

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 3,829,288	17	\$ 2,064,104	13
Financial assets at fair value through profit or loss - current (Note 7 and 31)	156,670	1	2,211,574	14
Financial assets at amortized cost - current (Notes 8 and 33)	1,495,925	7	938,671	6
Notes receivable	3,498	-	2,420	-
Trade receivables (Notes 10, 24 and 32)	300,041	1	312,711	2
Finance lease receivables (Note 9)	70,524	-	-	-
Other receivables (Note 32)	119,698	1	84,033	-
Current tax assets	84,745	-	140,450	1
Inventories (Note 11)	770,703	3	761,614	5
Prepayments (Note 18)	214,194	1	429,798	2
Other current assets	9,967	-	23,021	-
Total current assets	<u>7,055,253</u>	<u>31</u>	<u>6,968,396</u>	<u>43</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7 and 31)	468,077	2	934,085	6
Financial assets at amortized cost - non-current (Note 8)	1,020,179	5	766,431	5
Investments accounted for using equity method (Note 13)	95,198	-	92,839	1
Property, plant and equipment (Notes 14 and 33)	5,729,366	25	6,143,860	38
Right-of-use assests (Note 15)	6,725,151	30	-	-
Investment properties (Notes 16 and 33)	198,573	1	203,722	1
Intangible assets (Note 17)	42,315	-	47,018	-
Deferred tax assets (Notes 5 and 26)	139,543	1	110,334	1
Prepaid equipment (Note 18)	256,654	1	227,084	1
Refundable deposits (Note 18)	444,234	2	478,856	3
Long-term finance lease receivables (Note 9)	100,382	-	-	-
Other non-current assets (Note 18)	335,863	2	193,058	1
Total non-current assets	<u>15,555,535</u>	<u>69</u>	<u>9,197,287</u>	<u>57</u>
TOTAL	<u>\$ 22,610,788</u>	<u>100</u>	<u>\$ 16,165,683</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 33)	\$ 396,724	2	\$ 405,498	3
Contract liabilities - current (Note 24)	1,503,352	7	1,416,158	9
Notes payable	612	-	1,023	-
Trade payables (Note 20)	1,548,100	7	1,547,497	10
Other payables (Notes 21 and 32)	1,356,090	6	1,512,240	9
Current tax liabilities	146,572	1	177,690	1
Lease liabilities - current (Note 15)	1,950,037	8	-	-
Deferred revenue - current (Notes 21 and 28)	1,889	-	1,962	-
Other current liabilities (Note 21)	37,053	-	47,301	-
Total current liabilities	<u>6,940,429</u>	<u>31</u>	<u>5,109,369</u>	<u>32</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 19 and 32)	156,169	1	159,600	1
Decommission, restoration and rehabilitation provisions (Note 21)	98,055	-	91,974	-
Deferred tax liabilities (Notes 5 and 26)	162,681	1	148,046	1
Lease liabilities - non-current (Note 15)	4,856,224	21	-	-
Deferred revenue - non-current (Notes 21 and 28)	8,971	-	11,117	-
Guarantee deposits received (Note 21)	171,943	1	167,650	1
Total non-current liabilities	<u>5,454,043</u>	<u>24</u>	<u>578,387</u>	<u>3</u>
Total liabilities	<u>12,394,472</u>	<u>55</u>	<u>5,687,756</u>	<u>35</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
Capital				
Share capital	<u>1,800,000</u>	<u>8</u>	<u>1,800,000</u>	<u>11</u>
Capital surplus				
Additional paid-in capital	<u>2,376,605</u>	<u>11</u>	<u>2,369,956</u>	<u>15</u>
Retained earnings				
Legal reserve	1,145,453	5	978,691	6
Special reserve	317,687	1	227,788	2
Unappropriated earnings	<u>5,175,067</u>	<u>23</u>	<u>5,395,920</u>	<u>33</u>
Total retained earnings	<u>6,638,207</u>	<u>29</u>	<u>6,602,399</u>	<u>41</u>
Other equity	<u>(594,986)</u>	<u>(3)</u>	<u>(317,687)</u>	<u>(2)</u>
Total equity attributable to owners of the Company	10,219,826	45	10,454,668	65
NON-CONTROLLING INTERESTS	<u>(3,510)</u>	<u>-</u>	<u>23,259</u>	<u>-</u>
Total equity	<u>10,216,316</u>	<u>45</u>	<u>10,477,927</u>	<u>65</u>
TOTAL	<u>\$ 22,610,788</u>	<u>100</u>	<u>\$ 16,165,683</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, 2019 AND 2018

