

**CHAROEN POKPHAND ENTERPRISE
(TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
JUNE 30, 2019 AND 2018**

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



資誠

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and subsidiaries (the “Group”) as at June 30, 2019 and 2018, and the related consolidated statements of comprehensive income for the three-month and six-month period then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

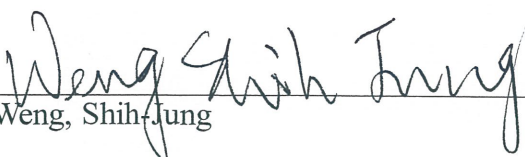
We conducted our reviews in accordance with the Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible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

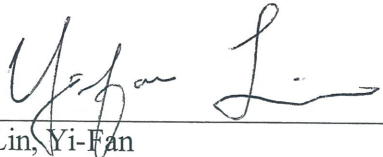


資誠

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2019 and 2018, and of its consolidated financial performance for the three-month and six-month period then ended and its consolidated cash flows for the six-month period then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.


Weng, Shih Jung


Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

August 6, 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)
(The balance sheets as of June 30, 2019 and 2018 are reviewed, not audited)

ASSETS	Notes	June 30, 2019		December 31, 2018		June 30, 2018		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 280,618	2	\$ 134,880	1	\$ 267,219	2
1150	Notes receivable, net	6(3)	353,855	2	359,097	2	366,042	2
1170	Accounts receivable, net	6(3)	1,706,099	10	1,778,373	11	1,511,085	10
1180	Accounts receivable - related parties	7	-	-	370,720	3	346,310	2
1200	Other receivables		8,624	-	21,072	-	8,825	-
1210	Other receivables - related parties	7	-	-	14,155	-	11,084	-
130X	Inventories, net	6(4)	1,490,527	8	1,294,023	8	1,767,427	12
1400	Biological assets - current	6(5)	1,355,407	8	1,253,446	8	1,171,971	8
1410	Prepayments		466,802	3	603,932	4	334,683	2
1460	Non-current assets held for sale, net	6(6), 7 and 8	567,420	3	-	-	-	-
1470	Other current assets	6(1) and 8	7,450	-	7,450	-	2,900	-
11XX	Total current assets		<u>6,236,802</u>	<u>36</u>	<u>5,837,148</u>	<u>37</u>	<u>5,787,546</u>	<u>38</u>
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	2,189,753	13	1,782,950	11	1,715,740	11
1600	Property, plant and equipment	6(7) and 8	8,000,151	46	7,617,265	48	7,160,520	47
1755	Right-of-use assets	6(8)	346,596	2	-	-	-	-
1780	Intangible assets	6(9)	14,731	-	15,059	-	15,097	-
1830	Biological assets - non-current	6(5)	366,984	2	347,198	2	327,313	2
1840	Deferred income tax assets		54,567	-	64,611	1	72,787	1
1900	Other non-current assets		110,280	1	125,933	1	118,628	1
15XX	Total non-current assets		<u>11,083,062</u>	<u>64</u>	<u>9,953,016</u>	<u>63</u>	<u>9,410,085</u>	<u>62</u>
1XXX	Total assets		<u>\$ 17,319,864</u>	<u>100</u>	<u>\$ 15,790,164</u>	<u>100</u>	<u>\$ 15,197,631</u>	<u>100</u>

(Continued)

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

(Expressed in thousands of New Taiwan dollars)

(The balance sheets as of June 30, 2019 and 2018 are reviewed, not audited)

	Notes	June 30, 2019		December 31, 2018		June 30, 2018		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
LIABILITIES AND EQUITY								
Current liabilities								
2100	Short-term borrowings	6(10)	\$ 2,346,144	14	\$ 2,768,011	17	\$ 2,721,060	18
2110	Short-term notes and bills payable	6(11)	629,152	4	619,270	4	494,512	3
2150	Notes payable		370,484	2	394,109	2	322,245	2
2160	Notes payable - related parties	7	-	-	-	-	1,159	-
2170	Accounts payable		668,549	4	739,122	5	824,743	6
2180	Accounts payable - related parties	7	-	-	270,562	2	139,866	1
2200	Other payables	6(12)	1,463,691	8	764,203	5	1,476,045	10
2220	Other payables - related parties	7	21,398	-	21,430	-	26,365	-
2230	Current income tax liabilities		162,864	1	207,954	1	158,659	1
2260	Liabilities related to non-current assets held for sale	6(6)	349,974	2	-	-	-	-
2280	Current lease liabilities		19,772	-	-	-	-	-
2300	Other current liabilities	6(13)(14)	351,583	2	599,764	4	582,715	4
21XX	Total current liabilities		<u>6,383,611</u>	<u>37</u>	<u>6,384,425</u>	<u>40</u>	<u>6,747,369</u>	<u>45</u>
Non-current liabilities								
2540	Long-term borrowings	6(13)	2,979,792	17	1,959,750	13	1,616,375	11
2570	Deferred income tax liabilities		18,733	-	18,314	-	36,834	-
2580	Non-current lease liabilities		310,555	2	-	-	-	-
2600	Other non-current liabilities	6(14)	155,374	1	170,990	1	189,884	1
25XX	Total non-current liabilities		<u>3,464,454</u>	<u>20</u>	<u>2,149,054</u>	<u>14</u>	<u>1,843,093</u>	<u>12</u>
2XXX	Total liabilities		<u>9,848,065</u>	<u>57</u>	<u>8,533,479</u>	<u>54</u>	<u>8,590,462</u>	<u>57</u>
Equity attributable to owners of parent								
Share capital								
3110	Share capital - common stock	6(16)	2,679,910	16	2,679,910	17	2,679,910	17
Capital surplus								
3200	Capital surplus	6(17)	1,652	-	1,652	-	1,144	-
Retained earnings								
3310	Legal reserve	6(18)	733,781	4	638,708	4	638,708	4
3350	Unappropriated retained earnings		2,074,387	12	2,341,559	15	1,777,626	12
Other equity interest								
3400	Other equity interest		1,680,479	9	1,270,147	8	1,208,848	8
31XX	Equity attributable to owners of the parent		<u>7,170,209</u>	<u>41</u>	<u>6,931,976</u>	<u>44</u>	<u>6,306,236</u>	<u>41</u>
36XX	Non-controlling interest		<u>301,590</u>	<u>2</u>	<u>324,709</u>	<u>2</u>	<u>300,933</u>	<u>2</u>
3XXX	Total equity		<u>7,471,799</u>	<u>43</u>	<u>7,256,685</u>	<u>46</u>	<u>6,607,169</u>	<u>43</u>
Significant contingent liabilities and unrecognised contract commitments								
3X2X	Total liabilities and equity		<u>\$ 17,319,864</u>	<u>100</u>	<u>\$ 15,790,164</u>	<u>100</u>	<u>\$ 15,197,631</u>	<u>100</u>

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

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

	Items	Notes	Three months ended June 30			Six months ended June 30				
			2019		2018		2019		2018	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19) and 7	\$ 5,150,471	100	\$ 4,528,957	100	\$ 10,185,768	100	\$ 9,080,206	100
5000	Operating costs	6(4)(24)(25) and 7	(4,316,558)	(84)	(3,968,174)	(87)	(8,629,252)	(85)	(7,822,422)	(86)
5950	Net operating margin		833,913	16	560,783	13	1,556,516	15	1,257,784	14
	Operating expenses	6(24)(25) and 7								
6100	Selling and marketing expenses		(242,525)	(5)	(218,139)	(5)	(475,632)	(5)	(434,497)	(5)
6200	General and administrative expenses		(134,834)	(2)	(129,976)	(3)	(267,077)	(2)	(271,630)	(3)
6450	Gain on expected credit loss impairment	12(2)	45	-	41	-	85	-	169	-
6000	Total operating expenses		(377,314)	(7)	(348,074)	(8)	(742,624)	(7)	(705,958)	(8)
6500	Other income and expenses, net	6(5)(20)	31,015	1	11,259	-	10,852	-	(1,092)	-
6900	Operating profit		487,614	10	223,968	5	824,744	8	550,734	6
	Non-operating income and expenses									
7010	Other income	6(21) and 7	23,830	-	18,785	-	25,307	-	19,482	-
7020	Other gains and losses	6(22)	5,571	-	7,697	-	11,912	-	1,540	-
7050	Finance costs	6(23)	(19,674)	-	(14,382)	-	(36,890)	-	(27,437)	-
7000	Total non-operating income and expenses		9,727	-	3,294	-	329	-	9,495	-
7900	Profit before income tax		497,341	10	220,674	5	825,073	8	541,239	6
7950	Income tax expense	6(26)	(107,086)	(2)	(97,122)	(2)	(170,636)	(2)	(153,225)	(1)
8000	Profit for the period from continuing operations		390,255	8	123,552	3	654,437	6	388,014	5
8100	Profit (loss) from discontinued operations	6(6)	9,687	-	18,131	-	(5,190)	-	23,218	-
8200	Profit for the period		\$ 399,942	8	\$ 141,683	3	\$ 649,247	6	\$ 411,232	5

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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 earnings per share amounts)
(UNAUDITED)

