

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020		2019	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 4,481,694	20	\$ 3,829,288	17
Financial assets at fair value through profit or loss - current (Notes 7 and 30)	171,566	1	156,670	1
Financial assets at amortized cost - current (Notes 8 and 32)	1,772,223	8	1,495,925	7
Notes receivable	2,630	-	3,498	-
Trade receivables (Notes 9, 23 and 31)	268,235	1	300,041	1
Finance lease receivables (Note 10)	62,105	-	70,524	-
Other receivables (Note 31)	133,516	1	119,698	1
Current tax assets	78,267	1	84,745	-
Inventories (Note 11)	706,264	3	770,703	3
Prepayments	232,755	1	214,194	1
Other current assets	6,311	-	9,967	-
Total current assets	7,915,566	36	7,055,253	31
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 7 and 30)	1,028	-	468,077	2
Financial assets at amortized cost - non-current (Note 8)	1,210,295	5	1,020,179	5
Investments accounted for using the equity method (Note 13)	107,398	1	95,198	-
Property, plant and equipment (Notes 14 and 32)	6,228,618	28	5,729,366	25
Right-of-use assets (Note 15)	5,534,724	25	6,725,151	30
Investment properties (Notes 16 and 32)	195,188	1	198,573	1
Intangible assets	50,312	-	42,315	-
Deferred tax assets (Notes 5 and 25)	202,461	1	139,543	1
Prepaid equipment	224,623	1	256,654	1
Refundable deposits	450,131	2	444,234	2
Finance lease receivables - non-current (Note 10)	55,335	-	100,382	-
Other non-current assets (Note 17)	1,584	-	335,863	2
Total non-current assets	14,261,697	64	15,555,535	69
TOTAL	\$ 22,177,263	100	\$ 22,610,788	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 32)	\$ 859,903	4	\$ 396,724	2
Contract liabilities - current (Note 23)	1,428,298	6	1,503,352	7
Notes payable	899	-	612	-
Trade payables (Note 19)	1,424,472	6	1,548,100	7
Other payables (Notes 20 and 31)	1,299,244	6	1,356,090	6
Current tax liabilities	168,291	1	146,572	1
Lease liabilities - current (Note 15)	1,933,745	9	1,950,037	8
Deferred revenue - current (Notes 27)	3,926	-	1,889	-
Other current liabilities	43,452	-	37,053	-
Total current liabilities	7,162,230	32	6,940,429	31
NON-CURRENT LIABILITIES				
Decommission, restoration and rehabilitation provisions	94,783	1	98,055	-
Long-term borrowings (Notes 18 and 32)	148,509	1	156,169	1
Deferred tax liabilities (Notes 5 and 25)	90,031	-	162,681	1
Lease liabilities - non-current (Note 15)	3,816,863	17	4,856,224	21
Deferred revenue - non-current (Notes 27)	7,041	-	8,971	-
Guarantee deposits received	186,792	1	171,943	1
Total non-current liabilities	4,344,019	20	5,454,043	24
Total liabilities	11,506,249	52	12,394,472	55
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Share capital				
Ordinary shares	1,800,000	8	1,800,000	8
Capital surplus				
Additional paid-in capital	2,376,605	11	2,376,605	11
Retained earnings				
Legal reserve	1,238,739	5	1,145,453	5
Special reserve	594,986	3	317,687	1
Unappropriated earnings	5,279,796	24	5,175,067	23
Total retained earnings	7,113,521	32	6,638,207	29
Other equity	(575,871)	(3)	(594,986)	(3)
Total equity attributable to owners of the Company	10,714,255	48	10,219,826	45
NON-CONTROLLING INTERESTS	(43,241)	-	(3,510)	-
Total equity	10,671,014	48	10,216,316	45
TOTAL	\$ 22,177,263	100	\$ 22,610,788	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, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 36)	\$ 19,679,455	100	\$ 23,156,921	100
OPERATING COSTS (Notes 11 and 24)	<u>(7,977,562)</u>	<u>(41)</u>	<u>(9,340,368)</u>	<u>(41)</u>
GROSS PROFIT	<u>11,701,893</u>	<u>59</u>	<u>13,816,553</u>	<u>59</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	(9,159,609)	(46)	(11,134,894)	(48)
General and administrative expenses	(908,413)	(5)	(942,876)	(4)
Research and development expenses	(31,591)	-	(35,709)	-
Expected credit (loss) gain(Note 9 and 10)	<u>(12,164)</u>	<u>-</u>	<u>4,433</u>	<u>-</u>
Total operating expenses	<u>(10,111,777)</u>	<u>(51)</u>	<u>(12,109,046)</u>	<u>(52)</u>
PROFIT FROM OPERATIONS	<u>1,590,116</u>	<u>8</u>	<u>1,707,507</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES (Notes 14, 24, 27 and 31)				
Interest income	134,436	-	201,921	1
Other income	139,826	1	105,917	-
Other gains and losses	(248,318)	(1)	(285,660)	(1)
Finance costs	(230,085)	(1)	(260,853)	(1)
Share of profit or loss of associates and joint ventures	<u>20,715</u>	<u>-</u>	<u>16,442</u>	<u>-</u>
Total non-operating income and expenses	<u>(183,426)</u>	<u>(1)</u>	<u>(222,233)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	1,406,690	7	1,485,274	6
INCOME TAX EXPENSE (Note 5 and 25)	<u>(408,466)</u>	<u>(2)</u>	<u>(550,834)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>998,224</u>	<u>5</u>	<u>934,440</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences arising on translation to the presentation currency	(155,263)	(1)	(383,194)	(2)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>170,500</u>	<u>1</u>	<u>103,919</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, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
Other comprehensive loss for the year, net of income tax	<u>15,237</u>	<u>-</u>	<u>(279,275)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,013,461</u>	<u>5</u>	<u>\$ 655,165</u>	<u>3</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,015,314	5	\$ 932,863	4
Non-controlling interests	<u>(17,090)</u>	<u>-</u>	<u>1,577</u>	<u>-</u>
	<u>\$ 998,224</u>	<u>5</u>	<u>\$ 934,440</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,034,430	5	\$ 655,564	3
Non-controlling interests	<u>(20,969)</u>	<u>-</u>	<u>(399)</u>	<u>-</u>
	<u>\$ 1,013,461</u>	<u>5</u>	<u>\$ 655,165</u>	<u>3</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 5.64</u>		<u>\$ 5.18</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, 2020 AND 2019 (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, 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 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)
Donation from shareholders	-	-	6,649	-	-	-	-	6,649	-	6,649
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(26,891)	(26,891)
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
Appropriation of the 2019 earnings										
Legal reserve	-	-	-	93,286	-	(93,286)	-	-	-	-
Special reserve	-	-	-	-	277,299	(277,299)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(540,000)	-	(540,000)	-	(540,000)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(18,763)	(18,763)
Net profit for the year ended December 31, 2020	-	-	-	-	-	1,015,314	-	1,015,314	(17,090)	998,224
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	19,115	19,115	(3,878)	15,237
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	-	1,015,314	19,115	1,034,429	(20,968)	1,013,461
BALANCE AT DECEMBER 31, 2020	180,000	\$ 1,800,000	\$ 2,376,605	\$ 1,238,739	\$ 594,986	\$ 5,279,796	\$ (575,871)	\$ 10,714,255	\$ (43,241)	\$ 10,671,014

