

**CHAROEN POKPHAND ENTERPRISE
(TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 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 September 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-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 the “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.

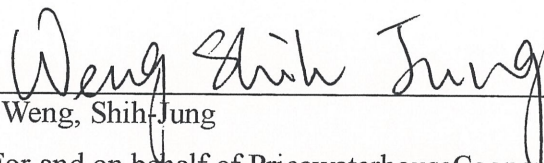
~2~

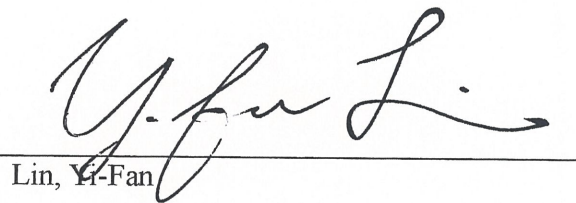


資誠

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 September 30, 2020 and 2019, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with the 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
November 10, 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
SEPTEMBER 30, 2020, DECEMBER 31, 2019 AND SEPTEMBER 30, 2019
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2020 and 2019 are reviewed, not audited)

ASSETS	Notes	September 30, 2020		December 31, 2019		September 30, 2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 331,300	2	\$ 873,651	5	\$ 367,052	2
1150	Notes receivable, net	6(3)	304,343	1	315,760	2	320,271	2
1170	Accounts receivable, net	6(3)	1,988,706	10	1,822,619	10	1,991,466	11
1200	Other receivables		20,878	-	9,978	-	29,605	-
130X	Inventories, net	6(4)	1,551,594	8	1,537,630	8	1,693,618	9
1400	Biological assets - current	6(5)	1,455,103	8	1,295,872	7	1,386,175	8
1410	Prepayments		379,051	2	312,616	2	549,271	3
1460	Non-current assets or disposal groups classified as held for sale, net	6(6) and 7	-	-	670,458	3	518,373	3
1470	Other current assets	6(1) and 8	8,200	-	7,700	-	7,700	-
11XX	Total current assets		<u>6,039,175</u>	<u>31</u>	<u>6,846,284</u>	<u>37</u>	<u>6,863,531</u>	<u>38</u>
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	1,966,213	10	2,119,249	11	2,046,856	11
1550	Investments accounted for using equity method	6(7)	99,951	1	-	-	-	-
1600	Property, plant and equipment, net	6(8) and 8	10,085,269	53	8,767,246	47	8,219,212	46
1755	Right-of-use assets	6(9)	344,615	2	346,074	2	342,420	2
1780	Intangible assets	6(10)	267	-	13,833	-	14,471	-
1830	Biological assets - non-current	6(5)	389,118	2	386,143	2	380,361	2
1840	Deferred income tax assets		74,032	-	74,908	-	57,615	-
1900	Other non-current assets	6(1)	210,326	1	96,624	1	109,431	1
15XX	Total non-current assets		<u>13,169,791</u>	<u>69</u>	<u>11,804,077</u>	<u>63</u>	<u>11,170,366</u>	<u>62</u>
1XXX	Total assets		<u>\$ 19,208,966</u>	<u>100</u>	<u>\$ 18,650,361</u>	<u>100</u>	<u>\$ 18,033,897</u>	<u>100</u>

(Continued)

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

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2020, DECEMBER 31, 2019 AND SEPTEMBER 30, 2019

(Expressed in thousands of New Taiwan dollars)

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

LIABILITIES AND EQUITY	Notes	September 30, 2020		December 31, 2019		September 30, 2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(11)	\$ 4,019,848	21	\$ 2,343,488	13	\$ 3,245,181	18
2110	Short-term notes and bills payable	6(12)	1,228,487	6	978,659	5	1,008,784	5
2150	Notes payable		349,230	2	473,913	3	571,539	3
2160	Notes payable - related parties	7	-	-	-	-	3,150	-
2170	Accounts payable		772,711	4	676,744	4	662,480	4
2180	Accounts payable - related parties	7	224	-	5,621	-	11,046	-
2200	Other payables	6(13)	646,317	3	706,865	4	759,782	4
2220	Other payables - related parties	7	22,944	-	22,750	-	22,387	-
2230	Current income tax liabilities		140,013	1	170,531	1	111,471	1
2260	Liabilities related to non-current assets or disposal groups classified as held for sale	6(6)	-	-	457,523	2	305,475	2
2280	Current lease liabilities		19,030	-	20,817	-	17,409	-
2300	Other current liabilities	6(14)	193,250	1	593,250	3	868,250	5
21XX	Total current liabilities		<u>7,392,054</u>	<u>38</u>	<u>6,450,161</u>	<u>35</u>	<u>7,586,954</u>	<u>42</u>
Non-current liabilities								
2540	Long-term borrowings	6(14)	3,008,562	16	3,096,500	16	2,289,812	12
2570	Deferred income tax liabilities		21,169	-	21,499	-	20,957	-
2580	Non-current lease liabilities		298,511	1	310,490	2	307,495	2
2600	Other non-current liabilities	6(15)	130,255	1	144,717	1	150,814	1
25XX	Total non-current liabilities		<u>3,458,497</u>	<u>18</u>	<u>3,573,206</u>	<u>19</u>	<u>2,769,078</u>	<u>15</u>
2XXX	Total liabilities		<u>10,850,551</u>	<u>56</u>	<u>10,023,367</u>	<u>54</u>	<u>10,356,032</u>	<u>57</u>
Equity attributable to owners of parent								
Share capital								
3110	Common stock	6(16)	2,679,910	14	2,679,910	14	2,679,910	15
Capital surplus								
3200	Capital surplus	6(17)	2,921	-	2,137	-	1,645	-
Retained earnings								
3310	Legal reserve	6(18)	880,252	5	733,781	4	733,781	4
3350	Unappropriated retained earnings		2,928,403	15	2,907,219	15	2,382,334	13
Other equity interest								
3400	Other equity interest		1,453,556	8	1,599,285	9	1,531,757	9
31XX	Equity attributable to owners of the parent		<u>7,945,042</u>	<u>42</u>	<u>7,922,332</u>	<u>42</u>	<u>7,329,427</u>	<u>41</u>
36XX	Non-controlling interest		413,373	2	704,662	4	348,438	2
3XXX	Total equity		<u>8,358,415</u>	<u>44</u>	<u>8,626,994</u>	<u>46</u>	<u>7,677,865</u>	<u>43</u>
Significant contingent liabilities and unrecognised contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 19,208,966</u>	<u>100</u>	<u>\$ 18,650,361</u>	<u>100</u>	<u>\$ 18,033,897</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
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)
(UNAUDITED)

Items	Notes	Three-month periods ended September 30				Nine-month periods ended September 30				
		2020		2019		2020		2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(19) and 7	\$ 5,697,615	100	\$ 5,389,590	100	\$ 16,366,708	100	\$ 15,575,358	100
5000	Operating costs	6(4)(25)(26) and 7	(4,655,802)	(82)	(4,614,951)	(86)	(13,800,547)	(84)	(13,244,203)	(85)
5950	Net operating margin		<u>1,041,813</u>	<u>18</u>	<u>774,639</u>	<u>14</u>	<u>2,566,161</u>	<u>16</u>	<u>2,331,155</u>	<u>15</u>
	Operating expenses	6(25)(26) and 7								
6100	Selling and marketing expenses		(245,228)	(4)	(253,765)	(5)	(726,668)	(4)	(729,397)	(5)
6200	General and administrative expenses		(169,160)	(3)	(137,658)	(2)	(473,243)	(3)	(404,735)	(2)
6450	Expected credit impairment loss	12(2)	(4,740)	-	(110)	-	(4,685)	-	(25)	-
6000	Total operating expenses		(419,128)	(7)	(391,533)	(7)	(1,204,596)	(7)	(1,134,157)	(7)
6500	Other income and expenses, net	6(5)(20)	<u>10,277</u>	-	(5,195)	-	<u>41,347</u>	-	<u>5,657</u>	-
6900	Operating profit		<u>632,962</u>	<u>11</u>	<u>377,911</u>	<u>7</u>	<u>1,402,912</u>	<u>9</u>	<u>1,202,655</u>	<u>8</u>
	Non-operating income and expenses									
7100	Interest income	6(21)	11	-	27	-	760	-	219	-
7010	Other income	6(22) and 7	30,904	-	24,902	-	63,872	-	50,017	-
7020	Other gains and losses	6(23)	31,330	1	2,108	-	127,841	1	14,020	-
7050	Finance costs	6(24)	(21,250)	-	(21,095)	-	(61,664)	-	(57,985)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	(49)	-	-	-	(49)	-	-	-
7000	Total non-operating income and expenses		<u>40,946</u>	<u>1</u>	<u>5,942</u>	<u>-</u>	<u>130,760</u>	<u>1</u>	<u>6,271</u>	<u>-</u>
7900	Profit before income tax		<u>673,908</u>	<u>12</u>	<u>383,853</u>	<u>7</u>	<u>1,533,672</u>	<u>10</u>	<u>1,208,926</u>	<u>8</u>
7950	Income tax expense	6(27)	(137,671)	(3)	(79,179)	(1)	(304,420)	(2)	(249,815)	(2)
8000	Profit for the period from continuing operations		<u>536,237</u>	<u>9</u>	<u>304,674</u>	<u>6</u>	<u>1,229,252</u>	<u>8</u>	<u>959,111</u>	<u>6</u>
8100	Profit (loss) from discontinued operations	6(6)	-	-	3,550	-	(2,250)	-	(1,640)	-
8200	Profit for the period		<u>\$ 536,237</u>	<u>9</u>	<u>\$ 308,224</u>	<u>6</u>	<u>\$ 1,227,002</u>	<u>8</u>	<u>\$ 957,471</u>	<u>6</u>