	Items	Notes	Three months ended June 30			Six months ended June 30				
			2019		2018		2019		2018	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Other comprehensive income									
	Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Unrealised gain or loss on financial assets at fair value through other comprehensive income	6(2)	\$ 270,117	5	(\$ 177,007)	(4)	\$ 378,794	4	(\$ 2,912)	
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	-	-	-	-	-	-	(4,176)	
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		270,117	5	(177,007)	(4)	378,794	4	(7,088)	
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Currency translation differences of foreign operations		12,149	-	87,226	2	32,756	-	47,466	
8360	Other comprehensive income that will be reclassified to profit or loss		12,149	-	87,226	2	32,756	-	47,466	
8300	Total other comprehensive income (loss) for the period		\$ 282,266	5	(\$ 89,781)	(2)	\$ 411,550	4	\$ 40,378	
8500	Total comprehensive income for the period		\$ 682,208	13	\$ 51,902	1	\$ 1,060,797	10	\$ 451,610	
	Profit attributable to:									
8610	Owners of the parent		\$ 389,744	8	\$ 129,672	3	\$ 631,874	6	\$ 393,036	
8620	Non-controlling interest		10,198	-	12,011	-	17,373	-	18,196	
	Comprehensive income attributable to:		\$ 399,942	8	\$ 141,683	3	\$ 649,247	6	\$ 411,232	
8710	Owners of the parent		\$ 673,308	13	\$ 40,374	1	\$ 1,042,206	10	\$ 432,712	
8720	Non-controlling interest		8,900	-	11,528	-	18,591	-	18,898	
	Earnings per share (in dollars)		\$ 682,208	13	\$ 51,902	1	\$ 1,060,797	10	\$ 451,610	
9710	Basic earnings per share from continuing operations	6(27)	\$ 1.43	0.44	\$ 0.44	0.44	\$ 2.37	2.37	\$ 1.41	
9720	Basic earnings (loss) per share from discontinued operations		0.03	0.04	(0.01)	0.01	(0.01)	0.01	0.06	
9750	Total basic earnings per share		1.46	0.48	0.43	0.45	2.36	2.38	1.47	
9810	Diluted earnings per share from continuing operations		1.43	0.44	0.44	0.44	2.37	2.37	1.41	
9820	Diluted earnings (loss) per share from discontinued operations		0.03	0.04	(0.01)	0.01	(0.01)	0.01	0.06	
9850	Total diluted earnings per share		1.46	0.48	0.43	0.45	2.36	2.38	1.47	

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

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

Notes	Equity attributable to owners of the parent										Total	Non-controlling interest	Total equity	
	Retained Earnings					Other equity interest								
	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				
<u>For the six-month period ended June 30, 2018</u>														
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 restatement	-	-	-	-	-	-	(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 period	-	-	-	393,036	-	-	-	393,036	-	18,196	411,232			
Other comprehensive income (loss) for the period	-	-	-	(3,997)	46,585	(2,912)	-	39,676	702	40,378				
Total comprehensive income (loss)	-	-	-	389,039	46,585	(2,912)	-	432,712	18,898	451,610				
Appropriations of 2017 earnings	-	-	-	-	-	-	-	-	-	-				
Legal reserve	-	-	143,307	(143,307)	-	-	-	-	-	-				
Cash dividends to shareholders	-	-	-	(803,973)	-	-	-	(803,973)	-	-	(803,973)			
Capital surplus - dividends not received by shareholders	-	(1)	-	-	-	-	-	(1)	-	(1)				
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 June 30, 2018	2,679,910	1,144	638,708	1,777,626	23,968	1,184,880	6,306,236	6,607,169	300,933	6,607,169				
<u>For the six-month period ended June 30, 2019</u>														
Balance at January 1, 2019	\$ 2,679,910	\$ 1,652	\$ 638,708	\$ 2,341,559	\$ 27,240	\$ 1,242,907	\$ 6,931,976	\$ 7,256,685	\$ 324,709	\$ 7,256,685				
Profit for the period	-	-	-	631,874	-	-	631,874	631,874	17,373	649,247				
Other comprehensive income	-	-	-	-	31,538	378,794	-	410,332	1,218	411,550				
Total comprehensive income	-	-	-	631,874	31,538	378,794	-	1,042,206	18,591	1,060,797				
Appropriations of 2018 earnings	-	-	-	-	-	-	-	-	-	-				
Legal reserve	-	-	95,073	(95,073)	-	-	-	-	-	-				
Cash dividends to shareholders	-	-	-	(803,973)	-	-	-	(803,973)	-	(803,973)				
Cash dividends to non-controlling interest	-	-	-	-	-	-	-	-	(41,710)	(41,710)				
Balance at June 30, 2019	2,679,910	1,652	733,781	2,074,387	58,778	1,621,701	7,170,209	7,471,799	301,590	7,471,799				

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

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

	Notes	<u>For the six-month period ended June 30,</u>	
		<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit from continuing operations before tax		\$ 825,073	\$ 541,239
(Loss) profit from discontinued operations before tax		(2,643)	30,193
Profit before tax		822,430	571,432
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment gain	12(2)	(85)	(169)
Depreciation	6(7)(24)	304,479	265,585
Depreciation of right-of-use	6(8)(24)	18,251	-
Amortisation	6(24)	2,178	1,878
Interest income	6(21)	(9,390)	(6,294)
Interest expense	6(23)	37,439	27,437
Dividend income	6(2)(21)	(22,291)	(17,639)
Provision for loss on inventory market price decline	6(4)	20,381	6,912
Change in fair value less cost to sell of biological assets	6(5)(20)	(10,852)	1,092
(Gain) loss on disposal of property, plant and equipment	6(22)	(1,055)	3,851
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		280	12,056
Accounts receivable		72,359	102,228
Accounts receivable - related parties		173,840	(151,715)
Other receivables		8,989	2,708
Other receivables - related parties		(15,979)	(4,401)
Inventories		(372,291)	(555,682)
Biological assets		(110,895)	(107,342)
Prepayments		113,948	97,741
Changes in operating liabilities			
Notes payable		(23,625)	(147,397)
Notes payable - related parties		-	1,159
Accounts payable		(18,978)	188,664
Accounts payable - related parties		(149,586)	41,438
Other payables		102,044	30,166
Other payables - related parties		(32)	(1,845)
Accrued pension liabilities		(9,489)	(6,949)
Cash inflow generated from operations		932,070	354,914
Cash paid for income tax		(212,627)	(230,427)
Net cash flows from operating activities		719,443	124,487

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

	Notes	<u>For the six-month period ended June 30,</u>	
		<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in other current assets		\$ -	(\$ 900)
Acquisition of property, plant and equipment	6(29)	(874,777)	(982,472)
Proceeds from disposal of property, plant and equipment		2,207	1,937
Acquisition of intangible assets	6(9)	-	(254)
Decrease (increase) in other non-current assets		9,760	(1,753)
Cash receipt of interest		9,390	6,294
Cash receipt of dividends	6(2)(21)	22,291	17,639
Net cash flows used in investing activities		<u>(831,129)</u>	<u>(959,509)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings		(399,314)	459,677
Increase (decrease) in short-term notes and bills payable		9,882	(4,977)
Proceeds from long-term borrowings		2,600,000	1,400,000
Payment of long-term borrowings		(1,821,625)	(980,000)
Payment of lease liability	6(8)	(34,629)	-
Cash payment for interest		(38,042)	(26,587)
Cash receipt from non-controlling interest of a subsidiary through capital increase/establishment		-	49,000
Cash dividends paid to non-controlling interest		(41,710)	(46,981)
Capital surplus - dividends not received by shareholders		-	(1)
Net cash flows from financing activities		<u>274,562</u>	<u>850,131</u>
Effects of changes in foreign exchange rate		<u>2,663</u>	<u>5,123</u>
Non-current assets held for sale - cash	6(6)	<u>(19,801)</u>	<u>-</u>
Net increase in cash and cash equivalents		145,738	20,232
Cash and cash equivalents at beginning of period	6(1)	134,880	246,987
Cash and cash equivalents at end of period	6(1)	<u>\$ 280,618</u>	<u>\$ 267,219</u>

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

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 AND 2018

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

1. HISTORY AND ORGANISATION

Charoen Pokphand Enterprise (Taiwan) Co., Ltd. (the “Company”) was incorporated on August 22, 1977 as a company limited by shares under the Statute for Investment by Overseas Chinese and the provisions of the Company Act of the Republic of China. The main activities of the Company and its subsidiaries (collectively referred herein as the “Group”) are the manufacture and sale of animal feeds, livestock, chicken and processed meat products. The Company’s common stock has been traded on the Taiwan Stock Exchange since July 27, 1987. Charoen Pokphand Foods Public Company Limited (“CPF”), which 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 reported to the Board of Directors on July 31, 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 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'

- A. 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.
- B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Group increased 'right-of-use asset' by \$359,985, increased 'lease liability' by \$345,919 and decreased prepayments by \$14,174, property, plant and equipment by \$12,533 and lease payable by \$12,641 with respect to the lease contracts of lessees on January 1, 2019.
- C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
 - (a) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - (b) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.
 - (c) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- D. The Group calculated the present value of lease liabilities by using weighted average incremental borrowing interest rate of 1.44%.
- E. The Group recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$	406,811
Add: Lease payable recognised under finance lease by applying IAS 17 as at December 31, 2018		12,641
Less: Short-term leases exemption	(29,765)
Add: Lease contracts previously identified as service agreements		<u>4,029</u>
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	\$	<u>393,716</u>
Incremental borrowing interest rate at the date of initial application		<u>1.44%</u>
 Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	 \$	 <u>345,919</u>

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

None.

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

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

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 adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2018, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standards 34, 'Interim Financial Reporting' as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2018.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets at fair value through other comprehensive income.
 - (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
 - (c) Biological assets measured at fair value less costs to sell.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2018.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Note
			June 30, 2019	December 31, 2018	June 30, 2018	
The Company	Plenty Type Limited (Cayman Islands)	Management of producing and non-producing business investments	100.00	100.00	100.00	
The Company	Charoen Pokphand (Taiwan) Co., Ltd.	Management of importing and exporting business	90.00	90.00	90.00	
The Company	Arbor Acres (Taiwan) Co., Ltd.	Husbandry, management of chickens to produce breeder chicken and daily chicken	50.00	50.00	50.00	Note
The Company	Rui Mu Foods Co., Ltd.	Management of layers and related business	52.00	52.00	52.00	
The Company	Rui Fu Foods Co., Ltd.	Management of layers and related business	51.00	51.00	51.00	
Plenty Type Limited (Cayman Islands)	Chia Tai Lianyungang Co., Ltd.	Management of producing and non-producing business investments	99.99	99.99	99.99	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Note
			June 30, 2019	December 31, 2018	June 30, 2018	
Chia Tai Lianyungang Co., Ltd.	Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Feeds producing, poultry raising, processing and sales	70.00	70.00	70.00	

Note: 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.

- 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) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(5) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

Effective 2019

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability; and
 - (b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(6) Leased assets / leases (lessee)

Effective 2018

- 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.

(7) Income tax

- A. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- B. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income.

