

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2020 (Reviewed)		December 31, 2019 (Audited)		June 30, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 5,310,302	24	\$ 3,829,288	17	\$ 3,708,950	16
Financial assets at fair value through profit or loss - current (Note 7)	153,067	1	156,670	1	155,981	1
Financial assets at amortized cost - current (Notes 8 and 33)	696,716	3	1,495,925	7	1,783,690	8
Notes receivable	1,586	-	3,498	-	2,996	-
Trade receivables (Notes 9, 24 and 32)	285,424	1	300,041	1	279,113	1
Finance lease receivables (Note 10)	60,593	-	70,524	-	76,629	-
Other receivables (Note 32)	123,589	1	119,698	1	103,445	-
Current tax assets	81,773	-	84,745	-	126,997	1
Inventories (Note 11)	640,759	3	770,703	3	764,051	3
Prepayments (Note 18)	225,410	1	214,194	1	259,741	1
Other current assets (Note 18)	8,904	-	9,967	-	16,286	-
Total current assets	7,588,123	34	7,055,253	31	7,277,879	31
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	1,068	-	468,077	2	966,403	4
Financial assets at amortized cost - non-current (Notes 8)	993,598	5	1,020,179	5	1,070,952	4
Investments accounted for using equity method (Note 13)	90,865	-	95,198	-	84,766	-
Property, plant and equipment (Notes 14 and 33)	6,363,712	28	5,729,366	25	6,112,339	26
Right-of-use assets (Note 15)	6,209,690	28	6,725,151	30	7,002,101	29
Investment properties (Notes 16 and 33)	195,857	1	198,573	1	200,965	1
Intangible assets (Note 17)	45,779	-	42,315	-	52,639	-
Deferred tax assets	148,914	1	139,543	1	132,997	1
Prepaid equipment (Note 18)	269,807	1	256,654	1	254,327	1
Refundable deposits (Note 18)	425,959	2	444,234	2	452,564	2
Long-term finance lease receivables (Note 10)	71,909	-	100,382	-	134,562	1
Other non-current assets (Note 18)	646	-	335,863	2	2,107	-
Total non-current assets	14,817,804	66	15,555,535	69	16,466,722	69
TOTAL	\$ 22,405,927	100	\$ 22,610,788	100	\$ 23,744,601	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowing (Notes 19 and 33)	\$ 1,114,504	5	\$ 396,724	2	\$ 410,585	2
Contract liabilities - current (Note 24)	1,551,563	7	1,503,352	7	1,574,701	6
Notes payable	1,403	-	612	-	11,601	-
Trade payables (Note 20)	1,283,386	6	1,548,100	7	1,458,322	6
Payables for dividends (Notes 23 and 29)	540,000	2	-	-	900,000	4
Other payables (Notes 21 and 32)	1,164,934	5	1,356,090	6	1,369,326	6
Current tax liabilities	125,430	1	146,572	1	163,252	1
Lease liabilities - current (Note 15)	1,910,052	8	1,950,037	8	2,104,148	9
Deferred revenue - current (Notes 28)	1,839	-	1,889	-	1,983	-
Other current liabilities (Note 21)	39,369	-	37,053	-	47,839	-
Total current liabilities	7,732,480	34	6,940,429	31	8,041,757	34
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 19, 32 and 33)	154,285	1	156,169	1	161,619	1
Decommission, restoration and rehabilitation provisions (Note 21)	96,080	-	98,055	-	98,772	-
Deferred tax liabilities	68,730	-	162,681	1	114,460	-
Lease liabilities - non-current (Note 15)	4,428,143	20	4,856,224	21	4,932,266	21
