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

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2018 AND 2017

Representation Letter

In connection with the Consolidated Financial Statements of Affiliated Enterprises of CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. (the "Consolidated FS of the Affiliates"), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2018 in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those required to be included in the Consolidated Financial Statements of CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. and its subsidiaries (the "Consolidated FS of the Group") in accordance with International Financial Reporting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,
CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.
By

Cheng, Wu Yeh, Chairman
March 25, 2019

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REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

We have audited the accompanying consolidated balance sheets of Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China ("ROC GAAS"). Our responsibilities under those standards are further described in the Independent Accountant's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Evaluation of net realisable value of inventories

Description

Refer to Note 4(12) for accounting policies adopted for the valuation of inventories, Note5(2) for uncertainty of accounting estimates and assumptions of valuation of inventories, and Note 6(4) for details of inventories. As at December 31, 2018, the carrying amount of inventories and allowance for inventory valuation losses amounted to NT$1,309,122 thousand and NT$15,099 thousand, respectively.

The main activities of the Group are the manufacturing and sales of animal feeds, fresh and processed meat products. As the market prices are affected by changes in macro-economic environment, there is a higher risk of inventory valuation losses. In addition, the evaluation of net realisable value of inventories is subject to management's judgement, and considering that feeds, fresh and processed meat products comprise most of the Group's inventories which is significant to the financial statements, the evaluation of net realisable value of inventories was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Based on our understanding of the Group's operation and related industry, assessed the reasonableness of related policies and procedures applied to the net realisable value of inventories, and ascertained the consistent application.
2. Obtained statements of net realisable value of inventories as at balance sheet date, validated source data of merchandise prices and recalculated the provision for inventory valuation losses in order to confirm consistent application of respective procedures and policies.

Measurement of biological assets

Description

Refer to Note 4(13) for accounting policies adopted for biological assets, Note 5(2) for uncertainty of accounting estimates and assumptions in measuring fair value of biological assets, and Note 6(5) for details of biological assets. As at December 31, 2018, the carrying amount of biological assets amounted to NT$1,600,644 thousand.

The Group's biological assets is mainly comprised of broiler chicken, breeder chicken, fattening swine and breeder swine, etc. Except when the fair value cannot be reliably measured, biological assets should be measured at fair value less costs to sell on initial recognition and at the end of each reporting period.

As the market prices of fresh. processed meat. livestock and poultry are affected by animal epidemic and market demand in Taiwan, biological assets with active market prices have a higher risk of fluctuations in fair value. Since the amount of biological assets is significant to the financial statements and the methods adopted in measuring each category of biological assets, market prices applied and items accounted for as costs to sell are all subject to management's judgement and with high uncertainty, the measurement of biological assets was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Based on our understanding of the Group's operations and related industry, assessed the reasonableness of related policies and procedures applied in measuring biological assets, and ascertained the consistent application.
2. As at the balance sheet date, ascertained that all the active market prices information are available and reliable for biological assets measured at fair value less costs to sell. Also, validated source data of active market prices and the reasonableness of the major components of costs to sell.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Charoen Pokphand Enterprise (Taiwan) Co., Ltd. as at and for the years ended December 31, 2018 and 2017.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards. IFRIC Interpretations. and SIC Interpretations as endorsed by the Financial Supervisory Commission. and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement. whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance, including the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Independent accountant's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Weng Shih Jung　　　Yifan Lin

Weng, Shih-Jung　　　Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 25, 2019

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

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	ASSETS	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 134,880	1	$ 246,987	2
1150	Notes receivable, net	6(3)	359,097	2	378,098	3
1170	Accounts receivable, net	6(3)	1,778,373	11	1,613,144	11
1180	Accounts receivable - related parties	7	370,720	3	194,595	1
1200	Other receivables		21,072	-	11,533	-
1210	Other receivables - related parties	7	14,155	-	6,683	-
130X	Inventories, net	6(4)	1,294,023	8	1,218,657	9
1400	Biological assets - current	6(5)	1,253,446	8	1,065,420	8
1410	Prepayments		603,932	4	432,424	3
1470	Other current assets	6(1) and 8	7,450	-	2,000	-
11XX	**Total current assets**		5,837,148	37	5,169,541	37
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	1,782,950	11	-	-
1523	Available-for-sale financial assets - non-current	12(4)	-	-	1,677,655	12
1600	Property, plant and equipment	6(6) and 8	7,617,265	48	6,515,162	47
1780	Intangible assets	6(7)	15,059	-	15,108	-
1830	Biological assets - non-current	6(5)	347,198	2	327,614	2
1840	Deferred income tax assets	6(26)	64,611	1	62,893	1
1900	Other non-current assets	6(8)	125,933	1	118,149	1
15XX	**Total non-current assets**		9,953,016	63	8,716,581	63
1XXX	**Total assets**		$ 15,790,164	100	$ 13,886,122	100

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CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	LIABILITIES AND EQUITY	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(9)	$ 2,768,011	17	$ 2,261,383	16
2110	Short-term notes and bills payable	6(10)	619,270	4	499,489	4
2150	Notes payable		394,109	2	469,642	3
2170	Accounts payable		739,122	5	636,079	5
2180	Accounts payable - related parties	7	270,562	2	98,428	1
2200	Other payables	6(11)	764,203	5	714,777	5
2220	Other payables - related parties	7	21,430	-	28,210	-
2230	Current income tax liabilities		207,954	1	223,112	2
2300	Other current liabilities	6(12)(13)	599,764	4	212,622	1
21XX	**Total current liabilities**		6,384,425	40	5,143,742	37
	Non-current liabilities					
2540	Long-term borrowings	6(12)	1,959,750	13	1,563,000	11
2570	Deferred income tax liabilities	6(26)	18,314	-	28,616	-
2600	Other non-current liabilities	6(13)(14)	170,990	1	193,250	2
25XX	**Total non-current liabilities**		2,149,054	14	1,784,866	13
2XXX	**Total liabilities**		8,533,479	54	6,928,608	50
	Equity attributable to owners of parent					
	Share capital					
3110	Share capital - common stock	6(15)	2,679,910	17	2,679,910	19
	Capital surplus					
3200	Capital surplus	6(16)	1,652	-	1,145	-
	Retained earnings	6(17)				
3310	Legal reserve		638,708	4	495,401	4
3350	Unappropriated retained earnings		2,341,559	15	2,335,867	17
	Other equity interest	6(18)				
3400	Other equity interest		1,270,147	8	1,165,175	8
31XX	**Equity attributable to owners of the parent**		6,931,976	44	6,677,498	48
36XX	**Non-controlling interest**		324,709	2	280,016	2
3XXX	**Total equity**		7,256,685	46	6,957,514	50
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant disaster loss	10				
	Significant events after the reporting period	11				
3X2X	**Total liabilities and equity**		$ 15,790,164	100	$ 13,886,122	100

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

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

	Items	Notes	Year ended December 31 2018 AMOUNT	2018 %	2017 AMOUNT	2017 %
4000	**Operating revenue**	6(19) and 7	$ 21,235,086	100	$ 19,865,000	100
5000	**Operating costs**	6(4)(24)(25) and 7	(18,377,736)	(87)	(16,537,014)	(83)
5950	**Net operating margin**		2,857,350	13	3,327,986	17
	Operating expenses	6(24)(25) and 7				
6100	Selling and marketing expenses		(1,004,691)	(5)	(1,020,279)	(5)
6200	General and administrative expenses		(574,520)	(2)	(561,462)	(3)
6450	Gain on expected credit loss impairment	12(2)	(94)	-	-	-
6000	**Total operating expenses**		(1,579,305)	(7)	(1,581,741)	(8)
6500	**Other income and expenses, net**	6(5)(20)	7,253	-	718	-
6900	**Operating profit**		1,285,298	6	1,746,963	9
	Non-operating income and expenses					
7010	Other income	6(21) and 7	60,457	-	69,618	1
7020	Other gains and losses	6(22)	25,399	-	58,760	-
7050	Finance costs	6(23)	(63,304)	-	(40,053)	-
7000	**Total non-operating income and expenses**		22,552	-	88,325	1
7900	**Profit before income tax**		1,307,850	6	1,835,288	10
7950	Income tax expense	6(26)	(312,790)	(1)	(357,907)	(2)
8200	**Profit for the year**		$ 995,060	5	$ 1,477,381	8

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

	Items	Notes	2018 AMOUNT	2018 %	2017 AMOUNT	2017 %
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans		$ 8,123	-	($ 25,073)	-
8316	Unrealised gain or loss on financial assets at fair value through other comprehensive income	6(2)(18)	55,115	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	(5,801)	-	4,262	-
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**		57,437	-	(20,811)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Currency translation differences of foreign operations		48,121	-	(178,705)	(1)
8362	Unrealised loss on valuation of available-for-sale financial assets	6(18)	-	-	(160,292)	(1)
8360	**Components of other comprehensive income that will be reclassified to profit or loss**		48,121	-	(338,997)	(2)
8300	**Total other comprehensive income (loss) for the year**		$ 105,558	-	($ 359,808)	(2)
8500	**Total comprehensive income for the year**		$ 1,100,618	5	$ 1,117,573	6
	Profit attributable to:					
8610	Owners of the parent		$ 950,727	5	$ 1,433,070	8
8620	Non-controlling interest		44,333	-	44,311	-
			$ 995,060	5	$ 1,477,381	8
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 1,057,944	5	$ 1,075,223	6
8720	Non-controlling interest		42,674	-	42,350	-
			$ 1,100,618	5	$ 1,117,573	6
	Earnings per share	6(27)				
9750	**Basic earnings per share**		$	3.55	$	5.35
9850	**Diluted earnings per share**		$	3.54	$	5.34