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

There have been no significant changes as of June 30, 2019. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2018.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Cash on hand and revolving funds	\$ 5,809	\$ 9,478	\$ 6,730
Checking accounts	13,341	3,031	2,747
Demand deposits	<u>281,269</u>	<u>122,371</u>	<u>257,742</u>
Total	300,419	134,880	267,219
Less: Non-current assets held for sale	(<u>19,801</u>)	<u>-</u>	<u>-</u>
	<u>\$ 280,618</u>	<u>\$ 134,880</u>	<u>\$ 267,219</u>

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

B. On June 30, 2019, the Group has restricted cash and cash equivalents pledged as collateral 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

<u>Items</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 515,492	\$ 507,724	\$ 505,124
Valuation adjustment	<u>1,674,261</u>	<u>1,275,226</u>	<u>1,210,616</u>
	<u>\$ 2,189,753</u>	<u>\$ 1,782,950</u>	<u>\$ 1,715,740</u>

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

	<u>For the three-month period ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 270,117</u>	<u>(\$ 177,007)</u>
Dividend income recognised in profit or loss held at end of period	<u>\$ 22,291</u>	<u>\$ 17,639</u>

	<u>For the six-month period ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 378,794	(\$ 2,912)
Dividend income recognised in profit or loss held at end of period	\$ 22,291	\$ 17,639

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.

(3) Notes and accounts receivable

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Notes receivable	\$ 358,817	\$ 359,097	\$ 366,042
Less: Non-current assets held for sale	(4,962)	-	-
	<u>\$ 353,855</u>	<u>\$ 359,097</u>	<u>\$ 366,042</u>
Accounts receivable	\$ 1,708,344	\$ 1,780,742	\$ 1,513,649
Less: Allowance for uncollectible accounts	(2,245)	(2,369)	(2,564)
	<u>\$ 1,706,099</u>	<u>\$ 1,778,373</u>	<u>\$ 1,511,085</u>

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

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Current	\$ 1,628,761	\$ 1,711,849	\$ 1,453,917
Up to 180 days	77,069	66,149	54,546
181 to 365 days	1,963	2,181	3,650
Over one year	551	563	1,536
	<u>\$ 1,708,344</u>	<u>\$ 1,780,742</u>	<u>\$ 1,513,649</u>

The above ageing analysis was based on past due date.

B. As of June 30, 2019, December 31, 2018 and June 30, 2018, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2018, the balance of accounts receivable and notes receivable from contracts with customers amounted to \$1,991,242.

C. As of June 30, 2019, December 31, 2018 and June 30, 2018, all the Group's notes receivable were not past due.

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

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
With guarantee	\$ 105,201	\$ 135,655	\$ 135,056
Without guarantee	<u>1,603,143</u>	<u>1,645,087</u>	<u>1,378,593</u>
	<u>\$ 1,708,344</u>	<u>\$ 1,780,742</u>	<u>\$ 1,513,649</u>

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

E. As at June 30, 2019, December 31, 2018 and June 30, 2018, 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 \$358,817, \$359,097 and \$366,042, respectively, while the amount that best represents the Group's accounts receivable were \$1,706,099, \$1,778,373 and \$1,511,085, respectively.

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

(4) Inventories

	June 30, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 846,879	\$ -	\$ 846,879
Packing supplies	27,017	(400)	26,617
Work in progress	31,778	-	31,778
Finished goods	723,643	(34,900)	688,743
General merchandise	36,425	(180)	36,245
Inventory in transit	15,671	-	15,671
	<u>1,681,413</u>	<u>(35,480)</u>	<u>1,645,933</u>
Less: Non-current assets held for sale	(155,406)	-	(155,406)
	<u>\$ 1,526,007</u>	<u>(\$ 35,480)</u>	<u>\$ 1,490,527</u>

	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
	<u>\$ 1,309,122</u>	<u>(\$ 15,099)</u>	<u>\$ 1,294,023</u>

	June 30, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,149,359	\$ -	\$ 1,149,359
Packing supplies	24,408	-	24,408
Work in progress	26,393	-	26,393
Finished goods	541,863	(14,065)	527,798
General merchandise	32,288	(507)	31,781
Inventory in transit	7,688	-	7,688
	<u>\$ 1,781,999</u>	<u>(\$ 14,572)</u>	<u>\$ 1,767,427</u>

The cost of inventories recognised as expense for the period:

	For the three-month period June 30,	
	2019	2018
Cost of goods sold	\$ 4,687,298	\$ 4,639,337
Loss on decline in market value	7,181	5,608
Others	(3,796)	1,288
Less: Operating costs from discontinued operations	(374,125)	(678,059)
	<u>\$ 4,316,558</u>	<u>\$ 3,968,174</u>

	For the six-month period ended June 30,	
	2019	2018
Cost of goods sold	\$ 9,275,089	\$ 8,863,730
Loss on decline in market value	20,381	6,912
Others	(3,353)	225
Less: Operating costs from discontinued operations	(662,865)	(1,048,445)
	<u>\$ 8,629,252</u>	<u>\$ 7,822,422</u>

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

	June 30, 2019	December 31, 2018	June 30, 2018
Biological assets - current:			
Consumable biological assets	\$ 1,036,202	\$ 992,020	\$ 974,921
Consumable biological assets - changes in fair value less costs to sell	47,387	36,535	28,190
Bearer biological assets	507,538	391,483	327,141
Bearer biological assets - accumulated depreciation	(235,720)	(166,592)	(158,281)
	<u>\$ 1,355,407</u>	<u>\$ 1,253,446</u>	<u>\$ 1,171,971</u>
Biological assets - non-current:			
Bearer biological assets	\$ 442,874	\$ 418,758	\$ 391,637
Bearer biological assets - accumulated depreciation	(75,890)	(71,560)	(64,324)
	<u>\$ 366,984</u>	<u>\$ 347,198</u>	<u>\$ 327,313</u>

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

B. Movements of biological assets were as follows:

	2019	2018
At January 1	\$ 1,600,644	\$ 1,393,034
Purchases	558,538	596,475
Costs and expenses input	3,270,084	2,855,924
Sales	(1,488,267)	(1,371,097)
Gains (losses) on changes in fair value less cost to sell	10,852	(1,092)
Transfer to inventories	(2,226,012)	(1,965,481)
Others	(3,448)	(8,479)
At June 30	<u>\$ 1,722,391</u>	<u>\$ 1,499,284</u>

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

The market prices or fair values at the present condition of breeders are unavailable due to short production cycle; the market prices or fair values at present condition of broiler chickens are difficult to obtain. The valuation based on a discounted cash flow method is considered unreliable given the uncertainty with respect to external factors such as climate, weather, diseases etc. Therefore, breeders and broiler chicken are measured using the cost approach. Cost of biological assets includes all costs incurred during the growth cycle such as 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 three-month and six-month period ended June 30, 2019 and 2018, depreciation expense of biological assets amounted to \$89,621, \$85,674, \$170,974 and \$139,444, respectively.

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

	June 30, 2019	December 31, 2018	June 30, 2018
Livestock production:			
Estimates of physical quantities (Units: heads)	<u>6,481,275</u>	<u>5,516,040</u>	<u>5,029,351</u>
Aquatic production:			
Estimates of physical quantities (Units: KG)	<u>-</u>	<u>318,313</u>	<u>311,801</u>
Estimates of physical quantities (Units: heads)	<u>-</u>	<u>-</u>	<u>5,300,000</u>

E. Financial risk management policies

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

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

A. The assets and liabilities related to Lianyungang Chia Tai Agro-industry Development Co., Ltd. have been reclassified as held for sale and presented as discontinued operations as they meet the definition of discontinued operations following the approval of Chia Tai Lianyungang Co., Ltd.'s Board of Directors on February 18, 2019 to sell all shares held in Lianyungang Chia Tai Agro-industry Development Co., Ltd. to the related party, Chia Tai (China) Investment Co., Ltd.

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

	For the six-month period ended June 30,	
	2019	2018
Operating cash flows	\$ 31,072	\$ 65,491
Investing cash flows	1,877	(17,836)
Financing cash flows	(31,057)	(43,739)
Total cash flows	<u>\$ 1,892</u>	<u>\$ 3,916</u>

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

	June 30, 2019
Cash and cash equivalents	\$ 19,801
Notes receivable	4,962
Accounts receivable - related parties	196,880
Other receivables	3,459
Other receivables - related parties	30,134
Inventories	155,406
Prepayments	24,444
Property, plant and equipment	119,148
Deferred income tax assets	8,884
Other non-current assets	4,302
	<u>\$ 567,420</u>

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

	<u>June 30, 2019</u>
Short-term borrowings	\$ 22,553
Accounts payable	51,595
Accounts payable to related parties	120,976
Other payables	150,911
Current income tax liabilities	3,939
	<u>\$ 349,974</u>

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

	<u>For the six-month period ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Operating revenue	\$ 709,198	\$ 1,140,251
Operating costs	(662,865)	(1,048,444)
Operating expenses	(57,858)	(68,429)
Total non-operating income and expenses	<u>8,882</u>	<u>6,815</u>
(Loss) profit before tax of discontinued operations	(2,643)	30,193
Income tax expense	(2,547)	(6,975)
(Loss) profit after tax of discontinued operations	<u>(\$ 5,190)</u>	<u>\$ 23,218</u>
Attributable to:		
Discontinued operations of parent company	(\$ 3,633)	\$ 16,253
Non-controlling interest	<u>(1,557)</u>	<u>6,965</u>
(Loss) profit after tax of discontinued operations	<u>(\$ 5,190)</u>	<u>\$ 23,218</u>

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

F. For the profit from continuing and discontinued operations attributable to owners of the parent, please refer to Note 6(27) Earnings per share for the details.

