

**CHAROEN POKPHAND ENTERPRISE
(TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2022 AND 2021**

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.

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, 2022 and 2021, 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.

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, 2022 and 2021, 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.



Lin, Yi-Fan

For and on Behalf of PricewaterhouseCoopers, Taiwan

November 7, 2022



Liao, Fu-Ming

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 independent auditors’ report 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, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021

(Expressed in thousands of New Taiwan dollars)

(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

ASSETS	Notes	September 30, 2022		December 31, 2021		September 30, 2021		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 209,354	1	\$ 187,008	1	\$ 281,957	1
1110	Current financial assets at fair value through profit or loss	6(2)	7,512	-	-	-	-	-
1150	Notes receivable, net	6(4)	423,002	2	416,032	2	338,141	2
1160	Notes receivable due from related parties, net	7	4,271	-	3,951	-	3,720	-
1170	Accounts receivable, net	6(4)	2,352,551	10	2,370,841	10	2,068,857	9
1180	Accounts receivable - related parties	7	59,317	-	55,707	-	53,347	-
1200	Other receivables		3,918	-	18,665	-	14,963	-
1210	Other receivables - related parties	7	-	-	-	-	2,005	-
1220	Current income tax assets		6,284	-	6,284	-	-	-
130X	Inventories, net	6(5)	2,103,265	8	1,877,226	8	2,093,022	10
1400	Biological assets - current	6(6)	1,967,266	8	1,614,838	7	1,561,549	7
1410	Prepayments	7	288,410	1	407,566	2	213,291	1
1470	Other current assets	6(1) and 8	9,650	-	9,650	-	16,254	-
11XX	Total current assets		<u>7,434,800</u>	<u>30</u>	<u>6,967,768</u>	<u>30</u>	<u>6,647,106</u>	<u>30</u>
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	2,545,207	10	2,575,015	11	2,570,993	11
1550	Investments accounted for using equity method	6(7)	98,892	-	100,160	-	100,222	-
1600	Property, plant and equipment, net	6(8) and 8	13,310,808	54	12,471,603	54	11,988,428	54
1755	Right-of-use assets	6(9)	374,955	2	371,480	2	377,128	2
1780	Intangible assets	6(10)	3,426	-	3,530	-	2,640	-
1830	Biological assets - non-current	6(6)	495,092	2	444,841	2	444,628	2
1840	Deferred income tax assets	6(27)	139,834	1	121,044	-	110,552	-
1900	Other non-current assets		125,533	1	122,031	1	133,533	1
15XX	Total non-current assets		<u>17,093,747</u>	<u>70</u>	<u>16,209,704</u>	<u>70</u>	<u>15,728,124</u>	<u>70</u>
1XXX	Total assets		<u>\$ 24,528,547</u>	<u>100</u>	<u>\$ 23,177,472</u>	<u>100</u>	<u>\$ 22,375,230</u>	<u>100</u>

(Continued)

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

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021

(Expressed in thousands of New Taiwan dollars)

(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

	Notes	September 30, 2022		December 31, 2021		September 30, 2021		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
LIABILITIES AND EQUITY								
Current liabilities								
2100	Short-term borrowings	6(11)	\$ 3,515,565	14	\$ 3,301,031	14	\$ 4,147,467	19
2110	Short-term notes and bills payable	6(12)	988,484	4	1,039,203	4	1,328,964	6
2150	Notes payable		577,602	3	504,775	2	448,503	2
2160	Notes payable - related parties	7	14,268	-	10,673	-	10,062	-
2170	Accounts payable		969,087	4	850,500	4	920,493	4
2180	Accounts payable - related parties	7	19,564	-	21,893	-	22,962	-
2200	Other payables	6(13)	793,141	3	810,907	4	668,034	3
2220	Other payables - related parties	7	30,271	-	26,771	-	28,995	-
2230	Current income tax liabilities		131,599	1	170,971	1	93,751	-
2280	Current lease liabilities		28,178	-	31,158	-	27,985	-
2320	Long-term liabilities, current portion	6(14) and 8	648,313	3	239,750	1	583,250	3
21XX	Total current liabilities		<u>7,716,072</u>	<u>32</u>	<u>7,007,632</u>	<u>30</u>	<u>8,280,466</u>	<u>37</u>
Non-current liabilities								
2540	Long-term borrowings	6(14) and 8	7,436,460	30	7,129,750	31	5,315,203	24
2570	Deferred income tax liabilities	6(27)	40,330	-	29,802	-	25,855	-
2580	Non-current lease liabilities		316,375	1	314,024	1	319,746	1
2600	Other non-current liabilities	6(15)	88,474	1	103,257	1	127,610	1
25XX	Total non-current liabilities		<u>7,881,639</u>	<u>32</u>	<u>7,576,833</u>	<u>33</u>	<u>5,788,414</u>	<u>26</u>
2XXX	Total liabilities		<u>15,597,711</u>	<u>64</u>	<u>14,584,465</u>	<u>63</u>	<u>14,068,880</u>	<u>63</u>
Equity attributable to owners of parent								
Share capital								
3110	Common stock	6(16)	2,947,901	12	2,679,910	12	2,679,910	12
Capital surplus								
3200	Capital surplus	6(17)	6,645	-	4,666	-	4,670	-
Retained earnings								
3310	Legal reserve	6(18)	1,181,684	5	1,044,641	5	1,044,641	5
3350	Unappropriated retained earnings		3,318,038	13	3,332,757	14	3,027,280	14
Other equity interest								
3400	Other equity interest		1,042,222	4	1,067,118	4	1,063,539	4
31XX	Equity attributable to owners of the parent		<u>8,496,490</u>	<u>34</u>	<u>8,129,092</u>	<u>35</u>	<u>7,820,040</u>	<u>35</u>
36XX	Non-controlling interest		434,346	2	463,915	2	486,310	2
3XXX	Total equity		<u>8,930,836</u>	<u>36</u>	<u>8,593,007</u>	<u>37</u>	<u>8,306,350</u>	<u>37</u>
Significant contingent liabilities and unrecognised contract commitments								
3X2X	Total liabilities and equity		<u>\$ 24,528,547</u>	<u>100</u>	<u>\$ 23,177,472</u>	<u>100</u>	<u>\$ 22,375,230</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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)
(UNAUDITED)

Items	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30				
		2022		2021		2022		2021		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(19) and 7	\$ 7,212,389	100	\$ 6,233,470	100	\$ 21,251,007	100	\$ 18,061,685	100
5000	Operating costs	6(5)(25)(26) and 7	(6,274,988)	(87)	(5,427,948)	(87)	(18,339,545)	(86)	(15,465,414)	(86)
5950	Net operating margin		<u>937,401</u>	<u>13</u>	<u>805,522</u>	<u>13</u>	<u>2,911,462</u>	<u>14</u>	<u>2,596,271</u>	<u>14</u>
	Operating expenses	6(25)(26) and 7								
6100	Selling and marketing expenses		(288,327)	(4)	(273,572)	(4)	(846,186)	(4)	(779,855)	(4)
6200	General and administrative expenses		(179,900)	(2)	(179,731)	(3)	(554,823)	(3)	(540,323)	(3)
6450	Expected credit impairment (loss) gain	12(2)	(152)	-	1,223	-	1,314	-	615	-
6000	Total operating expenses		(468,379)	(6)	(452,080)	(7)	(1,399,695)	(7)	(1,319,563)	(7)
6500	Other income and expenses, net	6(6)(20)	(520)	-	(25,173)	(1)	10,458	-	(24,360)	-
6900	Operating profit		<u>468,502</u>	<u>7</u>	<u>328,269</u>	<u>5</u>	<u>1,522,225</u>	<u>7</u>	<u>1,252,348</u>	<u>7</u>
	Non-operating income and expenses									
7100	Interest income	6(21)	13	-	106	-	148	-	229	-
7010	Other income	6(22) and 7	42,421	1	42,137	1	71,735	-	86,980	-
7020	Other gains and losses	6(23) and 7	8,840	-	6,821	-	(20,116)	-	34,995	-
7050	Finance costs	6(24)	(38,737)	(1)	(22,444)	(1)	(97,577)	-	(58,063)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	6(7)	(792)	-	71	-	(1,268)	-	342	-
7000	Total non-operating income and expenses		<u>11,745</u>	<u>-</u>	<u>26,691</u>	<u>-</u>	<u>(47,078)</u>	<u>-</u>	<u>64,483</u>	<u>-</u>
7900	Profit before income tax		<u>480,247</u>	<u>7</u>	<u>354,960</u>	<u>5</u>	<u>1,475,147</u>	<u>7</u>	<u>1,316,831</u>	<u>7</u>
7950	Income tax expense	6(27)	(98,570)	(2)	(73,221)	(1)	(292,799)	(2)	(270,492)	(1)
8200	Profit for the period		<u>\$ 381,677</u>	<u>5</u>	<u>\$ 281,739</u>	<u>4</u>	<u>\$ 1,182,348</u>	<u>5</u>	<u>\$ 1,046,339</u>	<u>6</u>

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CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)
(UNAUDITED)

