

**CHAROEN POKPHAND ENTERPRISE
(TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
MARCH 31, 2020 AND 2019**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.



資誠

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and subsidiaries (the “Group”) as at March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

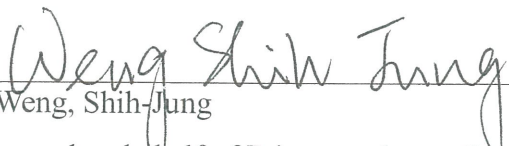
We conducted our reviews in accordance with the Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

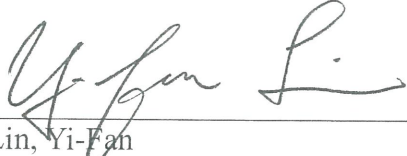


資誠

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.


Weng, Shih-Jung


Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

May 5, 2020

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2020 and 2019 are reviewed, not audited)

ASSETS	Notes	March 31, 2020		December 31, 2019		March 31, 2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,108,402	6	\$ 873,651	5	\$ 135,268	1
1150	Notes receivable, net	6(3)	317,786	2	315,760	2	321,949	2
1170	Accounts receivable, net	6(3)	1,795,340	10	1,822,619	10	1,698,835	10
1200	Other receivables		14,509	-	9,978	-	5,575	-
130X	Inventories, net	6(4)	1,349,742	7	1,537,630	8	1,382,412	8
1400	Biological assets - current	6(5)	1,357,561	8	1,295,872	7	1,245,947	8
1410	Prepayments		425,349	2	312,616	2	271,633	2
1460	Non-current assets or disposal groups classified as held for sale, net	6(6) and 7	-	-	670,458	3	811,663	5
1470	Other current assets	6(1) and 8	8,200	-	7,700	-	7,450	-
11XX	Total current assets		<u>6,376,889</u>	<u>35</u>	<u>6,846,284</u>	<u>37</u>	<u>5,880,732</u>	<u>36</u>
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	1,727,226	10	2,119,249	11	1,903,529	12
1600	Property, plant and equipment, net	6(7) and 8	9,158,924	50	8,767,246	47	7,824,174	47
1755	Right-of-use assets	6(8)	341,187	2	346,074	2	352,257	2
1780	Intangible assets	6(9)	498	-	13,833	-	14,879	-
1830	Biological assets - non-current	6(5)	388,295	2	386,143	2	357,101	2
1840	Deferred income tax assets		76,144	-	74,908	-	57,734	-
1900	Other non-current assets		90,376	1	96,624	1	102,692	1
15XX	Total non-current assets		<u>11,782,650</u>	<u>65</u>	<u>11,804,077</u>	<u>63</u>	<u>10,612,366</u>	<u>64</u>
1XXX	Total assets		<u>\$ 18,159,539</u>	<u>100</u>	<u>\$ 18,650,361</u>	<u>100</u>	<u>\$ 16,493,098</u>	<u>100</u>

(Continued)

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2020 and 2019 are reviewed, not audited)

LIABILITIES AND EQUITY	Notes	March 31, 2020		December 31, 2019		March 31, 2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(10)	\$ 3,427,064	19	\$ 2,343,488	13	\$ 2,842,577	17
2110	Short-term notes and bills payable	6(11)	978,912	5	978,659	5	790,845	5
2150	Notes payable		451,508	3	473,913	3	275,378	2
2160	Notes payable - related parties	7	-	-	-	-	67	-
2170	Accounts payable		676,687	4	676,744	4	619,589	4
2180	Accounts payable - related parties	7	115	-	5,621	-	3,409	-
2200	Other payables	6(12)	508,172	3	706,865	4	629,209	4
2220	Other payables - related parties	7	43,726	-	22,750	-	41,814	-
2230	Current income tax liabilities		215,985	1	170,531	1	278,636	2
2260	Liabilities related to non-current assets or disposal groups classified as held for sale	6(6)	-	-	457,523	2	568,750	3
2280	Current lease liabilities		22,328	-	20,817	-	20,050	-
2300	Other current liabilities	6(13)	593,250	3	593,250	3	309,917	2
21XX	Total current liabilities		<u>6,917,747</u>	<u>38</u>	<u>6,450,161</u>	<u>35</u>	<u>6,380,241</u>	<u>39</u>
Non-current liabilities								
2540	Long-term borrowings	6(13)	2,288,187	12	3,096,500	16	1,989,771	12
2570	Deferred income tax liabilities		34,700	-	21,499	-	11,385	-
2580	Non-current lease liabilities		305,542	2	310,490	2	316,401	2
2600	Other non-current liabilities	6(14)	139,810	1	144,717	1	160,026	1
25XX	Total non-current liabilities		<u>2,768,239</u>	<u>15</u>	<u>3,573,206</u>	<u>19</u>	<u>2,477,583</u>	<u>15</u>
2XXX	Total liabilities		<u>9,685,986</u>	<u>53</u>	<u>10,023,367</u>	<u>54</u>	<u>8,857,824</u>	<u>54</u>
Equity attributable to owners of parent								
Share capital								
3110	Share capital - common stock	6(15)	2,679,910	15	2,679,910	14	2,679,910	16
Capital surplus								
3200	Capital surplus	6(16)	2,152	-	2,137	-	1,652	-
Retained earnings								
3310	Legal reserve	6(17)	733,781	4	733,781	4	638,708	4
3350	Unappropriated retained earnings		3,141,566	17	2,907,219	15	2,583,689	16
Other equity interest								
3400	Other equity interest		1,225,915	7	1,599,285	9	1,396,915	8
31XX	Equity attributable to owners of the parent		<u>7,783,324</u>	<u>43</u>	<u>7,922,332</u>	<u>42</u>	<u>7,300,874</u>	<u>44</u>
36XX	Non-controlling interest		<u>690,229</u>	<u>4</u>	<u>704,662</u>	<u>4</u>	<u>334,400</u>	<u>2</u>
3XXX	Total equity		<u>8,473,553</u>	<u>47</u>	<u>8,626,994</u>	<u>46</u>	<u>7,635,274</u>	<u>46</u>
Significant contingent liabilities and unrecognised contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 18,159,539</u>	<u>100</u>	<u>\$ 18,650,361</u>	<u>100</u>	<u>\$ 16,493,098</u>	<u>100</u>

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

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

Items	Notes	Three months ended March 31				
		2020		2019		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(18) and 7	\$ 5,241,193	100	\$ 5,035,297	100
5000	Operating costs	6(4)(23)(24) and 7	(4,623,061)	(88)	(4,312,694)	(86)
5950	Net operating margin		<u>618,132</u>	<u>12</u>	<u>722,603</u>	<u>14</u>
	Operating expenses	6(23)(24) and 7				
6100	Selling and marketing expenses		(240,341)	(5)	(233,107)	(4)
6200	General and administrative expenses		(150,346)	(3)	(132,243)	(3)
6450	Expected credit impairment gain	12(2)	<u>19</u>	-	<u>40</u>	-
6000	Total operating expenses		(390,668)	(8)	(365,310)	(7)
6500	Other income and expenses, net	6(5)(19)	(4,432)	-	(20,163)	(1)
6900	Operating profit		<u>223,032</u>	<u>4</u>	<u>337,130</u>	<u>6</u>
	Non-operating income and expenses					
7010	Other income	6(20) and 7	3,075	-	1,477	-
7020	Other gains and losses	6(21)	84,572	2	6,341	-
7050	Finance costs	6(22)	(22,087)	(1)	(17,216)	-
7000	Total non-operating income and expenses		<u>65,560</u>	<u>1</u>	<u>(9,398)</u>	-
7900	Profit before income tax		288,592	5	327,732	6
7950	Income tax expense	6(25)	(57,419)	(1)	(63,550)	(1)
8000	Profit for the period from continuing operations		<u>231,173</u>	<u>4</u>	<u>264,182</u>	<u>5</u>
8100	Loss from discontinued operations	6(6)	(2,250)	-	(14,877)	-
8200	Profit for the period		<u>\$ 228,923</u>	<u>4</u>	<u>\$ 249,305</u>	<u>5</u>

(Continued)

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

Items	Notes	Three months ended March 31			
		2020		2019	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8316 Unrealised gain or loss on financial asstes at fair value through other comprehensive income	6(2)	(\$ 425,576)	(8)	\$ 108,677	2
8310 Other comprehensive (loss) income that will not be reclassified to profit or loss		(425,576)	(8)	108,677	2
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Currency translation differences of foreign operations		51,911	1	20,607	1
8360 Other comprehensive income that will be reclassified to profit or loss		51,911	1	20,607	1
8300 Total other comprehensive (loss) income for the period		(\$ 373,665)	(7)	\$ 129,284	3
8500 Total comprehensive (loss) income for the period		(\$ 144,742)	(3)	\$ 378,589	8
Profit (loss) attributable to:					
8610 Owners of the parent		\$ 234,347	4	\$ 242,130	5
8620 Non-controlling interest		(5,424)	-	7,175	-
		<u>\$ 228,923</u>	<u>4</u>	<u>\$ 249,305</u>	<u>5</u>
Comprehensive (loss) income attributable to:					
8710 Owners of the parent		(\$ 139,023)	(3)	\$ 368,898	8
8720 Non-controlling interest		(5,719)	-	9,691	-
		<u>(\$ 144,742)</u>	<u>(3)</u>	<u>\$ 378,589</u>	<u>8</u>
Earnings per share (in dollars)	6(26)				
9710 Basic earnings per share from continuing operations		\$	0.88	\$	0.94
9720 Basic losses per share from discontinued operations		(	0.01)	(	0.04)
9750 Total basic earnings per share		<u>\$</u>	<u>0.87</u>	<u>\$</u>	<u>0.90</u>
9810 Diluted earnings per share from continuing operations		\$	0.88	\$	0.94
9820 Diluted losses per share from discontinued operations		(	0.01)	(	0.04)
9850 Total diluted earnings per share		<u>\$</u>	<u>0.87</u>	<u>\$</u>	<u>0.90</u>