(7) Property, plant and equipment

	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2019</u>									
Cost	\$ 2,131,816	\$ 96,928	\$ 3,276,514	\$ 3,806,059	\$ 273,253	\$ 965,801	\$ 792,432	\$ 593,269	\$ 11,936,072
Accumulated depreciation and impairment	-	(34,726)	(1,242,450)	(2,137,433)	(166,031)	(444,698)	(306,002)	-	(4,331,340)
	<u>\$ 2,131,816</u>	<u>\$ 62,202</u>	<u>\$ 2,034,064</u>	<u>\$ 1,668,626</u>	<u>\$ 107,222</u>	<u>\$ 521,103</u>	<u>\$ 486,430</u>	<u>\$ 593,269</u>	<u>\$ 7,604,732</u>
<u>2019</u>									
Opening net book amount as at January 1	\$ 2,131,816	\$ 62,202	\$ 2,034,064	\$ 1,668,626	\$ 107,222	\$ 521,103	\$ 486,430	\$ 593,269	\$ 7,604,732
Additions	42,565	6,809	236,823	47,911	12,398	2,469	50,660	418,865	818,500
Disposals	-	-	-	-	(1,152)	-	-	-	(1,152)
Reclassifications	106,711	8,799	143,091	64,245	-	3,947	61,011	(387,804)	-
Depreciation	-	(4,413)	(85,729)	(115,343)	(18,453)	(45,507)	(35,034)	-	(304,479)
Net exchange differences	-	-	472	1,114	58	-	61	(7)	1,698
Closing net book amount as at June 30	<u>\$ 2,281,092</u>	<u>\$ 73,397</u>	<u>\$ 2,328,721</u>	<u>\$ 1,666,553</u>	<u>\$ 100,073</u>	<u>\$ 482,012</u>	<u>\$ 563,128</u>	<u>\$ 624,323</u>	<u>\$ 8,119,299</u>
<u>At June 30, 2019</u>									
Cost	\$ 2,281,092	\$ 112,536	\$ 3,615,793	\$ 3,918,977	\$ 277,761	\$ 971,342	\$ 899,758	\$ 624,323	\$ 12,701,582
Accumulated depreciation and impairment	-	(39,139)	(1,287,072)	(2,252,424)	(177,688)	(489,330)	(336,630)	-	(4,582,283)
	<u>2,281,092</u>	<u>73,397</u>	<u>2,328,721</u>	<u>1,666,553</u>	<u>100,073</u>	<u>482,012</u>	<u>563,128</u>	<u>624,323</u>	<u>8,119,299</u>
Less: Transferred non-current assets held for sales	-	-	(35,444)	(72,787)	(3,421)	-	(7,300)	(196)	(119,148)
	<u>\$ 2,281,092</u>	<u>\$ 73,397</u>	<u>\$ 2,293,277</u>	<u>\$ 1,593,766</u>	<u>\$ 96,652</u>	<u>\$ 482,012</u>	<u>\$ 555,828</u>	<u>\$ 624,127</u>	<u>\$ 8,000,151</u>

	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2018</u>									
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)
	<u>\$ 1,718,826</u>	<u>\$ 39,525</u>	<u>\$ 1,411,903</u>	<u>\$ 1,514,690</u>	<u>\$ 107,276</u>	<u>\$ 589,563</u>	<u>\$ 400,992</u>	<u>\$ 732,387</u>	<u>\$ 6,515,162</u>
<u>2018</u>									
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	15,830	5,296	79,031	48,593	13,357	7,606	53,110	692,979	915,802
Disposals	-	-	(4,758)	-	(1,024)	-	(6)	-	(5,788)
Reclassifications	190,500	1,711	339,139	95,917	13,952	4,697	37,864	(683,780)	-
Depreciation	-	(2,458)	(66,255)	(101,495)	(19,644)	(46,139)	(26,594)	-	(262,585)
Net exchange differences	-	-	359	516	32	-	22	-	929
Closing net book amount as at June 30	<u>\$ 1,925,156</u>	<u>\$ 44,074</u>	<u>\$ 1,759,419</u>	<u>\$ 1,558,221</u>	<u>\$ 113,949</u>	<u>\$ 555,727</u>	<u>\$ 465,388</u>	<u>\$ 741,586</u>	<u>\$ 7,163,520</u>
<u>At June 30, 2018</u>									
Cost	\$ 1,925,156	\$ 77,112	\$ 2,945,606	\$ 3,649,083	\$ 275,680	\$ 957,031	\$ 743,974	\$ 741,586	\$ 11,315,228
Accumulated depreciation and impairment	-	(33,038)	(1,186,187)	(2,090,862)	(161,731)	(401,304)	(281,586)	-	(4,154,708)
	<u>\$ 1,925,156</u>	<u>\$ 44,074</u>	<u>\$ 1,759,419</u>	<u>\$ 1,558,221</u>	<u>\$ 113,949</u>	<u>\$ 555,727</u>	<u>\$ 462,388</u>	<u>\$ 741,586</u>	<u>\$ 7,160,520</u>

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

	For the three-month period ended June 30,	
	2019	2018
Amount capitalised	\$ 927	\$ 1,002
Interest rate range	1.10%~1.63%	1.10%~1.63%

	For the six-month period ended June 30,	
	2019	2018
Amount capitalised	\$ 2,534	\$ 2,194
Interest rate range	1.10%~1.63%	1.10%~1.63%

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

C. As of June 30, 2019, December 31, 2018 and June 30, 2018, the Group held 174 parcels, 179 parcels and 111 parcels of agricultural land, respectively. The carrying amounts of land registered under the title of others amounted to \$885,444, \$876,746 and \$700,086, 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.

(8) Leasing arrangements - lessee

Effective 2019

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

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

	At June 30, 2019	For the three-month period ended June 30, 2019
	Carrying amount	Depreciation charge
Land	\$ 326,837	\$ 6,396
Buildings	7,377	908
Transportation equipment (Business vehicles)	4,106	687
Other equipment	8,276	1,309
	<u>\$ 346,596</u>	<u>\$ 9,300</u>

	For the six-month period ended June 30, 2019
	<u>Depreciation charge</u>
Land	\$ 12,791
Buildings	1,576
Transportation equipment (Business vehicles)	1,374
Other equipment	2,510
	<u>\$ 18,251</u>

- C. For the three-month and six-month period ended June 30, 2019, the additions to right-of-use assets were \$3,640 and \$4,862, respectively.
- D. The Group has no significant profit or loss in relation to lease contracts for the three-month and six-month period ended June 30, 2019.
- E. For the three-month and six-month period ended June 30, 2019, the Group's total cash outflow for leases was \$9,766 and \$34,629, respectively.

(9) Intangible assets

	<u>Software</u>	<u>Goodwill</u>	<u>Total</u>
<u>At January 1, 2019</u>			
Cost	\$ 10,568	\$ 13,430	\$ 23,998
Accumulated amortisation and impairment	(8,939)	-	(8,939)
	<u>\$ 1,629</u>	<u>\$ 13,430</u>	<u>\$ 15,059</u>
<u>2019</u>			
At January 1	\$ 1,629	\$ 13,430	\$ 15,059
Amortisation	(534)	-	(534)
Net exchange differences	-	206	206
June 30	<u>\$ 1,095</u>	<u>\$ 13,636</u>	<u>\$ 14,731</u>
<u>At June 30, 2019</u>			
Cost	\$ 10,568	\$ 13,636	\$ 24,204
Accumulated amortisation and impairment	(9,473)	-	(9,473)
	<u>\$ 1,095</u>	<u>\$ 13,636</u>	<u>\$ 14,731</u>

	Software	Goodwill	Total
<u>At January 1, 2018</u>			
Cost	\$ 9,814	\$ 13,061	\$ 22,875
Accumulated amortisation and impairment	(7,767)	-	(7,767)
	<u>\$ 2,047</u>	<u>\$ 13,061</u>	<u>\$ 15,108</u>
<u>2018</u>			
At January 1	\$ 2,047	\$ 13,061	\$ 15,108
Additions	254	-	254
Amortisation	(565)	-	(565)
Net exchange differences	-	300	300
June 30	<u>\$ 1,736</u>	<u>\$ 13,361</u>	<u>\$ 15,097</u>
<u>At March 31, 2018</u>			
Cost	\$ 10,068	\$ 13,361	23,429
Accumulated amortisation and impairment	(8,332)	-	(8,332)
	<u>\$ 1,736</u>	<u>\$ 13,361</u>	<u>\$ 15,097</u>

(10) Short-term borrowings

Type of borrowings	June 30, 2019	Interest rate range	Collateral
Unsecured borrowings	\$ 2,324,441	1.04%~1.75%	None
Letters of credit	21,703	2.88%	None
Secured borrowings	22,553	4.79%	Land use right
	<u>2,368,697</u>		and building
Less: Liabilities directly related to non-current assets held for sale	(22,553)		
	<u>\$ 2,346,144</u>		
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
	<u>\$ 2,768,011</u>		
Type of borrowings	June 30, 2018	Interest rate range	Collateral
Unsecured borrowings	\$ 2,417,500	1.00%~1.70%	None
Letters of credit	303,560	2.46%~3.80%	
	<u>\$ 2,721,060</u>		

(11) Short-term notes and bills payable

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Commercial paper payable	\$ 630,000	\$ 620,000	\$ 495,000
Less: Unamortised discounts	(848)	(730)	(488)
	<u>\$ 629,152</u>	<u>\$ 619,270</u>	<u>\$ 494,512</u>
Interest rates range	0.64%~0.93%	0.64%~0.94%	0.64%~0.19%

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

(12) Other payables

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Dividends payable	\$ 803,973	\$ -	\$ 803,973
Accrued salary	278,006	344,043	246,943
Payables for machinery and equipment	5,886	62,163	23,941
Contract liabilities	222,681	100,652	131,753
Others	304,056	257,345	269,435
	<u>1,614,602</u>	<u>764,203</u>	<u>1,476,045</u>
Less: Liabilities directly related to non-current assets held for sale	(150,911)	-	-
	<u>\$ 1,463,691</u>	<u>\$ 764,203</u>	<u>\$ 1,476,045</u>

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>June 30, 2019</u>
Secured loans	2016.8.2~2026.04.03	1.42%~1.63%	\$ 971,375
Unsecured credit loans	2017.9.6~2022.10.27	1.03%~1.50%	<u>2,360,000</u>
			3,331,375
Less: Current portion (shown as 'other current liabilities')			(351,583)
			<u>\$ 2,979,792</u>

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>December 31, 2018</u>
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%	<u>1,700,000</u>
			2,553,000
Less: Current portion (shown as 'Other current liabilities')			(593,250)
			<u>\$ 1,959,750</u>

Type of borrowings	Borrowing period	Interest rate range	June 30, 2018
Secured loans	2016.5.28~2022.12.15	1.42%~1.69%	\$ 943,000
Unsecured credit loans	2017.8.1~2022.10.27	1.03%~1.42%	1,250,000
			2,193,000
Less: Current portion (shown as 'Other current liabilities')			(576,625)
			<u>\$ 1,616,375</u>

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

(14) Finance lease liabilities

Effective 2018

- 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 June 30, 2018 are as follows:

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

	June 30, 2018		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
<u>Current</u> (shown as “Other current liabilities”)			
Not later than one year	\$ 6,250	(\$ 160)	\$ 6,090
<u>Non-current</u> (shown as “Other non-current liabilities”)			
Later than one year but not later than five years	8,050	(92)	7,958
	<u>\$ 14,300</u>	<u>(\$ 252)</u>	<u>\$ 14,048</u>

(15) Pensions

A. Defined benefit plans

- (a) The Company and its domestic subsidiaries have defined benefit pension plans in accordance with the Labor Standards Act, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit plans, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to specific percentage of the employees’ monthly salaries and wages to the retirement fund deposited with the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balances are insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions to cover the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$1,139, \$1,571, \$2,281 and \$3,142 for the three-month and six-month period ended June 30, 2019 and 2018, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ended December 31, 2019 have no material differences from actual contributions for the year ended December 31, 2018.

