Stock Code：1215

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.

2019 Annual Report

Printed on May 8, 2020

Annual Report is available at:
https://mops.twse.com.tw (Taiwan Stock Exchange Market Observation Post System)
http://www.cptwn.com.tw (Corporate Website)

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Letter to Shareholders

Dear shareholders and honorable guests,

Welcome shareholders and guests to participate in the 2020 Annual Shareholders' Meeting. On behalf of the Company's directors and all the colleagues, I would like to thank you for your kindness and support for the Company over the years.

Looking back in the first half year of 2019, due to the influence of Sino-US trade disputes and Brexit, the global trade grew only 1.1%. The trade disputes affecting the manufacturers' confidence and corporate operational decisions turning conservative have impact on emerging markets and developing economies such as performance of China manufacturing industries. On the other hand, the doubts of corporations toward the economy prospects also postpone the investment that resulted in the major economic entities such as the corporations in the United States and Europe also facing difficult situation of weak investment.

Envisioning 2020, African swine fever in China is continuing to spread, impact of Sino-US trade disputes is not end, the impacts of Brexit and epidemic of COVID-19, and economic situation is influenced by big scale of isolation and travel bans. The expenditure by enterprises or consumers will drop sharply. Due to the impact of COVID-19 pandemic on business, the forecast of global economic growth is expected to be cut sharply.

In 2019, various business indicators, including production and marketing cost control, breeding management, livestock breeding rates, breeder egg production rates, brand management, physical marketing channels, e-commerce channel development, have shown progress compared to the previous years. Also, with the efforts of the management team and all colleagues and gains on disposal of land, 2019 EPS of NT$5.46 hit a record high since the Company's stock was listed on the Taiwan Stock Exchange. It is expected that a stable development will be seen in 2020. However, it is necessary to observe uncontrollable external factors such as the period length of panic consumption resulted from the COVID-19 pandemic, bulk grain price fluctuations and changes in oil prices, exchange rates, poultry and livestock prices, etc. The following business strategies will continue to be carried out in the future:

1. CP Group is dedicated to develop as KITCHEN OF THE WORLD. In order to speed up and increase the variety of new products development to meet Taiwan consumers' dietary needs, the Taiwan R&D team and the R&D center of Thailand Head Office keep in touch to share information on global meat processing products, consumption trends, technology of production procedures, etc. The synergy and the new product development model the Group promoted were fully exercised. In addition, CP Taiwan sent personnel to Head Office for training regularly, while Taiwan's successful products are shared with Head Office for reference. Together establish and share database of products and technology.

2. TOTAL SOLUTION providing to customers has always been our business philosophy. Our commitments to customers are to understand their needs and provide unique products. Therefore, we continuously improve our development technology and manufacturing capacity. We have an abundant database of technology and products that could help us shorten development period to 2-4 weeks and produce products which meet clients' requirements.

3. In the future, we will be more diversified in product development. In addition to devote time and effort to existing meat processing product market, we will also target on small families and single person to develop and sell frozen and refrigerated prepared food as well as food can reserve in normal temperature such as meat floss, jerkies and processed food to meet the consumers' versatile dietary needs.

4. Our Company is projected to invest NT$1.3 billion to establish an AI automated additive-free feedmill in Yunlin Technology-based Industrial Park in Douliou City, Yunlin County and already started construction in Feb. 2018. We will introduce the world's most advanced AI automated three-dimensional storage equipment that all processes from raw materials entering warehouse, crushing and mixing, preparation to packaging will use AI automated production, while raw material inspection and finished products loading and unloading will adopt the AI automation system. It will save the overall manpower by 50% compared to the existing feedmill. Mass production is expected to be commenced after completion in the third quarter of 2020. In the future, it will become a new driving force for operating performance to increase the market share to more than 20%.

The Company has been well aware of the frequent incidents of food safety in recent years. CP Group Chairman, Dhanin Chearavanont, adhering to the corporate philosophy of "for the country, for the people, and for the enterprise" expects all the colleagues to take into account the economy, corporate social responsibility (CSR) and environmental protection when promoting policies, as well as the philosophy of fully protecting the consumers' food safety and health.

As far as the 2019 operation result and the 2020 business objectives, we would like to invite our CEO, Mr. Thong Chotirat, to present to all the shareholders and honorable guests.

Finally, wish all shareholders and guests good health, peace and happiness.

Chairman

Wu Yeh Cheng

Dear Shareholders and honorable guests,

Total consolidated operating revenue of the Company for 2019 was NT$21,173,634 thousand, a NT$2,225,975 thousand and 11.7% growth compared with 2018. The structure of operating revenue is illustrated as follows:

1. Feed Business
   The operating revenue was NT$7,903,787 thousand, approximately 37.3% of the total operating revenue, with a 8.5% growth compared with NT$7,283,734 thousand in 2018.

2. Agriculture and Livestock Business
   The operating revenue was NT$8,940,030 thousand, approximately 42.2% of the total operating revenue, with a 9.4% growth compared with NT$8,169,374 thousand in 2018.

3. Consumable Food Products
   The operating revenue was NT$4,329,817 thousand, approximately 20.5% of the total operating revenue, with a 23.9% growth compared with NT$3,494,551 thousand in 2018.

In conclusion, net operating margin was NT$3,022,377 thousand obtained from total operating revenue deducted operating costs NT$18,151,257 thousand. The operating profit was NT$1,459,297 thousand, the profit before income tax was NT$2,203,030 thousand, and the earnings per share was NT$5.46.

The results of 2019 operating performance, business plan, budget implementation, and financial analysis and 2020 business plan overview are illustrated in the Annual Report, please refer to page 5~6.

Envisioning the coming year, all colleagues and I will fulfill the strategy and the budget target for the year of 2020 assigned by the Board of Directors with the best efforts. I sincerely invite every shareholder to continue giving us your kind support and concern, and offer your comments without hesitation.

Finally, I wish all the shareholders and honorable guests have good health, success, and happiness.

Chief Executive Officer

Thong Chotirat

I. 2019 Business Report

1. Operating Performance

Please refer to the previous page.

2. Budget Implementation

In accordance with the Regulations Governing the Publication of Financial Forecast of Public Companies, the Company does not have to prepare 2019 financial forecasts to the public. However, the overall business performance is generally in line with the company's internal operating plan.

3. Finance Income and Costs and Profitability Analysis

(1) Finance Income and Costs

A. 2019 interest income was NT$ 17,543 thousand which is from bank deposits.

B. 2019 interest expense was NT$ 80,567 thousand which is from bank borrowings.

(2) Profitability Analysis

Item	2019
Return on total assets	10.96%
Return on owners' equity	22.96%
Ratio of profit before income tax to paid-in capital	82.21%
Profit margin	8.61%
Earnings Per Share	NT$ 5.46

4. Research and Development

(1) Develop forming meat technology for providing more diversified and higher quality chicken nugget products to meet consumers' versatile needs.

(2) Targeting the needs and trends for high-protein diets of the current health and fitness population, we developed many flavored chicken breast salad products and sold in all channels successfully.

II. 2020 Business Plan and Future Development Strategy

1. Operating Principles

For a long time, we have been dedicated to the agriculture, livestock, and food core business. We aggressively established a business model to integrate upper, middle, and lower stream of the industry, including feed manufacturing, livestock breeding, electric slaughtering, fresh frozen meat, meat processing food, egg products, etc. In addition, implementing our marketing strategies of brands enhancement, intensive physical e-commerce channels, procurement and R&D strategies, and also the most rigorous quality control operation, we insist on a fully control of quality and completed traceability from raw material supply chain management, processing, warehousing to products delivering in order to ensure the food safety. Our consistent business philosophy is to provide consumers with high-quality meat which is safe, hygienic, convenient, healthy, and highly qualified with reasonable price.

2. Sales forecast and its reference

In accordance with past performance and changes of market demand, 2020 projected sales volume illustrated as follows:

Item	Unit	Projected sales volume
Feed and extruded ingredients	Tons	700,000
Livestock Fresh Meat	Tons	135,000
Consumable Food	Tons	40,000

3. Important Production and Marketing Policy

After joined the World Trade Organization (WTO), Taiwan lifted all bans on meat imports in 2005. Under the impact of globalization, the domestic and foreign business environment is bound to face greater challenges while the price competition is more brutal. In order to ease the pressure from price competition, we will focus on our business strategies of brand enhancement, channels operating, use of the Group's global procurement network, and innovative R&D technologies to provide consumers with differentiated, unique and competitive products that are safe, healthy, hygienic, convenient and affordable.

III. The External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

1. After Taiwan joined the WTO, opening meat import in all-round way took its toll in 2005. Commodity trading crossed the barriers of the international regions, turning the world into single markets and inevitably resulting in more intense competition. The Group has been actively engaged in integration and utilization of intensive brand marketing, channel deep-plowing, strengthening marketing, global procurement network platform and innovative R&D resource, which have shown significant benefits in terms of lowering raw materials costs, enhancing product quality and added value, and after-sales services.
2. In recent years, food safety incidents such as plasticizers, lean meat powder, poisonous starch, poisonous soy sauce, mixed oil in edible oil, and feed oil falsely claimed to be edible oil have taken place one after another in Taiwan. Food safety becomes a serious issue across the world. In order to ensure our products meet the food safety requirements, and to provide consumers with safe, heathy, convenient, affordable, and high-quality meats, the Company has been practiced CAS, TGAP, ISO22000, HACCP, and other systems. In addition, we adopt the most rigorous quality control and completed traceability throughout the process from material supply chain management, processing, warehousing to delivering.
3. Looking back in the first half year of 2019, due to the influence of Sino-US trade disputes and Brexit, the global trade grew only 1.1%. The trade disputes affecting the manufacturers' confidence and corporate operational decisions turning conservative have impact on emerging markets and developing economies such as performance of China manufacturing industries. On the other hand, the doubts of corporations toward the economy prospects also postpone the investment that resulted in the major economic entities such as the corporations in the United States and Europe also facing difficult situation of weak investment.

   Envisioning 2020, African swine fever in China is continuing to spread, impact of Sino-US trade disputes is not end, the impacts of Brexit and epidemic of COVID-19, and economic situation is influenced by big scale of isolation and travel bans. The expenditure by enterprises or consumers will drop sharply. Due to the impact of COVID-19 pandemic on business, the forecast of global economic growth is expected to be cut sharply.

Company Profile

I. Date of Incorporation：August 22, 1977

II. Company History

1977： The Charoen Pokphand Group, encouraged by the R.O.C. Government’s investment project for overseas Chinese, decided to invest the animal husbandry and feed business in Taiwan. In August, the company was incorporated as Charoen Pokphand Feedmill Co., Ltd. and founded headquarter in Taipei. Also, the Company started the construction of the first feedmill in Yongan Industrial Park, Kaohsiung. The excellent pellet feed which C.P. Taiwan introduced made the Taiwan’s feed industry into a new era.

1984： The Company set up Taichung Plant in Kwanlien Industrial Park, Taichung, and started operation in October.

1987： The Company became a stock listed company in July.

1988： The Meat Processing Plant was established in Nantou, and the Company was therefore renamed as Charoen Pokphand Enterprise (Taiwan) Co., Ltd.

1989： The investment of Hong Kong Plenty Type Ltd. moves the Company step on international, multilateral and integral objective.

1990： The Meat Further Processing Plant started to produce various meat products, such as sausage, ham, hot-dog, chicken nugget, etc.

1992： The Company indirectly invested in China Lianyungang Chia Tai Agro-industry Development Co., Ltd.

1993： The Company engaged in western franchise restaurant with the investment of Taiwan Sizzler Co., Ltd.

1998： The Company joint-ventured with C.P. Thailand for the biotechnological breeder center, computerized automatic control in feedmill, modern meat & food processing plant, and marketing channels set up in Alabama State of the United States.
In the same year, the Company invested Arbor Acres (Taiwan) Co., Ltd. and Charoen Pokphand (Taiwan) Co., Ltd. in order to establish vertically integrated business model.

1999： In June, Nantou Meat Processing Plant got official verification accredited by SGS, and was further accredited ISO9001 Meat processing Plant by UKAS, the first of its like ever issued in Asia, also the first successful integrated production, QC and R&D among Taiwan’s meat processing plants.

2000： Taichung Feedmill and Kaohsiung Feedmill were accredited ISO9001 in January and March respectively, as Taiwan’s first feedmill for such honors.

2002： Nantou Meat Processing Plant was accredited Dutch RvA-HACCP in April.

2007： Nantou Meat Processing Plant was accredited ISO22000 in February and TAF-Taiwan Good Agricultural Practice (TGAP) in November.

2011： In response to the trend of consumers’ future diet, the Company invested in Asia’s most advanced frozen microwave fresh food processing plant in Nantou and constructed a plant-based feedmill in line with ISO22000, HACCP, and meat safety standards of EU, the United States, and Japan to supply livestock with feed that is purer, healthier, and from non-pharmaceutical and non-animal raw material sources.

2016： In order to launch laying hen business, the Company joint-ventured with other companies to establish Rui Mu Foods Co., Ltd. and Rui Fu Foods Co., Ltd.

2017： The Company acquired 53,319 square meters of land in Yunlin Technology-based Industrial Park in Douliou City, Yunlin County. The first phase of the plant construction is to build the world’s most advanced AI automated non-pharmaceutical feedmill in line with international environmental protection standards, and to solve the feed cross-contamination and food safety issues.

