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Company Overview

Chairman
LAI, TSUNG-CHENG

General Manager
LIN, SHU-TING

Date of Incorporation
2003 January

Paid-in Capital
NT$ 3.79 million

Number of Employees
1,600

14 Directly Owned Brand
1 Agency
Chinese style cuisine
Western style cuisine
Japanese style cuisine

Taiwan: 30 stores (29 Directly Owned & 1 Agency)
Xi’an: 4 stores (Directly Owned)
Shanghai: 2 stores (Franchise)

professional manager
+ "Head Chef" System
Business Philosophy

Integrity

• We firmly believe “integrity” is the basis of sustainable operation. Treat people with sincerity, and they will give feedback in return. From the Executive to staff, internally to externally, everyone works with chariness and responsibility. It is our culture that every employee stays on top of their work and be responsible to customers. At the meanwhile, they are responsible to themselves too.

Innovation

• Creation, innovation and R&D is the indispensable mainspring to maintain business growth. All our team members have had long-term research as well as business plan in product, industry, and market trend. We commit ourselves to encourage innovation, strengthen product, and plant creative seeds in every member of the team.

Share

• With satisfied employee, we are able to provide good service; with satisfied suppliers, we are able to provide good products. Good service with good product together brings up satisfied customers. We devote ourselves into creating favorable environment, share with people and build a better future together.

Green friendly

• We care our environment, we love our Earth. We build our own brand and cooperate with local farmers to create more innovative vegetable cuisines. We hope more and more people will like and enjoy these cuisines, and at the same time, make some efforts for our lovely Earth.
Company History (1/2)

- **2003**
  - Jan. – Established Hi-Lai Foods Co., Ltd.
  - Set up Kaohsiung branch. *(Located in Grand Hi Lai Hotel)*

- **2008**
  - Jun. – Set up Arena branch. *(Located in Hanshin Arena Shopping Plaza)*

- **2011**
  - Jul. – Founded Hi-Lai University of Food and Beverage

- **2012**
  - Apr. – Set up Buddha branch. *(Located in Kaohsiung Buddha Museum)*

- **2013**
  - Apr. – Set up Taichung branch. *(Located in KSSOGO TAICHUNG)*
Company History (2/2)

2014
• Apr. – Set up Taoyuan branch. (Located in TaiMall Shopping Center)
• Jul. – Established Hi-Lai Foods Ltd. in Xi’an. (Located in NIFC)
• Dec. – Set up Tainan branch. (Located in T.S. Mall)

2015
• May – Set up Dunhuan branch. (Located in Pacific SOGO-Dunhua & Zhongxiao)
• Oct. – Kaohsiung Teppanyaki Restaurant was certified HACCP by KH Health Bureau
• Dec. – Enter into Emerging Stock Board.

2016
• Jan. – Set up a laboratory and central kitchen
• May – Mei-Shan central factory was certified HACCP by Universal Certification Service
• Jun. – Franchise brands in Shanghai. (Located in Vanke Square of Qibao)
• Jul. – Set up Tianmu branch. (Located in Pacific SOGO-Tianmu)
• Oct. – Harbour Restaurant won “People’s Choice” of the National Brand Yushan Award.

2017
• Jun. – All our brands are selected “Excellent Restaurant” by Tripadvisor
• Jun. – Celebrity Cuisine won “Awards of Excellence” by Wine Spectator
Corporate Structure

- Shareholders
- Board of directors
- General office
  - Salary Compensation Committee
  - The Audit Committee
  - Auditing office

- Tianmu branch
- Dunhua branch
- Tainan branch
- Taoyuan branch
- Taichung branch
- Buddha branch
- Arena branch
- Kaohsiung branch
- Head office

- Development Department
- Marketing & Planning Department
- Purchasing Department
- Financial Department
- Human Resources
- IT Department
- Food Safety Department
- Safety & Hygiene Department
B. 15 Brands
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<table>
<thead>
<tr>
<th>Brand</th>
<th>Harbour Restaurant</th>
<th>Banquet</th>
<th>Hi Lai Xuan /Jade Garden Restaurant</th>
<th>Celebrity Cuisine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg. Unit Price</td>
<td>Taipei area $841; Other areas $746</td>
<td>$1,099</td>
<td>$591</td>
<td>$1,982</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Brand Introduction - I

<table>
<thead>
<tr>
<th>Brand</th>
<th>Hi-Lai Vegetarian Restaurant</th>
<th>Shanghainese Dumpling</th>
<th>Taiwanese Restaurant</th>
<th>Seafood Hot Pot</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg. Unit Price</td>
<td>$452</td>
<td>$427</td>
<td>$809</td>
<td>$1,045</td>
</tr>
</tbody>
</table>
## Brand Introduction Ⅲ

