Gourmet Master Co. Ltd. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2019 and 2018 and Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Gourmet Master Co. Ltd. and its subsidiaries (collectively, the "Group") as of June 30, 2019 and 2018, the related consolidated statements of comprehensive income for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018, the consolidated statements of changes in equity and cash flows for the six months then ended, and related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of June 30, 2019 and 2018, its consolidated financial performance for the three months ended June 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Ruei-Cyuan Chih and Li-Huang Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 12, 2019

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

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

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2019 (Reviewed)		December 31, 2018 (Audited)		June 30, 2018 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 3,708,950	16	$ 2,064,104	13	$ 3,381,227	20
Financial assets at fair value through profit or loss - current (Note 7)	155,981	1	2,211,574	14	2,537,024	15
Financial assets at amortized cost - current (Notes 8 and 33)	1,783,690	8	938,671	6	577,008	4
Notes receivable	2,996	-	2,420	-	2,425	-
Trade receivables (Notes 10 and 32)	279,113	1	312,711	2	319,605	2
Finance lease receivables (Note 9)	76,629	-	-	-	-	-
Other receivables (Note 32)	103,445	-	84,033	-	77,905	1
Current tax assets	126,997	1	140,450	1	37,446	-
Inventories (Note 11)	764,051	3	761,614	5	687,440	4
Prepayments (Note 18)	259,741	1	429,798	2	409,937	2
Other current assets (Note 18)	16,286	-	23,021	-	17,887	-
Total current assets	7,277,879	31	6,968,396	43	8,047,904	48
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	966,403	4	934,085	6	960,558	6
Financial assets at amortized cost - non-current (Notes 8 and 33)	1,070,952	4	766,431	5	163,737	1
Investments accounted for using equity method (Note 13)	84,766	-	92,839	1	80,028	1
Property, plant and equipment (Notes 14 and 33)	6,112,339	26	6,143,860	38	6,199,196	37
Right-of-use assets (Note 15)	7,002,101	29	-	-	-	-
Investment properties (Notes 16 and 33)	200,965	1	203,722	1	207,503	1
Intangible assets (Note 17)	52,639	-	47,018	-	46,975	-
Deferred tax assets	132,997	1	110,334	1	97,682	1
Prepaid equipment (Note 18)	254,327	1	227,084	1	182,871	1
Refundable deposits (Note 18)	452,564	2	478,856	3	493,305	3
Long-term finance lease receivables (Note 9)	134,562	1	-	-	-	-
Other non-current assets (Note 18)	2,107	-	193,058	1	201,323	1
Total non-current assets	16,466,722	69	9,197,287	57	8,633,178	52
TOTAL	$ 23,744,601	100	$ 16,165,683	100	$ 16,681,082	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowing (Notes 19 and 33)	$ 410,585	2	$ 405,498	3	$ 605,888	4
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	-	-	2,168	-
Contract liabilities - current (Note 24)	1,574,701	6	1,416,158	9	1,500,306	9
Notes payable	11,601	-	1,023	-	2,509	-
Trade payables (Note 20)	1,458,322	6	1,547,497	10	1,161,356	7
Payables for dividends (Notes 23 and 29)	900,000	4	-	-	977,962	6
Other payables (Notes 21 and 32)	1,369,326	6	1,512,240	9	1,475,136	9
Current tax liabilities	163,252	1	177,690	1	250,073	1
Lease liabilities - current (Note 15)	2,104,148	9	-	-	-	-
Deferred revenue - current (Notes 21 and 28)	1,983	-	1,962	-	2,015	-
Current portion of long-term borrowings (Notes 19 and 33)	161,619	1	159,600	1	151,959	1
Other current liabilities (Note 21)	47,839	-	47,301	-	43,954	-
Total current liabilities	8,203,376	35	5,268,969	33	6,173,326	37
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 19, 32 and 33)	-	-	-	-	158,028	1
Decommission, restoration and rehabilitation provisions (Note 21)	98,772	-	91,974	-	148,564	1
Deferred tax liabilities	114,460	-	148,046	1	-	-
Lease liabilities - non-current (Note 15)	4,932,266	21	-	-	-	-
Deferred revenue - non-current (Notes 21 and 28)	10,247	-	11,117	-	12,426	-
Guarantee deposits received (Note 21)	181,395	1	167,650	1	159,333	1
Total non-current liabilities	5,337,140	22	418,787	2	478,351	3
Total liabilities	13,540,516	57	5,687,756	35	6,651,677	40
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)						
Capital						
Share capital	1,800,000	8	1,800,000	11	1,800,000	11
Total capital	1,800,000	8	1,800,000	11	1,800,000	11
Capital surplus						
Additional paid-in capital	2,376,605	10	2,369,956	15	2,369,956	14
Retained earnings						
Reserve	1,145,453	5	978,691	6	978,691	6
Special reserve	317,687	1	227,788	2	227,788	1
Unappropriated earnings	4,774,632	20	5,395,920	33	4,746,710	29
Total retained earnings	6,237,772	26	6,602,399	41	5,953,189	36
Other equity	(215,017)	(1)	(317,687)	(2)	(153,630)	(1)
Total equity attributable to owners of the Company	10,199,360	43	10,454,668	65	9,969,515	60
NON-CONTROLLING INTERESTS	4,725	-	23,259	-	59,890	-
Total equity	10,204,085	43	10,477,927	65	10,029,405	60
TOTAL	$ 23,744,601	100	$ 16,165,683	100	$ 16,681,082	100

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

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 37)	$ 5,810,981	100	$ 6,144,074	100	$ 11,517,816	100	$ 12,280,311	100
OPERATING COSTS (Notes 11, 25 and 32)	(2,322,023)	(40)	(2,495,224)	(41)	(4,605,767)	(40)	(5,025,504)	(41)
GROSS PROFIT	3,488,958	60	3,648,850	59	6,912,049	60	7,254,807	59
OPERATING EXPENSES (Note 25)								
Selling and marketing expenses	(2,842,712)	(49)	(2,711,589)	(44)	(5,555,131)	(48)	(5,338,027)	(44)
General and administrative expenses	(257,167)	(5)	(236,008)	(4)	(514,677)	(5)	(493,127)	(4)
Research and development expenses	(9,114)	-	(9,034)	-	(17,491)	-	(17,612)	-
Total operating expenses	(3,108,993)	(54)	(2,956,631)	(48)	(6,087,299)	(53)	(5,848,766)	(48)
OPERATING INCOME	379,965	6	692,219	11	824,750	7	1,406,041	11
NON-OPERATING INCOME AND EXPENSES (Notes 25, 28 and 32)								
Other income	56,073	1	74,645	1	172,073	2	167,022	1
Other gains and losses	(68,917)	(1)	(30,813)	-	(86,789)	(1)	(61,849)	-
Finance costs	(65,431)	(1)	(6,610)	-	(130,696)	(1)	(13,083)	-
Share of profit of associates and joint ventures	1,345	-	1,439	-	6,010	-	7,354	-
Total non-operating income and expenses	(76,930)	(1)	38,661	1	(39,402)	-	99,444	1
PROFIT BEFORE INCOME TAX	303,035	5	730,880	12	785,348	7	1,505,485	12
INCOME TAX EXPENSE (Note 26)	(91,897)	(1)	(210,042)	(4)	(255,961)	(3)	(476,243)	(4)
NET PROFIT FOR THE PERIOD	211,138	4	520,838	8	529,387	4	1,029,242	8
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Exchange differences arising on translation to the presentation currency	(139,299)	(3)	(116,453)	(2)	114,825	1	64,396	1
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	56,564	1	86,903	2	(11,596)	-	10,054	-
Total other comprehensive income	(82,735)	(2)	(29,550)	-	103,229	1	74,450	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 128,403	2	$ 491,288	8	$ 632,616	5	$ 1,103,692	9

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GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	$ 215,114	4	$ 518,465	8	$ 532,428	5	$ 1,018,414	8
Non-controlling interests	(3,976)	-	2,373	-	(3,041)	-	10,828	-
	$ 211,138	4	$ 520,838	8	$ 529,387	5	$ 1,029,242	8
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	$ 132,485	2	$ 488,689	8	$ 635,098	5	$ 1,092,572	9
Non-controlling interests	(4,082)	-	2,599	-	(2,482)	-	11,120	-
	$ 128,403	2	$ 491,288	8	$ 632,616	5	$ 1,103,692	9
EARNINGS PER SHARE (Note 27)								
Basic	$ 1.20		$ 2.88		$ 2.96		$ 5.66	

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

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company									
				Retained Earnings			Other Equity			
	Shares (Thousand)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2018	162,994	$ 1,629,936	$ 2,532,950	$ 764,883	$ 95,072	$ 5,059,852	$ (227,788)	$ 9,854,905	$ 71,953	$ 9,926,858
Appropriation of 2017 earning										
Reserve	-	-	-	213,808	-	(213,808)	-	-	-	-
Special reserve	-	-	-	-	132,716	(132,716)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(977,962)	-	(977,962)	-	(977,962)
Share dividends distributed by the Company	707	7,070	-	-	-	(7,070)	-	-	-	-
Other changes in capital surplus										
Issuance of share dividends from capital surplus	16,299	162,994	(162,994)	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(23,183)	(23,183)
Net profit for the six months ended June 30, 2018	-	-	-	-	-	1,018,414	-	1,018,414	10,828	1,029,242
Other comprehensive income (loss) for the six months ended June 30, 2018, net of income tax	-	-	-	-	-	-	74,158	74,158	292	74,450
Total comprehensive income for the six months ended June 30, 2018	-	-	-	-	-	1,018,414	74,158	1,092,572	11,120	1,103,692
BALANCE AT JUNE 30, 2018	180,000	$ 1,800,000	$ 2,369,956	$ 978,691	$ 227,788	$ 4,746,710	$ (153,630)	$ 9,969,515	$ 59,890	$ 10,029,405
BALANCE AT JANUARY 1, 2019	180,000	$ 1,800,000	$ 2,369,956	$ 978,691	$ 227,788	$ 5,395,920	$ (317,687)	$ 10,454,668	$ 23,259	$ 10,477,927
Effect of retrospective application and retrospective restatement	-	-	-	-	-	2,945	-	2,945	521	3,466
BALANCE AT JANUARY 1, 2019 AS RESTATED	180,000	1,800,000	2,369,956	978,691	227,788	5,398,865	(317,687)	10,457,613	23,780	10,481,393
Appropriation of 2018 earning										
Reserve	-	-	-	166,762	-	(166,762)	-	-	-	-
Special reserve	-	-	-	-	89,899	(89,899)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(900,000)	-	(900,000)	-	(900,000)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(16,573)	(16,573)
Donations from shareholders	-	-	6,649	-	-	-	-	6,649	-	6,649
Net profit for the six months ended June 30, 2019	-	-	-	-	-	532,428	-	532,428	(3,041)	529,387
Other comprehensive income (loss) for the six months ended June 30, 2019, net of income tax	-	-	-	-	-	-	102,670	102,670	559	103,229

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GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company									
				Retained Earnings			Other Equity			
	Shares (Thousand)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Total	Non-controlling Interests	Total Equity
Total comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	532,428	102,670	635,098	(2,482)	632,616
BALANCE AT JUNE 30, 2019	180,000	$ 1,800,000	$ 2,376,605	$ 1,145,453	$ 317,687	$ 4,774,632	$ (215,017)	$ 10,199,360	$ 4,725	$ 10,204,085

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

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 785,348	$ 1,505,485
Adjustments for:		
Expected credit loss recognized on trade receivables	-	10,913
Depreciation expenses	1,753,123	588,259
Amortization expenses	11,757	11,780
Net (gain) loss on fair value change of financial assets/liabilities at fair value through profit or loss	(17,848)	15,428
Interest expense	130,697	13,083
Interest income	(107,415)	(99,949)
Share of profit of associates and joint ventures	(6,010)	(7,354)
Loss on disposal of property, plant and equipment	69,436	19,578
Loss on disposal of intangible assets	-	1
Impairment loss of non-financial assets	5,156	2,153
Amortization of prepayments for leases	-	2,305
Government grants	(1,001)	(1,018)
Changes in operating assets and liabilities		
Notes receivable	(576)	(517)
Trade receivables	33,262	25,916
Other receivables	9,229	13,806
Inventories	(4,777)	78,762
Prepayments	6,512	54,970
Other current assets	6,735	(116)
Other operating assets	1,054	38
Contract liabilities	158,543	142,700
Notes payable	10,578	1,151
Trade payables	(89,175)	(110,666)
Other payables	(161)	(138,203)
Provisions	6,798	28,756
Other current liabilities	538	(1,097)
Cash generated from operations	2,761,803	2,156,164
Interest paid	(12,030)	(9,615)
Income taxes paid	(313,988)	(394,860)
Net cash generated from operating activities	2,435,785	1,751,689
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through profit or loss	2,142,765	504,469
Purchase of financial assets at amortized cost	(2,170,641)	(473,659)
Proceeds from redemption of financial assets at amortized cost	1,030,250	41,187
Payments for property, plant and equipment	(388,286)	(683,747)

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GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2019	**2018**
Proceeds from disposal of property, plant and equipment	4,204	23,457
Increase in refundable deposits	(31,444)	(54,741)
Decrease in refundable deposits	25,165	28,985
Payments for intangible assets	(17,070)	(12,357)
Decrease in finance lease receivables	41,590	-
Increase in prepayments for equipment	(229,244)	(352,534)
Increase in prepayments for leases	-	(18,597)
Interest received	35,685	93,995
Net cash generated from/(used in) investing activities	442,974	(903,542)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	6,669	175,972
Repayments of short-term borrowings	(6,669)	(379,373)
Repayments of long-term borrowings	-	(90,643)
Proceeds from guarantee deposits received	21,809	10,382
Refund of guarantee deposits received	(5,204)	(2,694)
Repayment of the principal portion of lease liabilities	(1,155,959)	-
Dividends paid to non-controlling interests	(16,573)	(23,183)
Donations from shareholders	6,649	-
Net cash (used in)/generated from financing activities	(1,149,278)	(309,539)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(84,635)	47,757
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,644,846	586,365
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,064,104	2,794,862
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 3,708,950	$ 3,381,227

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

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

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 engage in the production and wholesale of bakery products, retail of beverages, wholesale of bakery machinery, and the operation of multiple shops and alliance shops.