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

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Notes	Equity attributable to owners of the parent								Non-controlling interest	Total equity
	Retained Earnings				Other Equity Interest			Total		
	Share capital - common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
<u>For the three-month period ended March 31, 2019</u>										
Balance at January 1, 2019	\$ 2,679,910	\$ 1,652	\$ 638,708	\$ 2,341,559	\$ 27,240	\$ 1,242,907	\$ 6,931,976	\$ 324,709	\$ 7,256,685	
Profit for the period	-	-	-	242,130	-	-	242,130	7,175	249,305	
Other comprehensive income	-	-	-	-	18,091	108,677	126,768	2,516	129,284	
Total comprehensive income	-	-	-	242,130	18,091	108,677	368,898	9,691	378,589	
Balance at March 31, 2019	\$ 2,679,910	\$ 1,652	\$ 638,708	\$ 2,583,689	\$ 45,331	\$ 1,351,584	\$ 7,300,874	\$ 334,400	\$ 7,635,274	
<u>For the three-month period ended March 31, 2020</u>										
Balance at January 1, 2020	\$ 2,679,910	\$ 2,137	\$ 733,781	\$ 2,907,219	(\$ 17,432)	\$ 1,616,717	\$ 7,922,332	\$ 704,662	\$ 8,626,994	
Profit for the period	-	-	-	234,347	-	-	234,347	(5,424)	228,923	
Other comprehensive income (loss)	-	-	-	-	52,206	(425,576)	(373,370)	(295)	(373,665)	
Total comprehensive income (loss)	-	-	-	234,347	52,206	(425,576)	(139,023)	(5,719)	(144,742)	
Capital surplus - dividends not received by shareholders (reversed)	-	(5)	-	-	-	-	(5)	-	(5)	
Cash dividends to non-controlling interest	-	-	-	-	-	-	-	(14,784)	(14,784)	
Share of changes in capital surplus of associates and joint ventures accounted for using equity method	-	20	-	-	-	-	20	(20)	-	
Cash receipt from non-controlling interest of a subsidiary through capital increase in cash	-	-	-	-	-	-	-	69,000	69,000	
Changes in non-controlling interests	-	-	-	-	-	-	-	(62,910)	(62,910)	
Balance at March 31, 2020	\$ 2,679,910	\$ 2,152	\$ 733,781	\$ 3,141,566	\$ 34,774	\$ 1,191,141	\$ 7,783,324	\$ 690,229	\$ 8,473,553	

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

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	For the three-month period ended March 31	
		2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from continuing operations before tax		\$ 288,592	\$ 327,732
Loss from discontinued operations before tax		(3,000)	(14,486)
Profit before tax		285,592	313,246
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment gain	12(2)	(19)	(40)
Depreciation	6(7)(23)	167,027	149,837
Depreciation of right-of-use	6(8)(23)	10,404	8,951
Amortization	6(23)	1,130	1,085
Interest income	6(20)	(794)	(5,275)
Interest expense	6(22)	22,087	17,489
(Gain on reversal of) loss on decline in market value	6(4)		
Change in fair value less costs to sell of biological assets	6(5)(19)	(21,690)	13,200
Gain on disposal of property, plant and equipment	6(21)	4,432	20,163
Gain arising from lease modifications		(2)	-
Impairment loss of non-financial assets	6(9)(21)	13,331	-
Gain on disposal of investment	6(6)(21)	(84,145)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(1,586)	35,309
Accounts receivable		27,298	73,808
Accounts receivable - related parties		(11,913)	(26,325)
Other receivables		(11,672)	10,760
Other receivables - related parties		(2,813)	(7,881)
Inventories		181,635	(263,636)
Biological assets		(67,201)	(24,041)
Prepayments		(105,964)	304,236
Changes in operating liabilities			
Notes payable		(22,404)	(118,731)
Notes payable - related parties		-	67
Accounts payable		25,215	(68,521)
Accounts payable - related parties		(60,066)	41,054
Other payables		(139,084)	(109,315)
Other payables - related parties		20,976	20,384
Accrued pension liabilities		(4,907)	(4,839)
Cash inflow generated from operations		222,660	380,522
Cash paid for income tax		-	(589)
Net cash flows from operating activities		222,660	379,933

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CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	For the three-month period ended March 31	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in other current assets		(\$ 500)	\$ -
Acquisition of property, plant and equipment	6(27)	(587,734)	(326,251)
Proceeds from disposal of property, plant and equipment		2,900	930
Acquisition of intangible assets	6(9)	(83)	-
Decrease in other non-current assets		5,349	10,560
Cash receipt of interest		930	5,275
Loss of control in subsidiaries		(257,374)	-
Proceeds from disposal of subsidiaries	6(6)	246,654	-
Net cash flows used in investing activities		(589,858)	(309,486)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		1,083,576	97,550
Increase in short-term notes and bills payable		253	171,575
Proceeds from long-term borrowings		425,000	920,000
Payment of long-term borrowings		(1,233,313)	(1,173,312)
Payment of lease liability	6(8)	(8,952)	(24,863)
Cash payment for interest		(21,061)	(18,390)
Cash receipt from non-controlling interest of a subsidiary through capital increase establishment		69,000	-
Cash dividends paid to non-controlling interest		(14,784)	-
Capital surplus - dividends not received by shareholders (reversed)		(5)	-
Net cash flows from (used in) financing activities		299,714	(27,440)
Effects of changes in foreign exchange rate		3,137	4,272
Non-current assets held for sale - cash	6(6)	-	(46,891)
Net (decrease) increase in cash and cash equivalents		(64,347)	388
Cash and cash equivalents at beginning of period	6(1)	1,172,749	134,880
Cash and cash equivalents at end of period	6(1)	\$ 1,108,402	\$ 135,268

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

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars,
except as otherwise indicated)
(UNAUDITED)

1. HISTORY AND ORGANISATION

Charoen Pokphand Enterprise (Taiwan) Co., Ltd. (the “Company”) was incorporated on August 22, 1977 as a company limited by shares under the Statute for Investment by Overseas Chinese and the provisions of the Company Act of the Republic of China. The main activities of the Company and its subsidiaries (collectively referred herein as the “Group”) are the manufacture and sale of animal feeds, livestock, chicken and processed meat products. The Company’s common stock has been traded on the Taiwan Stock Exchange since July 27, 1987. Charoen Pokphand Foods Public Company Limited (“CPF”), which was incorporated in Thailand, indirectly holds 39% equity interest in the Company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on May 5, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure Initiative-Definition of Material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2019, except for the compliance statement, basis of preparation, and basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standards 34, 'Interim Financial Reporting' as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2019.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets at fair value through other comprehensive income.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

(c) Biological assets measured at fair value less costs to sell.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2019.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
The Company	Plenty Type Limited (Cayman Islands)	Management of producing and non-producing business investments	100.00	100.00	100.00	
The Company	Charoen Pokphand (Taiwan) Co., Ltd.	Management of importing and exporting business	90.00	90.00	90.00	
The Company	Arbor Acres (Taiwan) Co., Ltd.	Husbandry, management of chickens to produce breeder chicken and daily chicken	50.00	50.00	50.00	Note 1
The Company	Rui Mu Foods Co., Ltd.	Management of layers and related business	52.00	52.00	52.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
The Company	Rui Fu Foods Co., Ltd.	Management of layers and related business	51.00	51.00	51.00	
Plenty Type Limited (Cayman Islands)	Chia Tai Lianyungang Co., Ltd.	Management of producing and non-producing business investments	99.99	99.99	99.99	
Chia Tai Lianyungang Co., Ltd.	Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Feeds producing, poultry raising, processing and sales	0.00	70.00	70.00	Note 2
Rui Fu Foods Co., Ltd.	Sheng Da Foods Co., Ltd.	Management of layers and related business	75.00	100.00	0.00	Note 3

Note 1: The Company's direct or indirect shareholding ratio does not exceed 50%. However, the Company holds more than half of the seats of the Board of Directors. Thus, the subsidiary was included in the consolidation.

Note 2: On January 22, 2020, Chia Tai Lianyungang Co., Ltd. completed the disposal of its 70% equity interest in Lianyungang Chia Tai Agro-industry Development Co., Ltd., refer to Note 6(6) for more details.

Note 3: In December 2019, the Board of Directors of Rui Fu Foods Co., Ltd. resolved to invest in the establishment of Sheng Da Foods Co., Ltd. which was wholly owned by Rui Fu Foods Co., Ltd. Additionally, in February 2020, Sheng Da Foods Co., Ltd. increased its capital by cash and the 2 million preferred shares were fully subscribed by Jih Ching Egg Co., Ltd. in line with the joint venture agreement entered into between Rui Fu Foods Co., Ltd. and Jih Ching Egg Co., Ltd.. Therefore, the shareholding ratio of Rui Fu Foods Co., Ltd. decreased to 75% from 100%.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There have been no significant changes as of March 31, 2020. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2019.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Cash on hand and revolving funds	\$ 5,031	\$ 7,955	\$ 7,095
Checking accounts	4,160	3,125	3,026
Demand deposits	1,099,211	606,669	172,038
Time deposits	-	555,000	-
Total	1,108,402	1,172,749	182,159
Less: Non-current assets held for sale	-	(299,098)	(46,891)
	<u>\$ 1,108,402</u>	<u>\$ 873,651</u>	<u>\$ 135,268</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. On March 31, 2020, the Group has restricted cash and cash equivalents pledged as collateral totalling \$8,200, classified as other financial assets and shown as 'other current assets'. Please refer to Note 8 for details.

(2) Financial assets at fair value through other comprehensive income

<u>Items</u>	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 508,036	\$ 499,320	\$ 511,099
Valuation adjustment	1,219,190	1,619,929	1,392,430
	<u>\$ 1,727,226</u>	<u>\$ 2,119,249</u>	<u>\$ 1,903,529</u>

A. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>For the three-month period ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 425,576)	\$ 108,677

B. The subsidiary, Plenty Type Limited (Cayman Islands), holds CPF's shares, which are traded on the Thailand Stock Exchange. CPF is the ultimate parent company of the Group.