(Continued)

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

Items	Notes	Three-month periods ended September 30				Nine-month periods ended September 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)	(\$ 321,970)	(5)	(\$ 142,230)	(3)	(\$ 93,032)	(1)	\$ 236,564	2
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		(321,970)	(5)	(142,230)	(3)	(93,032)	(1)	236,564	2
Components of other comprehensive income that will be reclassified to profit or loss										
8361	Currency translation differences of foreign operations		(38,190)	(1)	(8,921)	-	(52,992)	-	23,835	-
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		(38,190)	(1)	(8,921)	-	(52,992)	-	23,835	-
8300	Total other comprehensive (loss) income for the period		(\$ 360,160)	(6)	(\$ 151,151)	(3)	(\$ 146,024)	(1)	\$ 260,399	2
8500	Total comprehensive income for the period		\$ 176,077	3	\$ 157,073	3	\$ 1,080,978	7	\$ 1,217,870	8
Profit (loss) attributable to:										
8610	Owners of the parent		\$ 540,165	9	\$ 307,947	6	\$ 1,239,619	8	\$ 939,821	6
8620	Non-controlling interest		(3,928)	-	277	-	(12,617)	-	17,650	-
			<u>\$ 536,237</u>	<u>9</u>	<u>\$ 308,224</u>	<u>6</u>	<u>\$ 1,227,002</u>	<u>8</u>	<u>\$ 957,471</u>	<u>6</u>
Comprehensive income (loss) attributable to:										
8710	Owners of the parent		\$ 180,005	3	\$ 159,225	3	\$ 1,093,890	7	\$ 1,201,431	8
8720	Non-controlling interest		(3,928)	-	(2,152)	-	(12,912)	-	16,439	-
			<u>\$ 176,077</u>	<u>3</u>	<u>\$ 157,073</u>	<u>3</u>	<u>\$ 1,080,978</u>	<u>7</u>	<u>\$ 1,217,870</u>	<u>8</u>
Earnings per share (in dollars)										
9710	Basic earnings per share from continuing operations	6(28)	\$	2.02	\$	1.14	\$	4.64	\$	3.52
9720	Basic earnings (loss) per share from discontinued operations		-	-	0.01	-	(0.01)	(0.01)	(0.01)	-
9750	Total basic earnings per share		<u>\$ 2.02</u>		<u>\$ 1.15</u>		<u>\$ 4.63</u>		<u>\$ 3.51</u>	
9810	Diluted earnings per share from continuing operations		\$	2.01	\$	1.14	\$	4.63	\$	3.52
9820	Diluted earnings (loss) per share from discontinued operations		-	-	0.01	-	(0.01)	(0.01)	(0.01)	-
9850	Total diluted earnings per share		<u>\$ 2.01</u>		<u>\$ 1.15</u>		<u>\$ 4.62</u>		<u>\$ 3.51</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
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 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	Legal reserve	Retained earnings		Other equity interest		Total	Non-controlling interest	Total equity
					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 nine-month period ended September 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		-	-	-	939,821	-	-	939,821	17,650	957,471	
Other comprehensive income (loss)		-	-	-	-	25,046	236,564	261,610	(1,211)	260,399	
Total comprehensive income		-	-	-	939,821	25,046	236,564	1,201,431	16,439	1,217,870	
Appropriations of 2018 earnings	6(18)										
Legal reserve		-	-	95,073	(95,073)	-	-	-	-	-	
Cash dividends to shareholders		-	-	-	(803,973)	-	-	(803,973)	-	(803,973)	
Capital surplus - dividends not received by shareholders (reversed)		-	(7)	-	-	-	-	(7)	-	(7)	
Cash dividends to non-controlling interest		-	-	-	-	-	-	-	(41,710)	(41,710)	
Change in ownership interests in subsidiaries		-	-	-	-	-	-	-	49,000	49,000	
Balance at September 30, 2019		\$ 2,679,910	\$ 1,645	\$ 733,781	\$ 2,382,334	\$ 52,286	\$ 1,479,471	\$ 7,329,427	\$ 348,438	\$ 7,677,865	
For the nine-month period ended September 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		-	-	-	1,239,619	-	-	1,239,619	(12,617)	1,227,002	
Other comprehensive income (loss)		-	-	-	-	(52,697)	(93,032)	(145,729)	295	(146,024)	
Total comprehensive income (loss)		-	-	-	1,239,619	(52,697)	(93,032)	1,093,890	(12,912)	1,080,978	
Appropriations of 2019 earnings	6(18)										
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)		-	(13)	-	-	-	-	(13)	-	(13)	
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		-	-	-	-	-	-	-	118,000	118,000	
Change in non-controlling interests		-	-	-	-	-	-	-	(62,910)	(62,910)	
Balance at September 30, 2020		\$ 2,679,910	\$ 2,921	\$ 880,252	\$ 2,928,403	(\$ 70,129)	\$ 1,523,685	\$ 7,945,042	\$ 413,373	\$ 8,358,415	

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
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	For the nine-month period ended September 30	
		2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from continuing operations before tax		\$ 1,533,672	\$ 1,208,926
(Loss) profit from discontinued operations before tax		(3,000)	2,373
Profit before tax		1,530,672	1,211,299
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12(2)	4,685	25
Depreciation	6(8)(25)	511,033	464,818
Depreciation of right-of-use assets	6(9)(25)	32,087	28,223
Amortization	6(25)	3,171	3,337
Interest income	6(21)	(1,017)	(12,144)
Interest expense	6(24)	61,664	58,605
Dividend income	6(2)(22)	(57,589)	(45,737)
(Gain on reversal of) loss on decline in market value	6(4)	(44,316)	34,184
Change in fair value less cost to sell of biological assets	6(5)(20)	(41,347)	(5,657)
Investment loss recognised under equity method	6(7)	49	-
Gain on disposal of property, plant and equipment	6(23)	(8,891)	(2,397)
Gain arising from lease modifications		(2)	-
Impairment loss of non-financial assets	6(10)(23)	13,331	-
Gain on disposal on investment	6(6)(23)	(84,145)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		11,857	34,482
Accounts receivable		(170,772)	(213,118)
Accounts receivable - related parties		(11,913)	205,376
Other receivables		(18,041)	(12,087)
Other receivables - related parties		(2,813)	(17,011)
Inventories		2,408	(525,919)
Biological assets		(119,787)	(160,427)
Prepayments		(58,754)	41,487
Changes in operating liabilities			
Notes payable		(124,683)	177,430
Notes payable - related parties		-	3,150
Accounts payable		121,239	(51,701)
Accounts payable - related parties		(59,957)	(86,583)
Other payables		(45,459)	143,390
Other payables - related parties		194	957
Accrued pension liabilities		(14,463)	(14,049)
Cash inflow generated from operations		1,428,441	1,259,933
Cash paid for income tax		(334,392)	(344,023)
Net cash flows from operating activities		1,094,049	915,910

(Continued)

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

	Notes	For the nine-month period ended September 30	
		2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments accounted for using equity method		(\$ 100,000)	\$ -
Increase in other current assets		(500)	(250)
Acquisition of property, plant and equipment	6(29)	(1,840,024)	(1,251,057)
Proceeds from disposal of property, plant and equipment		34,041	4,242
Acquisition of intangible assets	6(10)	(83)	-
(Increase) decrease in other non-current assets		(116,411)	9,976
Cash receipt of interest		1,153	12,144
Cash receipt of dividends	6(2)(22)	57,589	45,737
Loss of control in subsidiaries		(257,374)	-
Proceeds from disposal of subsidiaries	6(6)	246,654	-
Net cash flows used in investing activities		(1,974,955)	(1,179,208)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		1,676,360	477,170
Increase in short-term notes and bills payable		249,828	389,514
Proceeds from long-term borrowings		3,824,000	3,150,000
Payment of long-term borrowings		(4,311,937)	(2,544,938)
Payment of lease liability	6(9)	(44,392)	(45,846)
Cash payment for interest		(59,548)	(60,961)
Cash dividends paid	6(18)	(1,071,964)	(803,973)
Cash receipt from non-controlling interest of a subsidiary through capital increase establishment		118,000	49,000
Cash dividends paid to non-controlling interest		(332,670)	(41,710)
Capital surplus - dividends not received by shareholders (reversed)		(13)	(7)
Net cash flows from financing activities		47,664	568,249
Effects of changes in foreign exchange rate		(8,207)	(756)
Net (decrease) increase in cash and cash equivalents		(841,449)	304,195
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)	\$ 331,300	\$ 439,075
The components of cash and cash equivalents			
Cash and cash equivalents reported in the balance sheet	6(1)	\$ 331,300	\$ 367,052
Cash and cash equivalents classified as non-current assets (or disposal group) held for sale	6(6)	-	72,023
Cash and cash equivalents at end of reporting period		\$ 331,300	\$ 439,075