The Company's shares have been listed on the Taiwan Stock Exchange ("TWSE") 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 shares are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on August 13, 2019.

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

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

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

   1) Annual Improvements to IFRSs 2014-2016 Cycle

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

   2) IFRS 9 "Financial Instruments" and related amendment

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

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as at January 1, 2019, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group's financial assets and financial liabilities as at January 1, 2019.

	Measurement Category		**Carrying Amount**		
	IAS 39	**IFRS 9**	**IAS 39**	**IFRS 9**	**Remark**
Financial assets					
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 2,794,862	$ 2,794,862	
Equity securities	Held-for-trading	Mandatorily at FVTPL	155,100	155,100	
Mutual funds	Held-for-trading	Mandatorily at FVTPL	10,048	10,048	
Debt securities	Held-to-maturity investments	Amortized cost	29,847	29,847	a)
Time deposits with original maturities of more than 3 months	Loans and receivables	Amortized cost	3,868,551	3,868,551	a)
Restricted bank deposits	Loans and receivables	Amortized cost	203,522	203,522	a)
Notes receivable, trade receivables and other receivables	Loans and receivables	Amortized cost	494,392	494,392	b)
Financial liabilities					
Derivatives	Held-for-trading	Held-for-trading	3,134	3,134	
Short-term loan, notes payable, accounts payable, other payables, current portion of long-term borrowings and long-term borrowings	Amortized cost	Amortized cost	3,440,180	3,440,180	

a) Debt investments previously classified as held-to-maturity financial assets/debt investments with no active market and measured at amortized cost under IAS 39 were classified as at amortized cost with an assessment of expected credit losses under IFRS 9, because on January 1, 2019, the contractual cash flows were solely payments of principal and interest on the principal outstanding and these investments were held within a business model whose objective is to collect contractual cash flows.

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

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

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

The Group elected only to retrospectively apply IFRS 15 to contracts that were not complete as of January 1, 2019 and recognize the cumulative effect of the change in retained earnings on January 1, 2019.

Impact on assets, liabilities and equity for current period

	January 1, 2019 As Originally Stated	Adjustments Arising from Initial Application	January 1, 2019 Restated
Contract liabilities - current	$ -	$ 1,357,606	$ 1,357,606
Advance receipts	1,230,587	(1,230,587)	-
Deferred revenue - current	129,022	(127,019)	2,003
Total effect on liabilities	$ 1,359,609	$ -	$ 1,359,609

4) Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”

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

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

Prior to the amendment, in assessing a deferred tax asset, the Group assumed that it will recover the asset at its carrying amount when estimating probable future taxable profit. The Group applied the above amendments retrospectively in 2019.

5) IFRIC 22“Foreign Currency Transactions and Advance Consideration”

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

The Group applied IFRIC 22 prospectively to all assets, expenses and income recognized on or after January 1, 2019 within the scope of the Interpretation.

b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC) and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed by the FSC for application starting from 2019

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2018 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 3)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019

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

Note 2: The FSC permits the election for early adoption of the amendments starting from 2019.

Note 3: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 "Leases"

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

Definition of a lease

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

The Group as lessee

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

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

2) IFRIC 23 "Uncertainty Over Income Tax Treatments"

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

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

3) Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"

The amendments clarified that IFRS 9 shall be applied to account for other financial instruments in an associate or joint venture to which the equity method is not applied. These included long-term interests that, in substance, form part of the Group's net investment in an associate or joint venture.

For long-term interests that, in substance, form part of the Group's net investment in an associate or joint venture and are governed by IFRS 9, the Group shall, based on the facts and circumstances that exist on January 1, 2019, perform an assessment of the classification under IFRS 9 applied retrospectively.

Upon initial application of the above amendments, the Group will recognize the cumulative effect of retrospective application in retained earnings on January 1, 2019.

4) Amendments to IFRS 9 "Prepayment Features with Negative Compensation"

IFRS 9 stipulated that if a contractual term of a financial asset permits the issuer (i.e. the debtor) to prepay a debt instrument or permits the holder (i.e. the creditor) to put a debt instrument back to the issuer before maturity and the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination, the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The amendments further explained that reasonable compensation may be paid or received by either of the parties, i.e. a party may receive reasonable compensation when it chooses to terminate the contract early.

Upon initial application of the above amendments, the Group will recognize the cumulative effect of retrospective application in retained earnings on January 1, 2019.

5) Annual Improvements to IFRSs 2015-2018 Cycle

Several standards, including IFRS 3, IFRS 11, IAS 12 and IAS 23 "Borrowing Costs", were amended in this annual improvement. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, the related borrowing costs shall be included in the calculation of the capitalization rate on general borrowings.

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

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

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

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

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

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

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

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

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

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13, Tables 7 and 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for financial instruments and revenue recognition, the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2018.

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

a) Financial assets

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

i. Measurement category

<u>2019</u>

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i) Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured 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 incorporates any dividend or interest earned on the financial asset.

ii) Financial assets at amortized cost

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

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

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

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

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

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

- Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

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

<u>2018</u>

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, held-to-maturity investments, and loans and receivables.

i) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when such financial assets are 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 incorporates any dividends or interest earned on the financial asset. Determination of fair value measurement, please see Note 32.

Investments in equity instruments under financial assets at fair value through profit or loss that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are subsequently measured at cost less any identified impairment loss at the end of each reporting period and presented in a separate line item as financial assets measured at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in profit or loss.

ii) Held-to-maturity investments

Corporate bonds, which are above specific credit ratings and which the Group has positive intent and ability to hold to maturity, are classified as held-to-maturity investments.

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

iii) Loans and receivables

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

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

ii. Impairment of financial assets

2019

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

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

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

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

2018

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

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

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

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

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

iii. Derecognition of financial assets

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

Before 2019, 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. Starting from 2019, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b) Financial liabilities

i. Subsequent measurement

Except the following situation, all financial liabilities are measured at amortized cost using the effective interest method:

<u>Financial liabilities at FVTPL</u>

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on such financial liability.

ii. Derecognition of financial liabilities

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

c) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Before 2019, derivatives embedded in non-derivative host contracts were treated as separate derivatives when they met the definition of a derivative; their risks and characteristics were not closely related to those of the host contracts; and the contracts were not measured at FVTPL. Starting from 2019, derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

2) Revenue recognition

<u>2019</u>

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

For contract where the period between the date the Group transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

a) Revenue from sale of goods

Revenue from the sale of goods comes from sales of beverages, cake, bread and other goods. For sales of goods through its own retail outlets, revenue is recognized when the customer purchases the goods at the retail outlet. When the customer purchases the gift vouchers and stored - value cards, the transaction price received is recognized as a contract liability until the gift vouchers and stored-value-cards have been redeemed.

Under Customer Loyalty Programme, the Group offers award credits which can be used in future purchases when the customer buying goods. The award credits provide a material right to the customer. Transaction price allocated to the award credits are recognized as contract liability when collected and will be recognized as revenue when the award credits have been redeem is redeemed or has expired.

b) Licensing revenue

For the franchise license contract, it is the Group's customary business practice to undertake activities that will assist the franchisee selecting store location, staff training and the technical authorization of store management, etc. The nature of franchise license is to provide franchise stores access to intellectual property as it exists at the point in time at which the license is granted. The franchise fee is recognized as revenue when the Group completes the obligations of the license.

2018

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. Allowances for sales returns and liabilities for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

a) Revenue from sale of goods

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

i. The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

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

iii. The amount of revenue can be measured reliably;

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

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

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

b) Royalties

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement and provided that it is probable that the economic benefits will flow to the Group and that the amount of revenue can be measured reliably. Royalties are recognized when the Group has no further obligation to the franchisee. Royalty arrangements that are based on production, sales and other measures are recognized by reference to the underlying arrangement.

c) Dividend and interest income

Dividend income from investments is recognized when a shareholder's right to receive payment has been established and provided that it is probable that the economic benefits will flow to the Group and that the amount of income can be measured reliably.

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

3) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistent with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2018.

6. CASH AND CASH EQUIVALENTS

	June 30, 2019	December 31, 2018	June 30, 2018
Cash on hand	$ 77,035	$ 81,321	$ 70,152
Checking accounts and demand deposits	2,946,946	2,126,235	2,767,177
Cash equivalent			
Time deposits with original maturities less than three months	357,246	587,306	323,389
	$ 3,381,227	$ 2,794,862	$ 3,160,718

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2019	December 31, 2018	June 30, 2018
Financial assets at FVTPL - current			
Financial assets held for trading			
Non-derivative financial assets			
Domestic quoted shares	$ -	$ 155,100	$ 151,800
Mutual funds	-	10,048	10,028
	-	165,148	161,828

(Continued)

	June 30, 2019	December 31, 2018	June 30, 2018
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic quoted shares	$ 137,940	$ -	$ -
Mutual funds	10,069	-	-
Principal protected structured products	371,448	-	-
Non-principal protected structured products	2,017,567	-	-
	2,537,024	-	-
	$ 2,537,024	$ 165,148	$ 161,828
Financial assets at FVTPL - non-current			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Non-principal protected structured products	$ 960,558	$ -	$ -
Financial liabilities - current			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	$ 2,168	$ 3,134	$ 3,551

(Concluded)

a. Non-principal protected products are mainly for the financial product issued by bank in China. The total subscription amount is RMB629,750 thousand as of June 30, 2019.

b. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
June 30, 2019			
Buy	RMB/USD	2018.11.01-2019.10.31	RMB33,666/USD5,000
December 31, 2018			
Buy	RMB/USD	2018.11.1.-2019.10.31	RMB33,666/USD5,000
June 30, 2018			
Buy	RMB/USD	2016.10.31-2018.11.02	RMB34,286/USD5,000
Buy	RMB/USD	2016.11.03-2018.10.31	RMB20,541/USD3,000
Buy	RMB/USD	2016.12.27-2018.12.29	RMB21,101/USD3,000

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated liabilities.

8. FINANCIAL ASSETS AT AMORTIZED COST - 2019

	June 30, 2019
Current	
Domestic investment	
Time deposits with original maturity of more than 3 months (a)	$ 154,350
Foreign investment	
Time deposits with original maturity of more than 3 months (a)	149,374
Structured products (b)	273,284
	$ 577,008
Non-current	
Foreign investment	
Time deposits with original maturity of more than 3 months (a)	$ 133,197
Bonds investment - China Development Bank (c)	30,540
	$ 163,737

a. As of June 30, 2019, the interest rates of the time deposits with original maturity more than 3 months were 2.25%-3%. The time deposits were classified as debt investments with no active market under IAS 39. Refer to Note 3 and Note 10 for information relating to their reclassification and comparative information for 2018.

b. As of June 30, 2019, the interest rates of the structured products were 4.15%-4.35%.

c. In May 2015, the Group bought 10-year bank debentures issued by China Development Bank with a coupon rate of 4.25%, an effective interest rate of 4.17% and a maturity date of December 2, 2024 for US$1,006 thousand (par value of US$1,000 thousand). The bonds were classified as held-to-maturity financial assets under IAS 39. Refer to Note 3 and Note 9 for information relating to their reclassification and comparative information for 2018.

d. Refer to Note 34 for information relating to investments in financial assets at amortized cost pledged as security.

9. HELD-TO-MATURITY FINANCIAL ASSETS - 2018

	December 31, 2018	June 30, 2018
Non-current		
Foreign investment		
Bonds investment - China Development Bank	$ 29,847	$ 30,520

In May 2015, the Group bought 10-year bank debentures issued by China Development Bank with a coupon rate of 4.25%, an effective interest rate of 4.17%, and a maturity date of December 2, 2024, for US$1,006 thousand (par value of US$1,000 thousand).

10. DEBT INVESTMENTS WITH NO ACTIVE MARKET - 2018

	December 31, 2018	June 30, 2018
Current		
Restricted bank deposit	$ 62,471	$ 30,551
Time deposits with original maturity more than 3 months (a)	3,640,301	2,803,053
	$ 3,702,772	$ 2,833,604
Non-current		
Restricted bank deposit	$ 141,051	$ 130,094
Time deposits with original maturity more than 3 months (a)	228,250	-
	$ 369,301	$ 130,094

a. As of December 31, 2018 and June 30, 2018, the market interest rates of the time deposits with original maturities more than 3 months were 0.65%-5%.

b. Refer to Note 34 for information relating to bond investments with no active market pledged as security.

11. NOTES RECEIVABLE AND TRADE RECEIVABLES

	June 30, 2019	December 31, 2018	June 30, 2018
Notes receivable			
Operating	$ 2,425	$ 1,908	$ 1,905
Non-operating	-	-	-
Less: Allowance for impairment loss	-	-	-
	$ 2,425	$ 1,908	$ 1,905
Trade receivables			
At amortized cost			
Gross carrying amount	$ 335,986	$ 361,902	$ 215,472
Less: Allowance for impairment loss	(16,381)	(5,606)	(3,004)
	$ 319,605	$ 356,296	$ 212,468

a. Notes receivable

The following table details the notes receivable.

June 30, 2019

	1 to 60 Days	61-90 Days	91-180 Days	181-360 Days	Over 361 Days	Total
Amortized cost	$ 2,425	$ -	$ -	$ -	$ -	$ 2,425

There were no note receivables that were past due at the end of the reporting period, the Group did not recognize on allowance for impairment. Based on the past experience, there were not impairment loss, it is expected the rate of credit impairment is 0%.

For the six months ended June 30, 2018

The following of receivables was as follows:

	December 31, 2018	June 30, 2018
1 to 60 day	$ 1,235	$ 1,905
61 to 90 day	417	-
91 to 180 day	256	-
181 to 360 day	-	-
Over 361 days	-	-
	$ 1,908	$ 1,905

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

There were no note receivables that were past due at the end of the reporting period, the Group did not recognize on allowance for impairment. The Group did not recognize any allowance during January 1, 2018 to June 30, 2018.

b. Trade receivables

For the six months ended June 30, 2019

The average credit period of sales of goods was 30 to 60 days. No interest was charged on trade receivables. The Group consider any change in credit quality from the initial credit date to the balance sheet date.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, or when the trade receivables are over 361 days past due, whichever occurs earlier. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

June 30, 2019

	1 to 60 Days	61 to 90 Days	91 to 180 Days	181 to 360 Days	Over 361 Days	Total
Gross carrying amount	$ 302,017	$ 8,265	$ 8,601	$ 7,170	$ 9,933	$ 335,986
Loss allowance (Lifetime ECL)	-	-	-	(7,038)	(9,343)	(16,381)
Amortized cost	$ 302,017	$ 8,265	$ 8,601	$ 132	$ 590	$ 319,605

The Group's expected credit loss rate, the aging less than 360 days is 1% to 100%, over 361 day is 100%.

