

# GOURMET MASTER CO. LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

ASSETS	2016		2015	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 3,151,391	24	\$ 3,054,982	25
Financial assets at fair value through profit or loss - current (Note 7)	136,070	1	108,900	1
Debt investments with no active market - current (Notes 9)	2,311,628	17	979,185	8
Notes receivable	1,617	-	6,522	-
Trade receivables (Notes 10 and 30)	295,745	2	262,608	2
Other receivables (Note 30)	98,632	1	85,503	1
Current tax assets	21,113	-	140	-
Inventories (Note 11)	706,987	5	636,774	5
Prepayments (Note 17)	274,758	2	414,433	3
Other current assets (Note 17)	17,326	-	21,524	-
Total current assets	<u>7,015,267</u>	<u>52</u>	<u>5,570,571</u>	<u>45</u>
<b>NON-CURRENT ASSETS</b>				
Held-to-maturity financial assets - non-current (Note 8)	32,370	-	32,969	-
Debt investments with no active market - non-current (Notes 9 and 31)	133,893	1	195,568	2
Investments accounted for using equity method (Note 13)	79,270	1	71,072	1
Property, plant and equipment (Notes 14 and 31)	5,057,520	38	5,318,642	43
Investment properties (Notes 15 and 31)	172,243	1	173,747	1
Intangible assets (Notes 16)	63,649	-	92,275	1
Deferred tax assets (Notes 5 and 23)	112,860	1	128,349	1
Prepaid equipment (Note 17)	222,631	2	125,761	1
Refundable deposits (Note 17)	481,341	4	507,662	4
Other non-current assets (Note 17)	65,004	-	73,082	1
Total non-current assets	<u>6,420,781</u>	<u>48</u>	<u>6,719,127</u>	<u>55</u>
<b>TOTAL</b>	<u>\$ 13,436,048</u>	<u>100</u>	<u>\$ 12,289,698</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 18 and 31)	\$ 187,239	2	\$ 31,073	-
Notes payable	823	-	-	-
Trade payables (Note 19)	1,228,936	9	1,203,149	10
Other payables (Note 20)	1,261,912	9	1,240,067	10
Other payables to related parties (Note 30)	166,546	1	-	-
Current tax liabilities	182,174	1	131,479	1
Receipts in advance (Note 20)	1,047,509	8	822,404	7
Current portion of long-term borrowings (Note 18 and 31)	-	-	54,235	-
Other current liabilities (Note 20)	26,787	-	23,099	-
Total current liabilities	<u>4,101,926</u>	<u>30</u>	<u>3,505,506</u>	<u>28</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 18 and 31)	448,394	3	966,327	8
Decommission, restoration and rehabilitation provisions (Note 20)	85,093	1	72,843	1
Deferred tax liabilities (Notes 5 and 23)	-	-	597	-
Guarantee deposits received (Note 20)	132,901	1	51,814	-
Total non-current liabilities	<u>666,388</u>	<u>5</u>	<u>1,091,581</u>	<u>9</u>
Total liabilities	<u>4,768,314</u>	<u>35</u>	<u>4,597,087</u>	<u>37</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)</b>				
Share capital	1,481,760	11	1,411,200	11
Capital surplus				
Additional paid-in capital	2,681,126	20	2,681,126	22
Retained earnings				
Reserve	590,779	5	476,860	4
Special reserve	38,098	-	38,098	-
Unappropriated earnings	3,893,735	29	2,689,963	22
Total retained earnings	4,522,612	34	3,204,921	26
Other equity	(95,072)	(1)	336,894	3
Total equity attributable to owners of the Company	8,590,426	64	7,634,141	62
<b>NON-CONTROLLING INTERESTS</b>	<u>77,308</u>	<u>1</u>	<u>58,470</u>	<u>1</u>
Total equity	<u>8,667,734</u>	<u>65</u>	<u>7,692,611</u>	<u>63</u>
<b>TOTAL</b>	<u>\$ 13,436,048</u>	<u>100</u>	<u>\$ 12,289,698</u>	<u>100</u>