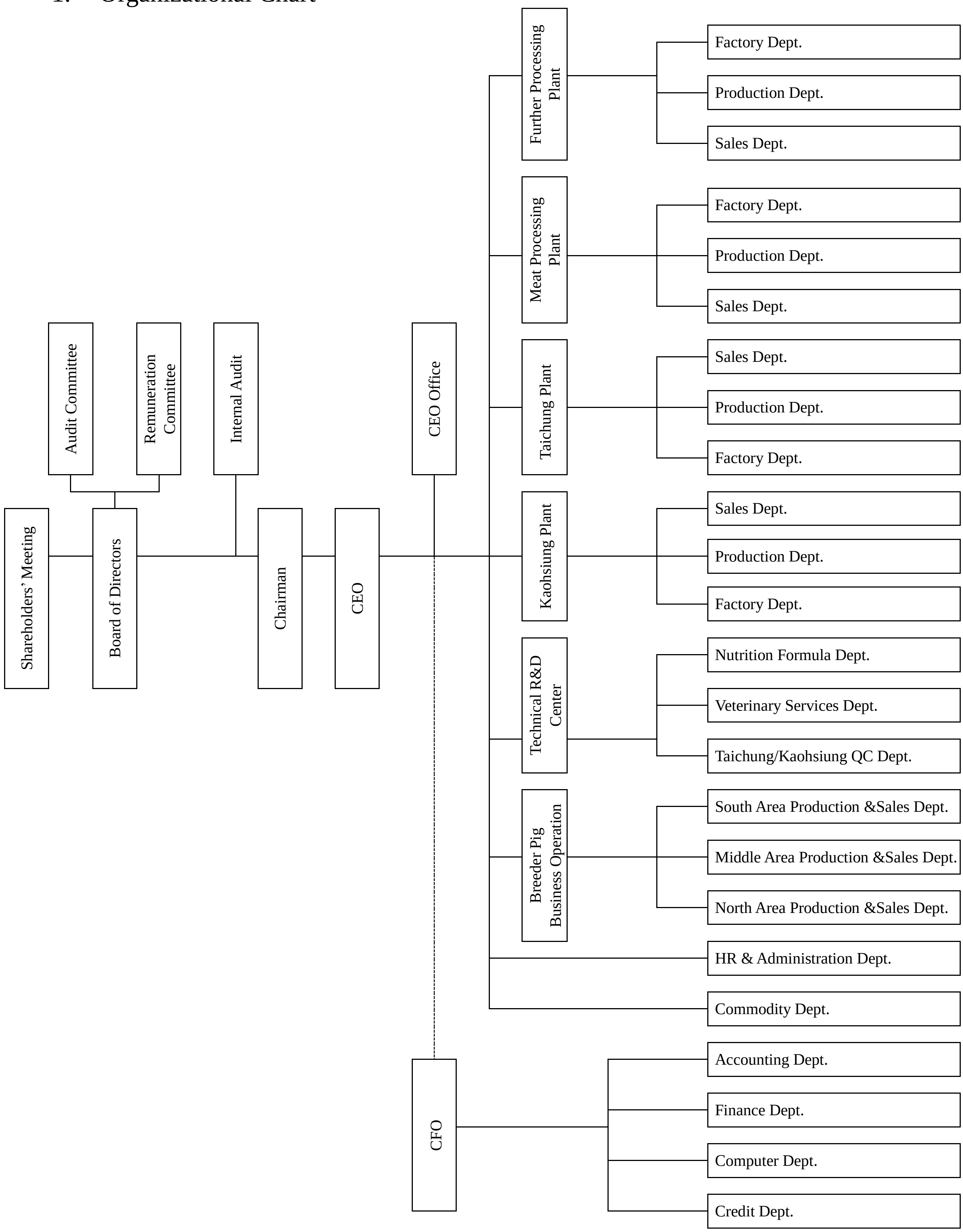
2019： In order to expand the egg market and distribution business model, the Company’s subsidiary, Rui Fu Foods Co. Ltd., joint-ventured with other companies to establish Sheng Da Foods Co., Ltd.

Merger and acquisition activities, strategic investments in affiliates, corporate reorganization, transferring or otherwise changing hands of a major quantity of shares belonging to directors or shareholders with 10% or more shareholding of the Company, any change in managerial control, any material change in operating methods or type of business, and any other matters of material significance that could affect shareholders' equity for the most recent year and as of the date of publication of the Annual Report: The Company’s subsidiary, Chia Tai Lianyungang Co., Ltd., sold all shares of Lianyungang Chia Tai Agro-industry Development Co., Ltd. in Feb. 2020.

Corporate Governance Report

I. Organization

1. Organizational Chart



2. Major Corporate Functions

(1) Chairman：Legal representative of the Company, in charge of the Board of Directors, and verifying and monitoring the execution of the resolution.
(2) CEO：Planning operation strategies and goals for the Company, and executing, tracking, monitoring the resolutions of the Board of Directors.
(3) Internal Audit：Investigate and evaluate this Company's internal control system and audit various management systems of all the departments and sections in this company.
(4) CEO Office：System planning, establishing, and modifying. Operation analyzing, and special project improving and tracking.
(5) Credit Department：In charge of investing clients' credibility, credit granting, and urge the payment of accounts receivable.
(6) Computer Department：In charge of this company's data processing, program developing, and maintenance.
(7) Finance Department：In charge of financing, banking limit control, establishing relations with banks, insurance matters, and stock affairs.
(8) Accounting Department：In charge of accounts calculating and processing, management analyzing, budget planning.
(9) Human Resource & Administration Department：In charge of personnel managing, general affairs and documents managing, and educational trainings.
(10) Technical R&D Center：In charge of developing and designing of new feed products, after-services, client livestock and poultry disease diagnosing, and breeding management guiding.
(11) Commodity Department：In charge of purchasing raw materials of feed and micromaterials and sales of import and export trade.
(12) Purchasing Department：In charge of purchasing fresh meat, raw material, facilities and machines.
(13) Production Department：In charge of planning and executing the production of feed, meat products, processed meat products, prepared frozen food, breeder pig and swine; management and quality control of raw materials and products, storing and maintenance of factory buildings, facilities, and machines, executing and monitoring new construction works and construction improvement.
(14) Sales Department：In charge of sale of feed, fresh meat, processed meat products, breeder pig and swine, accounts collection, search for new market, and clients' consultation.
(15) Factory Department：In charge of factory's personnel matters, general affairs, and financing management.

II. Information Regarding Directors and Management Team

1. Directors

Apr. 25, 2020

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education	Other Position in the Company and other companies currently	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Re-marks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Bermuda	Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	-	2018. 06. 13.	3	2006. 06. 20.	26,802,733	10.00	26,802,733	10.00	0	0.00	0	0	Honorary Doctorate of Agricultural Sciences, NPUST	Director: Plenty Type Limited (Cayman Islands), Charoen Pokphand (Taiwan) Co., Ltd.; Supervisor: Arbor Acres (Taiwan) Co., Ltd.	-	-	-	-
	R.O.C.	Representative：Wu Yeh Cheng	Male				6,383,019	2.38	6,383,019	2.38	142,853	0.05	0	0						
Director	Bermuda	Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	-	2018. 06. 13.	3	2006. 06. 20.	26,802,733	10.00	26,802,733	10.00	0	0.00	0	0	Vice Chairman of CP Group (Thailand)	None	-	-	-	-
	Thailand	Representative：Prasert Poongkumarn	Male				0	0.00	0	0.00	0	0.00	0	0						
Director	Bermuda	Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	-	2018. 06. 13.	3	2006. 06. 20.	26,802,733	10.00	26,802,733	10.00	0	0.00	0	0	Bachelor of Foreign Language Dept., Tamkang University	Chairman: Arbor Acres (Taiwan) Co., Ltd., Charoen Pokphand (Taiwan) Co., Ltd.; Director: Plenty Type Limited (Cayman Islands)	-	-	-	-
	R.O.C.	Representative：Chu Hsiung Lin	Male				1,845,294	0.69	1,845,294	0.69	0	0.00	0	0						
Director	Bermuda	Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	-	2018. 06. 13.	3	2006. 06. 20.	26,802,733	10.00	26,802,733	10.00	0	0.00	0	0	Vice Chairman of Chia Tai (China) Argro-Industry	CPE's CEO; Director: Arbor Acres (Taiwan) Co., Ltd., Charoen Pokphand (Taiwan) Co., Ltd.	-	-	-	-
	Thailand	Representative：Thong Chotirat	Male				900	0.00	41,900	0.02	0	0.00	0	0						
Director	Bermuda	Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	-	2018. 06. 13.	3	2006. 06. 20.	26,802,733	10.00	26,802,733	10.00	0	0.00	0	0	MBA of Kasetsart University	CPE's CFO; Director: Plenty Type Limited (Cayman Islands), Rui Mu Foods Co., Ltd., Rui Fu Foods Co., Ltd., Sheng Da Foods Co., Ltd.; Chairman: Ta Chung Investment Co., Ltd., Chun Ta Investment Co., Ltd.	-	-	-	-
	Thailand	Representative：Monchai Leelaharat	Male				0	0.00	0	0.00	0	0.00	0	0						
Independent Director	R.O.C.	Yen Sung Li	Male	2018. 06. 13.	3	2015. 06. 17.	0	0.00	0	0.00	0	0.00	0	0	Master of Accounting Dept., Soochow University	Member of CPE's Remuneration Committee; Independent Director: CHICONY/SNC/ FamilyMart	-	-	-	-
Independent Director	R.O.C.	Chia Nan Fang	Male	2018. 06. 13.	3	2015. 06. 17.	0	0.00	0	0.00	0	0.00	0	0	Bachelor of Economics Dept., Soochow University	Member of CPE's Remuneration Committee, VP of Bank of Panhsin	-	-	-	-
Independent Director	R.O.C.	Tsu M. Ongg	Male	2018. 06. 13.	3	2018. 06. 13.	0	0.00	0	0.00	0	0.00%	0	0	Master of Illinois Institute of Technology, USA	Member of CPE's Remuneration Committee, Head of Habitech Architects, Director: Career, Supervisor: Fubon Real Estate Management	-	-	-	-

Note 1：CPE has established Audit Committee composed of all independent directors to takes over the duties of Supervisors on June 17, 2015.

Note 2：Current Shareholding is shares recorded in the shareholders' roster on Record date of 2020 Annual General Shareholders' Meeting.

Major shareholders of the institutional shareholders

Apr. 25, 2020

Name of Institutional Shareholders	Major Shareholders
Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	CPF Investment Limited (100% Shareholding)

Major shareholders of the Company's major institutional shareholders

Apr. 25, 2020

Name of Institutional Shareholders	Major Shareholders
CPF Investment Limited	Charoen Pokphand Foods Public Company Limited (100% Shareholding)

Professional qualifications and independence analysis of directors

Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Charoen Pokphand (Taiwan) Investment Ltd., Bermuda Representative：Wu Yeh Cheng			✓				✓	✓	✓	✓	✓	✓	✓	✓		0
Charoen Pokphand (Taiwan) Investment Ltd., Bermuda Representative：Prasert Poongkumarn			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Charoen Pokphand (Taiwan) Investment Ltd., Bermuda Representative：Chu Hsiung Lin			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Charoen Pokphand (Taiwan) Investment Ltd., Bermuda Representative：Thong Chotirat			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Charoen Pokphand (Taiwan) Investment Ltd., Bermuda Representative：Monchai Leelaharat			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Yen Sung Li	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Chia Nan Fang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Tsu M. Ongg		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: Please tick "✓" the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Law.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

2. Management Team

Apr. 25, 2020

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position in other companies currently	Managers who are Spouses or Within Two Degrees of Kinship			Re-marks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CEO	Thailand	Thong Chotirat	Male	2006.06.20.	41,900	0.02	0	0.00	0	0.00	Vice Chairman of Chia Tai (China) Argro-Industry	Director: Arbor Acres (Taiwan) Co., Ltd., Charoen Pokphand (Taiwan) Co., Ltd.	-	-	-	-
CEO Office Senior Vice President	R.O.C.	Chih Cheng Liu	Male	2005.06.01.	0	0.00	0	0.00	0	0.00	Master of Industrial Management Dept. NTUST	None	-	-	-	-
Taichung Plant Senior Vice President	R.O.C.	Yen Chun Liu	Male	2006.11.27.	0	0.00	0	0.00	0	0.00	Master of Food Science and Biotechnology Dept., NCHU	Chairman: Rui Mu Foods Co., Ltd.	-	-	-	-
Meat/Further Processing Plant Senior Vice President	R.O.C.	Wei Yueh Chang	Male	2009.02.01.	4,554	0.00	0	0.00	0	0.00	Bachelor of Economics Dept. Tunghai University	None	-	-	-	-
Breeder Pig Business Operation Senior Vice President	Canada	Ning Wang	Male	2008.07.01.	0	0.00	210	0.00	0	0.00	Ph.D. of Catholic University of Leuven, Belgium	None	-	-	-	-
Kaohsiung Plant Vice President	R.O.C.	Yu Ching Chen	Male	2007.03.21.	0	0.00	0	0.00	0	0.00	Bachelor of Chemical and Materials Engineering Dept., NCUT	None	-	-	-	-
Technical R&D Dept. Senior Vice President	R.O.C.	Chao Jen Chen	Male	2010.09.01.	0	0.00	0	0.00	0	0.00	Ph.D. of Animal Nutrition Dept., NCHU	Chairman: Rui Fu Foods Co., Ltd. Supervisor: Rui Mu Foods Co., Ltd., Sheng Da Foods Co., Ltd.	-	-	-	-
Food R&D Senior Vice President	R.O.C.	Chun Lung Hsiao	Male	2015.04.01.	0	0.00	0	0.00	0	0.00	Master of Animal Science Dept. NCHU	None	-	-	-	-
CFO	Thailand	Monchai Leelaharat	Male	2014.10.01.	0	0.00	0	0.00	0	0.00	MBA of Kasetsart University	Director: Plenty Type Limited (Cayman Islands), Rui Mu Foods Co., Ltd., Rui Fu Foods Co., Ltd.; Sheng Da Foods Co., Ltd. Chairman: Ta Chung Investment Co., Ltd., Chun Ta Investment Co., Ltd.	-	-	-	-
Accounting Dept. Vice President	R.O.C.	Ching Yuan Yu	Male	2007.10.02.	1,087	0.00	0	0.00	0	0.00	Bachelor of Accounting Dept., Soochow University	Supervisor:Charoen Pokphand (Taiwan) Co., Ltd.	-	-	-	-

Note：Shareholding is shares recorded in the shareholders' roster on Record date of 2020 Annual General Shareholders’ Meeting.

III. Remuneration paid to Directors and Management Team for the Most Recent Year

1. Remuneration paid to Directors and Management Team for the most recent year

(1) Remuneration of Directors and Independent Directors

Dec. 31, 2019

Unit：NT $ 10,000

Title		Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company.
			Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
			The company	All companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
																	Cash	Stock	Cash	Stock			
Director	Chairman	Charoen Pokphand (Taiwan) Investment Ltd. Representative : Wu Yeh Cheng	1,311	1,591	0	0	0	0	6	6	0.90%	1.09%	0	0	0	0	0	0	0	0	0.90%	1.09%	None
	Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative: Prasert Poongkumarn	1,980	1,980	0	0	0	0	6	6	1.36%	1.36%	0	0	0	0	0	0	0	0	1.36%	1.36%	None
	Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative : Chu Hsiung Lin																					
	Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative: Thong Chotirat	180	180	0	0	0	0	18	18	0.14%	0.14%	6,731	6,820	0	0	0	0	0	0	4.73%	4.79%	None
	Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative : Monchai Leelaharat																					
Independent Director	Independent Director	Yen Sung Li																					
	Independent Director	Chia Nan Fang	180	180	0	0	0	0	42	42	0.15%	0.15%	0	0	0	0	0	0	0	0	0.15%	0.15%	None
	Independent Director	Tsu M. Ongg																					

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: The remuneration for Independent Directors is taking the Company's operation performance and typical pay levels of peer companies for reference and then submitted the proposal to the Board of Directors for resolution.
2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors: None.