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 three-month and six-month period ended June 30, 2019 and 2018 were \$11,085, \$10,125, \$21,848 and \$20,215, 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 three-month and six-month period ended June 30, 2019 and 2018 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 three-month and six-month period ended June 30, 2019 and 2018 were \$1,904, \$1,986, \$3,461 and \$3,372, respectively.

(16) Share capital - common stocks

As of June 30, 2019, the Company’s authorised capital was \$3,579,000, consisting of 357,900 thousand shares of common stock, and the paid-in capital was \$2,679,910, consisting of 267,991 thousand shares of common stock with a par value of \$10 (in dollars) per share. All proceeds from shares issuance have been collected.

For the six-month period ended June 30, 2019 and 2018, there were no changes in the number of the Company’s ordinary shares outstanding.

(17) Capital surplus

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

(18) Retained earnings

A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay all taxes and offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve. A special reserve is set aside or reversed in accordance

with related laws or 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 appropriations of earnings for 2018 and 2017 have been resolved at the shareholders' meetings on June 26, 2019 and June 13, 2018, respectively, as follows:

	2018		2017	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 95,073		\$ 143,307	
Cash dividends	803,973	\$ 3	803,973	\$ 3

The effective dates for the above distribution of cash dividends are July 21, 2019 and July 18, 2018, respectively. Unpaid cash dividend is shown as "Other payables".

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

(19) Operating revenue

	For the three-month period ended June 30,	
	2019	2018
Revenue from contracts with customers	\$ 5,566,116	\$ 5,263,217
Less: Operating revenue from discontinued operations	(415,645)	(734,260)
	\$ 5,150,471	\$ 4,528,957

	<u>For the six-month period ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Revenue from contracts with customers	\$ 10,894,967	\$ 10,220,457
Less: Operating revenue from discontinued operations	(709,199)	(1,140,251)
	<u>\$ 10,185,768</u>	<u>\$ 9,080,206</u>

A. Disaggregation of revenue from contracts with customers

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

<u>For the three-month period ended</u>	<u>Domestic</u>	<u>Asia</u>	<u>Total</u>
<u>June 30, 2019</u>			
Total segment revenue	\$ 5,244,588	\$ 415,645	\$ 5,660,233
Inter-segment revenue	(94,117)	-	(94,117)
Revenue from external customer contracts	<u>\$ 5,150,471</u>	<u>\$ 415,645</u>	<u>\$ 5,566,116</u>
Timing of revenue recognition			
At a point in time	\$ 5,150,471	\$ 415,645	\$ 5,566,116
Less: Operating revenue from discontinued operations	-	(415,645)	(415,645)
	<u>\$ 5,150,471</u>	<u>\$ -</u>	<u>\$ 5,150,471</u>
<u>For the three-month period ended</u>	<u>Domestic</u>	<u>Asia</u>	<u>Total</u>
<u>June 30, 2018</u>			
Total segment revenue	\$ 4,602,132	\$ 734,260	\$ 5,336,392
Inter-segment revenue	(73,175)	-	(73,175)
Revenue from external customer contracts	<u>\$ 4,528,957</u>	<u>\$ 734,260</u>	<u>\$ 5,263,217</u>
Timing of revenue recognition			
At a point in time	\$ 4,528,957	\$ 734,260	\$ 5,263,217
Less: Operating revenue from discontinued operations	-	(734,260)	(734,260)
	<u>\$ 4,528,957</u>	<u>\$ -</u>	<u>\$ 4,528,957</u>

<u>For the six-month period ended</u> <u>June 30, 2019</u>	<u>Domestic</u>	<u>Asia</u>	<u>Total</u>
Total segment revenue	\$ 10,378,938	\$ 709,199	\$ 11,088,137
Inter-segment revenue	(193,170)	-	(193,170)
Revenue from external customer contracts	<u>\$ 10,185,768</u>	<u>\$ 709,199</u>	<u>\$ 10,894,967</u>
Timing of revenue recognition			
At a point in time	\$ 10,185,768	\$ 709,199	\$ 10,894,967
Less: Operating revenue from discontinued operations	-	(709,199)	(709,199)
	<u>\$ 10,185,768</u>	<u>\$ -</u>	<u>\$ 10,185,768</u>
<u>For the six-month period ended</u> <u>June 30, 2018</u>	<u>Domestic</u>	<u>Asia</u>	<u>Total</u>
Total segment revenue	\$ 9,211,142	\$ 1,140,251	\$ 10,351,393
Inter-segment revenue	(130,936)	-	(130,936)
Revenue from external customer contracts	<u>\$ 9,080,206</u>	<u>\$ 1,140,251</u>	<u>\$ 10,220,457</u>
Timing of revenue recognition			
At a point in time	\$ 9,080,206	\$ 1,140,251	\$ 10,220,457
Less: Operating revenue from discontinued operations	-	(1,140,251)	(1,140,251)
	<u>\$ 9,080,206</u>	<u>\$ -</u>	<u>\$ 9,080,206</u>

B. Contract liabilities

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

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>	<u>January 1, 2018</u>
Contract liabilities:				
Contract liabilities - advance receipts	\$ 222,681	\$ 100,652	\$ 131,753	\$ 82,423
Less: Transferred liabilities directly related to non-current assets held for sale	(72,681)	-	-	-
	<u>\$ 150,000</u>	<u>\$ 100,652</u>	<u>\$ 131,753</u>	<u>\$ 82,423</u>

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

(20) Other income and expenses, net

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

	For the three-month period ended June 30,	
	2019	2018
Other income and expenses, net	\$ 31,015	\$ 11,259

	For the six-month period ended June 30,	
	2019	2018
Other income and expenses, net	\$ 10,852	(\$ 1,092)

(21) Other income

	For the three-month period ended June 30,	
	2019	2018
Interest income:		
Interest income from bank deposits	\$ 4,115	\$ 3,591
Rental income	1,450	1,058
Dividend income	22,291	17,639
Less: Other income from discontinued operations	(4,026)	(3,503)
	\$ 23,830	\$ 18,785

	For the six-month period ended June 30,	
	2019	2018
Interest income:		
Interest income from bank deposits	\$ 9,390	\$ 6,294
Rental income	2,824	1,683
Dividend income	22,291	17,639
Less: Other income from discontinued operations	(9,198)	(6,134)
	\$ 25,307	\$ 19,482

(22) Other gains and losses

	For the three-month period ended June 30,	
	2019	2018
Gains on disposal of property, plant and equipment	\$ 592	\$ 323
Foreign exchange gains (losses)	398	(9,072)
Other gains and losses	4,621	1,521
Less: Other gains and losses from discontinued operations	(40)	(469)
	<u>\$ 5,571</u>	<u>(\$ 7,697)</u>

	For the six-month period ended June 30,	
	2019	2018
Gains (losses) on disposal of property, plant and equipment	\$ 1,055	(\$ 3,851)
Foreign exchange gains (losses)	3,040	(2,005)
Other gains and losses	8,050	4,997
Less: Other gains and losses from discontinued operations	(233)	(681)
	<u>\$ 11,912</u>	<u>(\$ 1,540)</u>

(23) Finance costs

	For the three-month period ended June 30,	
	2019	2018
Interest expense	\$ 19,950	\$ 14,382
Less: Finance costs from discontinued operations	(276)	-
	<u>\$ 19,674</u>	<u>\$ 14,382</u>

	For the six-month period ended June 30,	
	2019	2018
Interest expense	\$ 37,439	\$ 27,437
Less: Finance costs from discontinued operations	(549)	-
	<u>\$ 36,890</u>	<u>\$ 27,437</u>

(24) Expenses by nature (Including discontinued operations)

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

	For the three-month period ended June 30, 2018		
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 266,823	\$ 166,272	\$ 433,095
Depreciation on property, plant and equipment	123,985	10,517	134,502
Amortisation	634	350	984
	<u>\$ 391,442</u>	<u>\$ 177,139</u>	<u>\$ 568,581</u>

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

	For the six-month period ended June 30, 2018		
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 533,293	\$ 338,211	\$ 871,504
Depreciation on property, plant and equipment	244,271	21,314	265,585
Amortisation	1,174	704	1,878
	<u>\$ 778,738</u>	<u>\$ 360,229</u>	<u>\$ 1,138,967</u>

(25) Employee benefit expense (Including discontinued operations)

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

	For the three-month period ended June 30, 2018		
	Operating cost	Operating expenses	Total
Wages and salaries	\$ 225,471	\$ 147,402	\$ 372,873
Labor and health insurance	21,067	8,115	29,182
Pension costs	7,881	5,801	13,682
Other personnel expenses	12,404	4,954	17,358
	<u>\$ 266,823</u>	<u>\$ 166,272</u>	<u>\$ 433,095</u>

	For the six-month period ended June 30, 2019		
	Operating cost	Operating expenses	Total
Wages and salaries	\$ 529,759	\$ 298,197	\$ 827,956
Labor and health insurance	49,789	19,272	69,061
Pension costs	16,343	11,247	27,590
Other personnel expenses	28,241	8,275	36,516
	<u>\$ 624,132</u>	<u>\$ 336,991</u>	<u>\$ 961,123</u>

	For the six-month period ended June 30, 2018		
	Operating cost	Operating expenses	Total
Wages and salaries	\$ 449,658	\$ 299,353	\$ 749,011
Labor and health insurance	43,685	18,521	62,206
Pension costs	15,576	11,153	26,729
Other personnel expenses	24,374	9,184	33,558
	<u>\$ 533,293</u>	<u>\$ 338,211</u>	<u>\$ 871,504</u>

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

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

B. For the three-month and six-month period ended June 30, 2019 and 2018, employees' compensation was accrued at \$4,740, \$2,391, \$8,034 and \$5,548, respectively. The aforementioned amounts were recognised in wages and salaries expense.