(3) Notes and accounts receivable

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Notes receivable	\$ 317,786	\$ 318,337	\$ 323,788
Less: Non-current assets held for sale	-	(2,577)	(1,839)
	<u>\$ 317,786</u>	<u>\$ 315,760</u>	<u>\$ 321,949</u>
Accounts receivable	\$ 1,797,021	\$ 1,824,319	\$ 1,706,934
Less: Allowance for uncollectible accounts	(1,681)	(1,700)	(2,329)
	<u>\$ 1,795,340</u>	<u>\$ 1,822,619</u>	<u>\$ 1,704,605</u>
Less: Non-current assets held for sale	-	-	(5,770)
	<u>\$ 1,795,340</u>	<u>\$ 1,822,619</u>	<u>\$ 1,698,835</u>

A. The ageing analysis of accounts receivable is as follows:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Current	\$ 1,741,291	\$ 1,768,228	\$ 1,629,019
Up to 120 days	51,371	52,675	74,348
Over 120 days	3,229	3,107	3,019
Over one year	1,130	309	548
	<u>\$ 1,797,021</u>	<u>\$ 1,824,319</u>	<u>\$ 1,706,934</u>
Less: Non-current assets held for sale	-	-	(5,770)
	<u>\$ 1,797,021</u>	<u>\$ 1,824,319</u>	<u>\$ 1,701,164</u>

The above ageing analysis was based on past due date.

B. As of March 31, 2020, December 31, 2019 and March 31, 2019, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2019, the balance of accounts receivable and notes receivable from contracts with customers amounted to \$2,137,470.

- C. As of March 31, 2020, December 31, 2019 and March 31, 2019, all the Group's notes receivable were not past due.
- D. The credit quality of accounts receivable was in the following category based on the Group's Credit Quality Control Policy:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
With guarantee	\$ 125,156	\$ 126,159	\$ 131,178
Without guarantee	<u>1,671,865</u>	<u>1,698,160</u>	<u>1,575,756</u>
	\$ 1,797,021	\$ 1,824,319	\$ 1,706,934
Less: Non-current assets held for sale	<u>-</u>	<u>-</u>	<u>(5,770)</u>
	<u><u>\$ 1,797,021</u></u>	<u><u>\$ 1,824,319</u></u>	<u><u>\$ 1,701,164</u></u>

The Group holds commercial papers, real estate and deposits as collateral for accounts receivable.

- E. As at March 31, 2020, December 31, 2019 and March 31, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable was \$317,786, \$318,337 and \$323,788, respectively, while the amount that best represents the Group's accounts receivable was \$1,795,340, \$1,822,619 and \$1,704,605, respectively.
- F. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

(4) Inventories

		March 31, 2020		
		Cost	Allowance for valuation loss	Book value
Raw materials	\$	758,815	\$ -	\$ 758,815
Packing supplies		31,073	(600)	30,473
Work in progress		32,247	-	32,247
Finished goods		517,732	(37,980)	479,752
General merchandise		45,050	(739)	44,311
Inventory in transit		4,144	-	4,144
	\$	<u>1,389,061</u>	<u>(\$ 39,319)</u>	<u>\$ 1,349,742</u>
		December 31, 2019		
		Cost	Allowance for valuation loss	Book value
Raw materials	\$	1,018,808	\$ -	\$ 1,018,808
Packing supplies		33,750	(810)	32,940
Work in progress		28,697	-	28,697
Finished goods		595,650	(60,180)	535,470
General merchandise		45,921	(19)	45,902
Inventory in transit		16,265	-	16,265
		1,739,091	(61,009)	1,678,082
Less: Non-current assets held for sale	(	140,452)	-	(140,452)
	\$	<u>1,598,639</u>	<u>(\$ 61,009)</u>	<u>\$ 1,537,630</u>
		March 31, 2019		
		Cost	Allowance for valuation loss	Book value
Raw materials	\$	827,718	\$ -	\$ 827,718
Packing supplies		25,456	(450)	25,006
Work in progress		32,912	-	32,912
Finished goods		642,340	(27,800)	614,540
General merchandise		38,832	(49)	38,783
Inventory in transit		5,500	-	5,500
		1,572,758	(28,299)	1,544,459
Less: Non-current assets held for sale	(	162,047)	-	(162,047)
	\$	<u>1,410,711</u>	<u>(\$ 28,299)</u>	<u>\$ 1,382,412</u>

The cost of inventories recognised as expense for the period:

	<u>For the three-month period ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Cost of goods sold	\$ 4,723,306	\$ 4,587,791
(Gain on reversal of) loss on decline in market value	(21,690)	13,200
Others	(16)	443
Less: Operating costs from discontinued operations	(78,539)	(288,740)
	<u>\$ 4,623,061</u>	<u>\$ 4,312,694</u>

Others pertain mainly to gain and loss on physical inventory count and income from disposal of leftover and scraps.

(5) Biological assets

A. Biological assets

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Biological assets - current:			
Consumable biological assets	\$ 1,115,027	\$ 1,044,691	\$ 976,262
Consumable biological assets - changes in fair value less costs to sell	19,692	24,124	16,372
Bearer biological assets	551,283	540,583	462,256
Bearer biological assets - accumulated depreciation	(328,441)	(312,454)	(207,469)
	<u>1,357,561</u>	<u>1,296,944</u>	<u>1,247,421</u>
Less: Non-current assets held for sale	-	(1,072)	(1,474)
	<u>\$ 1,357,561</u>	<u>\$ 1,295,872</u>	<u>\$ 1,245,947</u>
Biological assets-non-current:			
Bearer biological assets	\$ 476,590	\$ 470,609	\$ 431,624
Bearer biological assets - accumulated depreciation	(88,295)	(84,466)	(74,523)
	<u>\$ 388,295</u>	<u>\$ 386,143</u>	<u>\$ 357,101</u>

Consumable biological assets are those that are to be harvested as agricultural products or sold as biological assets. Bearer biological assets are those other than consumable biological assets.

B. Movements of biological assets were as follows:

	<u>2020</u>	<u>2019</u>
At January 1	\$ 1,683,087	\$ 1,600,644
Purchases	202,696	235,492
Costs and expenses input	1,798,993	1,574,023
Sales	(739,315)	(747,251)
Losses on changes in fair value less costs to sell	(4,432)	(20,163)
Transferred to inventories	(1,196,611)	(1,035,886)
Others	1,438	(2,337)
At March 31	<u>1,745,856</u>	<u>1,604,522</u>
Less: Non-current assets held for sale	<u>-</u>	<u>(1,474)</u>
	<u>\$ 1,745,856</u>	<u>\$ 1,603,048</u>

C. Biological assets are comprised of broiler chicken, breeder chicken, fattening swine, and breeder swine, etc. Biological assets, other than fattening swine which are measured at fair value less costs to sell at each reporting date, are measured at cost less accumulated depreciation and impairment losses. The fair value of fattening swine is measured using quoted market prices as references.

The market prices or fair values at the present condition of breeders are unavailable due to short production cycle; the market prices or fair values at present condition of broiler chickens are difficult to obtain. The valuation based on a discounted cash flow method is considered unreliable given the uncertainty with respect to external factors such as climate, weather, diseases etc. Therefore, breeders and broiler chicken are measured using the cost approach. Cost of biological assets includes all costs incurred during the growth cycle such as costs of new-born animals, feeds, and other farm costs. Bearer biological assets are depreciated using the straight-line method through the productive period of each biological asset. The productive period of breeder swine is approximately 24 ~ 36 months; the productive period of breeder chickens is approximately 30 weeks ~ 1 year. For the three-month periods ended March 31, 2020 and 2019, depreciation expense on biological assets amounted to \$108,339 and \$81,353, respectively.

D. Estimates of physical quantities of biological assets are as follows:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Livestock production:			
Estimates of physical quantities (Units: heads)	<u>6,342,086</u>	<u>5,667,851</u>	<u>5,594,952</u>
Aquatic production:			
Estimates of physical quantities (Units: heads)	<u>-</u>	<u>4,000,000</u>	<u>15,600,000</u>

E. Financial risk management policies

The Group is exposed to commodity risks arising from changes in market prices of the chickens and swine. The Group does not anticipate that the prices of the agricultural products will decline significantly in the foreseeable future and there is no available derivative or other contracts. The Group reviews the predictions of the price of the agriculture products regularly, and considers to take the financial risk.

(6) Non-current assets held for sale and discontinued operations

A. The assets and liabilities related to Lianyungang Chia Tai Agro-industry Development Co., Ltd. have been reclassified as held for sale and presented as discontinued operations as they meet the definition of discontinued operations following the approval of Chia Tai Lianyungang Co., Ltd.'s Board of Directors on February 18, 2019 to sell all shares held in Lianyungang Chia Tai Agro-industry Development Co., Ltd. to the related party, Chia Tai (China) Investment Co., Ltd. The proceeds from disposal amounted to CNY 61,768 thousand and the actual proceeds received amounted to CNY 57,725 thousand after deducting the withholding tax of CNY 4,043 thousand in accordance with the Enterprise Income Tax Law of the People's Republic of China. The transaction procedures were completed in January 2020. The gain on disposal of the shares in Lianyungang Chia Tai Agro-industry Development Co., Ltd. amounted to \$84,145.

B. The cash flow information of the discontinued operations is as follows:

	<u>For the three-month period ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Operating cash flows	(\$ 40,567)	\$ 25,726
Investing cash flows	(180,956)	910
Financing cash flows	(77,212)	483
Effect of foreign exchange	(363)	-
Total cash flows	<u>(\$ 299,098)</u>	<u>\$ 27,119</u>

C. Assets of disposal group classified as held for sale:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Cash and cash equivalents	\$ -	\$ 299,098	\$ 46,891
Notes receivable	-	2,577	1,839
Accounts receivable	-	-	5,770
Accounts receivable - related parties	-	61,152	397,045
Other receivables	-	865	4,737
Other receivables - related parties	-	17,836	22,036
Inventories	-	140,452	162,047
Biological assets - current	-	1,072	1,474
Prepayments	-	15,921	28,602
Property, plant and equipment	-	121,060	121,714
Deferred income tax assets	-	7,193	7,521
Other non-current assets	-	3,232	11,987
	<u>\$ -</u>	<u>\$ 670,458</u>	<u>\$ 811,663</u>

D. Liabilities of disposal group classified as held for sale:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Short-term borrowings	\$ -	\$ -	\$ 22,984
Accounts payable	-	31,841	51,012
Accounts payable to related parties	-	178,029	308,207
Other payables	-	246,534	186,547
Current income tax liabilities	-	1,119	-
	<u>\$ -</u>	<u>\$ 457,523</u>	<u>\$ 568,750</u>

E. Analysis of the result of discontinued operations, and the result recognised on the remeasurement of disposal group, is as follows:

	<u>For the three-month period ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Operating revenue	\$ 86,391	\$ 293,554
Operating costs	(78,539)	(288,740)
Operating expenses	(10,393)	(24,391)
Total non-operating income and expenses	<u>(459)</u>	<u>5,092</u>
Loss before tax from discontinued operations	(3,000)	(14,485)
Income tax benefit (expense)	<u>750</u>	<u>(392)</u>
Loss after tax from discontinued operations	<u><u>(\$ 2,250)</u></u>	<u><u>(\$ 14,877)</u></u>
Attributable to:		
Discontinued operations of parent company	(\$ 1,575)	(\$ 10,414)
Non-controlling interest	<u>(675)</u>	<u>(4,463)</u>
Loss after tax from discontinued operations	<u><u>(\$ 2,250)</u></u>	<u><u>(\$ 14,877)</u></u>

No impairment loss occurred based on the remeasurement of the disposal group held for sale at the lower of its carrying amount or fair value less costs to sell.

