

**CHAROEN POKPHAND ENTERPRISE
(TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 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

INDEPENDENT AUDITORS' REVIEW REPORT

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 June 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-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.

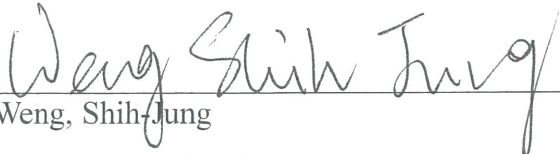
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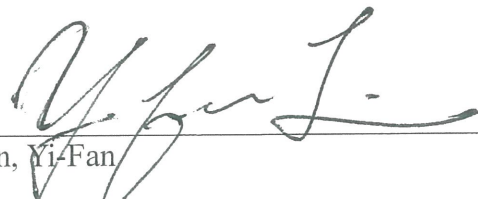


資誠

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 June 30, 2020 and 2019, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-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

August 4, 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

JUNE 30, 2020, DECEMBER 31, 2019 AND JUNE 30, 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(The balance sheets as of June 30, 2020 and 2019 are reviewed, not audited)

ASSETS	Notes	June 30, 2020		December 31, 2019		June 30, 2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 318,554	2	\$ 873,651	5	\$ 280,618	2
1150	Notes receivable, net	6(3)	289,052	2	315,760	2	353,855	2
1170	Accounts receivable, net	6(3)	1,782,874	10	1,822,619	10	1,706,099	10
1200	Other receivables		15,905	-	9,978	-	8,624	-
130X	Inventories, net	6(4)	1,382,638	7	1,537,630	8	1,490,527	8
1400	Biological assets - current	6(5)	1,394,409	7	1,295,872	7	1,355,407	8
1410	Prepayments		406,049	2	312,616	2	466,802	3
1460	Non-current assets or disposal groups classified as held for sale, net	6(6) and 7	-	-	670,458	3	567,420	3
1470	Other current assets	6(1) and 8	8,200	-	7,700	-	7,450	-
11XX	Total current assets		<u>5,597,681</u>	<u>30</u>	<u>6,846,284</u>	<u>37</u>	<u>6,236,802</u>	<u>36</u>
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	2,322,874	13	2,119,249	11	2,189,753	13
1600	Property, plant and equipment, net	6(7) and 8	9,464,492	51	8,767,246	47	8,000,151	46
1755	Right-of-use assets	6(8)	340,076	2	346,074	2	346,596	2
1780	Intangible assets	6(9)	383	-	13,833	-	14,731	-
1830	Biological assets - non-current	6(5)	388,362	2	386,143	2	366,984	2
1840	Deferred income tax assets		73,995	1	74,908	-	54,567	-
1900	Other non-current assets	6(1)	245,343	1	96,624	1	110,280	1
15XX	Total non-current assets		<u>12,835,525</u>	<u>70</u>	<u>11,804,077</u>	<u>63</u>	<u>11,083,062</u>	<u>64</u>
1XXX	Total assets		<u>\$ 18,433,206</u>	<u>100</u>	<u>\$ 18,650,361</u>	<u>100</u>	<u>\$ 17,319,864</u>	<u>100</u>

(Continued)

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

JUNE 30, 2020, DECEMBER 31, 2019 AND JUNE 30, 2019

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

(The balance sheets as of June 30, 2020 and 2019 are reviewed, not audited)

	Notes	June 30, 2020		December 31, 2019		June 30, 2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
LIABILITIES AND EQUITY								
Current liabilities								
2100	Short-term borrowings	6(10)	\$ 3,044,000	16	\$ 2,343,488	13	\$ 2,346,144	14
2110	Short-term notes and bills payable	6(11)	878,714	5	978,659	5	629,152	4
2150	Notes payable		483,271	3	473,913	3	370,484	2
2170	Accounts payable		670,078	4	676,744	4	668,549	4
2180	Accounts payable - related parties	7	6,368	-	5,621	-	-	-
2200	Other payables	6(12)	1,647,455	9	706,865	4	1,463,691	8
2220	Other payables - related parties	7	22,121	-	22,750	-	21,398	-
2230	Current income tax liabilities		155,660	1	170,531	1	162,864	1
2260	Liabilities related to non-current assets or disposal groups classified as held for sale	6(6)	-	-	457,523	2	349,974	2
2280	Current lease liabilities		21,796	-	20,817	-	19,772	-
2300	Other current liabilities	6(13)	93,250	-	593,250	3	351,583	2
21XX	Total current liabilities		<u>7,022,713</u>	<u>38</u>	<u>6,450,161</u>	<u>35</u>	<u>6,383,611</u>	<u>37</u>
Non-current liabilities								
2540	Long-term borrowings	6(13)	2,826,875	15	3,096,500	16	2,979,792	17
2570	Deferred income tax liabilities		15,289	-	21,499	-	18,733	-
2580	Non-current lease liabilities		299,952	2	310,490	2	310,555	2
2600	Other non-current liabilities	6(14)	135,031	1	144,717	1	155,374	1
25XX	Total non-current liabilities		<u>3,277,147</u>	<u>18</u>	<u>3,573,206</u>	<u>19</u>	<u>3,464,454</u>	<u>20</u>
2XXX	Total liabilities		<u>10,299,860</u>	<u>56</u>	<u>10,023,367</u>	<u>54</u>	<u>9,848,065</u>	<u>57</u>
Equity attributable to owners of parent								
Share capital								
3110	Share capital - common stock	6(15)	2,679,910	14	2,679,910	14	2,679,910	16
Capital surplus								
3200	Capital surplus	6(16)	2,929	-	2,137	-	1,652	-
Retained earnings								
3310	Legal reserve	6(17)	880,252	5	733,781	4	733,781	4
3350	Unappropriated retained earnings		2,388,238	13	2,907,219	15	2,074,387	12
Other equity interest								
3400	Other equity interest		1,813,716	10	1,599,285	9	1,680,479	9
31XX	Equity attributable to owners of the parent		<u>7,765,045</u>	<u>42</u>	<u>7,922,332</u>	<u>42</u>	<u>7,170,209</u>	<u>41</u>
36XX	Non-controlling interest		368,301	2	704,662	4	301,590	2
3XXX	Total equity		<u>8,133,346</u>	<u>44</u>	<u>8,626,994</u>	<u>46</u>	<u>7,471,799</u>	<u>43</u>
Significant contingent liabilities and unrecognised contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 18,433,206</u>	<u>100</u>	<u>\$ 18,650,361</u>	<u>100</u>	<u>\$ 17,319,864</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
SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

Items	Notes	Three-month periods ended June 30				Six-month periods ended June 30				
		2020		2019		2020		2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(18) and 7	\$ 5,427,900	100	\$ 5,150,471	100	\$ 10,669,093	100	\$ 10,185,768	100
5000	Operating costs	6(4)(24)(25) and 7	(4,521,684)	(83)	(4,316,558)	(84)	(9,144,745)	(86)	(8,629,252)	(85)
5950	Net operating margin		906,216	17	833,913	16	1,524,348	14	1,556,516	15
	Operating expenses	6(24)(25) and 7								
6100	Selling and marketing expenses		(241,099)	(4)	(242,525)	(5)	(481,440)	(4)	(475,632)	(5)
6200	General and administrative expenses		(153,737)	(3)	(134,834)	(2)	(304,083)	(3)	(267,077)	(2)
6450	Expected credit impairment gain	12(2)	36	-	45	-	55	-	85	-
6000	Total operating expenses		(394,800)	(7)	(377,314)	(7)	(785,468)	(7)	(742,624)	(7)
6500	Other income and expenses, net	6(5)(19)	35,502	-	31,015	1	31,070	-	10,852	-
6900	Operating profit		546,918	10	487,614	10	769,950	7	824,744	8
	Non-operating income and expenses									
7100	Interest income		212	-	89	-	749	-	192	-
7010	Other income	6(21) and 7	30,430	-	23,741	-	32,968	-	25,115	-
7020	Other gains and losses	6(22)	11,939	-	5,571	-	96,511	1	11,912	-
7050	Finance costs	6(23)	(18,327)	-	(19,674)	-	(40,414)	-	(36,890)	-
7000	Total non-operating income and expenses		24,254	-	9,727	-	89,814	1	329	-
7900	Profit before income tax		571,172	10	497,341	10	859,764	8	825,073	8
7950	Income tax expense	6(26)	(109,330)	(2)	(107,086)	(2)	(166,749)	(2)	(170,636)	(2)
8000	Profit for the period from continuing operations		461,842	8	390,255	8	693,015	6	654,437	6
8100	Profit (loss) from discontinued operations	6(6)	-	-	9,687	-	(2,250)	-	(5,190)	-
8200	Profit for the period		\$ 461,842	8	\$ 399,942	8	\$ 690,765	6	\$ 649,247	6

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CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