For the six-month period ended June 30, 2019, 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 2018, the difference of \$258 between employees' compensation of \$12,410 resolved by the Board of Directors and the amount of \$12,152 recognised in the 2018 financial statements, mainly resulting from a variance in estimation, will be adjusted in profit or loss for 2019. The employees' compensation in 2018 has not yet been distributed, so the adjustment of the variance was not yet reflected in the consolidated financial statements of the Group.

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

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended June 30,	
	2019	2018
Current tax:		
Current tax on profits for the period	\$ 97,660	\$ 49,901
Tax on undistributed surplus earnings	2,696	46,499
Prior year income tax (over) underestimation	(109)	112
Total current tax	<u>100,247</u>	<u>96,512</u>
Deferred tax:		
Origination and reversal of temporary differences	8,994	5,272
Impact of change in tax rate	-	-
Total deferred tax	<u>8,994</u>	<u>5,272</u>
Income tax expense	109,241	101,784
Less: Income tax expenses from discontinued operations	(2,155)	(4,662)
	<u>\$ 107,086</u>	<u>\$ 97,122</u>

	For the six-month period ended June 30,	
	2019	2018
Current tax:		
Current tax on profits for the period	\$ 168,932	\$ 119,382
Tax on undistributed surplus earnings	2,696	46,499
Prior year income tax (over) underestimation	(109)	112
Total current tax	<u>171,519</u>	<u>165,993</u>
Deferred tax:		
Origination and reversal of temporary differences	1,664	3,005
Impact of change in tax rate	-	(8,798)
Total deferred tax	<u>1,664</u>	<u>(5,793)</u>
Income tax expense	173,183	160,200
Less: Income tax expenses from discontinued operations	(2,547)	(6,975)
	<u>\$ 170,636</u>	<u>\$ 153,225</u>

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

	For the three-month period ended June 30,	
	2019	2018
Remeasurement of defined benefit obligations	<u>\$ -</u>	<u>\$ -</u>

	For the six-month period ended June 30,	
	2019	2018
Remeasurement of defined benefit obligations	<u>\$ -</u>	<u>\$ 4,176</u>

- B. The income tax returns through 2017 of the Company and its subsidiaries - Charoen Pokphand (Taiwan) Co., Ltd., Arbor Acres (Taiwan) Co., Ltd., Rui Mu Foods Co., Ltd. and Rui Fu Foods Co., Ltd. have been assessed and approved by the Tax Authority.
- C. 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.
- D. 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 undistributed retained earnings applicable income tax rate was decreased from 10% to 5% effective from January 1, 2018.

(27) Earnings per share

	For the three-month period ended June 30, 2019		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 382,963	<u>267,991</u>	\$ 1.43
Profit from discontinued operations	<u>6,781</u>		<u>0.03</u>
Profit attributable to ordinary shareholders	<u>\$ 389,744</u>		<u>\$ 1.46</u>
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 382,963	267,991	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	<u>-</u>	<u>140</u>	
Profit from continuing operations attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	382,963	<u>268,131</u>	\$ 1.43
Profit from discontinued operations	<u>6,781</u>		<u>0.03</u>
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 389,744</u>	<u>268,131</u>	<u>\$ 1.46</u>

For the three-month period ended June 30, 2018

	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 116,980	<u>267,991</u>	\$ 0.44
Profit from discontinued operations	<u>12,692</u>		<u>0.04</u>
Profit attributable to ordinary shareholders	<u>\$ 129,672</u>		<u>\$ 0.48</u>
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 116,980	267,991	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	<u>-</u>	<u>134</u>	
Profit from continuing operations attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	116,980	<u>268,125</u>	\$ 0.44
Profit from discontinued operations	<u>12,692</u>		<u>0.04</u>
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 129,672</u>	<u>268,125</u>	<u>\$ 0.48</u>

For the six-month period ended June 30, 2019

	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 635,507	<u>267,991</u>	\$ 2.37
Profit from discontinued operations	(3,633)		(0.01)
Profit attributable to ordinary shareholders	<u>\$ 631,874</u>		<u>\$ 2.36</u>
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 635,507	267,991	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	<u>259</u>	
Profit from continuing operations attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	635,507	<u>268,250</u>	\$ 2.37
Profit from discontinued operations	(3,633)		(0.01)
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 631,874</u>	<u>268,250</u>	<u>\$ 2.36</u>

For the six-month period ended June 30, 2018

	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 376,783	<u>267,991</u>	\$ 1.41
Profit from discontinued operations	<u>16,253</u>		<u>0.06</u>
Profit attributable to ordinary shareholders	<u>\$ 393,036</u>		<u>\$ 1.47</u>
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 376,783	267,991	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	<u>-</u>	<u>280</u>	
Profit from continuing operations attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	376,783	<u>268,271</u>	\$ 1.41
Profit from discontinued operations	<u>16,253</u>		<u>0.06</u>
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 393,036</u>	<u>268,271</u>	<u>\$ 1.47</u>

(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, \$9,769 and \$18,556 in profit or loss for the year ended December 31, 2018 and the three-month and six-month period ended June 30, 2018, respectively.

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

	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Not later than one year	\$ 38,557	\$ 39,271
Later than one year but not later than five years	131,034	133,585
Over five years	<u>237,220</u>	<u>243,316</u>
	<u>\$ 406,811</u>	<u>\$ 416,172</u>
Issued post-dated checks	<u>\$ 13,521</u>	<u>\$ 14,444</u>

(29) Supplemental cash flow information

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

	<u>For the six-month period ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Acquisition of property, plant and equipment	\$ 818,500	\$ 915,802
Add: Opening balance of payable on equipment	62,163	97,662
Opening balance of financial lease liabilities	-	6,997
Less: Ending balance of payable on equipment	(5,886)	(23,941)
Ending balance of financial lease liabilities	<u>-</u>	<u>(14,048)</u>
Cash paid during the period	<u>\$ 874,777</u>	<u>\$ 982,472</u>

B. Financing activities with no cash flow effects:

	<u>For the six-month period ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Cash dividends declared but not yet distributed	<u>\$ 803,973</u>	<u>\$ 803,973</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Charoen Pokphand Foods Public Co., Ltd. (CPF)	Ultimate parent company
Charoen Pokphand Group Co., Ltd. (CPG)	Other related parties
C.P. Merchandising Company Limited	"
C.P. Land Public Company Limited	"
Chia Tai Feedmill Pte. Ltd.	"
Leadership Development Charoen Pokphand Group Co., Ltd.	"
Ta Chung Investment Co., Ltd.	"
Chung Ta Investment Co., Ltd.	"
Perfect Companion (Taiwan) Co., Ltd.	"
C.P. Aquaculture (Dongfang) Co., Ltd.	"
Chia Tai (China) Investment Co., Ltd.	"
Chia Tai (China) Agro-industrial Ltd.	"
Chia Tai Aquaculture (Nantong) Co., Ltd.	"
Chia Tai Food (Suqian) Co., Ltd.	"
Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd.	"
C.P. Trading (China) Co., Ltd.	"
Chia Tai Electronic Commerce (Zhejiang) Co., Ltd.	"
C.P. Premix (Tianjin) Co., Ltd.	"
C.P. Premix (Nantong) Co., Ltd.	"
C.P. Premix (Guanghan) Co., Ltd.	"
Jiangsu C.T. & Suken Swine Co., Ltd.	"
Jiansu Huai Yin Chia Tai Co., Ltd.	"
Wuhan Chia Tai Aquaculture Co., Ltd.	"
Henan C.T. Poultry Co., Ltd.	"
Pizhou Chia Tai Food Co., Ltd.	"
Qingdao Chia Tai Agricultural Development Co., Ltd.	"
Nantong Chia Tai Co., Ltd.	"
Nantong Chia Tai Livestock & Poultry Co., Ltd.	"
Nantong Chia Tai Agriculture Development Co., Ltd.	"
Nantong Chia Tai Feedmill Co., Ltd.	"
Xuzhou Chia Tai Feed Co., Ltd.	"
Taizhou Chia Tai Feed Co., Ltd.	"
Huaian C.P. Livestock Co., Ltd.	"
Xiamen Chia Tai Agriculture Co., Ltd.	"
Chuzhou Chia Tai Co., Ltd.	"
Ningbo Chia Tai Agriculture Co., Ltd.	"
Fuzhou Da Fu Co., Ltd.	"

Names of related parties	Relationship with the Group
Guangdong Chia Tai Biotechnology Co., Ltd.	Other related parties
Guangdong Zhanjiang Chia Tai Aquaculture Co., Ltd.	"
Zhumadian Huazhong Chia Tai Co., Ltd.	"
Chia Tai (Hainan) Agro-Industry Co., Ltd.	"
Zhengzhou CP Pokphand Trade Development Co., Ltd.	"
Hung Peng-Da	"
Huang Wei-I	"
Hung Yu-Chun	"

(3) Significant related party transactions and balances

A. Operating revenue

	For the three-month period ended June 30,	
	2019	2018
Sales of goods:		
Other related parties	\$ 133,968	\$ 399,816
Less: Operating revenue from discontinued operations	(133,968)	(399,816)
	<u>\$ -</u>	<u>\$ -</u>
	For the six-month period ended June 30,	
	2019	2018
Sales of goods:		
Other related parties	\$ 280,512	\$ 648,050
Less: Operating revenue from discontinued operations	(280,512)	(648,050)
	<u>\$ -</u>	<u>\$ -</u>

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

B. Purchases

	For the three-month period ended June 30,	
	2019	2018
Purchase of goods:		
Ultimate parent company	\$ 9,492	\$ 3,349
Other related parties	174,346	178,271
Less: Purchase from discontinued operations	(173,974)	(177,434)
	<u>\$ 9,864</u>	<u>\$ 4,186</u>

	<u>For the six-month period ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Purchase of goods:		
Ultimate parent company	\$ 12,538	\$ 12,358
Other related parties	277,024	280,395
Less: Purchase from discontinued operations	(271,679)	(276,143)
	<u>\$ 17,883</u>	<u>\$ 16,610</u>