Items	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30			
		2022		2021		2022		2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income									
Components of other comprehensive income that will not be reclassified to profit or loss									
8316									
		(\$ 214,157)	(3)	(\$ 191,687)	(3)	(\$ 241,829)	(1)	(\$ 329,274)	(2)
8349	6(27)								
		7,622	-	11,447	-	2,091	-	11,447	-
8310									
		(206,535)	(3)	(180,240)	(3)	(239,738)	(1)	(317,827)	(2)
Components of other comprehensive income that will be reclassified to profit or loss									
8361									
		111,778	2	(10,788)	-	214,842	1	(26,832)	-
8360									
		111,778	2	(10,788)	-	214,842	1	(26,832)	-
8300									
		(\$ 94,757)	(1)	(\$ 191,028)	(3)	(\$ 24,896)	-	(\$ 344,659)	(2)
8500									
		\$ 286,920	4	\$ 90,711	1	\$ 1,157,452	5	\$ 701,680	4
Profit (loss) attributable to:									
8610									
		\$ 378,318	5	\$ 287,359	4	\$ 1,194,288	5	\$ 1,065,542	6
8620									
		3,359	-	(5,620)	-	(11,940)	-	(19,203)	-
		\$ 381,677	5	\$ 281,739	4	\$ 1,182,348	5	\$ 1,046,339	6
Comprehensive income (loss) attributable to:									
8710									
		\$ 283,561	4	\$ 96,331	1	\$ 1,169,392	5	\$ 720,883	4
8720									
		3,359	-	(5,620)	-	(11,940)	-	(19,203)	-
		\$ 286,920	4	\$ 90,711	1	\$ 1,157,452	5	\$ 701,680	4
Earnings per share (in dollars)									
9750	6(28)								
		\$	1.28	\$	0.97	\$	4.05	\$	3.61
9850									
		\$	1.28	\$	0.97	\$	4.05	\$	3.61

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Equity attributable to owners of the parent								Non-controlling interest	Total equity
	Notes	Share capital - common stock	Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	Retained Earnings		Other Equity Interest		Total		
				Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income			
For the nine-month period ended September 30, 2021										
		\$2,679,910	\$ 3,957	\$ 880,252	\$ 3,332,669	(\$ 132,921)	\$1,541,119	\$8,304,986	\$ 428,500	\$8,733,486
		-	-	-	1,065,542	-	-	1,065,542	(19,203)	1,046,339
		-	-	-	-	(26,832)	(317,827)	(344,659)	-	(344,659)
		-	-	-	1,065,542	(26,832)	(317,827)	720,883	(19,203)	701,680
	6(18)									
		-	-	164,389	(164,389)	-	-	-	-	-
		-	-	-	(1,205,959)	-	-	(1,205,959)	-	(1,205,959)
		-	1,165	-	-	-	-	1,165	-	1,165
		-	(452)	-	(583)	-	-	(1,035)	1,035	-
		-	-	-	-	-	-	-	98,000	98,000
		-	-	-	-	-	-	-	(22,022)	(22,022)
		\$2,679,910	\$ 4,670	\$1,044,641	\$ 3,027,280	(\$ 159,753)	\$1,223,292	\$7,820,040	\$ 486,310	\$8,306,350
For the nine-month period ended September 30, 2022										
		\$2,679,910	\$ 4,666	\$1,044,641	\$ 3,332,757	(\$ 169,212)	\$1,236,330	\$8,129,092	\$ 463,915	\$8,593,007
		-	-	-	1,194,288	-	-	1,194,288	(11,940)	1,182,348
		-	-	-	-	214,842	(239,738)	(24,896)	-	(24,896)
		-	-	-	1,194,288	214,842	(239,738)	1,169,392	(11,940)	1,157,452
	6(18)									
		-	-	137,043	(137,043)	-	-	-	-	-
		-	-	-	(803,973)	-	-	(803,973)	-	(803,973)
	6(16)	267,991	-	-	(267,991)	-	-	-	-	-
		-	1,979	-	-	-	-	1,979	-	1,979
		-	-	-	-	-	-	-	(17,629)	(17,629)
		\$2,947,901	\$ 6,645	\$1,181,684	\$ 3,318,038	\$ 45,630	\$ 996,592	\$8,496,490	\$ 434,346	\$8,930,836

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	For the nine-month periods ended September 30	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,475,147	\$ 1,316,831
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment gain	12(2)	(1,314)	(615)
Depreciation	6(8)(25)	658,545	554,594
Depreciation of right-of-use assets	6(9)(25)	43,859	36,783
Amortization	6(25)	4,361	3,292
Interest income	6(21)	(148)	(229)
Interest expense	6(24)	97,577	58,063
Dividend income	6(3)(22)	(66,108)	(82,101)
(Gain on reversal of) provision for loss on inventory	6(5)		1,255
Change in fair value less cost to sell of biological assets	6(6)(20)	(10,458)	24,360
Share of profit or loss recognised under equity method	6(7)	1,268	(342)
Gain on disposal of property, plant and equipment	6(23)	(1,005)	(1,819)
Gain of financial assets at fair value through profit or loss		(7,512)	(888)
Gain arising from lease modifications	6(23)	(201)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(6,970)	(57,374)
Notes receivable - related parties		(320)	(3,720)
Accounts receivable		19,604	(164,851)
Accounts receivable - related parties		(3,610)	(53,347)
Other receivables		14,747	(1,468)
Inventories		(221,426)	(777,885)
Biological assets		(392,221)	(197,382)
Prepayments		119,620	231,694
Changes in operating liabilities			
Notes payable		72,827	(151,575)
Notes payable - related parties		3,595	10,062
Accounts payable		118,587	174,209
Accounts payable - related parties		(2,329)	21,689
Other payables		28,881	(20,385)
Other payables - related parties		3,500	21,647
Net defined benefit liability		(14,783)	(14,264)
Cash inflow generated from operations		1,929,100	926,234
Cash paid for income tax		(338,342)	(442,830)
Refund of income tax		-	6,314
Net cash flows from operating activities		<u>1,590,758</u>	<u>489,718</u>

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CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	For the nine-month periods ended September 30	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		\$ -	(\$ 138,653)
Proceeds from disposal of financial assets at fair value through profit or loss		-	139,541
Decrease in other current assets		-	31,680
Acquisition of financial assets at fair value through other comprehensive income		-	(999,544)
Acquisition of property, plant and equipment	6(29)	(1,550,183)	(1,702,248)
Proceeds from disposal of property, plant and equipment		6,930	6,340
Acquisition of intangible assets	6(10)	(983)	(2,856)
Increase in other non-current assets		(6,776)	(28,285)
Cash receipt of interest		148	229
Cash receipt of dividends	6(3)(22)	66,108	80,096
Net cash flows used in investing activities		(1,484,756)	(2,613,700)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		214,534	1,487,752
(Decrease) increase in short-term notes and bills payable		(50,719)	729,538
Proceeds from long-term borrowings		6,715,210	3,629,890
Payment of long-term borrowings		(5,999,937)	(2,459,937)
Payment of lease liabilities	6(9)	(47,762)	(41,362)
Cash payment for interest		(98,180)	(57,122)
Cash dividends paid	6(18)	(803,973)	(1,205,959)
Cash receipt from non-controlling interest of a subsidiary through capital increase establishment		-	98,000
Cash dividends paid to non-controlling interest		(17,629)	(22,022)
Capital surplus - dividends not received by shareholders		1,979	1,165
Net cash flows (used in) from financing activities		(86,477)	2,159,943
Effects of changes in foreign exchange rate		2,821	(1,683)
Net increase in cash and cash equivalents		22,346	34,278
Cash and cash equivalents at beginning of period	6(1)	187,008	247,679
Cash and cash equivalents at end of period	6(1)	\$ 209,354	\$ 281,957

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, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)
(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 sales 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 7, 2022.

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 2022 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 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

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 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

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 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
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2023

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, 2021, except for the compliance statement, basis of preparation, 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 Standard 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, 2021.

(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 and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
 - (d) 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 these consolidated financial statements is consistent with those for the year ended December 31, 2021.

- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
The Company	Plenty Type Limited (Cayman Islands)	Management of producing and non-producing business investments	100.00	100.00	100.00	Note 3
The Company	Charoen Pokphand (Taiwan) Corp., 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	68.00	68.00	
The Company	Rui Fu Foods Co., Ltd.	Management of layers and related business	51.00	51.00	51.00	Note 4
Plenty Type Limited (Cayman Islands)	Chia Tai Lianyungang Co., Ltd.	Management of producing and non-producing business investments	99.99	99.99	99.99	
Rui Fu Foods Co., Ltd.	Sheng Da Foods Co., Ltd.	Management of eggs and related business	75.00	75.00	75.00	Note 2

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: The Board of Directors of Sheng Da Foods Co., Ltd. resolved to increase its capital by cash in June 2021. Rui Fu Foods Co., Ltd. subscribed 6,000,000 ordinary shares for a total amount of \$60,000 in July 2021, and the registration had been completed. The shareholding ratio of Rui Fu Foods Co., Ltd. increased to 75% from 60%.

Note 3: In October 2021, the Board of Directors of Plenty Type Limited (Cayman Islands) resolved to reduce its capital by \$150,012, equivalent to 23,376,623 shares.

Note 4: Rui Fu Foods Co., Ltd. increased its capital by cash in January 2021 and July 2021, and the Company subscribed ordinary shares proportionately to its ownership in the amount of 5,100,000 shares, equivalent to \$102,000. The registration for the changes had been completed.

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

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

E. Significant restrictions: None.

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

(4) Income tax

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

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

There have been no significant changes as of September 30, 2022. Refer to Note 5 in the consolidated financial statements for the year ended December 31, 2021.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand and revolving funds	\$ 6,320	\$ 9,360	\$ 5,271
Checking accounts	4,650	4,135	3,506
Demand deposits	198,384	173,513	273,180
	<u>\$ 209,354</u>	<u>\$ 187,008</u>	<u>\$ 281,957</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. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group has restricted cash and cash equivalents pledged as collateral totalling \$9,650, \$9,650 and \$8,450, respectively, classified as other current financial assets and shown as 'other current assets'. Refer to Note 8 for details.