Deferred revenue - non-current (Notes 28)	7,661	-	8,971	-	10,247	-
Guarantee deposits received (Note 21)	167,277	1	171,943	1	181,395	1
Total non-current liabilities	4,922,176	22	5,454,043	24	5,498,759	23
Total liabilities	12,654,656	56	12,394,472	55	13,540,516	57
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)						
Capital						
Share capital	1,800,000	8	1,800,000	8	1,800,000	8
Capital surplus						
Additional paid-in capital	2,376,605	11	2,376,605	11	2,376,605	10
Retained earnings						
Legal Reserve	1,238,739	5	1,145,453	5	1,145,453	5
Special reserve	594,986	3	317,687	1	317,687	1
Unappropriated earnings	4,538,043	20	5,175,067	23	4,774,632	20
Total retained earnings	6,371,768	28	6,638,207	29	6,237,772	26
Other equity	(783,258)	(3)	(594,986)	(3)	(215,017)	(1)
Total equity attributable to owners of the Company	9,765,115	44	10,219,826	45	10,199,360	43
NON-CONTROLLING INTERESTS	(13,844)	-	(3,510)	-	4,725	-
Total equity	9,751,271	44	10,216,316	45	10,204,085	43
TOTAL	\$ 22,405,927	100	\$ 22,610,788	100	\$ 23,744,601	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			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 38)	\$ 4,420,517	100	\$ 5,810,981	100	\$ 9,122,372	100	\$ 11,517,816	100
OPERATING COSTS (Notes 11 and 25)	(1,831,338)	(42)	(2,322,023)	(40)	(3,744,273)	(41)	(4,605,767)	(40)
GROSS PROFIT	2,589,179	58	3,488,958	60	5,378,099	59	6,912,049	60
OPERATING EXPENSES (Note 25)								
Selling and marketing expenses	(2,082,835)	(47)	(2,842,712)	(49)	(4,486,058)	(49)	(5,555,131)	(48)
General and administrative expenses	(223,449)	(5)	(257,167)	(5)	(448,753)	(5)	(514,677)	(5)
Research and development expenses	(7,708)	-	(9,114)	-	(15,881)	-	(17,491)	-
Total operating expenses	(2,313,992)	(52)	(3,108,993)	(54)	(4,950,692)	(54)	(6,087,299)	(53)
PROFIT FROM OPERATIONS	275,187	6	379,965	6	427,407	5	824,750	7
NON-OPERATING INCOME AND EXPENSES (Notes 25, 28 and 32)								
Interest income	31,579	1	49,009	1	73,432	1	107,415	1
Other income	32,482	1	7,064	-	78,162	1	64,658	1
Other gains and losses	894	-	(68,917)	(1)	(96,226)	(1)	(86,789)	(1)
Finance costs	(61,671)	(2)	(65,431)	(1)	(127,079)	(2)	(130,696)	(1)
Share of profit of associates and joint ventures	(420)	-	1,345	-	4,361	-	6,010	-
Total non-operating income and expenses	2,864	-	(76,930)	(1)	(67,350)	(1)	(39,402)	-
PROFIT BEFORE INCOME TAX	278,051	6	303,035	5	360,057	4	785,348	7
INCOME TAX EXPENSE (Note 26)	(69,026)	(1)	(91,897)	(1)	(97,218)	(1)	(255,961)	(3)
NET PROFIT FOR THE PERIOD	209,025	5	211,138	4	262,839	3	529,387	4
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Exchange differences arising on translation to the presentation currency	(151,762)	(3)	(139,299)	(3)	(271,101)	(3)	114,825	1
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	19,779	-	56,564	1	83,217	1	(11,596)	-
Other comprehensive income (loss) for the period, net of income tax	(131,983)	(3)	(82,735)	(2)	(187,884)	(2)	103,229	1