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

C. Receivables from related parties

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Accounts receivable:			
Other related parties	\$ 196,880	\$ 370,720	\$ 346,310
Other receivables:			
Other related parties	30,134	14,155	11,084
	<u>227,014</u>	<u>384,875</u>	<u>357,394</u>
Less: Non-current assets held for sale	(227,014)	-	-
	<u>\$ -</u>	<u>\$ 384,875</u>	<u>\$ 357,394</u>

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

D. Payables to related parties

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Notes and accounts payable:			
Other related parties	\$ 120,976	\$ 270,562	\$ 141,025
Less: Liabilities directly related to non-current assets held for sale	(120,976)	-	-
	<u>\$ -</u>	<u>\$ 270,562</u>	<u>\$ 141,025</u>

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

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

	For the three-month period ended June 30,	
	2019	2018
Rental income:		
Other related parties	\$ 159	\$ 159

	For the six-month period ended June 30,	
	2019	2018
Rental income:		
Other related parties	\$ 404	\$ 404

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

F. Technical service agreement

- (a) The Company signed a technical service agreement with CPG since 1996. CPG helps the Company to manufacture feeds, raise animals and to process meat products, and the Company pays compensation of THB12 million (net value) for the services annually. The commitment would not be terminated except when any of the two parties would agree to end the agreement. For the three-month and six-month period ended June 30, 2019 and 2018, the Company recognised technical service expenses amounting to \$3,542, \$3,004, \$6,889 and \$6,216, respectively. As of June 30, 2019, December 31, 2018 and June 30, 2018, the outstanding balance was approximately \$0, \$156 and \$86, respectively.
- (b) The Company signed a technical service agreement with CPG at the end of 2015. CPG helps the Company to raise animals and provides consulting services of related technical skills, and the Company pays compensation of \$700 for the services monthly. The contract is effective for 5 years. For the three-month and six-month period ended June 30, 2019 and 2018, the Company recognised technical service expense amounting to \$2,100, \$2,100, \$4,200 and \$4,200, respectively. As of June 30, 2019, December 31, 2018 and June 30, 2018, the outstanding balances all were \$2,100.

G. Trademark licensing agreement

The Company signed a trademark license agreement with CPG at the end of 2015. The contract authorises the Company to use ‘CP’ as trademark in the designated area (Republic of China). Royalties are paid monthly based on 1.5% of the net amount of sales. The contract is effective for 5 years. For the three-month and six-month period ended June 30, 2019 and 2018, the Company recognised royalties amounting to \$19,299, \$24,179, \$37,629 and \$48,342, respectively. As of June 30, 2019, December 31, 2018 and June 30, 2018, the outstanding balance was approximately \$19,298, \$19,174 and \$24,179, 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

	For the three-month period ended June 30,	
	2019	2018
Salaries and other short-term employee benefits	\$ 40,632	\$ 20,918
Post-employment benefits	389	380
Total	<u>\$ 41,021</u>	<u>\$ 21,298</u>

	For the six-month period ended June 30,	
	2019	2018
Salaries and other short-term employee benefits	\$ 83,117	\$ 119,688
Post-employment benefits	778	759
Total	<u>\$ 83,895</u>	<u>\$ 120,447</u>

8. PLEDGED ASSETS

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

Pledged assets	Book value			Purpose
	June 30, 2019	December 31, 2018	June 30, 2018	
Time deposits - shown as 'Other current assets'	\$ 7,450	\$ 7,450	\$ 2,900	Guarantee deposit
Land use right (shown as 'Non-current assets classified as held for sale')	3,529	3,611	-	Credit line of short-term borrowing
Land	142,803	103,557	103,557	Long-term borrowings
Buildings and structures	450,324	201,598	200,709	Long-term borrowings
	<u>\$ 604,106</u>	<u>\$ 316,216</u>	<u>\$ 307,166</u>	

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 June 30, 2019, December 31, 2018 and June 30, 2018, the Group had opened unused letters of credit for purchases of raw materials and machinery of approximately \$521,224, \$510,882 and \$518,833, respectively.
- (2) As of June 30, 2019, December 31, 2018 and June 30, 2018, the Group had several outstanding construction contracts and equipment purchase agreements. The balance outstanding was approximately \$381,836, \$385,915 and \$246,093, respectively, and will be paid based on percentage of completion.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- (1) On July 31, 2019, the Board of Directors of the Company resolved to increase the capital of the subsidiary, Rui Fu Foods Co., Ltd., in proportion to its original ownership. The Company acquired 5,100,000 shares of ordinary shares amounting to \$51,000.
- (2) On July 31, 2019, the Board of Directors of the Company resolved to expand the layers and related business of the subsidiary, Rui Fu Foods Co., Ltd., and planned to establish a new company in joint venture with Li Chun Farm Product Co., Ltd., with an estimated investment amount of \$60,000 and 60% of the shares will be held by the subsidiary, Rui Fu Foods Co., Ltd..
- (3) On August 5, 2019, the board of directors of Rui Mu Foods Co., Ltd. resolved the proposal for acquiring land from other related parties in the amount of \$40,932 which has not yet been paid.

12. OTHERS

(1) Capital risk management

There were no significant changes in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2018.

(2) Financial risk of financial instruments

A. Financial instruments by category

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
<u>Financial assets</u>			
Financial assets measured at fair value through other comprehensive income			
Designation of equity instrument	\$ 2,189,753	\$ 1,782,950	\$ 1,715,740
Financial assets at amortised cost			
Cash and cash equivalents	280,618	134,880	267,219
Notes receivable	353,855	359,097	366,042
Accounts receivable (including related parties)	1,706,099	2,149,093	1,857,395
Other accounts receivable (including related parties)	8,624	35,227	19,909
Refundable deposits	51,238	47,039	43,080
Other financial assets	7,450	7,450	2,900
	<u>\$ 4,597,637</u>	<u>\$ 4,515,736</u>	<u>\$ 4,272,285</u>

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 2,346,144	\$ 2,768,011	\$ 2,721,060
Short-term notes and bills payable	629,152	619,270	494,512
Notes payable (including related parties)	370,484	394,109	323,404
Accounts payable (including related parties)	668,549	1,009,684	964,609
Other accounts payable (including related parties)	1,485,089	785,633	1,502,410
Long-term borrowings (including current portion)	3,331,375	2,553,000	2,193,000
Lease liability	330,327	12,641	14,048
	<u>\$ 9,161,120</u>	<u>\$ 8,142,348</u>	<u>\$ 8,213,043</u>

B. Financial risk management policies

There were no significant changes in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2018.

C. Financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

	June 30, 2019		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:HKD	USD 1,235	7.80	\$ 38,180
CNY:HKD	CNY 7,171	1.14	32,346
<u>Non-monetary items</u>			
THB:HKD	THB 2,169,600	0.25	\$ 2,189,753
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	USD 3,025	31.11	\$ 94,122

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

June 30, 2018					
		Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	
(Foreign currency : functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:HKD	USD	1,920	7.80	\$	58,163
CNY:HKD	CNY	18,298	1.19		84,232
<u>Non-monetary item</u>					
THB:HKD	THB	1,858,560	0.24	\$	1,715,740
<u>Financial liabilities</u>					
<u>Monetary item</u>					
USD:NTD	USD	12,035	30.51	\$	367,191

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

- v. Total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and six-month period ended June 30, 2019 and 2018 amounted to \$398, (\$9,072), \$3,040 and (\$2,005), respectively.

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

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

	For the six-month period ended June 30, 2018		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : HKD	1%	\$ 582	\$ -
CNY : HKD	1%	842	-
<u>Non-monetary item</u>			
THB : HKD	1%	\$ -	\$ 17,157
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD : NTD	1%	(\$ 3,672)	\$ -

Price risk

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

- iii. The Group's investment in equity securities comprise foreign listed stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other equity for the six-month period ended June 30, 2019 and 2018 would have increased/decreased by \$21,898 and \$17,157, respectively, as a result of gains/losses on equity securities classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the six-month period ended June 30, 2019 and 2018, the Group's borrowings at variable rate were denominated in NTD.
- ii. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios run only for liabilities that represent the major interest-bearing positions.
- iii. For the six-month period ended June 30, 2019 and 2018, if interest rates on NTD-denominated borrowings at that date had been 1% higher/lower with all other variables held constant, post-tax profit for the six-month period ended June 30, 2019 and 2018, would have been \$13,326 and \$8,772 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

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

17 days, there has been a significant increase in credit risk on that instrument since initial recognition. As a result, the Group should strengthen controls and make follow-up procedures.

- iv. The Group pays attention on specific customers whose payments were past due to confirm the debts and recognises the allowance for bad debts when there is a concern about default based on the assessment of customers' credit risk.
- v. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss impairment under the provision matrix basis.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On June 30, 2019, December 31, 2018 and June 30, 2018, the Group's written-off financial assets that are still under recourse procedures amounted to \$460, \$2,173 and \$1,226, respectively.
- vii. (i) The expected loss rate for well-reputed customers is 0.03%. On June 30, 2019, December 31, 2018 and June 30, 2018, the total book value of accounts receivable and loss allowance amounted to \$732,321 and \$0, \$712,662 and \$0, \$666,367 and \$0, respectively.
- (ii) The Group used the forecastability of the global economy to adjust historical and timely information to assess the default possibility of accounts receivable in accordance with customers' credit. On June 30, 2019, December 31, 2018 and June 30, 2018, the expected loss rate is as follows:

	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>June 30, 2019</u>			
Expected loss rate	0%~100%	0.003%~10%	
Total book value	\$ 24,545	\$ 951,478	\$ 976,023
Loss allowance	2,245	-	2,245
	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>December 31, 2018</u>			
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
	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>June 30, 2018</u>			
Expected loss rate	0~100%	0.003%~10%	
Total book value	\$ 29,737	\$ 817,545	\$ 847,282
Loss allowance	2,526	38	2,564

Note: Customers are categorised into Group A and B based on their credit rating. The

expected loss rate is assessed on an individual basis under each group.