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

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 37)	\$ 23,156,921	100	\$ 24,115,084	100
OPERATING COSTS (Notes 11 and 25)	<u>(9,340,368)</u>	<u>(41)</u>	<u>(9,950,166)</u>	<u>(41)</u>
GROSS PROFIT	<u>13,816,553</u>	<u>59</u>	<u>14,164,918</u>	<u>59</u>
OPERATING EXPENSES (Note 25)				
Selling and marketing expenses	(11,134,894)	(48)	(10,810,720)	(45)
General and administrative expenses	(942,876)	(4)	(981,313)	(4)
Research and development expenses	(35,709)	-	(34,884)	-
Expected credit gain (loss) (Note 10)	<u>4,433</u>	<u>-</u>	<u>(53,077)</u>	<u>(1)</u>
Total operating expenses	<u>(12,109,046)</u>	<u>(52)</u>	<u>(11,879,994)</u>	<u>(50)</u>
PROFIT FROM OPERATIONS	<u>1,707,507</u>	<u>7</u>	<u>2,284,924</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 14, 25, 28 and 32)				
Other income	307,838	1	345,634	2
Other gains and losses	(285,660)	(1)	(204,075)	(1)
Finance costs	(260,853)	(1)	(27,952)	-
Share of profit or loss of associates and joint ventures	<u>16,442</u>	<u>-</u>	<u>20,166</u>	<u>-</u>
Total non-operating income and expenses	<u>(222,233)</u>	<u>(1)</u>	<u>133,773</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	1,485,274	6	2,418,697	10
INCOME TAX EXPENSE (Note 26)	<u>(550,834)</u>	<u>(2)</u>	<u>(758,752)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>934,440</u>	<u>4</u>	<u>1,659,945</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences arising on translation to the presentation currency	(383,194)	(2)	(202,856)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>103,919</u>	<u>1</u>	<u>111,159</u>	<u>-</u>

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GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

	2019		2018	
	Amount	%	Amount	%
Other comprehensive loss for the year, net of income tax	<u>(279,275)</u>	<u>(1)</u>	<u>(91,697)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 655,165</u>	<u>3</u>	<u>\$ 1,568,248</u>	<u>6</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 932,863	4	\$ 1,667,624	7
Non-controlling interests	<u>1,577</u>	<u>-</u>	<u>(7,679)</u>	<u>-</u>
	<u>\$ 934,440</u>	<u>4</u>	<u>\$ 1,659,945</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 655,564	3	\$ 1,577,725	6
Non-controlling interests	<u>(399)</u>	<u>-</u>	<u>(9,477)</u>	<u>-</u>
	<u>\$ 655,165</u>	<u>3</u>	<u>\$ 1,568,248</u>	<u>6</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 5.18</u>		<u>\$ 9.26</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, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	Equity Attributable to the Owners of the Company						Other Equity			
	Number of Shares (In Thousands)	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Total	Non-controlling Interests	Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings				
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 the 2017 earnings										
Legal 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 the 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 loss for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	(89,899)	(89,899)	(1,798)	(91,697)
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
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 the 2018 earnings										
Legal 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	-	-	-	-	-	-	-	-	(26,891)	(26,891)
Donation from shareholders	-	-	6,649	-	-	-	-	6,649	-	6,649
Net profit for the year ended December 31, 2019	-	-	-	-	-	932,863	-	932,863	1,577	934,440
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	(277,299)	(277,299)	(1,976)	(279,275)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	-	932,863	(277,299)	655,564	(399)	655,165
BALANCE AT DECEMBER 31, 2019	180,000	\$ 1,800,000	\$ 2,376,605	\$ 1,145,453	\$ 317,687	\$ 5,175,067	\$ (594,986)	\$ 10,219,826	\$ (3,510)	\$ 10,216,316