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,406,690	\$ 1,485,274
Adjustments for:		
Depreciation expenses	3,267,477	3,468,181
Amortization expenses	18,928	23,188
Expected credit loss (reversed)/recognized on trade receivables	12,164	(4,433)
Net gain on fair value changes of financial assets at fair value through profit or loss	(14,896)	(18,537)
Finance costs	230,085	260,853
Interest income	(134,436)	(201,921)
Dividend income	(7,263)	(7,260)
Share of profit of associates and joint ventures	(20,715)	(16,442)
Loss on disposal of property, plant and equipment	86,249	120,027
Impairment loss of non-financial assets	83,045	16,072
Government grants	(1,930)	(1,766)
Deduction on lease expense	(72,371)	-
Changes in operating assets and liabilities		
Notes receivable	868	(1,078)
Trade receivables	39,091	18,685
Other receivables	451	5,020
Inventories	63,299	(15,583)
Prepayments	(18,561)	93,994
Other current assets	3,656	13,054
Other operating assets	-	2,113
Contract liabilities	(75,054)	87,194
Notes payable	287	(411)
Trade payables	(123,628)	603
Other payables	(54,430)	28,452
Provisions	(3,272)	6,081
Other current liabilities	6,401	(10,248)
Cash generated from operations	4,692,135	5,351,112
Interest paid	(271,269)	(262,981)
Income taxes paid	(515,838)	(541,850)
Net cash generated from operating activities	<u>3,905,028</u>	<u>4,546,281</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Financial assets at amortized cost	(466,414)	(902,276)
Financial assets at fair value through profit or loss	474,231	2,601,029
Purchase of long-term investments accounted for using the equity method	(299)	-
Payments for property, plant and equipment	(1,369,863)	(819,702)
Proceeds from disposal of property, plant and equipment	5,717	4,887
Increase in refundable deposits	(3,456)	(27,047)
Payments for intangible assets	(29,365)	(19,386)

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GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Decrease in finance lease receivables	51,526	64,994
Increase in other non-current assets	(536)	(334,815)
Increase in prepayments for equipment	-	(344,213)
Interest received	110,813	80,167
Dividends received from associates	8,815	14,083
Other dividends received	<u>7,263</u>	<u>7,260</u>
Net cash (used in) generated from investing activities	<u>(1,211,568)</u>	<u>324,981</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	463,179	-
Proceeds from guarantee deposits received	13,969	9,453
Repayment of the principal portion of lease liabilities	(2,028,627)	(2,190,962)
Dividends paid to owners of the Company	(540,000)	(900,000)
Dividends paid to non-controlling interests	(18,763)	(26,891)
Donations from shareholders	<u>-</u>	<u>6,649</u>
Net cash used in financing activities	<u>(2,110,242)</u>	<u>(3,101,751)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>69,188</u>	<u>(4,327)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	652,406	1,765,184
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,829,288</u>	<u>2,064,104</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,481,694</u>	<u>\$ 3,829,288</u>

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

(Concluded)