C. As of September 30, 2021, the Group has restricted cash and cash equivalents under the Regulations Governing the Management, Utilisation, and Taxation of Repatriated Offshore Funds totalling \$7,804, classified as other current financial assets and shown as 'other current assets'.

(2) Financial assets and liabilities at fair value through profit or loss

<u>Items</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current items:			
Financial assets			
mandatorily measured			
at fair value through			
profit or loss			
Non-hedging derivatives			
Forward foreign			
exchange contracts	\$ 7,512	\$ -	\$ -

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

	For the nine-month periods ended	
	September 30,	
	2022	2021
Derivatives	\$ 12,836	\$ -

B. The Group entered into contracts relating to derivative financial assets and financial liabilities which were not accounted for under hedge accounting. The information is listed below:

<u>Current items</u>	<u>September 30, 2022</u>		
	Contract amount (notional principal) (in thousands)	Contract period	
Forward foreign exchange contracts			
-Sell NTD buy USD	USD 1,000	2022.08.05~2022.11.03	
-Sell NTD buy USD	USD 1,000	2022.08.11~2022.11.09	
-Sell NTD buy USD	USD 1,000	2022.08.17~2022.11.21	
-Sell NTD buy USD	USD 1,000	2022.08.17~2022.11.21	

The Group entered into forward foreign exchange contracts to buy forward foreign exchange to hedge exchange rate risk of import proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. The Group has no financial assets and financial liabilities at fair value through profit or loss pledged to others.

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

<u>Items</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 1,526,620	\$ 1,461,863	\$ 1,464,377
Valuation adjustment	<u>1,018,587</u>	<u>1,113,152</u>	<u>1,106,616</u>
	<u>\$ 2,545,207</u>	<u>\$ 2,575,015</u>	<u>\$ 2,570,993</u>

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

	<u>For the three-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>(\$ 206,535)</u>	<u>(\$ 180,240)</u>
Dividend income recognised in profit or loss held at end of period	<u>\$ 40,197</u>	<u>\$ 40,769</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>(\$ 239,738)</u>	<u>(\$ 317,827)</u>
Dividend income recognised in profit or loss held at end of period	<u>\$ 66,108</u>	<u>\$ 82,101</u>

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

C. The Group has elected to classify equity investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,545,207, \$2,575,015 and \$2,570,993 as at September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

(4) Notes and accounts receivable

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes receivable	\$ <u>423,002</u>	\$ <u>416,032</u>	\$ <u>338,141</u>
Accounts receivable	\$ 2,367,399	\$ 2,387,003	\$ 2,075,398
Less: Allowance for uncollectible accounts	(<u>14,848</u>)	(<u>16,162</u>)	(<u>6,541</u>)
	\$ <u>2,352,551</u>	\$ <u>2,370,841</u>	\$ <u>2,068,857</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current	\$ 2,622,649	\$ 2,618,159	\$ 2,290,444
Up to 120 days	159,261	174,857	112,691
121 to 365 days	265	840	7,333
Over one year	<u>8,226</u>	<u>9,179</u>	<u>3,071</u>
	\$ <u>2,790,401</u>	\$ <u>2,803,035</u>	\$ <u>2,413,539</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2022, December 31, 2021 and September 30, 2021, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2021, the balance of accounts receivable and notes receivable from contracts with customers amounted to \$2,184,158.

C. The credit quality of accounts receivable was in the following category based on the Group's Credit Quality Control Policy:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
With guarantee	\$ 207,440	\$ 153,934	\$ 129,262
Without guarantee	<u>2,159,959</u>	<u>2,233,069</u>	<u>1,946,136</u>
	\$ <u>2,367,399</u>	\$ <u>2,387,003</u>	\$ <u>2,075,398</u>

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

D. As at September 30, 2022, December 31, 2021 and September 30, 2021, 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 were \$423,002, \$416,032 and \$338,141, respectively, while the amount that best represents the Group's accounts receivable were \$2,352,551, \$2,370,841 and \$2,068,857, respectively.

E. Information relating to credit risk of accounts receivable (including related parties) and notes receivable is provided in Note 12(2).

(5) Inventories

	September 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,182,778	\$ -	\$ 1,182,778
Packing supplies	37,277	(258)	37,019
Work in progress	51,016	-	51,016
Finished goods	779,701	(4,300)	775,401
General merchandise	42,776	(2,463)	40,313
Inventory in transit	16,738	-	16,738
	<u>\$ 2,110,286</u>	<u>(\$ 7,021)</u>	<u>\$ 2,103,265</u>

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,051,158	\$ -	\$ 1,051,158
Packing supplies	36,673	(247)	36,426
Work in progress	28,046	-	28,046
Finished goods	707,157	(7,502)	699,655
General merchandise	52,399	(3,885)	48,514
Inventory in transit	13,427	-	13,427
	<u>\$ 1,888,860</u>	<u>(\$ 11,634)</u>	<u>\$ 1,877,226</u>

	September 30, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,266,711	\$ -	\$ 1,266,711
Packing supplies	35,111	(210)	34,901
Work in progress	43,797	-	43,797
Finished goods	696,967	(10,390)	686,577
General merchandise	54,824	(2,416)	52,408
Inventory in transit	8,628	-	8,628
	<u>\$ 2,106,038</u>	<u>(\$ 13,016)</u>	<u>\$ 2,093,022</u>

The cost of inventories recognised as expense for the period:

	For the three-month periods ended	
	September 30,	
	2022	2021
Cost of goods sold	\$ 6,266,749	\$ 5,426,546
Loss on decline in market value	844	745
Others	7,395	657
	<u>\$ 6,274,988</u>	<u>\$ 5,427,948</u>

	For the nine-month periods ended	
	September 30,	
	2022	2021
Cost of goods sold	\$ 18,333,390	\$ 15,461,977
Loss on decline in market value	(4,613)	1,255
Others	10,768	2,182
	<u>\$ 18,339,545</u>	<u>\$ 15,465,414</u>

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

(6) Biological assets

A. Biological assets

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Biological assets - current:			
Consumable biological assets	\$ 1,516,919	\$ 1,281,083	\$ 1,197,687
Consumable biological assets - changes in fair value less costs to sell	48,687	38,229	26,607
Bearer biological assets	990,861	835,009	811,317
Bearer biological assets - accumulated depreciation	(589,201)	(539,483)	(474,062)
	<u>\$ 1,967,266</u>	<u>\$ 1,614,838</u>	<u>\$ 1,561,549</u>

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Biological assets-non-current:			
Bearer biological assets	\$ 595,442	\$ 531,928	\$ 532,226
Bearer biological assets - accumulated depreciation	(100,350)	(87,087)	(87,598)
	<u>\$ 495,092</u>	<u>\$ 444,841</u>	<u>\$ 444,628</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 are as follows:

	For the nine-month periods ended September 30,	
	<u>2022</u>	<u>2021</u>
At January 1	\$ 2,059,679	\$ 1,833,155
Purchases	1,171,373	1,100,336
Costs and expenses input	6,679,270	5,643,119
Sales	(3,097,807)	(2,469,712)
Gain (loss) on changes in fair value less costs to sell	10,458	(24,360)
Transferred to inventories	(4,351,448)	(4,070,404)
Others	(9,167)	(5,957)
At September 30	<u>\$ 2,462,358</u>	<u>\$ 2,006,177</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 ~ 52 weeks. For the three-month and nine-month periods ended September 30, 2022 and 2021, depreciation expense on biological assets amounted to \$136,399, \$132,762, \$335,304 and

\$366,061, respectively.

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Livestock production: Estimates of physical quantities (Units: heads/birds)	<u>6,451,813</u>	<u>5,385,387</u>	<u>5,575,598</u>

E. Financial risk management policies

The Group is exposed to commodity risks arising from changes in market prices of chickens and hog. 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 prices of the agriculture products regularly, and considers such predictions in assessing financial risk.

(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, 2022, December 31, 2021 and September 30, 2021, the carrying amount of the Group's individually immaterial joint ventures amounted to \$98,892, \$100,160 and \$100,222, respectively.