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 NINE-MONTH PERIODS ENDED SEPTEMBER 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 November 10, 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 (Note)

Note: Earlier application from January 1, 2020 is allowed by the FSC.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 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

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

(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 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 contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform - Phase 2'	January 1, 2021

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
			September 30, 2020	December 31, 2019	September 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
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) Investment accounted for using equity method – joint ventures

The Group accounts for its interest in a joint venture using equity method. Unrealised profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(5) 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 September 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>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Cash on hand and revolving funds	\$ 4,438	\$ 7,955	\$ 6,126
Checking accounts	4,091	3,125	28,661
Demand deposits	322,771	606,669	404,288
Time deposits	-	555,000	-
Total	<u>331,300</u>	<u>1,172,749</u>	<u>439,075</u>
Less: Non-current assets held for sale	-	(299,098)	(72,023)
	<u>\$ 331,300</u>	<u>\$ 873,651</u>	<u>\$ 367,052</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 September 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 September 30, 2020, the Group has restricted cash and cash equivalents under the Regulations Governing the Management, Utilisation, and Taxation of Repatriated Offshore Funds totalling \$107,204, 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>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 485,379	\$ 499,320	\$ 515,155
Valuation adjustment	<u>1,480,834</u>	<u>1,619,929</u>	<u>1,531,701</u>
	<u>\$ 1,966,213</u>	<u>\$ 2,119,249</u>	<u>\$ 2,046,856</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:

	For the three-month period ended September 30,	
	2020	2019
	<u>Equity instruments at fair value through other comprehensive income</u>	
Fair value change recognised in other comprehensive income	(\$ 321,970)	(\$ 142,230)
Dividend income recognised in profit or loss held at end of period	\$ 28,935	\$ 23,446

	For the nine-month period ended September 30,	
	2020	2019
	<u>Equity instruments at fair value through other comprehensive income</u>	
Fair value change recognised in other comprehensive income	(\$ 93,032)	\$ 236,564
Dividend income recognised in profit or loss held at end of period	\$ 57,589	\$ 45,737

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

	September 30, 2020	December 31, 2019	September 30, 2019
Notes receivable	\$ 304,343	\$ 318,337	\$ 324,615
Less: Non-current assets held for sale	-	(2,577)	(4,344)
	<u>\$ 304,343</u>	<u>\$ 315,760</u>	<u>\$ 320,271</u>
Accounts receivable	\$ 1,995,091	\$ 1,824,319	\$ 1,993,820
Less: Allowance for uncollectible accounts	(6,385)	(1,700)	(2,354)
	<u>\$ 1,988,706</u>	<u>\$ 1,822,619</u>	<u>\$ 1,991,466</u>

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

	September 30, 2020	December 31, 2019	September 30, 2019
Current	\$ 1,891,798	\$ 1,768,228	\$ 1,847,798
Up to 120 days	82,043	52,675	141,787
Over 120 days	19,910	3,107	3,624
Over one year	1,340	309	611
	<u>\$ 1,995,091</u>	<u>\$ 1,824,319</u>	<u>\$ 1,993,820</u>

The above ageing analysis was based on past due date.

- B. As of September 30, 2020, December 31, 2019 and September 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 September 30, 2020, December 31, 2019 and September 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:

	September 30, 2020	December 31, 2019	September 30, 2019
With guarantee	\$ 117,945	\$ 126,159	\$ 122,359
Without guarantee	1,877,146	1,698,160	1,871,461
	<u>\$ 1,995,091</u>	<u>\$ 1,824,319</u>	<u>\$ 1,993,820</u>

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

- E. As at September 30, 2020, December 31, 2019 and September 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 \$304,343, \$318,337 and \$324,615, respectively, while the amount that best represents the Group's accounts receivable was \$1,988,706, \$1,822,619 and \$1,991,466, respectively.
- F. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

(4) Inventories

	September 30, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 979,958	(\$ 265)	\$ 979,693
Packing supplies	39,159	(983)	38,176
Work in progress	37,253	-	37,253
Finished goods	453,805	(14,430)	439,375
General merchandise	43,971	(1,015)	42,956
Inventory in transit	14,141	-	14,141
	<u>\$ 1,568,287</u>	<u>(\$ 16,693)</u>	<u>\$ 1,551,594</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
	<u>1,739,091</u>	<u>(61,009)</u>	<u>1,678,082</u>
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>

September 30, 2019			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 962,060	\$ -	\$ 962,060
Packing supplies	28,020	(300)	27,720
Work in progress	24,433	-	24,433
Finished goods	759,078	(48,920)	710,158
General merchandise	45,826	(63)	45,763
Inventory in transit	15,624	-	15,624
	<u>1,835,041</u>	<u>(49,283)</u>	<u>1,785,758</u>
Less: Non-current assets held for sale	(92,140)	-	(92,140)
	<u>\$ 1,742,901</u>	<u>(\$ 49,283)</u>	<u>\$ 1,693,618</u>

The cost of inventories recognised as expense for the period:

	For the three-month period ended September 30,	
	2020	2019
Cost of goods sold	\$ 4,653,161	\$ 4,981,053
(Gain on reversal of) loss on decline in market	2,643	13,803
Others	(2)	593
Less: Operating costs from discontinued operations	-	(380,498)
	<u>\$ 4,655,802</u>	<u>\$ 4,614,951</u>

	For the nine-month period ended September 30,	
	2020	2019
Cost of goods sold	\$ 13,928,276	\$ 14,256,142
(Gain on reversal of) loss on decline in market	(44,316)	34,184
Others	(4,874)	(2,760)
Less: Operating costs from discontinued operations	(78,539)	(1,043,363)
	<u>\$ 13,800,547</u>	<u>\$ 13,244,203</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>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Biological assets - current:			
Consumable biological assets	\$ 1,083,208	\$ 1,044,691	\$ 1,087,745
Consumable biological assets - changes in fair value less costs to sell	65,471	24,124	42,192
Bearer biological assets	643,861	540,583	516,122
Bearer biological assets - accumulated depreciation	(337,437)	(312,454)	(259,692)
	1,455,103	1,296,944	1,386,367
Less: Non-current assets held for sale	-	(1,072)	(192)
	<u>\$ 1,455,103</u>	<u>\$ 1,295,872</u>	<u>\$ 1,386,175</u>
Biological assets-non-current:			
Bearer biological assets	\$ 479,049	\$ 470,609	\$ 459,894
Bearer biological assets - accumulated depreciation	(89,931)	(84,466)	(79,533)
	<u>\$ 389,118</u>	<u>\$ 386,143</u>	<u>\$ 380,361</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:

	2020	2019
At January 1	\$ 1,683,087	\$ 1,600,644
Purchases	729,046	774,969
Costs and expenses input	5,198,097	5,100,184
Sales	(2,253,709)	(2,219,896)
Gains on changes in fair value less costs to sell	41,347	5,657
Transferred to inventories	(3,551,902)	(3,489,433)
Others	(1,745)	(5,397)
At September 30	<u>1,844,221</u>	<u>1,766,728</u>
Less: Non-current assets held for sale	<u>-</u>	<u>(192)</u>
	<u>\$ 1,844,221</u>	<u>\$ 1,766,536</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 nine-month periods ended September 30, 2020 and 2019, depreciation expense on biological assets amounted to \$97,269, \$98,881, \$284,946 and \$269,855, respectively.

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Livestock production: Estimates of physical quantities (Units: heads)	<u>5,463,954</u>	<u>5,667,851</u>	<u>6,227,766</u>
Aquatic production: Estimates of physical quantities (Units: heads)	<u>-</u>	<u>4,000,000</u>	<u>1,500,000</u>

E. Financial risk management policies

The Group is exposed to commodity risks arising from changes in market prices of 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 nine-month period ended September 30,	
	<u>2020</u>	<u>2019</u>
Operating cash flows	(\$ 40,567)	\$ 116,792
Investing cash flows	(794)	(5,697)
Financing cash flows	-	(53,710)
Effect of foreign exchange	(363)	-
Total cash flows	<u>(\$ 41,724)</u>	<u>\$ 57,385</u>

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Cash and cash equivalents	\$ -	\$ 299,098	\$ 72,023
Notes receivable	-	2,577	4,344
Accounts receivable - related parties	-	61,152	165,344
Other receivables	-	865	3,554
Other receivables - related parties	-	17,836	31,166
Inventories	-	140,452	92,140
Biological assets - current	-	1,072	192
Prepayments	-	15,921	15,560
Property, plant and equipment	-	121,060	121,521
Deferred income tax assets	-	7,193	8,632
Other non-current assets	-	3,232	3,897
	<u>\$ -</u>	<u>\$ 670,458</u>	<u>\$ 518,373</u>

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Accounts payable	\$ -	\$ 31,841	\$ 24,940
Accounts payable to related parties	-	178,029	172,933
Other payables	-	246,534	102,299
Current income tax liabilities	-	1,119	5,303
	<u>\$ -</u>	<u>\$ 457,523</u>	<u>\$ 305,475</u>

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

	For the nine-month period ended September 30,	
	2020	2019
Operating revenue	\$ 86,391	\$ 1,127,582
Operating costs	(78,539)	(1,043,363)
Operating expenses	(10,393)	(93,620)
Total non-operating income and expenses	(459)	11,774
(Loss) profit before tax from discontinued operations	(3,000)	2,373
Income tax benefit (expense)	750	(4,013)
Loss after tax from discontinued operations	<u>(\$ 2,250)</u>	<u>(\$ 1,640)</u>
Attributable to:		
Discontinued operations of parent company	(\$ 1,575)	(\$ 1,148)
Non-controlling interest	(675)	(492)
Loss after tax from discontinued operations	<u>(\$ 2,250)</u>	<u>(\$ 1,640)</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(28) Earnings per share for the details.