Items	Notes	Three-month periods ended June 30				Six-month periods ended June 30				
		2020		2019		2020		2019		
		AMOUNT	%	AMOUNT	%	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 assets at fair value through other comprehensive income	6(2)	\$ 654,514	12	\$ 270,117	5	\$ 228,938	2	\$ 378,794	4
8310	Other comprehensive income that will not be reclassified to profit or loss		654,514	12	270,117	5	228,938	2	378,794	4
Components of other comprehensive income that will be reclassified to profit or loss										
8361	Currency translation differences of foreign operations		(66,713)	(1)	12,149	-	(14,802)	-	32,756	-
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		(66,713)	(1)	12,149	-	(14,802)	-	32,756	-
8300	Total other comprehensive income for the period		<u>\$ 587,801</u>	<u>11</u>	<u>\$ 282,266</u>	<u>5</u>	<u>\$ 214,136</u>	<u>2</u>	<u>\$ 411,550</u>	<u>4</u>
8500	Total comprehensive income for the period		<u>\$ 1,049,643</u>	<u>19</u>	<u>\$ 682,208</u>	<u>13</u>	<u>\$ 904,901</u>	<u>8</u>	<u>\$ 1,060,797</u>	<u>10</u>
Profit (loss) attributable to:										
8610	Owners of the parent		\$ 465,107	8	\$ 389,744	8	\$ 699,454	6	\$ 631,874	6
8620	Non-controlling interest		(3,265)	-	10,198	-	(8,689)	-	17,373	-
			<u>\$ 461,842</u>	<u>8</u>	<u>\$ 399,942</u>	<u>8</u>	<u>\$ 690,765</u>	<u>6</u>	<u>\$ 649,247</u>	<u>6</u>
Comprehensive (loss) income attributable to:										
8710	Owners of the parent		\$ 1,052,908	19	\$ 673,308	13	\$ 913,885	8	\$ 1,042,206	10
8720	Non-controlling interest		(3,265)	-	8,900	-	(8,984)	-	18,591	-
			<u>\$ 1,049,643</u>	<u>19</u>	<u>\$ 682,208</u>	<u>13</u>	<u>\$ 904,901</u>	<u>8</u>	<u>\$ 1,060,797</u>	<u>10</u>
Earnings per share (in dollars) 6(27)										
9710	Basic earnings per share from continuing operations		\$	1.74	\$	1.43	\$	2.62	\$	2.37
9720	Basic earnings (losses) per share from discontinued operations		-	-	0.03	-	(0.01)	-	(0.01)	-
9750	Total basic earnings per share		<u>\$ 1.74</u>		<u>\$ 1.46</u>		<u>\$ 2.61</u>		<u>\$ 2.36</u>	
9810	Diluted earnings per share from continuing operations		\$	1.73	\$	1.43	\$	2.61	\$	2.37
9820	Diluted earnings (losses) per share from discontinued operations		-	-	0.03	-	(0.01)	-	(0.01)	-
9850	Total diluted earnings per share		<u>\$ 1.73</u>		<u>\$ 1.46</u>		<u>\$ 2.60</u>		<u>\$ 2.36</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
SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Equity attributable to owners of the parent									
	Notes	Share capital - common stock	Capital surplus	Retained earnings		Other equity interest		Total	Non-controlling interest	Total equity
				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			
For the six-month period ended June 30, 2019										
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		-	-	-	631,874	-	-	631,874	17,373	649,247
Other comprehensive income		-	-	-	-	31,538	378,794	410,332	1,218	411,550
Total comprehensive income		-	-	-	631,874	31,538	378,794	1,042,206	18,591	1,060,797
Appropriations of 2018 earnings	6(17)									
Legal reserve		-	-	95,073	(95,073)	-	-	-	-	-
Cash dividends to shareholders		-	-	-	(803,973)	-	-	(803,973)	-	(803,973)
Cash dividends to non-controlling interest		-	-	-	-	-	-	-	(41,710)	(41,710)
Balance at June 30, 2020		\$ 2,679,910	\$ 1,652	\$ 733,781	\$ 2,074,387	\$ 58,778	\$ 1,621,701	\$ 7,170,209	\$ 301,590	\$ 7,471,799
For the six-month period ended June 30, 2020										
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		-	-	-	699,454	-	-	699,454	(8,689)	690,765
Other comprehensive income (loss)		-	-	-	-	(14,507)	228,938	214,431	(295)	214,136
Total comprehensive income (loss)		-	-	-	699,454	(14,507)	228,938	913,885	(8,984)	904,901
Appropriations of 2019 earnings	6(17)									
Legal reserve		-	-	146,471	(146,471)	-	-	-	-	-
Cash dividends to shareholders		-	-	-	(1,071,964)	-	-	(1,071,964)	-	(1,071,964)
Capital surplus - dividends not received by shareholders (reversed)		-	(5)	-	-	-	-	(5)	-	(5)
Cash dividends to non-controlling interest		-	-	-	-	-	-	-	(332,670)	(332,670)
Change in ownership interests in subsidiaries		-	797	-	-	-	-	797	(797)	-
Cash receipt from non-controlling interest of a subsidiary through capital increase in cash		-	-	-	-	-	-	-	69,000	69,000
Change in non-controlling interests		-	-	-	-	-	-	-	(62,910)	(62,910)
Balance at June 30, 2020		\$ 2,679,910	\$ 2,929	\$ 880,252	\$ 2,388,238	(\$ 31,939)	\$ 1,845,655	\$ 7,765,045	\$ 368,301	\$ 8,133,346

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
SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Six-month periods ended June 30	
		2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from continuing operations before tax		\$ 859,764	\$ 825,073
Loss from discontinued operations before tax		(3,000)	(2,643)
Profit before tax		856,764	822,430
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment gain	12(2)	(55)	(85)
Depreciation	6(7)(24)	337,913	304,479
Depreciation of right-of-use assets	6(8)(24)	20,904	18,251
Amortization	6(24)	2,182	2,178
Interest income	6(20)	(1,006)	(9,390)
Interest expense	6(23)	40,414	37,439
Dividend income	6(2)(21)	(28,654)	(22,291)
(Gain on reversal of) loss on decline in market value	6(4)	(46,959)	20,381
Change in fair value less cost to sell of biological assets	6(5)(19)	(31,070)	(10,852)
Gain on disposal of property, plant and equipment	6(22)	(8,044)	(1,055)
Gain arising from lease modifications		(2)	-
Impairment loss of non-financial assets	6(9)(22)	13,331	-
Gain on disposal of investment	6(6)(22)	(84,145)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		27,148	280
Accounts receivable		39,800	72,359
Accounts receivable - related parties		(11,913)	173,840
Other receivables		(13,068)	8,989
Other receivables - related parties		(2,813)	(15,979)
Inventories		174,008	(372,291)
Biological assets		(68,614)	(110,895)
Prepayments		(86,698)	113,948
Changes in operating liabilities			
Notes payable		9,358	(23,625)
Accounts payable		18,606	(18,978)
Accounts payable - related parties		(53,813)	(149,586)
Other payables		(68,514)	102,044
Other payables - related parties		(629)	(32)
Accrued pension liabilities		(9,686)	(9,489)
Cash inflow generated from operations		1,024,745	932,070
Cash paid for income tax		(186,916)	(212,627)
Net cash flows from operating activities		837,829	719,443

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CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Six-month periods ended June 30	
		2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in other current assets		(\$ 500)	\$ -
Acquisition of property, plant and equipment	6(28)	(1,090,341)	(874,777)
Proceeds from disposal of property, plant and equipment		32,242	2,207
Acquisition of intangible assets	6(9)	(83)	-
(Increase) decrease in other non-current assets		(150,555)	9,760
Cash receipt of interest		1,142	9,390
Cash receipt of dividends	6(2)(21)	28,654	22,291
Loss of control in subsidiaries		(257,374)	-
Proceeds from disposal of subsidiaries	6(6)	246,654	-
Net cash flows used in investing activities		(1,190,161)	(831,129)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings		700,512	(399,314)
(Decrease) increase in short-term notes and bills payable		(99,945)	9,882
Proceeds from long-term borrowings		2,797,000	2,600,000
Payment of long-term borrowings		(3,566,625)	(1,821,625)
Payment of lease liability	6(8)	(24,463)	(34,629)
Cash payment for interest		(39,958)	(38,042)
Cash receipt from non-controlling interest of a subsidiary through capital increase establishment		69,000	-
Cash dividends paid to non-controlling interest		(332,670)	(41,710)
Capital surplus - dividends not received by shareholders (reversed)		(5)	-
Net cash flows (used in) from financing activities		(497,154)	274,562
Effects of changes in foreign exchange rate		(4,709)	2,663
Net (decrease) increase in cash and cash equivalents		(854,195)	165,539
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)	<u>\$ 318,554</u>	<u>\$ 300,419</u>
The components of cash and cash equivalents			
Cash and cash equivalents reported in the balance sheet	6(1)	\$ 318,554	\$ 280,618
Cash and cash equivalents classified as (non-current) assets (or disposal group) held for sale	6(6)	-	19,801
Cash and cash equivalents at end of reporting period		<u>\$ 318,554</u>	<u>\$ 300,419</u>

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 SIX-MONTH PERIODS ENDED JUNE 30, 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 August 4, 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
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 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 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
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, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	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
			June 30, 2020	December 31, 2019	June 30, 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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Note
			June 30, 2020	December 31, 2019	June 30, 2019	
The Company	Rui Mu Foods Co., Ltd.	Management of layers and related business	68.00	52.00	52.00	Note 4
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%.