Range of Remuneration

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Under NT$ 1,000,000	Chu Hsiung Lin, Thong Chotirat, Monchai Leelaharat, Yen Sung Li, Chia Nan Fang, Tsu M. Ongg	Chu Hsiung Lin, Thong Chotirat, Monchai Leelaharat, Yen Sung Li, Chia Nan Fang, Tsu M. Ongg	Yen Sung Li, Chia Nan Fang, Tsu M. Ongg	Yen Sung Li, Chia Nan Fang, Tsu M. Ongg
NT$1,000,000 ~ NT$1,999,999	-	-	-	-
NT$2,000,000 ~ NT$3,499,999	-	-	-	-
NT$35,000,000 ~ NT$4,999,999	-	-	-	-
NT$5,000,000 ~ NT$9,999,999	-	-	Chu Hsiung Lin	Chu Hsiung Lin
NT$10,000,000 ~ NT$14,999,999	Wu Yeh Cheng	-	Wu Yeh Cheng, Monchai Leelaharat	Monchai Leelaharat
NT$15,000,000 ~ NT$29,999,999	Prasert Poongkumarn	Wu Yeh Cheng, Prasert Poongkumarn	Prasert Poongkumarn	Wu Yeh Cheng, Prasert Poongkumarn
NT$30,000,000~ NT$49,999,999	-	-	Thong Chotirat	Thong Chotirat
NT$50,000,000~ NT$99,999,999	-	-	-	-
NT$100,000,000 or over	-	-	-	-
Total	8 persons	8 persons	8 persons	8 persons

Remuneration of Management Team

Dec. 31, 2019

Unit：NT$ 10,000

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D) (Note 2)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
CEO	Thong Chotirat													
Senior Executive Vice President	Chu Hsiung Lin													
CEO Office Senior Vice President	Chih Cheng Liu													
Taichung Plant Senior Vice President	Yen Chun Liu													
Meat/Further Processing Plant Senior Vice President	Wei Yueh Chang													
Breeder Pig Business Operation Senior Vice President	Ning Wang	4,222	4,291	156	156	8,633	8,677	14	0	14	0	8.90%	8.97%	None
Technical R&D Dept. Senior Vice President	Chao Jen Chen													
Kaohsiung Plant Vice President	Yu Ching Chen													
Food R&D Senior Vice President	Chun Lung Hsiao													
CFO	Monchai Leelaharat													
Accounting Dept. Vice President	Ching Yuan Yu													

Note 1：Severance Pay actually paid in 2019 was NT$ 0. The expenditure reserved to Severance Pay was NT$ 1.56 million.

Note 2：Amounts stated above were managers' compensation approved by the Board of Directors in 2019.

Range of Remuneration

Range of Remuneration	Name of Management	
	The Company	Companies in the consolidated financial statements
Under NT$ 1,000,000	-	-
NT$1,000,000 ~ NT$1,999,999	-	-
NT$2,000,000 ~ NT$3,499,999	-	-
NT$3,500,000 ~ NT$4,999,999	Yu Ching Chen, Wei Yueh Chang	Yu Ching Chen, Wei Yueh Chang
NT$5,000,000 ~ NT$9,999,999	Ching Yuan Yu, Chao Jen Chen, Yen Chun Liu, Chun Lung Hsiao, Chu Hsiung Lin, Chih Cheng Liu	Ching Yuan Yu, Chao Jen Chen, Yen Chun Liu, Chun Lung Hsiao, Chu Hsiung Lin, Chih Cheng Liu
NT$10,000,000 ~ NT$14,999,999	Monchai Leelaharat, Ning Wang	Monchai Leelaharat, Ning Wang
NT$15,000,000 ~ NT$29,999,999	-	-
NT$30,000,000 ~ NT$49,999,999	Thong Chotirat	Thong Chotirat
NT$50,000,000 ~ NT$99,999,999	-	-
NT$100,000,000 or over	-	-
Total	11 persons	11 persons

Distribution of Employee Compensation to the management

Dec. 31, 2019
Unit：NT$ 10,000

	Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	SVP	Chih Cheng Liu	0	14	14	0.01%
	SVP	Wei Yueh Chang				
	SVP	Yen Chun Liu				
	SVP	Ning Wang				
	VP	Yu Ching Chen				
	SVP	Chao Jen Chen				
	SVP	Chun Lung Hsiao				
	VP	Ching Yuan Yu				

Note：Amounts stated above were Compensation approved by the Board of Directors in 2019. 。

2. Analysis of Remuneration for Directors and Management Team in the Most Recent Two Fiscal Years.

(1) The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors and management team of the Company, to the net income of the parent company only financial statements:

2019	2018
11.71%	17.47%

(2) The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance: The remuneration for Directors is according to his involvement and contribution in the operation of the Company and in view of the standards of domestic and foreign industry, determined by the Board of Directors, and would be adjusted by considering the operation performance, evaluating future risk, and the Board evaluation results of individual directors. The remuneration for Management Team is measured based on the contribution made to the business operation, and the domestic and foreign wage standards.

IV. Implementation of Corporate Governance

1. Board of Directors

A total of 7 (A) meetings of the Board of Directors were held in the previous year (2019). The attendance of directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	Charoen Pokphand (Taiwan) Investment Ltd. Representative：Wu Yeh Cheng	7	0	100%	
Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative：Prasert Poongkumarn	0	3	0%	
Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative：Chu Hsiung Lin	6	1	86%	
Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative：Thong Chotirat	7	0	100%	
Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative：Monchai Leelaharat	7	0	100%	
Independent director	Yen Sung Li	7	0	100%	
Independent director	Chia Nan Fang	7	0	100%	
Independent director	Tsu M. Ongg	7	0	100%	

Other mentionable items:

1. If any of the following circumstances occur,, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response should be specified:
   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act: Please refer to the paragraph of Audit Committee "Operations of the Audit Committee Meeting for Material proposals".
   (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Directors' names	Date	Contents of motion	Causes for avoidance	Voting
Wu Yeh Cheng, Chu Hsiung Lin, Thong Chotirat, Monchai Leelaharat	Jan. 21, 2019	Proposal for amendment to the Guideline of year-end bonus and remuneration adjustment for Board of Directors and managers.	Avoidance of conflict of interest	The interested directors were excluded from deliberations.
Monchai Leelaharat	Jul. 31, 2019	Proposal for 2019 remuneration for Directors and salary adjustment for managers.	Avoidance of conflict of interest	The interested director was excluded from deliberations.

3. Status of Self (or Peer) Evaluation conducted by the Board of Directors：The Company has established "Regulations Governing the Board Performance Evaluation" and will report and disclose the results of the Board performance evaluation since 2021.
4. Measures taken to strengthen the functionality of the board: The Board of Directors has established an Audit Committee and a Remuneration Committee to assist the Board in carrying out its various duties.
   (1) The Company's Audit Committee comprises all independent directors and takes over the duties of Supervisors on Jun. 17, 2015.
   (2) The Company's objectives to strengthen the functions of the Board of Directors are as follows:
      A. An adequate Board structure: Including planning appropriate Board seats, the chairman shall not concurrently assume the position of CEO.
      B. Well-defined Governing Procedure for Directors meeting and decision-making: Including the setup of Rules of Procedure for Board of Directors' Meetings, compliance with Directors' conflict of interest, and tracking and assessment of matters resolved by the Board.
      C. Strengthening the Board's tasks: Select and supervise the business management and effectiveness of internal control, review and monitor company management decisions, financial objectives, and business plans, plan the Company's future development directions and conduct business in accordance with the regulations and the Board resolutions.
   (3) Implementation: The actual operations of the Board of Directors are to achieve the abovementioned objectives.
5. All independent directors attended Board Meetings in Person.

2. Audit Committee

The Audit Committee is composed of three independent directors. The Committee assists the Board in fulfilling its oversight of the quality and integrity of the accounting, auditing, reporting, and financial control of the Company, and its responsibilities are as follows:

(1) The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
(2) Assessment of the effectiveness of the internal control system.
(3) The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
(4) Matters in which a director is an interested party.
(5) Asset transactions or derivatives trading of a material nature.
(6) Loans of funds, endorsements, or provision of guarantees of a material nature.
(7) The offering, issuance, or private placement of equity-type securities.
(8) The hiring or dismissal of a certified public accountant, or their compensation.
(9) The appointment or discharge of a financial, accounting, or internal audit officer.
(10) Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
(11) Other material matters as may be required by this Corporation or by the competent authority.

A total of 7 (A) Audit Committee meetings were held in the previous year (2019). The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent director	Yen Sung Li	7	0	100%	
Independent director	Chia Nan Fang	7	0	100%	
Independent director	Tsu M. Ongg	7	0	100%	

Other mentionable items:

1. Matters referred to in Articles 14-5 of the Securities and Exchange Act and other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: Please refer to the following table "Operations of the Audit Committee Meeting for Material proposals".
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.): The Independent directors regularly reviewed internal audit reports and the Company's financial statements audited by independent auditors. The communication channel between them has been functioning well.

The main duties of the Audit Committee this year are to review the financial reports, internal control systems and related policies and procedures, and transactions of material assets, hiring of a certified public accountant, etc. Please refer to the following table for the details regarding the operations of the Audit Committee meeting for material proposals.

Operations of the Audit Committee meeting for material proposals

Dates of Board Meeting	Proposals and Resolution	Matters referred to in §14-5 of the Securities and Exchange Act	Not approved by the Audit Committee but approved by two thirds or more of all directors
2019 1nd Meeting Jan. 21, 2019	Amendment to the “Procedures for the Acquisition and Disposal of Assets”	V	None
	Resolutions of Audit Committee (Jan. 21, 2019): Aforementioned proposals were approved by all members of the Audit Committee.		
	Company's actions regarding Audit Committee’s opinions: Approved by all attending directors at BOD meeting.		
2019 2nd Meeting Feb. 18, 2019	Transferring shares of Lianyungang Chia Tai Agro-industry Development Co., Ltd. to related party through Chia Tai Lianyungang Co., Ltd.	V	None
	Resolutions of Audit Committee (Feb. 18, 2019): Aforementioned proposals were approved by all members of the Audit Committee.		
	Company's actions regarding Audit Committee’s opinions: Approved by all attending directors at BOD meeting.		
2019 3rd Meeting Mar. 25, 2019	2018 Annual financial statements (Consolidated and Parent Company Only)	V	None
	2018 Internal Control Statement	V	None
	Amendment to the “Operational Procedures for Endorsements/Guarantees”	V	None
	Amendment to the “Operational Procedures for Loaning Funds to Others”	V	None
	Resolutions of Audit Committee (Mar. 25, 2019): Aforementioned proposals were approved by all members of the Audit Committee.		
	Company's actions regarding Audit Committee's opinions: Approved by all attending directors at BOD meeting.		
2019 4th Meeting May. 6, 2019	Establish the “Standard operating procedures for processing a director's request”	V	None
	Amendment to the Yunlin feedmill investment.	V	None
	The disposal of land of the subsidiary, Arbor Acres (Taiwan) Co., Ltd.	V	None
	Resolutions of Audit Committee (May. 6, 2019): Aforementioned proposals were approved by all members of the Audit Committee.		
	Company's actions regarding Audit Committee's opinions: Approved by all attending directors at BOD meeting.		
2019 6th Meeting Jul. 31, 2019	Amendment to the “Audit Committee Charter”	V	None
	Amendment to the Internal Control System	V	None
	Resolutions of Audit Committee (Jul. 31, 2019): Aforementioned proposals were approved by all members of the Audit Committee.		
	Company's actions regarding Audit Committee's opinions: Approved by all attending directors at BOD meeting.		
2019 7th Meeting Nov. 1, 2019	The hiring of PwC Taiwan and their audit fee.	V	None
	Internal auditing proposal of year 2020	V	None
	Establish the “Regulations Governing the Board Performance Evaluation”	V	None
	Establish the “Corporate Governance Best-Practice Principles”	V	None
	Resolutions of Audit Committee (Nov. 1, 2019): Aforementioned proposals were approved by all members of the Audit Committee.		
	Company's actions regarding Audit Committee’s opinions: Approved by all attending directors at BOD meeting.		

3. Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has established the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and resolved by the meeting of the Board of Directors on Nov. 1, 2019 and disclosed on the Market Observation Post System and the Company's website.	Compliant
2. The company's shareholding structure and shareholders' rights				
(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		The spokesperson is responsible for such affairs, and the Stock Transfer Agent provides assistance.	No material discrepancy
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		The Company keeps up for updating the latest list of its major shareholders as well as the ultimate owners of those shares to protect shareholders' rights.	Compliant
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		The transactions between the Company and its affiliates all follow the relevant laws and regulations. Every affiliate is an independent entity with clearly defined management rights and responsibilities.	Compliant
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		The Company has established the internal rules to forbid insider trading and disclosed on the Company's website.	Compliant

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board develop and implement a diversified policy for the composition of its members?	V		The Company has developed a diversified policy for composition of the Board members in article 20 of its “Corporate Governance Best-Practice Principles”. The Company has 8 directors, including 3 independent directors. The percentage of independent directors is about 38%. Regarding to nationality, the percentage of Thailand directors is about 38% while the percentage of Taiwan directors is about 62%. The Board members with diversified expertise such as industrial experience, operational management, finance, accounting, and architecture can effectively perform its monitoring and management functions. We will continue to implement the diversified policy for composition of the Board members based on the develop requirements in the future.	No material discrepancy
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	The Company has not yet established other functional committees in addition to the Remuneration Committee and the Audit Committee. In the future, the Company may plan to set up other functional committees depending on actual needs and in accordance with the regulations.	No material discrepancy
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are perf performance evaluation results submitted to the Board of Directors and reference when determining the remuneration of individual directors and nominations for reelection?	V		The Company has established the Regulations Governing the Board Performance Evaluation and resolved by the meeting of the Board on Nov. 1, 2019. The Company will evaluate the Board and conduct self-evaluation or peer-evaluation of individual directors on annual base since Jan. 1, 2020, and apply the results as reference for each director’s compensation and reappointment.	No material discrepancy
(4) Does the company regularly evaluate the independence of CPAs?？	V		The Company has evaluated the independence of CPAs, and resolved by the Board on March 24, 2020. Please refer to the following Table 1.	Compliant

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?		V	The Company has not appointed the chief corporate governance officer but has set up a part-time unit responsible for the corporate governance matters.	No material discrepancy
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The respective dedicated departments are responsible for communication and coordination with stakeholders (including transacting banks, creditors, employees, clients, consumers, and suppliers). The Stakeholder Area has been created on the Company's website to appropriately respond to all the issues the stakeholders care for.	Compliant
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company designates CTBC Bank to deal with shareholder affairs.	Compliant
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		The Company has set up a website to disclose the Company's financials, business and relevant information regularly.	Compliant
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		The Company has assigned dedicated departments to handle the collection and disclosure of information, and implemented a spokesperson system.	No material discrepancy

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(3) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?		V	The Company follows "List of Matters Required to Be Handled by Issuers of Listed Securities" to announce and report the financial statements as well as the operating status of each month.	No material discrepancy
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		1. Employee rights related systems and measures: (1) Establish the Staff Welfare Committee (2) Set up guidelines for sexual harassment prevention (3) Set up a complaint mail box. 2. The company's Directors, attending seminars regularly, has shown sound training status. The Directors' training records are as shown in the following Table 2. 3. The Company has purchased "Directors and Officers Liability Insurance" for its directors and managers since March 31, 2009 to reduce and spread the risk of major damage cause by errors or negligence. 4. The Company has set up the guidelines for staff retirement and provided welfare measures to maintain harmonious labor relations. Also, we pay attention to consumer rights, community environmental protection, and welfare issues, and focus on social responsibility that purchasing Public accident liability insurance and product liability insurance to strengthen protection for third parties. 5. The corporate governance situation has been disclosed in the "Corporate Governance" section of the Market Observation Post System (https://mops.twse.com.tw).	No material discrepancy

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. Improvements: The Company has established the Corporate Governance Best-Practice Principle, uploaded supplementary information regarding the Annual Shareholders' Meeting (such as Meeting Handbook, Annual Report, etc.) and increase disclosure items on the Company's website. The priority enhancement measures: We will continuously strengthen the disclosure contents in Annual Report and on the Company's website to enhance information transparency.				