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

# GOURMET MASTER CO. LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE (Note 35)	\$ 22,046,504	100	\$ 20,457,364	100
OPERATING COSTS (Notes 22 and 30)	<u>(9,218,839)</u>	<u>(42)</u>	<u>(8,868,154)</u>	<u>(43)</u>
GROSS PROFIT	<u>12,827,665</u>	<u>58</u>	<u>11,589,210</u>	<u>57</u>
OPERATING EXPENSES				
Selling and marketing expenses	(9,430,557)	(43)	(8,893,598)	(44)
General and administrative expenses	(1,001,691)	(4)	(979,232)	(5)
Research and development expenses	<u>(31,799)</u>	<u>-</u>	<u>(36,033)</u>	<u>-</u>
Total operating expenses	<u>(10,464,047)</u>	<u>(47)</u>	<u>(9,908,863)</u>	<u>(49)</u>
PROFIT FROM OPERATIONS	<u>2,363,618</u>	<u>11</u>	<u>1,680,347</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22 , 25 and 30)				
Other income	246,950	1	203,103	1
Other gains and losses	(218,193)	(1)	(318,812)	(1)
Finance costs	(15,986)	-	(6,397)	-
Share of profit or loss of associates	<u>19,420</u>	<u>-</u>	<u>11,653</u>	<u>-</u>
Total non-operating income and expenses	<u>32,191</u>	<u>-</u>	<u>(110,453)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	2,395,809	11	1,569,894	8
INCOME TAX EXPENSE (Note 23)	<u>(613,254)</u>	<u>(3)</u>	<u>(403,851)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>1,782,555</u>	<u>8</u>	<u>1,166,043</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences arising on translation to the presentation currency	(632,250)	(3)	(139,707)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>198,019</u>	<u>1</u>	<u>78,167</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(434,231)</u>	<u>(2)</u>	<u>(61,540)</u>	<u>(1)</u>

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# GOURMET MASTER CO. LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,348,324</u>	<u>6</u>	<u>\$ 1,104,503</u>	<u>5</u>
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	\$ 1,741,051	8	\$ 1,139,182	6
Non-controlling interests	<u>41,504</u>	<u>-</u>	<u>26,861</u>	<u>-</u>
	<u>\$ 1,782,555</u>	<u>8</u>	<u>\$ 1,166,043</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	\$ 1,309,085	6	\$ 1,079,592	5
Non-controlling interests	<u>39,239</u>	<u>-</u>	<u>24,911</u>	<u>-</u>
	<u>\$ 1,348,324</u>	<u>6</u>	<u>\$ 1,104,503</u>	<u>5</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 11.75</u>		<u>\$ 7.69</u>	

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

(Concluded)

## GOURMET MASTER CO. LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	Equity Attributable to the Owners of the Company						Other Equity Exchange Differences on Translating Foreign Operations	Total	Non-controlling Interests	Total Equity
	Share (Thousand)	Share Capital	Capital Surplus	Retained Earnings						
				Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2015	141,120	\$ 1,411,200	\$ 2,681,126	\$ 424,109	\$ 38,098	\$ 1,772,876	\$ 396,484	\$ 6,723,893	\$ 51,182	\$ 6,775,075
Appropriation of 2014 earnings										
Reserve	-	-	-	52,751	-	(52,751)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(169,344)	-	(169,344)	-	(169,344)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(17,623)	(17,623)
Net profit for the year ended December 31, 2015	-	-	-	-	-	1,139,182	-	1,139,182	26,861	1,166,043
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	-	-	(59,590)	(59,590)	(1,950)	(61,540)
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	-	1,139,182	(59,590)	1,079,592	24,911	1,104,503
BALANCE AT DECEMBER 31, 2015	141,120	1,411,200	2,681,126	476,860	38,098	2,689,963	336,894	7,634,141	58,470	7,692,611
Appropriation of 2015 earnings										
Reserve	-	-	-	113,919	-	(113,919)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(352,800)	-	(352,800)	-	(352,800)
Share dividends distributed by the Company	7,056	70,560	-	-	-	(70,560)	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(20,401)	(20,401)
Net profit for the year ended December 31, 2016	-	-	-	-	-	1,741,051	-	1,741,051	41,504	1,782,555
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	-	(431,966)	(431,966)	(2,265)	(434,231)
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	-	1,741,051	(431,966)	1,309,085	39,239	1,348,324
BALANCE AT DECEMBER 31, 2016	148,176	\$ 1,481,760	\$ 2,681,126	\$ 590,779	\$ 38,098	\$ 3,893,735	\$ (95,072)	\$ 8,590,426	\$ 77,308	\$ 8,667,734