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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			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 77,042	2	\$ 128,403	2	\$ 74,955	1	\$ 632,616	5
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 207,982	5	\$ 215,114	4	\$ 273,561	3	\$ 532,428	5
Non-controlling interests	1,043	-	(3,976)	-	(10,722)	-	(3,041)	-
	<u>\$ 209,025</u>	<u>5</u>	<u>\$ 211,138</u>	<u>4</u>	<u>\$ 262,839</u>	<u>3</u>	<u>\$ 529,387</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 82,018	2	\$ 132,485	2	\$ 85,289	1	\$ 635,098	5
Non-controlling interests	(4,976)	-	(4,082)	-	(10,334)	-	(2,482)	-
	<u>\$ 77,042</u>	<u>2</u>	<u>\$ 128,403</u>	<u>2</u>	<u>\$ 74,955</u>	<u>1</u>	<u>\$ 632,616</u>	<u>5</u>
EARNINGS PER SHARE (Note 27)								
Basic	\$ 1.16		\$ 1.20		\$ 1.52		\$ 2.96	

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						Other Equity	Total	Non-controlling Interests	Total Equity
	Shares (Thousand)	Share Capital	Capital Surplus	Retained Earnings		Exchange				
				Legal Reserve	Special Reserve	Unappropriated Earnings	Differences on Translating Foreign Operations			
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										
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	-	-	-	-	-	-	-	-	(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 for the six months ended June 30, 2019, net of income tax	-	-	-	-	-	-	102,670	102,670	559	103,229
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
BALANCE AT JANUARY 1, 2020	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
Appropriation of 2019 earning										
Legal Reserve	-	-	-	93,286	-	(93,286)	-	-	-	-
Special reserve	-	-	-	-	277,299	(277,299)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(540,000)	-	(540,000)	-	(540,000)
Net profit for the six months ended June 30, 2020	-	-	-	-	-	273,561	-	273,561	(10,722)	262,839
Other comprehensive income (loss) for the six months ended June 30, 2020, net of income tax	-	-	-	-	-	-	(188,272)	(188,272)	388	(187,884)
Total comprehensive income for the six months ended June 30, 2020	-	-	-	-	-	273,561	(188,272)	85,289	(10,334)	74,955
BALANCE AT JUNE 30, 2020	180,000	\$ 1,800,000	\$ 2,376,605	\$ 1,238,739	\$ 594,986	\$ 4,538,043	\$ (783,258)	\$ 9,765,115	\$ (13,844)	\$ 9,751,271

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	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 360,057	\$ 785,348
Adjustments for:		
Depreciation expenses	1,607,057	1,753,123
Amortization expenses	9,940	11,757
Expected credit loss recognized on trade receivables	9,622	-
Net loss (gain) on fair value change of financial assets at fair value through profit or loss	3,603	(17,848)
Finance Costs	127,079	130,696
Interest income	(73,432)	(107,415)
Dividend income	(7,260)	-
Share of profit of associates and joint ventures	(4,361)	(6,010)
Loss on disposal of property, plant and equipment	34,054	69,436
Impairment loss of non-financial assets	10,596	5,156
Government grants	(1,106)	(1,001)
Deduction on lease expense	(86,623)	-
Changes in operating assets and liabilities		
Notes receivable	1,912	(576)
Trade receivables	6,272	33,262
Other receivables	(6,656)	9,229
Inventories	126,412	(4,777)
Prepayments	(25,569)	6,512
Other current assets	1,063	6,735
Other operating assets	402	1,054
Contract liabilities	48,211	158,543
Notes payable	791	10,578
Trade payables	(264,714)	(89,175)
Other payables	(130,033)	(161)
Provisions	(1,975)	6,798
Other current liabilities	2,316	538
Cash generated from operations	1,747,658	2,761,802
Interest paid	(124,836)	(12,030)
Income taxes paid	(220,832)	(313,988)
Net cash generated from operating activities	1,401,990	2,435,784
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through profit or loss	464,093	2,142,765
Purchase of financial assets at amortized cost	(149,755)	(2,170,641)
Proceeds from redemption of financial assets at amortized cost	921,452	1,030,250
Acquisition of associates	(120)	-

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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	
	2020	2019
Payments for property, plant and equipment	(995,601)	(388,286)
Proceeds from disposal of property, plant and equipment	703	4,204
Increase in refundable deposits	(25,563)	(31,444)
Decrease in refundable deposits	38,071	25,165
Payments for intangible assets	(13,964)	(17,070)
Decrease in finance lease receivables	35,579	41,590
Increase in prepayments for equipment	(82,230)	(229,244)
Interest received	66,999	35,685
Dividends received from associates	<u>8,815</u>	<u>-</u>
Net cash generated from investing activities	<u>268,479</u>	<u>442,974</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	973,711	6,669
Repayments of short-term borrowings	(251,533)	(6,669)
Proceeds from guarantee deposits received	5,682	21,809
Refund of guarantee deposits received	(9,870)	(5,204)
Repayment of the principal portion of lease liabilities	(883,975)	(1,155,959)
Dividends paid to non-controlling interests	-	(16,573)
Donations from shareholders	<u>-</u>	<u>6,649</u>
Net cash used in financing activities	<u>(165,985)</u>	<u>(1,149,278)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(23,470)</u>	<u>(84,634)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,481,014	1,644,846
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,829,288</u>	<u>2,064,104</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 5,310,302</u>	<u>\$ 3,708,950</u>

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

(Concluded)