Table 1 Charoen Pokphand Enterprise (Taiwan) Co., Ltd.

CPA and the joint accounting firm CPA belongs

Checklist of Independence Analysis and Professional Qualifications

Evaluation	Yes	No	Notes
Has the CPA not served as a director or an independent director in the Company or its affiliated companies?	V		
Has the CPA not been a shareholder of the Company or its affiliates?	V		
Has the CPA not received salary from the Company or its affiliates?	V		
Has the CPA not been providing the Company with audit services for seven consecutive years?	V		
Has the CPA confirmed that the joint accounting firm CPA belongs has complied with relevant independence related norms?	V		
Has the jointly practicing accountant of the joint accounting firm to which the CPA belongs not served as the Company's director, manager or post having a major influence on audit cases over the past year?	V		
Conclusion: After the evaluation, the independent auditors, Shih-Jung Weng and Yi-Fan Lin, from PwC, Taiwan have met the standard of independence analysis and professional qualification. Date: Mar. 16, 2020			

Table 2 Directors' training records

Name	Course	Sponsoring Organization	Training hours
Prasert Poongkumarn	Disclosure and Transparency Training	Freshfields Bruckhaus Deringer	3.5
Monchai Leelaharat	Seminar of intellectual property management of the Board of Directors of TWSE/TPEx listed companies.	Science & Technology Law Institute, Institute for Information Industry,	2.5
	Seminar of Board Functions Enhancement	Taiwan Stock Exchange Corporation	3
	ESG Investing Forum	Taiwan Stock Exchange Corporation	2
	Climate Change-related Financial Disclosures (TCFD) Forum	Taiwan Stock Exchange Corporation	3
	Seminar of compliance of insider trading for Listed Company	Securities and Futures Institute	3
	2018 Seminar for the prevention of insider trading	Securities and Futures Institute	3
	Disclosure and Transparency Training	Freshfields Bruckhaus Deringer	3.5
	2017 Mr. Y. D. Sheu Memorial Economic and Financial Forum	Taiwan Stock Exchange Corporation	6
	2017 Conference for insider trading and corporate social responsibility	Securities and Futures Institute	3
Tsu M. Ongg	Seminar of intellectual property management of the Board of Directors of TWSE/TPEx listed companies.	Science & Technology Law Institute, Institute for Information Industry,	2.5
	2019 Seminar of compliance of insider trading for Listed Company	Securities and Futures Institute	3
	ESG Investing Forum	Taiwan Stock Exchange Corporation	3
	Climate Change-related Financial Disclosures (TCFD) Forum	Taiwan Stock Exchange Corporation	3
	Seminar of compliance of insider trading for Listed Company	Securities and Futures Institute	3
Yen Sung Li	The company registration related issues in response to amendment of the Company Act.	CPA Associations R.O.C. (Taiwan)	3
	2019 Seminar of Discipline	CPA Associations R.O.C. (Taiwan)	3
	The analysis of the latest interpretative letter regarding to Profit-seeking Enterprise Income Tax and case study of the taxation administrative remedy of the Taxpayer Rights Protection Act	CPA Associations R.O.C. (Taiwan)	3
	Ethical Corporate Management and Corporate Social Responsibility	Taiwan Corporate Governance Association	3
	The latest tax laws and practices in the second half of 2018	CPA Associations R.O.C. (Taiwan)	7
	Keypoints for the 2018 Company Act amendment (I)	CPA Associations R.O.C. (Taiwan)	3
	How Directors to fulfill "fiduciary duty" (including judgement analysis & best practices)	CPA Associations R.O.C. (Taiwan)	3
	Introduction for the trustee's obligations of directors	CPA Associations R.O.C. (Taiwan)	3
	How do CPAs respond to the Money Laundering Control Act	CPA Associations R.O.C. (Taiwan)	3
Chia Nan Fang	Seminar of Board Functions Enhancement	Taiwan Stock Exchange Corporation	3
	2019 Seminar of compliance of insider trading for Listed Company	Securities and Futures Institute	3
	12th Taipei Corporate Governance Forum	Financial Supervisory Commission	3
	Seminar of compliance of insider trading for Listed Company	Securities and Futures Institute	3

4. Composition, Responsibilities and Operations of the Remuneration Committee

(1)Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Criteria / Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remarks
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent director	Chia Nan Fang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Independent director	Yen Sung Li	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	-
Independent director	Tsu M. Ongg		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-

Note: Please tick "✓" the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not been a person of any conditions defined in Article 30 of the Company Law.

(2)The Operations of the Remuneration Committee

A. There are 3 members in the Remuneration Committee.
B. The term of current Remuneration Committee lasts from Jun. 26, 2018 to Jun. 12, 2021. A total of 3 (A) Remuneration Committee meetings were held in the previous year (2019). The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Convener	Chia Nan Fang	3	0	100%	
Member	Yen Sung Li	3	0	100%	
Member	Tsu M. Ongg	3	0	100%	

Other mentionable items:
1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

(3)The functions of the Remuneration Committee are to professionally and objectively evaluate the policies and systems for compensation of the Company's directors and manages and to submit recommendations to the Board of Directors for its reference in decision making. The responsibilities are as follows:
A. Periodically reviewing the Remuneration Committee Charter and making recommendations for amendments.
B. Establishing and periodically reviewing the policies, systems, standards, and structure for the performance and compensation of the Company's directors and managers.
C. Periodically assessing the performance and compensation of the Company's directors and managers.

2019 Operations of the Remuneration Committee Meeting

Date	Proposals	Resolutions	Company's actions regarding Remuneration Committee's opinions
2nd meeting of Fourth Session Jan. 21, 2019	Proposal for amendment to the Guideline of year-end bonus and remuneration adjustment for Board of Directors and managers.	Resolved by all members	The interested directors, Wu Yeh Cheng, Chu Hsiung Lin, Thong Chotirat, and Monchai Leelaharat, were excluded from deliberations.
3rd meeting of Fourth Session May. 6, 2019	Distribution of 2018 Employees' Compensation	Resolved by all members	Resolved by all Directors attended.
4th meeting of Fourth Session Jul. 31, 2019	2019 remuneration for Directors and salary adjustment for managers.	Resolved by all members	The interested director, Monchai Leelaharat, were excluded from deliberations

5. Fulfillment of CSR and Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and established related risk management policies or strategies? (Note 3)	V		The Company's CSR working group is composed of six teams including corporate governance, employees care, food safety, customer service, sustainable environment and community participation. Each team continuously communicates and manages internally and externally regarding to their responsible issues, and assess and track the corporate social responsibility related risks and performance by external consultants' assistance. Please refer to page 1-5 of the 2018 CPE CSR Report for details.	Compliant
2. Does the Company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		The Company officially established the dedicated team in charge of the corporate social responsibility on Feb. 5, 2015, with the CEO serving as the convener. The dedicated team reports to the Board regarding handling situations.	Compliant
3. Environmental Issues				
(1) Does the Company establish proper environmental management systems based on the characteristics of their industries?	V		The Guidelines for Environmental Safety Management Operations have been set up to effectively achieve the goals of environmental safety maintenance, energy conservation, and carbon reduction in compliance with the norms.	Compliant
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		Environmental protection companies have been hired to crush and clean organic fertilizers and plastic packaging for recycling and re-use.	Compliant
(3) Does the Company evaluate potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		The company concerned the financial impact on operations resulted from climate change. In order to reduce the operational loss, the Company had purchased the property loss and business interruption insurance and the public/products, advertising & employer's liability insurance to ensure that we can obtain reasonable claim amount when property loss occurred due to the climate change.	Compliant

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(4) Does the Company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		The Company has compiled statistics on greenhouse gas emission, water consumption, and total weight of waste of 2017 and 2018 and formulated the environmental policy with hopes of implement of environment protection, waste reduction, and pollution prevention. Please refer to page 65-78 of the 2018 CPE CSR Report for details.	Compliant
4. Social Issues				
(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		In compliance with relevant labor laws and regulations, with respect to internationally recognized basic labor and human rights, and to safeguard the legal rights of employees and the employment policies without discrimination, appropriate management methods and procedures have been set up and implemented.	Compliant
(2) Does the Company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		The Company has established Work Rules which included provisions related to salary, vacation, and other benefits. The Company makes annual adjustment of salary based on the business performance and distributes employee compensation annually. Please refer to the page 41 "Compensation of Employees, Directors and Supervisors and page 51 "Labor Relations" for details.	Compliant
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		Employees are provided with annual health check-up, and training on health and safety is held to provide a healthy and safe working environment. Please refer to the page 51 "Labor Relations" for details.	Compliant
(4) Does the Company provide its employees with career development and training sessions?	V		Employee trainings are regularly held to make sure employees not only perform their duties in their current positions, but also acquire skills necessary for job promotion through further education.	Compliant

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(5) Do the Company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		1. With regard to customer health and safety, customer privacy, marketing and labeling, the Company has established related procedures handbook and operation standards for personnel to follow. Please refer to page 22, 33 and 43 of the 2018 CPE CSR Report for details. 2. In order to protect the consumers' rights, in addition to providing high-quality products, the Company has also purchased product liability insurance. 3. The 0800 consumer service hotline and mailbox have been set up for dedicated personnel to timely handle consumer complaint-related issues.	Compliant
(6) Does the Company establish supplier management policies, requiring suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor rights, and its implementation status?	V		According to the food sanitation regulations and quality meat certifications such as CAS, ISO9001, and IS22000, conditionally control raw materials, production line operations and equipment quality. Suppliers are also required to provide corresponding product testing certification to ensure product quality, hygiene and safety and regularly visit factories to evaluate their competency. The Company requires all suppliers to abide by corporate social responsibility-related policies. In case of major impacts on the environment and society, the contract shall be terminated or discharged.	Compliant
5. Does the Company refer to internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?	V		In Sep. 2019, the 2018 Corporate Social Responsibility Report was prepared and disclosed on the Company website and Market Observation Post System. The 2018 CSR Report has obtained assurance conducted by PwC in accordance with the Republic of China Assurance Standard Bulletin No. 1 "Assurance engagements other than audits or reviews of historical financial information".	Compliant

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
6. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies: The company has not yet established corporate social responsibility principles based on "the Corporate Social Responsibility Best-Practice Principles for TWSE/ TPEx Listed Companies".				
7. Other useful information for explaining the status of corporate social responsibility practices: (1) Environmental Protection：The Company has been supporting the government's policy to protect environment. We have installed the cyclone (dust collection system) in Taichung and Kaohsiung plants, and also have the dedicated personnel to in charge of the waste material treatment to protect the environment of the plants and surroundings. In addition, we have also employed the dedicated personnel to be responsible for the waste water and deodorization treatment at Nantou Electric Slaughtering Plant and Food Processing Plant. We follow the related criterion to pump waste water into the waste water treatment center in industrial district. (2) Community participation：Show support to the county and city governments by adoption and donation the city greening and beautifying facilities near the plants. (3) Social welfare：Donate firefighting equipment to the county and city government nearby and adopt street lamps. (4) Consumer Rights：Insured with product liability insurance and set up 0800 consumer service hotline. (5) Human Rights：Insured with public accident liability insurance and employee group insurance.				

Note: 1. If "Yes" is checked under implementation status, please describe the key policies, strategies, and measures and results adopted. If "No" is checked under implementation status, please give reasons and describe relevant strategies and measures to be adopted in the future.
2. Companies who have compiled CSR reports may cite the source from specific pages of their CSR reports instead.
3. The materiality principle refers to environmental, social, or corporate governance issues that have a material impact on the investors or other stakeholders of the company.

6. Fulfillment of Ethical Corporate Management and Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	V		The Company has established the "Ethical Corporate Management Best-Practice Principles" and resolved by the Board of Directors, and clearly specify that the Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.	Compliant
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company's Ethical Corporate Management Best-Practice Principles has clearly specified that when establish prevention programs, the Company shall analyze business activities within their business scope which are at a higher risk of being involved in unethical conduct, and include the conducts listed in Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies.	Compliant
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	V		The Company's Ethical Corporate Management Best-Practice Principles has set up the operational procedures and guidelines, disciplinary and appeal system, etc. The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved.	Compliant

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
2. Fulfill operations integrity policy				
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		The Company properly evaluates the business partners' credibility records and requires all transactions to be in line with the credibility code of conduct.	Compliant
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		The company has establish a corporate responsibility promotion team which is supervised by the Board in charge of corporate integrity policies and program to prevent unethical conduct and monitor its implementation, and regularly reports to the Board.	No material discrepancy
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		All employees shall comply with conflict of interest and confidentiality agreements, and a mailbox shall be set up to serve as the channel for communication.	Compliant
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	V		The Company has established effective accounting systems and internal control systems, and conduct review regularly so as to ensure that the design and enforcement of the systems are showing results. The internal auditors shall regularly check the compliance status of the relevant systems and prepare audit reports submitted to the Board of Directors.	Compliant
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		Various meeting advocacies are periodically held. Prior to signing contracts and transacting with external vendors, business integrity-related norms shall be noted.	No material discrepancy

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		The Company has established the Whistle-blowing system and the 0800 service hotline and mailbox have been set up. In case of proven violations of business integration, punishment will be imposed according to the Company's regulations.	Compliant
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		The Company's Whistle-blowing system has clearly stipulated the measures for whistle-blowing, whistle-blowers protection, etc.	Compliant
(3) Does the company provide proper whistleblower protection?	V		In the Company's reported matter handling process, the whistleblower is always protected and will not be penalized for reporting an offense.	Compliant
4. Strengthening information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		The Company has disclosed the "Code of Business Integrity" on the company website and Market Observation Post System.	Compliant
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has established the ethical corporate management policies on Aug. 10, 2015. All business operations are complied with Company Act, the Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest and other relevant laws and regulations related for listed company.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies): Adhering by the business integrity concepts of incorruptibility, transparency, responsibility, and self-discipline, all the regulations and procedures adopt relevant measures to prevent unethical conduct and implement the policy of business integrity.				