F. For the profit from continuing and discontinued operations attributable to owners of the parent, please refer to Note 6(26) Earnings per share for the details.

(7) Property, plant and equipment

	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2020</u>									
Cost	\$ 2,377,957	\$ 160,084	\$ 3,782,534	\$ 4,035,713	\$ 299,461	\$ 987,956	\$ 947,640	\$ 1,066,646	\$ 13,657,991
Accumulated depreciation and impairment	-	(45,681)	(1,347,834)	(2,305,232)	(178,436)	(530,653)	(361,849)	-	(4,769,685)
	\$ 2,377,957	\$ 114,403	\$ 2,434,700	\$ 1,730,481	\$ 121,025	\$ 457,303	\$ 585,791	\$ 1,066,646	\$ 8,888,306
Less: Transferred non-current assets held for sales	-	-	(34,474)	(76,664)	(2,934)	-	(6,988)	-	(121,060)
	<u>\$ 2,377,957</u>	<u>\$ 114,403</u>	<u>\$ 2,400,226</u>	<u>\$ 1,653,817</u>	<u>\$ 118,091</u>	<u>\$ 457,303</u>	<u>\$ 578,803</u>	<u>\$ 1,066,646</u>	<u>\$ 8,767,246</u>
<u>2020</u>									
Opening net book amount as at January 1	\$ 2,377,957	\$ 114,403	\$ 2,434,700	\$ 1,730,481	\$ 121,025	\$ 457,303	\$ 585,791	\$ 1,066,646	\$ 8,888,306
Additions	50	9,184	13,939	12,697	15,146	-	3,082	505,284	559,382
Disposals	-	-	-	-	(693)	-	-	-	(693)
Reclassifications	125,105	-	13,063	58,976	14,325	5,492	5,431	(222,392)	-
Depreciation	-	(3,604)	(47,232)	(64,334)	(9,737)	(22,428)	(19,692)	-	(167,027)
Loss of control in subsidiaries	-	-	(34,129)	(75,580)	(2,866)	-	(6,856)	(1,042)	(120,473)
Net exchange differences	-	-	(161)	(355)	(13)	-	(33)	(9)	(571)
Closing net book amount as at March 31	<u>\$ 2,503,112</u>	<u>\$ 119,983</u>	<u>\$ 2,380,180</u>	<u>\$ 1,661,885</u>	<u>\$ 137,187</u>	<u>\$ 440,367</u>	<u>\$ 567,723</u>	<u>\$ 1,348,487</u>	<u>\$ 9,158,924</u>
<u>At March 31, 2020</u>									
Cost	\$ 2,503,112	\$ 167,906	\$ 3,662,005	\$ 3,734,687	\$ 305,447	\$ 990,029	\$ 931,293	\$ 1,348,487	\$ 13,642,966
Accumulated depreciation and impairment	-	(47,923)	(1,281,825)	(2,072,802)	(168,260)	(549,662)	(363,570)	-	(4,484,042)
	<u>\$ 2,503,112</u>	<u>\$ 119,983</u>	<u>\$ 2,380,180</u>	<u>\$ 1,661,885</u>	<u>\$ 137,187</u>	<u>\$ 440,367</u>	<u>\$ 567,723</u>	<u>\$ 1,348,487</u>	<u>\$ 9,158,924</u>

	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2019</u>									
Cost	\$ 2,131,816	\$ 96,928	\$ 3,276,514	\$ 3,806,059	\$ 273,253	\$ 965,801	\$ 792,432	\$ 593,269	\$ 11,936,072
Accumulated depreciation and impairment	-	(34,726)	(1,242,450)	(2,137,433)	(166,031)	(444,698)	(306,002)	-	(4,331,340)
	<u>\$ 2,131,816</u>	<u>\$ 62,202</u>	<u>\$ 2,034,064</u>	<u>\$ 1,668,626</u>	<u>\$ 107,222</u>	<u>\$ 521,103</u>	<u>\$ 486,430</u>	<u>\$ 593,269</u>	<u>\$ 7,604,732</u>
<u>2019</u>									
Opening net book amount as at January 1	\$ 2,131,816	\$ 62,202	\$ 2,034,064	\$ 1,668,626	\$ 107,222	\$ 521,103	\$ 486,430	\$ 593,269	\$ 7,604,732
Additions	36,917	-	189,535	19,874	4,733	420	25,833	210,169	487,481
Disposals	-	-	-	-	(467)	-	-	-	(467)
Reclassifications	54,570	6,919	109,608	34,446	-	3,947	36,308	(245,798)	-
Depreciation	-	(2,115)	(41,291)	(57,218)	(9,380)	(22,790)	(17,043)	-	(149,837)
Net exchange differences	-	-	1,132	2,507	125	-	200	15	3,979
Closing net book amount as at March 31	<u>\$ 2,223,303</u>	<u>\$ 67,006</u>	<u>\$ 2,293,048</u>	<u>\$ 1,668,235</u>	<u>\$ 102,233</u>	<u>\$ 502,680</u>	<u>\$ 531,728</u>	<u>\$ 557,655</u>	<u>\$ 7,945,888</u>
<u>At March 31, 2019</u>									
Cost	\$ 2,223,303	\$ 103,847	\$ 3,565,556	\$ 3,877,892	\$ 275,359	\$ 970,168	\$ 853,199	\$ 557,655	\$ 12,426,979
Accumulated depreciation and impairment	-	(36,841)	(1,272,508)	(2,209,657)	(173,126)	(467,488)	(321,471)	-	(4,481,091)
	<u>\$ 2,223,303</u>	<u>\$ 67,006</u>	<u>\$ 2,293,048</u>	<u>\$ 1,668,235</u>	<u>\$ 102,233</u>	<u>\$ 502,680</u>	<u>\$ 531,728</u>	<u>\$ 557,655</u>	<u>\$ 7,945,888</u>
Less: Transferred non-current assets held for sales	-	-	(34,008)	(74,497)	(3,661)	-	(7,302)	(2,246)	(121,714)
	<u>\$ 2,223,303</u>	<u>\$ 67,006</u>	<u>\$ 2,259,040</u>	<u>\$ 1,593,738</u>	<u>\$ 98,572</u>	<u>\$ 502,680</u>	<u>\$ 524,426</u>	<u>\$ 555,409</u>	<u>\$ 7,824,174</u>

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	<u>For the three-month period ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Amount capitalised	\$ <u>1,595</u>	\$ <u>1,607</u>
Interest rate range	1.12%~1.56%	1.12%~1.63%

- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

- C. As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group held 207 parcels, 182 parcels and 184 parcels of agricultural land, respectively. The carrying amounts of land registered under the title of others amounted to \$989,660, \$877,771 and \$927,742, respectively. The titles of these parcels of land are registered under the title of individuals, however, the Group has agreements with those individuals to pledge these agricultural land to the Group.

(8) Leasing arrangements - lessee

- A. The Group leases various assets including land, buildings, business vehicles, and other equipment. Rental contracts are typically made for periods of 1 to 22 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 315,797	\$ 322,018	\$ 333,232
Buildings	9,829	10,619	5,496
Transportation equipment (Cargo truck)	3,450	2,697	4,793
Other equipment	12,111	10,740	8,736
	<u>\$ 341,187</u>	<u>\$ 346,074</u>	<u>\$ 352,257</u>
		<u>For the three-month period ended March 31,</u>	
		<u>2020</u>	<u>2019</u>
		<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land		\$ 6,582	\$ 6,395
Buildings		1,593	668
Transportation equipment (Cargo truck)		530	687
Other equipment		1,699	1,201
		<u>\$ 10,404</u>	<u>\$ 8,951</u>

C. For the three-month periods ended March 31, 2020 and 2019, the additions to right-of-use assets were \$5,634 and \$1,222, respectively.

D. The Group has no significant profit or loss in relation to lease contracts for the three-month periods ended March 31, 2020 and 2019.

E. For the three-month periods ended March 31, 2020 and 2019, the Group's total cash outflow for leases were \$8,952 and \$24,863, respectively.