The movements of the loss allowance of trade receivables were as follows:

	For the Six Months Ended June 30, 2019
Balance at January 1, 2019 per IAS 39	$ 5,606
Adjustment on initial application of IFRS 9	-
Balance at January 1, 2019 per IFRS 9	5,606
Add: Net remeasurement of loss allowance/bad debt expenses	10,913
Foreign exchange gains and losses	(138)
Balance at June 30, 2019	$ 16,381

For the six months ended June 30, 2018

The Group applied the same credit policy in 2019 and 2018. The Group recognized an allowance for impairment loss of 100% against all receivables over 60 days because historical experience was that receivables that are past due beyond 60 days are not recoverable. Allowance for impairment loss was recognized against trade receivables between 1 days and 60 days based on the estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

Past due but not impaired receivables are trade receivables balances that were past due at the end of the reporting period, but the Group did not recognize an allowance for impairment loss, because there was no 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 was as follows:

	December 31, 2018	June 30, 2018
1 day to 60 days	$ 342,532	$ 207,820
61 days to 90 days	5,899	519
91 days to 180 days	3,332	5,150
181 days to 360 days	5,347	1,718
Over 361 days	4,792	265
	$ 361,902	$ 215,472

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

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

	December 31, 2018	June 30, 2018
Less than 90 days	$ 14,384	$ 5,378
91 to 180 days	3,332	3,950
181 to 360 days	466	65
Over 361 days	4,067	112
	$ 22,249	$ 9,505

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

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, 2018	$ 3,400	$ -	$ 3,400
Less: Net remeasurement of loss allowance/ amounts written off	(307)	-	(307)
Foreign exchange translation gains and losses	(89)	-	(89)
Balance at June 30, 2018	$ 3,004	$ -	$ 3,004

12. INVENTORIES

	June 30, 2019	December 31, 2018	June 30, 2018
Finished goods	$ 41,883	$ 51,243	$ 43,017
Work in process	5,360	3,681	4,513
Raw materials and supplies	491,562	535,323	434,905
Merchandise	148,635	178,206	162,272
	$ 687,440	$ 768,453	$ 644,707

As of June 30, 2019, December 31, 2018 and June 30, 2018, the allowance for inventory devaluation was $17,229 thousand, $23,251 thousand and $21,551 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months ended and the six months ended June 30, 2019 and 2018 was $2,495,224 thousand, $2,144,339 thousand, $5,025,504 thousand and $4,327,325 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months ended and the six months ended June 30, 2019 and 2018 included inventory write-down of $0 thousand, $2,734 thousand, $2,153 thousand and $5,901 thousand, respectively.

The obsolescence of inventories recognized as cost of goods sold for the three months ended and the six months ended June 30, 2019 and 2018 was $140,704 thousand, $125,229 thousand, $273,830 thousand and $243,493 thousand, respectively.

13. SUBSIDIARIES

Subsidiaries Included in Consolidated Financial Statements

Investor	Investee	Main Businesses	% of Ownership June 30, 2019	% of Ownership December 31, 2018	% of Ownership June 30, 2018	Note
Gourmet Master Co. Ltd.	85 Degree Co., Ltd.	Investment	100.0	100.0	100.0	
	Prime Scope Trading Limited	Investment	100.0	100.0	100.0	
	Perfect 85 Degrees C, Inc.	Manufacturing and sale of baking food	100.0	100.0	100.0	
	85 Degrees Café International Pty. Ltd.	Grocery and drink retail	51.0	51.0	51.0	
	Lucky Bakery Limited	Investment	100.0	100.0	100.0	
	WinWin 85C Holding Co., Ltd.	Investment	100.0	100.0	100.0	
Perfect 85 Degrees C, Inc.	WinPin 85 Investments, LLC	Grocery and drink retail	100.0	100.0	100.0	
	Golden 85 Investments, LLC	Grocery and drink retail	65.0	65.0	65.0	
85 Degree Co., Ltd.	Comestibles Master Co., Ltd.	Grocery and drink retail	100.0	100.0	100.0	
Comestibles Master Co., Ltd.	Mei Wei Master Co., Ltd.	Grocery and drink retail	100.0	100.0	100.0	
	Fang Song Comestibles Ltd.	Grocery and drink retail	-	100.0	100.0	a
Mei Wei Master Co., Ltd.	Mei Wei Fu Xing Ltd.	Grocery and drink retail	60.0	60.0	60.0	
WinWin 85C Holding Co., Ltd.	WinWin 85C LLC	Investment	100.0	100.0	100.0	
	WinUS 85C LLC	Investment	100.0	100.0	100.0	
Prime Scope Trading Limited	Shanghai Gourmet Master Food & Beverage Ltd.	Grocery and drink retail	100.0	100.0	100.0	
	He-Shia Food & Beverage Ltd.	Grocery and drink retail	100.0	100.0	100.0	
	Sheng-Pin (Hangzhou) Food Ltd.	Manufacturing and sale of baking food	100.0	100.0	100.0	
	He-Shia (Nanjing) Food & Beverage Ltd.	Grocery and drink retail	100.0	100.0	100.0	
	Beijing 85 Food & Beverage Ltd.	Grocery and drink retail	25.0	25.0	25.0	
	Zhejiang 85 Food & Beverage Ltd.	Grocery and drink retail	100.0	100.0	100.0	
	Sheng-Pin (Beijing) Food Ltd.	Manufacturing and sale of baking food	61.5	61.5	61.5	
	Fuzhou 85 Food & Beverage Ltd.	Grocery and drink retail	100.0	100.0	100.0	
	Sheng-Pin (Jiangsu) Food Ltd.	Manufacturing and sale of baking food	100.0	100.0	100.0	
	Sheng-Pin (Xiamen) Food Ltd.	Manufacturing and sale of baking food	100.0	100.0	100.0	
	Sheng-Pin (Qingdao) Food Ltd.	Manufacturing and sale of baking food	100.0	100.0	100.0	
	Xiamen 85 Food & Beverage Ltd.	Grocery and drink retail	100.0	100.0	100.0	
	Shenyang 85 Food & Beverage Ltd.	Grocery and drink retail	100.0	100.0	100.0	
	Sheng-Pin (Shenyang) Food Ltd.	Manufacturing and sale of baking food	100.0	100.0	100.0	
	85 Degree (Qingdao) Food & Beverage Management Ltd.	Grocery and drink retail	100.0	100.0	100.0	
	85 Degree (Jiangsu) Food Ltd.	Manufacturing and sale of baking food	25.0	25.0	25.0	
	Wincase Limited	Grocery and drink retail	100.0	100.0	100.0	
	Worldinn Limited	Manufacturing and sale of baking food	100.0	100.0	100.0	
Shanghai Gourmet Master Food & Beverage Ltd.	Sheng-Pin (Shanghai) Food Ltd.	Manufacturing and sale of baking food	100.0	100.0	100.0	
	Mai-Jia (Shanghai) Food Ltd.	Manufacturing and sale of baking food	-	100.0	100.0	b
	Shanghai Howco Jing Way Food & Beverage Ltd.	Grocery and drink retail	100.0	100.0	100.0	
	Shenzheng 85 Food & Beverage Ltd.	Grocery and drink retail	85.0	85.0	85.0	
	Chengdu 85 Food & Beverage Ltd.	Grocery and drink retail	100.0	100.0	100.0	
	Sheng-Pin (Wuhan) Food Ltd.	Manufacturing and sale of baking food	100.0	100.0	100.0	
	Wuhan Jing Way Food & Beverage Ltd.	Grocery and drink retail	57.0	57.0	57.0	
	Jianxi Jing Way Food & Beverage Ltd.	Grocery and drink retail	100.0	100.0	100.0	
	Jin Wei Industrial (Shanghai) Ltd.	Grocery sale	100.0	100.0	100.0	
	Guangzhou 85 Degree Food & Beverage Management Ltd.	Grocery and drink retail	100.0	100.0	100.0	
	85 Degree (Jiangsu) Food Ltd.	Manufacturing and sale of baking food	75.0	75.0	75.0	
	Mai-Jia (Chengdu) Food Ltd.	Manufacturing and sale of baking food	100.0	100.0	100.0	
	Jia Ding Jing Way Food & Beverage Ltd.	Grocery and drink retail	100.0	100.0	100.0	
	Kunshan 85 Food & Beverage Ltd.	Grocery and drink retail	100.0	100.0	100.0	
	Sheng-Pin (Dongguan) Food Ltd.	Manufacturing and sale of baking food	100.0	40.0	100.0	c
He-Shia Food & Beverage Ltd.	Wuhan Jing Way Food & Beverage Ltd.	Grocery and drink retail	43.0	43.0	43.0	
	Beijing 85 Food & Beverage Ltd.	Grocery and drink retail	75.0	75.0	75.0	
	Sheng-Pin (Beijing) Food Ltd.	Manufacturing and sale of baking food	38.5	38.5	38.5	
Shenzheng 85 Food & Beverage Ltd.	Sheng-Pin (Shenzheng) Food Ltd.	Manufacturing and sale of baking food	100.0	100.0	100.0	
85 Degree (Qingdao) Food & Beverage Management Ltd.	Qingdao Jie Wei Food & Beverage Management Ltd.	Grocery and drink retail	100.0	100.0	100.0	

Notes:

a. In order to simplify the Group’s investment structure, Fang Song Comestibles Ltd. was dissolved in April 2019.

b. In order to simplify the Group’s investment structure, Mai-Jia (Shanghai) Food Ltd. was dissolved in 2019.

c. Sheng-Pin (Dongguan) Food Ltd. was invested by other investors in November 2018 and the Group held 40% interest in Sheng-Pin (Dongguan) Food Ltd. and also owned call options on the other 60%. Based on the contractual arrangements between the Group and other investors, the Group has the practical ability to direct the relevant activities of Sheng-Pin (Dongguan) Food Ltd., and the call options were exercised in April 2019. After considering these factors, the Group determined that it controls Sheng-Pin (Dongguan) Food Ltd. and deemed it as a subsidiary.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investment in Associates

	June 30, 2019	December 31, 2018	June 30, 2018
Material associate			
The Hot Pot Food and Beverage Management Co., Ltd.	$ 80,028	$ 87,930	$ 76,443

Material Associate

	June 30, 2019	December 31, 2018	June 30, 2018
The Hot Pot Food and Beverage Management Co., Ltd.	23.01%	23.01%	23.01%

Refer to Table 7 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of the associate.

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

15. 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, 2018	$ 531,836	$ 1,733,980	$ 2,562,446	$ 2,959,337	$ 58,345	$ 581,882	$ 339,705	$ 63,395	$ 8,830,926
Additions	50,445	178,448	176,594	381,693	7,155	43,470	25,706	35,411	898,922
Disposal	-	(795)	(228,752)	(248,737)	(7,163)	(71,756)	(42,317)	-	(599,520)
Transfers to investment properties	-	(92,317)	-	-	-	-	-	-	(92,317)
Effect of foreign currency exchange differences	(12,689)	(50,404)	(68,540)	(98,672)	(1,152)	(16,781)	(9,161)	(3,525)	(260,924)
Balance at June 30, 2018	$ 569,592	$ 1,768,912	$ 2,441,748	$ 2,993,621	$ 57,185	$ 536,815	$ 313,933	$ 95,281	$ 8,777,087
Accumulated depreciation and impairment									
Balance at January 1, 2018	$ -	$ 221,766	$ 1,404,591	$ 1,517,433	$ 38,049	$ 423,733	$ 167,834	$ -	$ 3,773,406
Depreciation expense	-	43,667	181,324	218,748	4,013	51,739	30,579	-	530,070
Impairment losses	-	-	3,170	3,624	-	-	-	-	6,794
Disposal	-	(795)	(223,741)	(206,141)	(7,011)	(65,027)	(39,572)	-	(542,287)
Transfers to investment properties	-	(19,560)	-	-	-	-	-	-	(19,560)
Effect of foreign currency exchange differences	-	(4,902)	(35,673)	(47,130)	(768)	(11,945)	(3,782)	-	(104,200)
Balance at June 30, 2018	$ -	$ 240,176	$ 1,329,671	$ 1,486,534	$ 34,283	$ 398,500	$ 155,059	$ -	$ 3,644,223
Carrying amounts at June 30, 2018	$ 569,592	$ 1,528,736	$ 1,112,077	$ 1,507,087	$ 22,902	$ 138,315	$ 158,874	$ 95,281	$ 5,132,864

(Continued)

	Land	Buildings	Machinery and Equipment	Leasehold Improvements	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost									
Balance at January 1, 2019	$ 564,497	$ 2,014,284	$ 2,563,177	$ 3,347,585	$ 58,965	$ 551,987	$ 372,774	$ 181,810	$ 9,655,079
Additions	188,046	171,479	239,750	282,364	7,124	24,673	48,646	218,143	1,180,225
Disposal	-	-	(184,085)	(74,947)	(5,586)	(41,301)	(19,372)	-	(325,291)
Reclassified	-	-	-	168,495	-	-	-	(168,495)	-
Effect of foreign currency exchange differences	4,594	12,592	20,839	35,201	127	4,565	2,917	4,678	85,513
Balance at June 30, 2019	$ 757,137	$ 2,198,355	$ 2,639,681	$ 3,758,698	$ 60,630	$ 539,924	$ 404,965	$ 236,136	$ 10,595,526
Accumulated depreciation and impairment									
Balance at January 1, 2019	$ -	$ 361,953	$ 1,428,047	$ 1,609,478	$ 35,353	$ 431,094	$ 196,542	$ -	$ 4,062,467
Depreciation expense	-	54,462	185,325	269,706	4,333	39,828	31,418	-	585,072
Disposal	-	-	(172,393)	(48,066)	(4,573)	(41,083)	(16,141)	-	(282,256)
Effect of foreign currency exchange differences	-	1,572	10,484	14,491	92	3,099	1,309	-	31,047
Balance at June 30, 2019	$ -	$ 417,987	$ 1,451,463	$ 1,845,609	$ 35,205	$ 432,938	$ 213,128	$ -	$ 4,396,330
Carrying amounts at December 31, 2018 and January 1, 2019	$ 564,497	$ 1,652,331	$ 1,135,130	$ 1,738,107	$ 23,612	$ 120,893	$ 176,232	$ 181,810	$ 5,592,612
Carrying amounts at June 30, 2019	$ 757,137	$ 1,780,368	$ 1,188,218	$ 1,913,089	$ 25,425	$ 106,986	$ 191,837	$ 236,136	$ 6,199,196

(Concluded)

Additional impairment losses recognized in respect of property, plant and equipment for six months ended June 30, 2018 amounted to $6,794 thousand. This loss was attributable to machinery and plants for which the book value of the relevant leasing improvements had been assessed at higher than their recoverable amount. The impairment loss is recognized in other gains and losses in the consolidated statements of comprehensive income.