Year ended December 31

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

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

		Equity attributable to owners of the parent									
				Retained Earnings		Other Equity Interest					
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealised gain or loss on available-for-sale financial assets	Total	Non-controlling interest	Total equity
2017											
Balance at January 1, 2017		$ 2,679,910	$ 967	$ 369,222	$ 1,853,799	$ 154,088	$ -	$ 1,348,084	$ 6,406,070	$ 202,667	$ 6,608,737
Profit for the year		-	-	-	1,433,070	-	-	-	1,433,070	44,311	1,477,381
Other comprehensive loss for the year	6(18)	-	-	-	(20,850)	(176,705)	-	(160,292)	(357,847)	(1,961)	(359,808)
Total comprehensive income (loss)		-	-	-	1,412,220	(176,705)	-	(160,292)	1,075,223	42,350	1,117,573
Appropriations of 2016 earnings	6(17)										
Legal reserve		-	-	126,179	(126,179)	-	-	-	-	-	-
Cash dividends to shareholders		-	-	-	(803,973)	-	-	-	(803,973)	-	(803,973)
Capital surplus - dividends not received by shareholders		-	178	-	-	-	-	-	178	-	178
Cash dividends to non-controlling interest		-	-	-	-	-	-	-	-	(13,001)	(13,001)
Cash receipt from non-controlling interest of a subsidiary through capital increase in cash		-	-	-	-	-	-	-	-	48,000	48,000
Balance at December 31, 2017		$ 2,679,910	$ 1,145	$ 495,401	$ 2,335,867	($ 22,617)	$ -	$ 1,187,792	$ 6,677,498	$ 280,016	$ 6,957,514
2018											
Balance at January 1, 2018		$ 2,679,910	$ 1,145	$ 495,401	$ 2,335,867	($ 22,617)	$ -	$ 1,187,792	$ 6,677,498	$ 280,016	$ 6,957,514
Effect of retrospective application and retrospective restatement		-	-	-	-	-	1,187,792	(1,187,792)	-	-	-
Balance after restatement at January 1, 2018		2,679,910	1,145	495,401	2,335,867	(22,617)	1,187,792	-	6,677,498	280,016	6,957,514
Profit for the year		-	-	-	950,727	-	-	-	950,727	44,333	995,060
Other comprehensive income (loss)	6(18)	-	-	-	2,245	49,857	55,115	-	107,217	(1,659)	105,558
Total comprehensive income (loss)		-	-	-	952,972	49,857	55,115	-	1,057,944	42,674	1,100,618
Appropriations of 2017 earnings	6(17)										
Legal reserve		-	-	143,307	(143,307)	-	-	-	-	-	-
Cash dividends to shareholders		-	-	-	(803,973)	-	-	-	(803,973)	-	(803,973)
Capital surplus - dividends not received by shareholders		-	507	-	-	-	-	-	507	-	507
Cash dividends to non-controlling interest		-	-	-	-	-	-	-	-	(46,981)	(46,981)
Cash receipt from non-controlling interest of a subsidiary through capital increase in cash		-	-	-	-	-	-	-	-	49,000	49,000
Balance at December 31, 2018		$ 2,679,910	$ 1,652	$ 638,708	$ 2,341,559	$ 27,240	$ 1,242,907	$ -	$ 6,931,976	$ 324,709	$ 7,256,685

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

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

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,307,850	$ 1,835,288
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on expected credit loss impairment	12(2)	94	-
Reversal of allowance for bad debts	6(3)	-	(211)
Depreciation	6(6)(24)	553,688	461,353
Amortisation	6(24)	4,063	2,830
Interest income	6(21)	(15,087)	(7,574)
Interest expense	6(23)	63,304	40,053
Dividend income	6(2)(21)	(42,513)	(60,438)
Provision for (reversal of) loss on inventory market price decline	6(4)	7,438	(2,126)
Change in fair value less cost to sell of biological assets	6(5)(20)	(7,253)	(718)
Loss (gain) on disposal of property, plant and equipment	6(22)	2,411	(1,803)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		19,001	(8,761)
Accounts receivable		(165,323)	(52,743)
Accounts receivable - related parties		(176,125)	(117,696)
Other receivables		(9,539)	(3,540)
Other receivables - related parties		(7,472)	-
Inventories		(82,804)	(66,957)
Biological assets		(200,357)	(190,245)
Prepayments		(171,508)	(153,358)
Changes in operating liabilities			
Notes payable		(75,533)	62,843
Accounts payable		103,043	36,471
Accounts payable - related parties		172,134	58,166
Other payables		84,375	147,341
Other payables - related parties		(6,780)	14,768
Accrued pension liabilities		(15,889)	(16,179)
Cash inflow generated from operations		1,341,218	1,976,764
Cash paid for income tax		(345,836)	(263,425)
Income tax refund received		-	3,876
Net cash flows from operating activities		995,382	1,717,215

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

	Notes	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in other current assets		($ 5,450)	$ -
Acquisition of availble-for sale financial assets	6(2)	-	(287,583)
Acquisition of property, plant and equipment	6(29)	(1,717,391)	(2,606,852)
Proceeds from disposal of property, plant and equipment		26,079	5,771
Acquisition of intangible assets	6(7)	(754)	(1,498)
(Increase) decrease in other non-current assets		(10,767)	10,018
Cash receipt of interest		15,087	7,686
Dividends received	6(2)(21)	42,513	60,438
Net cash flows used in investing activities		(1,650,683)	(2,812,020)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		506,628	266,615
Increase in short-term notes and bills payable		119,781	239,644
Proceeds from long-term borrowings		2,940,000	2,093,000
Payment of long-term borrowings		(2,160,000)	(743,750)
Cash payment for interest		(62,754)	(39,933)
Cash dividends paid	6(17)	(803,973)	(803,973)
Cash receipt from non-controlling interest of a subsidiary through capital increase establishment		49,000	48,000
Cash dividends paid to non-controlling interest		(46,981)	(13,001)
Capital surplus - dividends not received by shareholders		507	178
Net cash flows from financing activities		542,208	1,046,780
Effects of changes in foreign exchange rate		986	(13,949)
Net decrease in cash and cash equivalents		(112,107)	(61,974)
Cash and cash equivalents at beginning of year	6(1)	246,987	308,961
Cash and cash equivalents at end of year	6(1)	$ 134,880	$ 246,987

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

1. HISTORY AND ORGANISATION

Charoen Pokphand Enterprise (Taiwan) Co., Ltd. (the "Company") was incorporated on August 22, 1977 as a company limited by shares under the Statute for Investment by Overseas Chinese and the provisions of the Company Act of the Republic of China. The main activities of the Company and its subsidiaries (collectively referred herein as the "Group") are the manufacture and sale of animal feeds, livestock, chicken and processed meat products. The Company's common stock has been traded on the Taiwan Stock Exchange since July 27, 1987. Charoen Pokphand Foods Public Company Limited ("CPF"), which is 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 authorised for issuance by the Board of Directors on March 25, 2019.

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 FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9, Financial instruments with IFRS 4, Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15, Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

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

IFRS 9, 'Financial instruments'

A. Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present subsequent changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income.

B. The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Group shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

C. The Group has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the significant effect as at January 1, 2018, please refer to Notes 12(4)B and C.

In adopting the new standards endorsed by the FSC effective from 2018, the Group applied the new rules under IFRS 9 retrospectively from January 1, 2018, with the practical expedients permitted under the statement. Further, the Group has elected to adopt IFRS 15 using the modified retrospective approach. The significant effects of applying the standards as of January 1, 2018 are summarised below:

In accordance with IFRS 9, the Group reclassified available-for-sale financial assets in the amount of \$1,677,655 and made an irrevocable election at initial recognition on equity instruments not held for dealing or trading purpose by increasing financial assets at fair value through other comprehensive income in the amount of \$1,677,655.

Under IFRS 15, liabilities in relation to sales contracts are recognised as contract liabilities, but were previously presented as other payables in the balance sheet. As of January 1, 2018, the balance amounted to \$82,395.

(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 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

The Group expects to recognise the lease contract of lessees in line with IFRS 16. However, the Group does not intend to restate the financial statements of prior period (referred herein as the "modified retrospective approach"), and on January 1, 2019, it is expected that 'right-of-use asset' and lease liability will be increased by \$347,074 and \$332,900, respectively, and prepayments will be decreased by \$14,174.

(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:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2021

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through other comprehensive income.

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

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

B. The preparation of financial statements in conformity with 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.

C. In adopting IFRS 9 effective January 1, 2018, the Group has elected to apply the modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39 ('IAS 39') and related financial reporting interpretations. Please refer to Note 12(4) for details of significant accounting policies and details of significant accounts.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2018	December 31, 2017	Note
The Company	Plenty Type Limited (Cayman Islands)	Management of producing and non-producing business investments	100.00	100.00	Note2
The Company	Charoen Pokphand (Taiwan) Co., Ltd.	Management of importing and exporting business	90.00	90.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2018	Ownership (%) December 31, 2017	Note
The Company	Arbor Acres (Taiwan) Co., Ltd.	Husbandry, management of chickens to produce eggs and meat	50.00	50.00	Note 1
The Company	Rui Mu Foods Co., Ltd.	Management of layers and related business	52.00	52.00	
The Company	Rui Fu Foods Co., Ltd.	Management of layers and related business	51.00	51.00	
Plenty Type Limited (Cayman Islands)	Chia Tai Lianyungang Co., Ltd.	Management of producing and non-producing business investments	99.99	99.99	
Chia Tai Lianyungang Co., Ltd.	Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Feeds producing, poultry raising, processing and sales	70.00	70.00	

Note 1: The Company's direct or indirect shareholding ratio does not exceed 50%. However, the Company controls more than half of the directors. Thus, the subsidiary is included in the consolidation.