7. Corporate Governance Guidelines and Regulations：
   (1) Please refer to the "Corporate Governance" area on Taiwan Stock Exchange Market Observation Post System at https://mops.twse.com.tw
   (2) Please refer to the "Corporate Governance" area on the Company's website at http://www.cptwn.com.tw

8. Other Important Information Regarding Corporate Governance：None.

9. Internal Control Systems

(1) Statement of Internal Control System

Date: March 24, 2020

Based on the findings of a self-assessment, Charoen Pokphand Enterprise (Taiwan) Co., Ltd. (CPE) states the following with regard to its internal control system during the year 2019:

1. The board of directors and management of CPE are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. The effectiveness of an internal control system may be subject to chances due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and CPE takes immediate remedial actions in response to any identified deficiencies.
3. CPE evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. CPE has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, CPE believes that, on December 31, 2019, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of CPE's annual report for the year 2019 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was passed by the board of directors in their meeting held on March 24, 2020, with none of the eight attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Charoen Pokphand Enterprise (Taiwan) Co., Ltd.

Chairman：Wu Yeh, Cheng

CEO：Thong Chotirat

(2) If the company has commissioned external auditors to review the company's internal control system, the external auditor's report should be disclosed: None.

10. Conviction of corporate or employees' wrongdoings, Company's punishment on employee for violation of internal control, major faults and improvements during recent fiscal period and to the publish date of the annual report: None.

11. Major Resolutions of Shareholders Meeting and Board of Directors Meeting for the most recent year and to the Publish Date of the Annual Report

(1) Major resolutions and executions of 2019 General Shareholders Meeting:

A. Adoption of the 2018 Business report and Financial Statements.

B. Adoption of the Proposal for 2018 Distribution of Surplus Earnings.
Implementation: The Board of Directors has set up the record date on July 21, 2019 and payment date on August 9, 2019. The payment date was delayed to August 12, 2019 due to Typhoon Lekima. (Cash dividend of NT$3.00 per share)

C. Resolution of the Amendment to the "Articles of Incorporation"
Implementation: Company Registration was approved by Ministry of Economic Affairs on July 12, 2019.

D. Resolution of the Amendment to the "Procedures for the Acquisition and Disposal of Assets"

E. Resolution of the Amendment to the "Operational Procedures for Endorsements/Guarantees".

F. Resolution of the Amendment to the "Operational Procedures for Loaning Funds to Others".
Implementation of D,E,F: The relevant matters are implemented in accordance with the amended procedures.

(2) Major Resolutions of the Board of Directors Meetings in 2019 and to the Publish Date of the Annual Report

Date	Major Resolution Outlines
Jan. 21, 2019	Approval of amendment to the "Procedures for the Acquisition and Disposal of Assets".
Feb. 18, 2019	Approval of transferring shares of Lianyungang Chia Tai Agro-industry Development Co., Ltd. to related party through Chia Tai Lianyungang Co., Ltd.
Mar. 25, 2019	1. Approval of amendment to the "Articles of Incorporation". 2. Approval of amendment to the "Operational Procedures for Endorsements/Guarantees". 3. Approval of amendment to the "Operational Procedures for Loaning Funds to Others".
May. 6, 2019	1.Approval of establishing the "Standard operating procedures for processing a director's request" 2. Approval of amendment to the Yunlin feedmill investment. 3. Approval of the disposal of land of Arbor Acres (Taiwan) Co., Ltd.
Jul. 31, 2019	1. Approval of amendment to the "Audit Committee Charter" 2. Approval of amendment to the Internal Control System. 3. Approval of capital increase in Rui Fu Foods Co., Ltd. 4. Approval of establishing a new company joint-ventured with other companies by Rui Fu Foods Co. Ltd.
Nov. 1, 2019	1. Approval of establishing the "Regulations Governing the Board Performance Evaluation" 2. Approval of establishing the "Corporate Governance Best-Practice Principles"
Jan. 20, 2020	1. Approval of Amendment to the Internal Control System. 2. Approval of lifting the Chief Accountant from the restrictions of competition during his tenure.

Date	Major Resolution Outlines
Mar. 24, 2020	1. Approval of amendment to the Internal Control System. 2. Approval of amendment to the “Rules of Procedure for Board of Directors Meetings”. 3. Approval of amendment to the “Audit Committee Charter”.
May. 5, 2020	Approval of amendment to the “Remuneration Committee Charter”.

12. Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

13. Resignation or Dismissal of the Company’s Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit ,Corporate Governance and R&D: None.

V. Information Regarding the Company’s Audit Fee

1. Audit Fee

Accounting Firm	Name of CPA	Period Covered by CPA’s Audit	Remarks
PricewaterhouseCoopers, Taiwan	Weng, Shih-Jung Lin, Yi-Fan	Jan. 1,2019~Dec. 31, 2019	-

Unit: NT$ thousand

Fee Range \ Fee Items		Audit Fee	Non-audit Fee	Total
1	Under NT$ 2,000,000		V	
2	NT$2,000,000 ~ NT$3,999,999	V		
3	NT$4,000,000 ~ NT$5,999,999			V
4	NT$6,000,000 ~ NT$7,999,999			
5	NT$8,000,000 ~ NT$9,999,999			
6	NT$10,000,000 or over			

(1) If non-audit fee paid to CPAs, their accounting firm and its affiliates are more than one-fourth of audit fees, specify the amount of audit and non-audit fees, as well as the scope of non-audit services：

Unit: NT$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA’s Audit	Remarks
			System of Design	Company Registration	Human Resource	Others	Subtotal		
PwC, Taiwan	Weng, Shih-Jung Lin, Yi-Fan	2,792	0	0	0	1,702	1,702	Jan. 1, 2019 ~Dec. 31, 2019	Including CSR report assurance and other service fee.

(2) If there is any change in the appointed in dependent auditors and the Company's annual auditing expenses decreased simultaneously, information regarding the amount, percentage and reasons for the decrease in auditing expenses shall be disclosed：None.

(3) Auditing expenses decreased by 10% in comparison to the previous year, information regarding the amount, percentage and reason for the decrease in auditing expenses shall be disclosed：None.

VI. Information Regarding the Replacement of Independent Auditors: None.

VII. Management Team Held Positions in the Company's Audit Firm or Its Affiliates: None.

VIII. Changes in Shareholding of Directors, Management and Major Shareholders

Unit: Shares

Title	Name		2019		As of Apr. 25, 2020	
			Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Representative of Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	Wu Yeh Cheng	0	0	0	0
Director		Prasert Poongkumarn				
Director		Chu Hsiung Lin				
Director		Thong Chotirat				
Director		Monchai Leelaharat				
Independent Director	Yen Sung Li		0	0	0	0
Independent Director	Chia Nan Fang		0	0	0	0
Independent Director	Tsu M. Ongg		0	0	0	0
CEO	Thong Chotirat		20,000	0	21,000	0
Senior Vice President	Chih Cheng Liu		0	0	0	0
Senior Vice President	Yen Chun Liu		0	0	0	0
Senior Vice President	Wei Yueh Chang		0	0	0	0
Senior Vice President	Ning Wang		0	0	0	0
Vice President	Yu Ching Chen		0	0	0	0
Senior Vice President	Chao Jen Chen		0	0	0	0
Senior Vice President	Chun Lung Hsiao		0	0	0	0
CFO	Monchai Leelaharat		0	0	0	0
Vice President	Ching Yuan Yu		0	0	0	0
Major Shareholder	Charoen Pokphand Foods Public Company Limited		0	0	0	0

IX. Relationship among the Top Ten Shareholders

Apr. 25, 2020

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	26,802,733	10.00%	0	0.00%	0	0%	-	(Note 1)	
Director：Paisan Chirakitcharern	0	0.00%	0	0.00%	0	0%	-	-	
Bright Excel Investments Limited, BVI	24,832,500	9.27%	0	0.00%	0	0%	-	(Note 1)	
Director：Paisan Chirakitcharern	0	0.00%	0	0.00%	0	0%	-	-	
Giant Crown Investments Limited, BVI	16,946,479	6.32%	0	0.00%	0	0%	-	(Note 2)	
Director：Paisan Chirakitcharern	0	0.00%	0	0.00%	0	0%	-	-	
Chun Ta Investment Co., Ltd.	15,176,525	5.66%	0	0.00%	0	0%	-	(Note 1)	
Chairman：Monchai Leelaharat	0	0.00%	0	0.00%	0	0%	-	-	
Ta Chung Investment Co., Ltd.	12,549,362	4.68%	0	0.00%	0	0%	-	(Note 1)	
Chairman：Monchai Leelaharat	0	0.00%	0	0.00%	0	0%	-	-	
New Splendid Holdings Limited, BVI	7,488,136	2.79%	0	0.00%	0	0%	-	(Note 1)	
Director：Paisan Chirakitcharern	0	0.00%	0	0.00%	0	0%	-	-	
Yuanta Life Insurance Co., Ltd.	6,800,000	2.54%	0	0.00%	0	0%	-	-	
Wu Yeh Cheng	6,383,019	2.38%	142,853	0.05%	0	0%	-	-	
CITI Bank in custody for Norges Bank	5,534,000	2.06%	0	0.00%	0	0%	-	-	
Taiwan Life Insurance Co., Ltd. entrusts CTBC investment (II)	4,550,000	1.70%	0	0.00%	0	0%	-	-	

Note：1. Charoen Pokphand Foods Public Company Limited acquired 100% shares indirectly since Sep. 2009.
2. Charoen Pokphand Foods Public Company Limited acquired 100% shares indirectly since Jun. 2018.

X. Ownership of Shares in Affiliated Enterprises

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership (Mar. 31, 2020)	
	Shares	%	Shares	%	Shares	%
Plenty Type Limited (Cayman Islands)	96,370,079	100%	0	0%	96,370,079	100%
Charoen Pokphand (Taiwan) Co., Ltd.	2,443,716	90%	271,524	10%	2,715,240	100%
Arbor Acres (Taiwan) Co., Ltd.	1,600,000	50%	504,000	15.75%	2,104,000	65.75%
Rui Mu Foods Co., Ltd.	10,400,000	52%	0	0%	10,400,000	52%
Rui Fu Foods Co., Ltd.	20,400,000	51%	0	0%	20,400,000	51%
Sheng Da Foods Co. Ltd.	0	0%	6,000,000	75%	6,000,000	75%

Capital Overview

I. Capital and Shares

1. Source of Capital

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT$)	Shares	Amount (NT$)	Sources of Capital	Capital Increased by Assets Other than Cash	Date of Approval & Approval No.
May, 1987	-	28,637,999	286,379,990	28,637,999	286,379,990	Cash/Profits/Surplus	None	Before Public Listed
Jul. 1988	28	57,275,998	572,759,980	57,275,998	572,759,980	Cash	None	1988/3/16 Taiwan-Finance-Securities (I) No. 00258
Dec. 1988	10	68,731,198	687,311,980	68,731,198	687,311,980	Profits	None	1988/10/18 Taiwan-Finance-Securities (I) No.09203
Jan. 1990	40	95,477,437	954,774,370	95,477,437	954,774,370	Cash 130,000,000 Capital Surplus 137,462,390	None	1989/10/2 Taiwan-Finance-Securities (I) No.09078
Sep. 1992	10	137,400,000	1,374,000,000	105,979,955	1,059,799,550	Capital Surplus	None	1992/7/29 Taiwan-Finance-Securities (I) No.01704
Oct. 1993	10	137,400,000	1,374,000,000	116,577,950	1,165,779,500	Capital Surplus	None	1993/7/26 Taiwan-Finance-Securities (I) No.30830
Nov. 1994	20	184,000,000	1,840,000,000	149,057,795	1,490,577,950	Cash208,220,500 Capital Surplus 58,288,980 Profits 58,288,970	None	1994/7/25 Taiwan-Finance-Securities (I) No.29034
Aug. 1995	10	184,000,000	1,840,000,000	156,510,685	1,565,106,850	Capital Surplus	None	1995/7/4 Taiwan-Finance-Securities (1) No.38921
Sep. 1996	10	284,000,000	2,840,000,000	165,901,326	1,659,013,260	Capital Surplus	None	1996/7/3 Taiwan-Finance-Securities (I) No.41052
Nov. 1997	17.5	357,900,000	3,579,000,000	202,491,458	2,024,914,580	Cash 200,000,000 Capital Surplus 82,950,660 Profits 82,950,660	None	1997/7/14 Taiwan-Finance-Securities (I) No.52538號
Aug. 1998	10	357,900,000	3,579,000,000	212,616,031	2,126,160,310	Capital Surplus	None	1998/7/4 Taiwan-Finance-Securities (I) No.57352
Aug. 1999	10	357,900,000	3,579,000,000	222,183,752	2,221,837,520	Profits 29,766,240 Capital Surplus 65,910,970	None	1999/7/12 Taiwan-Finance-Securities (I) No.63044號
Aug. 2000	10	357,900,000	3,579,000,000	226,627,427	2,266,274,270	Capital Surplus	None	2000/6/23 Taiwan-Finance-Securities (I) No.54599
Aug. 2001	10	357,900,000	3,579,000,000	230,026,838	2,300,268,380	Capital Surplus	None	2001/7/6 Taiwan-Finance-Securities (I) No.143496
Jul. 2003	5	357,900,000	3,579,000,000	232,026,838	2,320,268,380	Cash	None	2006/10/19 Financial-Supervisory-Securities--I -No. 0950148222 private placement securities for retroactive handling of public issuance procedures
Sep. 2014	10	357,900,000	3,579,000,000	243,628,180	2,436,281,800	Profits	None	2014/7/10 Financial-Supervisory-Securities-Corporate-No.1030026256
Sep. 2015	10	357,900,000	3,579,000,000	267,990,998	2,679,909,980	Profits	None	2015/7/31 Financial-Supervisory-Securities-Corporate-No.1040028764

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Stock	267,990,998	89,909,002	357,900,000	-

Note: Information for Shelf Registration: NA.