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

Buildings	
Main buildings	20-49 years
Power system engineering	11 years
Furnishings	3-20 years
Machinery and equipment	1-20 years
Leasehold improvements	1-41 years
Transportation equipment	1-6 years
Office equipment	1-10 years
Other equipment	1-15 years

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 34.

16. INVESTMENT PROPERTIES

	Completed Investment Properties
Cost	
Balance at January 1, 2018	$ 175,991
Transfers from property, plant and equipment	92,317
Effects of foreign currency exchange differences	338
Balance at June 30, 2018	$ 268,646
Accumulated depreciation and impairment	
Balance at January 1, 2018	$ (3,748)
Transfers from property, plant and equipment	(19,560)
Depreciation expenses	(752)
Effects of foreign currency exchange differences	(72)
Balance at June 30, 2018	$ (24,132)
Carrying amounts at June 30, 2018	$ 244,514
Cost	
Balance at January 1, 2019	$ 271,008
Effect of foreign currency exchange differences	583
Balance at June 30, 2019	$ 271,591
Accumulated depreciation and impairment	
Balance at January 1, 2019	$ (60,586)
Depreciation expenses	(3,187)
Effect of foreign currency exchange differences	(315)
Balance at June 30, 2019	$ (64,088)
Carrying amounts at December 31, 2018 and January 1, 2019	$ 210,422
Carrying amounts at June 30, 2019	$ 207,503

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings	20-49 years

The carrying amount of the investment properties located in Taichung, Taiwan was $169,987 thousand. The management of the Group had used the situation of the investment properties and market price that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices of similar properties.

	June 30, 2019	December 31, 2018	June 30, 2018
Fair value	$ 185,259	$ 185,259	$ 185,907

The carrying amount of the investment properties located in Shenyang City, Liaoning Province, China was $37,516 thousand. The determination of fair value was performed by independent qualified professional valuers and the fair value was measured by using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices of similar properties at December 31, 2018. Management of the Company had assessed and determined that there was no significant changes in the fair value as of June 30, 2019, as compared to that as of December 31, 2018. For the investment properties not valued by independent valuators but valued by the Group, the Group determined that the fair values as of December 31, 2018 were still valid as of June 30, 2019. The management of the Group had used the situation of the investment properties and market price that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices of similar properties.

	June 30, 2019	December 31, 2018	June 30, 2018
Fair value	$ 39,926	$ 39,683	$ 75,034

All of the Group's investment properties are held under freehold interests. The investment properties pledged as collateral for bank borrowing are set out in Note 34.

17. OTHER INTANGIBLE ASSETS

	Goodwill	Trademark	Computer Software	Others	Total
Cost					
Balance at January 1, 2018	$ 745	$ 5,270	$ 164,926	$ -	$ 170,941
Additions	-	1,754	8,440	-	10,194
Disposal	-	-	(2,111)	-	(2,111)
Effect of foreign currency exchange differences	-	-	(4,381)	-	(4,381)
Balance at June 30, 2018	$ 745	$ 7,024	$ 166,874	$ -	$ 174,643

(Continued)

	Goodwill	Trademark	Computer Software	Others	Total
Accumulated amortization and impairment					
Balance at January 1, 2018	$ -	$ 1,357	$ 105,935	$ -	$ 107,292
Amortization expense	-	350	14,915	-	15,265
Disposal	-	-	(2,098)	-	(2,098)
Effect of foreign currency exchange differences	-	-	(3,025)	-	(3,025)
Balance at June 30, 2018	$ -	$ 1,707	$ 115,727	$ -	$ 117,434
Carrying amounts at June 30, 2018	$ 745	$ 5,317	$ 51,147	$ -	$ 57,209
Cost					
Balance at January 1, 2019	$ 745	$ 7,890	$ 172,504	$ -	$ 181,139
Additions	-	392	10,489	1,476	12,357
Disposals	-	-	(242)	-	(242)
Effect of foreign currency exchange differences	-	12	1,114	(16)	1,110
Balance at June 30, 2019	$ 745	$ 8,294	$ 183,865	$ 1,460	$ 194,364
Accumulated amortization					
Balance at January 1, 2019	$ -	$ 2,130	$ 132,906	$ -	$ 135,036
Amortization expenses	-	434	11,039	307	11,780
Disposals	-	-	(241)	-	(241)
Effect of foreign currency exchange differences	-	-	817	(3)	814
Balance at June 30, 2019	$ -	$ 2,564	$ 144,521	$ 304	$ 147,389
Carrying amounts at December 31, 2018 and January 1, 2019	$ 745	$ 5,760	$ 39,598	$ -	$ 46,103
Carrying amounts at June 30, 2019	$ 745	$ 5,730	$ 39,344	$ 1,156	$ 46,975

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

Trademark	1-10 years
Computer software	1-10 years
Others	2 years

18. OTHER ASSETS

	June 30, 2019	December 31, 2018	June 30, 2018
Current			
Prepaid rental	$ 198,923	$ 218,632	$ 181,131
Prepayments	85,164	98,989	89,449
Offset against business tax payable	67,395	81,488	22,507
Other prepayments	58,455	65,798	58,985
	409,937	464,907	352,072
Others	17,887	17,771	20,677
	$ 427,824	$ 482,678	$ 372,749
Non-current			
Prepaid equipment	$ 182,871	$ 212,640	$ 214,310
Refundable deposits	493,305	464,575	502,598
Long-term prepayments for leases	197,646	180,950	152,402
Prepayments for property, plant and equipment	-	59,400	-
Others	3,677	3,715	3,579
	$ 877,499	$ 921,280	$ 872,889

a. Prepaid rental is due to store lease arrangements.

b. Prepaid equipment is due to the purchase of new equipment for the factories.

c. Refundable deposits are for rentals of stores and factories.

d. Long-term prepayments for leases are for land use rights in China.

e. Prepayments for property, plant and equipment are due to the acquisition of the factory in Taichung.

19. BORROWINGS

a. Short-term borrowings

	June 30, 2019	December 31, 2018	June 30, 2018
Secured borrowings (Note 34)			
Bank loan	$ 605,888	$ 754,964	$ 169,873
Unsecured borrowings			
Line of credit borrowings	-	30,000	64,585
	$ 605,888	$ 784,964	$ 234,458

The range of weighted average effective interest rate of bank loans was 0.99%-2.42%, 0.99%-2.20% and 1.13%-1.89% per annum as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively.

b. Long-term borrowings

	June 30, 2019	December 31, 2018	June 30, 2018
Secured borrowings (Note 34)			
Bank loans (1)	$ 151,959	$ 238,622	$ 425,434
Loans from related parties (2) (Note 33)	158,028	155,109	158,028
Less: Current portions	(151,959)	(238,622)	(425,434)
Long-term borrowings	$ 158,028	$ 155,109	$ 158,028

	Borrowing Content	June 30, 2019	December 31, 2018	June 30, 2018
Borrowings at floating rate:				
US secured bank loan	Maturity date: January 14, 2019 Repayment term: Due for repayment	$ -	$ -	$ 91,164
US secured bank loan (3)	Maturity date: January 12, 2019 Repayment term: Due for repayment	151,959	238,622	334,270
US unsecured loan from related parties	Maturity date: November 7, 2019 Repayment term: Due for repayment	158,028	155,109	158,028
Less: Current portion		(151,959)	(238,622)	(425,434)
		$ 158,028	$ 155,109	$ 158,028

1) The range of weighted average effective interest rates of bank loans was 3.342%, 2.471% and 2.258%-2.267% per annum as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively.

2) Long-term debt payable to related parties of the Group is repayable to directors. An interest rate of 3.75% per annum was charged on the outstanding balances during the three months and six months ended June 30, 2019 and 2018.

3) The Group requested the creditor to extend the term of the US secured bank loan in December 2018, the related additional agreement signed in January 2019. According to the agreement, the credit period of the loan was extended to January 12, 2019.

20. TRADE PAYABLES

The average credit period of 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.

21. OTHER LIABILITIES

	June 30, 2019	December 31, 2018	June 30, 2018
Current			
Other payables			
Accrued payroll and bonuses	$ 425,965	$ 571,725	$ 423,618
Utilities	77,674	69,674	74,464
Insurance	74,243	78,185	63,851
Rental	93,118	110,492	69,246
Payable for purchases of equipment	315,671	287,220	251,866
Others (shipping expense, and repairing expense, etc.)	488,465	442,534	408,437
	$ 1,475,136	$ 1,559,830	$ 1,291,482
Deferred revenue			
Arising from customer loyalty program	$ -	$ 127,019	$ 98,211
Arising from government grants (Note 28)	2,015	2,003	-
	$ 2,015	$ 129,022	$ 98,211
Other liabilities			
Receipts in advance	$ -	$ 1,230,587	$ 1,111,477
Others	43,954	45,051	31,366
	$ 43,954	$ 1,275,638	$ 1,142,843
Non-current			
Decommission restoration and rehabilitation provision	$ 148,564	$ 119,808	$ 89,006
Guarantee deposits received	159,333	151,534	141,429
Arising from government grants (Note 28)	12,426	13,351	-
	$ 320,323	$ 284,693	$ 230,435

a. Receipts in advance are mainly gift vouchers which have been issued but not redeemed yet.

b. Deferred revenue was recognized from the Group's customer loyalty program recognized in accordance with IFRIC 13 "Customer Loyalty Programs".

c. Guarantee deposits mainly consists of the deposits for the franchise, decoration works and the tender performance bond of logistics companies and other manufacturers.

22. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

Comestibles Master Co., Ltd., Mei Wei Master Co., Ltd., Mei Wei Fu Xing Ltd. and Fang Song Comestibles Ltd. of the Group adopted a pension plan under the Labor Pension Act (the "LPA") of the R.O.C., which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group’s subsidiaries in China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiaries are required to contribute a specified percentage of the payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

23. SHAREHOLDERS’ EQUITY

Share Capital

Ordinary shares

	June 30, 2019	December 31, 2018	June 30, 2018
Number of shares authorized (in thousands)	850,000	850,000	850,000
Shares authorized	$ 8,500,000	$ 8,500,000	$ 8,500,000
Number of shares issued and fully paid (in thousands)	180,000	162,994	148,176
Shares issued	$ 1,800,000	$ 1,629,936	$ 1,481,760

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

The Company’s shareholders resolved to issue share dividends from capital surplus of $148,176 thousand in the shareholders’ meeting on June 15, 2018. The subscription based date was determined on July 8, 2018.

The Company’s shareholders resolved to issue share dividends from capital surplus and unappropriated retained earnings of $162,994 thousand and $7,070 thousand, respectively, in the shareholders’ meeting on June 5, 2019. The subscription based date was determined on June 29, 2019.

Capital Surplus

The capital surplus arising from shares issued in excess of par (including share premium from issuance of ordinary 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).

Retained Earnings and Dividend Policy

According to Company's articles of Incorporation, the Company may declare dividends in the form of an ordinary resolution, but its amount must not exceed the amount recommended by the board of directors, the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company’s board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders’ meeting for the distribution of dividends and bonuses to shareholders. The reserve for the Company is used as the Company's operation or investment in a manner deemed appropriate by the board of directors, and the investment does not need to be part of the reserve separately from other investments. In addition, a special reserve should be appropriated as needed. The remainder of the income should be appropriated in the following order:

a. Bonus for employees (including subsidiaries’ employees) at 3% or less;

b. Remuneration of directors and supervisors at 1% or less; and

c. The remaining 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 share dividends.

In accordance with the amendments to the Company Act of the ROC in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. Because the Company is incorporated in the Cayman Islands, the Company Act of the ROC is not applicable to the Company. The Company does not need to propose amendments to its Articles of Incorporation.

For the six months ended June 30, 2019 and 2018, there were no accruals of bonuses for employees and remuneration of directors and supervisors. Material differences between 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 bonuses 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 the accounting estimate. If a share bonuses are resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonuses by the fair value of the shares. The fair value of the shares is stated at the closing price (after considering the effect of cash and share dividends) of the shares on the day immediately preceding the shareholders' meeting.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", shall be appropriated to or reversed from a special reserve by the Company. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and may thereafter be distributed.

The appropriations of earnings for 2018 and 2016 approved in the shareholders' meetings on June 5, 2019 and June 15, 2018, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2018	2016	2018	2016
Reserve	$ 213,808	$ 174,104	$ -	$ -
Special reserve	132,716	56,974	-	-
Cash dividends	977,962	740,880	6.00	5.00
Share dividends	7,070	-	0.04	-

The Company's shareholders also resolved to transfer capital surplus of $162,994 thousand and $148,176 thousand on June 5, 2019 and June 15, 2018, respectively.

There were no bonuses for employees and the remuneration of directors and supervisors for 2018 and 2016 were approved in the shareholders' meetings held on June 5, 2019 and June 15, 2018, respectively.

There was no difference between the amounts of bonuses for employees and the remuneration of directors and supervisors approved in the shareholders' meetings held on June 5, 2019 and June 15, 2018 and the amounts recognized in the financial statements for the years ended December 31, 2018 and 2016, respectively.