	<u>For the three-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
(Loss) profit for the period from continuing operations	(\$ 792)	\$ 71
Other comprehensive income, net of tax	-	-
Total comprehensive (loss) income	<u>(\$ 792)</u>	<u>\$ 71</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
(Loss) profit for the period from continuing operations	(\$ 1,268)	\$ 342
Other comprehensive income, net of tax	-	-
Total comprehensive (loss) income	<u>(\$ 1,268)</u>	<u>\$ 342</u>

(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, 2022</u>									
Cost	\$ 3,018,294	\$ 243,735	\$ 4,317,427	\$ 4,256,052	\$ 430,389	\$ 1,020,888	\$ 1,190,493	\$ 3,310,643	\$ 17,787,921
Accumulated depreciation	-	(74,644)	(1,456,885)	(2,417,059)	(206,655)	(678,346)	(482,729)	-	(5,316,318)
	<u>\$ 3,018,294</u>	<u>\$ 169,091</u>	<u>\$ 2,860,542</u>	<u>\$ 1,838,993</u>	<u>\$ 223,734</u>	<u>\$ 342,542</u>	<u>\$ 707,764</u>	<u>\$ 3,310,643</u>	<u>\$ 12,471,603</u>
<u>2022</u>									
Opening net book amount as at January 1	\$ 3,018,294	\$ 169,091	\$ 2,860,542	\$ 1,838,993	\$ 223,734	\$ 342,542	\$ 707,764	\$ 3,310,643	\$ 12,471,603
Additions	15,267	20,342	106,299	110,310	28,353	30,481	51,559	1,141,064	1,503,675
Disposals	-	-	(502)	(2,301)	(3,122)	-	-	-	(5,925)
Reclassifications	169,105	57,541	1,147,194	857,284	64,223	530	126,995	(2,422,872)	-
Depreciation	-	(16,855)	(201,537)	(241,399)	(49,007)	(64,159)	(85,588)	-	(658,545)
Closing net book amount as at September 30	<u>\$ 3,202,666</u>	<u>\$ 230,119</u>	<u>\$ 3,911,996</u>	<u>\$ 2,562,887</u>	<u>\$ 264,181</u>	<u>\$ 309,394</u>	<u>\$ 800,730</u>	<u>\$ 2,028,835</u>	<u>\$ 13,310,808</u>
<u>At September 30, 2022</u>									
Cost	\$ 3,202,666	\$ 320,882	\$ 5,534,862	\$ 5,101,115	\$ 506,791	\$ 1,034,976	\$ 1,364,137	\$ 2,028,835	\$ 19,094,264
Accumulated depreciation	-	(90,763)	(1,622,866)	(2,538,228)	(242,610)	(725,582)	(563,407)	-	(5,783,456)
	<u>\$ 3,202,666</u>	<u>\$ 230,119</u>	<u>\$ 3,911,996</u>	<u>\$ 2,562,887</u>	<u>\$ 264,181</u>	<u>\$ 309,394</u>	<u>\$ 800,730</u>	<u>\$ 2,028,835</u>	<u>\$ 13,310,808</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, 2021</u>									
Cost	\$ 2,700,970	\$ 185,876	\$ 3,948,001	\$ 3,891,542	\$ 358,829	\$ 1,018,486	\$ 1,016,864	\$ 2,633,662	\$ 15,754,230
Accumulated depreciation	-	(59,810)	(1,395,534)	(2,212,956)	(163,656)	(610,083)	(416,073)	-	(4,858,112)
	<u>\$ 2,700,970</u>	<u>\$ 126,066</u>	<u>\$ 2,552,467</u>	<u>\$ 1,678,586</u>	<u>\$ 195,173</u>	<u>\$ 408,403</u>	<u>\$ 600,791</u>	<u>\$ 2,633,662</u>	<u>\$ 10,896,118</u>
<u>2021</u>									
Opening net book amount as at January 1	\$ 2,700,970	\$ 126,066	\$ 2,552,467	\$ 1,678,586	\$ 195,173	\$ 408,403	\$ 600,791	\$ 2,633,662	\$ 10,896,118
Additions	9,938	2,526	46,999	67,600	33,634	12,840	30,769	1,447,119	1,651,425
Disposals	-	-	(386)	-	(3,837)	-	(298)	-	(4,521)
Reclassifications	294,769	15,886	311,756	202,567	43,103	5,863	127,980	(1,001,924)	-
Depreciation	-	(12,880)	(161,069)	(203,166)	(41,401)	(66,997)	(69,081)	-	(554,594)
Closing net book amount as at September 30	<u>\$ 3,005,677</u>	<u>\$ 131,598</u>	<u>\$ 2,749,767</u>	<u>\$ 1,745,587</u>	<u>\$ 226,672</u>	<u>\$ 360,109</u>	<u>\$ 690,161</u>	<u>\$ 3,078,857</u>	<u>\$ 11,988,428</u>
<u>At September 30, 2021</u>									
Cost	\$ 3,005,677	\$ 202,289	\$ 4,156,420	\$ 4,102,179	\$ 420,531	\$ 1,020,175	\$ 1,154,941	\$ 3,078,857	\$ 17,141,069
Accumulated depreciation	-	(70,691)	(1,406,653)	(2,356,592)	(193,859)	(660,066)	(464,780)	-	(5,152,641)
	<u>\$ 3,005,677</u>	<u>\$ 131,598</u>	<u>\$ 2,749,767</u>	<u>\$ 1,745,587</u>	<u>\$ 226,672</u>	<u>\$ 360,109</u>	<u>\$ 690,161</u>	<u>\$ 3,078,857</u>	<u>\$ 11,988,428</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 periods ended September 30,	
	2022	2021
Amount capitalised	\$ 6,353	\$ 4,716
Interest rate range	0.68%~1.70%	0.47%~1.40%

	For the nine-month periods ended September 30,	
	2022	2021
Amount capitalised	\$ 15,168	\$ 13,952
Interest rate range	0.50%~1.70%	0.47%~1.40%

- 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, 2022, December 31, 2021 and September 30, 2021, the Group held 209 parcels, 207 parcels and 217 parcels of agricultural land, respectively. The carrying amounts of land registered under the title of others amounted to \$1,102,544, \$1,055,111 and \$1,114,077, 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:

	September 30, 2022	December 31, 2021	September 30, 2021
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 300,287	\$ 299,768	\$ 304,920
Buildings	39,004	35,331	33,626
Transportation equipment (Cargo truck)	20,264	25,472	27,207
Other equipment	15,400	10,909	11,375
	<u>\$ 374,955</u>	<u>\$ 371,480</u>	<u>\$ 377,128</u>

	For the three-month periods ended September 30,	
	2022	2021
	Depreciation charge	Depreciation charge
Land	\$ 7,605	\$ 7,122
Buildings	3,507	2,669
Transportation equipment (Cargo truck)	1,736	1,629
Other equipment	2,083	1,752
	<u>\$ 14,931</u>	<u>\$ 13,172</u>

	For the nine-month periods ended September 30,	
	2022	2021
	Depreciation charge	Depreciation charge
Land	\$ 22,644	\$ 20,438
Buildings	9,940	7,126
Transportation equipment (Cargo truck)	5,208	4,301
Other equipment	6,067	4,918
	<u>\$ 43,859</u>	<u>\$ 36,783</u>

- C. For the three-month and nine-month periods ended September 30, 2022 and 2021, the additions to right-of-use assets were \$7,968, \$26,083, \$50,486 and \$67,996, 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, 2022 and 2021.
- E. For the three-month and nine-month periods ended September 30, 2022 and 2021, the Group's total cash outflow for leases were \$19,437, \$14,718, \$47,762 and \$41,362, respectively.

(10) Intangible assets

	For the nine-month periods ended	
	September 30,	
	2022	2021
Software		
At January 1		
Cost	\$ 14,740	\$ 10,651
Accumulated amortisation and impairment	(11,210)	(10,477)
	<u>\$ 3,530</u>	<u>\$ 174</u>
At January 1	\$ 3,530	\$ 174
Additions	983	2,856
Amortisation	(1,087)	(390)
At September 30	<u>\$ 3,426</u>	<u>\$ 2,640</u>
At September 30		
Cost	\$ 15,723	\$ 13,507
Accumulated amortisation and impairment	(12,297)	(10,867)
	<u>\$ 3,426</u>	<u>\$ 2,640</u>

(11) Short-term borrowings

Type of borrowings	September 30, 2022	Interest rate range	Collateral
Unsecured borrowings	\$ 3,412,867	1.25%~2.10%	None
Letters of credit	102,698	4.26%~5.01%	None
	<u>\$ 3,515,565</u>		
Type of borrowings	December 31, 2021	Interest rate range	Collateral
Unsecured borrowings	\$ 3,090,000	0.95%~1.55%	None
Letters of credit	211,031	0.94%~1.12%	None
	<u>\$ 3,301,031</u>		
Type of borrowings	September 30, 2021	Interest rate range	Collateral
Unsecured borrowings	\$ 3,822,000	0.95%~1.64%	None
Letters of credit	325,467	0.76%~0.90%	None
	<u>\$ 4,147,467</u>		

(12) Short-term notes and bills payable

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Commercial paper payable	\$ 990,000	\$ 1,040,000	\$ 1,330,000
Less: Unamortised discounts	(1,516)	(797)	(1,036)
	<u>\$ 988,484</u>	<u>\$ 1,039,203</u>	<u>\$ 1,328,964</u>
Interest rate range	0.70%~1.43%	0.14%~0.84%	0.14%~0.84%

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

(13) Other payables

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accrued salary	\$ 402,302	\$ 432,804	\$ 364,710
Payables for machinery and equipment	26,560	73,068	10,321
Contract liabilities	22	159	10
Others	364,257	304,876	292,993
	<u>\$ 793,141</u>	<u>\$ 810,907</u>	<u>\$ 668,034</u>

(14) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>September 30, 2022</u>
Secured loans	2017.10.05~2037.04.29	0.22%-1.96%	\$ 1,994,773
Unsecured credit loans	2020.12.31~2028.09.29	1.21%-1.88%	6,090,000
			8,084,773
Less: Current portion			(648,313)
			<u>\$ 7,436,460</u>

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>December 31, 2021</u>
Secured loans	2017.10.05~2031.04.07	0.10%-1.43%	\$ 1,879,500
Unsecured credit loans	2017.09.06~2028.09.29	0.79%-1.35%	5,490,000
			7,369,500
Less: Current portion			(239,750)
			<u>\$ 7,129,750</u>

Type of borrowings	Borrowing period	Interest rate range	September 30, 2021
Secured loans	2017.10.05~2031.04.07	0.10%-1.40%	\$ 1,778,453
Unsecured credit loans	2017.9.6~2028.09.29	0.79%-1.35%	4,120,000
			5,898,453
Less: Current portion			(583,250)
			\$ 5,315,203

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 \$570, \$682, \$1,712 and \$2,046 for the three-month and nine-month periods ended September 30, 2022 and 2021, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 have no material differences from actual contributions for the year ended December 31, 2021.