Note 2: On July 3, 2017, the Board of Directors of the Company resolved to increase the capital of the subsidiary, Plenty Type Limited (Cayman Islands), in proportion to its original ownership. The Company acquired 34,632,035 shares of ordinary shares with par value of US$0.231 amounting to US$8,000,000. The total investment amounted to US$22,261,488, comprising 96,370,079 shares after the capital increase.

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) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in NTD, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

Effective 2018

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value.

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Operating leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads allocated based on normal operating capacity. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Biological assets

Biological assets are measured at their fair value less costs to sell. Except for the case where the fair value cannot be measured reliably, they are measured at its cost less accumulated depreciation and impairment losses. Gains or losses on changes in fair value less costs to sell are recognised in profit or loss.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Land improvements	3~30 years
Buildings and structures	3~60 years
Machinery and equipment	3~20 years
Transportation equipment	6 years
Leasehold improvements	3~20 years
Other equipment	3~20 years

(15) <u>Leased assets/ leases (lessee)</u>

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the Group assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) A finance lease is recognised as an asset and a liability at the lease's commencement at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

(b) The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(c) Property, plant and equipment held under finance leases are depreciated over their estimated useful lives. If there is no reasonable certainty that the Group will obtain ownership at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful life.

B. Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(16) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(17) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(18) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is measured over the period of the borrowings using the effective interest method.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes and accounts payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expired.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior period. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(22) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells animal feed, cooked food, agricultural livestock products and related consumable food products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from sales of goods is recognised based on the price specified in the contract, net of the estimated volume discounts, sales discounts and allowances. Accumulated experience is used to estimate and provide for the volume discounts, sales discounts and allowances using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A deduction of accounts receivable is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 30 to 120 days, which is consistent with market practice.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2018, the carrying amount of inventories was $1,294,023.

B. Measurement of fair value of biological assets

Except when fair value cannot be reliably measured, biological assets should be measured at fair value less costs to sell on initial recognition and at the end of each reporting period. The Group has to identify whether the active market prices are available for each category of biological assets, to determine the relevance between the nature of biological assets and the chosen market, and to decide which major items should be accounted for as costs to sell. The Group then estimates the fair value less costs to sell based on the information mentioned above. Any fluctuations in market price and costs to sell could materially affect the carrying amount of biological assets.

As of December 31, 2018, the carrying amount of biological assets was $1,600,644.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand and revolving funds	$ 9,478	$ 7,403
Checking accounts	3,031	8,931
Demand deposits	122,371	230,653
Total	$ 134,880	$ 246,987

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

B. On December 31, 2018, the Group has restricted cash and cash equivalents pledged as collaterals totalling $7,450, and classified as other financial assets and shown as 'other current assets'. Please refer to Note 8 for details.

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

Items	December 31, 2018
Non-current items:	
Equity instruments	
Listed stocks	$ 507,724
Valuation adjustment	1,275,226
	$ 1,782,950

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:

	2018
Equity instruments at fair value through other comprehensive income	
Fair value change recognised in other comprehensive income	$ 55,115
Dividend income recognised in profit or loss held at end of period	$ 42,513

B. The subsidiary, Plenty Type Limited (Cayman Islands), holds the CPF's shares, which is traded on the Thailand Stock Exchange, and is classified as non-current financial assets at fair value through other comprehensive income.

C. The information on non-current available-for-sale financial assets as at December 31, 2017 is provided in Note 12(4).

(3) Notes and accounts receivable

	December 31, 2018	December 31, 2017
Notes receivable	$ 359,097	$ 378,098
Accounts receivable	$ 1,780,742	$ 1,615,877
Less: Allowance for uncollectible accounts	(2,369)	(2,733)
	$ 1,778,373	$ 1,613,144

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

	December 31, 2018	December 31, 2017
Current	$ 1,711,849	$ 1,546,747
Up to 180 days	66,149	64,798
181 to 365 days	2,181	3,168
Over one year	563	1,164
	$ 1,780,742	$ 1,615,877

The above ageing analysis was based on past due date.

B. As of December 31, 2018 and 2017, all the Group's notes receivable were not past due.

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

	December 31, 2018	December 31, 2017
With guarantee	$ 135,655	$ 162,475
Without guarantee	1,645,087	1,453,402
	$ 1,780,742	$ 1,615,877

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

D. As at December 31, 2018 and 2017, 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 $359,097 and $378,098, respectively, while the amount that best represents the Group's accounts receivable were $1,778,373 and $1,613,144, respectively.

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

(4) Inventories

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 698,931	$ -	$ 698,931
Packing supplies	24,779	(250)	24,529
Work in progress	26,648	-	26,648
Finished goods	511,324	(14,800)	496,524
General merchandise	33,176	(49)	33,127
Inventory in transit	14,264	-	14,264
	$ 1,309,122	($ 15,099)	$ 1,294,023

	December 31, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 817,925	$ -	$ 817,925
Packing supplies	22,986	-	22,986
Work in progress	29,855	-	29,855
Finished goods	314,768	(7,620)	307,148
General merchandise	33,207	(41)	33,166
Inventory in transit	7,577	-	7,577
	$ 1,226,318	($ 7,661)	$ 1,218,657

The cost of inventories recognised as expense for the year:

	2018	2017
Cost of goods sold	$ 18,374,786	$ 16,546,286
Loss on (gain on reversal of) decline in market value	7,438	(2,126)
Others	(4,488)	(7,146)
	$ 18,377,736	$ 16,537,014

Gain on reversal of decline in market value was due to the Group's reversal of a previous inventory write-down and accounted for as reduction of cost of goods sold because of the eventual use or disposal of these inventories.

Others were mainly from gains and loss on physical inventory count and income from disposal of leftover and scraps.

(5) Biological assets

A. Biological assets

	December 31, 2018	December 31, 2017
Biological assets - current:		
Consumable biological assets	$ 992,020	$ 880,273
Consumable biological assets - changes in fair value less costs to sell	36,535	29,283
Bearer biological assets	391,483	244,758
Bearer biological assets - accumulated depreciation	(166,592)	(88,894)
	$ 1,253,446	$ 1,065,420
Biological assets - non-current:		
Bearer biological assets	$ 418,758	$ 386,562
Bearer biological assets - accumulated depreciation	(71,560)	(58,948)
	$ 347,198	$ 327,614

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

B. Movements of biological assets were as follows:

	2018	2017
At January 1	$ 1,393,034	$ 1,202,071
Purchases	1,185,739	1,155,840
Costs and expenses input	5,974,118	5,037,541
Sales	(2,830,198)	(2,400,296)
Change in fair value less cost to sell	7,253	718
Transfer to inventories	(4,113,731)	(3,570,839)
Others	(15,571)	(32,001)
At December 31	$ 1,600,644	$ 1,393,034

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 cost of new-born animals, feed costs, and other farm costs.

Bearer biological assets are depreciated using the straight-line method through the productive period of each biological asset. The productive period of breeder swine is approximately 24 ~ 36 months; the productive period of breeder chickens is approximately 30 weeks ~ 1 year. For the years ended December 31, 2018 and 2017, depreciation expense of biological assets amounted to $279,560 and $170,031, respectively.

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

	December 31, 2018	December 31, 2017
Livestock production:		
Estimates of physical quantities (Units: heads)	5,516,040	4,456,129
Aquatic production:		
Estimates of physical quantities (Units: KG)	318,313	433,640

E. Financial risk management policies

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

(6) 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
At January 1, 2018									
Cost	$ 1,718,826	$ 70,105	$ 2,567,038	$ 3,541,712	$ 252,921	$ 947,342	$ 656,167	$ 732,387	$ 10,486,498
Accumulated depreciation and impairment	-	(30,580)	(1,155,135)	(2,027,022)	(145,645)	(357,779)	(255,175)	-	(3,971,336)
	$ 1,718,826	$ 39,525	$ 1,411,903	$ 1,514,690	$ 107,276	$ 589,563	$ 400,992	$ 732,387	$ 6,515,162
2018									
Opening net book amount as at January 1	$ 1,718,826	$ 39,525	$ 1,411,903	$ 1,514,690	$ 107,276	$ 589,563	$ 400,992	$ 732,387	$ 6,515,162
Additions	16,935	19,918	133,562	119,338	34,830	15,082	105,673	1,242,198	1,687,536
Disposals	-	-	(7,370)	(14,912)	(3,412)	(118)	(2,678)	-	(28,490)
Reclassifications	396,055	8,627	637,903	263,298	13,952	8,693	52,788	(1,381,316)	-
Depreciation	-	(5,868)	(141,098)	(211,527)	(40,192)	(92,117)	(62,886)	-	(553,688)
Net exchange differences	-	-	(836)	(2,261)	(75)	-	(83)	-	(3,255)
Closing net book amount as at December 31	$ 2,131,816	$ 62,202	$ 2,034,064	$ 1,668,626	$ 112,379	$ 521,103	$ 493,806	$ 593,269	$ 7,617,265
At December 31, 2018									
Cost	$ 2,131,816	$ 96,928	$ 3,276,514	$ 3,806,059	$ 282,316	$ 965,801	$ 804,003	$ 593,269	$ 11,956,706
Accumulated depreciation and impairment	-	(34,726)	(1,242,450)	(2,137,433)	(169,937)	(444,698)	(310,197)	-	(4,339,441)
	$ 2,131,816	$ 62,202	$ 2,034,064	$ 1,668,626	$ 112,379	$ 521,103	$ 493,806	$ 593,269	$ 7,617,265