(7) Investment accounted for using equity method – joint ventures

The carrying amount of the Group's interests in all individually immaterial joint ventures and the Group's share of the operating results are summarised below:

As of September 30, 2020 and 2019, the carrying amount of the Group's individually immaterial joint ventures amounted to \$99,951 and \$0, respectively.

	For the nine-month period ended September 30,	
	2020	2019
Loss for the period from continuing operations	(\$ 49)	\$ -
Other comprehensive income, net of tax	-	-
Total comprehensive income	<u>(\$ 49)</u>	<u>\$ -</u>

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 million 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 interest in the joint venture.

(8) 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 sale	-	-	(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	15,530	14,473	81,181	79,171	45,181	17,780	44,968	1,555,906	1,854,190
Disposals	(22,964)	-	-	(860)	(1,326)	-	-	-	(25,150)
Reclassifications	238,541	9,385	151,134	144,329	32,556	5,491	37,269	(618,705)	-
Depreciation	-	(11,536)	(143,395)	(195,961)	(31,848)	(67,222)	(61,071)	-	(511,033)
Loss of control in subsidiaries	-	-	(34,129)	(75,580)	(2,866)	-	(6,855)	(1,042)	(120,472)
Net exchange differences	-	-	(161)	(355)	(13)	-	(34)	(9)	(572)
Closing net book amount as at September 30	<u>\$ 2,609,064</u>	<u>\$ 126,725</u>	<u>\$ 2,489,330</u>	<u>\$ 1,681,225</u>	<u>\$ 162,709</u>	<u>\$ 413,352</u>	<u>\$ 600,068</u>	<u>\$ 2,002,796</u>	<u>\$ 10,085,269</u>
<u>At September 30, 2020</u>									
Cost	\$ 2,609,064	\$ 182,579	\$ 3,837,732	\$ 3,840,485	\$ 330,151	\$ 1,001,458	\$ 995,192	\$ 2,002,796	\$ 14,799,457
Accumulated depreciation	-	(55,854)	(1,348,402)	(2,159,260)	(167,442)	(588,106)	(395,124)	-	(4,714,188)
	<u>\$ 2,609,064</u>	<u>\$ 126,725</u>	<u>\$ 2,489,330</u>	<u>\$ 1,681,225</u>	<u>\$ 162,709</u>	<u>\$ 413,352</u>	<u>\$ 600,068</u>	<u>\$ 2,002,796</u>	<u>\$ 10,085,269</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	43,120	28,684	272,700	88,137	22,252	6,197	74,914	669,511	1,205,515
Disposals	-	-	-	-	(1,845)	-	-	-	(1,845)
Reclassifications	129,160	26,983	222,333	117,471	-	10,565	75,139	(581,651)	-
Depreciation	-	(7,476)	(131,946)	(176,336)	(27,377)	(67,708)	(53,975)	-	(464,818)
Net exchange differences	-	-	(823)	(1,751)	(64)	-	(205)	(8)	(2,851)
Closing net book amount									
as at September 30	<u>\$ 2,304,096</u>	<u>\$ 110,393</u>	<u>\$ 2,396,328</u>	<u>\$ 1,696,147</u>	<u>\$ 100,188</u>	<u>\$ 470,157</u>	<u>\$ 582,303</u>	<u>\$ 681,121</u>	<u>\$ 8,340,733</u>
<u>At September 30, 2019</u>									
Cost	\$ 2,304,096	\$ 152,595	\$ 3,710,817	\$ 3,963,274	\$ 281,460	\$ 981,315	\$ 931,411	\$ 681,121	\$ 13,006,089
Accumulated depreciation	-	(42,202)	(1,314,489)	(2,267,127)	(181,272)	(511,158)	(349,108)	-	(4,665,356)
	\$ 2,304,096	\$ 110,393	\$ 2,396,328	\$ 1,696,147	\$ 100,188	\$ 470,157	\$ 582,303	\$ 681,121	\$ 8,340,733
Less: Transferred non-current assets held for sale	-	-	(33,601)	(77,895)	(3,131)	-	(6,894)	-	(121,521)
	<u>\$ 2,304,096</u>	<u>\$ 110,393</u>	<u>\$ 2,362,727</u>	<u>\$ 1,618,252</u>	<u>\$ 97,057</u>	<u>\$ 470,157</u>	<u>\$ 575,409</u>	<u>\$ 681,121</u>	<u>\$ 8,219,212</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 September 30,	
	2020	2019
Amount capitalised	\$ 2,469	\$ 881
Interest rate range	1%~1.33%	1.12%~1.63%

	For the nine-month period ended September 30,	
	2020	2019
Amount capitalised	\$ 5,916	\$ 3,415
Interest rate range	0.99%~1.56%	1.12%~1.63%

- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- C. As of September 30, 2020, December 31, 2019 and September 30, 2019, the Group held 210 parcels, 182 parcels and 175 parcels of agricultural land, respectively. The carrying amounts of land registered under the title of others amounted to \$1,032,311, \$877,771 and \$891,441, 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.

(9) 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>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 304,775	\$ 322,018	\$ 322,228
Buildings	18,151	10,619	8,012
Transportation equipment (Cargo truck)	10,961	2,697	4,040
Other equipment	10,728	10,740	8,140
	<u>\$ 344,615</u>	<u>\$ 346,074</u>	<u>\$ 342,420</u>

	For the three-month period ended September 30,	
	2020	2019
	Depreciation charge	Depreciation charge
Land	\$ 6,591	\$ 6,594
Buildings	1,995	1,288
Transportation equipment (Cargo truck)	830	727
Other equipment	1,767	1,363
	<u>\$ 11,183</u>	<u>\$ 9,972</u>

	For the nine-month period ended September 30,	
	2020	2019
	Depreciation charge	Depreciation charge
Land	\$ 19,766	\$ 19,385
Buildings	5,200	2,864
Transportation equipment (Cargo truck)	1,871	2,101
Other equipment	5,250	3,873
	<u>\$ 32,087</u>	<u>\$ 28,223</u>

- C. For the three-month and nine-month periods ended September 30, 2020 and 2019, the additions to right-of-use assets were \$15,723, \$5,914, \$30,754 and \$10,776, respectively.
- D. The Group has no significant profit or loss in relation to lease contracts for the three-month and nine-month periods ended September 30, 2020 and 2019.
- E. For the three-month and nine-month periods ended September 30, 2020 and 2019, the Group's total cash outflow for leases were \$19,929, \$11,217, \$44,392 and \$45,846, respectively.

(10) 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	(441)	-	(441)
Impairment loss	-	(13,331)	(13,331)
Net exchange differences	-	123	123
At September 30	<u>\$ 267</u>	<u>\$ -</u>	<u>\$ 267</u>
 <u>At September 30, 2020</u>			
Cost	\$ 10,651	\$ -	\$ 10,651
Accumulated amortisation and impairment	(10,384)	-	(10,384)
	<u>\$ 267</u>	<u>\$ -</u>	<u>\$ 267</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	(785)	-	(785)
Net exchange differences	-	197	197
At September 30	<u>\$ 844</u>	<u>\$ 13,627</u>	<u>\$ 14,471</u>
 <u>At September 30, 2019</u>			
Cost	\$ 10,568	\$ 13,627	\$ 24,195
Accumulated amortisation and impairment	(9,724)	-	(9,724)
	<u>\$ 844</u>	<u>\$ 13,627</u>	<u>\$ 14,471</u>

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ 3,897,418	0.95%~1.6%	None
Letters of credit	122,430	0.74%~1.4%	None
	<u>\$ 4,019,848</u>		

<u>Type of borrowings</u>	<u>December 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ 2,294,000	1.04%~1.75%	None
Letters of credit	49,488	0.74%	None
	<u>\$ 2,343,488</u>		

<u>Type of borrowings</u>	<u>September 30, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ 2,999,711	1.04%~1.69%	None
Letters of credit	245,470	2.57%~2.94%	None
	<u>\$ 3,245,181</u>		

(12) Short-term notes and bills payable

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Commercial paper payable	\$ 1,230,000	\$ 980,000	\$ 1,010,000
Less: Unamortised discounts	(1,513)	(1,341)	(1,216)
	<u>\$ 1,228,487</u>	<u>\$ 978,659</u>	<u>\$ 1,008,784</u>
Interest rate range	0.29%~0.89%	0.34%~0.93%	0.34%~0.94%