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, 2022 and 2021 were \$14,396, \$14,441, \$43,095 and \$42,180, respectively.

(16) Share capital - common stock

- A. As of September 30, 2022, 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.
- B. The stockholders at their annual stockholders' meeting on June 23, 2022 resolved to increase capital for 26,799 thousand shares with a par value of \$10 per share through capitalization of unappropriated retained earnings of 2021 of \$267,991. The capital increase has been approved by the Financial Supervisory Commission. The effective date for the distribution of stock dividends was August 31, 2022. After the capital increase, the issued is shares to be \$2,947,901, consisting of 294,790 thousand shares.

(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 2021 and 2020 have been resolved at the shareholders' meeting on June 23, 2022 and June 21, 2021, respectively, as follows:

	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 137,043		\$ 164,389	
Cash dividends	803,973	\$ 3.00	1,205,959	\$ 4.50
Stock dividends	267,991	1.00		

- E. For the nine-month period ended September 30, 2022, dividends distributed to the owners amounted to \$1,071,964 (\$4 (in dollars) per share). On June 23, 2022, the stockholders during their meeting resolved to distribute cash dividends and stock dividends from the 2021 earnings at \$3 and \$1 per share (amounting to 26,799 thousand shares), respectively, and the total dividends amounted to \$1,071,964. The effective date for the above distribution of cash dividends was July 11, 2022, and the effective date for the distribution of stock dividends was August 31, 2022.

(19) Operating revenue

	For the three-month periods ended September 30,	
	2022	2021
Revenue from contracts with customers	\$ 7,212,389	\$ 6,233,470

	For the nine-month periods ended September 30,	
	2022	2021
Revenue from contracts with customers	\$ 21,251,007	\$ 18,061,685

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:

	For the three-month periods ended September 30,	
	2022	2021
Total segment revenue	\$ 7,383,005	\$ 6,392,565
Inter-segment revenue	(170,616)	(159,095)
Revenue from external customer contracts	<u>\$ 7,212,389</u>	<u>\$ 6,233,470</u>
Timing of revenue recognition		
At a point in time	<u>\$ 7,212,389</u>	<u>\$ 6,233,470</u>

	For the nine-month periods ended September 30,	
	2022	2021
Total segment revenue	\$ 21,740,526	\$ 18,493,190
Inter-segment revenue	(489,519)	(431,505)
Revenue from external customer contracts	<u>\$ 21,251,007</u>	<u>\$ 18,061,685</u>
Timing of revenue recognition		
At a point in time	<u>\$ 21,251,007</u>	<u>\$ 18,061,685</u>

B. Contract liabilities

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Contract liabilities:			
Contract liabilities - advance receipts	<u>\$ 22</u>	<u>\$ 159</u>	<u>\$ 10</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 changes in fair value less costs to sell of biological assets.

	For the three-month periods ended September 30,	
	2022	2021
Other income and expenses, net	<u>(\$ 520)</u>	<u>(\$ 25,173)</u>

	For the nine-month periods ended September 30,	
	2022	2021
Other income and expenses, net	\$ 10,458	(\$ 24,360)

(21) Interest income

	For the three-month periods ended September 30,	
	2022	2021
Interest income from bank deposits	\$ 13	\$ 106

	For the nine-month periods ended September 30,	
	2022	2021
Interest income from bank deposits	\$ 148	\$ 229

(22) Other income

	For the three-month periods ended September 30,	
	2022	2021
Rental income	\$ 2,224	\$ 1,368
Dividend income	40,197	40,769
	\$ 42,421	\$ 42,137

	For the nine-month periods ended September 30,	
	2022	2021
Rental income	\$ 5,627	\$ 4,879
Dividend income	66,108	82,101
	\$ 71,735	\$ 86,980

(23) Other gains and losses

	For the three-month periods ended	
	September 30,	
	2022	2021
Gain on disposal of property, plant and equipment	\$ 920	\$ 1,218
Net foreign exchange (losses) gains	(12,838)	3,631
Gains on financial assets at fair value through profit or loss	11,900	888
Gains arising from lease modifications	201	
Other gains and losses	8,657	1,084
	<u>\$ 8,840</u>	<u>\$ 6,821</u>

	For the nine-month periods ended	
	September 30,	
	2022	2021
Gain on disposal of property, plant and equipment	\$ 1,005	\$ 1,819
Net foreign exchange (losses) gains	(53,087)	23,191
Gains on financial assets at fair value through profit or loss	12,836	888
Gains arising from lease modifications	201	
Other gains and losses	18,929	9,097
	<u>(\$ 20,116)</u>	<u>\$ 34,995</u>

(24) Finance costs

	For the three-month periods ended	
	September 30,	
	2022	2021
Interest expense:		
Bank borrowings and lease liabilities	<u>\$ 38,737</u>	<u>\$ 22,444</u>

	For the nine-month periods ended	
	September 30,	
	2022	2021
Interest expense:		
Bank borrowings and lease liabilities	<u>\$ 97,577</u>	<u>\$ 58,063</u>

(25) Expenses by nature

	For the three-month period ended September 30, 2022		
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 358,286	\$ 204,739	\$ 563,025
Depreciation on property, plant and equipment	212,674	20,501	233,175
Depreciation on right-of- use assets	10,618	4,313	14,931
Amortisation	1,292	171	1,463
	<u>\$ 582,870</u>	<u>\$ 229,724</u>	<u>\$ 812,594</u>

	For the three-month period ended September 30, 2021		
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 356,779	\$ 198,731	\$ 555,510
Depreciation on property, plant and equipment	171,547	19,226	190,773
Depreciation on right-of- use assets	9,851	3,321	13,172
Amortisation	947	161	1,108
	<u>\$ 539,124</u>	<u>\$ 221,439</u>	<u>\$ 760,563</u>

	For the nine-month period ended September 30, 2022		
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 1,073,752	\$ 638,312	\$ 1,712,064
Depreciation on property, plant and equipment	595,550	62,995	658,545
Depreciation on right-of- use assets	31,815	12,044	43,859
Amortisation	3,870	491	4,361
	<u>\$ 1,704,987</u>	<u>\$ 713,842</u>	<u>\$ 2,418,829</u>

	For the nine-month period ended September 30, 2021		
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 1,077,184	\$ 604,169	\$ 1,681,353
Depreciation on property, plant and equipment	501,136	53,458	554,594
Depreciation on right-of- use assets	27,795	8,988	36,783
Amortisation	2,839	453	3,292
	<u>\$ 1,608,954</u>	<u>\$ 667,068</u>	<u>\$ 2,276,022</u>

(26) Employee benefit expense

	For the three-month period ended September 30, 2022		
	<u>Operating cost</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 300,075	\$ 185,023	\$ 485,098
Labor and health insurance	32,262	11,456	43,718
Pension costs	9,309	5,657	14,966
Other personnel expenses	16,640	2,603	19,243
	<u>\$ 358,286</u>	<u>\$ 204,739</u>	<u>\$ 563,025</u>

	For the three-month period ended September 30, 2021		
	<u>Operating cost</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 298,326	\$ 179,631	\$ 477,957
Labor and health insurance	32,104	11,306	43,410
Pension costs	9,465	5,658	15,123
Other personnel expenses	16,884	2,136	19,020
	<u>\$ 356,779</u>	<u>\$ 198,731</u>	<u>\$ 555,510</u>

	For the nine-month period ended September 30, 2022		
	<u>Operating cost</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 898,088	\$ 576,744	\$ 1,474,832
Labor and health insurance	97,999	37,458	135,457
Pension costs	27,973	16,834	44,807
Other personnel expenses	49,692	7,276	56,968
	<u>\$ 1,073,752</u>	<u>\$ 638,312</u>	<u>\$ 1,712,064</u>

	For the nine-month period ended September 30, 2021		
	<u>Operating cost</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 901,789	\$ 545,564	\$ 1,447,353
Labor and health insurance	97,401	36,241	133,642
Pension costs	27,999	16,227	44,226
Other personnel expenses	49,995	6,137	56,132
	<u>\$ 1,077,184</u>	<u>\$ 604,169</u>	<u>\$ 1,681,353</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, 2022 and 2021, employees' compensation was accrued at \$4,842, \$3,377, \$14,871 and \$13,160, respectively. The aforementioned amounts were recognised in wages and salaries expense.

For the nine-month period ended September 30, 2022, the employees' compensation was estimated and accrued based on 1% (as prescribed by the Company's Articles of Incorporation) of distributable profit of current period as of the end of reporting period.

For 2021, the difference of \$36 between employees' compensation of \$17,158 resolved by the Board of Directors and the amount of \$17,194 recognised in the 2021 financial statements, mainly resulting from a variance in estimation, had been adjusted in profit or loss for 2022.