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

# GOURMET MASTER CO. LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,395,809	\$ 1,569,894
Adjustments for:		
Depreciation expenses	1,132,998	1,079,035
Amortization expenses	36,128	29,765
Impairment loss recognized (reversal of impairment loss) on trade receivables	-	(6,869)
Net gain on fair value change of financial assets at fair value through profit or loss	(17,198)	(3,900)
Interest expense	15,986	6,397
Interest income	(83,135)	(54,810)
Dividend income	(6,600)	-
Share of (profit) loss of associates	(19,420)	(11,653)
Loss on disposal of property, plant and equipment	24,352	165,692
Loss on disposal of intangible assets	334	597
Impairment loss of non-financial assets	55,927	8,785
Amortization of prepayments for lease	1,293	1,329
Changes in operating assets and liabilities		
Financial assets held for trading	(10,000)	(105,000)
Notes receivable	4,905	(6,304)
Trade receivables	(32,859)	(17,037)
Other receivables	15,913	(311)
Inventories	(75,859)	(111,499)
Prepayments	139,675	(53,344)
Other current assets	4,198	(8,908)
Other operating assets	6,785	(663)
Notes payable	823	-
Trade payables	25,787	209,134
Other payables	15,986	50,065
Provisions	12,250	16,117
Receipts in advance	225,105	180,430
Other current liabilities	<u>3,688</u>	<u>7,505</u>
Cash generated from operations	3,872,871	2,944,447
Interest paid	(16,784)	(6,397)
Income taxes paid	<u>(570,641)</u>	<u>(395,194)</u>
Net cash generated from operating activities	<u>3,285,446</u>	<u>2,542,856</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of debt investments with no active market	(1,270,768)	(1,118,683)
Purchase of held-to-maturity financial assets	-	(32,969)
Acquisition of investment accounted for by equity method	(561)	(164)
Payment for property, plant and equipment	(1,019,969)	(1,328,655)
Proceeds from disposal of property, plant and equipment	58,153	34,376
Increase in refundable deposits	(94,029)	(75,856)

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# GOURMET MASTER CO. LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
Decrease in refundable deposits	87,936	107,547
Acquisition of intangible assets	(16,386)	(47,814)
Proceeds from disposal of intangible assets	1	7
Increase in prepaid equipment	(369,546)	(450,738)
Interest received	54,093	46,568
Dividends received from associates	11,783	-
Other dividends received	<u>6,600</u>	<u>-</u>
Net cash used in investing activities	<u>(2,552,693)</u>	<u>(2,866,381)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	156,166	31,073
Proceeds from long-term borrowings	-	1,026,912
Repayments of long-term borrowings	(540,810)	(13,161)
Increase in guarantee deposits received	88,069	37,635
Decrease in guarantee deposits received	(4,564)	(53,302)
Increase in other payables to related parties	166,546	-
Dividends paid to owners of the Company	(352,800)	(169,344)
Dividends paid to non-controlling interests	<u>(20,401)</u>	<u>(17,623)</u>
Net cash (used in) generated from financing activities	<u>(507,794)</u>	<u>842,190</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(128,550)</u>	<u>56,214</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	96,409	574,879
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,054,982</u>	<u>2,480,103</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,151,391</u>	<u>\$ 3,054,982</u>

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

(Concluded)