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

(13) Other payables

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Accrued salary	\$ 338,680	\$ 397,088	\$ 335,345
Payables for machinery and equipment	49,885	35,719	16,621
Contract liabilities	-	182,161	170,792
Others	<u>257,752</u>	<u>338,431</u>	<u>339,323</u>
	646,317	953,399	862,081
Less: Liabilities directly related to non-current assets held for sale	-	(246,534)	(102,299)
	<u>\$ 646,317</u>	<u>\$ 706,865</u>	<u>\$ 759,782</u>

(14) Long-term borrowings

Type of borrowings	Borrowing period	Interest rate range	September 30, 2020
Secured loans	2017.10.5~2026.4.3	1.3%-1.63%	\$ 441,812
Unsecured credit loans	2017.9.6~2023.06.30	0.79%-1.35%	2,760,000
			<u>3,201,812</u>
Less: Current portion (shown as ‘Other current liabilities’)			(193,250)
			<u>\$ 3,008,562</u>

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

Type of borrowings	Borrowing period	Interest rate range	September 30, 2019
Secured loans	2016.9.26~2026.4.3	1.42%~1.63%	\$ 918,062
Unsecured credit loans	2017.9.6~2022.10.27	1.03%~1.50%	2,240,000
			<u>3,158,062</u>
Less: Current portion (shown as ‘Other current liabilities’)			(868,250)
			<u>\$ 2,289,812</u>

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

(15) 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, \$1,142, \$2,583 and \$3,423 for the three-month and nine-month periods ended September 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 nine-month periods ended September 30, 2020 and 2019 were \$13,223, \$11,505, \$37,893 and \$33,353, 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. 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 nine-month periods ended September 30, 2020 and 2019 were \$0, \$2,016, \$451 and \$5,477, respectively.

(16) Share capital - common stock

As of September 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 nine-month periods ended September 30, 2020 and 2019, there were no changes in the number of the Company’s ordinary shares outstanding.

(17) 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.

(18) 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 were July 5, 2020 and July 21, 2019, respectively.

(19) Operating revenue

	For the three-month period ended September 30,	
	2020	2019
Revenue from contracts with customers	\$ 5,697,615	\$ 5,807,973
Less: Operating revenue from discontinued operations	-	(418,383)
	<u>\$ 5,697,615</u>	<u>\$ 5,389,590</u>

	For the nine-month period ended September 30,	
	2020	2019
Revenue from contracts with customers	\$ 16,453,099	\$ 16,702,940
Less: Operating revenue from discontinued operations	(86,391)	(1,127,582)
	<u>\$ 16,366,708</u>	<u>\$ 15,575,358</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:

	Domestic	Asia	Total
<u>For the three-month period ended September 30, 2020</u>			
Total segment revenue	\$ 5,808,200	\$ -	\$ 5,808,200
Inter-segment revenue	(110,585)	-	(110,585)
Revenue from external customer contracts	<u>\$ 5,697,615</u>	<u>\$ -</u>	<u>\$ 5,697,615</u>
Timing of revenue recognition			
At a point in time	\$ 5,697,615	\$ -	\$ 5,697,615
Less: Operating revenue from discontinued operations	-	-	-
	<u>\$ 5,697,615</u>	<u>\$ -</u>	<u>\$ 5,697,615</u>
	Domestic	Asia	Total
<u>For the three-month period ended September 30, 2019</u>			
Total segment revenue	\$ 5,498,293	\$ 418,383	\$ 5,916,676
Inter-segment revenue	(108,703)	-	(108,703)
Revenue from external customer contracts	<u>\$ 5,389,590</u>	<u>\$ 418,383</u>	<u>\$ 5,807,973</u>
Timing of revenue recognition			
At a point in time	\$ 5,389,590	\$ 418,383	\$ 5,807,973
Less: Operating revenue from discontinued operations	-	(418,383)	(418,383)
	<u>\$ 5,389,590</u>	<u>\$ -</u>	<u>\$ 5,389,590</u>

	<u>Domestic</u>	<u>Asia</u>	<u>Total</u>
<u>For the nine-month period ended September 30, 2020</u>			
Total segment revenue	\$ 16,681,097	\$ 86,391	\$ 16,767,488
Inter-segment revenue	(314,389)	-	(314,389)
Revenue from external customer contracts	<u>\$ 16,366,708</u>	<u>\$ 86,391</u>	<u>\$ 16,453,099</u>
Timing of revenue recognition			
At a point in time	\$ 16,366,708	\$ 86,391	\$ 16,453,099
Less: Operating revenue from discontinued operations	<u>-</u>	<u>(86,391)</u>	<u>(86,391)</u>
	<u>\$ 16,366,708</u>	<u>\$ -</u>	<u>\$ 16,366,708</u>

	<u>Domestic</u>	<u>Asia</u>	<u>Total</u>
<u>For the nine-month period ended September 30, 2019</u>			
Total segment revenue	\$ 15,877,231	\$ 1,127,582	\$ 17,004,813
Inter-segment revenue	(301,873)	-	(301,873)
Revenue from external customer contracts	<u>\$ 15,575,358</u>	<u>\$ 1,127,582</u>	<u>\$ 16,702,940</u>
Timing of revenue recognition			
At a point in time	\$ 15,575,358	\$ 1,127,582	\$ 16,702,940
Less: Operating revenue from discontinued operations	<u>-</u>	<u>(1,127,582)</u>	<u>(1,127,582)</u>
	<u>\$ 15,575,358</u>	<u>\$ -</u>	<u>\$ 15,575,358</u>

B. Contract liabilities

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Contract liabilities:			
Contract liabilities - advance receipts	\$ -	\$ 182,161	\$ 170,792
Less: Transferred liabilities directly related to non-current assets held for sale	<u>-</u>	<u>(182,065)</u>	<u>(20,792)</u>
	<u>\$ -</u>	<u>\$ 96</u>	<u>\$ 150,000</u>

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

(20) Other income and expenses, net

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

	For the three-month period ended September 30,	
	2020	2019
Other income and expenses, net	\$ 10,277	(\$ 5,195)

	For the nine-month period ended September 30,	
	2020	2019
Other income and expenses, net	\$ 41,347	\$ 5,657

(21) Interest income

	For the three-month period ended September 30,	
	2020	2019
Interest income from bank deposits	\$ 11	\$ 2,754
Less: Interest income from discontinued operations	-	(2,727)
	\$ 11	\$ 27

	For the nine-month period ended September 30,	
	2020	2019
Interest income from bank deposits	\$ 1,017	\$ 12,144
Less: Interest income from discontinued operations	(257)	(11,925)
	\$ 760	\$ 219

(22) Other income

	For the three-month period ended September 30,	
	2020	2019
Rental income	\$ 1,969	\$ 1,456
Dividend income	28,935	23,446
	\$ 30,904	\$ 24,902

	For the nine-month period ended September 30,	
	2020	2019
Rental income	\$ 6,283	\$ 4,280
Dividend income	57,589	45,737
	<u>\$ 63,872</u>	<u>\$ 50,017</u>

(23) Other gains and losses

	For the three-month period ended September 30,	
	2020	2019
Gains on disposal of property, plant and equipment	\$ 847	\$ 1,342
Gain on disposal of investment	-	-
Impairment loss on non-financial assets	-	-
Foreign exchange gains (losses)	7,255	(63)
Other gains and losses	23,228	1,065
Less: Other gains and losses from discontinued operations	-	(236)
	<u>\$ 31,330</u>	<u>\$ 2,108</u>

	For the nine-month period ended September 30,	
	2020	2019
Gains on disposal of property, plant and equipment	\$ 8,891	\$ 2,397
Gain on disposal of investment	84,145	-
Impairment loss on non-financial assets	(13,331)	-
Foreign exchange gains	11,078	2,977
Other gains and losses	36,342	9,115
Less: Other gains and losses from discontinued operations	716	(469)
	<u>\$ 127,841</u>	<u>\$ 14,020</u>

(24) Finance costs

	For the three-month period ended September 30,	
	2020	2019
Interest expense:		
Bank borrowings	\$ 19,125	\$ 21,166
Preferred dividend	2,125	-
Less: Finance costs from discontinued operations	-	(71)
	<u>\$ 21,250</u>	<u>\$ 21,095</u>

	For the nine-month period ended September 30,	
	2020	2019
Interest expense:		
Bank borrowings	\$ 58,589	\$ 58,605
Preferred dividend	3,075	-
Less: Finance costs from discontinued operations	-	(620)
	<u>\$ 61,664</u>	<u>\$ 57,985</u>

(25) Expenses by nature (Including discontinued operations)

	For the three-month period ended September 30, 2020		
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 346,801	\$ 184,264	\$ 531,065
Depreciation on property, plant and equipment	158,380	14,740	173,120
Depreciation on right-of-use assets	8,586	2,597	11,183
Amortisation	835	154	989
	<u>\$ 514,602</u>	<u>\$ 201,755</u>	<u>\$ 716,357</u>