<table>
<thead>
<tr>
<th>Brand</th>
<th>Avg. Unit Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teppanyaki Restaurant</td>
<td>$1,815</td>
</tr>
<tr>
<td>Steak House</td>
<td>$1,149</td>
</tr>
<tr>
<td>Japanese Restaurant Ben Kei</td>
<td>$1,290</td>
</tr>
<tr>
<td>Lobster Bar</td>
<td>$1,514</td>
</tr>
</tbody>
</table>
## Brand Introduction-IV

<table>
<thead>
<tr>
<th>Brand</th>
<th>Hi-Lai Cafe</th>
<th>Deli&amp;Bakery</th>
<th>Pool Side Café</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg. Unit Price</td>
<td>$230</td>
<td>$462</td>
<td>$751</td>
</tr>
</tbody>
</table>
# Brand Layout- I

## Directly Owned

<table>
<thead>
<tr>
<th>No.</th>
<th>Brand</th>
<th>Directly Owned</th>
<th>Franchise</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Harbour Restaurant</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Banquet</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Hi-Lai Vegetarian Restaurant</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Hi Lai Xuan /Jade Garden</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Teppanyaki Restaurant Rest.</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Hi-Lai Cafe</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Taiwanese Restaurant</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Shanghainese Dumpling</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Steak House</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Celebrity Cuisine (Agency)</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Seafood Hot Pot</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Deli&amp;Bakery</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Japanese Restaurant Ben Kei</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Lobster Bar</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Pool Side Café</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>34</strong></td>
<td><strong>2</strong></td>
</tr>
</tbody>
</table>

## Franchise

<table>
<thead>
<tr>
<th>No.</th>
<th>City</th>
<th>Foothold</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shanghai</td>
<td>Vanke Square in Shanghai Qibao</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No.</th>
<th>City</th>
<th>Foothold</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kaohsiung</td>
<td>Grand Hi Lai Hotel</td>
<td>14</td>
</tr>
<tr>
<td>2</td>
<td>Kaohsiung</td>
<td>HanshinArena Mall</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Buddha Museum</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>Tainan</td>
<td>T.S. Mall</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>Taichung</td>
<td>KS SOGO</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>Taoyuan</td>
<td>Tai Mall</td>
<td>2</td>
</tr>
<tr>
<td>7</td>
<td>Taipei</td>
<td>Dunhua SOGO</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>Taipei</td>
<td>Tianmu SOGO</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>Taipei</td>
<td>Zhongxiao SOGO</td>
<td>1</td>
</tr>
<tr>
<td>10</td>
<td>Xi’an</td>
<td>Hanshin Xian Mall</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>34</strong></td>
</tr>
</tbody>
</table>
Brand Layout - Ⅱ

Hotel system

Delicate high-end cuisine and service

Department store system

Key brand operation

Multi-brand

Theme restaurant

14 Brands

- Lobster Bar
- Teppanyaki Restaurant
- Steak House
- Harbour Restaurant
- Celebrity Cuisine (Agency)
- Pool Side Café
- Cantonese Jade Garden Rest.
- Japanese Restaurant Ben Kei
- Shanghainese Dumpling
- Seafood Hot Pot
- Taiwanese Restaurant
- Banquet
- Hi-Lai Café
- Deli&Bakery

Harbour Restaurant
- 7 Stores in Taiwan
- 2 Stores in China

Hi-Lai Vegetarian
- 5 Stores in Taiwan
- 1 Stores in China

Jade Garden
- 3 Stores in Taiwan
- 1 Stores in China

Hi Lai Xuan
- 1 Stores in Taiwan

Celebrity Cuisine
**Pie Chart - Sales Ratio**

- Harbor Cuisine Series: 53%
- Banquet Cuisine Series: 20%
- Cantonese Cuisine Series: 7%
- Vegetable Cuisine Series: 6%
- Celebrity Cuisine: 3%
- SHANGHAI DUMPLING: 1%
- Others: 10%
Profit Ranking by Brand

<table>
<thead>
<tr>
<th>Restaurant Type</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pool Side Café</td>
<td>15</td>
</tr>
<tr>
<td>Lobster Bar</td>
<td>14</td>
</tr>
<tr>
<td>Japanese Restaurant Ben Kei</td>
<td>13</td>
</tr>
<tr>
<td>Deli &amp; Bakery</td>
<td>12</td>
</tr>
<tr>
<td>Seafood Hot Pot</td>
<td>11</td>
</tr>
<tr>
<td>Celebrity Cuisine</td>
<td>10</td>
</tr>
<tr>
<td>Steak House</td>
<td>9</td>
</tr>
<tr>
<td>Shanghaiese Dumpling</td>
<td>8</td>
</tr>
<tr>
<td>Taiwanese Restaurant</td>
<td>7</td>
</tr>
<tr>
<td>Hi-Lai Cafe</td>
<td>6</td>
</tr>
<tr>
<td>Teppanyaki Restaurant</td>
<td>5</td>
</tr>
<tr>
<td>Cantonese Jade Garden Rest.</td>
<td>4</td>
</tr>
<tr>
<td>Hi-Lai Vegetarian</td>
<td>3</td>
</tr>
<tr>
<td>Banquet Hall</td>
<td>2</td>
</tr>
<tr>
<td>Harbour Restaurant</td>
<td>1</td>
</tr>
</tbody>
</table>
C. Operating Results
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Growth and Expansion