Information on the bonuses for employees and the remuneration of 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.

24. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Revenue from contracts with				
customer	$ 6,134,404	$ 5,331,391	$ 12,260,192	$ 10,677,151
Revenue from sale of goods	9,670	6,670	20,119	14,079
Licensing revenue				
	$ 6,144,074	$ 5,338,061	$ 12,280,311	$ 10,691,230

a. Disaggregation of revenue

Refer to Note 38 for information about disaggregation of revenue.

b. Contract balances

	June 30, 2019	January 1, 2019
Contract liabilities		
Sale of goods	$ 1,346,426	$ 1,230,587
Customer loyalty programmer	153,880	127,019
Contract liabilities - current	$ 1,500,306	$ 1,357,606

The changes in the contract liability balances primarily result from the timing difference between the Group’s performance and the customer’s payment.

Revenue of the reporting period recognized from the beginning contract liabilities for the three months and six months ended June 30, 2019, was $314,859 thousand and $641,795 thousand, respectively.

25. OTHER COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS

a. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Interest income	$ 53,522	$ 36,523	$ 99,949	$ 65,821
Income from government grants	3,123	30,197	26,224	63,107
Rental income	3,902	3,536	7,403	6,609
Others	14,098	29,526	33,446	40,645
	$ 74,645	$ 99,782	$ 167,022	$ 176,182

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Net foreign exchange gains (losses)	$ (15,014)	$ 8,596	$ (19,573)	$ (15,377)
Loss on disposal of property, plant and equipment	(13,643)	(15,410)	(19,578)	(37,880)
Net gain/(loss) arising from financial assets and financial liabilities	(4,414)	2,974	(15,428)	20,610
Impairment loss	-	-	-	(6,794)
Others	2,258	(8,625)	(7,270)	(29,246)
	$ (30,813)	$ (12,465)	$ (61,849)	$ (68,687)

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Interest on bank loans	$ (5,156)	$ (8,161)	$ (10,200)	$ (13,757)
Interest on loans from related parties (Note 33)	(1,454)	(1,460)	(2,883)	(3,964)
	$ (6,610)	$ (9,621)	$ (13,083)	$ (17,721)

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Property, plant and equipment	$ 293,242	$ 260,213	$ 585,072	$ 530,070
Investment property	1,601	376	3,187	752
Intangible assets	5,555	7,211	11,780	15,265
	$ 300,398	$ 267,800	$ 600,039	$ 546,087
An analysis of depreciation by function				
Operating costs	$ 50,111	$ 46,207	$ 99,763	$ 92,189
Operating expenses	244,732	214,382	488,496	438,633
	$ 294,843	$ 260,589	$ 588,259	$ 530,822

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
An analysis of amortization by function				
Operating costs	$ 185	$ -	$ 307	$ -
Selling and marketing expenses	507	589	1,094	1,214
General and administrative expenses	4,863	6,622	10,379	14,051
	$ 5,555	$ 7,211	$ 11,780	$ 15,265

(Concluded)

e. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Post-employment benefits				
Defined contribution plans	$ 13,505	$ 9,067	$ 26,708	$ 19,334
Other employee benefits	1,676,568	1,415,537	3,345,406	2,811,313
	$ 1,690,073	$ 1,424,604	$ 3,372,114	$ 2,830,647
An analysis of employee benefits expense by function				
Operating costs	$ 263,560	$ 205,796	$ 528,151	$ 397,037
Operating expenses	1,426,513	1,218,808	2,843,963	2,433,610
	$ 1,690,073	$ 1,424,604	$ 3,372,114	$ 2,830,647

f. Impairment losses on non-financial assets

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Property, plant and equipment (included in other operating income and expenses, net)	$ -	$ -	$ -	$ 6,794
Inventories (included in operating costs)	-	2,734	2,153	5,901
	$ -	$ 2,734	$ 2,153	$ 12,695

26. INCOME TAX

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Current tax				
In respect of the current period	$ 217,031	$ 178,800	$ 475,938	$ 378,734
Adjustments for prior period	473	(8,375)	473	(8,375)
	217,504	170,425	476,411	370,359
Deferred tax				
In respect of the current period	(7,462)	43,729	(6,787)	46,359
Adjustments to deferred tax attributable to changes in tax rates and laws	-	-	6,619	-
Income tax expense recognized in profit or loss	$ 210,042	$ 214,154	$ 476,243	$ 416,718

The Income Tax Act in the ROC was amended in 2019 and the corporate income tax rate was adjusted from 17% to 20% effective in 2019. The USA also amended the Income Tax Law, and starting from 2019, the maximum corporate income tax rate will be reduced from 35% to 21%. The effect of the change in tax rate on deferred tax expense to be recognized in profit or loss is recognized in full in the period in which the change in tax rate occurs. In addition, the rate of the corporate surtax applicable to 2019 unappropriated earnings will be reduced from 10% to 5%.

b. The Company is not subject to income tax. The income tax returns through 2014 of Comestibles Master Co., Ltd. and the income tax returns through 2016 of Mei Wei Master Co., Ltd., except 2015, and the income tax returns through 2016 of Mei Wei Fu Xing have been assessed by the tax authorities in the ROC. The companies in other jurisdictions have been examined according to their local laws.

27. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Basic earnings per share				
From continuing operations	$ 2.88	$ 2.65	$ 5.66	$ 5.30

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares in June 29, 2019. The basic and diluted earnings per share adjusted retrospectively for the six months ended and three months ended June 30, 2018 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment		After Retrospective Adjustment	
	For the Three Months Ended June 30, 2018	For the Six Months Ended June 30, 2018	For the Three Months Ended June 30, 2018	For the Six Months Ended June 30, 2018
Basic earnings per share	$ 2.92	$ 5.85	$ 2.65	$ 5.30

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

Net Profit for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Earnings used in computation of basic earnings per share	$ 518,465	$ 476,265	$ 1,018,414	$ 954,042

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Weighted average number of ordinary shares used in the computation of basic and diluted earnings per share	180,000	180,000	180,000	180,000

28. GOVERNMENT GRANTS

The amounts of government grants received for the three months ended and the six months ended June 30, 2019 and 2018 were $2,618 thousand, $30,197 thousand, $25,213 thousand and $63,107 thousand, respectively. The government grants were recognized in non-operating income and expenses - other income in the consolidated statements of comprehensive income.

In January 2018, the Group received a government grant of $19,574 thousand towards its contraction of a manufacturing plant. The amount was recognized as deferred revenue and subsequently transferred to profit or loss over the useful life of the related asset. The policy resulted in a credit to income of $505 thousand and $1,011 thousand for the three months and six months ended June 30, 2019, respectively.

29. NON-CASH TRANSACTIONS

For the six months ended June 30, 2019 and 2018, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

a. The Group acquired property, plant and equipment with an aggregate fair value of $1,180,225 thousand, with a cash payment of $683,747 thousand, an offset of prepayments for equipment of $387,037 thousand reduced from prepaid equipment, $59,400 thousand was reduced from prepayments for property, plant and equipment, and $50,041 thousand was increase from payables for equipment for the six months ended June 30, 2019 (refer to Note 15).

b. The Group acquired property, plant and equipment with an aggregate fair value of $898,922 thousand, with a cash payment of $647,184 thousand, an offset of prepayments for equipment of $176,481 thousand was reduced from prepaid equipment, and $75,257 thousand was increase from payables for equipment for the six months ended June 30, 2018 (refer to Note 15).

c. The cash dividends approved in the shareholders' meeting were not yet distributed as of June 30, 2019 and 2018, respectively (refer to Note 23).

30. OPERATING LEASE ARRANGEMENTS

Operating leases relate to leases of stores and plants 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 stores and plants at the expiration of the lease periods.

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

	June 30, 2019	December 31, 2018	June 30, 2018
Not later than 1 year	$ 2,161,745	$ 2,046,207	$ 1,980,169
Later than 1 year and not later than 5 years	4,708,871	4,464,084	4,481,297
Later than 5 years	1,040,803	602,537	787,450
	$ 7,911,419	$ 7,112,828	$ 7,248,916

31. 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 shareholders 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.

32. 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 to be approximate amounts of their fair values.

b. Categories of financial instruments

	June 30, 2019	December 31, 2018	June 30, 2018
Financial assets			
Fair value through profit or loss (FVTPL)			
Held for trading	$ -	$ 165,148	$ 161,828
Mandatorily at FVTPL	3,497,582	-	-
Loans and receivables (Note 1)	-	7,361,327	6,448,670
Held-to-maturity investments (Note 2)	-	29,847	30,520
Financial assets at amortized cost (Note 3)	4,521,907	-	-
Financial liabilities			
Fair value through profit or loss (FVTPL)			
Held for trading	2,168	3,134	3,551
Amortized cost (Note 4)	4,106,873	3,440,180	3,395,562

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

Note 2: The balances include financial bond investments.

Note 3: The balance include financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, trade receivables and other receivable.

Note 4: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, trade payables, note payables, other payables, current portion of long-term loans payable and long-term borrowings.

c. Financial risk management objectives and policies

The Group’s major financial instruments included equity and debt investments, trade receivables, trade payables and borrowings. 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 foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

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

a) Foreign currency risk

The Group's have foreign deposit and loan, which exposes the Group to foreign currency 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 36.

Sensitivity analysis

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

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 a decrease in pre-tax profit associated with the Renminbi weakening 1% against the relevant currency. For a 1% strengthening of the 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. Dollar Impact For the Six Months Ended June 30	
	2019	**2018**
Profit or loss	$ 1,506	$ 368

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

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at floating interest rates.

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

	June 30, 2019	**December 31, 2018**	**June 30, 2018**
Fair value interest rate risk			
Financial liabilities	$ 158,028	$ 155,109	$ 158,028
Cash flow interest rate risk			
Financial assets	3,349,573	4,072,073	2,963,698
Financial liabilities	757,847	1,023,586	659,892

Sensitivity analysis

The sensitivity analyses below were determined based on the Group’s exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group’s pre-tax profit for the six months ended June 30, 2019 and 2018 would increase/decrease by $12,959 thousand and $11,519 thousand, respectively, which would be mainly attributable to the Group’s exposure to interest rates on its variable-rate bank borrowings.

The Group’s sensitivity to interest rates increased during the current year mainly due to the increase in variable rate debt investments.

2) Credit risk

Credit risk refers to the risk that 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 would cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arose from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

Most of the Group’s counterparties are franchisees with whom the Group has traded with for over the long-term, and the Group monitors trade receivables from such 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 such counterparties was never more than 10% of the Group’s monetary assets.

Other than the abovementioned franchisees, because counterparties were banks monitored by regulators in the People’s Republic of China and Republic of China, such credit risk was limited.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of June 30, 2019, December 31, 2018 and June 30, 2018, the Group had available unutilized bank loan facilities set out below.

	June 30, 2019	December 31, 2018	June 30, 2018
Unsecured bank loan facility:			
Amount used	$ -	$ 30,000	$ 64,585
Amount unused	30,000	-	573,214
	$ 30,000	$ 30,000	$ 637,799
Secured bank loan facility:			
Amount used	$ 757,847	$ 993,586	$ 595,307
Amount unused	962,552	588,873	494,442
	$ 1,720,399	$ 1,582,459	$ 1,089,749

33. 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. Name and relationship of related parties

Name of Related-party	Related-party Category
The Hot Pot Food and Beverage Management Co., Ltd.	Associates
Xiang Tian (Shanghai) Food and Beverage Management Co., Ltd	Related parties
The Hot Pot (Shanghai) Food and Beverage Management Co., Ltd	Related parties
Guo Hong Ltd.	Related parties
Cai Hua Ltd.	Related parties
Long Yao Ltd.	Related parties
Infinity Emerging Markets Limited	Directors

b. Purchases of goods

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Parties Categories	**2019**	**2018**	**2019**	**2018**
Related parties	$ -	$ 13,169	$ -	$ 27,478

The purchases prices are 65% of the sale prices and are paid within 30 days of the date of the purchases.

c. Other transactions

Line Items	Related Party Category	For the Three Months Ended June 30 2019	For the Three Months Ended June 30 2018	For the Six Months Ended June 30 2019	For the Six Months Ended June 30 2018
Rental income	Associates	$ 174	$ 174	$ 349	$ 349
	Related parties	372	198	579	402
		$ 546	$ 372	$ 928	$ 751
Interest expense	Directors	$ 1,454	$ 1,460	$ 2,883	$ 3,964

The rent paid by the related parties as a place of operation is paid on a monthly basis at the agreed price.

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

Line Items	Related-party Category	June 30, 2019	December 31, 2018	June 30, 2018
Trade receivables	Associates	$ 20	$ 32	$ 40
Other receivables	Associates	$ 1,159	$ 1,463	$ 14,947
	Related parties	193	860	201
		$ 1,352	$ 2,323	$ 15,148

The outstanding trade receivables from related parties are unsecured. For the six months ended June 30, 2019 and 2018, no impairment loss was recognized for trade receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Items	Related-party Category	June 30, 2019	December 31, 2018	June 30, 2018
Other payables	Directors	$ 2,519	$ 339	$ 346

The outstanding other payables from related parties are unsecured.

f. Loans from related parties

Related-party Category/Name	June 30, 2019	December 31, 2018	June 30, 2018
Directors			
Infinity Emerging Markets Limited	$ 158,028	$ 155,109	$ 158,028

The Group obtained loans at rates comparable to market interest rates for the loans from related parties.