	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1, 2017									
Cost	$ 447,218	$ 64,129	$ 2,229,336	$ 3,294,387	$ 223,519	$ 829,215	$ 472,072	$ 533,235	$ 8,093,111
Accumulated depreciation and impairment	-	(29,192)	(1,146,533)	(1,999,005)	(119,035)	(271,437)	(220,955)	-	(3,786,157)
	$ 447,218	$ 34,937	$ 1,082,803	$ 1,295,382	$ 104,484	$ 557,778	$ 251,117	$ 533,235	$ 4,306,954
2017									
Opening net book amount as at January 1	$ 447,218	$ 34,937	$ 1,082,803	$ 1,295,382	$ 104,484	$ 557,778	$ 251,117	$ 533,235	$ 4,306,954
Additions	80,475	6,750	76,350	115,612	38,773	67,343	65,676	2,225,506	2,676,485
Disposals	-	-	-	(31)	(3,195)	-	(742)	-	(3,968)
Reclassifications	1,191,133	1,161	360,302	289,687	4,064	53,283	126,724	(2,026,354)	-
Depreciation	-	(3,323)	(106,545)	(184,136)	(36,788)	(88,841)	(41,720)	-	(461,353)
Net exchange differences	-	-	(1,007)	(1,824)	(62)	-	(63)	-	(2,956)
Closing net book amount as at December 31	$ 1,718,826	$ 39,525	$ 1,411,903	$ 1,514,690	$ 107,276	$ 589,563	$ 400,992	$ 732,387	$ 6,515,162
At December 31, 2017									
Cost	$ 1,718,826	$ 70,105	$ 2,567,038	$ 3,541,712	$ 252,921	$ 947,342	$ 656,167	$ 732,387	$ 10,486,498
Accumulated depreciation and impairment	-	(30,580)	(1,155,135)	(2,027,022)	(145,645)	(357,779)	(255,175)	-	(3,971,336)
	$ 1,718,826	$ 39,525	$ 1,411,903	$ 1,514,690	$ 107,276	$ 589,563	$ 400,992	$ 732,387	$ 6,515,162

A. The Group's transportation equipment includes leased assets. As of December 31, 2018 and 2017, the book value of leased assets was $5,157 and $5,258, respectively. For the years ended December 31, 2018 and 2017, the additional leased assets were $2,090 and $6,973, respectively, and these assets' depreciation were recognised amounting to $2,191 and $1,715, respectively, in accordance with the Group's accounting policies. There was neither disposal nor reclassification.

B. The Group's other equipment includes leased assets. As of December 31, 2018 and 2017, the book value of leased assets were $7,377 and $1,693, respectively. For the years ended December 31, 2018 and 2017, the additional leased assets were $9,585 and $1,986, respectively, and these assets' depreciation were recognised amounting to $3,901 and $293, respectively, in accordance with the Group's accounting policies. There was neither disposal nor reclassification.

C. 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:

	2018	2017
Amount capitalised	$ 3,879	$ 4,110
Interest rate range	1.10%~1.63%	1.10%~1.12%

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

E. As of December 31, 2018 and 2017, the Group held 179 parcels and 81 parcels of agricultural land, respectively. The carrying amounts of land registered under the title of others amounted to $876,746 and $497,756, respectively. These parcels of land are registered under the title of individuals, however, the Company has agreements with those individuals to pledge these agricultural land to the Company.

(7) Intangible assets

	Software		Goodwill		Total	
At January 1, 2018						
Cost	$	9,814	$	13,061	$	22,875
Accumulated amortisation and impairment	(	7,767)		-	(	7,767)
	$	2,047	$	13,061	$	15,108
2018						
At January 1	$	2,047	$	13,061	$	15,108
Additions		754		-		754
Amortisation	(	1,172)		-	(	1,172)
Net exchange differences		-		369		369
December 31	$	1,629	$	13,430	$	15,059
At December 31, 2018						
Cost	$	10,568	$	13,430	$	23,998
Accumulated amortisation and impairment	(	8,939)		-	(	8,939)
	$	1,629	$	13,430	$	15,059
At January 1, 2017						
Cost	$	8,316	$	14,396	$	22,712
Accumulated amortisation and impairment	(	7,087)		-	(	7,087)
	$	1,229	$	14,396	$	15,625
2017						
At January 1	$	1,229	$	14,396	$	15,625
Additions		1,498		-		1,498
Amortisation	(	680)		-	(	680)
Net exchange differences		-	(	1,335)	(	1,335)
December 31	$	2,047	$	13,061	$	15,108
At December 31, 2017						
Cost	$	9,814	$	13,061		22,875
Accumulated amortisation and impairment	(	7,767)		-	(	7,767)
	$	2,047	$	13,061	$	15,108

(8) Long-term prepaid rents (shown as 'Other non-current assets')

	December 31, 2018		December 31, 2017	
Land use rights	$	3,611	$	3,976

The rental period of the land use right is 40 years starting from May 12, 1992, and the rental charge had already been fully paid. Information about the land use rights that was pledged to others as collateral is provided in Note 8.

(9) Short-term borrowings

Type of borrowings	December 31, 2018	Interest rate range	Collateral
Unsecured borrowings	$ 2,604,350	1.04%~1.75%	None
Letters of credit	141,433	3.28%~4.12%	None
Secured borrowings	22,228	4.79%	Land use right
	$ 2,768,011		

Type of borrowings	December 31, 2017	Interest rate range	Collateral
Unsecured credit loans	$ 2,150,000	1.00%~1.80%	None
Letters of credit	111,383	2.48%~2.96%	None
	$ 2,261,383		

(10) Short-term notes and bills payable

	December 31, 2018	December 31, 2017
Commercial paper payable	$ 620,000	$ 500,000
Less: Unamortised discounts	(730)	(511)
	$ 619,270	$ 499,489
Interest rates range	0.64%~0.94%	0.64%~0.97%

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

(11) Other payables

	December 31, 2018	December 31, 2017
Accrued salary	$ 344,043	$ 316,797
Payables for machinery and equipment	62,163	97,662
Contract libilities	100,652	-
Others	257,345	300,318
	$ 764,203	$ 714,777

(12) Long-term borrowings

Type of borrowings	Borrowing period	Interest rate range	December 31, 2018
Secured loans	2016.8.2~2022.12.15	1.42%~1.63%	$ 853,000
Unsecured credit loans	2017.9.6~2022.10.27	1.03%~1.50%	1,700,000
			2,553,000
Less: Current portion (shown as 'Other current liabilities')			(593,250)
			$ 1,959,750

Type of borrowings	Borrowing period	Interest rate range	December 31, 2017
Secured loans	2016.5.28~2022.12.15	1.42%~1.69%	$ 983,000
Unsecured credit loans	2017.8.1~2022.10.27	1.03%~1.42%	790,000
			1,773,000
Less: Current portion (shown as 'Other current liabilities')			(210,000)
			$ 1,563,000

Information about collateral that were pledged for long-term borrowings is provided in Note 8.

(13) Finance lease liabilities

A. The Group signed finance lease contracts to lease transportation equipment from Pro Leasing & Rental Co., Ltd., Avis Car Rental Co., Ltd., Ho-Hsin Truck Leasing Co., Ltd. and Carplus Auto Leasing Co., Ltd. The lease terms cover the majority of the total estimated economic lives of the leased assets.

B. The Group signed finance lease contracts to lease other equipment from Taiwan Warehouse Solution Corp., Tay Warehouse Equipment Co., Ltd., Yiyi Warehouse Equipment Co., Ltd., Power Handling Co., Ltd., Taiwan Shih Ban Industrial Co., Ltd., and Tedson Machine Co., Ltd.. The lease terms cover the majority of the total estimated economic lives of the leased assets.