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, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,485,274	\$ 2,418,697
Adjustments for:		
Depreciation expenses	3,468,181	1,194,108
Amortization expenses	23,188	23,149
Expected credit (gain) loss recognized on trade receivables	(4,433)	53,077
Net (gain) loss on fair value changes of financial assets designated at fair value through profit or loss	(18,537)	16,929
Finance costs	260,853	27,952
Interest income	(201,921)	(199,232)
Dividend income	(7,260)	(6,930)
Share of profit of associates and joint ventures	(16,442)	(20,166)
Loss on disposal of property, plant and equipment	120,027	72,787
Loss on disposal of intangible assets	-	1
Impairment loss of non-financial assets	16,072	25,689
Amortization of prepayments for leases	-	5,235
Government grants	(1,766)	(2,012)
Changes in operating assets and liabilities		
Notes receivable	(1,078)	(512)
Trade receivables	18,685	(6,811)
Other receivables	5,020	39,608
Inventories	(15,583)	265
Prepayments	93,994	35,109
Other current assets	13,054	(5,250)
Other operating assets	2,113	573
Contract liabilities	87,194	58,552
Notes payable	(411)	(335)
Trade payables	603	275,475
Other payables	28,452	3,816
Provisions	6,081	(27,834)
Other current liabilities	(10,248)	2,250
Cash generated from operations	5,351,112	3,984,190
Interest paid	(262,981)	(27,559)
Income taxes paid	(541,850)	(713,900)
Net cash generated from operating activities	<u>4,546,281</u>	<u>3,242,731</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(2,468,509)	(2,186,925)
Proceeds from redemption of financial assets at amortized cost	1,566,233	754,628
Purchase of financial assets at fair value through profit or loss	(1,513,998)	(7,578,820)
Proceeds from sale of financial assets at fair value through profit or loss	4,115,027	8,433,368
Payments for property, plant and equipment	(819,702)	(1,296,975)
Proceeds from disposal of property, plant and equipment	4,887	40,597
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GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Increase in refundable deposits	(70,885)	(104,201)
Decrease in refundable deposits	43,838	82,579
Payments for intangible assets	(19,386)	(24,891)
Decrease in finance lease receivables	64,994	-
Increase in other non-current assets	(334,815)	-
Increase in prepayments for equipment	(344,213)	(602,105)
Increase in prepayments for leases	-	(18,352)
Interest received	80,167	146,748
Dividends received from associates	14,083	15,257
Other dividends received	<u>7,260</u>	<u>6,930</u>
Net cash generated from (used in) investing activities	<u>324,981</u>	<u>(2,332,162)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	220,378	268,081
Repayments of short-term borrowings	(220,378)	(598,626)
Repayments of long-term borrowings	-	(243,616)
Proceeds from guarantee deposits received	30,075	34,736
Refund of guarantee deposits received	(20,622)	(17,220)
Repayment of the principal portion of lease liabilities	(2,190,962)	-
Dividends paid to owners of the Company	(900,000)	(977,962)
Dividends paid to non-controlling interests	(26,891)	(39,217)
Donations from shareholders	<u>6,649</u>	<u>-</u>
Net cash used in financing activities	<u>(3,101,751)</u>	<u>(1,573,824)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(4,327)</u>	<u>(67,503)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,765,184	(730,758)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,064,104</u>	<u>2,794,862</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,829,288</u>	<u>\$ 2,064,104</u>

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

(Concluded)