The loans from the director were unsecured.

g. Other transactions with related parties

The Group performed technical services for associates and related parties. For the three months and six months ended June 30, 2019 and 2018, other income amounted to $726 thousand, $1,479 thousand, $2,263 thousand and $2,714 thousand, respectively.

h. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Short-term benefits	$ 5,993	$ 5,859	$ 11,964	$ 11,896

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

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and other contracts:

	June 30, 2019	December 31, 2018	June 30, 2018
Property, plant and equipment			
Land	$ 293,761	$ 293,761	$ 293,761
Buildings	17,275	18,095	18,916
Bond investments with no active market - current			
Restiricted bank deposits	-	62,471	30,551
Bond investments with no active market - non-current			
Restiricted bank deposits	-	141,051	130,094
Financial assets at amortized cost - current	67,180	-	-
Financial assets at amortized cost - non-current	133,197	-	-
Investment properties	60,993	61,260	61,527
	$ 572,406	$ 576,638	$ 534,849

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of June 30, 2019, December 31, 2018 and June 30, 2018 were as follows:

Significant Commitments

Unrecognized commitments are as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Acquisition of property, plant and equipment	$ 220,995	$ 232,164	$ 166,515

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

June 30, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 2,455	30.3900 (USD:NTD)	$ 74,613
HKD	3,559	0.8450 (HKD:RMB)	13,811
NTD	337,281	0.2177 (NTD:RMB)	337,281
Financial liabilities			
Monetary items			
USD	7,412	6.6166 (USD:RMB)	225,239
NTD	1,225,179	0.2177 (NTD:RMB)	1,225,179
NTD	25,116	0.0328 (NTD:USD)	25,116

December 31, 2018

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 519	6.5342(USD:RMB)	$ 15,475
USD	775	29.8286 (USD:NTD)	23,130
HKD	1,057	0.8340 (HKD:RMB)	4,023
HKD	5,511	3.8070(HKD:NTD)	20,979
RMB	6,164	4.5650 (RMB:NTD)	28,139
Financial liabilities			
Monetary items			
USD	7,412	6.5342 (USD:RMB)	325,478
NTD	218,768	0.2191 (NTD:RMB)	218,768

June 30, 2018

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 6,598	6.7744 (USD:RMB)	$ 200,500
USD	13,002	30.3900 (USD:NTD)	395,121
HKD	5,898	0.8687 (HKD:RMB)	22,985
HKD	2,761	3.8970 (HKD:NTD)	10,758
NTD	528,644	0.2229 (NTD:RMB)	528,644
Financial liabilities			
Monetary items			
USD	20,812	6.7744 (USD:RMB)	632,464

For the three months ended and the six months ended June 30, 2019 and 2018, realized and unrealized net foreign exchange gains (losses) were $(15,014) thousand, $8,596 thousand, $(19,573) thousand and $(15,377) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

37. 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). (Table 3)

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

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

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

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

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 the investee, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and the 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 receipt of services.

38. 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 Three Months Ended June 30		**For the Six Months Ended June 30**	
	2019	**2018**	**2019**	**2018**
Beverages	$ 1,950,164	$ 1,680,677	$ 3,766,920	$ 3,262,617
Cake	1,886,551	1,639,727	3,831,667	3,408,337
Bread	2,270,383	1,950,482	4,587,016	3,882,320
Others	36,976	67,175	94,708	137,956
	$ 6,144,074	$ 5,338,061	$ 12,280,311	$ 10,691,230

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 is detailed below:

	Revenue from External Customers			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
China	$ 3,926,103	$ 3,372,145	$ 7,833,902	$ 6,776,894
Taiwan	940,988	965,688	1,938,323	2,006,063
USA	1,180,073	885,323	2,309,635	1,698,185
Others	96,910	114,905	198,451	210,088
	$ 6,144,074	$ 5,338,061	$ 12,280,311	$ 10,691,230

c. Significant customer information

The Group has no client who contributes over 10% to the Group's total revenue for the six months ended June 30, 2019 and 2018.

TABLE 1

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Foreign Currencies in Thousands)	Ending Balance (Foreign Currencies in Thousands)	Actual Borrowing Amount (Foreign Currencies in Thousands)	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral: Item	Collateral: Value	Financing Limit for Each Borrower	Aggregate Financing Limits	Note
1	Shanghai Gourmet Master Food & Beverage Ltd.	85 Degree (Jiangsu) Food Ltd.	Other receivables - related parties	Yes	$ 91,860 (RMB 20,000)	$ 91,860 (RMB 20,000)	$ 91,860 (RMB 20,000)	2.00%	For short-term financing	$ -	Working capital loan	$ -	-	$ -	$ 825,380	$ 1,238,069	Note 1.a.
		Sheng-Pin (Dongguan) Food Ltd.	Other receivables - related parties	Yes	91,860 (RMB 20,000)	91,860 (RMB 20,000)	91,860 (RMB 20,000)	2.00%	For short-term financing	-	Working capital loan	-	-	-	825,380	1,238,069	Note 1.a.
		Prime Scope Trading Limited	Other receivables - related parties	Yes	91,860 (RMB 20,000)	91,860 (RMB 20,000)	91,860 (RMB 20,000)	3.50%	For short-term financing	-	Working capital loan	-	-	-	825,380	1,238,069	Note 1.a.
		Prime Scope Trading Limited	Other receivables - related parties	Yes	68,895 (RMB 15,000)	68,895 (RMB 15,000)	68,895 (RMB 15,000)	3.50%	For short-term financing	-	Working capital loan	-	-	-	825,380	1,238,069	Note 1.a.
2	He-Shia Food & Beverage Ltd.	Gourmet Master Co. Ltd.	Other receivables - related parties	Yes	137,790 (RMB 30,000)	137,790 (RMB 30,000)	- (RMB -)	4.35%	For short-term financing	-	Working capital loan	-	-	-	584,361	876,542	Note 1.b.
		Shenyang 85 Food & Beverage Ltd.	Other receivables - related parties	Yes	114,825 (RMB 25,000)	114,825 (RMB 25,000)	90,207 (RMB 19,640)	2.00%	For short-term financing	-	Working capital loan	-	-	-	584,361	876,542	Note 1.b.
		Shenyang 85 Food & Beverage Ltd.	Other receivables - related parties	Yes	114,825 (RMB 25,000)	- (RMB -)	- (RMB -)	2.00%	For short-term financing	-	Working capital loan	-	-	-	584,361	876,542	Note 1.b.
		Prime Scope Trading Limited	Other receivables - related parties	Yes	137,790 (RMB 30,000)	- (RMB -)	- (RMB -)	3.50%	For short-term financing	-	Working capital loan	-	-	-	584,361	876,542	Note 1.b.
		Prime Scope Trading Limited	Other receivables - related parties	Yes	137,790 (RMB 30,000)	137,790 (RMB 30,000)	- (RMB -)	3.50%	For short-term financing	-	Working capital loan	-	-	-	584,361	876,542	Note 1.b.
3	He-Shia (Nanjing) Food & Beverage Ltd.	Sheng-Pin (Xiamen) Food Ltd.	Other receivables - related parties	Yes	91,860 (RMB 20,000)	91,860 (RMB 20,000)	91,860 (RMB 20,000)	2.00%	For short-term financing	-	Working capital loan	-	-	-	420,487	630,730	Note 1.c.
		85 Degree (Jiangsu) Food Ltd.	Other receivables - related parties	Yes	91,860 (RMB 20,000)	- (RMB -)	- (RMB -)	2.00%	For short-term financing	-	Working capital loan	-	-	-	420,487	630,730	Note 1.c.
		85 Degree (Jiangsu) Food Ltd.	Other receivables - related parties	Yes	91,860 (RMB 20,000)	91,860 (RMB 20,000)	91,860 (RMB 20,000)	2.00%	For short-term financing	-	Working capital loan	-	-	-	420,487	630,730	Note 1.c.
		85 Degree (Jiangsu) Food Ltd.	Other receivables - related parties	Yes	91,860 (RMB 20,000)	- (RMB -)	- (RMB -)	2.00%	For short-term financing	-	Working capital loan	-	-	-	420,487	630,730	Note 1.c.
		85 Degree (Jiangsu) Food Ltd.	Other receivables - related parties	Yes	91,860 (RMB 20,000)	91,860 (RMB 20,000)	91,860 (RMB 20,000)	2.00%	For short-term financing	-	Working capital loan	-	-	-	420,487	630,730	Note 1.c.
4	Comestibles Master Co., Ltd.	Mei Wei Master Co., Ltd.	Other receivables - related parties	Yes	50,000	-	-	1.15%	For short-term financing	-	Working capital loan	-	-	-	654,961	654,961	Note 1.d.
		Mei Wei Master Co., Ltd.	Other receivables - related parties	Yes	50,000	50,000	50,000	1.00%	For short-term financing	-	Working capital loan	-	-	-	654,961	654,961	Note 1.d.
		Mei Wei Master Co., Ltd.	Other receivables - related parties	Yes	50,000	50,000	50,000	1.00%	For short-term financing	-	Working capital loan	-	-	-	654,961	654,961	Note 1.d.
		Gourmet Master Co. Ltd.	Other receivables - related parties	Yes	100,000	-	-	1.15%	For short-term financing	-	Working capital loan	-	-	-	654,961	654,961	Note 1.d.
		Gourmet Master Co. Ltd.	Other receivables - related parties	Yes	45,585 (US$ 1,500)	45,585 (US$ 1,500)	28,450	1.30%	For short-term financing	-	Working capital loan	-	-	-	654,961	654,961	Note 1.d.
		Prime Scope Trading Limited	Other receivables - related parties	Yes	220,000	220,000	218,768	1.00%	For short-term financing	-	Working capital loan	-	-	-	654,961	654,961	Note 1.d.
		Worldinn Limited	Other receivables - related parties	Yes	10,673 (HK$ 2,750)	10,673 (HK$ 2,750)	10,673 (HK$ 2,750)	2.50%	For short-term financing	-	Working capital loan	-	-	-	654,961	654,961	Note 1.d.
		85 Degree Co., Ltd.	Other receivables - related parties	Yes	10,000	10,000	10,000	1.00%	For short-term financing	-	Working capital loan	-	-	-	654,961	654,961	Note 1.d.
		85 Degree Co., Ltd.	Other receivables - related parties	Yes	5,000	5,000	5,000	1.00%	For short-term financing	-	Working capital loan	-	-	-	654,961	654,961	Note 1.d.
5	Perfect 85 Degrees C, Inc.	WinUS 85C LLC	Other receivables - related parties	Yes	94,209 (US$ 3,100)	94,209 (US$ 3,100)	86,674 (US$ 2,852)	3.75%	For short-term financing	-	Working capital loan	-	-	-	493,382	493,382	Note 1.e.
		WinUS 85C LLC	Other receivables - related parties	Yes	94,209 (US$ 3,100)	- (US$ -)	- (US$ -)	3.75%	For short-term financing	-	Working capital loan	-	-	-	493,382	493,382	Note 1.e.

(Continued)

Note 1: The limit of amount is calculated as follow:

a. The total amount available for lending purpose shall not exceed $2,063,449 (in thousands) x 60% = $1,238,069 (in thousands) of the net worth of Shanghai Gourmet Master Food & Beverage Ltd. The total amount for lending to a company for funding for a short-term period shall not exceed $2,063,449 (in thousands) x 40% = $825,380 (in thousands) of the net worth of Shanghai Gourmet Master Food & Beverage Ltd.

b. The total amount available for lending purpose shall not exceed $1,460,903 (in thousands) x 60% = $876,542 (in thousands) of the net worth of He-Shia Food & Beverage Ltd. The total amount for lending to a company for funding for a short-term period shall not exceed $1,460,903 (in thousands) x 40% = $584,361 (in thousands) of the net worth of He-Shia Food & Beverage Ltd.

c. The total amount available for lending purpose shall not exceed $1,051,217 (in thousands) x 60% = $630,730 (in thousands) of the net worth of He-Shia (Nanjing) Food & Beverage Ltd. The total amount for lending to a company for funding for a short-term period shall not exceed $1,051,217 (in thousands) x 40% = $420,487 (in thousands) of the net worth of He-Shia (Nanjing) Food & Beverage Ltd.

d. The total amount available for lending purpose shall not exceed $1,637,402 (in thousands) x 40% = $654,961 (in thousands) of the net worth of Comestibles Master Co., Ltd. The total amount for lending to a company for funding for a short-term period shall not exceed $1,637,402 (in thousands) x 40% = $654,961 (in thousands) of the net worth of Comestibles Master Co., Ltd.

e. The total amount available for lending purpose shall not exceed $1,233,455 (in thousands) x 40% = $493,382 (in thousands) of the net worth of Perfect 85 Degrees C, Inc. The total amount for lending to a company for funding for a short-term period shall not exceed $1,233,455 (in thousands) x 40% = $493,382 (in thousands) of the net worth of Perfect 85 Degrees C, Inc.

Note 2: Transactions have been written off in these consolidated financial statements.

(Concluded)

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(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 (Foreign Currencies in Thousands)	Outstanding Endorsement/ Guarantee at the End of the Period (Foreign Currencies in Thousands)	Actual Borrowing Amount (Foreign Currencies in Thousands)	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)											
0	Gourmet Master Co. Ltd.	85 Degree (Jiangsu) Food Ltd.	b	$ 1,993,903	$ 486,240 (US$ 16,000)	$ - (US$ -)	$ - (US$ -)	$ -	4.88	$ 4,984,758	Y	N	Y	
		85 Degree (Jiangsu) Food Ltd.	b	1,993,903	37,988 (US$ 1,250)	37,988 (US$ 1,250)	37,988 (US$ 1,250)	-	0.38	4,984,758	Y	N	Y	
		85 Degree (Jiangsu) Food Ltd.	b	1,993,903	151,950 (US$ 5,000)	151,950 (US$ 5,000)	151,950 (US$ 5,000)	-	1.52	4,984,758	Y	N	Y	
		Perfect 85 Degrees C, Inc.	b	1,993,903	516,630 (US$ 17,000)	516,630 (US$ 17,000)	395,070 (US$ 13,000)	-	5.18	4,984,758	Y	N	N	
		WinPin 85 Investments, LLC	b	1,993,903	91,170 (US$ 3,000)	91,170 (US$ 3,000)	- (US$ -)	-	0.91	4,984,758	Y	N	N	
		Comestibles Master Co., Ltd.	b	1,993,903	151,950 (US$ 5,000)	151,950 (US$ 5,000)	19,000	-	1.52	4,984,758	Y	N	N	
		Comestibles Master Co., Ltd.	b	1,993,903	200,000	200,000	-	-	2.01	4,984,758	Y	N	N	
1	Comestibles Master Co., Ltd.	Gourmet Master Co. Ltd.	c	327,480	30,390 (US$ 1,000)	30,390 (US$ 1,000)	12,509 (US$ 412)	-	1.86	818,701	N	Y	N	
		Gourmet Master Co. Ltd.	c	327,480	121,560 (US$ 4,000)	121,560 (US$ 4,000)	- (US$ -)	160,697	7.42	818,701	N	Y	N	
		Gourmet Master Co. Ltd.	c	327,480	147,660	147,660	-	211,332	9.02	818,701	N	Y	N	
		WinPin 85 Investments, LLC	d	327,480	151,950 (US$ 5,000)	151,950 (US$ 5,000)	60,780 (US$ 2,000)	-	9.28	818,701	N	N	N	
		Perfect 85 Degrees C, Inc.	d	327,480	182,340 (US$ 6,000)	182,340 (US$ 6,000)	- (US$ -)	211,332	11.14	818,701	N	N	N	
		85 Degrees Café International Pty. Ltd.	a	327,480	6,749 (AUD 300)	6,749 (AUD 300)	6,749 (AUD 300)	-	0.41	818,701	N	N	N	

Note 1: Number should be noted in number column.

a. Number 0 represents the issuer.
b. Number 1 (onward) 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. A subsidiary jointly owned over fifty percent (50%) by the Company and the Company's directly-owned subsidiary.
d. The Company directly and indirectly holds more than 90% of the voting shares.
e. Guaranteed by the Company according to the construction contract.
f. An investee company of which the guarantees were provided based on the Company's proportionate share in the investee company.
g. Performance guarantees for pre-sales sales contracts under the Consumer Protection Act.