(9) Intangible assets

	<u>Software</u>	<u>Goodwill</u>	<u>Total</u>
<u>At January 1, 2020</u>			
Cost	\$ 10,568	\$ 13,208	\$ 23,776
Accumulated amortisation and impairment	(9,943)	-	(9,943)
	<u>\$ 625</u>	<u>\$ 13,208</u>	<u>\$ 13,833</u>
<u>2020</u>			
At January 1	\$ 625	\$ 13,208	\$ 13,833
Additions	83	-	83
Amortisation	(210)	-	(210)
Impairment loss	-	(13,331)	(13,331)
Net exchange differences	-	123	123
At March 31	<u>\$ 498</u>	<u>\$ -</u>	<u>\$ 498</u>
<u>At March 31, 2020</u>			
Cost	\$ 10,651	\$ -	\$ 10,651
Accumulated amortisation and impairment	(10,153)	-	(10,153)
	<u>\$ 498</u>	<u>\$ -</u>	<u>\$ 498</u>

	<u>Software</u>	<u>Goodwill</u>	<u>Total</u>
<u>At January 1, 2019</u>			
Cost	\$ 10,568	\$ 13,430	\$ 23,998
Accumulated amortisation and impairment	(8,939)	-	(8,939)
	<u>\$ 1,629</u>	<u>\$ 13,430</u>	<u>\$ 15,059</u>
<u>2019</u>			
At January 1	\$ 1,629	\$ 13,430	\$ 15,059
Amortisation	(269)	-	(269)
Net exchange differences	-	89	89
At March 31	<u>\$ 1,360</u>	<u>\$ 13,519</u>	<u>\$ 14,879</u>
<u>At March 31, 2019</u>			
Cost	\$ 10,568	\$ 13,519	24,087
Accumulated amortisation and impairment	(9,208)	-	(9,208)
	<u>\$ 1,360</u>	<u>\$ 13,519</u>	<u>\$ 14,879</u>

(10) Short-term borrowings

<u>Type of borrowings</u>	<u>March 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ 3,407,000	1.01%~1.70%	None
Letters of credit	20,064	0.74%	None
	<u>\$ 3,427,064</u>		
<u>Type of borrowings</u>	<u>December 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ 2,294,000	1.04%~1.75%	None
Letters of credit	49,488	0.74%	None
	<u>\$ 2,343,488</u>		
<u>Type of borrowings</u>	<u>March 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ 2,745,543	1.04%~1.75%	None
Letters of credit	97,034	3.20%~3.67%	None
Secured borrowings	22,984	4.79%	Land use right and building
	2,865,561		
Less: Liabilities directly related to non-current assets held for sale	(22,984)		
	<u>\$ 2,842,577</u>		

(11) Short-term notes and bills payable

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Commercial paper payable	\$ 980,000	\$ 980,000	\$ 792,000
Less: Unamortised discounts	(1,088)	(1,341)	(1,155)
	<u>\$ 978,912</u>	<u>\$ 978,659</u>	<u>\$ 790,845</u>
Interest rate range	0.34%~0.93%	0.34%~0.93%	0.63%~0.93%

The short-term notes and bills payable were guaranteed by certain financial institutions.

(12) Other payables

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Accrued salary	\$ 221,592	\$ 397,088	\$ 202,219
Payables for machinery and equipment	7,367	35,719	223,393
Contract liabilities	418	182,161	123,515
Others	278,795	338,431	266,629
	<u>508,172</u>	<u>953,399</u>	<u>815,756</u>
Less: Liabilities directly related to non-current assets held for sale	-	(246,534)	(186,547)
	<u>\$ 508,172</u>	<u>\$ 706,865</u>	<u>\$ 629,209</u>

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>March 31, 2020</u>
Secured loans	2017.10.5~2026.4.3	1.33%-1.63%	\$ 456,437
Unsecured credit loans	2017.9.6~2022.10.27	1.03%-1.50%	2,425,000
			<u>2,881,437</u>
Less: Current portion (shown as 'Other current liabilities')			(593,250)
			<u>\$ 2,288,187</u>

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>December 31, 2019</u>
Secured loans	2017.10.5~2026.4.3	1.42%-1.63%	\$ 614,750
Unsecured credit loans	2017.9.6~2022.10.27	1.03%-1.50%	3,075,000
			<u>3,689,750</u>
Less: Current portion (shown as 'Other current liabilities')			(593,250)
			<u>\$ 3,096,500</u>

Type of borrowings	Borrowing period	Interest rate range	March 31, 2019
Secured loans	2016.8.2~2022.12.15	1.42%~1.63%	\$ 799,688
Unsecured credit loans	2017.9.6~2022.10.27	1.25%~1.50%	1,500,000
			2,299,688
Less: Current portion (shown as 'Other current liabilities')			(309,917)
			\$ 1,989,771

Information on collaterals pledged for long-term borrowings is provided in Note 8.

(14) Pensions

A. Defined benefit plans

- (a) The Company and its domestic subsidiaries have defined benefit pension plans in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit plans, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to specific percentage of the employees' monthly salaries and wages to the retirement fund deposited with the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balances are insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions to cover the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$861 and \$1,142 for the three-month periods ended March 31, 2020 and 2019, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 have no material differences from actual contributions for the year ended December 31, 2019.

B. Defined contribution plans

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established defined contribution pension plans (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs for the aforementioned defined contribution pension plans of the Group for the three-month periods ended March 31, 2020 and 2019 were \$12,058 and \$10,763, respectively.
- (b) The Company’s Mainland China subsidiary, Lianyungang Chia Tai Agro-industry Development Co., Ltd., has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage has been adjusted to 16% since May 1, 2019 and was both 20% for the four-month period ended April 30, 2019 and for the year ended December 31, 2018. Other than the monthly contributions, the Group has no further obligations. The pension costs for the aforementioned defined contribution pension plan of this subsidiary for the three-month periods ended March 31, 2020 and 2019 were \$451 and \$1,557, respectively.

(15) Share capital - common stocks

As of March 31, 2020, the Company’s authorised capital was \$3,579,000, consisting of 357,900 thousand shares of common stock, and the paid-in capital was \$2,679,910, consisting of 267,991 thousand shares of common stock with a par value of \$10 (in dollars) per share. All proceeds from shares issuance have been collected.

For the three-month periods ended March 31, 2020 and 2019, there were no changes in the number of the Company’s ordinary shares outstanding.

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. A special reserve is set aside or reversed in accordance with related laws or regulations by the Competent Authority. The remainder, if any, along with the accumulated unappropriated earnings in prior years, shall be distributed as shareholders' bonus as resolved by the shareholders. Cash dividends to shareholders shall account for at least 10% of the total dividends distributed to shareholders. If cash dividend is lower than \$0.1 (in dollars) per share, dividends are distributed using share dividends.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of earnings for 2018 have been resolved at the shareholders' meeting on June 26, 2019 as follows:

	2018	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 95,073	
Cash dividends	803,973	\$ 3

- E. Events after the balance sheet date:

The appropriations of earnings for 2019 proposed by the Board of Directors on May 5, 2020 are as follows. The dividends payable is not reflected in the consolidated financial statements of the Group.

	2019	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 146,471	
Cash dividends	1,071,964	\$ 4

The appropriation proposal of 2019 earnings has not yet been resolved at the shareholders' meeting.

(18) Operating revenue

	<u>For the three-month period ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers	\$ 5,327,584	\$ 5,328,851
Less: Operating revenue from discontinued operations	(86,391)	(293,554)
	<u>\$ 5,241,193</u>	<u>\$ 5,035,297</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following geographical regions:

	<u>Domestic</u>	<u>Asia</u>	<u>Total</u>
<u>For the three-month period ended March 31, 2020</u>			
Total segment revenue	\$ 5,349,831	\$ 86,391	\$ 5,436,222
Inter-segment revenue	(108,638)	-	(108,638)
Revenue from external customer contracts	<u>\$ 5,241,193</u>	<u>\$ 86,391</u>	<u>\$ 5,327,584</u>
Timing of revenue recognition			
At a point in time	\$ 5,241,193	\$ 86,391	\$ 5,327,584
Less: Operating revenue from discontinued operations	-	(86,391)	(86,391)
	<u>\$ 5,241,193</u>	<u>\$ -</u>	<u>\$ 5,241,193</u>
	<u>Domestic</u>	<u>Asia</u>	<u>Total</u>
<u>For the three-month period ended March 31, 2019</u>			
Total segment revenue	\$ 5,134,350	\$ 293,554	\$ 5,427,904
Inter-segment revenue	(99,053)	-	(99,053)
Revenue from external customer contracts	<u>\$ 5,035,297</u>	<u>\$ 293,554</u>	<u>\$ 5,328,851</u>
Timing of revenue recognition			
At a point in time	\$ 5,035,297	\$ 293,554	\$ 5,328,851
Less: Operating revenue from discontinued operations	-	(293,554)	(293,554)
	<u>\$ 5,035,297</u>	<u>\$ -</u>	<u>\$ 5,035,297</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Contract liabilities:			
Contract liabilities -			
advance receipts	\$ 418	\$ 182,161	\$ 123,515
Less: Transferred			
liabilities			
directly related			
to non-current			
assets held for			
sale	-	(182,065)	(123,515)
	<u>\$ 418</u>	<u>\$ 96</u>	<u>\$ -</u>

C. Information on revenue categorised by nature is provided in Note 14(2).

(19) Other income and expenses, net

Other income and expenses, net are losses on change in fair value less costs to sell of biological assets.

	<u>For the three-month period ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Other income and expenses, net	(\$ 4,432)	(\$ 20,163)

(20) Other income

	<u>For the three-month period ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Interest income:		
Interest income from bank deposits	\$ 794	\$ 5,275
Rental income	2,538	1,374
Less: Other income from discontinued		
operations	(257)	(5,172)
	<u>\$ 3,075</u>	<u>\$ 1,477</u>

(21) Other gains and losses

	<u>For the three-month period ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Gains on disposal of property, plant and equipment	\$ 2,207	\$ 463
Gain on disposal of investment	84,145	-
Impairment loss on non-financial assets	(13,331)	-
Foreign exchange gains	2,050	2,642
Other gains and losses	8,785	3,429
Less: Other gains and losses from discontinued operations	716	(193)
	<u>\$ 84,572</u>	<u>\$ 6,341</u>

(22) Finance costs

	<u>For the three-month period ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Interest expense	\$ 22,087	\$ 17,489
Less: Finance costs from discontinued operations	-	(273)
	<u>\$ 22,087</u>	<u>\$ 17,216</u>

(23) Expenses by nature (Including discontinued operations)

	<u>For the three-month period ended March 31, 2020</u>		
	<u>Operating cost</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense	\$ 337,723	\$ 176,374	\$ 514,097
Depreciation on property, plant and equipment	155,215	11,812	167,027
Depreciation on right-of-use assets	8,350	2,054	10,404
Amortisation	872	258	1,130
	<u>\$ 502,160</u>	<u>\$ 190,498</u>	<u>\$ 692,658</u>

For the three-month period ended March 31, 2019			
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 307,550	\$ 165,007	\$ 472,557
Depreciation on property, plant and equipment	140,167	9,670	149,837
Depreciation on right-of-use assets	7,477	1,474	8,951
Amortisation	725	359	1,084
	<u>\$ 455,919</u>	<u>\$ 176,510</u>	<u>\$ 632,429</u>

(24) Employee benefit expense (Including discontinued operations)

For the three-month period ended March 31, 2020			
	Operating cost	Operating expenses	Total
Wages and salaries	\$ 285,012	\$ 156,686	\$ 441,698
Labor and health insurance	28,069	11,738	39,807
Pension costs	8,245	5,125	13,370
Other personnel expenses	16,397	2,825	19,222
	<u>\$ 337,723</u>	<u>\$ 176,374</u>	<u>\$ 514,097</u>

For the three-month period ended March 31, 2019			
	Operating cost	Operating expenses	Total
Wages and salaries	\$ 260,371	\$ 145,389	\$ 405,760
Labor and health insurance	25,320	10,750	36,070
Pension costs	7,972	5,490	13,462
Other personnel expenses	13,887	3,378	17,265
	<u>\$ 307,550</u>	<u>\$ 165,007</u>	<u>\$ 472,557</u>

Other personnel expenses include meal allowance, training expenses and employee benefits.