C. Future minimum lease payments and their present values as at December 31, 2018 and 2017 are as follows:

	December 31, 2018		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
Current (shown as 'Other current liabilities')			
Not later than one year	$ 6,653	($ 139)	$ 6,514
Non-current (shown as 'Other non-current liabilities')			
Later than one year but not later than five years	6,209	(82)	6,127
	$ 12,862	($ 221)	$ 12,641

	December 31, 2017		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
Current (shown as "Other current liabilities")			
Not later than one year	$ 2,718	($ 96)	$ 2,622
Non-current (shown as "Other non-current liabilities")			
Later than one year but not later than five years	4,451	(76)	4,375
	$ 7,169	($ 172)	$ 6,997

(14) Pensions

A. Defined benefit plans

(a) The Company and its domestic subsidiaries have defined benefit pension plans in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit plans, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to specific percentage of the employees' monthly salaries and wages to the retirement fund deposited with the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balances are insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	($ 471,408)	($ 498,015)
Fair value of plan assets	306,545	307,247
Net defined benefit liability	(164,863)	(190,768)
Ending accrued pension fund	-	1,893
Net liabilities in the balance sheet	($ 164,863)	($ 188,875)

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2018			
Balance at January 1	($ 498,015)	$ 307,247	($ 190,768)
Current service cost	(3,909)	-	(3,909)
Interest (expense) income	(4,874)	3,060	(1,814)
	(506,798)	310,307	(196,491)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	9,545	9,545
Change in demographic assumptions	(4)	-	(4)
Change in financial assumptions	(9,788)	-	(9,788)
Experience adjustments	8,370	-	8,370
	(1,422)	9,545	8,123
Pension fund contribution	-	23,505	23,505
Paid pension	36,812	(36,812)	-
Balance at December 31	($ 471,408)	$ 306,545	($ 164,863)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2017			
Balance at January 1	($ 494,762)	$ 312,982	($ 181,780)
Current service cost	(4,742)	-	(4,742)
Interest (expense) income	(6,034)	3,878	(2,156)
	(505,538)	316,860	(188,678)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,075)	(1,075)
Change in demographic assumptions	(73)	-	(73)
Change in financial assumptions	(10,683)	-	(10,683)
Experience adjustments	(13,242)	-	(13,242)
	(23,998)	(1,075)	(25,073)
Pension fund contribution	-	22,983	22,983
Paid pension	31,521	(31,521)	-
Balance at December 31	($ 498,015)	$ 307,247	($ 190,768)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labour Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	2018	2017
Discount rate	0.75%	1.00%
Future salary increases	2.00%	2.00%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
2018				
Effect on present value of defined benefit obligation	($ 37,270)	$ 42,534	$ 41,542	($ 37,183)

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
2017				
Effect on present value of defined benefit obligation	($ 40,689)	$ 46,585	$ 45,618	($ 40,689)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.
The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company and domestic subsidiaries for the year ending December 31, 2019 amount to $17,817.

(h) As of December 31, 2018, the weighted average duration of the retirement plan is 5~9 years.

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 retirement employment. The pension costs for the aforementioned defined contribution pension plans of the Group for the years ended December 31, 2018 and 2017 were $41,425 and $36,874, respectively.

(b) The Company's Mainland China subsidiary, Lianyungang Chia Tai Agro-industry Development Co., Ltd., has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2018 and 2017 were both 20%. Other than the monthly contributions, the Group has no further obligations. The pension costs for the aforementioned defined contribution pension plans of the Group for the years ended December 31, 2018 and 2017 were $7,274 and $7,154, respectively.

(15) Share capital - common stocks

As of December 31, 2018, the Company's authorised capital was $3,579,000, consisting of 357,900 thousand shares of common stock, and the paid-in capital was $2,679,910, consisting of 267,991 thousand shares of common stock with a par value of $10 (in dollars) per share. All proceeds from shares issuance have been collected. For the years ended December 31, 2018 and 2017, there are no changes in the number of the Company's ordinary shares outstanding.

(16) Capital surplus

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

(17) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. A special reserve is set aside or reversed in accordance with related laws or 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 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 appropriation of earnings for 2017 and 2016 have been resolved at the shareholders' meetings on June 13, 2018 and June 15, 2017, respectively, as follows:

	2017		2016	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 143,307		$ 126,179	
Cash dividends	803,973	$ 3	803,973	$ 3

The effective dates for the above distribution of cash dividends are July 18, 2018 and July 9, 2017, respectively.

E. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(25).

(18) Other equity items

	Measured at fair value through other comprehensive income	Currency translation	Total
At January 1, 2018	$ 1,187,792	($ 22,617)	$ 1,165,175
Unrealised loss on valuation of financial assets	55,115	-	55,115
Currency translation differences	-	49,857	49,857
At December 31, 2018	$ 1,242,907	$ 27,240	$ 1,270,147

	Available-for-sale investments	Currency translation	Total
At January 1, 2017	$ 1,348,084	$ 154,088	$ 1,502,172
Unrealised gain on valuation of financial assets	(160,292)	-	(160,292)
Currency translation differences	-	(176,705)	(176,705)
At December 31, 2017	$ 1,187,792	($ 22,617)	$ 1,165,175

(19) Operating revenue

	2018	2017
Revenue from contracts with customers	$ 21,235,086	$ 19,865,000

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 major product lines and geographical regions:

2018	Domestic	Asia	Total
Total segment revenue	$ 19,243,925	$ 2,287,427	$ 21,531,352
Inter-segment revenue	(296,266)	-	(296,266)
Revenue from external customer contracts	$ 18,947,659	$ 2,287,427	$ 21,235,086
Timing of revenue recognition			
At a point in time	$ 18,947,659	$ 2,287,427	$ 21,235,086

B. Contract liabilities

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

	December 31, 2018
Contract liabilities:	
Contract liabilities – advance receipts	$ 100,652

C. Information on revenue categorised by nature is provided in Note 14(3).

D. Related disclosures on operating revenue for the year ended December 31, 2017 are provided in Note 12(5).

(20) Other income and expenses, net

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

	2018	2017
Other income and expenses, net	$ 7,253	$ 718

(21) Other income

	2018	2017
Interest income:		
Interest income from bank deposits	$ 15,087	$ 7,574
Rental income	2,857	1,606
Dividend income	42,513	60,438
	$ 60,457	$ 69,618

(22) Other gains and losses

	2018	2017
(Losses) gains on disposal of property, plant and equipment	($ 2,411)	$ 1,803
Foreign exchange (losses) gains	(4,061)	21,458
Other gains and losses	31,871	35,499
	$ 25,399	$ 58,760

Please refer to Note 10 for information on gain from insurance proceeds.

(23) Finance costs

	2018	2017
Interest expense	$ 63,304	$ 40,053

(24) Expenses by nature

	2018		
	Operating cost	Operating expenses	Total
Employee benefit expense	$ 1,077,780	$ 665,654	$ 1,743,434
Depreciation on property, plant and equipment	510,913	42,775	553,688
Amortisation	2,570	1,493	4,063

	2017		
	Operating cost	Operating expenses	Total
Employee benefit expense	$ 974,669	$ 611,845	$ 1,586,514
Depreciation on property, plant and equipment	416,216	45,137	461,353
Amortisation	1,856	974	2,830

(25) Employee benefit expense

	2018		
	Operating cost	Operating expenses	Total
Wages and salaries	$ 907,874	$ 587,770	$ 1,495,644
Labor and health insurance	87,503	34,688	122,191
Pension costs	31,798	22,624	54,422
Other personnel expenses	50,605	20,572	71,177
	$ 1,077,780	$ 665,654	$ 1,743,434

	2017		
	Operating cost	Operating expenses	Total
Wages and salaries	$ 823,297	$ 544,975	$ 1,368,272
Labor and health insurance	77,007	29,697	106,704
Pension costs	29,907	21,019	50,926
Other personnel expenses	44,458	16,154	60,612
	$ 974,669	$ 611,845	$ 1,586,514

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 years ended December 31, 2018 and 2017, employees' compensation was accrued at $12,152 and $17,708, respectively. The aforementioned amounts were recognised in wages and salaries expense.

   For the year ended December 31, 2018, the employees' compensation was estimated and accrued based on 1% (as prescribed by the Company's Articles of Incorporation) of distributable profit of current year as of the end of reporting period.

   For 2017, the difference of $107 between employees' compensation of $17,815 resolved by the Board of Directors and the amount of $17,708 recognised in the 2017 financial statements, mainly resulting from a variance in estimation, was adjusted in profit or loss for 2018. The employees' compensation in 2017 has not yet been distributed.

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

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	2018	2017
Current tax:		
Current tax on profits for the year	$ 284,266	$ 312,154
Tax on undistributed surplus earnings	46,499	35,270
Prior year income tax (over) underestimation	112	(2,929)
Total current tax	330,877	344,495
Deferred tax:		
Origination and reversal of temporary differences	(9,289)	13,412
Impact of change in tax rate	(8,798)	-
Total deferred tax	(18,087)	13,412
Income tax expense	$ 312,790	$ 357,907

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

	2018	2017
Remeasurement of defined benefit obligations	$ 5,801	($ 4,262)

B. Reconciliation between income tax expense and accounting profit

	2018	2017
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 260,431	$ 313,263
Tax exempt income by tax regulation/Expenses disallowed by tax regulation	14,546	15,890
Change in assessment of realisation of deferred tax assets	-	(3,587)
Tax on undistributed surplus earnings	46,499	35,270
Prior year income tax under (over) estimation	112	(2,929)
Effect from changes in tax regulation	(8,798)	-
Income tax expenses	$ 312,790	$ 357,907

Note: The basis of applicable tax rate was calculated by using the tax rate of Taiwan (20%) and Mainland China (25%).

C. (a) Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	December 31, 2018	December 31, 2017
Temporary differences:		
Accrued sales discounts	$ 21,309	$ 20,984
Provision for loss on spare parts	2,803	2,203
Pension expense in excess of the limit for tax purpose	32,973	32,109
Provision for inventory valuation loss and change in fair value of biological assets	(4,287)	(3,676)
Unrealised foreign investment income	(10,224)	(21,978)
Unrealised exchange gain	(72)	(89)
Loss carry forward	762	4,724
Others	3,033	-
	$ 46,297	$ 34,277

	December 31, 2018	December 31, 2017
Deferred tax assets	$ 64,611	$ 62,893
Deferred tax liabilities	(18,314)	(28,616)
	$ 46,297	$ 34,277

(b) Amounts recognised in profit or loss and in other comprehensive income as a result of temporary differences and tax losses are as follows:

	2018	2017
Recognised in profit or loss	$ 17,821	($ 13,572)
Recognised in other comprehensive income	($ 5,801)	$ 4,262

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets of the Company and its subsidiaries - Arbor Acres (Taiwan) Co., Ltd. and Rui Fu Foods Co., Ltd. are as follows:

December 31, 2018				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	$ 1,691	$ -	$ -	2023
2017	14,351	3,808	-	2027
	$ 16,042	$ 3,808	$ -	

	December 31, 2017			
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	$ 16,058	$ 1,691	$ -	2023
2017	14,351	14,351	-	2027
	$ 30,409	$ 16,042	$ -	

E. The income tax returns through 2016 of the Company and its subsidiaries - Charoen Pokphand (Taiwan) Co., Ltd., Arbor Acres (Taiwan) Co., Ltd., and Rui Fu Foods Co., Ltd. have been assessed and approved by the Tax Authority. And the income tax returns through 2017 of the subsidiaries - Rui Mu Foods Co., Ltd. have been assessed and approved by the Tax Authority.

F. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(27) Earnings per share

	2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 950,727	267,991	$ 3.55
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 950,727	267,991	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	228	
	$ 950,727	268,219	$ 3.54

	2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,433,070	267,991	$ 5.35
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,433,070	267,991	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	276	
	$ 1,433,070	268,267	$ 5.34

(28) Operating leases

The Group leases certain main operating locations and farms from years 2009 to 2041. The Group recognised rental expense of $39,619 and $35,321 in profit or loss for the years ended December 31, 2018 and 2017, respectively.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018	December 31, 2017
Not later than one year	$ 38,557	$ 39,832
Later than one year but not later than five years	131,034	137,381
Over five years	237,220	258,086
	$ 406,811	$ 435,299
Issued post-dated checks	$ 13,521	$ 15,899

(29) Supplemental cash flow information

Investing activities with partial cash payment are as follows:

	2018	2017
Acquisition of property, plant and equipment	$ 1,687,536	$ 2,676,485
Add: Opening balance of payable on equipment	97,662	35,026
Opening balance of financial lease liabilities	6,997	-
Less: Ending balance of payable on equipment	(62,163)	(97,662)
Ending balance of financial lease liabilities	(12,641)	(6,997)
Cash paid during the year	$ 1,717,391	$ 2,606,852

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
Charoen Pokphand Foods Public Co., Ltd. (CPF)	Ultimate parent company
Charoen Pokphand Group Co., Ltd. (CPG)	Other related parties
C.P. Merchandising Company Limited	"
C.P. Land Public Company Limited	"
Charoen Pokphand Produce Company Limited	"
Chia Tai Feedmill Pte. Ltd.	"
Ta Chung Investment Co., Ltd.	"
Chung Ta Investment Co., Ltd.	"
Perfect Companion (Taiwan) Co., Ltd.	"
C.P. Aquaculture (Beihai) Co., Ltd.	"
C.P. Aquaculture (Dongfang) Co., Ltd.	"
C.P. Premix (Tianjin) Co., Ltd	"
C.P. Premix (Guanghan) Co., Ltd.	"
C.P. Premix (Nantong) Co., Ltd.	"
C.P. Trading (China) Co., Ltd.	"
Chia Tai (China) Agro-industrial Ltd.	"
Chia Tai (China) Investment Co., Ltd.	"
Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd.	"
Chia Tai Aquaculture (Nantong) Co., Ltd	"
Chia Tai Electronic Commerce (Zhejiang) Co., Ltd.	"
Chia Tai Food (Suqian) Co., Ltd.	"
Chia Tai Trading (Sichuan) Co., Ltd.	"
Chia Tai Union Animal Pharmacy Co., Ltd.	"
Fuzhou Da Fu Co., Ltd.	"
Guangdong Chia Tai Biotechnology Co., Ltd.	"
Guangdong Chia Tai Conti Animal Health Company	"
Guangdong Zhanjiang Chia Tai Aquaculture Co., Ltd.	"
Henan C.T. Poultry Co., Ltd.	"
Huaian C.P. Livestock Co., Ltd.	"
Jiangsu C.T. & Suken Swine Co., Ltd	"
Jiansu Huai Yin Chia Tai Co., Ltd.	"
Nantong Chia Tai Agriculture Development Co.,Ltd	"
Nantong Chia Tai Co.,Ltd.	"
Nantong Chia Tai Feedmill Co., Ltd.	"
Ningbo Chia Tai Agriculture Co., Ltd.	"

Names of related parties	Relationship with the Group
Pizhou Chia Tai Food Co., Ltd.	Other related parties
Qingdao Chia Tai Agricultural Development Co., Ltd.	"
Taizhou Chia Tai Feed Co., Ltd.	"
Xuzhou Chia Tai Feed Co., Ltd.	"
Zhumadian Huazhong Chia Tai Co., Ltd.	"
Hung Peng-Da	"

(3) Significant related party transactions and balances

A. Operating revenue

	2018	2017
Sales of goods:		
Other related parties	$ 1,158,467	$ 742,236

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

B. Purchases

	2018	2017
Purchase of goods:		
Ultimate parent company	$ 39,301	$ 18,554
Other related parties	661,826	524,241
	$ 701,127	$ 542,795

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

C. Receivables from related parties

	December 31, 2018	December 31, 2017
Accounts receivable:		
Other related parties	$ 370,720	$ 194,595
Other receivables:		
Other related parties	14,155	6,683
	$ 384,875	$ 201,278

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

D. Payables to related parties

	December 31, 2018	December 31, 2017
Notes and accounts payable:		
Other related parties	$ 270,562	$ 98,428

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

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

	2018	2017
Rental income:		
Other related parties	$ 722	$ 722

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

F. Technical service agreement

(a) The Company signed a technical service agreement with CPG since 1996. CPG helps the Company to manufacture feeds, raise animals and to process meat products, and the Company pays compensation of THB12 million (net value) for the services annually. The commitment would not be terminated except when any of the two parties would agree to end the agreement. For the years ended December 31, 2018 and 2017, the Company recognised technical service expenses amounting to $12,869 and $12,081, respectively. As of December 31, 2018 and 2017, the outstanding balance was approximately $156 and $90, respectively.

(b) The Company signed a technical service agreement with CPG at the end of 2015. CPG helps the Company to raise animals and provides consulting services of related technical skills, and the Company pays compensation of $700 for the services monthly. The contract is effective for 5 years. For the years ended December 31, 2018 and 2017, the Company recognised technical service expense amounting to $8,400 for both years. As of December 31, 2018 and 2017, the outstanding balance was $2,100 for both years.

G. Trademark licensing agreement

The Company signed a trademark license agreement with CPG at the end of 2015. The contract authorises the Company to use 'CP' as trademark in the designated area (Republic of China). Royalties are paid monthly based on 1.5% of the net amount of sales. The contract is effective for 5 years. For the years ended December 31, 2018 and 2017, the Company recognised royalties amounting to $89,293 and $74,112, respectively. As of December 31, 2018 and 2017, the outstanding balance was approximately $19,174 and $26,020, respectively.

H. Property transactions:

On June 26, 2018, the Board of Directors during its meeting resolved to acquire the land and the building located at No. 3781 and No. 227 Changduanshu, Houbi Dist., Tainan City 731, Taiwan (R.O.C.) from other related party and used as an egg washing facility (included in construction in progress). The total contract price is $30,130 and Rui Mu Foods Co., Ltd. has paid $25,000 for the contract.

(4) Key management compensation

	2018	2017
Salaries and other short-term employee benefits	$ 164,746	$ 116,561
Post-employment benefits	1,517	1,596
Total	$ 166,263	$ 118,157

8. PLEDGED ASSETS

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

	Book value		
Pledged assets	December 31, 2018	December 31, 2017	Purpose
Time deposits - shown as 'Other current assets'	$ 7,450	$ 2,000	Guarantee deposit
Land use right (shown as ' Other non-current assets')	3,611	-	Short-term borrowing facilities
Land	103,557	103,557	Long-term borrowings
Buildings and structures	201,598	203,411	Long-term borrowings
	$ 316,216	$ 308,968	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Other than those stated in Note 6(28), the significant commitments and contingent liabilities of the Group were as follows:

(1) As of December 31, 2018 and 2017, the Group had opened unused letters of credit for purchases of raw materials and machinery of approximately $510,882 and $441,511, respectively.

(2) As of December 31, 2018 and 2017, the Group had several outstanding construction contracts and equipment purchase agreements. The balance outstanding was approximately $385,915 and $368,960, respectively, and will be paid on the basis of percentage of completion.

10. SIGNIFICANT DISASTER LOSS

On July 4, 2018, the Group suffered fire damage in its Nantou factory. The book value of the damaged plant, equipment, and inventory due to operation interruption amounted to approximately $18,515. The Group has sufficient insurance coverage for all of its property, including property insurance and business interruption insurance. For the year ended December 31, 2018, the Company received indemnity income from insurance proceeds amounted to $18,515 which was recognised in other gains and losses.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On February 18, 2019, the Board of Directors of Chia TaiLianyungang Co., Ltd. had decided to sell its ownership of Lianyungang ChiaTai Agro-industry Development Co., Ltd. to Chia Tai (China) Investment Co., Ltd. for a consideration of RMB 66,500.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

(2) Financial risk of financial instruments

A. Financial instruments by category

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets measured at fair value through other comprehensive income		
Designation of equity instrument	$ 1,782,950	$ -
Available-for-sale financial assets	-	1,677,655
Financial assets at amortised cost / Loans and receivables		
Cash and cash equivalents	134,880	246,987
Notes receivable	359,097	378,098
Accounts receivable (including related parties)	2,149,093	1,807,739
Other accounts receivable (including related parties)	35,227	18,216
Refundable Deposits	47,039	42,973
	$ 4,508,286	$ 4,171,668

	December 31, 2018	December 31, 2017
Financial liabilities		
Short-term borrowings	$ 2,768,011	$ 2,261,383
Short-term notes and bills payable	619,270	499,489
Notes payable (including related parties)	394,109	469,642
Accounts payable (including related parties)	1,009,684	734,507
Other accounts payable (inlcuding related parties)	785,633	742,987
Long-term borrowings (including current portion)	2,553,000	1,773,000
Other financial liabilities	12,641	6,997
	$ 8,142,348	$ 6,488,005

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units.

C. Financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, HKD and CNY. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: CNY and HKD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2018				
	Foreign currency amount (in thousands)		Exchange rate		Book value (NTD)
(Foreign currency : functional currency)					
Financial assets					
Monetary items					
USD:HKD	USD	639	7.80	$	19,457
CNY:HKD	CNY	3,198	1.14		14,215
Non-monetary items					
THB:HKD	THB	1,889,280	0.24	$	1,782,950
Financial liabilities					
Monetary items					
USD:NTD	USD	6,299	30.77	$	193,790

	December 31, 2017				
	Foreign currency amount (in thousands)		Exchange rate		Book value (NTD)
(Foreign currency : functional currency)					
Financial assets					
Non-monetary item					
THB:HKD	THB	1,843,200	0.23	$	1,677,655
Financial liabilities					
Monetary item					
USD:NTD	USD	5,943	29.81	$	177,182

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 years ended December 31, 2018 and 2017 amounted to ($4,061) and $21,458, respectively.

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

	2018		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD：HKD	1%	$ 195	$ -
CNY：HKD	1%	142	-
Non-monetary item			
THB：HKD	1%	$ -	$ 17,830
Financial liabilities			
Monetary item			
USD：NTD	1%	($ 1,938)	$ -

	2017		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
Financial assets			
Non-monetary item			
THB：HKD	1%	$ -	$ 16,777
Financial liabilities			
Monetary item			
USD：NTD	1%	($ 1,772)	$ -

Price risk

i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as financial assets at fair value through other comprehensive income. Please refer to Note 6(2).

ii. For the Group's strategies for biological assets price risk, please refer to Note 6(5).

iii. The Group's investment in equity securities comprise foreign listed stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other equity for the years ended December 31, 2018 and 2017 would have increased/decreased by $17,830 and $16,777, respectively, as a result of gains/losses on equity securities classified as equity investment at fair value through other comprehensive income and available-for-sale equity investment.

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 years ended December 31, 2018 and 2017, 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 years ended December 31, 2018 and 2017, 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 years ended December 31, 2018 and 2017, would have been $20,424 and $14,716 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is the contract cash flows when counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 17 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. As a result, the Group should strengthen controls and follow-up procedures are implemented.

iv. The Group pays attention on specific customers whose payments were past due to confirm the debts and recognises the allowance for bad debts when there is a concern about default based on the assessment of customers' credit risk.

v. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss impairment under the provision matrix basis.

vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2018, the Group's written-off financial assets that are still under recourse procedures amounted to $2,173.

vii. (i) The expected loss rate for well-reputed customers is 0.03%. On December 31, 2018, the total book value of accounts receivable and loss allowance amounted to $712,662 and $0, respectively.

(ii) The Group used the forecastability of the global economy to adjust historical and timely information to assess the default possibility of accounts receivable in accordance with customers' credit. On December 31, 2018, the expected loss rate is as follows:

	Group A	Group B	Total
December 31, 2018			
Expected loss rate	0~100%	0.003%~10%	
Total book value	$ 28,974	$ 1,039,106	$ 1,068,080
Loss allowance	2,329	40	2,369

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

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

	2018
	Notes and accounts receivable (including related parties)
At January 1_IAS 39	$ 2,733
Adjustments under new standards	-
At January 1_IFRS 9	2,733
Provision for impairment	94
Write-offs	(458)
At December 31	$ 2,369

The impairment loss arising from customers' contracts for the year ended December 31, 2018 amounted to $94.

ix. Credit risk information for the year ended December 31, 2017 is provided in Note 12(4).

(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

December 31, 2018	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 2,768,011	$ -	$ -
Short-term notes and bills payable	619,270	-	-
Notes payable (including related parties)	394,109	-	-
Accounts payable (including related parties)	1,009,684	-	-
Other payables (including related parties)	785,633	-	-
Long-term borrowings (including current portion)	622,849	1,992,634	-
Other financial liabilities	6,653	6,209	-

December 31, 2017	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 2,261,383	$ -	$ -
Short-term notes and bills payable	500,000	-	-
Notes payable	469,642	-	-
Accounts payable (including related parties)	734,507	-	-
Other payables (including related parties)	742,987	-	-
Long-term borrowings (including current portion)	234,011	1,597,917	-
Other financial liabilities	2,718	4,451	-

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

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2) A.

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

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

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

Level 3: Unobservable inputs for the asset or liability.

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

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Biological assets	$ -	$ 730,384	$ -	$ 730,384
Financial assets at fair value through other comprehensive income:				
Equity securities	$ 1,782,950	$ -	$ -	$ 1,782,950

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Biological assets	$ -	$ 640,892	$ -	$ 640,892
Available-for-sale financial assets:				
Equity securities	$ 1,677,655	$ -	$ -	$ 1,677,655

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 and which are classified as available-for-sale financial assets.

(b) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

(c) Details of methods for measuring biological assets are provided in Note 6(5).

E. For the years ended December 31, 2018 and 2017, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2018 and 2017, there was no transfer into or out from Level 3.

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summary of significant accounting policies adopted in 2017:

(a) Available-for-sale financial assets

i. They are non-derivatives that are either designated in this category or not classified in any of the other categories.

ii. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

iii. They are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income.

(b) Loans and receivables

Accounts receivable

Accounts receivable are originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(c) Impairment of financial assets

i. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

ii. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(i) Significant financial difficulty of the issuer or debtor;

(ii) A breach of contract, such as a default or delinquency in interest or principal payments;

(iii) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(iv) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(v) The disappearance of an active market for that financial asset because of financial difficulties;

(vi) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(vii) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(viii) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

iii. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(i) Financial assets at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(ii) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

B. The reconciliations of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, 2018, IFRS 9, were as follows:

IAS 39 / IFRS 9	Available-for-sale-equity		Effects	
	Measured at fair value through other comprehensive income-equity	Total	Retained earnings	Other equity
Transferred into and measured at fair value through other comprehensive income—equity	$ 1,677,655	$ 1,677,655	$ -	$ -

Under IAS 39, because the equity instruments, which were classified as available-for-sale financial assets, amounting to $1,677,655, were not held for the purpose of trading, they were reclassified as "financial assets at fair value through other comprehensive income (equity instruments)" on initial application of IFRS 9.

C. The significant accounts as of December 31, 2017 are as follows:

Available-for-sale financial assets

Items	December 31, 2017
Non-current items:	
Listed stocks	$ 493,774
Valuation adjustment	1,183,881
	$ 1,677,655

(a) The Group recognised ($160,292) in other comprehensive income for fair value change for the year ended December 31, 2017, and reclassified $0 from equity to profit or loss.

(b) The subsidiary, Plenty Type Limited (Cayman Islands), holding the CPF's shares, which is traded on the Thailand Stock Exchange, and classified as available-for-sale financial assets. The Group received cash dividends (shown as other income) from CPF for the year ended December 31, 2017 amounting to $60,438.

(c) On July 4, 2017, the Board of Directors of Plenty Type Limited (Cayman Islands) adopted a resolution to increase capital by cash in the amount of USD 8 million to participate in the capital increase of CPF; Plenty Type Limited (Cayman Islands) acquired CPF 12,800,000 shares at THB 25 per share, for a total consideration of $287,583 (THB 320 million).

D. Credit risk information as of December 31, 2017 are as follows:

(a) 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. 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. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

(b) As of December 31, 2017, no credit limits were exceeded during the reporting period, and management does not expect any significant losses from non-performance by these counterparties.

(c) The ageing analysis of accounts receivable is as follows:

	December 31, 2017
Not past due	$ 1,546,747
Up to 180 days	64,798
181 to 365 days	3,168
Over 1 year	1,164
	$ 1,615,877

Note A: Both impaired and unimpaired accounts receivable are included.

B: The ageing analysis is based on the number of past-due days. The accounts receivable all meet the credit criteria taking account the industry characteristics, business scale and/or profitability of counterparties.

(d) Movements of financial assets that were impaired

Movements in the provision for impairment of accounts receivable are as follows:

	2017		
	Individual provision	Group provision	Total
At January 1	$ 2,958	$ -	$ 2,958
Reversal of impairment	(211)	-	(211)
Write-offs during the year	(14)	-	(14)
At December 31	$ 2,733	$ -	$ 2,733

(e) The credit quality based on the Group's credit criteria is as follows:

	December 31, 2017
Secured	$ 162,475
Unsecured	1,453,402
	$ 1,615,877

The Group holds mainly promissory notes, property and certificates of deposit as collaterals for accounts receivable.