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

a. The total amount of guarantee shall not exceed 50% of the net worth Gourmet Master Co. Ltd. $9,969,515 × 50% = $4,984,758 (in thousands).
b. The total amount of the guarantee provided by Gourmet Master Co. Ltd. to any individual entity shall not exceed 20% of the net worth of Gourmet Master Co. Ltd. $9,969,515 × 20% = $1,993,903 (in thousands).
c. The total amount of guarantee shall not exceed 50% of the net worth Comestibles Master Co., Ltd. $1,637,402 × 50% = $818,701 (in thousands).
d. The total amount of guarantee provided to any individual entity shall not exceed 20% of the net worth of Comestibles Master Co., Ltd. $1,637,402 × 20% = $327,480 (in thousands).

TABLE 3

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2019				Note
				In Thousand Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Comestibles Master Co., Ltd.	Bank debentures							
	China Development Bank	NA	Financial assets at amortized cost - non-current	-	$ 30,540	-	$ 30,540	
	Shares							
	Tehmag Foods Corporation	NA	Financial assets at fair value through profit or loss - current	660	137,940	1.96	137,940	
	Fund							
	Taishin 1699 Money Market	NA	Financial assets at fair value through profit or loss - current	-	10,069	-	10,069	

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 SIX MONTHS ENDED JUNE 30, 2019
(In Thousands of New Taiwan Dollars)

Seller	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts Payable or Receivable			Note
			Purchases/ Sales	Amount	% of Total	Payment Term	Unit Price	Payment Term	Account	Ending Balance	% of Total	
Comestibles Master Co., Ltd.	MeiWei Master Co., Ltd.	Parent company	Sales	$ 134,225	7	25 days	Based on the Group’s transfer pricing policy	-	Trade receivables	$ 69,724	20	Note
Jin Wei Industrial (Shanghai) Ltd.	Shanghai Gourmet Master Food & Beverage Ltd.	Parent company	Sales	494,922	14	60 days	Based on the Group’s transfer pricing policy	-	Trade receivables	58,970	10	Note
	He-Shia Food & Beverage Ltd.	Affiliated company	Sales	363,151	11	60 days	Based on the Group’s transfer pricing policy	-	Trade receivables	70,954	12	Note
	Beijing 85 Food & Beverage Ltd.	Affiliated company	Sales	186,427	5	60 days	Based on the Group’s transfer pricing policy	-	Trade receivables	36,240	6	Note
	He-Shia (Nanjing) Food & Beverage Ltd.	Affiliated company	Sales	685,336	20	60 days	Based on the Group’s transfer pricing policy	-	Trade receivables	131,896	21	Note
	Zhejiang 85 Food & Beverage Ltd.	Affiliated company	Sales	199,989	6	60 days	Based on the Group’s transfer pricing policy	-	Trade receivables	38,184	6	Note
	Fuzhou 85 Food & Beverage Ltd.	Affiliated company	Sales	289,688	8	60 days	Based on the Group’s transfer pricing policy	-	Trade receivables	55,829	9	Note
	Xiamen 85 Food & Beverage Ltd.	Affiliated company	Sales	320,378	9	60 days	Based on the Group’s transfer pricing policy	-	Trade receivables	66,558	11	Note
	Shenzheng 85 Food & Beverage Ltd.	Affiliated company	Sales	268,028	8	60 days	Based on the Group’s transfer pricing policy	-	Trade receivables	53,117	9	Note
	Chengdu 85 Food & Beverage Ltd.	Affiliated company	Sales	155,132	5	60 days	Based on the Group’s transfer pricing policy	-	Trade receivables	26,683	4	Note
Sheng-Pin (Hangzhou) Food Ltd.	Jin Wei Industrial (Shanghai) Ltd.	Affiliated company	Sales	266,684	97	60 days	Based on the Group’s transfer pricing policy	-	Trade receivables	43,387	100	Note
Sheng-Pin (Xiamen) Food Ltd.	Jin Wei Industrial (Shanghai) Ltd.	Affiliated company	Sales	128,369	99	60 days	Based on the Group’s transfer pricing policy	-	Trade receivables	22,641	100	Note
85 Degree (Jiangsu) Food Ltd.	Jin Wei Industrial (Shanghai) Ltd.	Affiliated company	Sales	1,026,780	94	60 days	Based on the Group’s transfer pricing policy	-	Trade receivables	168,381	94	Note
Perfect 85 Degrees C, Inc.	WinPin 85 Investments, LLC	Parent company	Sales	921,915	93	30 days	Based on the Group’s transfer pricing policy	-	Trade receivables	152,851	94	Note

Note: Transactions have been written off in these consolidated financial statements.

TABLE 5

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 2019
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Comestibles Master Co., Ltd.	Mei Wei Master Co., Ltd.	Parent company	$ 100,000	(Note)	$ -	-	$ -	$ -
	Prime Scope Trading Limited	Affiliated company	267,953	(Note)	-	-	-	-
Shanghai Gourmet Master Food & Beverage Ltd.	Prime Scope Trading Limited	Affiliated company	160,755	(Note)	-	-	-	-
Jin Wei Industrial (Shanghai) Ltd.	He-Shia (Nanjing) Food & Beverage Ltd.	Affiliated company	131,896	8.43	-	-	-	-
He-Shia (Nanjing) Food & Beverage Ltd.	Shanghai Gourmet Master Food & Beverage Ltd.	Affiliated company	199,702	(Note)	-	-	-	-
	85 Degree (Jiangsu) Food Ltd.	Affiliated company	183,720	(Note)	-	-	-	-
He-Shia Food & Beverage Ltd.	Shanghai Gourmet Master Food & Beverage Ltd.	Affiliated company	108,610	(Note)	-	-	-	-
Fuzhou 85 Food & Beverage Ltd.	Shanghai Gourmet Master Food & Beverage Ltd.	Affiliated company	102,436	(Note)	-	-	-	-
Xiamen 85 Food & Beverage Ltd.	Shanghai Gourmet Master Food & Beverage Ltd.	Affiliated company	127,175	(Note)	-	-	-	-
85 Degree (Jiangsu) Food Ltd.	Jin Wei Industrial (Shanghai) Ltd.	Affiliated company	168,381	9.67	-	-	-	-
Perfect 85 Degrees C, Inc.	WinPin 85 Investments, LLC	Parent company	152,851	13.79	-	-	-	-

Note: The ending balance is primarily comprised of other receivables, which are not applicable in the calculation of the turnover ratio.

TABLE 6

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Intercompany Transactions			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
1	Comestibles Master Co., Ltd.	Mei Wei Master Co., Ltd.	c	Other receivables	$ 50,000	Financing provided, annual interest rate 1%	-
		Mei Wei Master Co., Ltd.	c	Other receivables	50,000	Financing provided, annual interest rate 1%	-
		85 Degree Co., Ltd.	c	Other receivables	10,000	Financing provided, annual interest rate 1%	-
		85 Degree Co., Ltd.	c	Other receivables	5,000	Financing provided, annual interest rate 1%	-
		Prime Scope Trading Limited	c	Other receivables	218,768	Financing provided, annual interest rate 1%	1
		Prime Scope Trading Limited	c	Other receivables	49,185	-	-
		Wordinn Limited	c	Other receivables	10,673	Financing provided, annual interest rate 2.5%	-
2	Mei Wei Master Co., Ltd.	Comestibles Master Co., Ltd.	c	Purchases	134,225	25 days	1
		Comestibles Master Co., Ltd.	c	Trade payables	69,724	25 days	-
3	Shanghai Gourmet Master Food & Beverage Ltd.	Jin Wei Industrial (Shanghai) Ltd.	c	Purchases	494,922	60 days	4
		Jin Wei Industrial (Shanghai) Ltd.	c	Trade payables	58,970	60 days	-
		Prime Scope Trading Limited	c	Other receivables	68,895	Financing provided, annual interest rate 3.5%	-
		Prime Scope Trading Limited	c	Other receivables	91,860	Financing provided, annual interest rate 3.5%	1
		Sheng-Pin (Dongguan) Food Ltd.	c	Other receivables	91,860	Financing provided, annual interest rate 2%	1
		85 Degree (Jiangsu) Food Ltd.	c	Other receivables	91,860	Financing provided, annual interest rate 2%	1
4	He-Shia Food & Beverage Ltd.	Shanghai Gourmet Master Food & Beverage Ltd.	c	Other receivables	108,610	-	1
		Jin Wei Industrial (Shanghai) Ltd.	c	Purchase	363,151	60 days	3
		Jin Wei Industrial (Shanghai) Ltd.	c	Trade payables	70,954	60 days	-
5	Beijing 85 Food & Beverage Ltd.	Jin Wei Industrial (Shanghai) Ltd.	c	Purchases	186,427	60 days	2
		Shanghai Gourmet Master Food & Beverage Ltd.	c	Other receivables	68,453	-	-
6	He-Shia (Nanjing) Food & Beverage Ltd.	Jin Wei Industrial (Shanghai) Ltd.	c	Purchases	685,336	60 days	6
		Jin Wei Industrial (Shanghai) Ltd.	c	Trade payables	131,896	60 days	1
		Shanghai Gourmet Master Food & Beverage Ltd.	c	Other receivables	199,702	-	1
		85 Degree (Jiangsu) Food Ltd.	c	Other receivables	91,860	Financing provided, annual interest rate 2%	1
		85 Degree (Jiangsu) Food Ltd.	c	Other receivables	91,860	Financing provided, annual interest rate 2%	1
		Sheng-Pin (Xiamen) Food Ltd.	c	Other receivables	91,860	Financing provided, annual interest rate 2%	1
7	Zhejiang 85 Food & Beverage Ltd.	Jin Wei Industrial (Shanghai) Ltd.	c	Purchase	199,989	60 days	2
		Shanghai Gourmet Master Food & Beverage Ltd.	c	Other receivables	68,824	-	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Intercompany Transactions: Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
8	Fuzhou 85 Food & Beverage Ltd.	Jin Wei Industrial (Shanghai) Ltd.	c	Purchases	$ 289,688	60 days	2
		Jin Wei Industrial (Shanghai) Ltd.	c	Trade payables	55,829	60 days	-
		Shanghai Gourmet Master Food & Beverage Ltd.	c	Other receivables	102,436	-	1
9	Xiamen 85 Food & Beverage Ltd.	Jin Wei Industrial (Shanghai) Ltd.	c	Purchases	320,378	60 days	3
		Jin Wei Industrial (Shanghai) Ltd.	c	Trade payables	66,558	60 days	-
		Shanghai Gourmet Master Food & Beverage Ltd.	c	Other receivables	127,175	-	1
10	Shenzheng 85 Food & Beverage Ltd.	Jin Wei Industrial (Shanghai) Ltd.	c	Purchases	268,028	60 days	2
		Jin Wei Industrial (Shanghai) Ltd.	c	Trade payables	53,117	60 days	-
		Shanghai Gourmet Master Food & Beverage Ltd.	c	Other receivables	99,294	-	1
11	Chengdu 85 Food & Beverage Ltd.	Jin Wei Industrial (Shanghai) Ltd.	c	Purchases	155,132	60 days	1
12	Wuhan Jing Way Food & Beverage Ltd.	Jin Wei Industrial (Shanghai) Ltd.	c	Purchase	96,972	60 days	1
13	85 Degree (Qingdao) Food & Beverage Management Ltd.	Jin Wei Industrial (Shanghai) Ltd.	c	Purchase	34,095	60 days	-
14	Guangzhou 85 Degree Food & Beverage Management Ltd.	Jin Wei Industrial (Shanghai) Ltd.	c	Purchase	58,971	60 days	-
15	Sheng-Ping (Hanzhou) Food Ltd.	85 Degree (Jiangsu) Food Ltd.	c	Purchases	37,404	60 days	-
16	Jin Wei Industrial (Shanghai) Ltd.	Sheng-Pin (Hangzhou) Food Ltd.	c	Purchases	266,684	60 days	2
		Sheng-Pin (Xiamen) Food Ltd.	c	Purchases	128,369	60 days	1
		85 Degree (Jiangsu) Food Ltd.	c	Purchases	1,026,780	60 days	8
		Sheng-Pin (Beijing) Food Ltd.	c	Purchases	58,190	60 days	-
		Sheng-Pin (Wuhan) Food Ltd.	c	Purchases	36,833	60 days	-
		Sheng-Pin (Qingdao) Food Ltd.	c	Purchases	35,431	60 days	-
		Mai-Jia (Chengdu) Food Ltd.	c	Purchases	42,656	60 days	-
		Sheng-Pin (Dongguan) Food Ltd.	c	Purchases	88,040	60 days	1
		85 Degree (Jiangsu) Food Ltd.	c	Trade payables	168,381	60 days	1
17	WinPin 85 Investments, LLC	Perfect 85 Degrees C, Inc.	c	Purchase	921,915	30 days	8
		Perfect 85 Degrees C, Inc.	c	Trade payables	152,851	30 days	1
		Perfect 85 Degrees C, Inc.	c	Selling and marketing expense - others (miscellaneous incomes)	106,745	-	1
18	Golden 85 Investments, LLC	Perfect 85 Degrees C, Inc.	c	Purchase	72,222	30 days	1
19	Perfect 85 Degrees C, Inc.	WinUS 85C LLC	c	Other receivables	86,674	Financing provided, annual interest rate 3.75%	1
		Comestible Master Co., Ltd.	c	Purchases	62,350	60 days	1
20	Lucky Bakery Limited	Comestibles Master Co., Ltd.	c	Purchases	29,008	60 days	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Intercompany Transactions			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
21	85 Degrees Café International Pty. Ltd.	Comestibles Master Co., Ltd.	c	Trade payables	$ 46,125	60 days	-
22	Prime Scope Trading Limited	Jin Wei Industrial (Shanghai) Ltd.	c	Other receivables	64,911	-	1
		Jin Wei Industrial (Shanghai) Ltd.	c	Other operating income (selling and marketing expense - others)	64,314	-	1

Note 1: Intercompany relationships and significant intercompany transactions information are noted within the number column as follows:

a. Number 0 represents the parent company.
b. Number 1 to 22 represents subsidiaries.