Note 4: In April 2020, Rui Mu Foods Co., Ltd. increased its capital by cash and the 10 million ordinary shares were fully subscribed by the Company. Therefore, the shareholding ratio of the Company increased to 68% from 52%.

- 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 June 30, 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>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Cash on hand and revolving funds	\$ 4,822	\$ 7,955	\$ 5,809
Checking accounts	5,626	3,125	13,341
Demand deposits	308,106	606,669	281,269
Time deposits	-	555,000	-
Total	<u>318,554</u>	<u>1,172,749</u>	<u>300,419</u>
Less: Non-current assets held for sale	-	(299,098)	(19,801)
	<u>\$ 318,554</u>	<u>\$ 873,651</u>	<u>\$ 280,618</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 June 30, 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.

C. On June 30, 2020, the Group has restricted cash and cash equivalents under the Regulations Governing the Management, Utilisation, and Taxation of Repatriated offshore Funds totalling \$144,656, classified as other non-current financial assets and shown as ‘other non-current assets’.

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

<u>Items</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 493,711	\$ 499,320	\$ 515,492
Valuation adjustment	1,829,163	1,619,929	1,674,261
	<u>\$ 2,322,874</u>	<u>\$ 2,119,249</u>	<u>\$ 2,189,753</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 June 30,</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	<u>\$ 654,514</u>	<u>\$ 270,117</u>
Dividend income recognised in profit or loss held at end of period	<u>\$ 28,654</u>	<u>\$ 22,291</u>
	<u>For the six-month period ended June 30,</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	<u>\$ 228,938</u>	<u>\$ 378,794</u>
Dividend income recognised in profit or loss held at end of period	<u>\$ 28,654</u>	<u>\$ 22,291</u>

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>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Notes receivable	\$ 289,052	\$ 318,337	\$ 358,817
Less: Non-current assets held for sale	<u>-</u>	<u>(2,577)</u>	<u>(4,962)</u>
	<u>\$ 289,052</u>	<u>\$ 315,760</u>	<u>\$ 353,855</u>
Accounts receivable	\$ 1,784,519	\$ 1,824,319	\$ 1,708,344
Less: Allowance for uncollectible accounts	<u>(1,645)</u>	<u>(1,700)</u>	<u>(2,245)</u>
	<u>\$ 1,782,874</u>	<u>\$ 1,822,619</u>	<u>\$ 1,706,099</u>

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Current	\$ 1,698,743	\$ 1,768,228	\$ 1,628,761
Up to 120 days	79,566	52,675	76,117
Over 120 days	4,865	3,107	2,915
Over one year	<u>1,345</u>	<u>309</u>	<u>551</u>
	<u>\$ 1,784,519</u>	<u>\$ 1,824,319</u>	<u>\$ 1,708,344</u>

The above ageing analysis was based on past due date.

B. As of June 30, 2020, December 31, 2019 and June 30, 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 June 30, 2020, December 31, 2019 and June 30, 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>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
With guarantee	\$ 137,020	\$ 126,159	\$ 105,201
Without guarantee	<u>1,647,499</u>	<u>1,698,160</u>	<u>1,603,143</u>
	<u>\$ 1,784,519</u>	<u>\$ 1,824,319</u>	<u>\$ 1,708,344</u>

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

E. As at June 30, 2020, December 31, 2019 and June 30, 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 \$289,052, \$318,337 and \$358,817, respectively, while the amount that best represents the Group's accounts receivable was \$1,782,874, \$1,822,619 and \$1,706,099, respectively.

F. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

(4) Inventories

		June 30, 2020		
		Cost	Allowance for valuation loss	Book value
Raw materials	\$	785,544	(\$ 42)	\$ 785,502
Packing supplies		32,824	(823)	32,001
Work in progress		33,301	-	33,301
Finished goods		488,783	(12,170)	476,613
General merchandise		52,287	(1,015)	51,272
Inventory in transit		3,949	-	3,949
	\$	<u>1,396,688</u>	<u>(\$ 14,050)</u>	<u>\$ 1,382,638</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>
June 30, 2019				
		Cost	Allowance for valuation loss	Book value
Raw materials	\$	846,879	\$ -	\$ 846,879
Packing supplies		27,017	(400)	26,617
Work in progress		31,778	-	31,778
Finished goods		723,643	(34,900)	688,743
General merchandise		36,425	(180)	36,245
Inventory in transit		15,671	-	15,671
		1,681,413	(35,480)	1,645,933
Less: Non-current assets held for sale	(	155,406)	-	(155,406)
	\$	<u>1,526,007</u>	<u>(\$ 35,480)</u>	<u>\$ 1,490,527</u>

The cost of inventories recognised as expense for the period:

	<u>For the three-month period ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Cost of goods sold	\$ 4,551,809	\$ 4,687,298
(Gain on reversal of) loss on decline in market value	(25,269)	7,181
Others	(4,856)	(3,796)
Less: Operating costs from discontinued operations	-	(374,125)
	<u>\$ 4,521,684</u>	<u>\$ 4,316,558</u>

	<u>For the six-month period ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Cost of goods sold	\$ 9,275,115	\$ 9,275,089
(Gain on reversal of) loss on decline in market value	(46,959)	20,381
Others	(4,872)	(3,353)
Less: Operating costs from discontinued operations	(78,539)	(662,865)
	<u>\$ 9,144,745</u>	<u>\$ 8,629,252</u>

- A. Others pertain mainly to gain and loss on physical inventory count and income from disposal of leftover and scraps.
- B. The Group reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold because of the increase in selling prices of certain finished goods.

(5) Biological assets

A. Biological assets

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Biological assets - current:			
Consumable biological assets	\$ 1,072,962	\$ 1,044,691	\$ 1,036,202
Consumable biological assets - changes in fair value less costs to sell	55,194	24,124	47,387
Bearer biological assets	623,854	540,583	507,538
Bearer biological assets - accumulated depreciation	(357,601)	(312,454)	(235,720)
	<u>1,394,409</u>	<u>1,296,944</u>	<u>1,355,407</u>
Less: Non-current assets held for sale	-	(1,072)	-
	<u>\$ 1,394,409</u>	<u>\$ 1,295,872</u>	<u>\$ 1,355,407</u>
Biological assets-non-current:			
Bearer biological assets	\$ 477,585	\$ 470,609	\$ 442,874
Bearer biological assets - accumulated depreciation	(89,223)	(84,466)	(75,890)
	<u>\$ 388,362</u>	<u>\$ 386,143</u>	<u>\$ 366,984</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	455,831	558,538
Costs and expenses input	3,508,836	3,270,084
Sales	(1,511,122)	(1,488,267)
Gains on changes in fair value less costs to sell	31,070	10,852
Transferred to inventories	(2,385,164)	(2,226,012)
Others	233	(3,448)
At June 30	<u>\$ 1,782,771</u>	<u>\$ 1,722,391</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 and six-month periods ended June 30, 2020 and 2019, depreciation expense on biological assets amounted to \$79,338, \$89,621, \$187,677 and \$170,974, respectively.