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 periods ended September 30,	
	2022	2021
Current tax:		
Current tax on profits for the period	\$ 99,114	\$ 78,149
Tax on undistributed surplus earnings	-	-
Prior year income tax overestimation	-	-
Total current tax	<u>99,114</u>	<u>78,149</u>
Deferred tax:		
Origination and reversal of temporary differences	(544)	(4,928)
Total deferred tax	<u>(544)</u>	<u>(4,928)</u>
Income tax expense	<u>\$ 98,570</u>	<u>\$ 73,221</u>

	For the nine-month periods ended September 30,	
	2022	2021
Current tax:		
Current tax on profits for the period	\$ 305,084	\$ 279,277
Tax on undistributed surplus earnings	8,072	13,677
Prior year income tax overestimation	(14,185)	(12,357)
Total current tax	<u>298,971</u>	<u>280,597</u>
Deferred tax:		
Origination and reversal of temporary differences	(6,172)	(10,105)
Total deferred tax	(6,172)	(10,105)
Income tax expense	<u>\$ 292,799</u>	<u>\$ 270,492</u>

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

	For the three-month periods ended September 30,	
	2022	2021
Changes in fair value of financial assets at fair value through other comprehensive income	<u>(\$ 7,622)</u>	<u>(\$ 11,447)</u>

	For the nine-month periods ended September 30,	
	2022	2021
Changes in fair value of financial assets at fair value through other comprehensive income	<u>(\$ 2,091)</u>	<u>(\$ 11,447)</u>

B. The income tax returns through 2019 of the Company has been assessed and approved by the Tax Authority. The income tax returns through 2020 of the subsidiaries - Charoen Pokphand (Taiwan) Corp., Ltd., Arbor Acres Taiwan Co., Ltd., Rui Mu Foods Co., Ltd., Rui Fu Foods Co., Ltd. and Sheng Da Foods Co., Ltd. have been assessed and approved by the Tax Authority.

(28) Earnings per share

	<u>For the three-month period ended September 30, 2022</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 attributable to ordinary shareholders	<u>\$ 378,318</u>	<u>294,790</u>	<u>\$ 1.28</u>
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 378,318	294,790	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	<u>-</u>	<u>61</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 378,318</u>	<u>294,851</u>	<u>\$ 1.28</u>
	<u>For the three-month period ended September 30, 2021</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 attributable to ordinary shareholders	<u>\$ 287,359</u>	<u>294,790</u>	<u>\$ 0.97</u>
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 287,359	294,790	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	<u>-</u>	<u>42</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 287,359</u>	<u>294,832</u>	<u>\$ 0.97</u>

<u>For the nine-month period ended September 30, 2022</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 attributable to ordinary shareholders	\$ 1,194,288	294,790	\$ 4.05
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 1,194,288	294,790	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	259	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 1,194,288	295,049	\$ 4.05

<u>For the nine-month period ended September 30, 2021</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 attributable to ordinary shareholders	\$ 1,065,542	294,790	\$ 3.61
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 1,065,542	294,790	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	280	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 1,065,542	295,070	\$ 3.61

(29) Supplemental cash flow information

	For the nine-month periods ended	
	September 30,	
	2022	2021
Acquisition of property, plant and equipment	\$ 1,503,675	\$ 1,651,425
Add: Opening balance of payable on equipment	73,068	61,144
Less: Ending balance of payable on equipment	(26,560)	(10,321)
Cash paid during the period	<u>\$ 1,550,183</u>	<u>\$ 1,702,248</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 party
C.P. Consumer Products Company Limited	"
C.P. Merchandising Company Limited	"
Chia Tai Feedmill Pte. Ltd.	"
CPF (India) Private Limited	"
Charoen Pokphand Seeds Co., Ltd.	"
Ta Chung Investment Co., Ltd.	"
Chun Ta Investment Co., Ltd.	"
Perfect Companion (Taiwan) Co., Ltd.	"
Aviagen Incorporation	"
Mu Da Egg Co.	"
Fu Ding International Corporation	"
Fu Ting Foods Co., Ltd.	"
Li - Chun Farm Product Co., Ltd.	"
Jih Ching Egg Co., Ltd.	"
Hung Peng-Da	"
Hung Yu-Chun	"
Hung Jin-Zheng	"
Huang Wei-I	"
Lu Yi-Feng	"
Lu Xiang-Da	"
Lu Pei-Lun	"
Lan Fu-Shi	"
Zhang Jian-Wen	"
Chiou Yung-Ching	"

(3) Significant related party transactions and balances

A. Operating revenue

	For the three-month periods ended September 30,	
	2022	2021
Sales of goods:		
Other related parties	\$ <u>98,629</u>	\$ <u>98,777</u>
	For the nine-month periods ended September 30,	
	2022	2021
Sales of goods:		
Other related parties	\$ <u>292,020</u>	\$ <u>306,652</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 periods ended September 30,	
	2022	2021
Purchases of goods:		
Ultimate parent company	\$ 27,836	\$ 14,981
Other related parties	<u>63,396</u>	<u>53,114</u>
	\$ <u>91,232</u>	\$ <u>68,095</u>
	For the nine-month periods ended September 30,	
	2022	2021
Purchases of goods:		
Ultimate parent company	\$ 69,861	\$ 32,986
Other related parties	<u>177,819</u>	<u>159,769</u>
	\$ <u>247,680</u>	\$ <u>192,755</u>

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

C. Receivables from related parties

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes and accounts receivable:			
Other related parties	\$ 63,588	\$ 59,658	\$ 57,067
Other receivables:			
Ultimate parent company	-	-	2,005
Other related parties	-	-	-
	<u>\$ 63,588</u>	<u>\$ 59,658</u>	<u>\$ 59,072</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, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes and accounts payable:			
Ultimate parent company	\$ -	\$ 3,115	\$ -
Other related parties	33,832	29,451	33,024
Other payables:			
Other related parties	1,622	1,616	4,190
	<u>\$ 35,454</u>	<u>\$ 34,182</u>	<u>\$ 37,214</u>

The payables to related parties arise mainly from purchase transactions. Other payables arise mainly from freight and processing fees. The payables bear no interest.

E. Prepayments:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Other related parties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,050</u>

The above prepayment pertains to the prepayment for the joint contractual breeding.

F. Property transactions

Acquisition of property, plant and equipment

- (a) In December 2021, the Board of Directors of Sheng Da Foods Co., Ltd. resolved to acquire land, buildings and ancillary facilities from a related party for a consideration of \$88,999 (tax excluded) for the operational needs and expansion of production capacity. Further, during the first half of 2022, it acquired related equipment from the related party for \$14,214 (tax included). As of September 30, 2022, the remaining balance has been fully paid.

- (b) In August 2022, the Board of Directors of the Company resolved to acquire land and buildings from a related party for a consideration of \$68,660 for the operational needs and expansion of production capacity. As of September 30, 2022, the Company has paid \$48,000.

G. Rental income (shown as ‘Other income’)

	For the three-month periods ended September 30,	
	2022	2021
Rental income:		
Other related parties	\$ <u>159</u>	\$ <u>159</u>

	For the nine-month periods ended September 30,	
	2022	2021
Rental income:		
Other related parties	\$ <u>563</u>	\$ <u>563</u>

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

H. Leasing arrangements — lessee

- (a) The Company’s subsidiaries lease farm buildings and equipment from other related parties.
- (b) For the three-month and nine-month periods ended September 30, 2022 and 2021, the Group recognised rent expense amounting to \$2,250, \$4,500, \$6,750 and \$13,500, respectively. As of September 30, 2022, the remaining balance has been fully paid.

I. Joint contractual breeding

- (a) The Company’s subsidiaries signed the joint contractual breeding agreements with other related parties to provide techniques for the husbandry management of layers, as well as farm buildings and equipment for the breeding.
- (b) For the three-month and nine-month periods ended September 30, 2022 and 2021, the farm-member remuneration for joint collaboration for contractual breeding recognised amounted to \$8,593, \$9,987, \$27,173 and \$29,962, respectively. As of September 30, 2022, the outstanding balance was \$2,865, shown as ‘other payables to related parties’.

J. 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 shall 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, 2022 and 2021, the

Company recognised technical service expenses amounting to \$2,642, \$2,590, \$8,013 and \$8,779, respectively. As of September 30, 2022, December 31, 2021 and September 30, 2021, the outstanding balance was \$0.

- (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. The contract term was extended to five years effective from the end of 2020. For the three-month and nine-month periods ended September 30, 2022 and 2021, the Company recognised technical service expense amounting to \$2,100, \$2,100, \$6,300 and \$6,300, respectively. As of September 30, 2022, December 31, 2021 and September 30, 2021, the outstanding balances were all \$2,100, shown as ‘other payables to related parties’.

K. 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. The contract term was extended to five years effective from the end of 2020. For the three-month and nine-month periods ended September 30, 2022 and 2021, the Company recognised royalties amounting to \$23,685, \$21,455, \$67,646 and \$61,377, respectively. As of September 30, 2022, December 31, 2021 and September 30, 2021, the outstanding balances were \$23,684, \$21,332 and \$21,455, respectively, shown as ‘other payables to related parties’.