Note 2: Parties involved in the transaction have a directional relationship noted by the following:

a. “a” represents transactions from parent company to subsidiary.
b. “b” represents transactions from subsidiary to parent company.
c. “c” represents transactions between subsidiaries.

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

(Concluded)

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

INFORMATION OF INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Foreign Currencies in Thousands)		As of June 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2019	December 31, 2018	Shares	%	Carrying Amount			
Gourmet Master Co. Ltd.	85 Degree Co., Ltd.	Malaysia	Investment	$ 553,447	$ 553,447	12,899,078	100	$ 1,634,924	$ 208,899	$ 208,899	
	Prime Scope Trading Limited	Hong Kong	Investment	1,420,521 (US$ 46,743)	1,420,521 (US$ 46,743)	46,742,963	100	7,321,131	738,659	738,659	Note 1
	Perfect 85 Degrees C, Inc.	USA	Manufacturing and sale of baking food	229,523 (US$ 7,553)	229,523 (US$ 7,553)	5,301,000	100	1,233,455	103,359	103,359	Note 1
	85 Degrees Café International Pty. Ltd.	Australia	Grocery and drink retail	40,154 (AUD 1,785)	40,154 (AUD 1,785)	1,785,000	51	(4,532)	(18,237)	(9,301)	Notes 1 and 2
	Lucky Bakery Limited	Samoa	Investment	113,617 (US$ 3,739)	113,617 (US$ 3,739)	811,000	100	29,347	3,108	3,108	Notes 1 and 2
	WinWin 85C Holding Co., Ltd.	Cayman	Investment	64,123 (US$ 2,110)	64,123 (US$ 2,110)	2,110,000	100	44,573	(448)	(448)	Notes 1 and 2
WinWin 85C Holding Co., Ltd.	WinWin 85C LCC	USA	Investment	39,507 (US$ 1,300)	39,507 (US$ 1,300)	-	100	28,682	1,966	1,966	Notes 1 and 2
	WinUS 85C LLC	USA	Investment	23,096 (US$ 760)	23,096 (US$ 760)	-	100	14,974	(2,252)	(2,252)	Notes 1 and 2
Prime Scope Trading Limited	Wincase Limited	Hong Kong	Grocery and drink retail	132,514 (HK$ 34,144)	132,514 (HK$ 34,144)	-	100	15,215	(546)	(546)	Notes 1 and 2
	Worldinn Limited	Hong Kong	Manufacturing and sale of baking food	138,343 (HK$ 35,646)	138,343 (HK$ 35,646)	-	100	15,906	1,096	1,096	Notes 1 and 2
Perfect 85 Degrees C, Inc.	Golden 85 Investments, LLC	USA	Grocery and drink retail	59,912 (US$ 1,971)	59,912 (US$ 1,971)	-	65	33,901	28,461	18,500	Notes 1 and 2
	WinPin 85 Investments, LLC	USA	Grocery and drink retail	267,432 (US$ 8,800)	267,432 (US$ 8,800)	-	100	737,533	85,056	85,056	Note 1
85 Degree Co., Ltd.	Comestibles Master Co., Ltd.	Taichung City, Taiwan (R.O.C.)	Grocery and drink retail	493,447	493,447	35,908,727	100	1,637,402	225,207	225,207	
Comestibles Master Co., Ltd.	Mei Wei Master Co., Ltd.	Taichung City, Taiwan (R.O.C.)	Grocery and drink retail	129,349	129,349	3,155,893	100	(19,210)	(10,461)	(10,461)	
	The Hot Pot Food and Beverage Management Co., Ltd.	Taichung City, Taiwan (R.O.C.)	Grocery and drink retail	58,679	58,679	5,864,660	23	80,028	31,954	7,354	Note 2
	Fang Song Comestibles Ltd.	Taichung City, Taiwan (R.O.C.)	Food and beverage; grocery and drink retail	-	10,000	-	-	-	(22)	(22)	
Mei Wei Master Co., Ltd.	Mei Wei Fu Xing Ltd.	Taichung City, Taiwan (R.O.C.)	Grocery and drink retail	1,800	1,800	-	60	1,026	(1,014)	(608)	Note 2

Note 1: The exchange rate was US$1=NT$30.39; RMB1=NT$4.593; AUD1=NT$22.495; HK$1=NT$3.881 as of June 30, 2019.

Note 2: The carrying amount was based on the net assets of the investee, whose financial statements were not reviewed as of June 30, 2019.

Note 3: For information of investments in mainland China, please refer to Table 8.

TABLE 8

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Foreign Currencies in Thousands) (Note)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2019	Accumulated Repatriation of Investment Income as of June 30, 2019	Note
					Outward	Inward							
Prime Scope Trading Limited													
Shanghai Gourmet Master Food & Beverage Ltd.	Grocery and drink retail	$ 302,715 (US$ 9,961)	Direct investment	$ -	$ -	$ -	$ -	$ 266,353	100.0	$ 266,353	$ 2,063,449	$ -	Note 1
He-Shia Food & Beverage Ltd.	Grocery and drink retail	74,589 (US$ 2,454)	Direct investment	-	-	-	-	18,672	100.0	18,672	1,460,903	-	Note 1
Sheng-Pin (Hangzhou) Food Ltd.	Manufacturing and sale of baking food	60,780 (US$ 2,000)	Direct investment	-	-	-	-	21,085	100.0	21,772	262,855	-	Notes 1 and 2
He-Shia (Nanjing) Food & Beverage Ltd.	Grocery and drink retail	60,780 (US$ 2,000)	Direct investment	-	-	-	-	82,886	100.0	82,886	1,051,217	-	Note 1
Beijing 85 Food & Beverage Ltd.	Grocery and drink retail	243,120 (US$ 8,000)	Direct investment	-	-	-	-	21,946	25.0	5,486	44,726	-	Notes 1 and 2
Zhejiang 85 Food & Beverage Ltd.	Grocery and drink retail	60,780 (US$ 2,000)	Direct investment	-	-	-	-	38,395	100.0	38,395	187,172	-	Notes 1 and 2
Sheng-Pin (Beijing) Food Ltd.	Manufacturing and sale of baking food	197,535 (US$ 6,500)	Direct investment	-	-	-	-	6,175	61.5	4,289	98,273	-	Notes 1 and 2
Fuzhou 85 Food & Beverage Ltd.	Grocery and drink retail	15,195 (US$ 500)	Direct investment	-	-	-	-	51,954	100.0	51,954	547,283	-	Note 1
Sheng-Pin (Jiangsu) Food Ltd.	Manufacturing and sale of baking food	136,755 (US$ 4,500)	Direct investment	-	-	-	-	5,320	100.0	5,320	101,935	-	Notes 1 and 2
Sheng-Pin (Xiamen) Food Ltd.	Manufacturing and sale of baking food	60,780 (US$ 2,000)	Direct investment	-	-	-	-	8,113	100.0	10,034	69,308	-	Notes 1 and 2
Sheng-Pin (Qingdao) Food Ltd.	Manufacturing and sale of baking food	75,975 (US$ 2,500)	Direct investment	-	-	-	-	7,193	100.0	7,436	49,368	-	Notes 1 and 2
Xiamen 85 Food & Beverage Ltd.	Grocery and drink retail	30,390 (US$ 1,000)	Direct investment	-	-	-	-	136,841	100.0	136,841	820,872	-	Note 1
Shenyang 85 Food & Beverage Ltd.	Grocery and drink retail	30,390 (US$ 1,000)	Direct investment	-	-	-	-	90,320	100.0	90,320	29	-	Notes 1 and 2
Sheng-Pin (Shenyang) Food Ltd.	Manufacturing and sale of baking food	121,560 (US$ 4,000)	Direct investment	-	-	-	-	5,268	100.0	5,268	53,250	-	Notes 1 and 2
85 Degree (Qingdao) Food & Beverage Management Ltd.	Grocery and drink retail	60,780 (US$ 2,000)	Direct investment	-	-	-	-	2,716	100.0	2,716	96,284	-	Notes 1 and 2
85 Degree (Jiangsu) Food Ltd.	Manufacturing and sale of baking food	698,971 (US$ 23,000)	Direct investment	-	-	-	-	51,600	25.0	15,606	191,008	-	Note 1
Shanghai Gourmet Master Food & Beverage Ltd.													
Sheng-Pin (Shanghai) Food Ltd.	Manufacturing and sale of baking food	82,674 (RMB 18,000)	Direct investment	-	-	-	-	152	100.0	152	20,775	-	Notes 1 and 2
Shanghai Howco Jing Way Food & Beverage Ltd.	Grocery and drink retail	68,895 (RMB 15,000)	Direct investment	-	-	-	-	3,960	100.0	3,960	77,645	-	Notes 1 and 2
Shenzheng 85 Food & Beverage Ltd.	Grocery and drink retail	61,378 (RMB 13,363)	Direct investment	-	-	-	-	68,336	85.0	58,086	256,730	-	Notes 1 and 2
Chengdu 85 Food & Beverage Ltd.	Grocery and drink retail	122,128 (RMB 26,590)	Direct investment	-	-	-	-	3,543	100.0	3,543	115,171	-	Notes 1 and 2
Sheng-Pin (Wuhan) Food Ltd.	Manufacturing and sale of baking food	73,488 (RMB 16,000)	Direct investment	-	-	-	-	10,161	100.0	10,538	36,225	-	Notes 1 and 2

(Continued)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Foreign Currencies in Thousands) (Note)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2019	Accumulated Repatriation of Investment Income as of June 30, 2019	Note
					Outward	Inward							
Wuhan Jing Way Food & Beverage Ltd.	Grocery and drink retail	$ 211,278 (RMB 46,000)	Direct investment	$ -	$ -	$ -	$ -	$ 20,318	57.0	$ 11,485	$ 87,177	$ -	Notes 1 and 2
Jianxi Jing Way Food & Beverage Ltd.	Grocery and drink retail	27,558 (RMB 6,000)	Direct investment	-	-	-	-	(797)	100.0	(797)	(2,891)	-	Notes 1 and 2
Jin Wei Industrial (Shanghai) Ltd.	Grocery sale	9,186 (RMB 2,000)	Direct investment	-	-	-	-	41,947	100.0	42,592	134,174	-	Note 1
Guangzhou 85 Degree Food & Beverage Management Ltd.	Grocery and drink retail	73,488 (RMB 16,000)	Direct investment	-	-	-	-	6,571	100.0	6,571	66,523	-	Notes 1 and 2
Mai-Jia (Chengdu) Food Ltd.	Manufacturing and sale of baking food	113,677 (RMB 24,750)	Direct investment	-	-	-	-	(563)	100.0	320	105,661	-	Notes 1 and 2
85 Degree (Jiangsu) Food Ltd.	Manufacturing and sale of baking food	698,971 (US$ 23,000)	Direct investment	-	-	-	-	51,600	75.0	46,344	657,680	-	Note 1
Jia Ding Jing Way Food & Beverage Ltd.	Grocery and drink retail	4,593 (RMB 1,000)	Direct investment	-	-	-	-	1,832	100.0	1,832	14,386	-	Notes 1 and 2
Kunshan 85 Food & Beverage Ltd.	Grocery and drink retail	13,779 (RMB 3,000)	Direct investment	-	-	-	-	733	100.0	733	17,605	-	Notes 1 and 2
Sheng-Pin (Dongguan) Food Ltd.	Manufacturing and sale of baking food	321,510 (RMB 70,000)	Direct investment	-	-	-	-	2,079	100.0	428	320,448	-	Notes 1 and 2
Shenzheng 85 Food & Beverage Ltd.													
Sheng-Pin (Shenzheng) Food Ltd.	Manufacturing and sale of baking food	29,855 (RMB 6,500)	Direct investment	-	-	-	-	1,189	85.0	4,294	14,462	-	Notes 1 and 2
85 Degree (Qingdao) Food & Beverage Management Ltd.													
Qingdao Jie Wei Food & Beverage Management Ltd.	Grocery and drink retail	6,890 (RMB 1,500)	Direct investment	-	-	-	-	1,199	100.0	1,199	12,367	-	Notes 1 and 2
He-Shia Food & Beverage Ltd.													
Wuhan Jing Way Food & Beverage Ltd.	Grocery and drink retail	211,278 (RMB 46,000)	Direct investment	-	-	-	-	20,318	43.0	8,833	67,059	-	Notes 1 and 2
Beijing 85 Food & Beverage Ltd.	Grocery and drink retail	243,120 (US$ 8,000)	Direct investment	-	-	-	-	21,946	75.0	16,460	134,179	-	Notes 1 and 2
Sheng-Pin (Beijing) Food Ltd.	Manufacturing and sale of baking food	197,535 (US$ 6,500)	Direct investment	-	-	-	-	6,175	38.5	2,685	61,520	-	Notes 1 and 2

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2019	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$30.39, RMB1=NT$4.593 as of June 30, 2019.

Note 2: The carrying amount was based on the net assets of the investee, whose financial statements were not reviewed as of June 30, 2019.

(Concluded)