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Livestock production:			
Estimates of physical quantities (Units: heads)	<u>5,810,566</u>	<u>5,667,851</u>	<u>6,481,275</u>
Aquatic production:			
Estimates of physical quantities (Units: heads)	<u>-</u>	<u>4,000,000</u>	<u>-</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:

	For the six-month period ended June 30,	
	2020	2019
Operating cash flows	(\$ 40,567)	\$ 31,072
Investing cash flows	(794)	1,877
Financing cash flows	-	(31,057)
Effect of foreign exchange	(363)	-
Total cash flows	(\$ 41,724)	\$ 1,892

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

	June 30, 2020	December 31, 2019	June 30, 2019
Cash and cash equivalents	\$ -	\$ 299,098	\$ 19,801
Notes receivable	-	2,577	4,962
Accounts receivable - related parties	-	61,152	196,880
Other receivables	-	865	3,459
Other receivables - related parties	-	17,836	30,134
Inventories	-	140,452	155,406
Biological assets - current	-	1,072	-
Prepayments	-	15,921	24,444
Property, plant and equipment	-	121,060	119,148
Deferred income tax assets	-	7,193	8,884
Other non-current assets	-	3,232	4,302
	<u>\$ -</u>	<u>\$ 670,458</u>	<u>\$ 567,420</u>

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Short-term borrowings	\$ -	\$ -	\$ 22,553
Accounts payable	-	31,841	51,595
Accounts payable to related parties	-	178,029	120,976
Other payables	-	246,534	150,911
Current income tax liabilities	-	1,119	3,939
	<u>\$ -</u>	<u>\$ 457,523</u>	<u>\$ 349,974</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 six-month period ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Operating revenue	\$ 86,391	\$ 709,198
Operating costs	(78,539)	(662,865)
Operating expenses	(10,393)	(57,858)
Total non-operating income and expenses	(459)	8,882
Loss before tax from discontinued operations	(3,000)	(2,643)
Income tax benefit (expense)	750	(2,547)
Loss after tax from discontinued operations	<u>(\$ 2,250)</u>	<u>(\$ 5,190)</u>
Attributable to:		
Discontinued operations of parent company	(\$ 1,575)	(\$ 3,633)
Non-controlling interest	(675)	(1,557)
Loss after tax from discontinued operations	<u>(\$ 2,250)</u>	<u>(\$ 5,190)</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	-	(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	54	13,488	56,001	43,211	32,444	10,559	24,810	878,775	1,059,342
Disposals	(22,964)	-	-	-	(1,234)	-	-	-	(24,198)
Reclassifications	125,105	7,455	109,587	110,183	24,688	5,492	19,772	(402,282)	-
Depreciation	-	(7,586)	(95,012)	(129,829)	(20,461)	(44,880)	(40,145)	-	(337,913)
Loss of control in subsidiaries	-	-	(34,129)	(75,580)	(2,866)	-	(6,856)	(1,042)	(120,473)
Net exchange differences	-	-	(161)	(355)	(13)	-	(34)	(9)	(572)
Closing net book amount as at June 30	<u>\$ 2,480,152</u>	<u>\$ 127,760</u>	<u>\$ 2,470,986</u>	<u>\$ 1,678,111</u>	<u>\$ 153,583</u>	<u>\$ 428,474</u>	<u>\$ 583,338</u>	<u>\$ 1,542,088</u>	<u>\$ 9,464,492</u>
<u>At June 30, 2020</u>									
Cost	\$ 2,480,152	\$ 179,665	\$ 3,781,072	\$ 3,804,396	\$ 315,535	\$ 997,766	\$ 963,806	\$ 1,542,088	\$ 14,064,480
Accumulated depreciation	-	(51,905)	(1,310,086)	(2,126,285)	(161,952)	(569,292)	(380,468)	-	(4,599,988)
	<u>\$ 2,480,152</u>	<u>\$ 127,760</u>	<u>\$ 2,470,986</u>	<u>\$ 1,678,111</u>	<u>\$ 153,583</u>	<u>\$ 428,474</u>	<u>\$ 583,338</u>	<u>\$ 1,542,088</u>	<u>\$ 9,464,492</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	-	(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	42,565	6,809	236,823	47,911	12,398	2,469	50,660	418,865	818,500
Disposals	-	-	-	-	(1,152)	-	-	-	(1,152)
Reclassifications	106,711	8,799	143,091	64,245	-	3,947	61,011	(387,804)	-
Depreciation	-	(4,413)	(85,729)	(115,343)	(18,453)	(45,507)	(35,034)	-	(304,479)
Net exchange differences	-	-	472	1,114	58	-	61	(7)	1,698
Closing net book amount as at June 30	<u>\$ 2,281,092</u>	<u>\$ 73,397</u>	<u>\$ 2,328,721</u>	<u>\$ 1,666,553</u>	<u>\$ 100,073</u>	<u>\$ 482,012</u>	<u>\$ 563,128</u>	<u>\$ 624,323</u>	<u>\$ 8,119,299</u>
<u>At June 30, 2019</u>									
Cost	\$ 2,281,092	\$ 112,536	\$ 3,615,793	\$ 3,918,977	\$ 277,761	\$ 971,342	\$ 899,758	\$ 624,323	\$ 12,701,582
Accumulated depreciation	-	(39,139)	(1,287,072)	(2,252,424)	(177,688)	(489,330)	(336,630)	-	(4,582,283)
	\$ 2,281,092	\$ 73,397	\$ 2,328,721	\$ 1,666,553	\$ 100,073	\$ 482,012	\$ 563,128	\$ 624,323	\$ 8,119,299
Less: Transferred non-current assets held for sales	-	-	(35,444)	(72,787)	(3,421)	-	(7,300)	(196)	(119,148)
	<u>\$ 2,281,092</u>	<u>\$ 73,397</u>	<u>\$ 2,293,277</u>	<u>\$ 1,593,766</u>	<u>\$ 96,652</u>	<u>\$ 482,012</u>	<u>\$ 555,828</u>	<u>\$ 624,127</u>	<u>\$ 8,000,151</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:

	For the three-month period ended June 30,	
	2020	2019
Amount capitalised	\$ 1,852	\$ 927
Interest rate range	0.99%~1.47%	1.10%~1.63%

	For the six-month period ended June 30,	
	2020	2019
Amount capitalised	\$ 3,447	\$ 2,534
Interest rate range	0.99%~1.56%	1.10%~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 June 30, 2020, December 31, 2019 and June 30, 2019, the Group held 202 parcels, 182 parcels and 174 parcels of agricultural land, respectively. The carrying amounts of land registered under the title of others amounted to \$959,543, \$877,771 and \$885,444, 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>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 311,365	\$ 322,018	\$ 326,837
Buildings	11,578	10,619	7,377
Transportation equipment (Cargo truck)	11,291	2,697	4,106
Other equipment	5,842	10,740	8,276
	<u>\$ 340,076</u>	<u>\$ 346,074</u>	<u>\$ 346,596</u>

	<u>For the three-month period ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
	Depreciation charge	Depreciation charge
Land	\$ 6,593	\$ 6,396
Buildings	1,612	908
Transportation equipment (Cargo truck)	511	687
Other equipment	1,784	1,309
	<u>\$ 10,500</u>	<u>\$ 9,300</u>

	<u>For the six-month period ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
	Depreciation charge	Depreciation charge
Land	\$ 13,175	\$ 12,791
Buildings	3,205	1,576
Transportation equipment (Cargo truck)	1,041	1,374
Other equipment	3,483	2,510
	<u>\$ 20,904</u>	<u>\$ 18,251</u>

C. For the three-month and six-month periods ended June 30, 2020 and 2019, the additions to right-of-use assets were \$9,397, \$3,640, \$15,031 and \$4,862, respectively.

D. The Group has no significant profit or loss in relation to lease contracts for the three-month and six-month periods ended June 30, 2020 and 2019.

E. For the three-month and six-month periods ended June 30, 2020 and 2019, the Group's total cash outflow for leases were \$15,511, \$9,766, \$24,463 and \$34,629, 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	(325)	-	(325)
Impairment loss	-	(13,331)	(13,331)
Net exchange differences	-	123	123
At June 30	<u>\$ 383</u>	<u>\$ -</u>	<u>\$ 383</u>
 <u>At June 30, 2020</u>			
Cost	\$ 10,651	\$ -	\$ 10,651
Accumulated amortisation and impairment	(10,268)	-	(10,268)
	<u>\$ 383</u>	<u>\$ -</u>	<u>\$ 383</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	(534)	-	(534)
Net exchange differences	-	206	206
At June 30	<u>\$ 1,095</u>	<u>\$ 13,636</u>	<u>\$ 14,731</u>
 <u>At June 30, 2019</u>			
Cost	\$ 10,568	\$ 13,636	\$ 24,204
Accumulated amortisation and impairment	(9,473)	-	(9,473)
	<u>\$ 1,095</u>	<u>\$ 13,636</u>	<u>\$ 14,731</u>

(10) Short-term borrowings

<u>Type of borrowings</u>	<u>June 30, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ <u>3,044,000</u>	0.82%~1.6%	None

<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>June 30, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ 2,324,441	1.04%~1.75%	None
Letters of credit	21,703	2.88%	None
Secured borrowings	<u>22,553</u>	4.79%	Land use right and building
	2,368,697		
Less: Liabilities directly related to non-current assets held for sale	(<u>22,553</u>)		
	\$ <u>2,346,144</u>		

(11) Short-term notes and bills payable

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Commercial paper payable	\$ 880,000	\$ 980,000	\$ 630,000
Less: Unamortised discounts	(<u>1,286</u>)	(<u>1,341</u>)	(<u>848</u>)
	\$ <u>878,714</u>	\$ <u>978,659</u>	\$ <u>629,152</u>
Interest rate range	0.29%~0.89%	0.34%~0.93%	0.64%~0.93%