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

	<u>For the six-month period ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
	Notes and accounts receivable (including related parties)	Notes and accounts receivable (including related parties)
At January 1	\$ 2,369	\$ 2,733
Reversal of impairment loss	(85)	(169)
Write-offs	(39)	-
At June 30	<u>\$ 2,245</u>	<u>\$ 2,564</u>

The impairment loss arising from customers' contracts for the six-month period ended June 30, 2019 and 2018 amounted to \$85 and \$169, respectively.

(c) Liquidity risk

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

Non-derivative financial liabilities

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

Non-derivative financial liabilities

December 31, 2018	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
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	-

Non-derivative financial liabilities

June 30, 2018	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 2,721,060	\$ -	\$ -
Short-term notes and bills payable	494,512	-	-
Notes payable	323,404	-	-
Accounts payable (including related parties)	964,609	-	-
Other payables (including related parties)	1,502,410	-	-
Long-term borrowings (including current portion)	603,376	1,647,044	-
Other financial liabilities	6,090	7,958	-

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

(3) Fair value information

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

<u>June 30, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Biological assets	\$ -	\$ 740,062	\$ -	\$ 740,062
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ 2,189,753	\$ -	\$ -	\$ 2,189,753
<u>December 31, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Biological assets	\$ -	\$ 730,384	\$ -	\$ 730,384
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ 1,782,950	\$ -	\$ -	\$ 1,782,950
<u>June 30, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Biological assets	\$ -	\$ 703,494	\$ -	\$ 703,494
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ 1,715,740	\$ -	\$ -	\$ 1,715,740

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

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

(b) The Group takes into account adjustments for credit risks to measure the fair value of

financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

- (c) Details of methods for measuring biological assets are provided in Note 6(5).
- E. For the six-month period ended June 30, 2019 and 2018, there was no transfer between Level 1 and Level 2.
- F. For the six-month period ended June 30, 2019 and 2018, there was no transfer into or out from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others during the six-month period ended June 30, 2019: None.
- C. Holding of marketable securities at June 30, 2019 (not including subsidiaries, associates and joint ventures):

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of June 30, 2019		
	Types	Name			Number of shares	Book value	Ownership
Plenty Type Limited (Cayman Islands)	Common share	CHAROEN POKPHAND (USA), INC.	None	Financial assets at fair value through profit or loss	4,501,000	\$ -	0.02% \$ -
Plenty Type Limited (Cayman Islands)	Common share	CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED	(Note 2)	Financial assets at fair value through other comprehensive income	76,800,000	2,189,753	0.89% 2,189,753

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 six-month period ended June 30, 2019: None.
- E. Acquisition of real estate reaching NT\$300,000 or 20% of paid-in capital or more during the six-month period ended June 30, 2019: None.
- F. Disposal of real estate reaching NT\$300,000 or 20% of paid-in capital or more during the six-month period ended June 30, 2019:

Real estate disposed by	Transaction date or date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Relationship with the seller	Basis or reference used	
							Reason for disposal	Other commitments
Arbor Acres (Taiwan) Co., Ltd.	2019/5/13	1973/1/1	\$ 977	\$ 794,120	Gain (loss) on disposal	Third parties	Operational needs	Investment property appraisal report
					Note 4	Li Chong-Hua and Jiah Hwei Steel Corporation.		-

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the disposal real estate should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Note 4: The transaction is still in process. Therefore, gain or loss on disposal will be available when the transfer is completed.

G. Purchases or sales of goods from or to related parties reaching NT\$100,000 or 20% of paid-in capital or more during the six-month period ended June 30, 2019:

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Chia Tai Aquaculture (Nantong) Co., Ltd	Other related parties	Sales	(\$114,917) (CNY 25,193 thousands)	1.05%	60 days	Same as third party transactions	Same as third party transactions	\$27,959 (CNY 6,199 thousands)	1.24%
Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd.	Other related parties	Purchases	\$188,224 (CNY 41,254 thousands)	2.27%	30 days	Same as third party transactions	Same as third party transactions	\$111,017 (CNY 24,613 thousands)	9.16%

H. Receivables from related parties reaching NT\$100,000 or 20% of paid-in capital or more as at June 30, 2019:

Creditor	Relationship with the counterparty	Balance as at June 30, 2019 (Note 1)	Turnover rate		Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			Amount	Turnover rate	Amount	Action taken		
Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Counterparty Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd.	\$102,295 (CNY 22,679 thousand)	\$	0.04	\$	-	\$	-

I. Trading in derivative instruments undertaken during the six-month period ended June 30, 2019: None

J. Significant inter-company transactions during the six-month period ended June 30, 2019:

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

(2) Information on investees

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

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of June 30, 2019			Net profit of the investee	Investment income recognised by the Company	Footnote
				Balance as of June 30, 2019	Balance as of December 31, 2018	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	\$ 2,427,700	\$ 11,777	\$ 11,777	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	34,136	4,661	4,195	Subsidiary
The Company	Arbor Acres (Taiwan) Co., Ltd.	Taiwan	Husbandry management of chickens to produce breeder chicken and daily chicken	60,131	60,131	1,600,000	50	34,826	4,532	2,266	Subsidiary
The Company	Rui Mu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	78,000	78,000	8,814,000	52	106,082	26,791	13,931	Subsidiary
The Company	Rui Fu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	102,000	102,000	10,200,000	51	103,890	6,813	3,475	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	198,265	(6,296)	-	Indirectly owned subsidiary (Note 2)

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

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

(3) Information on investments in Mainland China

A. Basic information:

Investee in Mainland China	Main business activities	Paid-in Capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to		Amount remitted from /remitted back to Taiwan during the period		Accumulated amount of remittance from Taiwan to		Ownership held by the Company (direct or indirect)	Investment income recognised by the company (Note 2)	Book value of investment as of June 30, 2019	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2019	Footnote
				Mainland China as of January 1, 2019	Mainland China as of June 30, 2019	Remitted to Mainland China	Remitted back to Taiwan	Mainland China as of June 30, 2019	Net income of the investee					
Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Feeds producing, poultry raising, processing and sales.	\$ 142,846	2	\$ 132,599	\$ -	\$ -	\$ -	\$ 132,599	\$ 5,190	70	(\$ 3,633)	\$ 152,212	\$ -	Note 4

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2019 (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
	\$	132,599		
The Company	\$	132,599	\$ 419,162	\$ 4,302,126

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

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

Note 2: Based on the financial statements reviewed 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 June 30, 2019 were both US\$4,276 thousand. The amounts in the table are translated into New Taiwan dollars at the spot exchange rates prevailing at June 30, 2019.

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 June 30, 2019.

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) Segment information

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

	For the three-month period ended June 30, 2019					
	Feeds	Meat processing	Food processing	Husbandry	Others	Total
Revenues from third parties (Note 1)	\$ 3,282,979	\$ 1,214,776	\$ 724,302	\$ 321,612	\$ 22,447	\$ 5,566,116
Revenues from the Group	70,295	6,300	-	8,366	9,156	94,117
Total segment revenue	\$ 3,353,274	\$ 1,221,076	\$ 724,302	\$ 329,978	\$ 31,603	\$ 5,660,233
Segment income (loss) (Note 2)	\$ 452,981	\$ 44,805	\$ 42,906	\$ 20,056	\$ (32,013)	\$ 528,735

	For the three-month period ended June 30, 2018					
	Feeds	Meat processing	Food processing	Husbandry	Others	Total
Revenues from third parties (Note 1)	\$ 3,292,590	\$ 1,137,534	\$ 623,382	\$ 194,338	\$ 15,373	\$ 5,263,217
Revenues from the Group	43,832	6,793	-	10,471	12,079	73,175
Total segment revenue	\$ 3,336,422	\$ 1,144,327	\$ 623,382	\$ 204,809	\$ 27,452	\$ 5,336,392
Segment income (loss) (Note 2)	\$ 253,040	\$ 25,669	\$ 9,763	\$ 17,039	\$ (38,590)	\$ 266,921

For the six-month period ended June 30, 2019

	Feeds	Meat processing	Food processing	Husbandry	Others	Total
Revenues from third parties (Note 1)	\$ 6,535,918	\$ 2,264,886	\$ 1,427,113	\$ 624,547	\$ 42,503	\$ 10,894,967
Revenues from the Group	137,364	27,974	338	10,827	16,667	193,170
Total segment revenue	\$ 6,673,282	\$ 2,292,860	\$ 1,427,451	\$ 635,374	\$ 59,170	\$ 11,088,137
Segment income (loss) (Note 2)	\$ 710,562	\$ 66,484	\$ 92,743	\$ 49,483	(\$ 62,443)	\$ 856,829

For the six-month period ended June 30, 2018

	Feeds	Meat processing	Food processing	Husbandry	Others	Total
Revenues from third parties (Note 1)	\$ 6,268,591	\$ 2,214,494	\$ 1,321,966	\$ 386,535	\$ 28,871	\$ 10,220,457
Revenues from the Group	86,799	11,097	298	13,340	19,402	130,936
Total segment revenue	\$ 6,355,390	\$ 2,225,591	\$ 1,322,264	\$ 399,875	\$ 48,273	\$ 10,351,393
Segment income (loss) (Note 2)	\$ 543,331	\$ 78,777	\$ 29,457	\$ 28,154	(\$ 78,845)	\$ 600,874

Note 1 : Including operating revenue from discontinued operations.

Note 2 : Including profit (loss) from discontinued operations.

(3) Reconciliation for segment income (loss)

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

A reconciliation of reportable segment income to the income before tax from continuing operations for the three-month and six-month period ended June 30, 2019 and 2018 is provided as follows:

	For the three-month period June 30,	
	2019	2018
Reportable segment income	\$ 560,748	\$ 305,511
Other segment loss	(32,013)	(38,590)
Total segment	528,735	266,921
Interest expense	(19,950)	(14,382)
Foreign exchange gains (losses), net	398	(9,072)
Income before tax from discontinued segment	(11,842)	(22,793)
Income before tax from continuing segment	<u>\$ 497,341</u>	<u>\$ 220,674</u>

	For the six-month period ended June 30,	
	2019	2018
Reportable segment income	\$ 919,272	\$ 679,719
Other segment loss	(62,443)	(78,845)
Total segment	856,829	600,874
Interest expense	(37,439)	(27,437)
Foreign exchange gains (losses), net	3,040	(2,005)
Income before tax from discontinued segment	2,643	(30,193)
Income before tax from continuing segment	<u>\$ 825,073</u>	<u>\$ 541,239</u>