

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018		2017	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 2,064,104	13	\$ 2,794,862	18
Financial assets at fair value through profit or loss - current (Note 7)	2,211,574	13	165,148	1
Financial assets at amortized cost - current	938,671	6	-	-
Debt investments with no active market - current (Notes 9 and 32)	-	-	3,702,772	23
Notes receivable	2,420	-	1,908	-
Trade receivables (Notes 10 and 31)	312,711	2	356,296	2
Other receivables (Note 31)	84,033	-	136,188	1
Current tax assets	140,450	1	45,527	-
Inventories (Note 11)	761,614	5	768,453	5
Prepayments (Note 17)	429,798	3	464,907	3
Other current assets (Note 17)	23,021	-	17,771	-
Total current assets	6,968,396	43	8,453,832	53
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current	934,085	6	-	-
Held-to-maturity financial assets - non-current (Note 8)	-	-	29,847	-
Debt investments with no active market - non-current (Notes 9 and 32)	-	-	369,301	2
Financial assets at amortized cost - non-current	766,431	5	-	-
Investments accounted for using equity method (Note 13)	92,839	1	87,930	1
Property, plant and equipment (Notes 14 and 32)	6,143,860	38	5,592,612	36
Investment properties (Notes 15 and 32)	203,722	1	210,422	1
Intangible assets (Note 16)	47,018	-	46,103	-
Deferred tax assets (Notes 5 and 24)	110,334	1	96,418	1
Prepaid equipment (Note 17)	227,084	1	212,640	1
Refundable deposits (Note 17)	478,856	3	464,575	3
Other non-current assets (Note 17)	193,058	1	244,065	2
Total non-current assets	9,197,287	57	7,353,913	47
TOTAL	\$ 16,165,683	100	\$ 15,807,745	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 32)	\$ 405,498	3	\$ 784,964	5
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	3,134	-
Contract liabilities - current	1,416,158	9	-	-
Notes payable	1,023	-	1,358	-
Trade payables (Note 19)	1,547,497	10	1,272,022	8
Other payables (Notes 20 and 31)	1,512,240	9	1,559,830	10
Current tax liabilities	177,690	1	176,495	1
Receipts in advance (Note 20)	-	-	1,230,587	8
Deferred revenue-current (Notes 20 and 26)	1,962	-	129,022	1
Current portion of long-term borrowings (Notes 18 and 32)	-	-	238,622	1
Other current liabilities (Note 20)	47,301	-	45,051	-
Total current liabilities	5,109,369	32	5,441,085	34
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18, 31 and 32)	159,600	1	155,109	1
Decommission, restoration and rehabilitation provisions (Note 20)	91,974	-	119,808	1
Deferred tax liabilities	148,046	1	-	-
Deferred revenue - non-current (Notes 20 and 26)	11,117	-	13,351	-
Guarantee deposits received (Note 20)	167,650	1	151,534	1
Total non-current liabilities	578,387	3	439,802	3
Total liabilities	5,687,756	35	5,880,887	37
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Capital				
Share capital	1,800,000	11	1,629,936	10
Capital surplus				
Additional paid-in capital	2,369,956	15	2,532,950	16
Retained earnings				
Reserve	978,691	6	764,883	5
Special reserve	227,788	2	95,072	-
Unappropriated earnings	5,395,920	33	5,059,852	32
Total retained earnings	6,602,399	41	5,919,807	37
Other equity	(317,687)	(2)	(227,788)	(1)
Total equity attributable to owners of the Company	10,454,668	65	9,854,905	62
NON-CONTROLLING INTERESTS	23,259	-	71,953	1
Total equity	10,477,927	65	9,926,858	63
TOTAL	\$ 16,165,683	100	\$ 15,807,745	100

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

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Note 36)	\$ 24,115,084	100	\$ 23,018,413	100
OPERATING COSTS (Notes 23 and 31)	<u>(9,950,166)</u>	<u>(41)</u>	<u>(9,361,739)</u>	<u>(41)</u>
GROSS PROFIT	<u>14,164,918</u>	<u>59</u>	<u>13,656,674</u>	<u>59</u>
OPERATING EXPENSES				
Selling and marketing expenses	(10,810,720)	(45)	(9,801,235)	(43)
General and administrative expenses	(981,313)	(4)	(982,770)	(4)
Research and development expenses	(34,884)	-	(37,983)	-
Expected credit loss (Note 11)	<u>(53,077)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>(11,879,994)</u>	<u>(50)</u>	<u>(10,821,988)</u>	<u>(47)</u>
PROFIT FROM OPERATIONS	<u>2,284,924</u>	<u>9</u>	<u>2,834,686</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Notes 14, 23, 26 and 31)				
Other income	345,634	2	291,304	1
Other gains and losses	(204,075)	(1)	(152,613)	-
Finance costs	(27,952)	-	(25,767)	-
Share of profit or loss of associates	<u>20,166</u>	<u>-</u>	<u>22,637</u>	<u>-</u>
Total non-operating income and expenses	<u>133,773</u>	<u>1</u>	<u>135,561</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	2,418,697	10	2,970,247	13
INCOME TAX EXPENSE (Note 24)	<u>(758,752)</u>	<u>(3)</u>	<u>(815,297)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>1,659,945</u>	<u>7</u>	<u>2,154,950</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences arising on translation to the presentation currency	(202,856)	(1)	(90,315)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>111,159</u>	<u>-</u>	<u>(43,929)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(91,697)</u>	<u>(1)</u>	<u>(134,244)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,568,248</u>	<u>6</u>	<u>\$ 2,020,706</u>	<u>9</u>