	For the three-month period ended September 30, 2019		
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 326,664	\$ 175,748	\$ 502,412
Depreciation on property, plant and equipment	149,894	10,445	160,339
Depreciation on right-of-use assets	8,158	1,814	9,972
Amortisation	821	338	1,159
	<u>\$ 485,537</u>	<u>\$ 188,345</u>	<u>\$ 673,882</u>

	For the nine-month period ended September 30, 2020		
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 1,027,919	\$ 527,714	\$ 1,555,633
Depreciation on property, plant and equipment	471,864	39,169	511,033
Depreciation on right-of-use assets	25,432	6,655	32,087
Amortisation	2,615	556	3,171
	<u>\$ 1,527,830</u>	<u>\$ 574,094</u>	<u>\$ 2,101,924</u>

	For the nine-month period ended September 30, 2019		
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 950,796	\$ 512,739	\$ 1,463,535
Depreciation on property, plant and equipment	435,151	29,667	464,818
Depreciation on right-of-use assets	23,268	4,955	28,223
Amortisation	2,285	1,052	3,337
	<u>\$ 1,411,500</u>	<u>\$ 548,413</u>	<u>\$ 1,959,913</u>

(26) Employee benefit expense (Including discontinued operations)

	For the three-month period ended September 30, 2020		
	Operating cost	Operating expenses	Total
Wages and salaries	\$ 292,161	\$ 167,828	\$ 459,989
Labor and health insurance	28,753	9,432	38,185
Pension costs	9,018	5,066	14,084
Other personnel expenses	16,869	1,938	18,807
	<u>\$ 346,801</u>	<u>\$ 184,264</u>	<u>\$ 531,065</u>

	For the three-month period ended September 30, 2019		
	Operating cost	Operating expenses	Total
Wages and salaries	\$ 277,068	\$ 156,119	\$ 433,187
Labor and health insurance	24,926	8,646	33,572
Pension costs	8,673	5,990	14,663
Other personnel expenses	15,997	4,993	20,990
	<u>\$ 326,664</u>	<u>\$ 175,748</u>	<u>\$ 502,412</u>

For the nine-month period ended September 30, 2020

	Operating cost	Operating expenses	Total
Wages and salaries	\$ 867,787	\$ 475,661	\$ 1,343,448
Labor and health insurance	85,028	30,393	115,421
Pension costs	25,785	15,142	40,927
Other personnel expenses	49,319	6,518	55,837
	<u>\$ 1,027,919</u>	<u>\$ 527,714</u>	<u>\$ 1,555,633</u>

For the nine-month period ended September 30, 2019

	Operating cost	Operating expenses	Total
Wages and salaries	\$ 806,827	\$ 454,316	\$ 1,261,143
Labor and health insurance	74,715	27,918	102,633
Pension costs	25,016	17,237	42,253
Other personnel expenses	44,238	13,268	57,506
	<u>\$ 950,796</u>	<u>\$ 512,739</u>	<u>\$ 1,463,535</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 nine-month periods ended September 30, 2020 and 2019, employees' compensation was accrued at \$7,568, \$3,907, \$15,376 and \$11,941, respectively. The aforementioned amounts were recognised in wages and salaries expense.

For the nine-month period ended September 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.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended September 30,	
	2020	2019
Current tax:		
Current tax on profits for the period	\$ 130,547	\$ 81,546
Tax on undistributed surplus earnings	-	-
Prior year income tax underestimation	1,281	-
Total current tax	131,828	81,546
Deferred tax:		
Origination and reversal of temporary differences	5,843	(901)
Total deferred tax	5,843	(901)
Income tax expense	137,671	80,645
Less: Income tax expense from discontinued operations	-	(1,466)
Income tax expense	\$ 137,671	\$ 79,179

	For the nine-month period ended September 30,	
	2020	2019
Current tax:		
Current tax on profits for the period	\$ 291,312	\$ 250,478
Tax on undistributed surplus earnings	12,333	2,696
Prior year income tax under (over) estimation	229	(109)
Total current tax	303,874	253,065
Deferred tax:		
Origination and reversal of temporary differences	(204)	763
Total deferred tax	(204)	763
Income tax expense	\$ 303,670	\$ 253,828
Less: Income tax expense from discontinued operations	750	(4,013)
Income tax expense	\$ 304,420	\$ 249,815

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

	For the three-month period ended September 30,	
	2020	2019
Remeasurement of defined benefit obligations	\$ -	\$ -

	For the nine-month period ended September 30,	
	2020	2019
Remeasurement of defined benefit obligations	\$ -	\$ -

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

(28) Earnings per share

	<u>For the three-month period ended September 30, 2020</u>		
	<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	\$ 540,165	<u>267,991</u>	\$ 2.02
Profit from discontinued operations	<u>-</u>		<u>-</u>
Profit attributable to ordinary shareholders	<u>\$ 540,165</u>		<u>\$ 2.02</u>
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 540,165	267,991	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	<u>-</u>	<u>114</u>	
Profit from continuing operations attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	540,165	<u>268,105</u>	\$ 2.01
Profit from discontinued operations	<u>-</u>		<u>-</u>
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 540,165</u>	<u>268,105</u>	<u>\$ 2.01</u>

For the three-month period ended September 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	\$ 305,462	<u>267,991</u>	\$ 1.14
Profit from discontinued operations	<u>2,485</u>		<u>0.01</u>
Profit attributable to ordinary shareholders	<u>\$ 307,947</u>		<u>\$ 1.15</u>
 <u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 305,462	267,991	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	<u>-</u>	<u>63</u>	
Profit from continuing operations attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	305,462	<u>268,054</u>	\$ 1.14
Profit from discontinued operations	<u>2,485</u>		<u>0.01</u>
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 307,947</u>	<u>268,054</u>	<u>\$ 1.15</u>

For the nine-month period ended September 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	\$ 1,241,194	<u>267,991</u>	\$ 4.64
Loss from discontinued operations	(1,575)		(0.01)
Profit attributable to ordinary shareholders	<u>\$ 1,239,619</u>		<u>\$ 4.63</u>
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 1,241,194	267,991	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	<u>-</u>	<u>356</u>	
Profit from continuing operations attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	1,241,194	<u>268,347</u>	\$ 4.63
Loss from discontinued operations	(1,575)		(0.01)
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,239,619</u>	<u>268,347</u>	<u>\$ 4.62</u>

For the nine-month period ended September 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	\$ 940,969	<u>267,991</u>	\$ 3.52
Loss from discontinued operations	(1,148)		(0.01)
Profit attributable to ordinary shareholders	<u>\$ 939,821</u>		<u>\$ 3.51</u>
 <u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 940,969	267,991	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	<u>-</u>	<u>286</u>	
Profit from continuing operations attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	940,969	<u>268,277</u>	\$ 3.52
Loss from discontinued operations	(1,148)		(0.01)
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 939,821</u>	<u>268,277</u>	<u>\$ 3.51</u>

(29) Supplemental cash flow information

Investing activities with partial cash payment are as follows:

	For the nine-month period ended September 30,	
	2020	2019
Acquisition of property, plant and equipment	\$ 1,854,190	\$ 1,205,515
Add: Opening balance of payable on equipment	35,719	62,163
Less: Ending balance of payable on equipment	(49,885)	(16,621)
Cash paid during the period	<u>\$ 1,840,024</u>	<u>\$ 1,251,057</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.	"
Chung Ta Investment Co., Ltd.	"
Perfect Companion (Taiwan) Co., Ltd.	"
C.P. Aquaculture (Dongfang) Co., Ltd.	"
Chia Tai Investment Co., Ltd. (Formerly Chia Tai (China) Investment Co., Ltd.)	"
Chia Tai Aquaculture (Nantong) Co., Ltd.	"
Chia Tai Food (Suqian) Co., Ltd.	"
Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd.	"
Chia Tai Electronic Commerce (Zhejiang) Co., Ltd.	"
C.P. Premix (Nantong) Co., Ltd.	"

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Chai Tai Food Enterprise (Qingdao) Co., Ltd.	Other related parties
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.	"
Zhangzhou C.P.Chia Tai Aquaculture 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.	"
Guangdong Chia Tai Biotechnology Co., Ltd.	"
Guangdong Chia Tai Conti Animal Health Co., Ltd.	"
Fuzhou Da Fu Co., Ltd.	"
Shandong C.P. Livestock Co., Ltd.	"
Qingdao CP Swine Business Co., Ltd.	"
Chia Tai (China) Agro-Industrial Ltd.	"
Chia Tai (Hainan) Agro-Industry Co., Ltd.	"
Zhumadian Huazhong Chia Tai Co., Ltd.	"
Hung Peng-Da	"
Huang Wei-I	"
Hung Yu-Chun	"
Hung Chin Cheng	"

(3) Significant related party transactions and balances

A. Operating revenue

	For the three-month period ended	
	September 30,	
	2020	2019
Sales of goods:		
Other related parties	\$ -	\$ 109,158
Less: Operating revenue from discontinued operations	-	(109,158)
	<u>\$ -</u>	<u>\$ -</u>

	For the nine-month period ended September 30,	
	2020	2019
Sales of goods:		
Other related parties	\$ 22,992	\$ 389,670
Less: Operating revenue from discontinued operations	(22,992)	(389,670)
	<u>\$ -</u>	<u>\$ -</u>