A. According to the Articles of Incorporation of the Company, an amount equal to at least 1% of the Company's distributable profit of the current year should be appropriated as employees' compensation expense. If the Company has an accumulated deficit, earnings should be reserved to cover the accumulated losses in advance.

B. For the three-month periods ended March 31, 2020 and 2019, employees' compensation was accrued at \$2,778 and \$3,294, respectively. The aforementioned amounts were recognised in wages and salaries expense.

For the three-month period ended March 31, 2020, the employees' compensation was estimated and accrued based on 1% (as prescribed by the Company's Articles of Incorporation) of distributable profit of current year as of the end of reporting period.

For 2019, the difference of \$278 between employees' compensation of \$17,643 resolved by the Board of Directors and the amount of \$17,365 recognised in the 2019 financial statements, mainly resulting from a variance in estimation, will be adjusted in profit or loss for 2020. The employees' compensation in 2019 has not yet been distributed, so the adjustment of the variance was not yet reflected in the consolidated financial statements of the Group.

C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>For the three-month period ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Current tax:		
Current tax on profits for the period	\$ 45,454	\$ 71,272
Tax on undistributed surplus earnings	-	-
Prior year income tax (over) underestimation	-	-
Total current tax	<u>45,454</u>	<u>71,272</u>
Deferred tax:		
Origination and reversal of temporary differences	11,215 (	7,330)
Impact of change in tax rate	-	-
Total deferred tax	<u>11,215 (</u>	<u>7,330)</u>
Income tax expense	\$ 56,669	\$ 63,942
Less: Income tax expense from discontinued operations	750 (	392)
Income tax expense	<u>\$ 57,419</u>	<u>\$ 63,550</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	<u>For the three-month period ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Remeasurement of defined benefit obligations	<u>\$ -</u>	<u>\$ -</u>

B. The income tax returns through 2018 of the Company and its subsidiaries - Charoen Pokphand (Taiwan) Co., Ltd., Arbor Acres (Taiwan) Co., Ltd. and Rui Fu Foods Co., Ltd. have been assessed and approved by the Tax Authority. The income tax returns through 2017 of the subsidiary - Rui Mu Foods Co., Ltd. has been assessed and approved by the Tax Authority.

(26) Earnings per share

	For the three-month period ended March 31, 2020		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 235,922	<u>267,991</u>	\$ 0.88
Loss from discontinued operations	(1,575)		(0.01)
Profit attributable to ordinary shareholders	<u>\$ 234,347</u>		<u>\$ 0.87</u>
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 235,922	267,991	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	<u>341</u>	
Profit from continuing operations attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	235,922	<u>268,332</u>	\$ 0.88
Loss from discontinued operations	(1,575)		(0.01)
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 234,347</u>	<u>268,332</u>	<u>\$ 0.87</u>

For the three-month period ended March 31, 2019

	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 252,544	<u>267,991</u>	\$ 0.94
Loss from discontinued operations	(10,414)		(0.04)
Profit attributable to ordinary shareholders	<u>\$ 242,130</u>		<u>\$ 0.90</u>
 <u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 252,544	267,991	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	<u>-</u>	<u>298</u>	
Profit from continuing operations attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	252,544	<u>268,289</u>	\$ 0.94
Loss from discontinued operations	(10,414)		(0.04)
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 242,130</u>	<u>268,289</u>	<u>\$ 0.90</u>

(27) Supplemental cash flow information

Investing activities with partial cash payment are as follows:

	For the three-month period ended March 31,	
	2020	2019
Acquisition of property, plant and equipment	\$ 559,382	\$ 487,481
Add: Opening balance of payable on equipment	35,719	62,163
Less: Ending balance of payable on equipment	(7,367)	(223,393)
Cash paid during the year	<u>\$ 587,734</u>	<u>\$ 326,251</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

CPF (incorporated in Thailand) indirectly held 39% of the Company's equity shares. The remaining shares were held by the general public. CPG is the major shareholder of CPF.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Charoen Pokphand Foods Public Co., Ltd. (CPF)	Ultimate parent company
Charoen Pokphand Group Co., Ltd. (CPG)	Other related parties
C.P. Merchandising Company Limited	"
Chia Tai Feedmill Pte. Ltd.	"
Ta Chung Investment Co., Ltd.	"
Chung Ta Investment Co., Ltd.	"
Perfect Companion (Taiwan) Co., Ltd.	"
C.P. Aquaculture (Dongfang) Co., Ltd.	"
Chia Tai Investment Co., Ltd. (Formerly Chia Tai (China) Investment Co., Ltd.)	"
Chia Tai Aquaculture (Nantong) Co., Ltd.	"
Chia Tai Food (Suqian) Co., Ltd.	"
Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd.	"
Chia Tai Electronic Commerce (Zhejiang) Co., Ltd.	"
C.P. Premix (Nantong) Co., Ltd.	"
Jiangsu C.T. & Suken Swine Co., Ltd.	"
Jiansu Huai Yin Chia Tai Co., Ltd.	"
Wuhan Chia Tai Aquaculture Co., Ltd.	"
Henan C.T. Poultry Co., Ltd.	"
Pizhou Chia Tai Food Co., Ltd.	"
Qingdao Chia Tai Agricultural Development Co., Ltd.	"
Nantong Chia Tai Co., Ltd.	"
Nantong Chia Tai Livestock & Poultry Co., Ltd.	"

Names of related parties	Relationship with the Group
Nantong Chia Tai Agriculture Development Co., Ltd.	Other related parties
Xuzhou Chia Tai Feed Co., Ltd.	"
Taizhou Chia Tai Feed Co., Ltd.	"
Huaian C.P. Livestock Co., Ltd.	"
Shanghai Zhengcheng Mechanical Manufacturing Co., Ltd.	"
Xiamen Chia Tai Agriculture Co., Ltd.	"
Chuzhou Chia Tai Co., Ltd.	"
Ningbo Chia Tai Agriculture Co., Ltd.	"
Fuzhou Da Fu Co., Ltd.	"
Shandong C.P. Livestock Co., Ltd.	"
Qingdao CP Swine Business Co., Ltd.	"
Guangdong Chia Tai Biotechnology Co., Ltd.	"
Chia Tai (China) Agro-Industrial Ltd.	"
Nantong Chia Tai Feedmill Co., Ltd.	"
Hung Peng-Da	"
Huang Wei-I	"
Hung Yu-Chun	"

(3) Significant related party transactions and balances

A. Operating revenue

	For the three-month period ended March 31,	
	2020	2019
Sales of goods:		
Other related parties	\$ 22,992	\$ 146,544
Less: Operating revenue from discontinued operations	(22,992)	(146,544)
	<u>\$ -</u>	<u>\$ -</u>

Goods are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases

	For the three-month period ended March 31,	
	2020	2019
Purchases of goods:		
Ultimate parent company	\$ -	\$ 3,046
Other related parties	21,925	102,678
Less: Purchase from discontinued operations	(19,764)	(97,705)
	<u>\$ 2,161</u>	<u>\$ 8,019</u>

Goods are purchased from related parties on normal commercial terms and conditions.

C. Receivables from related parties

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Accounts receivable:			
Other related parties	\$ -	\$ 61,152	\$ 397,045
Other receivables:			
Other related parties	<u>-</u>	<u>17,836</u>	<u>22,036</u>
	-	78,988	419,081
Less: Non-current assets held for sale	<u>-</u>	<u>(78,988)</u>	<u>(419,081)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest. No allowance for uncollectible accounts was provided for receivables from related parties.

D. Payables to related parties

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Notes and accounts payable:			
Other related parties	\$ 115	\$ 183,650	\$ 311,683
Less: Liabilities directly related to non-current assets held for sale	<u>-</u>	<u>(178,029)</u>	<u>(308,207)</u>
	<u>\$ 115</u>	<u>\$ 5,621</u>	<u>\$ 3,476</u>

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

E. Rental income (shown as 'Other income')

	<u>For the three-month period ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Rental income:		
Other related parties	<u>\$ 245</u>	<u>\$ 245</u>

The rental receivables are collected annually or monthly based on the contracts.

F. Technical service agreement

- (a) The Company signed a technical service agreement with CPG since 1996. CPG helps the Company to manufacture feeds, raise animals and to process meat products, and the Company pays compensation of THB12 million (net value) for the services annually. The commitment would not be terminated except when any of the two parties would agree to end the agreement. For the three-month periods ended March 31, 2020 and 2019, the Company recognised technical service expenses amounting to \$3,273 and \$3,347, respectively. As of March 31, 2020, December 31, 2019 and March 31, 2019, the outstanding balances were approximately \$17, \$627 and \$110, respectively.
- (b) The Company signed a technical service agreement with CPG at the end of 2015. CPG helps the Company to raise animals and provides consulting services of related technical skills, and the Company pays compensation of \$700 for the services monthly. The contract is effective for 5 years. For the three-month periods ended March 31, 2020 and 2019, the Company recognised technical service expense amounting to \$2,100 for both years. As of March 31, 2020, December 31, 2019 and March 31, 2019, the outstanding balances were \$4,200, \$2,100 and \$4,200, respectively.

G. Trademark licensing agreement

The Company signed a trademark license agreement with CPG at the end of 2015. The contract authorises the Company to use ‘CP’ as trademark in the designated area (Republic of China). Royalties are paid monthly based on 1.5% of the net amount of sales. The contract is effective for 5 years. For the three-month periods ended March 31, 2020 and 2019, the Company recognised royalties amounting to \$19,486 and \$18,330, respectively. As of March 31, 2020, December 31, 2019 and March 31, 2019, the outstanding balances were \$39,509, \$20,023 and \$37,504, respectively.