(4) Key management compensation

	For the three-month periods ended September 30,	
	2022	2021
Salaries and other short-term employee benefits	\$ 48,323	\$ 48,475
Post-employment benefits	383	407
Total	<u>\$ 48,706</u>	<u>\$ 48,882</u>

	For the nine-month periods ended September 30,	
	2022	2021
Salaries and other short-term employee benefits	\$ 146,310	\$ 144,689
Post-employment benefits	1,160	1,254
Total	<u>\$ 147,470</u>	<u>\$ 145,943</u>

8. PLEDGED ASSETS

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

<u>Pledged assets</u>	<u>Book value</u>			<u>Purpose</u>
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>	
Time deposits (shown as 'Other current assets')	\$ 9,650	\$ 9,650	\$ 8,450	Guarantee deposit
Property, plant and equipment				
Land	1,124,207	1,069,003	1,069,003	Long-term borrowings
Buildings and structures	882,633	221,276	224,436	Long-term borrowings
Machinery and equipment	510,953	-	-	Long-term borrowings
Construction in progress	483,450	1,192,933	1,108,891	Long-term borrowings
	<u>\$ 3,010,893</u>	<u>\$ 2,492,862</u>	<u>\$ 2,410,780</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. For the administrative appeal filed against the administrative action concerning the revocation of the permission letter to use the land in dispute, the Council of Agriculture of Executive Yuan revoked the aforesaid administrative action in accordance with the Appeal Resolution Letter Order No. Nong-Su-Zi-1090727273, dated January 12, 2021. On July 26, 2021, the Hualien County Government sent another letter alleging that the Group did not obtain permission for agricultural use in accordance with the regulations and revoking the permission in accordance with Article 117 of the Administrative Procedures Act. The Group has appointed a lawyer to file an appeal. As for the administrative appeal filed against the administrative action concerning the disapproval Jingzhong Section, Shoufeng Township, Hualien County, the Council of Agriculture of Executive Yuan revoked the aforesaid administrative action in accordance with the Appeal Resolution Letter Order No. Nong-Su-Zi-1090721271, dated January 12, 2021, and requested the Hualien County Government to take other legitimate actions. As of September 30, 2022, the related costs incurred by the Group amounted to \$71,281, excluding the cost of land.

(2) Commitments

A. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group had opened unused letters of credit for purchases of raw materials and machinery of \$1,066,483, \$1,226,945 and \$705,159, respectively.

B. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group had several outstanding construction contracts and equipment purchase agreements amounting to \$1,186,845, \$740,967 and \$757,553, respectively, which will be paid based on the percentage of completion.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

12. OTHERS

(1) Capital risk management

There were no significant changes in the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2021.

(2) Financial risk of financial instruments

A. Financial instruments by category

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets designated as at fair value through profit or loss on initial recognition	\$ 7,512	\$ -	\$ -
Financial assets measured at fair value through other comprehensive income			
Designation of equity instrument	2,545,207	2,575,015	2,570,993
Financial assets at amortised cost			
Cash and cash equivalents	209,354	187,008	281,957
Notes receivable (including related parties)	427,273	419,983	341,861
Accounts receivable (including related parties)	2,411,868	2,426,548	2,122,204
Other receivables (including related parties)	3,918	18,665	16,968
Refundable deposits	38,648	43,408	50,932
Other financial assets - current	9,650	9,650	16,254
	<u>\$ 5,653,430</u>	<u>\$ 5,680,277</u>	<u>\$ 5,401,169</u>

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 3,515,565	\$ 3,301,031	\$ 4,147,467
Short-term notes and bills payable	988,484	1,039,203	1,328,964
Notes payable (including related parties)	591,870	515,448	458,565
Accounts payable (including related parties)	988,651	872,393	943,455
Other payables (including related parties)	823,412	837,678	697,029
Long-term borrowings (including current portion)	8,084,773	7,369,500	5,898,453
	<u>\$ 14,992,755</u>	<u>\$ 13,935,253</u>	<u>\$ 13,473,933</u>
Lease liability	<u>\$ 344,553</u>	<u>\$ 345,182</u>	<u>\$ 347,731</u>

B. Financial risk management policies

There were no significant changes in the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2021.

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, CNY, THB, EUR, SGD and JPY. 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 the group 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:

September 30, 2022					
(Foreign currency : functional currency)	Foreign currency amount		Exchange rate	Book value	
	(in thousands)			(NTD)	
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	USD	8	31.70	\$	238
USD:HKD	USD	1,256	7.80		39,723
CNY:HKD	CNY	685	1.10		3,063
<u>Non-monetary items</u>					
THB:HKD	THB	1,920,000	0.21	\$	1,614,072
THB:NTD	THB	1,107,073	0.84		931,135
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	USD	6,363	31.80	\$	202,343
EUR:NTD	EUR	399	31.46		12,566
SGD:NTD	SGD	101	22.30		2,261

December 31, 2021					
(Foreign currency : functional currency)	Foreign currency amount		Exchange rate	Book value	
	(in thousands)			(NTD)	
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	USD	12	27.63	\$	319
THB:NTD	THB	48	0.81		39
USD:HKD	USD	111	7.80		3,071
CNY:HKD	CNY	685	1.23		2,987
<u>Non-monetary items</u>					
THB:HKD	THB	1,958,400	0.23	\$	1,633,426
THB:NTD	THB	1,129,214	0.83		941,589
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	USD	11,686	27.73	\$	324,040
SGD:NTD	SGD	66	20.55		1,356
JPY:NTD	JPY	5,085	0.24		1,233
EUR:NTD	EUR	262	31.52		8,261

September 30, 2021

	Foreign currency amount		Exchange rate	Book value (NTD)
	(in thousands)			
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	569	27.80	\$ 15,828
THB:NTD	THB	48	0.81	38
USD:HKD	USD	5,529	7.80	154,170
CNY:HKD	CNY	685	1.21	2,957
<u>Non-monetary items</u>				
THB:HKD	THB	1,977,600	0.23	\$ 1,628,684
THB:NTD	THB	1,140,285	0.83	942,309
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	21,389	27.90	\$ 596,759
SGD:NTD	SGD	55	20.56	1,131
JPY:NTD	JPY	2,285	0.25	574
EUR:NTD	EUR	204	32.52	6,620

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 (loss) 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, 2022 and 2021 amounted to (\$12,838), \$3,631, (\$53,087) and \$23,191, respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

For the nine-month period ended September 30, 2022

		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	2	\$ -
USD : HKD	1%		397	-
CNY : HKD	1%		31	-
<u>Non-monetary items</u>				
THB : HKD	1%	\$	-	\$ 16,141
THB : NTD	1%		-	9,311
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	(\$	2,023)	\$ -
EUR : NTD	1%	(126)	-
SGD : NTD	1%	(23)	-

For the nine-month period ended September 30, 2021

		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	158	\$ -
THB : NTD	1%		-	-
USD : HKD	1%		1,542	-
CNY : HKD	1%		30	-
<u>Non-monetary items</u>				
THB : HKD	1%	\$	-	\$ 16,287
THB : NTD	1%		-	9,423
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	(\$	5,968)	\$ -
SGD : NTD	1%	(11)	-
JPY : NTD	1%	(6)	-
EUR : NTD	1%	(66)	-

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. Refer to Note 6(2).
- ii. For the Group's strategies for biological assets price risk, refer to Note 6(6).
- 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, 2022 and 2021 would have increased/decreased by \$23,590 and \$23,825, respectively, as a result of post-tax 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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, would have been \$48,509 and \$35,391 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 its 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 credit risks from customers' non-performance 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. For the nine-month periods ended September 30, 2022 and 2021, the Group's written-off financial assets that are still under recourse procedures and recovered amounted to \$7,522 and \$1,053, respectively.
- vii. 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. As of September 30, 2022, December 31, 2021 and September 30, 2021, the expected loss rate is as follows:

	<u>Current</u>	<u>Up to 120 days</u>	<u>121-365 days</u>	<u>Over one year</u>	<u>Total</u>
<u>September 30, 2022</u>					
Expected loss rate	0.05%~0.43%	1.50%~100%	100%	100%	
Total book value	\$ 2,622,649	\$ 159,261	\$ 265	\$ 8,226	\$ 2,790,401
Loss allowance	1,686	4,671	265	8,226	14,848
<u>December 31, 2021</u>					
Expected loss rate	0.05%~0.43%	1.50%~100%	100%	100%	
Total book value	\$ 2,618,159	\$ 174,857	\$ 840	\$ 9,179	\$ 2,803,035
Loss allowance	1,841	4,302	840	9,179	16,162
<u>September 30, 2021</u>					
Expected loss rate	0.05%~0.43%	1.50%~100%	100%	100%	
Total book value	\$ 2,290,444	\$ 112,691	\$ 7,333	\$ 3,071	\$ 2,413,539
Loss allowance	1,301	2,621	408	2,211	6,541

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

	<u>2022</u>
	Notes and accounts receivable (including related parties)
At January 1	\$ 16,162
Reversal of impairment loss	(1,314)
At September 30	<u>\$ 14,848</u>
	<u>2021</u>
	Notes and accounts receivable (including related parties)
At January 1	\$ 7,228
Reversal of impairment loss	(615)
Write-offs	(72)
At September 30	<u>\$ 6,541</u>

The reversal of and provision for impairment loss arising from customers' contracts for the nine-month periods ended September 30, 2022 and 2021 amounted to \$1,314 and \$615, 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, 2022	<u>Less than 1 year</u>	<u>Between 1 and</u>	
		<u>5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 3,515,565	\$ -	\$ -
Short-term notes and bills payable	990,000	-	-
Notes payable (including related parties)	591,870	-	-
Accounts payable (including related parties)	988,651	-	-
Other payables (including related parties)	823,412	-	-
Lease liabilities	30,208	133,714	204,399
Long-term borrowings (including current portion)	756,933	6,516,531	1,100,041

Non-derivative financial liabilities

December 31, 2021	<u>Less than 1 year</u>	<u>Between 1 and</u>	
		<u>5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 3,301,031	\$ -	\$ -
Short-term notes and bills payable	1,040,000	-	-
Notes payable (including related parties)	515,448	-	-
Accounts payable (including related parties)	872,393	-	-
Other payables (including related parties)	837,678	-	-
Lease liabilities	33,694	151,439	185,464
Long-term borrowings (including current portion)	312,743	6,066,963	1,201,453