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

(12) Other payables

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Dividends payable	\$ 1,071,964	\$ -	\$ 803,973
Accrued salary	283,479	397,088	278,006
Payables for machinery and equipment	4,720	35,719	5,886
Contract liabilities	14	182,161	222,681
Others	287,278	338,431	304,056
	<u>1,647,455</u>	<u>953,399</u>	<u>1,614,602</u>
Less: Liabilities directly related to non- current assets held for sale	-	(246,534)	(150,911)
	<u>\$ 1,647,455</u>	<u>\$ 706,865</u>	<u>\$ 1,463,691</u>

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>June 30, 2020</u>
Secured loans	2017.10.5~2026.4.3	1.3%-1.63%	\$ 533,125
Unsecured credit loans	2017.9.6~2023.06.30	1%-1.3%	2,387,000
			<u>2,920,125</u>
Less: Current portion (shown as 'Other current liabilities')			(93,250)
			<u>\$ 2,826,875</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>

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>June 30, 2019</u>
Secured loans	2016.8.2~2026.4.3	1.42%~1.63%	\$ 971,375
Unsecured credit loans	2017.9.6~2022.10.27	1.03%~1.50%	2,360,000
			<u>3,331,375</u>
Less: Current portion (shown as 'Other current liabilities')			(351,583)
			<u>\$ 2,979,792</u>

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, \$1,139, \$1,722 and \$2,281 for the three-month and six-month periods ended June 30, 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 and six-month periods ended June 30, 2020 and 2019 were \$12,612, \$11,085, \$24,670 and \$21,848, 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 and six-month periods ended June 30, 2020 and 2019 were \$0, \$1,904, \$451 and \$3,461, respectively.

(15) Share capital - common stocks

As of June 30, 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 six-month periods ended June 30, 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 2019 and 2018 have been resolved at the shareholders' meeting on June 23, 2020 and June 26, 2019 as follows:

	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 146,471		\$ 95,073	
Cash dividends	1,071,964	\$ 4	803,973	\$ 3

The effective dates for the above distribution of cash dividends are July 5, 2020 and July 21, 2019, respectively. Unpaid cash dividend is shown as "Other payables".

(18) Operating revenue

	For the three-month period ended June 30,	
	2020	2019
Revenue from contracts with customers	\$ 5,427,900	\$ 5,566,116
Less: Operating revenue from discontinued operations	-	(415,645)
	<u>\$ 5,427,900</u>	<u>\$ 5,150,471</u>

	For the six-month period ended June 30,	
	2020	2019
Revenue from contracts with customers	\$ 10,755,484	\$ 10,894,967
Less: Operating revenue from discontinued operations	(86,391)	(709,199)
	<u>\$ 10,669,093</u>	<u>\$ 10,185,768</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 June 30, 2020</u>			
Total segment revenue	\$ 5,523,066	\$ -	\$ 5,523,066
Inter-segment revenue	(95,166)	-	(95,166)
Revenue from external customer contracts	<u>\$ 5,427,900</u>	<u>\$ -</u>	<u>\$ 5,427,900</u>
Timing of revenue recognition			
At a point in time	\$ 5,427,900	\$ -	\$ 5,427,900
Less: Operating revenue from discontinued operations	-	-	-
	<u>\$ 5,427,900</u>	<u>\$ -</u>	<u>\$ 5,427,900</u>
	<u>Domestic</u>	<u>Asia</u>	<u>Total</u>
<u>For the three-month period ended June 30, 2019</u>			
Total segment revenue	\$ 5,244,588	\$ 415,645	\$ 5,660,233
Inter-segment revenue	(94,117)	-	(94,117)
Revenue from external customer contracts	<u>\$ 5,150,471</u>	<u>\$ 415,645</u>	<u>\$ 5,566,116</u>
Timing of revenue recognition			
At a point in time	\$ 5,150,471	\$ 415,645	\$ 5,566,116
Less: Operating revenue from discontinued operations	-	(415,645)	(415,645)
	<u>\$ 5,150,471</u>	<u>\$ -</u>	<u>\$ 5,150,471</u>

	<u>Domestic</u>	<u>Asia</u>	<u>Total</u>
<u>For the six-month period ended</u>			
<u>June 30, 2020</u>			
Total segment revenue	\$ 10,872,897	\$ 86,391	\$ 10,959,288
Inter-segment revenue	(203,804)	-	(203,804)
Revenue from external customer contracts	<u>\$ 10,669,093</u>	<u>\$ 86,391</u>	<u>\$ 10,755,484</u>
Timing of revenue recognition			
At a point in time	\$ 10,669,093	\$ 86,391	\$ 10,755,484
Less: Operating revenue from discontinued operations	<u>-</u>	<u>(86,391)</u>	<u>(86,391)</u>
	<u>\$ 10,669,093</u>	<u>\$ -</u>	<u>\$ 10,669,093</u>

	<u>Domestic</u>	<u>Asia</u>	<u>Total</u>
<u>For the six-month period ended</u>			
<u>June 30, 2019</u>			
Total segment revenue	\$ 10,378,938	\$ 709,199	\$ 11,088,137
Inter-segment revenue	(193,170)	-	(193,170)
Revenue from external customer contracts	<u>\$ 10,185,768</u>	<u>\$ 709,199</u>	<u>\$ 10,894,967</u>
Timing of revenue recognition			
At a point in time	\$ 10,185,768	\$ 709,199	\$ 10,894,967
Less: Operating revenue from discontinued operations	<u>-</u>	<u>(709,199)</u>	<u>(709,199)</u>
	<u>\$ 10,185,768</u>	<u>\$ -</u>	<u>\$ 10,185,768</u>

B. Contract liabilities

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Contract liabilities:			
Contract liabilities - advance receipts	\$ 14	\$ 182,161	\$ 222,681
Less: Transferred liabilities directly related to non-current assets held for sale	<u>-</u>	<u>(182,065)</u>	<u>(72,681)</u>
	<u>\$ 14</u>	<u>\$ 96</u>	<u>\$ 150,000</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 gains on change in fair value less costs to sell of biological assets.

	For the three-month period ended June 30,	
	2020	2019
Other income and expenses, net	\$ 35,502	\$ 31,015

	For the six-month period ended June 30,	
	2020	2019
Other income and expenses, net	\$ 31,070	\$ 10,852

(20) Interest income

	For the three-month period ended June 30,	
	2020	2019
Interest income from bank deposits	\$ 212	\$ 4,115
Less: Interest income from discontinued operations	-	(4,026)
	\$ 212	\$ 89

	For the six-month period ended June 30,	
	2020	2019
Interest income from bank deposits	\$ 1,006	\$ 9,390
Less: Interest income from discontinued operations	(257)	(9,198)
	\$ 749	\$ 192

(21) Other income

	For the three-month period ended June 30,	
	2020	2019
Rental income	\$ 1,776	\$ 1,450
Dividend income	28,654	22,291
	\$ 30,430	\$ 23,741

	For the six-month period ended June 30,	
	2020	2019
Rental income	\$ 4,314	\$ 2,824
Dividend income	28,654	22,291
	\$ 32,968	\$ 25,115

(22) Other gains and losses

	For the three-month period ended June 30,	
	2020	2019
Gains on disposal of property, plant and equipment	\$ 5,837	\$ 592
Gain on disposal of investment	-	-
Impairment loss on non-financial assets	-	-
Foreign exchange gains	1,773	398
Other gains and losses	4,329	4,621
Less: Other gains and losses from discontinued operations	-	(40)
	<u>\$ 11,939</u>	<u>\$ 5,571</u>

	For the six-month period ended June 30,	
	2020	2019
Gains on disposal of property, plant and equipment	\$ 8,044	\$ 1,055
Gain on disposal of investment	84,145	-
Impairment loss on non-financial assets	(13,331)	-
Foreign exchange gains	3,823	3,040
Other gains and losses	13,114	8,050
Less: Other gains and losses from discontinued operations	716	(233)
	<u>\$ 96,511</u>	<u>\$ 11,912</u>

(23) Finance costs

	For the three-month period ended June 30,	
	2020	2019
Interest expense:		
Bank borrowings	\$ 17,377	\$ 19,950
Preferred dividend	950	-
Less: Finance costs from discontinued operations	-	(276)
	<u>\$ 18,327</u>	<u>\$ 19,674</u>

	For the six-month period ended June 30,	
	2020	2019
Interest expense:		
Bank borrowings	\$ 39,464	\$ 37,439
Preferred dividend	950	-
Less: Finance costs from discontinued operations	-	(549)
	<u>\$ 40,414</u>	<u>\$ 36,890</u>

(24) Expenses by nature (Including discontinued operations)

	For the three-month period ended June 30, 2020		
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 343,395	\$ 167,076	\$ 510,471
Depreciation on property, plant and equipment	158,269	12,617	170,886
Depreciation on right-of- use assets	8,496	2,004	10,500
Amortisation	908	144	1,052
	<u>\$ 511,068</u>	<u>\$ 181,841</u>	<u>\$ 692,909</u>