H. Property transactions

On June 26, 2018, the Board of Directors during its meeting resolved to acquire the land and building located at No. 3781 and No. 227 Changduanshu, Houbi Dist., Tainan City 731, Taiwan (R.O.C.) from other related party and used as an egg washing facility. The total contract price was \$30,130, and outstanding amounts as of December 31, 2019 and March 31, 2019 were \$0 and \$5,130, respectively.

(4) Key management compensation

	For the three-month period ended March 31,	
	2020	2019
Salaries and other short-term employee benefits	\$ 43,650	\$ 42,485
Post-employment benefits	399	389
Total	<u>\$ 44,049</u>	<u>\$ 42,874</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

<u>Pledged assets</u>	<u>Book value</u>			<u>Purpose</u>
	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>	
Time deposits (shown as 'Other current assets')	\$ 8,200	\$ 7,700	\$ 7,450	Guarantee deposit
Land use right (shown as 'Non-current assets classified as held for sale')	-	-	3,665	Credit line of short-term borrowing
Property, plant and equipment				
Land	142,803	142,803	102,473	Long-term borrowings
Buildings and structures	428,481	434,735	216,277	Long-term borrowings
	<u>\$ 579,484</u>	<u>\$ 585,238</u>	<u>\$ 329,865</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

- (1) As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group had opened unused letters of credit for purchases of raw materials and machinery of \$446,892, \$516,177 and \$761,680, respectively.
- (2) As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group had several outstanding construction contracts and equipment purchase agreements. The balance outstanding amounted to \$975,748, \$801,753 and \$182,010, respectively, and will be paid based on percentage of completion.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Other than those stated in Note 6(17)E, the significant events after the reporting period of the Group were as follows:

On April 14, 2020, the Board of Directors of Rui Mu Foods Co., Ltd. resolved to dispose the land located at Daochang Section, Houbi District, Tainan City to other related party for the purpose of activating the idle assets due to suspension of the plan to establish a chicken manure processing plant. The total transaction amount and gain on disposal were \$23,642 and \$678, respectively.

12. OTHERS

(1) Capital risk management

There were no significant changes in the reporting period, please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2019.

(2) Financial risk of financial instruments

A. Financial instruments by category

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
<u>Financial assets</u>			
Financial assets measured at fair value through other comprehensive income			
Designation of equity instrument	\$ 1,727,226	\$ 2,119,249	\$ 1,903,529
Financial assets at amortised cost			
Cash and cash equivalents	1,108,402	873,651	135,268
Notes receivable	317,786	315,760	321,949
Accounts receivable	1,795,340	1,822,619	1,698,835
Other accounts receivable	14,509	9,978	5,575
Refundable deposits	41,757	44,521	37,049
Other financial assets	8,200	7,700	7,450
	<u>\$ 5,013,220</u>	<u>\$ 5,193,478</u>	<u>\$ 4,109,655</u>
	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 3,427,064	\$ 2,343,488	\$ 2,842,577
Short-term notes and bills payable	978,912	978,659	790,845
Notes payable (including related parties)	451,508	473,913	275,445
Accounts payable (including related parties)	676,802	682,365	622,998
Other accounts payable (including related parties)	551,898	729,615	671,023
Long-term borrowings (including current portion)	2,881,437	3,689,750	2,299,688
	<u>\$ 8,967,621</u>	<u>\$ 8,897,790</u>	<u>\$ 7,502,576</u>
Lease liability	<u>\$ 327,870</u>	<u>\$ 331,307</u>	<u>\$ 336,451</u>

B. Financial risk management policies

There were no significant changes in the reporting period, please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2019.

C. Financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, HKD and CNY. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency.
- iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: CNY and HKD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	March 31, 2020		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:HKD	USD	9,995	7.80 \$ 304,591
CNY:HKD	CNY	7,185	1.09 30,720
<u>Non-monetary item</u>			
THB:HKD	THB	1,866,240	0.24 \$ 1,727,226
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	USD	2,182	30.28 \$ 66,063
EUR:NTD	EUR	600	33.44 20,064

		December 31, 2019		
		Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:HKD	USD	1,867	7.80	\$ 55,934
CNY:HKD	CNY	7,176	1.12	30,827
<u>Non-monetary item</u>				
THB:HKD	THB	2,112,000	0.26	\$ 2,119,249
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	2,568	30.03	\$ 77,127
EUR:NTD	EUR	1,629	33.79	\$ 55,052
		March 31, 2019		
		Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:HKD	USD	616	7.80	\$ 18,886
CNY:HKD	CNY	3,213	1.17	14,770
<u>Non-monetary item</u>				
THB:HKD	THB	1,958,400	0.25	\$ 1,903,529
<u>Financial liabilities</u>				
<u>Monetary item</u>				
USD:NTD	USD	5,471	30.87	\$ 168,888

Note: The functional currency of certain subsidiaries belonging to the Group is HKD. Thus, this information has to be considered when reporting.

- v. Total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2020 and 2019 amounted to \$2,050 and \$2,642, respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

<u>For the three-month period ended March 31, 2020</u>			
<u>Sensitivity analysis</u>			
<u>Degree of variation</u>		<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : HKD	1%	\$ 3,046	\$ -
CNY : HKD	1%	307	-
<u>Non-monetary item</u>			
THB : HKD	1%	\$ -	\$ 17,272
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	(\$ 661)	\$ -
EUR : NTD	1%	(201)	\$ -
<u>For the three-month period ended March 31, 2019</u>			
<u>Sensitivity analysis</u>			
<u>Degree of variation</u>		<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : HKD	1%	\$ 189	\$ -
CNY : HKD	1%	148	-
<u>Non-monetary item</u>			
THB : HKD	1%	\$ -	\$ 19,035
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD : NTD	1%	(\$ 1,689)	\$ -

Price risk

- i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as financial assets at fair value through other comprehensive income. Please refer to Note 6(2).
- ii. For the Group's strategies for biological assets price risk, please refer to Note 6(5).

iii. The Group's investment in equity securities comprise foreign listed stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other equity for the three-month periods ended March 31, 2020 and 2019 would have increased/decreased by \$17,272 and \$19,035, respectively, as a result of gains/losses on equity securities classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the three-month periods ended March 31, 2020 and 2019, the Group's borrowings at variable rate were denominated in NTD.
- ii. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios run only for liabilities that represent the major interest-bearing positions.
- iii. For the three-month periods ended March 31, 2020 and 2019, if interest rates on NTD-denominated borrowings at that date had been 1% higher/lower with all other variables held constant, post-tax profit for the three-month periods ended March 31, 2020 and 2019, would have been \$5,763 and \$4,599 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is the contract cash flows when counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. Based on the Group's historical experience, if the contract payments were past due over 17 days, there has been a significant increase in credit risk on that instrument since initial recognition. As a result, the Group should strengthen controls and make follow-up procedures.
- iv. The Group pays attention on specific customers whose payments were past due to confirm the debts and recognises the allowance for bad debts when there is a concern about default based on the assessment of customers' credit risk.
- v. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss impairment under the provision matrix basis.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group's written-off financial assets that are still under recourse procedures amounted to \$212, \$1,283 and \$194, respectively.
- vii. (i) The expected loss rate for well-reputed customers is 0.03%. On March 31, 2020, December 31, 2019 and March 31, 2019, the total book value of accounts receivable and loss allowance amounted to \$721,506 and \$0, \$693,792 and \$0, \$735,687 and \$0, respectively.
- (ii) The Group used the forecastability of the global economy to adjust historical and timely information to assess the default possibility of accounts receivable in accordance with customers' credit. On March 31, 2020, December 31, 2019 and March 31, 2019, the expected loss rate is as follows:

	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>March 31, 2020</u>			
Expected loss rate	0%~100%	0.003%~10%	
Total book value	\$ 25,625	\$ 1,049,890	\$ 1,075,515
Loss allowance	1,637	44	1,681
	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>December 31, 2019</u>			
Expected loss rate	0%~100%	0.003%~10%	
Total book value	\$ 23,065	\$ 1,107,462	\$ 1,130,527
Loss allowance	1,656	44	1,700
	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>March 31, 2019</u>			
Expected loss rate	0~100%	0.003%~10%	
Total book value	\$ 23,372	\$ 947,874	\$ 971,246
Loss allowance	2,289	40	2,329

Note: Customers are categorised into Group A and B based on their credit rating. The expected loss rate is assessed on an individual basis under each group.

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes and accounts receivable are as follows:

	<u>2020</u>	<u>2019</u>
	Notes and accounts receivable (including related parties)	Notes and accounts receivable (including related parties)
At January 1	\$ 1,700	\$ 2,369
Reversal of impairment loss	(19)	(40)
At March 31	<u>\$ 1,681</u>	<u>\$ 2,329</u>

The reversal of impairment loss arising from customers' contracts for the three-month periods ended March 31, 2020 and 2019 amounted to \$19 and \$40, respectively

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's financial ratio targets, covenant compliance and applicable external regulatory or legal requirements.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
March 31, 2020			
Short-term borrowings	\$ 3,427,064	\$ -	\$ -
Short-term notes and bills payable	980,000	-	-
Notes payable	451,508	-	-
Accounts payable (including related parties)	676,802	-	-
Other payables (including related parties)	551,898	-	-
Lease liability	25,023	118,091	214,794
Long-term borrowings (including current portion)	625,947	2,247,222	61,840

Non-derivative financial liabilities

December 31, 2019	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 2,343,488	\$ -	\$ -
Short-term notes and bills payable	980,000	-	-
Notes payable	473,913	-	-
Accounts payable (including related parties)	682,365	-	-
Other payables (including related parties)	729,615	-	-
Lease liability	23,316	124,098	214,777
Long-term borrowings (including current portion)	639,471	3,076,747	62,660

Non-derivative financial liabilities

March 31, 2019	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 2,842,577	\$ -	\$ -
Short-term notes and bills payable	792,000	-	-
Notes payable (including related parties)	275,445	-	-
Accounts payable (including related parties)	622,998	-	-
Other payables (including related parties)	671,023	-	-
Lease liability	22,504	137,625	209,542
Long-term borrowings (including current portion)	339,634	2,017,771	-

iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

- A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2) A.
- B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in biological assets is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

C. The related information of financial and non-financial instruments measured at fair value by level based on the nature, characteristics and risks of the assets and liabilities is as follows:

<u>March 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Biological assets	\$ <u> -</u>	\$ <u> 795,072</u>	\$ <u> -</u>	\$ <u> 795,072</u>
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ <u> 1,727,226</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 1,727,226</u>
 <u>December 31, 2019</u>	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>	 <u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Biological assets	\$ <u> -</u>	\$ <u> 755,525</u>	\$ <u> -</u>	\$ <u> 755,525</u>
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ <u> 2,119,249</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 2,119,249</u>
 <u>March 31, 2019</u>	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>	 <u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Biological assets	\$ <u> -</u>	\$ <u> 692,741</u>	\$ <u> -</u>	\$ <u> 692,741</u>
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ <u> 1,903,529</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 1,903,529</u>

D. The methods and assumptions of the Group used to measure fair value are as follows:

- (a) The instruments the Group used quoted market prices as their fair values (that is, Level 1) are listed stocks, whose quoted market prices are based on the closing prices which are classified as available-for-sale financial assets.