2. Status of Shareholders

Apr. 25, 2020

Structure / Number	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Natural Persons	Domestic Natural Persons	Total
Number of Shareholders	0	9	177	147	52,926	53,259
Shareholding (shares)	0	19,622,155	35,350,108	108,657,479	104,361,256	267,990,998
Percentage	0.00%	7.32%	13.19%	40.55%	38.94%	100.00%

3. Shareholding Distribution Status - Common Shares

Apr. 25, 2020

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	31,529	2,972,204	1.11%
1,000 ~ 5,000	18,371	35,425,189	13.22%
5,001 ~ 10,000	1,923	14,527,550	5.42%
10,001 ~ 15,000	554	6,935,967	2.59%
15,001 ~ 20,000	267	4,905,457	1.83%
20,001 ~ 30,000	213	5,379,452	2.01%
30,001 ~ 50,000	177	6,995,978	2.61%
50,001 ~ 100,000	115	8,261,784	3.08%
100,001 ~ 200,000	39	5,275,958	1.97%
200,001 ~ 400,000	25	6,694,530	2.50%
400,001 ~ 600,000	8	3,944,465	1.47%
600,001 ~ 800,000	11	7,662,731	2.86%
800,001 ~ 1,000,000	2	1,678,000	0.63%
1,000,001 or over	25	157,331,733	58.70%
Total	53,259	267,990,998	100.00%

Note: The Company has not issued Preferred Shares.

4. List of Major Shareholders

Shareholding / Shareholder's Name	Shares	Percentage
Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	26,802,733	10.00%
Bright Excel Investments Limited, BVI	24,832,500	9.27%
Giant Crown Investments Limited, BVI	16,946,479	6.32%
Chun Ta Investment Co., Ltd.	15,176,525	5.66%
Ta Chung Investment Co., Ltd.	12,549,362	4.68%
New Splendid Holdings Limited, BVI	7,488,136	2.79%
Yuanta Life Insurance Co., Ltd.	6,800,000	2.54%
Wu Yeh Cheng	6,383,019	2.38%
CITI Bank in custody for Norges Bank	5,534,000	2.06%
Taiwan Life Insurance Co., Ltd. entrusts CTBC investment (II)	4,550,000	1.70%

5. Market Price, Net Worth, Earnings, and Dividends Per Share

Unit: NT$ 1

Item \ Year			2018	2019	01/01/2020 -03/31/2020
Market Price per Share	Highest Market Price		71.00	74.90	66.50
	Lowest Market Price		37.95	50.70	46.50
	Average Market Price		58.29	64.38	59.07
Net Worth per Share	Before Distribution		25.87	29.56	29.04
	After Distribution		22.87	(Note1)	(Note1)
Earnings per Share	Weighted Average Shares (thousand shares)		267,990,998	267,990,998	267,990,998
	Diluted Earnings Per Share		3.55	5.46	0.87
	Adjusted Diluted Earnings Per Share		3.55	(Note1)	(Note1)
Dividends per Share	Cash Dividends		3.00	(Note1)	-
	Stock Dividends	Dividends from Retained Earnings	-	-	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price / Earnings Ratio (Note 2)		16.03	11.45	-
	Price / Dividend Ratio (Note 3)		18.97	(Note1)	-
	Cash Dividend Yield Rate (Note 4)		0.05	(Note1)	-

Note 1：The Proposal for Distribution of 2019 Profits is not yet resolved by the general shareholders' meeting.
Note 2：Price / Earnings Ratio = Average Market Price / Earnings per Share
Note 3：Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
Note 4：Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

6. Dividend Policy and Implementation Status

(1) Dividend policy under Articles of Incorporation：

The Company is in the stage of stable growth, considering the capital demand of the Company and the cash inflow that the shareholders desire, while the Company has profit as a result of the annual final accounting, after the Company paid all taxes, dues and offset its accumulated losses, shall first set aside 10% of such profits as legal reserve, then set aside or reverse special reserve in accordance with the laws and regulations requested by the competent authority. The remaining surplus profits along with the un-appropriated retained earnings of the previous years shall be distributed as shareholders' dividends in accordance with the resolution of shareholders' meeting. Cash dividends shall not be less than 10% of the total distributed dividends. While the cash dividends per share is less than NT$0.1, the cash dividends shall be distributed in the form of stock dividends.

(2) The Board of Directors considered the capital demand and the cash inflow that the shareholders desire, the Company plans to distribute more than 30% of Profit for the current year as shareholders' dividends.

(3) The Proposal for Distribution of 2019 Profits: The distribution of 2019 cash dividends was resolved at the meeting of the Board of Directors that cash dividend NT$4 per share will be distributed and reported to the Annual General Shareholders' Meeting.

7. Impacts of Stock Dividends on Operation Results and EPS：NA.

8. Compensation of Employees, Directors and Supervisors

(1) Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation：When the Company has profit of the current year, at least 1% or more shall be distributed as employees' bonuses. In case that the Company has accumulative losses, a sufficient amount shall be reserved to offset its accumulative losses in advance. In addition, the Company doesn't distribute Directors' Compensation.

(2) The basis for estimating the amount of employees' compensation, for calculating the number of shares to be distributed as employees' compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
The basis for estimating the amount of the employees' compensation is in accordance with Article 29-1 of the Company's Articles of Incorporation. If the amount resolved by the Board differs from the previously estimated, the difference will be handled based on the accounting estimation, which will be recognized as the 2020 annual profit (loss).

(3) Distribution of Compensation for 2019 Resolved in the Board of Directors Meeting

A. Distribution of Compensation of Employees in Cash or Stock:
The 2019 employees' compensation is NT$17,643,400 which was approved by the Board of Directors on May 5, 2020, and totally distributed in cash. The above-mentioned amount shall be distributed after reporting in the Annual General Shareholders' Meeting. The amount of 2019 employees' compensation resolved by the Board increased by NT$ 278,400 compared to the estimated amount of NT$17,365,000 in the 2019 financial report. The amount difference is mainly due to an estimation difference and shall be handled based on the accounting estimation, which will be recognized as the 2020 annual profit (loss).

B. The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports for the current period and total employee compensation: NA.

(4) Information regarding the Distribution of Compensation of Employees, Directors and Supervisors for the previous year: 2019 Distribution of Employees' Compensation was NT$ 12,410,400 while the distribution of Directors' remuneration was NT$ 0. The above-mentioned actual distribution of compensation of employees, directors and supervisors was in line with the resolution of the Board of Directors.

9. Buyback of Treasury Stock: None.

II. Bonds：None.

III. Preferred Shares：None.

IV. Global Depository Receipts：None.

V. 1. Employee Stock Options：None.

2. New Restricted Employee Shares：None.

VI. Status of New Shares Issuance in Connection with Mergers and Acquisitions：None.

VII. Financing Plans and Implementation

1. Finance Plans

For each uncompleted public issue or private placement of securities, and for such issues and placements that were completed in the most recent three years but have not yet fully yielded the planned benefits: None.

2. Implementation

Capital received from previously-issued corporate bonds has been fully executed according to the required procedures: NA.

Operational Highlights

I. Business Activities

1. Business Scope

(i) Main activities of business operations

(1) Operation of Livestock Farm
(2) Animal Husbandry
(3) Livestock Farming
(4) Slaughter
(5) Canned, Frozen, Dehydrated Food Manufacturing
(6) Instant Food Manufacturing
(7) Other Food Manufacturing Not Elsewhere Classified
(8) Prepared Animal Feeds Manufacture
(9) Wholesale of Animal Husbandry, Aquatic Products, Food and Grocery, Animal Feeds
(10) Retail sale of Husbandry Products, Aquatic Products, Animal Feeds, Food and Grocery
(11) International Trade
(12) Agriculture, Forestry, Fishing, Animal Husbandry Consultancy, Food Consultancy, and Management Consulting Services
(13) Biotechnology Services
(14) Restaurants
(15) Other Eating and Drinking Places Not Elsewhere Classified

(ii) Product Items and the percentage

－Feed and Extruded ingredients	37.3%
－Livestock Fresh Meat	42.2%
－Various Consumer Foods: Chicken floss, ginseng chicken, ham, chicken nugget, chicken chop, fried chicken, chicken sticks, roasted chicken, pickled meat, etc.	20.5%

(iii) New products scheduled for developing

(1) Develop a Chinese-style and exotic cuisine for consumers to have delicious dishes more convenient and easily.
(2) Develop normal-temperature prepared food to meet consumers' versatile dietary needs.
(3) Research the manufacturing technology of clean label products.

2. Industry Overview

Relationship with upstream, middlestream and downstream among the industry are feed, feathered chicken slaughter, fresh chicken/pork/duck, processed meat, and products-channel.

(1) Feed Industry

The fluctuation in Taiwan's overall feed production is subject to adjustments based on the production of livestock and husbandry in Taiwan (including pigs, white broilers, colored chickens, ducks, bulls, etc.), as well as aquatic production. In accordance with the 2018 Taiwan feed production survey report of the Council of Agriculture, Executive Yuan, there are 116 feedmills in Taiwan and the total annual feed production is 5.08 million tons. The 2019 Taiwan chicken slaughter quantity increased by about 6% compared to 2018, the pig slaughter quantity decreased by about 2% compared to 2018, and the overall feed production growth in 2019 was estimated at 2%.

(2) White Broiler Fresh Meat

According to the data of the Poultry Association Republic of China, the chick prices from the bottom of NT$16 each increased to NT$22 each while the feathered chicken prices increased to NT$26.5 per 600 grams in 2019. Additionally, due to the low prices of chicken from the United States in 2018, the import quantity reached the historical high of 214,000 tons and dropped to around 180,000 tons in 2019.

(3) White Broiler Processed Foods

From the standpoint of nutrition, white meat has lower fat content and higher unsaturated fatty acids, which effectively reduce human cholesterol. Therefore, consuming more "healthy white meat" has become the main health diet concept of the people, and chicken happens to be in line with such a health-oriented diet trend. Moreover, with the changed domestic population structure, fewer family members and double-income families, the demand for frozen cooked food products has been boosted, leading to yearly increases in chicken processed foods in recent years. The "fried chicken nuggets/chicken chops," is still consumers' preferred chicken processed food and prepared food shows a growing trend year by year.

3. Research and Development

(1) In the latest year and to the publish date of the annual report, the R&D expenditure was NT$21.8 million, of which 80% were invested on manpower and time spent on successfully developed products.

(2) Successfully Developed Products:

A. Develop forming meat technology for providing more diversified and higher quality chicken nugget products to meet consumers' versatile needs.

B. Targeting the needs and trends for high-protein diets of the current health and fitness population, we developed many flavored chicken breast salad products and sold in all channels successfully.

4. Long-term and Short-term Development

(1) Short-term Development:

A. To support the government's technologization and modernization development policy for agriculture and livestock industry, the Company will construct the world's most advanced AI automated non-pharmaceutical feedmill in Douliou City, Yunlin County, the agriculture capital of Taiwan, in order to meet the international environmental protection standards and solve feed cross-contamination and food safety issues.

B. Introducing the world's most advanced cooling pad system and equipment and raising and breeding technology, the Company thereby set the milestone for Taiwan's duck raising industry heading towards high-tech automation.

C. Introduce one-stop egg hen management to ensure sufficiency in egg supply.

(2) Long-term Development:

A. By introducing the Group's world-class technologies and the most advanced equipment, the Company's technology level of breeding, livestock breeding, feed, and meat processing will be expected to improve.

B. Adhering to the philosophy of "No biological safety, No food safety", the Company insists on rigorous quality control and completed traceability from raw material supply chain management, processing, warehousing to products delivering in order to ensure the food safety and provide consumers the highest quality meat which is safe, healthy, convenient, hygienic, and affordable.

C. Continue to strengthen the existing intensive brand marketing, deep-plow channel marketing strategies, and develop new e-commerce channels.

II. Market and Sales Overview

1. Sales Region and Market Share (%)

The Company's main products are feed, white broiler fresh meat and processed chicken products, which are mainly for domestic sales. The sales regions are nationwide. The major product market overview is summarized as follows:

(1) Feed: The Company's 2019 feed production was approximately 850,000 tons, which mainly consist of chicken, pig and duck feed products, accounting for about 16% of the overall market. The targets of sales are privately-operated breeders, contract breeders and self-owned farms. The main market area is Central Taiwan, accounting for 54%, while Southern and Northern Taiwan are accounting for 37% and 9% respectively. In response to the environmental protection and health trends, the Company provides the domestic breeding industry with feed products free of safety concerns. The Company will invest in a feedmill with a monthly capacity of 20,000 tons in Douliou City, Yunlin County, which is expected to commence production in the third quarter of 2020.

(2) White Broiler Fresh Meat: The Company is the first vendor to have white broiler electric slaughter equipment in Taiwan. After years of efforts, the Company adopts the vertical integration business strategy, from feed, meat chicken, chicken contract raising to white broiler slaughter in order to strictly control quality and reduce production costs. Currently, the daily slaughter capacity is 150,000. The overall electric slaughter capacity in 2019 was 42.19 million. The market distribution comprises Northern Taiwan (40%), Central Taiwan (45%), and Southern Taiwan (15%), accounting for about 17.74% of the overall white broiler market.

(3) Processed Chicken Products: With the people's enhanced health awareness in recent years, white meat sales have also gradually increased. The Company has actively engaged in the R&D and sales of chicken meat product over years, which spread across the breakfast industry, catering industry, supermarkets, convenience stores, and other markets. At present, the monthly production is about 1,700-2,200 tons, making the brand the leading brand in the market. The market distribution comprises Northern Taiwan (45%), Central Taiwan (25%), and Southern Taiwan (30%), accounting for about 22% of the overall processed white broiler products.

2. Supply, Demand and Growth in Prospective Markets

(1) The 2020 challenge of commodity procurement

The amount of pigs in China is estimated to reduce by nearly 40% due to African Swine Fever in 2019 continuing to spread. Therefore, China purchased pork from countries to ease the shortage of pork and resulted in the global pork prices rose sharply by about 20%. When everything seemed to be optimistic, COVID-19 pandemic broke out from Wuhan, China at the end of 2019 and spread all over the world in the first quarter of 2020. The epidemic was so severe that countries have locked in one after another in a short period. Due to the freezing of consumption and plummeting of the demand, many industries suffered heavy losses. The year 2020 may get through thrillingly that the market alternates continuously between bear and bull market. The grain market was slumping due to a bumper harvest in the first quarter of 2020, but rebounded slightly at the end of March. This was influenced by COVID-19 that the traffic restrictions in Argentina and Brazil resulted in delay of grain export and concern of the full lockdown of ports. Grain turned to purchase from U.S. and Ukraine has caused local prices to rise and move towards a grain bull market. The following U.S. cultivation period is another important issue to concern that the roller- coaster-like journey is not yet over.

(2) Efforts of countries all over the world towards economic growth

COVID-19 pandemic has impacted various industrial chains. Since the first quarter of 2020, circuit breakers have been triggered in the U.S. stock exchange several times, many securities market indices of countries all over the world were fallen more than 5%, the measures to lock down cities, ports, and countries were implemented to control epidemic, and supply and demand both stagnated. The FED has cut interest rates by 6 quarters of a percentage point in March, 2020. Countries have taken fiscal stimulus and allowance measures to aware in advance and prevent a serious economic recession. Now the Global shall pay high attention to the prevention of epidemic to reduce the infection risk, and all take efforts to research and develop vaccines to contain the epidemic as soon as possible.

