale	140,211 (US$ 4,500)	Direct investment	-	-	-	-	36,905	100	34,894	155,901	-	Note 1
Sheng-Pin (Xiamen) Food Ltd.	Manufacturing of baking food and sale	62,316 (US$ 2,000)	Direct investment	-	-	-	-	20,422	100	19,790	27,035	-	Notes 1 and 2
Sheng-Pin (Qingdao) Food Ltd.	Manufacturing of baking food and sale	77,895 (US$ 2,500)	Direct investment	-	-	-	-	(17,430)	100	(17,430)	28,090	-	Notes 1 and 2
Xiamen 85 Food & Beverage Ltd.	Grocery and drink retailing	31,158 (US$ 1,000)	Direct investment	-	-	-	-	60,668	100	60,668	96,722	-	Notes 1 and 2
Shenyang 85 Food & Beverage Ltd.	Grocery and drink retailing	31,158 (US$ 1,000)	Direct investment	-	-	-	-	(40,051)	100	(40,051)	(46,691)	-	Notes 1 and 2
Sheng-Pin (Shenyang) Food Ltd.	Manufacturing of baking food and sale	124,632 (US$ 4,000)	Direct investment	-	-	-	-	(16,741)	100	(16,741)	78,743	-	Notes 1 and 2
85 Degree (Qingdao) Food & Beverage Management Ltd.	Grocery and drink retailing	62,316 (US$ 2,000)	Direct investment	-	-	-	-	9,364	100	9,364	90,042	-	Notes 1 and 2
85 Degree (Jiangsu) Food Ltd.	Manufacturing of baking food and sale	155,790 (US$ 5,000)	Direct investment	-	-	-	-	15,638	25	4,513	163,734	-	Notes 1 and 2
Shanghai Gourmet Master Food & Beverage Ltd.													
Sheng-Pin (Shanghai) Food Ltd.	Manufacturing of baking food and sale	91,656 (RMB 18,000)	Direct investment	-	-	-	-	26,066	100	24,396	123,390	-	Note 1
Mai-Jai (Shanghai) Food Ltd.	Manufacturing of baking food and sale	36,153 (RMB 7,100)	Direct investment	-	-	-	-	15,678	100	15,048	63,930	-	Notes 1 and 2
Shanghai Howco Jing Way Food & Beverage Ltd.	Grocery and drink retailing	76,380 (RMB 15,000)	Direct investment	-	-	-	-	444	100	444	98,454	-	Notes 1 and 2
Shenzheng 85 Food & Beverage Ltd.	Grocery and drink retailing	57,839 (RMB 11,359)	Direct investment	-	-	-	-	33,006	85	28,055	(8,376)	-	Notes 1 and 2
Chengdu 85 Food & Beverage Ltd.	Grocery and drink retailing	33,556 (RMB 6,590)	Direct investment	-	-	-	-	(38,996)	100	(38,996)	(14,986)	-	Notes 1 and 2

(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, 2014	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2014	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2014	Accumulated Repatriation of Investment Income as of December 31, 2014	Note
					Outward	Inward							
Sheng-Pin (Wuhan) Food Ltd.	Manufacturing of baking food and sale	$ 30,552 (RMB 6,000)	Direct investment	$ -	$ -	$ -	$ -	$ (25,493)	100	$ (25,493)	$ (44,085)	$ -	Notes 1 and 2
Wuhan Jing Way Food & Beverage Ltd.	Grocery and drink retailing	132,392 (RMB 26,000)	Direct investment	-	-	-	-	(30,075)	57	(16,999)	72,546	-	Notes 1 and 2
Jianxi Jing Way Food & Beverage Ltd.	Grocery and drink retailing	30,552 (RMB 6,000)	Direct investment	-	-	-	-	(7,053)	100	(7,053)	14,662	-	Notes 1 and 2
Jin Wei Industrial (Shanghai) Ltd.	Grocery sale	10,184 (RMB 2,000)	Direct investment	-	-	-	-	12,146	100	12,146	44,146	-	Notes 1 and 2
Guangzhou 85 Degree Food & Beverage Management Ltd.	Grocery and drink retailing	30,552 (RMB 6,000)	Direct investment	-	-	-	-	(22,436)	100	(22,436)	1,587	-	Notes 1 and 2
Mai-Jia (Chengdu) Food Ltd.	Manufacturing of baking food and sale	126,027 (RMB 24,750)	Direct investment	-	-	-	-	(16,550)	100	(16,550)	93,483	-	Notes 1 and 2
85 Degree (Jiangsu) Food Ltd.	Manufacturing of baking food and sale	472,079 (RMB 92,710)	Direct investment	-	-	-	-	15,638	75	11,125	486,202	-	Note 1
Jia Ding Jing Way Food & Beverage Ltd.	Grocery and drink retailing	5,092 (RMB 1,000)	Direct investment	-	-	-	-	3,048	100	3,048	7,901	-	Notes 1 and 2
Shenzheng 85 Food & Beverage Ltd.													
Sheng-Pin (Shenzheng) Food Ltd.	Manufacturing of baking food and sale	33,098 (RMB 6,500)	Direct investment	-	-	-	-	(782)	100	(1,722)	(25,586)	-	Notes 1 and 2
85 Degree (Qingdao) Food & Beverage Management Ltd.													
Qingdao Jie Wei Food & Beverage Management Ltd.	Grocery and drink retailing	7,638 (RMB 1,500)	Direct investment	-	-	-	-	859	100	859	8,549	-	Notes 1 and 2
He-Shia Food & Beverage Ltd.													
Wuhan Jing Way Food & Beverage Ltd.	Grocery and drink retailing	101,840 (RMB 20,000)	Direct investment	-	-	-	-	(30,075)	43	(13,076)	55,804	-	Notes 1 and 2

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
NA	NA	NA

Note 1: The exchange rate was US$1=NT$31.158, RMB1=NT$5.092 as of December 31, 2014.

Note 2: The carrying amount was based on the net assets of investee, which was not audited as of December 31, 2014.

(Concluded)