	For the three-month period ended June 30, 2019		
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 316,582	\$ 171,984	\$ 488,566
Depreciation on property, plant and equipment	145,090	9,552	154,642
Depreciation on right-of- use assets	7,633	1,667	9,300
Amortisation	739	355	1,094
	<u>\$ 470,044</u>	<u>\$ 183,558</u>	<u>\$ 653,602</u>

	For the six-month period ended June 30, 2020		
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 681,118	\$ 343,450	\$ 1,024,568
Depreciation on property, plant and equipment	313,484	24,429	337,913
Depreciation on right-of- use assets	16,846	4,058	20,904
Amortisation	1,780	402	2,182
	<u>\$ 1,013,228</u>	<u>\$ 372,339</u>	<u>\$ 1,385,567</u>

For the six-month period ended June 30, 2019			
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 624,132	\$ 336,991	\$ 961,123
Depreciation on property, plant and equipment	285,257	19,222	304,479
Depreciation on right-of-use assets	15,110	3,141	18,251
Amortisation	1,464	714	2,178
	<u>\$ 925,963</u>	<u>\$ 360,068</u>	<u>\$ 1,286,031</u>

(25) Employee benefit expense (Including discontinued operations)

For the three-month period ended June 30, 2020			
	Operating cost	Operating expenses	Total
Wages and salaries	\$ 290,614	\$ 151,147	\$ 441,761
Labor and health insurance	28,206	9,223	37,429
Pension costs	8,522	4,951	13,473
Other personnel expenses	16,053	1,755	17,808
	<u>\$ 343,395</u>	<u>\$ 167,076</u>	<u>\$ 510,471</u>

For the three-month period ended June 30, 2019			
	Operating cost	Operating expenses	Total
Wages and salaries	\$ 269,388	\$ 152,808	\$ 422,196
Labor and health insurance	24,469	8,522	32,991
Pension costs	8,371	5,757	14,128
Other personnel expenses	14,354	4,897	19,251
	<u>\$ 316,582</u>	<u>\$ 171,984</u>	<u>\$ 488,566</u>

For the six-month period ended June 30, 2020			
	Operating cost	Operating expenses	Total
Wages and salaries	\$ 575,626	\$ 307,833	\$ 883,459
Labor and health insurance	56,275	20,961	77,236
Pension costs	16,767	10,076	26,843
Other personnel expenses	32,450	4,580	37,030
	<u>\$ 681,118</u>	<u>\$ 343,450</u>	<u>\$ 1,024,568</u>

For the six-month period ended June 30, 2019			
	Operating cost	Operating expenses	Total
Wages and salaries	\$ 529,759	\$ 298,197	\$ 827,956
Labor and health insurance	49,789	19,272	69,061
Pension costs	16,343	11,247	27,590
Other personnel expenses	28,241	8,275	36,516
	<u>\$ 624,132</u>	<u>\$ 336,991</u>	<u>\$ 961,123</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 and six-month periods ended June 30, 2020 and 2019, employees' compensation was accrued at \$5,030, \$4,740, \$7,808 and \$8,034, respectively. The aforementioned amounts were recognised in wages and salaries expense.

For the six-month period ended June 30, 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.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended June 30,	
	2020	2019
Current tax:		
Current tax on profits for the period	\$ 115,311	\$ 97,660
Tax on undistributed surplus earnings	12,333	2,696
Prior year income tax (over) underestimation	(1,052)	(109)
Total current tax	<u>126,592</u>	<u>100,247</u>
Deferred tax:		
Origination and reversal of temporary differences	(17,262)	8,994
Total deferred tax	<u>(17,262)</u>	<u>8,994</u>
Income tax expense	109,330	109,241
Less: Income tax expense from discontinued operations	-	(2,155)
Income tax expense	<u>\$ 109,330</u>	<u>\$ 107,086</u>

	For the six-month period ended June 30,	
	2020	2019
Current tax:		
Current tax on profits for the period	\$ 160,765	\$ 168,932
Tax on undistributed surplus earnings	12,333	2,696
Prior year income tax over estimation	(1,052)	(109)
Total current tax	<u>172,046</u>	<u>171,519</u>
Deferred tax:		
Origination and reversal of temporary differences	(6,047)	1,664
Total deferred tax	<u>(6,047)</u>	<u>1,664</u>
Income tax expense	\$ 165,999	\$ 173,183
Less: Income tax expense from discontinued operations	750	(2,547)
Income tax expense	<u>\$ 166,749</u>	<u>\$ 170,636</u>

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

	<u>For the three-month period ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Remeasurement of defined benefit obligations	<u>\$ -</u>	<u>\$ -</u>
	<u>For the six-month period ended June 30,</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.

(27) Earnings per share

	For the three-month period ended June 30, 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	\$ 465,107	<u>267,991</u>	\$ 1.74
Profit from discontinued operations	<u>-</u>		<u>-</u>
Profit attributable to ordinary shareholders	<u>\$ 465,107</u>		<u>\$ 1.74</u>
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 465,107	267,991	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	<u>-</u>	<u>167</u>	
Profit from continuing operations attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	465,107	<u>268,158</u>	\$ 1.73
Profit from discontinued operations	<u>-</u>		<u>-</u>
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 465,107</u>	<u>268,158</u>	<u>\$ 1.73</u>

For the three-month period ended June 30, 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	\$ 382,963	<u>267,991</u>	\$ 1.43
Profit from discontinued operations	<u>6,781</u>		<u>0.03</u>
Profit attributable to ordinary shareholders	<u>\$ 389,744</u>		<u>\$ 1.46</u>
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 382,963	267,991	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	<u>-</u>	<u>140</u>	
Profit from continuing operations attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	382,963	<u>268,131</u>	\$ 1.43
Profit from discontinued operations	<u>6,781</u>		<u>0.03</u>
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 389,744</u>	<u>268,131</u>	<u>\$ 1.46</u>

For the six-month period ended June 30, 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	\$ 701,029	<u>267,991</u>	\$ 2.62
Loss from discontinued operations	(1,575)		(0.01)
Profit attributable to ordinary shareholders	<u>\$ 699,454</u>		<u>\$ 2.61</u>
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 701,029	267,991	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	<u>-</u>	<u>301</u>	
Profit from continuing operations attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	701,029	<u>268,292</u>	\$ 2.61
Loss from discontinued operations	(1,575)		(0.01)
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 699,454</u>	<u>268,292</u>	<u>\$ 2.60</u>

For the six-month period ended June 30, 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	\$ 635,507	<u>267,991</u>	\$ 2.37
Loss from discontinued operations	(3,633)		(0.01)
Profit attributable to ordinary shareholders	<u>\$ 631,874</u>		<u>\$ 2.36</u>
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 635,507	267,991	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	<u>-</u>	<u>259</u>	
Profit from continuing operations attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	635,507	<u>268,250</u>	\$ 2.37
Loss from discontinued operations	(3,633)		(0.01)
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 631,874</u>	<u>268,250</u>	<u>\$ 2.36</u>

(28) Supplemental cash flow information

A. Investing activities with partial cash payment are as follows:

	For the six-month period ended June 30,	
	2020	2019
Acquisition of property, plant and equipment	\$ 1,059,342	\$ 818,500
Add: Opening balance of payable on equipment	35,719	62,163
Less: Ending balance of payable on equipment	(4,720)	(5,886)
Cash paid during the period	<u>\$ 1,090,341</u>	<u>\$ 874,777</u>

B. Financing activities with no cash flow effects:

	For the six-month period ended June 30,	
	2020	2019
Cash dividends declared but not yet distributed	<u>\$ 1,071,964</u>	<u>\$ 803,973</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. Consumer Products Company Limited	"
C.P. Merchandising Company Limited	"
C.P. Land Public Company Limited	"
CPF Training Center Company Limited	"
Chia Tai Feedmill Pte. Ltd.	"
Leadership Development Charoen Pokphand Group Co., Ltd	"
Ta Chung Investment Co., Ltd.	"
Chun 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 (Hainan) Agro-Industry Co., Ltd.	"
Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd.	"
Chia Tai Electronic Commerce (Zhejiang) Co., Ltd.	"

Names of related parties	Relationship with the Group
C.P. Premix (Nantong) Co., Ltd.	Other related parties
C.P. Premix (Guanghan) 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.	"
Nantong Chia Tai Agriculture Development Co., Ltd.	"
Xuzhou Chia Tai Feed Co., Ltd.	"
Taizhou Chia Tai Feed Co., Ltd.	"
Huaian C.P. Livestock Co., Ltd.	"
Zhengzhou CP Pokphand Trade Development 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.	"
Ninbo Beston Plastics Co., Ltd.	"
Fuzhou Da Fu Co., Ltd.	"
Shandong C.P. Livestock Co., Ltd.	"
Qingdao CP Swine Business Co., Ltd.	"
Zhangzhou C.P. Chia Tai Aquaculture Co., Ltd.	"
Guangdong Chia Tai Biotechnology Co., Ltd.	"
Chia Tai (China) Agro-Industrial 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 June 30,	
	2020	2019
Sales of goods:		
Other related parties	\$ -	\$ 133,968
Less: Operating revenue from discontinued operations	-	(133,968)
	<u>\$ -</u>	<u>\$ -</u>