- (b) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- (c) Details of methods for measuring Level 2 - Biological assets are provided in Note 6(5).
- E. For the three-month periods ended March 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.
- F. For the three-month periods ended March 31, 2020 and 2019, there was no transfer into or out from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others during the three-month period ended March 31, 2020: None.

C. Holding of marketable securities at March 31, 2020 (not including subsidiaries, associates and joint ventures):

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of March 31, 2020				Footnote
	Types	Name			Number of shares	Book value	Ownership	Fair value (Note 1)	
Plenty Type Limited (Cayman Islands)	Common share	CHAROEN POKPHAND (USA). INC.	None	Financial assets at fair value through profit or loss	4,501,000	\$ -	0.02%	\$ -	
Plenty Type Limited (Cayman Islands)	Common share	CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED	(Note 2)	Financial assets at fair value through other comprehensive income	76,800,000	1,727,226	0.89%	1,727,226	

Note 1: The numbers filled in for market value are as follows:

(1) Where there is a quoted market price, the fair value is based on the closing price at the balance sheet date, the fair value of open-end funds is based on the net asset value at the balance sheet date.

(2) Where there is no quoted market price, this column is filled in with the book value per share for stocks or left blank for other instruments.

Note 2: Investee company accounted for as financial assets at fair value through other comprehensive income by Plenty Type Limited (Cayman Islands), which is ultimate parent entity of the Company

D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300,000 or 20% of the Company's paid-in capital during the three-month period ended March 31, 2020: None.

E. Acquisition of real estate reaching NT\$300,000 or 20% of paid-in capital or more during the three-month period ended March 31, 2020: None.

F. Disposal of real estate reaching NT\$300,000 or 20% of paid-in capital or more during the three-month period ended March 31, 2020: None.

G. Purchases or sales of goods from or to related parties reaching NT\$100,000 or 20% of paid-in capital or more during the three-month period ended March 31, 2020: None.

H. Receivables from related parties reaching NT\$100,000 or 20% of paid-in capital or more as at March 31, 2020: None.

I. Trading in derivative instruments undertaken during the three-month period ended March 31, 2020: None

J. Significant inter-company transactions during the three-month period ended March 31, 2020:

The inter-company transactions below 1% of consolidated assets or revenue are not disclosed.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China):

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of March 31, 2020			Net profit of the investee	Investment income recognised by the Company	Footnote
				Balance as of March 31, 2020	Balance as of December 31, 2019	Number of shares	Ownership (%)	Book value			
The Company	Plenty Type Limited (Cayman Islands)	Cayman Islands	Management of producing and non-producing business investments	\$ 720,448	\$ 720,448	96,370,079	100.00	\$ 2,062,652	\$ 67,338	\$ 67,338	Subsidiary (Note 1)
The Company	Charoen Pokphand (Taiwan) Co., Ltd.	Taiwan	Management of importing and exporting businesses	20,086	20,086	2,443,716	90.00	42,403	4,010	3,609	Subsidiary
The Company	Arbor Acres (Taiwan) Co., Ltd.	Taiwan	Husbandry management of chickens to produce breeder chicken and daily chicken	60,131	60,131	1,600,000	50.00	394,560	19,560	9,780	Subsidiary
The Company	Rui Mu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	93,860	93,860	10,400,000	52.00	106,524	(6,078)	(3,161)	Subsidiary
The Company	Rui Fu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	204,000	153,000	20,400,000	51.00	179,800	(24,346)	(12,417)	Subsidiary (Note 1)
Plenty Type Limited (Cayman Islands)	Chia Tai Lianyungang Co., Ltd.	Hong Kong	Management of producing and non-producing business investments	HKD 19,910	HKD 19,910	999,999	99.99	278,730	81,748	-	Indirectly owned subsidiary (Note 2)
Rui Fu Foods Co., Ltd.	Sheng Da Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	60,000	60,000	6,000,000	75.00	59,635	(331)	-	Indirectly owned subsidiary (Note 2)

Note 1: Including recognition of current profit of its investees.

Note 2: Current period income has been recognised by subsidiaries and indirectly owned subsidiaries.

(3) Information on investments in Mainland China

A. Basic information:

Investee in Mainland China	Main business activities	Paid-in Capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from /remitted back to Taiwan during the period		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020	Net income of the investee	Ownership held by the Company (direct or indirect)	Investment income recognised by the company (Note 2)	Book value of investment as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2020	Footnote
				China as of January 1, 2020	Remitted to Mainland China	Remitted back to Taiwan	March 31, 2020					March 31, 2020	
Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Feeds producing, poultry raising, processing and sales.	\$ 142,846	2	\$ 129,028	\$ -	\$ -	\$ 129,028	(\$ 2,250)	0.00	(\$ 1,575)	\$ -	\$ -	Note 4 and 6

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020 (Note 4)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)(Note 5)	Ceiling on investments in Mainland China imposed by the Investment Commission of the MOEA
The Company	\$ 129,028	\$ 407,875	\$ 4,669,994

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company (Chia Tai Lianyungang Co., Ltd.) in the third area, which then invested in the investee in Mainland China.
- (3) Others.

Note 2: Based on the financial statements reviewed independent accountants in the R.O.C.

Note 3: The table is expressed in New Taiwan dollars.

Note 4: The paid-in capital was US\$5,400 thousand, which was translated into New Taiwan dollars based on the historical exchange rates and the accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020 and March 31, 2020 were both US\$4,276 thousand. The amounts in the table are translated into New Taiwan dollars at the spot exchange rates prevailing at March 31, 2020.

Note 5: The amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) is US\$13,517 thousand. The amount in the table is translated into New Taiwan dollars at the spot exchange rates prevailing at March 31, 2020.

Note 6: The Company has applied for revoking the investment in Lianyungang Chia Tai Agro-industry Development Co., Ltd. to the Investment Commission of the Ministry of Economic Affairs (MOEA) on April 9, 2020.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland China area: None.

(4) Major shareholders information

<u>Name of major shareholders</u>	<u>Shares</u>	
	<u>Name of shares held</u>	<u>Ownership (%)</u>
Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	26,802,733	10.00
Bright Excel Investments Limited, BVI	24,832,500	9.26
Giant Crown Investments Limited, BVI	16,946,479	6.32
Chun Ta Investment Co., Ltd .	15,176,525	5.66

14. OPERATING SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decision.

The Group's Chief Operating Decision-Maker considers the business from a product type perspective. The main activities of the Group are feeds business, meat processing business, food processing business, management of importing and exporting animal medicine and husbandry business. The reportable segments are as follows:

- A. Feeds business: Manufacture and sale of animal feeds and wholesale of commodity;
- B. Meat processing business;
- C. Food processing business; and
- D. Husbandry business: Husbandry management of chickens to produce eggs and meat.

There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information in this period.

(2) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	For the three-month period ended March 31, 2020					
	<u>Feeds</u>	<u>Meat processing</u>	<u>Food processing</u>	<u>Husbandry</u>	<u>Others</u>	<u>Total</u>
Revenues from third parties (Note 1)	\$ 2,848,995	\$ 1,272,699	\$ 933,407	\$ 247,117	\$ 25,366	\$ 5,327,584
Revenues from the Group	64,078	9,241	278	23,271	11,770	108,638
Total segment revenue	<u>\$ 2,913,073</u>	<u>\$ 1,281,940</u>	<u>\$ 933,685</u>	<u>\$ 270,388</u>	<u>\$ 37,136</u>	<u>\$ 5,436,222</u>
Segment income (loss) (Note 2)	<u>\$ 284,923</u>	<u>(\$ 9,147)</u>	<u>\$ 69,573</u>	<u>(\$ 11,691)</u>	<u>(\$ 28,029)</u>	<u>\$ 305,629</u>

	For the three-month period ended March 31, 2019					
	<u>Feeds</u>	<u>Meat processing</u>	<u>Food processing</u>	<u>Husbandry</u>	<u>Others</u>	<u>Total</u>
Revenues from third parties (Note 1)	\$ 3,252,939	\$ 1,050,110	\$ 702,811	\$ 302,935	\$ 20,056	\$ 5,328,851
Revenues from the Group	67,069	21,674	338	2,461	7,511	99,053
Total segment revenue	<u>\$ 3,320,008</u>	<u>\$ 1,071,784</u>	<u>\$ 703,149</u>	<u>\$ 305,396</u>	<u>\$ 27,567</u>	<u>\$ 5,427,904</u>
Segment income (loss) (Note 2)	<u>\$ 257,581</u>	<u>\$ 21,679</u>	<u>\$ 49,837</u>	<u>\$ 29,427</u>	<u>(\$ 30,430)</u>	<u>\$ 328,094</u>

Note 1 : The Feeds segment includes operating revenue from discontinued operations.

Note 2 : The Feeds segment includes profit (loss) from discontinued operations.

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The operating revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income to the income before tax from continuing operations for the three-month periods ended March 31, 2020 and 2019 is provided as follows:

	For the three-month period March 31,	
	2020	2019
Reportable segment income	\$ 333,658	\$ 358,524
Other segment loss	(28,029)	(30,430)
Total segment	305,629	328,094
Interest expense	(22,087)	(17,489)
Foreign exchange gains, net	2,050	2,642
Income before tax from discontinued segment	3,000	14,485
Income before tax from continuing segment	<u>\$ 288,592</u>	<u>\$ 327,732</u>