(3) Taiwan is a perfect model of epidemic prevention, CPE operates steadily to protect Taiwan together

The defending measures against African Swine Fever by all people have led a successful prevention toward African Swine Fever invasion. As facing the COVID-19, the high-efficiency mechanism of epidemic prevention and propaganda taken by the government have also lower the infection risk and save the people’s life from panic. As a major food company, CPE is dedicated to raise heathy chickens, pigs and eggs, all the way to the meat and frozen processed food checked strictly that the fresh and nutrition is the top priority to protect the people’s health. Currently, the pandemic has impacted the restaurants and the sales declined due to the reduction of people eating outside. However, otaku economy has become the rage that the CP frozen and processed food becomes bestseller that the sales of online shopping and delivery channels have grown significantly and the overall sales are still steadily. The CPE operation performance of 2019 hit a record high and still has many plans on the forward-looking investments. The estimated capital expenditure is expected not lower than the level of the previous two years. The NT$1.3 billion worth AI automated feedmill with automated three-dimensional warehouse equipment in Yunlin which is expected to reduce manpower by more than 50% and improve feed quality and production efficiency. Production is expected to be commenced after the third quarter of 2020 and will be helpful to increase the market share of CPE feed to more than 20%.

3. Advantages in Competition

(1) Taiwan joined WTO in January 2002. The Company has been proactively establishing the business model for the upstream, middle-stream and downstream vertical integration of feed, feathered chicken slaughter, fresh chicken/pork/duck, processed meat, and products-channel integration has significantly gained a competitive niche.

(2) The operation of existing global international products purchasing information online system previously established has make the best use of our advantage in materials.

(3) For a long time, the Company has continuously invested heavily on strengthening the upstream and downstream agriculture and livestock supply chain layout, introduced the world’s most advanced equipment featuring both environmental protection and safety into the Company, and enhanced the Company’s standard of breeding, livestock breeding, feed, meat processing, and egg technology, which have one after another shown a competitive niche in terms of operating performance growth momentum.

4. Favorable and Unfavorable Factors in the Long Term and Countermeasure

(1) Favorable Factors:

A. With the solid foundation of vertical integration, product costs and quality can be easily controlled to enhance competitiveness.

B. Affordable and high-quality products coupled with after-sales services and continuous R&D are the niches of future market competitiveness.

C. Products are necessities to public. By providing consumers with safe, healthy, convenient, affordable, and high-quality products that gain consumers' recognition, the Company's image as the leading brand can be established.

(2) Unfavorable Factors:

A. Limited of land. Land, as symbol of wealth instead of production tools, is high in cost.

B. The investment costs increase due to the soaring environmental protection standards.

C. After Taiwan joined the WTO, it is bound to be subject to the external pressure of product competitiveness.

(3) Countermeasure:

In order to recreate the corporate, the C.P. Taiwan must strengthen itself by transforming from the traditional business of the past into an internationalized, commercialized, technologized, and eco-friendly consuming business group in order to take on internationalized and liberalized challenges of the future world trade and ensure the Company's steady growth and sustainable operation.

5. Important application and production Procedures of Major Products

(1) 100% of the chicken, duck, pig feed is to provide the domestic suppliers. Fresh chicken meat, pork and processing products are manufactured for all Taiwan areas.

(2)

Production Processes of Major Products：

A. Feed:

Raw Material → Hammer → Mixer ↗ Pellet → Pellet Feed → Package / Bulk

Raw Material → Hammer → Mixer ↘ Powder Feed → Package / Bulk

B. Fresh Chicken Meat:

Hanging → Slaughtering → Giblet Harvesting → Grading ↗ Griller Packing → Refrigeration /Freezing

Hanging → Slaughtering → Giblet Harvesting → Grading ↘ Cut-up Packing → Refrigeration /Freezing

C. Meat Processing Products:

Raw Meat → Ground → Mix → Forming ↗ Coating → Battering → Coating

Raw Meat → Ground → Mix → Forming ↘ Battering → Coating → Battering

↘ ↗ Par-Fry → IQF → Packing → Finished Product

D. Processed Food：

Raw Meat → Preparation → Steaming /cooking → Combination → IQF → Wrapping /Capping

→ Packing → Finished Product

6. Supply Status of Main Materials

(1) Feed:

The transnational group has set up a professional management team to share rich experiences and information network, make accurate predictions in facing climate change, and provide the procurement strategy in response to market situations. Based on the regional characteristics, assistance has been offered in equipment upgrade, productivity enhancement, and R&D and innovation to increase added value. The cooperation mode with farmers has also been reinforced not only to reduce the risk of agricultural product price fluctuations but also to ensure breeding efficiency and quality, thereby successfully expanding breeding scale, maintaining productivity, and enhancing quality stability.

(2) Fresh Chicken Meat:

The Company, cooperating with farmers based on different breeding contract, is provided with high-quality, hygienic and safe feathered chickens, which are the raw material sources of high-quality meat.

(3) Meat Processed Products and Prepared Food:

The meat is purchased from self-operated electric slaughter plants or domestic and foreign markets in order to cater to fresh meat to the processed chicken, pork, local-raised chicken and duck foods.

7. Major Suppliers and Clients

(1) Major Suppliers in the Last Two Years

Unit: NT$ thousand

Item	2018				2019				2020 (As of March 31)			
	Name	Amount	Percent %	Relation with the Company	Name	Amount	Percent %	Relation with the Company	Name	Amount	Percent %	Relation with the Company
1	--		0.00		A(note)	1,593,357	10.17	None	B(note)	508,706	13.64	None
	Others	14,021,543	100.00		Others	14,066,767	89.83		Others	3,221,370	86.36	
	Net Total Supplies	14,021,543	100.00		Net Total Supplies	15,660,124	100.00		Net Total Supplies	3,730,076	100.00	

Note: A represents GLENCORE AGRICULTURE B.V. and B represents Great Wall Enterprise Co., Ltd.

(2) Major Clients in the Last Two Years

Unit: NT$ thousand

Item	2018				2019				2020 (As of March 31)			
	Name	Amount	Percent %	Relation with the Company	Name	Amount	Percent %	Relation with the Company	Name	Amount	Percent %	Relation with the Company
	Others	18,947,659	100.00		Others	21,173,634	100.00		Others	5,241,193	100.00	
	Net Sales	18,947,659	100.00		Net Sales	21,173,634	100.00		Net Sales	5,241,193	100.00	

Note: There’s no client commanding 10%-plus share of annual net sales.

8. Production in the Last Two Years

Unit: (1)MT (2)NT$ thousands

Year / Production / Major Products	2018			2019		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Feed	917,500	791,922	9,281,029	917,500	851,243	10,054,836
Commodity	-	136,643	1,225,260	-	169,693	1,520,392
Livestock Fresh Meat	151,412	145,701	8,029,433	175,350	164,990	8,921,154
Consumable Food	33,548	32,015	3,142,837	45,438	39,118	3,805,693
Total		1,106,281	21,678,559		1,225,044	24,302,075

Note: Production capacity refers to the volume of production that can be produced by a company using existing production equipment and under normal operation, after taking into consideration factors such as necessary downtime, holiday, etc.

9. Sales and Quantity in the Last Two Years

Unit: (1)MT (2)NT$ thousands

Year / Sales / Major Products	2018				2019			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Feed, Extruded Ingredients	621,948	7,283,734	0	0	666,228	7,903,787	0	0
Livestock Fresh Meat	118,327	8,169,374	0	0	129,507	8,940,030	0	0
Consumable Food	31,102	3,494,551	0	0	37,962	4,329,817	0	0
Total	771,377	18,947,659	0	0	833,697	21,173,634	0	0

III. Human Resources

Year		2018	2019	As of Apr. 30, 2020
Number of Employees	Administrative staff	154	183	194
	Sales staff	371	291	322
	Production staff	1,501	1,742	1,893
	Total	2,026	2,216	2,409
Average Age		39.50	39.00	39.00
Average Years of Service		6.40	6.00	6.00
Education	Ph.D.	0.2%	0.2%	0.2%
	Masters	3.2%	3.0%	3.2%
	Bachelor’s Degree	32.2%	33.0%	33.0%
	Senior High School	26.4%	30.0%	30.0%
	Below Senior High School	38.0%	33.8%	33.6%

IV. Environmental Protection Expenditure

1. Environmental Protection Policy: The Company has been supporting the government’s policy to protect environment. We have installed the cyclone (dust collection system) in Taichung and Kaohsiung plants and also have the dedicated personnel to be responsible for the waste material treatment in order to protect the environment of the factories and the surroundings. In addition, we have also employed some persons to be responsible for the waste water and the deodorized treatment from Nantou Poultry slaughtering plant and meat-further processing plant. Those persons follow the related criterion to pump waste water into the waste water treatment center in industrial district, besides, to hire the cleaning companies to help treating those waste materials. The above measures are confirmed by the local Environmental Protection Bureau.

2. Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection) and countermeasures: Penalties for air, water and waste pollution is around NT$ 678 thousand.

   Please refer to the Parent Company Only Financial Statements Note 9(3) for the information regarding the disposal company commissioned by the Company violated the Waste Disposal Act by dumping sludge.

Disposition dates	Disposition reference numbers	Articles of law violated	Substance of the legal violations	Content of the dispositions
Feb. 23, 2019 ~ Feb. 14, 2020	No.10830556500, No. 1093601396, etc.	Water Pollution Control Act: Article7, 14, 18, and 28.	Exceeded effluent standards exceeded, not fully complied with the items registered on the discharge permit, not complied with wastewater quality standards, leakage of wastewater, etc.	Penalties amounted to NT$428,108 and attending environmental seminars.
May 8, 2019 ~ Oct. 16, 2019	No.1080019539, No.108002193, etc.	Waste Disposal Act: Article 31, 39, 27 and related regulations	Waste storage is not complied with the industrial waste disposal plan, commissioned waste clearance and transport before the contracts signed, the polluting of drainage gutters, etc.	Penalties of NT$30,000 and attending environmental seminars
Oct. 23, 2019、Dec. 17, 2019	No. 1080241772, No. 1080287366	Soil and water Conservation Act: Article 12.	Establishment of disinfection facilities, waste storage, etc. before draft a soil and water conservation plan and submit to the regulatory authority for approval.	Penalties of NT$120,000 and attending environmental seminars
Jul. 31, 2019	No. 1080084666	Air Pollution Control Act: Article 24.	Part of on-site performed operations is not complied with the permit contents.	Penalty of NT$100,000 and attending environmental seminars.

3. The measures and estimated expenditure in the future:

	2020
Anti-pollution equipment to be purchased	The waste water treatment equipment and dust collection equipment
Expected improvement situation	Improve the working environment
Amount	68 million

4. The impact of the improvement: Enhance the image of the Company, and improve the working environment.
5. Products have not yet been sold to EU countries. Therefore, the implementation of the "Restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS)" has no impact on the Group's finance and business.

V. Labor Relations

1. The Implementation of Employee Welfare, Education, Training, Retirement Policy, as well as the Agreements between Employer and Employees and Employees' Rights Protection Measures:

   Since meetings among the Company, departments and plants have created a good communication channel, followed by labor law and relevant law to protect employees'' rights, so as to pay much attention to various kinds of employees' welfare, the relationship between employer and employees is good.

   (1) The Employee Welfare Committee holds various employee welfare activities. In addition to the welfare fund distributed monthly by law, fund shortage will be subsidized by the Company.

   (2) The Company Working Environment and Employee Safety Protection Measures:

   A. Formulate a Safety and Health Manual that stipulates safety management matters for employees to follow

   B. Strengthen equipment safety and improve environment hygiene.

   C. Regularly check firefighting safety in November every year, and conduct fire drills twice a year.

   (3) The Company has defined retirement pension plans in accordance with the Labor Standards Act for the employees recruited before July 1, 2005. The retirement pension for employees is based on their number of working years. The Company contributes 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. When employees retire, the pension is directly paid by the fund. For the employees hired after July 1, 2005 or existing employees choosing to go with the new pension plan, the Company contributes 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.

   (4) The annual training program is shown in the following table:

Category	Audience	Training Content	Hours
1. Management Skills	1. Senior Executives (CEO, Vice President, etc.)	Globalized trend of agriculture and livestock food industry, CP Group's vision and business strategy, E-management advantages, Enterprise Resource Planning (ERP) integration.	36
	2. Middle-rank supervisors (Managers, Division heads, etc.)	CP Group vision and business strategy, ERP integration, Operating processes and Importation of electronic form management system.	36
	3. Grassroots supervisors (Section heads, management trainee)	T.W.C quality management, Project management, Cost control management, and Electronized Standard Operating Procedure (SOP) management.	72
	4. Salesmen/ Planning staff	CP Group vision and business strategy, Electronized business management (visit plans, customer development, analysis of accounts receivable and sales, and relevant real-time information), Credit management, and Sales management.	72
	5. Finance, Accounting, Personnel, Procurement, Credit, Computer, Production, Quality control, and other personnel	Policies, Operating processes, and Establishment and importation of electronic form management system.	72

Category	Audience	Training Content	Hours
2. Professional Skills	1. Senior Executives (CEO, Vice President, etc.)	Economy cycle and trend of Taiwan's agriculture and husbandry products, Industrial competitiveness strategic analysis (prices/products/channels/ promotions), Electronic real-time information website, and Establishment of online learning system	96
	2. Middle-rank supervisors (Managers, Division heads, etc.)	Establishment and use of related professional knowledge for scope of work responsibilities (production, marketing, personnel, R&D, finance, accounting, computer)	96
	3. Grassroots supervisors (Section heads, management trainee)	Related professional knowledge for scope of work responsibilities (production, marketing, personnel, R&D, finance, accounting, computer)	72
	4. Salesmen/ Planning staff	Related professional knowledge, such as marketing proposal planning, product FABE, sales skills, business regulations, etc.	72
	5. Finance, Accounting, Personnel, Procurement, Credit, Computer, Production, Quality control, and other personnel	Related professional knowledge for the dedicated Dept.	72

2. Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including labor inspection results found in violation of the Labor Standards Act)：

Disposition dates	Disposition reference numbers	Articles of law violated	Substance of the legal violations	Content of the dispositions
Dec. 24, 2019	No. 10860883561	Labor Standards Act, Article 32, Paragraph 2.	Regular working hours exceeded twelve hours a day.	Penalty of NT$100,000.