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

B. Purchases

	For the three-month period ended September 30,	
	2020	2019
Purchases of goods:		
Ultimate parent company	\$ 13,488	\$ 14,809
Other related parties	860	142,356
Less: Purchases from discontinued operations	-	(126,732)
	<u>\$ 14,348</u>	<u>\$ 30,433</u>

	For the nine-month period ended September 30,	
	2020	2019
Purchases of goods:		
Ultimate parent company	\$ 29,119	\$ 27,347
Other related parties	32,016	419,380
Less: Purchases from discontinued operations	(19,764)	(398,411)
	<u>\$ 41,371</u>	<u>\$ 48,316</u>

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

C. Receivables from related parties

	September 30, 2020	December 31, 2019	September 30, 2019
Accounts receivable:			
Other related parties	\$ -	\$ 61,152	\$ 165,344
Other receivables:			
Other related parties	-	17,836	31,166
	-	78,988	196,510
Less: Non-current assets held for sale	-	(78,988)	(196,510)
	<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>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Notes and accounts payable:			
Other related parties	\$ 224	\$ 183,650	\$ 187,129
Less: Liabilities directly related to non-current assets held for sale	-	(178,029)	(172,933)
	<u>\$ 224</u>	<u>\$ 5,621</u>	<u>\$ 14,196</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 September 30,</u>	
	<u>2020</u>	<u>2019</u>
Rental income:		
Other related parties	<u>\$ 159</u>	<u>\$ 159</u>
	<u>For the nine-month period ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Rental income:		
Other related parties	<u>\$ 563</u>	<u>\$ 563</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 nine-month periods ended September 30, 2020 and 2019, the Company recognised technical service expenses amounting to \$3,031, \$3,450, \$9,520 and \$10,339, respectively. As of September 30, 2020, December 31, 2019 and September 30, 2019, the outstanding balances were approximately \$17, \$627 and \$30, 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 nine-month periods ended September 30, 2020 and 2019, the Company recognised technical service expense amounting to \$2,100, \$2,100, \$6,300 and \$6,300, respectively. As of September 30, 2020, December 31, 2019 and September 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 nine-month periods ended September 30, 2020 and 2019, the Company recognised royalties amounting to \$20,827, \$20,257, \$60,317 and \$57,886, respectively. As of September 30, 2020, December 31, 2019 and September 30, 2019, the outstanding balances were \$20,827, \$20,023 and \$20,257, 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 September 30, 2019 were \$0 and \$5,130, respectively.
- (b) On August 5, 2019, the Board of Directors during its meeting resolved to acquire the land and building(recognised as Construction in progress) located at No. 2058、No. 2059 and No. 2060 Baishatun, Houbi Dist., Tainan City 731, Taiwan (R.O.C.) from other related party. The total contract price was \$40,932, and outstanding amounts as of December 31, 2019 and September 30, 2019 were \$0 and \$14,964, respectively.
- (c) 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 September 30,	
	2020	2019
Salaries and other short-term employee benefits	\$ 42,921	\$ 41,747
Post-employment benefits	399	389
Total	<u>\$ 43,320</u>	<u>\$ 42,136</u>

	For the nine-month period ended September 30,	
	2020	2019
Salaries and other short-term employee benefits	\$ 129,371	\$ 124,864
Post-employment benefits	1,196	1,167
Total	<u>\$ 130,567</u>	<u>\$ 126,031</u>

8. PLEDGED ASSETS

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

Pledged assets	Book value			Purpose
	September 30, 2020	December 31, 2019	September 30, 2019	
Time deposits (shown as 'Other current assets')	\$ 8,200	\$ 7,700	\$ 7,700	Guarantee deposit
Property, plant and equipment				
Land	168,609	142,803	142,803	Long-term borrowings
Buildings and structures	426,407	434,735	440,200	Long-term borrowings
	<u>\$ 603,216</u>	<u>\$ 585,238</u>	<u>\$ 590,703</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

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 for the building of farming facilities on agricultural land without taking into consideration the measures and goodwill that the Group took in order to reach consensus with local residents and resolve controversy. The Group has appointed lawyers and filed an appeal as administrative remedy. 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 September 30, 2020, the related costs incurred by the Group amounted to \$70,603, excluding the cost of land.

(2) Commitments

- A. As of September 30, 2020, December 31, 2019 and September 30, 2019, the Group had opened unused letters of credit for purchases of raw materials and machinery of \$73,113, \$516,177 and \$455,109, respectively.
- B. As of September 30, 2020, December 31, 2019 and September 30, 2019, the Group had several outstanding construction contracts and equipment purchase agreements. The balance outstanding amounted to \$1,122,079, \$801,753 and \$677,180, respectively, and will be paid based on the percentage of completion.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of Plenty Type Limited Corporation resolved to reduce its capital by US\$3,500,000 and return the entire amount to the Company on October 14, 2020.

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>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
<u>Financial assets</u>			
Financial assets measured at fair value through other comprehensive income			
Designation of equity instrument	\$ 1,966,213	\$ 2,119,249	\$ 2,046,856
Financial assets at amortised cost			
Cash and cash equivalents	331,300	873,651	367,052
Notes receivable	304,343	315,760	320,271
Accounts receivable	1,988,706	1,822,619	1,991,466
Other accounts receivable	20,878	9,978	29,605
Refundable deposits	48,373	44,521	51,360
Other financial assets	8,200	7,700	7,700
Other financial assets - non-current	107,204	-	-
	<u>\$ 4,775,217</u>	<u>\$ 5,193,478</u>	<u>\$ 4,814,310</u>
	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 4,019,848	\$ 2,343,488	\$ 3,245,181
Short-term notes and bills payable	1,228,487	978,659	1,008,784
Notes payable (including related parties)	349,230	473,913	574,689
Accounts payable (including related parties)	772,935	682,365	673,526
Other accounts payable (including related parties)	669,261	729,615	782,169
Long-term borrowings (including current portion)	3,201,812	3,689,750	3,158,062
	<u>\$ 10,241,573</u>	<u>\$ 8,897,790</u>	<u>\$ 9,442,411</u>
Lease liability	<u>\$ 317,541</u>	<u>\$ 331,307</u>	<u>\$ 324,904</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:

	<u>September 30, 2020</u>		
	<u>Foreign currency amount (in thousands)</u>	<u>Exchange rate</u>	<u>Book value (NTD)</u>
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	USD 10	29.05	\$ 281
USD:HKD	USD 7,001	7.80	203,826
CNY:HKD	CNY 685	1.14	2,918
<u>Non-monetary item</u>			
THB:HKD	THB 2,150,400	0.24	\$ 1,966,213
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	USD 6,143	29.15	\$ 179,063
EUR:NTD	EUR 117	34.35	4,005

		December 31, 2019		
		Foreign currency amount		Book value
		(in thousands)	Exchange rate	(NTD)
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:HKD	USD	1,867	7.80	\$ 55,934
CNY:HKD	CNY	7,176	1.12	30,827
<u>Non-monetary item</u>				
THB:HKD	THB	2,112,000	0.26	\$ 2,119,249
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	2,568	30.03	\$ 77,127
EUR:NTD	EUR	1,629	33.79	55,052
		September 30, 2019		
		Foreign currency amount		Book value
		(in thousands)	Exchange rate	(NTD)
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:HKD	USD	1,902	7.80	\$ 58,775
CNY:HKD	CNY	7,176	1.10	31,173
<u>Non-monetary item</u>				
THB:HKD	THB	2,016,000	0.26	\$ 2,046,856
<u>Financial liabilities</u>				
<u>Monetary item</u>				
USD:NTD	USD	10,391	31.09	\$ 323,062

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 nine-month periods ended September 30, 2020 and 2019 amounted to \$7,255, (\$63), \$11,078 and \$2,977, respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

<u>For the nine-month period ended September 30, 2020</u>			
<u>Sensitivity analysis</u>			
	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 3	\$ -
USD : HKD	1%	2,038	-
CNY : HKD	1%	29	-
<u>Non-monetary item</u>			
THB : HKD	1%	\$ -	\$ 19,662
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	(\$ 1,791)	\$ -
EUR : NTD	1%	(40)	\$ -

<u>For the nine-month period ended September 30, 2019</u>			
<u>Sensitivity analysis</u>			
	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : HKD	1%	\$ 588	\$ -
CNY : HKD	1%	312	-
<u>Non-monetary item</u>			
THB : HKD	1%	\$ -	\$ 20,469
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD : NTD	1%	(\$ 3,231)	\$ -

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 nine-month periods ended September 30, 2020 and 2019 would have increased/decreased by \$19,662 and \$20,469, 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 nine-month periods ended September 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 nine-month periods ended September 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 nine-month periods ended September 30, 2020 and 2019, would have been \$19,211 and \$18,948 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 September 30, 2020, December 31, 2019 and September 30, 2019, the Group's written-off financial assets that are still under recourse procedures amounted to \$554, \$1,283 and \$635, respectively.
- vii. (i) The expected loss rate for well-reputed customers is 0.03%. On September 30, 2020, December 31, 2019 and September 30, 2019, the total book value of accounts receivable and loss allowance amounted to \$801,926 and \$0; \$693,792 and \$0; \$914,370 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 September 30, 2020, December 31, 2019 and September 30, 2019, the expected loss rate is as follows:

	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>September 30, 2020</u>			
Expected loss rate	0%~100%	0.003%~10%	
Total book value	\$ 30,634	\$ 1,162,531	\$ 1,193,165
Loss allowance	6,341	44	6,385
<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>September 30, 2019</u>			
Expected loss rate	0%~100%	0.003%~10%	
Total book value	\$ 25,844	\$ 1,053,606	\$ 1,079,450
Loss allowance	2,354	-	2,354

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
Provision for impairment loss	4,685	25
Write-offs	-	(40)
At September 30	<u>\$ 6,385</u>	<u>\$ 2,354</u>

The impairment loss arising from customers' contracts for the nine-month periods ended September 30, 2020 and 2019 amounted to \$4,685 and \$25, 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

September 30, 2020	<u>Less than 1 year</u>	<u>Between 1 and</u>	
		<u>5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 4,019,848	\$ -	\$ -
Short-term notes and bills payable	1,230,000	-	-
Notes payable	349,230	-	-
Accounts payable (including related parties)	772,935	-	-
Other payables (including related parties)	669,261	-	-
Lease liability	20,958	108,371	215,507
Long-term borrowings (including current portion)	228,359	3,007,170	40,178

Non-derivative financial liabilities

December 31, 2019	Less than 1 year	Between 1 and	
		5 years	Over 5 years
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

September 30, 2019	Less than 1 year	Between 1 and	
		5 years	Over 5 years
Short-term borrowings	\$ 3,245,181	\$ -	\$ -
Short-term notes and bills payable	1,010,000	-	-
Notes payable (including related parties)	574,689	-	-
Accounts payable (including related parties)	673,526	-	-
Other payables (including related parties)	782,169	-	-
Lease liability	19,501	126,603	209,542
Long-term borrowings (including current portion)	907,340	2,242,096	82,844

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 on 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>September 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	\$ -	\$ 863,558	\$ -	\$ 863,558
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ 1,966,213	\$ -	\$ -	\$ 1,966,213
<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	\$ -	\$ 755,525	\$ -	\$ 755,525
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ 2,119,249	\$ -	\$ -	\$ 2,119,249
<u>September 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	\$ -	\$ 749,146	\$ -	\$ 749,146
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ 2,046,856	\$ -	\$ -	\$ 2,046,856

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 nine-month periods ended September 30, 2020 and 2019, there was no transfer between Level 1 and Level 2.
- F. For the nine-month periods ended September 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 nine-month period ended September 30, 2020: None.
- C. Holding of marketable securities at September 30, 2020 (not including subsidiaries, associates and joint ventures):

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of September 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	1,966,213	0.89%	1,966,213	

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 nine-month period ended September 30, 2020: None.
- E. Acquisition of real estate reaching NT\$300,000 or 20% of paid-in capital or more during the nine-month period ended September 30, 2020: None.
- F. Disposal of real estate reaching NT\$300,000 or 20% of paid-in capital or more during the nine-month period ended September 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 nine-month period ended September 30, 2020: None.
- H. Receivables from related parties reaching NT\$100,000 or 20% of paid-in capital or more as at September 30, 2020: None.
- I. Trading in derivative instruments undertaken during the nine-month period ended September 30, 2020: None
- J. Significant inter-company transactions during the nine-month period ended September 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 September 30, 2020			Investment income		Footnote
				Balance as of September 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	\$ 2,174,314	\$ 117,121	\$ 117,121	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	38,876	10,952	9,857	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	86,938	37,917	18,959	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	194,680	(24,639)	(15,782)	Subsidiary
The Company	Rui Fu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	255,000	153,000	25,500,000	51.00	220,563	(44,421)	(22,654)	Subsidiary (Note 1)
The Company	Feng Sheng Livestock Co., Ltd.	Taiwan	Electric livestock slaughter	100,000	-	10,000,000	50.00	99,951	(98)	(49)	Investment accounted for using equity method - joint ventures
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	4,268	81,748	-	Indirectly owned subsidiary (Note 2)
Rui Fu Foods Co., Ltd.	Sheng Da Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	60,000	60,000	6,000,000	75.00	55,764	(5,493)	-	Indirectly owned subsidiary (Note 2)

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

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

(3) Information on investments in Mainland China

A. Basic information:

Investee in Mainland China	Main business activities	Paid-in Capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland	Amount remitted from /remitted back to Taiwan during the period		Accumulated amount of remittance from Taiwan to Mainland	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 September 30, 2020	Accumulated amount of investment income remitted back to Taiwan	Footnote
				China as of January 1, 2020	Remitted to Mainland China	Remitted back to Taiwan	China as of September 30, 2020					as of September 30, 2020	
Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Feeds producing, poultry raising, processing and sales.	\$ 142,846	2	\$ 124,218	\$ -	\$ 124,218	\$ -	(\$ 2,250)	0	(\$ 1,575)	\$ -	\$ -	Note 4 and 5

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 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	\$ -	\$ -	\$ 4,767,025

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 September 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 September 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 September 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)	\$ 2,912,301	\$ 1,401,285	\$ 1,017,723	\$ 348,329	\$ 17,977	\$ 5,697,615
Revenues from the Group	67,394	13,824	361	16,095	12,911	110,585
Total segment revenue	<u>\$ 2,979,695</u>	<u>\$ 1,415,109</u>	<u>\$ 1,018,084</u>	<u>\$ 364,424</u>	<u>\$ 30,888</u>	<u>\$ 5,808,200</u>
Segment income (loss) (Note 2)	<u>\$ 496,413</u>	<u>\$ 179,716</u>	<u>\$ 53,144</u>	<u>(\$ 10,195)</u>	<u>(\$ 31,174)</u>	<u>\$ 687,904</u>

	For the three-month period ended September 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)	\$ 3,322,276	\$ 1,283,096	\$ 874,976	\$ 304,202	\$ 23,423	\$ 5,807,973
Revenues from the Group	77,986	6,739	276	11,931	11,771	108,703
Total segment revenue	<u>\$ 3,400,262</u>	<u>\$ 1,289,835</u>	<u>\$ 875,252</u>	<u>\$ 316,133</u>	<u>\$ 35,194</u>	<u>\$ 5,916,676</u>
Segment income (loss) (Note 2)	<u>\$ 396,432</u>	<u>(\$ 18,806)</u>	<u>\$ 63,697</u>	<u>(\$ 1,092)</u>	<u>(\$ 30,133)</u>	<u>\$ 410,098</u>

	For the nine-month period ended September 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)	\$ 8,590,786	\$ 4,067,851	\$ 2,873,808	\$ 855,342	\$ 65,312	\$ 16,453,099
Revenues from the Group	185,334	33,398	639	58,845	36,173	314,389
Total segment revenue	<u>\$ 8,776,120</u>	<u>\$ 4,101,249</u>	<u>\$ 2,874,447</u>	<u>\$ 914,187</u>	<u>\$ 101,485</u>	<u>\$ 16,767,488</u>
Segment income (loss) (Note 2)	<u>\$ 1,275,140</u>	<u>\$ 259,592</u>	<u>\$ 167,722</u>	<u>(\$ 31,101)</u>	<u>(\$ 90,094)</u>	<u>\$ 1,581,259</u>

For the nine-month period ended September 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)	\$ 9,858,194	\$ 3,547,982	\$ 2,302,089	\$ 928,749	\$ 65,926	\$ 16,702,940
Revenues from the Group	<u>215,350</u>	<u>34,713</u>	<u>614</u>	<u>22,758</u>	<u>28,438</u>	<u>301,873</u>
Total segment revenue	<u>\$ 10,073,544</u>	<u>\$ 3,582,695</u>	<u>\$ 2,302,703</u>	<u>\$ 951,507</u>	<u>\$ 94,364</u>	<u>\$ 17,004,813</u>
Segment income (loss) (Note 2)	<u>\$ 1,106,994</u>	<u>\$ 47,678</u>	<u>\$ 156,440</u>	<u>\$ 48,391</u>	<u>(\$ 92,576)</u>	<u>\$ 1,266,927</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 nine-month periods ended September 30, 2020 and 2019 is provided as follows:

	<u>For the three-month period September 30,</u>	
	<u>2020</u>	<u>2019</u>
Reportable segment income	\$ 719,078	\$ 440,231
Other segment loss	(31,174)	(30,133)
Total segment	687,904	410,098
Interest expense	(21,250)	(21,166)
Foreign exchange gains (losses), net	7,254	(63)
Income before tax from discontinued segment	-	(5,016)
Income before tax from continuing segment	<u>\$ 673,908</u>	<u>\$ 383,853</u>

	<u>For the nine-month period September 30,</u>	
	<u>2020</u>	<u>2019</u>
Reportable segment income	\$ 1,671,353	\$ 1,359,503
Other segment loss	(90,094)	(92,576)
Total segment	1,581,259	1,266,927
Interest expense	(61,664)	(58,605)
Foreign exchange gains, net	11,077	2,977
Income before tax from discontinued segment	3,000	(2,373)
Income before tax from continuing segment	<u>\$ 1,533,672</u>	<u>\$ 1,208,926</u>