Step out Kaohsiung
Step into Mainland China

3 20 3 20 4 32
15.90 E 17.95 E 19.78 E 21.79 E 28.96 E 31.66 E

- Expand Restaurant Count
- Total Restaurants
- Sales Revenue (NT$ hundred million, "E")
## Prior 3 Years Profit

Unit: NT$ thousands

<table>
<thead>
<tr>
<th>Item</th>
<th>From 2014 to 2016</th>
<th>2017 First Half Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year</strong></td>
<td>2014</td>
<td>2015</td>
</tr>
<tr>
<td><strong>Net Revenue</strong></td>
<td>2,178,952</td>
<td>2,896,411</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>986,080</td>
<td>1,254,946</td>
</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td>45%</td>
<td>43%</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>138,690</td>
<td>240,179</td>
</tr>
<tr>
<td><strong>Non-operating Income and Expenses</strong></td>
<td>35,580</td>
<td>549</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>136,783</td>
<td>181,351</td>
</tr>
<tr>
<td><strong>Basic Earnings Per Share</strong></td>
<td>5.10</td>
<td>6.13</td>
</tr>
</tbody>
</table>
## Financial Performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Paid in Capital (NT$ million)</th>
<th>EPS</th>
<th>Dividend per share in the following year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Cash</td>
</tr>
<tr>
<td>2016</td>
<td>336,000</td>
<td>7.30</td>
<td>5.70</td>
</tr>
<tr>
<td>2015</td>
<td>320,000</td>
<td>6.13</td>
<td>4.50</td>
</tr>
<tr>
<td>2014</td>
<td>282,000</td>
<td>5.10</td>
<td>4.11</td>
</tr>
</tbody>
</table>

Unit: NTD
D. Industry Analysis & Competitiveness
• Industry Analysis ........................................27
• Competitiveness ........................................28
Industry Analysis

Taiwan Catering Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Billion</th>
<th>Yearly Increasing Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>4,007</td>
<td>1.57%</td>
</tr>
<tr>
<td>2003</td>
<td>4,129</td>
<td>3.04%</td>
</tr>
<tr>
<td>2004</td>
<td>4,241</td>
<td>2.71%</td>
</tr>
<tr>
<td>2005</td>
<td>4,394</td>
<td>3.61%</td>
</tr>
</tbody>
</table>

- **Hi-Lai** growth rate far ahead market growth rate
- **Food and Beverage** industry rising
Competitiveness

- Hotel and food business operation separately
  - Head Chef / manager system
  - Choice of extension

- Business model innovation
  - Michelins star restaurant
  - Bidding in public
  - Consortium purchase
  - Field trip to suppliers factory
  - Chef acceptance

- Product development
  - Five star DNA
  - professional cookery
  - high standard service

- Agent for famous brand
  - Cuisine tasting regularly
  - Contract production farm
  - Seasoned ingredients

- Brand establishment
  - enhance chefs’ culinary skill
  - broaden chefs’ horizons
  - Strengthen product competitiveness

- Cost management
  - professional cookery
  - high standard service

- Quality maintenance
  - enhance chefs’ culinary skill
  - strengthen chefs’ horizons
  - Strengthen product competitiveness
E. Future Development Plan
• Expansion

• Developing Young Brands

• Business Model

• Sustainability
To Act on behalf of International Brands.

To Build New Brands.

To Earn Michelin Stars.

Expansion

$$$$$$
Developing Young Brands

- Affordable Prices
- Attract Younger Groups
- In Tune with the Day
- ECO Friendly
Business Model

- **Directly Owned**
  - Self-owned brand upgrade
  - Build new brand

- **Agency**
  - Celebrity cuisine
  - Keep searching premium brands

- **Franchise**
  - Open two restaurants in Shanghai
  - In discuss in other areas

China

Taiwan

Future Overseas
Corporate Social Responsibility

- Social responsibility
- Create job opportunity
- Food safety
- Energy saving
- Friendly environment

1,600 employees

Hold charity party.
Kaohsiung volunteer association.
Hold orphanage party.
Disaster relief of Kaohsiung gas explosion and Mi Nung earthquake.
Sponsor Taipei 101 fireworks show.

Select environment-friendly package material.
Environment-friendly printing.
Souvenir

Comply HACCP standard.
Self inspection.
Suppliers hand in qualified report.
Third party inspection

6 restaurants are certified green-friendly; we choose local food materials to shorten food transport distance.
Thanks for listening