	<u>For the six-month period ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Sales of goods:		
Other related parties	\$ 22,992	\$ 280,512
Less: Operating revenue from discontinued operations	(22,992)	(280,512)
	<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

	<u>For the three-month period ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Purchases of goods:		
Ultimate parent company	\$ 15,631	\$ 9,492
Other related parties	9,231	174,346
Less: Purchase from discontinued operations	-	(173,974)
	<u>\$ 24,862</u>	<u>\$ 9,864</u>

	<u>For the six-month period ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Purchases of goods:		
Ultimate parent company	\$ 15,631	\$ 12,538
Other related parties	31,156	277,024
Less: Purchase from discontinued operations	(19,764)	(271,679)
	<u>\$ 27,023</u>	<u>\$ 17,883</u>

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

C. Receivables from related parties

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Accounts receivable:			
Other related parties	\$ -	\$ 61,152	\$ 196,880
Other receivables:			
Other related parties	-	17,836	30,134
	-	78,988	227,014
Less: Non-current assets held for sale	-	(78,988)	(227,014)
	<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>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Notes and accounts payable:			
Ultimate parent company	\$ 2,994	\$ -	\$ -
Other related parties	3,374	183,650	120,976
Less: Liabilities directly related to non-current assets held for sale	-	(178,029)	(120,976)
	<u>\$ 6,368</u>	<u>\$ 5,621</u>	<u>\$ -</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 June 30,</u>	
	<u>2020</u>	<u>2019</u>
Rental income:		
Other related parties	<u>\$ 159</u>	<u>\$ 159</u>
	<u>For the six-month period ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Rental income:		
Other related parties	<u>\$ 404</u>	<u>\$ 404</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 and six-month periods ended June 30, 2020 and 2019, the Company recognised technical service expenses amounting to \$3,216, \$3,542, \$6,489 and \$6,889, respectively. As of June 30, 2020, December 31, 2019 and June 30, 2019, the outstanding balances were approximately \$17, \$627 and \$0, 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 and six-month periods ended June 30, 2020 and 2019, the Company recognised technical service expense amounting to \$2,100, \$2,100, \$4,200 and \$4,200, respectively. As of June 30, 2020, December 31, 2019 and June 30, 2019, the outstanding balances were all \$2,100.

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 and six-month periods ended June 30, 2020 and 2019, the Company recognised royalties amounting to \$20,004, \$19,299, \$39,490 and \$37,629, respectively. As of June 30, 2020, December 31, 2019 and June 30, 2019, the outstanding balances were \$20,004, \$20,023 and \$19,298, respectively.

H. Property transactions

- (a) 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 June 30, 2019 were \$0 and \$5,130, respectively.
- (b) 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. The payment arising from the disposal had been collected.

(4) Key management compensation

	For the three-month period ended June 30,	
	2020	2019
Salaries and other short-term employee benefits	\$ 42,800	\$ 40,632
Post-employment benefits	398	389
Total	<u>\$ 43,198</u>	<u>\$ 41,021</u>
	For the six-month period ended June 30,	
	2020	2019
Salaries and other short-term employee benefits	\$ 86,450	\$ 83,117
Post-employment benefits	797	778
Total	<u>\$ 87,247</u>	<u>\$ 83,895</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>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 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')	-	-	3,529	Credit line of short-term borrowing
Property, plant and equipment				
Land	142,803	142,803	142,803	Long-term borrowings
Buildings and structures	423,500	434,735	450,324	Long-term borrowings
	<u>\$ 574,503</u>	<u>\$ 585,238</u>	<u>\$ 604,106</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

- (1) As of June 30, 2020, December 31, 2019 and June 30, 2019, the Group had opened unused letters of credit for purchases of raw materials and machinery of \$472,265, \$516,177 and \$521,224, respectively.
- (2) As of June 30, 2020, December 31, 2019 and June 30, 2019, the Group had several outstanding construction contracts and equipment purchase agreements. The balance outstanding amounted to \$928,370, \$801,753 and \$381,836, respectively, and will be paid based on percentage of completion.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- (1) The Group subsequently invested to establish chicken farms in Hualien county starting from 2018, and had submitted an application to the Hualien County Government for approval based on the Group's building and feeding project. However, the Hualien County Government issued a letter on July 10, 2020 to terminate the Group's application of building farming facilities on agricultural land without taking into consideration the measures and goodwill that the Group took and released for having consensus with local residents and resolving controversy. The Group has appointed lawyers and taken administrative remedy by filing an appeal. However, this case is at the beginning of the administrative remedy procedures and is still pending for the assessment and verdict of the relevant court. As of June 30, 2020, the cost which the Group input, excluding land, amounted to \$67,426.

- (2) The Company jointly established a joint venture, Feng Sheng Livestock Co., Ltd., with a joint venture party in July 2020. The authorised capital and the paid-in capital were \$600,000 and \$200,000, respectively, equivalent to 20,000 thousand shares of common share. Both the Company and the joint venture party invested in the joint venture in the amount of \$100,000 and each held 50% equity interests in the joint venture.

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>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
<u>Financial assets</u>			
Financial assets measured at fair value through other comprehensive income			
Designation of equity instrument	\$ 2,322,874	\$ 2,119,249	\$ 2,189,753
Financial assets at amortised cost			
Cash and cash equivalents	318,554	873,651	280,618
Notes receivable	289,052	315,760	353,855
Accounts receivable	1,782,874	1,822,619	1,706,099
Other accounts receivable	15,905	9,978	8,624
Refundable deposits	52,857	44,521	51,238
Other financial assets	8,200	7,700	7,450
	<u>\$ 4,790,316</u>	<u>\$ 5,193,478</u>	<u>\$ 4,597,637</u>

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 3,044,000	\$ 2,343,488	\$ 2,346,144
Short-term notes and bills payable	878,714	978,659	629,152
Notes payable (including related parties)	483,271	473,913	370,484
Accounts payable (including related parties)	676,446	682,365	668,549
Other accounts payable (including related parties)	1,669,576	729,615	1,485,089
Long-term borrowings (including current portion)	<u>2,920,125</u>	<u>3,689,750</u>	<u>3,331,375</u>
	<u>\$ 9,672,132</u>	<u>\$ 8,897,790</u>	<u>\$ 8,830,793</u>
Lease liability	<u>\$ 321,748</u>	<u>\$ 331,307</u>	<u>\$ 330,327</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:

June 30, 2020					
(Foreign currency : functional currency)	Foreign currency amount		Exchange rate	Book value	
	(in thousands)			(NTD)	
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	USD	4,895	29.58	\$	144,785
USD:HKD	USD	6,150	7.80		182,134
CNY:HKD	CNY	685	1.10		2,852
<u>Non-monetary item</u>					
THB:HKD	THB	2,438,400	0.25	\$	2,322,874
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	USD	2,493	29.68	\$	74,005
EUR:NTD	EUR	127	33.47		4,242
December 31, 2019					
(Foreign currency : functional currency)	Foreign currency amount		Exchange rate	Book value	
	(in thousands)			(NTD)	
<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

		June 30, 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	1,235	7.80	\$ 38,180
CNY:HKD	CNY	7,171	1.14	32,346
<u>Non-monetary item</u>				
THB:HKD	THB	2,169,600	0.25	\$ 2,189,753
<u>Financial liabilities</u>				
<u>Monetary item</u>				
USD:NTD	USD	3,025	31.11	\$ 94,122

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 and six-month periods ended June 30, 2020 and 2019 amounted to \$1,773, \$398, \$3,823 and \$3,040, respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

		For the six-month period ended June 30, 2020		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD		1%	\$ 1,448	\$ -
USD : HKD		1%	1,821	-
CNY : HKD		1%	29	-
<u>Non-monetary item</u>				
THB : HKD		1%	\$ -	\$ 23,229
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD		1%	(\$ 740)	\$ -
EUR : NTD		1%	(42)	\$ -

	For the six-month period ended June 30, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : HKD	1%	\$ 382	\$ -
CNY : HKD	1%	323	-
<u>Non-monetary item</u>			
THB : HKD	1%	\$ -	\$ 21,898
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD : NTD	1%	(\$ 941)	\$ -

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 six-month periods ended June 30, 2020 and 2019 would have increased/decreased by \$23,229 and \$21,898, 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 six-month periods ended June 30, 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 six-month periods ended June 30, 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 six-month periods ended June 30, 2020 and 2019, would have been \$11,681 and \$13,326 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 June 30, 2020, December 31, 2019 and June 30, 2019, the Group's written-off financial assets that are still under recourse procedures amounted to \$373, \$1,283 and \$460, respectively.
- vii. (i) The expected loss rate for well-reputed customers is 0.03%. On June 30, 2020, December 31, 2019 and June 30, 2019, the total book value of accounts receivable and loss allowance amounted to \$672,307 and \$0; \$693,792 and \$0; \$732,321 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 June 30, 2020, December 31, 2019 and June 30, 2019, the expected loss rate is as follows:

	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>June 30, 2020</u>			
Expected loss rate	0%~100%	0.003%~10%	
Total book value	\$ 22,253	\$ 1,089,959	\$ 1,112,212
Loss allowance	1,601	44	1,645
	<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>June 30, 2019</u>			
Expected loss rate	0%~100%	0.003%~10%	
Total book value	\$ 24,545	\$ 951,478	\$ 976,023
Loss allowance	2,245	-	2,245

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	(55)	(85)
Write-offs	-	(39)
At June 30	<u>\$ 1,645</u>	<u>\$ 2,245</u>

The reversal of impairment loss arising from customers' contracts for the six-month periods ended June 30, 2020 and 2019 amounted to \$55 and \$85, 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

June 30, 2020	<u>Less than 1 year</u>	Between 1 and	
		<u>5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 3,044,000	\$ -	\$ -
Short-term notes and bills payable	880,000	-	-
Notes payable	483,271	-	-
Accounts payable (including related parties)	676,446	-	-
Other payables (including related parties)	1,669,576	-	-
Lease liability	24,533	111,439	214,794
Long-term borrowings (including current portion)	126,880	2,824,166	41,530

Non-derivative financial liabilities

December 31, 2019	<u>Less than 1 year</u>	Between 1 and	
		<u>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

June 30, 2019	<u>Less than 1 year</u>	<u>Between 1 and</u>	
		<u>5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 2,346,144	\$ -	\$ -
Short-term notes and bills payable	630,000	-	-
Notes payable (including related parties)	370,484	-	-
Accounts payable (including related parties)	668,549	-	-
Other payables (including related parties)	1,485,089	-	-
Lease liability	22,404	130,672	209,542
Long-term borrowings (including current portion)	393,844	2,938,009	83,360

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>June 30, 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>\$ 810,784</u>	<u>\$ -</u>	<u>\$ 810,784</u>
Financial assets at fair value through other comprehensive income:				
Equity securities	<u>\$ 2,322,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,322,874</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>June 30, 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>\$ 740,062</u>	<u>\$ -</u>	<u>\$ 740,062</u>
Financial assets at fair value through other comprehensive income:				
Equity securities	<u>\$ 2,189,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,189,753</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 six-month periods ended June 30, 2020 and 2019, there was no transfer between Level 1 and Level 2.
- F. For the six-month periods ended June 30, 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 six-month period ended June 30, 2020: None.

C. Holding of marketable securities at June 30, 2020 (not including subsidiaries, associates and joint ventures):

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of June 30, 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	2,322,874	0.89%	2,322,874	

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 six-month period ended June 30, 2020: None.

E. Acquisition of real estate reaching NT\$300,000 or 20% of paid-in capital or more during the six-month period ended June 30, 2020: None.

F. Disposal of real estate reaching NT\$300,000 or 20% of paid-in capital or more during the six-month period ended June 30, 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 six-month period ended June 30, 2020: None.

H. Receivables from related parties reaching NT\$100,000 or 20% of paid-in capital or more as at June 30, 2020: None.

I. Trading in derivative instruments undertaken during the six-month period ended June 30, 2020: None

J. Significant inter-company transactions during the six-month period ended June 30, 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 June 30, 2020			Investment income		Footnote
				Balance as of June 30, 2020	Balance as of December 31, 2019	Number of shares	Ownership (%)	Book value	Net profit of the investee	recognised by the Company	
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	\$ 2,509,383	\$ 92,030	\$ 92,030	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	35,909	7,656	6,890	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	83,230	30,501	15,250	Subsidiary
The Company	Rui Mu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	193,860	93,860	20,400,000	68.00	202,200 (	13,580) (	8,262)	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	173,231 (	37,227) (	18,986)	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	4,325	81,732	-	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	58,470 (	1,884)	-	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	Amount remitted from /remitted back to Taiwan during the period		Accumulated amount of remittance from Taiwan to	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 June 30, 2020	Accumulated amount of investment	Footnote
				Mainland China as of January 1, 2020	Remitted to Mainland China	Remitted back to Taiwan	Mainland China as of June 30, 2020					income remitted back to Taiwan as of June 30, 2020	
Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Feeds producing, poultry raising, processing and sales.	\$ 142,846	2	\$ 126,484	\$ -	\$ 126,484	\$ -	(\$ 2,250)	0	(\$ 1,575)	\$ -	\$ -	Note 4 and 5

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2020 (Note 4)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of the MOEA
The Company	\$ -	\$ -	\$ 4,659,027

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 auditors 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 as US\$4,276 thousand. As of June 30, 2020, all the accumulated amount of remittance from Taiwan have been collected. The amounts in the table are translated into New Taiwan dollars at the spot exchange rates prevailing at June 30, 2020.

Note 5: 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 and has obtained approval on May 20, 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

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
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 June 30, 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)	\$ 2,829,490	\$ 1,393,867	\$ 922,678	\$ 259,896	\$ 21,969	\$ 5,427,900
Revenues from the Group	53,862	10,333	-	19,479	11,492	95,166
Total segment revenue	<u>\$ 2,883,352</u>	<u>\$ 1,404,200</u>	<u>\$ 922,678</u>	<u>\$ 279,375</u>	<u>\$ 33,461</u>	<u>\$ 5,523,066</u>
Segment income (loss) (Note 2)	<u>\$ 493,804</u>	<u>\$ 89,023</u>	<u>\$ 45,005</u>	<u>(\$ 9,215)</u>	<u>(\$ 30,891)</u>	<u>\$ 587,726</u>

	For the three-month period ended June 30, 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)	\$ 3,282,979	\$ 1,214,776	\$ 724,302	\$ 321,612	\$ 22,447	\$ 5,566,116
Revenues from the Group	70,295	6,300	-	8,366	9,156	94,117
Total segment revenue	<u>\$ 3,353,274</u>	<u>\$ 1,221,076</u>	<u>\$ 724,302</u>	<u>\$ 329,978</u>	<u>\$ 31,603</u>	<u>\$ 5,660,233</u>
Segment income (loss) (Note 2)	<u>\$ 452,981</u>	<u>\$ 44,805</u>	<u>\$ 42,906</u>	<u>\$ 20,056</u>	<u>(\$ 32,013)</u>	<u>\$ 528,735</u>

	For the six-month period ended June 30, 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)	\$ 5,678,485	\$ 2,666,566	\$ 1,856,085	\$ 507,013	\$ 47,335	\$ 10,755,484
Revenues from the Group	117,940	19,574	278	42,750	23,262	203,804
Total segment revenue	<u>\$ 5,796,425</u>	<u>\$ 2,686,140</u>	<u>\$ 1,856,363</u>	<u>\$ 549,763</u>	<u>\$ 70,597</u>	<u>\$ 10,959,288</u>
Segment income (loss) (Note 2)	<u>\$ 778,727</u>	<u>\$ 79,876</u>	<u>\$ 114,578</u>	<u>(\$ 20,906)</u>	<u>(\$ 58,920)</u>	<u>\$ 893,355</u>

For the six-month period ended June 30, 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)	\$ 6,535,918	\$ 2,264,886	\$ 1,427,113	\$ 624,547	\$ 42,503	\$ 10,894,967
Revenues from the Group	137,364	27,974	338	10,827	16,667	193,170
Total segment revenue	<u>\$ 6,673,282</u>	<u>\$ 2,292,860</u>	<u>\$ 1,427,451</u>	<u>\$ 635,374</u>	<u>\$ 59,170</u>	<u>\$ 11,088,137</u>
Segment income (loss) (Note 2)	<u>\$ 710,562</u>	<u>\$ 66,484</u>	<u>\$ 92,743</u>	<u>\$ 49,483</u>	<u>(\$ 62,443)</u>	<u>\$ 856,829</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 and six-month periods ended June 30, 2020 and 2019 is provided as follows:

	For the three-month period June 30,	
	2020	2019
Reportable segment income	\$ 618,617	\$ 560,748
Other segment loss	(30,891)	(32,013)
Total segment	587,726	528,735
Interest expense	(18,327)	(19,950)
Foreign exchange gains, net	1,773	398
Income before tax from discontinued segment	-	(11,842)
Income before tax from continuing segment	<u>\$ 571,172</u>	<u>\$ 497,341</u>

	For the six-month period June 30,	
	2020	2019
Reportable segment income	\$ 952,275	\$ 919,272
Other segment loss	(58,920)	(62,443)
Total segment	893,355	856,829
Interest expense	(40,414)	(37,439)
Foreign exchange gains, net	3,823	3,040
Income before tax from discontinued segment	3,000	2,643
Income before tax from continuing segment	<u>\$ 859,764</u>	<u>\$ 825,073</u>