(5) Effects of initial application of IFRS 15 and information and application of IAS 11 and IAS 18 in 2017

A. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017 are set out below:

Sales revenue

The Group manufactures and sells animal feed and meat products. Revenue is measured at the fair value of the consideration received or receivable taking into account of added-value tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. The revenue recognised by using above accounting policies for the year ended December 31, 2017 are as follows:

	2017
Sales revenue	$ 19,865,000

C. The effects on and description of current balance sheet items if the Group continues adopting the above accounting policies are as follows:

	December 31, 2018		
Balance sheet items	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from changes in accounting policy
Advance receipts	$ -	$ 100,652	($ 100,652)
Contract liabilities	100,652	-	100,652

In accordance with IFRS 15, the Group recognises contract liabilities in relation to contracts of sales of goods which were previously presented as advance receipts in the balance sheet. The accounting treatment under the standard has no effect on revenue and profit in the current period.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others during the year ended December 31, 2018: None.

C. Holding of marketable securities at December 31, 2018 (not including subsidiaries, associates and joint ventures):

	Marketable securities		Relationship with	General ledger	As of December 31, 2018			
Securities held by	Types	Name	the securities issuer	account	Number of shares	Book value	Ownership	Fair value (Note 1)
Plenty Type Limited (Cayman Islands)	Common share	CHAROEN POKPHAND (USA), INC.	None	Financial assets at fair value through profit or loss	4,501,000	$ -	0.02%	$ -
Plenty Type Limited (Cayman Islands)	Common share	CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED	(Note 2)	Financial assets at fair value through other comprehensive income	76,800,000	1,782,950	0.89%	1,782,950

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

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

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

Note 2: Investee company accounted for as financial assets at fair value through other comprehensive income by Plenty Type Limited (Cayman Islands).

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 year ended December 31, 2018: None.

E. Acquisition of real estate reaching NT$300,000 or 20% of paid-in capital or more during the year ended December 31, 2018: None.

F. Disposal of real estate reaching NT$300,000 or 20% of paid-in capital or more during the year ended December 31, 2018 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 year ended December 31, 2018:

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Chia Tai Food (Sugian)	Other related parties	Sales	($ 540,228) (CNY118,465 thousand)	(2.54%)	60 days	Same as third party transactions	Same as third party transactions	$ 156,782 (CNY 35,267 thousand)	6.25%	
Lianyungang Chia Tai Agro-industry Development Co., Ltd	Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd.	Other related parties	Sales	($ 168,836) (CNY 36,915 thousand)	(0.80%)	60 days	Same as third party transactions	Same as third party transactions	$ 163,663 (CNY 36,815 thousand)	6.53%	
Lianyungang Chia Tai Agro-industry Development Co., Ltd	Chia Tai Aquaculture (Nantong) Co., Ltd.	Other related parties	Sales	($ 302,391) (CNY 65,831 thousand)	(1.42%)	60 days	Same as third party transactions	Same as third party transactions	$ - (CNY 0 thousand)	0.00%	
Lianyungang Chia Tai Agro-industry Development Co., Ltd	Chia Tai (China) Investment Co., Ltd.	Other related parties	Purchases	($ 114,993) (CNY 24,877 thousand)	0.72%	30 days	Same as third party transactions	Same as third party transactions	($ 711) (CNY 160 thousand)	0.05%	
Lianyungang Chia Tai Agro-industry Development Co., Ltd	Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd.	Other related parties	Purchases	($ 316,631) (CNY 70,035 thousand)	1.98%	30 days	Same as third party transactions	Same as third party transactions	($ 264,637) (CNY 59,529 thousand)	18.85%	

H. Receivables from related parties reaching NT$100,000 or 20% of paid-in capital or more as at December 31, 2018: None.

I. Trading in derivative instruments undertaken during the year ended December 31, 2018: None

J. Significant inter-company transactions during the year ended December 31, 2018:

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 December 31, 2018			Net profit of the investee	Investment income recognised by the Company	Footnote
				Balance as of December 31, 2018	Balance as of December 31, 2017	Number of shares	Ownership (%)	Book value			
The Company	Plenty Type Limited (Cayman Islands)	Cayman Islands	Management of producing and non-producing business investments	$ 720,448	$ 720,448	96,370,079	100.00	$ 2,005,590	$ 46,184	$ 46,184	Subsidiary (Note 1)
The Company	Charoen Pokphand (Taiwan) Co., Ltd.	Taiwan	Management of importing and exporting businesses	20,086	20,086	2,443,716	90.00	34,096	5,057	4,552	Subsidiary
The Company	Arbor Acres (Taiwan) Co., Ltd.	Taiwan	Husbandry management of chickens to produce eggs and meat	60,131	60,131	1,600,000	50.00	64,560	39,994	19,997	Subsidiary
The Company	Rui Mu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	78,000	78,000	7,800,000	52.00	92,150	21,582	11,223	Subsidiary
The Company	Rui Fu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	102,000	51,000	10,200,000	51.00	100,415	8,869	4,523	Subsidiary
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	201,330	17,112	-	Indirectly owned subsidiary (Note 2)

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

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

(3) Information on investments in Mainland China

A. Basic information:

Investee in Mainland China	Main business activities	Paid-in Capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from /remitted back to Taiwan during the period: Remitted to Mainland China	Amount remitted from /remitted back to Taiwan during the period: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net income of the investee	Ownership held by the Company (direct or indirect)	Investment income recognised by the company (Note 2)	Book value of investment as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote
Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Feeds producing, poultry raising, processing and sales.	USD 5,400 (in thousand)	2	USD 4,276 (in thousand)	$ -	$ -	USD 4,276 (in thousand)	$ 30,415	70.00	$ 21,291	$ 174,584	$ -	Note 4

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018 (Note 4)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)(Note 5)	Ceiling on investments in Mainland China imposed by the Investment Commission of the MOEA
The Company	USD 4,276 (in thousand)	USD 13,517 (in thousand)	$ 4,159,185

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

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company (Chia Tai Lianyungang Co., Ltd.) in the third area, which then invested in the investee in Mainland China.

(3) Others.

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

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

Note 4: The paid-in capital was US$5,400 thousand, which was translated into New Taiwan Dollars based on the historical exchange rates and the accumulated amount of remittance from Taiwan to Mainland China as of January 1 and December 31, 2018 were both US$4,276 thousand. The amounts in the table are translated into New Taiwan Dollars at the spot exchange rates prevailing at December 31, 2018.

Note 5: The amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) is US$13,517 thousand. The amount in the table is translated into New Taiwan Dollars at the spot exchange rates prevailing at December 31, 2018.

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

14. OPERATING SEGMENT INFORMATION

(1) General information

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

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

A. Feeds business: Manufacture and sale of animal feeds and wholesale of commodity;

B. Meat processing business;

C. Food processing business; and

D. Husbandry business: Husbandry management of chickens to produce eggs and meat.

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

(2) Measurement of segment information

The Chief Operating Decision-Maker evaluates the performance of the operating segments based on revenue and a measure of profit before income tax. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as goodwill impairment. The measurement also excludes the effects of unrealised gains/losses on financial instruments, interest expense and foreign exchange gain or loss, since the action are managed by central management department, operating department are not included.

(3) Segment information

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

2018	Feeds	Meat processing	Food processing	Husbandry	Others	Total
Revenues from third parties	$ 13,068,237	$ 4,467,479	$ 2,715,807	$ 911,608	$ 71,955	$ 21,235,086
Revenues from the Group	205,711	21,875	631	27,458	40,591	296,266
Total segment revenue	$ 13,273,948	$ 4,489,354	$ 2,716,438	$ 939,066	$ 112,546	$ 21,531,352
Segment income (loss)	$ 1,195,975	$ 136,246	$ 99,302	$ 90,009	($ 146,317)	$ 1,375,215

2017	Feeds	Meat processing	Food processing	Husbandry	Others	Total
Revenues from third parties	$ 12,425,749	$ 3,931,315	$ 2,749,738	$ 686,075	$ 72,123	$ 19,865,000
Revenues from the Group	141,354	32,827	426	27,607	31,176	233,390
Total segment revenue	$ 12,567,103	$ 3,964,142	$ 2,750,164	$ 713,682	$ 103,299	$ 20,098,390
Segment income (loss)	$ 1,659,823	$ 127,991	$ 114,015	$ 76,365	($ 124,311)	$ 1,853,883

(4) 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 years ended December 31, 2018 and 2017 is provided as follows:

	2018	2017
Reportable segment income	$ 1,521,532	$ 1,978,194
Other segment loss	(146,317)	(124,311)
Total segment	1,375,215	1,853,883
Interest expense	(63,304)	(40,053)
Foreign exchange (losses) gains, net	(4,061)	21,458
Income before tax from continuing operations	$ 1,307,850	$ 1,835,288

(5) Information on products and services

Please refer to Note 14(3) for the related information.

(6) Geographical information

Geographical information for the years ended December 31, 2018 and 2017 is as follows:

2018	Domestic	Asia	Total
Revenues from third parties	$ 18,947,659	$ 2,287,427	$ 21,235,086
Revenues from the Group	296,266	-	296,266
Total revenue	$ 19,243,925	$ 2,287,427	$ 21,531,352
Segment assets –non-current	$ 7,961,381	$ 144,074	$ 8,105,455

2017	Domestic	Asia	Total
Revenues from third parties	$ 17,996,021	$ 1,868,979	$ 19,865,000
Revenues from the Group	233,390	-	233,390
Total revenue	$ 18,229,411	$ 1,868,979	$ 20,098,390
Segment assets –non-current	$ 6,830,835	$ 145,198	$ 6,976,033

(7) Major customer information

For the years ended December 31, 2018 and 2017, the Group has no customers accounting for more than 10% of consolidated sales revenue. Therefore, no additional disclosure is required.