Non-derivative financial liabilities

September 30, 2021	<u>Less than 1 year</u>	<u>Between 1 and</u>	
		<u>5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 4,147,467	\$ -	\$ -
Short-term notes and bills payable	1,330,000	-	-
Notes payable (including related parties)	458,565	-	-
Accounts payable (including related parties)	943,455	-	-
Other payables (including related parties)	697,029	-	-
Lease liabilities	30,300	127,958	215,675
Long-term borrowings (including current portion)	638,758	4,202,581	1,218,101

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 derivative instruments and 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, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss:				
Derivative instruments	\$ -	\$ 7,512	\$ -	\$ 7,512
Biological assets	<u>\$ -</u>	<u>\$ 1,147,547</u>	<u>\$ -</u>	<u>\$ 1,147,547</u>
Financial assets at fair value through other comprehensive income:				
Equity securities	<u>\$ 2,545,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,545,207</u>

<u>December 31, 2021</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	\$ -	\$ 974,696	\$ -	\$ 974,696
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ 2,575,015	\$ -	\$ -	\$ 2,575,015
<u>September 30, 2021</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	\$ -	\$ 897,729	\$ -	\$ 897,729
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ 2,570,993	\$ -	\$ -	\$ 2,570,993

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 financial assets at fair value through other comprehensive income.
 - (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) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
 - (d) Details of methods for measuring Level 2 - Biological assets are provided in Note 6(6).
- E. For the nine-month periods ended September 30, 2022 and 2021, there was no transfer between Level 1 and Level 2.
- F. For the nine-month periods ended September 30, 2022 and 2021, there was no transfer into or out from Level 3.

(4) Other matter

The Group was able to maintain its normal operations during the Covid-19 outbreak and has implemented several preventive measures imposed by the government. The Group assessed that the pandemic has no significant impact on the Group's ability to continue as a going concern, assets impairment and financing risks.

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, 2022: None.
- C. Holding of marketable securities at September 30, 2022 (not including subsidiaries, associates and joint ventures):

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of September 30, 2022				Footnote
	Types	Name			Number of shares	Book value	Ownership	Fair value (Note 1)	
The Company	Common share	CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED	(Note 2)	Financial assets at fair value through other comprehensive income	44,282,900	\$ 931,135	0.51%	\$ 931,135	
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	1,614,072	0.89%	1,614,072	

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 the Company and 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, 2022: 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, 2022: 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, 2022: 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, 2022: None.
- H. Receivables from related parties reaching NT\$100,000 or 20% of paid-in capital or more as at September 30, 2022: None.
- I. Trading in derivative instruments undertaken during the nine-month period ended September 30, 2022: Please refer to 6(2).
- J. Significant inter-company transactions during the nine-month period ended September 30, 2022: 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, 2022			Net profit (loss) of the investee	Investment income (loss) recognised by the Company	Footnote
				Balance as of September 30, 2022	Balance as of December 31, 2021	Number of shares	Ownership (%)	Book value			
The Company	Plenty Type Limited (Cayman Islands)	Cayman Islands	Management of producing and non-producing business investments	\$ 470,459	\$ 470,459	57,841,941	100.00	\$ 1,657,315	\$ 34,165	\$ 34,165	Subsidiary (Note 1)
The Company	Charoen Pokphand (Taiwan) Corp., Ltd.	Taiwan	Management of importing and exporting businesses	20,086	20,086	2,443,716	90.00	45,375	15,567	14,011	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	87,011	34,722	17,361	Subsidiary
The Company	Rui Mu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	193,860	193,860	20,400,000	68.00	131,470	(35,253)	(23,972)	Subsidiary
The Company	Rui Fu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	357,000	357,000	35,700,000	51.00	265,184	(30,718)	(15,666)	Subsidiary (Note 1)
The Company	Feng Sheng Livestock Co., Ltd.	Taiwan	Electric livestock slaughter	100,000	100,000	10,000,000	50.00	98,892	(2,538)	(1,268)	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	3,743	(557)	-	Indirectly owned subsidiary (Note 2)
Rui Fu Foods Co., Ltd.	Sheng Da Foods Co., Ltd.	Taiwan	Husbandry management of eggs and related business	120,000	120,000	12,000,000	75.00	76,921	(18,101)	-	Indirectly owned subsidiary (Note 2)

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

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

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Charoen Pokphand Foods Public Co., Ltd (CPF)	49,267,115	18.38
Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	26,802,733	10.00
Chun Ta Investment Co., Ltd.	15,563,825	5.80

Note : The information provides by Taiwan Depository & Clearing Corporation on September 30, 2022.

(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 year.

(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, 2022					
	<u>Feeds</u>	<u>Meat processing</u>	<u>Food processing</u>	<u>Husbandry</u>	<u>Others</u>	<u>Total</u>
Revenues from third parties	\$ 3,742,593	\$ 1,625,594	\$ 1,147,632	\$ 673,970	\$ 22,600	\$ 7,212,389
Revenues from the Group	85,866	14,958	314	53,337	16,141	170,616
Total segment revenue	<u>\$ 3,828,459</u>	<u>\$ 1,640,552</u>	<u>\$ 1,147,946</u>	<u>\$ 727,307</u>	<u>\$ 38,741</u>	<u>\$ 7,383,005</u>
Segment income (loss)	<u>\$ 257,694</u>	<u>\$ 223,213</u>	<u>\$ 49,470</u>	<u>\$ 7,118</u>	<u>(\$ 17,573)</u>	<u>\$ 519,922</u>

	For the three-month period ended September 30, 2021					
	<u>Feeds</u>	<u>Meat processing</u>	<u>Food processing</u>	<u>Husbandry</u>	<u>Others</u>	<u>Total</u>
Revenues from third parties	\$ 3,257,189	\$ 1,400,245	\$ 1,034,783	\$ 522,405	\$ 18,848	\$ 6,233,470
Revenues from the Group	98,606	12,875	425	34,310	12,879	159,095
Total segment revenue	<u>\$ 3,355,795</u>	<u>\$ 1,413,120</u>	<u>\$ 1,035,208</u>	<u>\$ 556,715</u>	<u>\$ 31,727</u>	<u>\$ 6,392,565</u>
Segment income (loss)	<u>\$ 268,760</u>	<u>\$ 83,962</u>	<u>\$ 51,914</u>	<u>(\$ 15,596)</u>	<u>(\$ 15,267)</u>	<u>\$ 373,773</u>

	For the nine-month period ended September 30, 2022					
	<u>Feeds</u>	<u>Meat processing</u>	<u>Food processing</u>	<u>Husbandry</u>	<u>Others</u>	<u>Total</u>
Revenues from third parties	\$ 11,483,175	\$ 4,740,000	\$ 3,277,061	\$ 1,683,104	\$ 67,667	\$ 21,251,007
Revenues from the Group	268,743	37,151	775	136,109	46,741	489,519
Total segment revenue	<u>\$ 11,751,918</u>	<u>\$ 4,777,151</u>	<u>\$ 3,277,836</u>	<u>\$ 1,819,213</u>	<u>\$ 114,408</u>	<u>\$ 21,740,526</u>
Segment income (loss)	<u>\$ 1,038,619</u>	<u>\$ 544,109</u>	<u>\$ 130,594</u>	<u>(\$ 32,737)</u>	<u>(\$ 67,610)</u>	<u>\$ 1,612,975</u>

For the nine-month period ended September 30, 2021

	<u>Feeds</u>	<u>Meat processing</u>	<u>Food processing</u>	<u>Husbandry</u>	<u>Others</u>	<u>Total</u>
Revenues from third parties	\$ 9,602,459	\$ 4,052,344	\$ 2,985,569	\$ 1,361,788	\$ 59,525	\$ 18,061,685
Revenues from the Group	288,702	31,296	900	68,671	41,936	431,505
Total segment revenue	<u>\$ 9,891,161</u>	<u>\$ 4,083,640</u>	<u>\$ 2,986,469</u>	<u>\$ 1,430,459</u>	<u>\$ 101,461</u>	<u>\$ 18,493,190</u>
Segment income (loss)	<u>\$ 1,161,690</u>	<u>\$ 179,295</u>	<u>\$ 137,580</u>	<u>(\$ 55,378)</u>	<u>(\$ 71,484)</u>	<u>\$ 1,351,703</u>

(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, 2022 and 2021 is provided as follows:

	For the three-month periods ended September 30,	
	2022	2021
Reportable segment income	\$ 537,495	\$ 389,040
Other segment loss	(17,573)	(15,267)
Total segment	519,922	373,773
Interest expense	(38,737)	(22,444)
Foreign exchange (losses) gains, net	(12,838)	3,631
Gains on financial assets at fair value through profit or loss	11,900	-
Income before tax from continuing segment	<u>\$ 480,247</u>	<u>\$ 354,960</u>

	For the nine-month periods ended September 30,	
	2022	2021
Reportable segment income	\$ 1,680,585	\$ 1,423,187
Other segment loss	(67,610)	(71,484)
Total segment	1,612,975	1,351,703
Interest expense	(97,577)	(58,063)
Foreign exchange (losses) gains, net	(53,087)	23,191
Gains on financial assets at fair value through profit or loss	12,836	-
Income before tax from continuing segment	<u>\$ 1,475,147</u>	<u>\$ 1,316,831</u>