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GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,667,624	7	\$ 2,138,075	9
Non-controlling interests	<u>(7,679)</u>	<u>-</u>	<u>16,875</u>	<u>-</u>
	<u>\$ 1,659,945</u>	<u>7</u>	<u>\$ 2,154,950</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,577,725	6	\$ 2,005,359	9
Non-controlling interests	<u>(9,477)</u>	<u>-</u>	<u>15,347</u>	<u>-</u>
	<u>\$ 1,568,248</u>	<u>6</u>	<u>\$ 2,020,706</u>	<u>9</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 9.26</u>		<u>\$ 11.88</u>	

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

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GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (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
	Shares (In Thousands)	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings				
				Reserve	Special Reserve					
BALANCE AT JANUARY 1, 2017	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
Appropriation of 2016 earnings										
Reserve	-	-	-	174,104	-	(174,104)	-	-	-	-
Special Reserve	-	-	-	-	56,974	(56,974)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(740,880)	-	(740,880)	-	(740,880)
Other changes in capital surplus										
Issuance of share dividends from capital surplus	14,818	148,176	(148,176)	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(20,702)	(20,702)
Net profit for the year ended December 31, 2017	-	-	-	-	-	2,138,075	-	2,138,075	16,875	2,154,950
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	(132,716)	(132,716)	(1,528)	(134,244)
Total comprehensive income for the year ended December 31, 2017	-	-	-	-	-	2,138,075	(132,716)	2,005,359	15,347	2,020,706
BALANCE AT DECEMBER 31, 2017	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 earnings										
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	-	-	-	-	-	-	-	-	(39,217)	(39,217)
Net profit for the year ended December 31, 2018	-	-	-	-	-	1,667,624	-	1,667,624	(7,679)	1,659,945
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	(89,899)	(89,899)	(1,798)	(91,697)
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GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(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
	Shares (In Thousands)	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings				
				Reserve	Special Reserve					
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	-	1,667,624	(89,899)	1,577,725	(9,477)	1,568,248
BALANCE AT DECEMBER 31, 2018	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

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, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,418,697	\$ 2,970,247
Adjustments for:		
Depreciation expenses	1,194,108	1,078,060
Amortization expenses	23,149	31,724
Expected credit loss recognized on trade receivables	53,077	-
Impairment loss recognized on trade receivables	-	3,934
Net loss on fair value changes of financial assets designated as at fair value through profit or loss	16,929	-
Net gain on fair value change of financial assets at fair value through profit or loss	-	(18,396)
Interest expense	27,952	25,767
Interest income	(199,232)	(142,700)
Dividend income	(6,930)	(6,000)
Share of (profit) loss of associates	(20,166)	(22,637)
Loss on disposal of property, plant and equipment	72,787	63,553
Loss on disposal of intangible assets	1	12
Impairment loss of non-financial assets	25,689	70,710
Amortization of prepayments for leases	5,235	1,992
Government grants	(2,012)	(4,567)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	854,548	-
Notes receivable	(512)	(291)
Trade receivables	(6,811)	(64,323)
Other receivables	39,608	(5,949)
Inventories	265	(68,806)
Prepayments	35,109	(190,149)
Other current assets	(5,250)	(445)
Other operating assets	573	1,160
Notes payable	(335)	535
Trade payables	275,475	43,086
Other payables	3,816	188,508
Provisions	(27,834)	34,715
Contract liabilities	58,552	-
Receipts in advance	-	264,410
Deferred revenue	-	65,608
Other current liabilities	2,250	18,264
Cash generated from operations	4,838,738	4,338,022
Interest paid	(27,559)	(26,968)
Income taxes paid	(713,900)	(831,934)
Net cash generated from operating activities	4,097,279	3,479,120

CASH FLOWS FROM INVESTING ACTIVITIES

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GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
Purchase of financial assets at amortized cost	(2,186,925)	-
Proceeds from redemption of financial assets at amortized cost	754,628	-
Purchase of debt investments with no active market	-	(1,626,552)
Acquisition of associates	-	(106)
Payments for property, plant and equipment	(1,296,975)	(1,304,206)
Proceeds from disposal of property, plant and equipment	40,597	41,350
Increase in refundable deposits	(104,201)	(128,230)
Decrease in refundable deposits	82,579	136,136
Payments for intangible assets	(24,891)	(15,004)
Proceeds from disposal of intangible assets	-	3
Increase in other non-current assets	-	(59,400)
Increase in prepayments for equipment	(602,105)	(527,143)
Increase in prepayments for leases	(18,352)	(122,504)
Interest received	146,748	111,093
Dividends received from associates	15,257	14,083
Other dividends received	6,930	6,000
Net cash used in investing activities	<u>(3,186,710)</u>	<u>(3,474,480)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	268,081	1,258,795
Repayments of short-term borrowings	(598,626)	(652,453)
Repayments of long-term borrowings	(243,616)	(187,806)
Proceeds from guarantee deposits received	34,736	46,607
Refund of guarantee deposits received	(17,220)	(27,381)
Dividends paid to owners of the Company	(977,962)	(740,880)
Dividends paid to non-controlling interests	<u>(39,217)</u>	<u>(20,702)</u>
Net cash used in financing activities	<u>(1,573,824)</u>	<u>(323,820)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(67,503)</u>	<u>(37,349)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(730,758)</u>	<u>(356,529)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,794,862</u>	<u>3,151,391</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,064,104</u>	<u>\$ 2,794,862</u>

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

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