VI. Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Technical service agreement	Charoen Pokphand Group Co., Ltd.	1996/01~the date any of two parties intend to end the agreement.	Consulting for feed manufacturing, livestock raising, etc.	Non-disclosure of technic
Technical service agreement	Charoen Pokphand Group Co., Ltd.	2015/12 ~effective for 5years	Consulting for livestock raising	Non-disclosure of technic
Trademark licensing agreement	Charoen Pokphand Group Co., Ltd.	2015/12 ~effective for 5years	Authorizing to use Trademark "CP"	
Medium and long term loan	Taiwan Cooperative Bank	2017/10/05 ~2022/10/05	Medium and long term mortgage loan	
Medium and long term loan	Taiwan Cooperative Bank	2019/11/15 ~2021/11/15	Medium and long term mortgage loan	
Medium and long term loan	Chang Hwa Bank	2019/04/03 ~2026/04/03	Medium and long term mortgage loan	

Financial Information

I. Five-Year Financial Summary

1. Condensed Balance Sheet

Consolidated Condensed Balance Sheet

Unit: NT$1,000

Item \ Year		Financial Summary for The Last Five Years (Note1)					As of March 31, 2020 (Note2)
		2015	2016	2017	2018	2019	
Current Assets		4,494,581	4,654,788	5,169,541	5,837,148	6,846,284	6,376,889
Property, Plant and Equipment		3,564,948	4,306,954	6,515,162	7,617,265	8,767,246	9,158,924
Intangible Assets		15,769	15,625	15,108	15,059	13,833	498
Other Assets		1,568,929	2,209,811	2,186,311	2,320,692	3,022,998	2,623,228
Total Assets		9,644,227	11,187,178	13,886,122	15,790,164	18,650,361	18,159,539
Current Liabilities	Before Allocation	3,822,141	4,081,285	5,143,742	6,384,425	6,450,161	6,917,747
	After Allocation	4,358,123	4,885,258	5,947,715	7,188,398	(Note3)	(Note3)
Non-current Liabilities		637,501	497,156	1,784,866	2,149,054	3,573,206	2,768,239
Total Liabilities	Before Allocation	4,459,642	4,578,441	6,928,608	8,533,479	10,023,367	9,685,986
	After Allocation	4,995,624	5,382,414	7,732,581	9,337,452	(Note3)	(Note3)
Equity attributable to owners of the parent		5,057,144	6,406,070	6,677,498	6,931,976	7,922,332	7,783,324
Common Stock		2,679,910	2,679,910	2,679,910	2,679,910	2,679,910	2,679,910
Capital Surplus		967	967	1,145	1,652	2,137	2,152
Retained Earnings	Before Allocation	1,502,969	2,223,021	2,831,268	2,980,267	3,641,000	3,875,347
	After Allocation	966,987	1,419,048	2,027,295	2,176,294	(Note3)	(Note3)
Other Equity		873,298	1,502,172	1,165,175	1,270,147	1,599,285	1,225,915
Treasury Shares		0	0	0	0	0	0
Non-controlling interest		127,441	202,667	280,016	324,709	704,662	690,229
Total Equity	Before Allocation	5,184,585	6,608,737	6,957,514	7,256,685	8,626,994	8,473,553
	After Allocation	4,648,603	5,804,764	6,153,541	6,452,712	(Note3)	(Note3)

Note1: The Company's parent company only condensed balance sheet for the last five years is prepared as follows.
Note2: Financial information regarding the first quarter of 2020 has been verified by independent auditors.
Note3: The Proposal of Distribution of 2019 Profits has not resolved yet by Annual General Shareholders' Meeting.

Parent Company Only Condensed Balance Sheet

Unit: NT$1,000

Item \ Year		Financial Summary for The Last Five Years (Note1) 2015	2016	2017	2018	2019	As of March, 31, 2020
Current Assets		3,967,220	3,952,278	4,216,923	4,765,343	5,030,282	NA
Property, Plant and Equipment		3,339,115	4,111,935	6,109,595	6,988,772	7,752,623	
Intangible Assets		1,195	1,229	2,047	1,564	592	
Other Assets		1,895,593	2,614,487	2,680,285	2,803,622	3,943,793	
Total Assets		9,203,123	10,679,929	13,008,850	14,559,301	16,727,290	
Current Liabilities	Before Allocation	3,599,225	3,812,483	4,607,091	5,562,630	5,603,223	
	After Allocation	4,135,207	4,616,456	5,411,064	6,366,603	(Note1)	
Non-current Liabilities		546,754	461,376	1,724,261	2,064,695	3,201,735	
Total Liabilities	Before Allocation	4,145,979	4,273,859	6,331,352	7,627,325	8,804,958	
	After Allocation	4,681,961	5,077,832	7,135,325	8,431,298	(Note1)	
Equity attributable to owners of the parent		5,057,144	6,406,070	6,677,498	6,931,976	7,922,332	
Common Stock		2,679,910	2,679,910	2,679,910	2,679,910	2,679,910	
Capital Surplus		967	967	1,145	1,652	2,137	
Retained Earnings	Before Allocation	1,502,969	2,223,021	2,831,268	2,980,267	3,641,000	
	After Allocation	966,987	1,419,048	2,027,295	2,176,294	(Note1)	
Other Equity		873,298	1,502,172	1,165,175	1,270,147	1,599,285	
Treasury Shares		0	0	0	0	0	
Non-controlling interest		0	0	0	0	0	
Total Equity	Before Allocation	5,057,144	6,406,070	6,677,498	6,931,976	7,922,332	
	After Allocation	4,521,162	5,602,097	5,873,525	6,128,003	(Note1)	

Note1: The Proposal of Distribution of 2019 Profits has not resolved yet by Annual General Shareholders' Meeting.

2. Statements of Comprehensive Income

Consolidated Condensed Statement of Comprehensive Income

Unit: NT$1,000

Item \ Year		2015	2016	2017	2018	2019	As of March 31, 2020 (Note2)
		Financial Summary of the Last Five Years (Note1)					
Operating Revenue		16,553,896	18,172,909	19,865,000	18,947,659	21,173,634	5,241,193
Net Operating Margin		2,028,395	2,820,416	3,327,986	2,686,148	3,022,377	618,132
Operating Profit		884,184	1,531,636	1,746,963	1,260,649	1,459,297	223,032
Non-operating Income and Expenses		28,311	49,285	88,325	5,566	743,733	65,560
Profit before Income Tax		912,495	1,580,921	1,835,288	1,266,215	2,203,030	288,592
Profit from Continuing Operations		721,086	1,289,405	1,477,381	964,645	1,822,607	231,173
Profit from Discontinued Operations		0	0	0	30,415	776	(2,250)
Profit for the period		721,086	1,289,405	1,477,381	995,060	1,823,383	228,923
Other Comprehensive Income (Loss) for the period		(632,175)	616,912	(359,808)	105,558	328,484	(373,665)
Comprehensive Income for the period		88,911	1,906,317	1,117,573	1,100,618	2,151,867	(144,742)
Profit, attributable to owners of parent		687,768	1,261,795	1,433,070	950,727	1,463,926	234,347
Profit, attributable to non-controlling interest		33,318	27,610	44,311	44,333	359,457	(5,424)
Comprehensive Income, attributable to owners of parent		56,189	1,884,908	1,075,223	1,057,944	1,793,844	(139,023)
Comprehensive Income, attributable to non-controlling interest		32,722	21,409	42,350	42,674	358,023	(5,719)
Earnings per Share (NT$) (Note3)	Before Retroactive	2.57	4.71	5.35	3.55	5.46	0.87
	After Retroactive	2.57	4.71	5.35	3.55	(Note4)	(Note4)

Note1: The Company's parent company only condensed balance sheet for the last five years is prepared as follows.

Note2: Financial information regarding the first quarter of 2020 has been verified by independent auditors.

Note3: Based on weighted average number of outstanding shares after considering capital increase out of earnings or capital surplus during each year.

Note4: The Proposal of Distribution of 2019 Profits has not resolved yet by Annual General Shareholders' Meeting.

Parent Company Only Condensed Statement of Comprehensive Income

Unit: NT$1,000

Item \ Year		Financial Summary of the Last Five Years					As of March 31, 2020
		2015	2016	2017	2018	2019	
Operating Revenue		14,964,975	16,347,426	17,379,603	18,170,438	20,173,520	NA
Net Operating Margin		1,712,875	2,539,353	2,941,655	2,459,155	2,820,707	
Operating Profit		797,111	1,484,122	1,640,894	1,169,368	1,423,849	
Non-operating Income and Expenses		53,584	39,860	118,046	57,787	317,375	
Profit before Income Tax		850,695	1,523,982	1,758,940	1,227,155	1,741,224	
Profit from Continuing Operations		687,768	1,261,795	1,433,070	950,727	1,463,926	
Profit from Discontinued Operations		0	0	0	0	0	
Profit for the period		687,768	1,261,795	1,433,070	950,727	1,463,926	
Other Comprehensive Income (Loss) for the period		(631,579)	623,113	(357,847)	107,217	329,918	
Comprehensive Income for the period		56,189	1,884,908	1,075,223	1,057,944	1,793,844	
Profit, attributable to owners of parent		687,768	1,261,795	1,433,070	950,727	1,463,926	
Profit, attributable to non-controlling interest		-	-	-	-	-	
Comprehensive Income, attributable to owners of parent		56,189	1,884,908	1,075,223	1,057,944	1,793,844	
Comprehensive Income, attributable to non-controlling interest		-	-	-	-	-	
Earnings per Share (NT$) (Note1)	Before Retroactive	2.57	4.71	5.35	3.55	5.46	
	After Retroactive	2.57	4.71	5.35	3.55	(Note2)	

Note1: Based on weighted average number of outstanding shares after considering capital increase out of earnings or capital surplus during each year.

Note2: The Proposal of Distribution of 2019 Profits has not resolved yet by Annual General Shareholders' Meeting.

3. Auditors' Name and Opinions from 2015 to 2019

Year	CPA		Audit Opinions
2019	Shih-Jung Weng	Yi-Fan Lin	With Unqualified Opinions
2018	Shih-Jung Weng	Yi-Fan Lin	With Unqualified Opinions
2017	Chih-Cheng Hsieh	Shih-Jung Weng	With Unqualified Opinions
2016	Huei-Shyang Wang	Chih-Cheng Hsieh	With Unqualified Opinions
2015	Huei-Shyang Wang	Chih-Cheng Hsieh	With Unqualified Opinions

II. Five-Year Financial Analysis

Consolidated Financial Analysis

Analysis Item		Year	Financial Analysis of the Last Five Years					As of March 31, 2020 (Note1)
			2015	2016	2017	2018	2019	
Financial Structure (%)	Debt Ratio		46.24	40.93	49.90	54.04	53.74	53.34
	Ratio of long-term capital to property, plant and equipment		163.31	164.99	134.19	123.48	139.16	122.74
Solvency (%)	Current ratio		117.59	114.05	100.50	91.43	106.14	92.18
	Quick ratio		68.31	79.05	68.40	61.70	77.46	66.52
	Interest earned ratio		28.80	50.38	42.46	20.41	26.98	13.12
Operating Performance	Accounts receivable turnover (times)		9.66	9.97	9.46	9.04	9.10	9.85
	Average collection period		38	37	39	40	40	37
	Inventory turnover (times)		11.48	12.08	13.86	14.50	12.48	12.38
	Accounts payable turnover (times)		19.73	17.08	14.69	14.09	14.18	16.19
	Average days in sales		32	30	26	25	29	29
	Property, plant and equipment turnover (times)		5.10	4.62	3.67	3.01	2.58	2.34
	Total assets turnover (times)		1.74	1.74	1.58	1.43	1.23	1.14
Profitability	Return on total assets (%)		7.85	12.61	12.05	7.05	10.96	1.34
	Return on owners' equity (%)		13.68	21.87	21.78	14.00	22.96	2.68
	Ratio of profit before income tax to paid-in capital (%)		34.05	58.99	68.48	48.80	82.21	10.77
	Profit margin (%)		4.36	7.10	7.44	4.69	8.61	4.37
	Earnings per share (NT$)(Note2)	Before Retroactive	2.57	4.71	5.35	3.55	5.46	0.87
		After Retroactive	2.57	4.71	5.35	3.55	(Note3)	(Note3)
Cash Flows	Cash flow ratio (%)		18.69	41.87	33.38	15.59	30.39	3.22
	Cash flow adequacy ratio (%)		94.03	95.51	77.89	59.27	55.70	62.55
	Cash reinvestment ratio (%)		5.23	11.16	7.42	1.44	7.35	1.49
Leverage	Operating leverage		2.83	2.21	2.31	2.98	2.67	4.15
	Financial leverage		1.04	1.02	1.02	1.05	1.05	1.11

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Quick ratio increased due to the increase in Cash and cash equivalents resulted from subsidiary received the proceeds from disposal of land. In addition, the non-current assets related to the subsidiary in China have been reclassified as non-current assets or disposal groups classified as held for sale in accordance with rules.
2. Interest earned ratio increased due to increase in profit for the year 2019. Operating revenue grew steadily due to the influence of the Group continuously improving vertical integration and expanding the production and sales of feed and extruded ingredients, livestock meat and consumable food. In addition, net operating margins still grew steadily even though the operating cost had been influenced by the supply and demand of the market and rising raw material price. Non-operating income increased because subsidiary earned profits on disposal of land.
3. Return on total assets, return on owner’s equity, ratio of profit before income tax to paid-in capital, profit margin and earnings per share increased due to the better performance of the profitability. The steady growth of operating revenue, net operating margin and operating profit this year resulted from the vertical integration, improvement of brand recognition and sales through different market channels. In addition, non-operating income increased because subsidiary earned profits on disposal of land.
4. Cash flow ratio and cash reinvestment ratio increased due to increase in net cash inflows from operating activities and increase in investment of property, plant and equipment. Net cash inflows from operating activities increased due to increase in profit for the year 2019 resulted from expanding existing capacity of production lines to increase market shares by continuous investments in improving or acquiring plant and equipment.

Parent Company Only Financial Analysis

Analysis Item / Year			Financial Analysis of the Last Five Years					As of March 31, 2020 (Note1)
			2015	2016	2017	2018	2019	
Financial Structure (%)	Debt ratio		45.05	40.02	48.67	52.39	52.64	NA
	Ratio of long-term capital to property, plant and equipment		167.83	167.01	137.52	128.73	143.49	
Solvency (%)	Current ratio		110.22	103.67	91.53	85.67	89.77	
	Quick ratio		63.03	72.08	63.32	57.28	59.40	
	Interest earned ratio		31.48	51.50	41.98	20.26	23.49	
Operating Performance	Accounts receivable turnover (times)		9.24	9.62	9.37	9.46	10.02	
	Average collection period		40	38	39	39	36	
	Inventory turnover (times)		12.14	12.48	15.06	15.63	13.60	
	Accounts payable turnover (times)		19.10	16.92	15.43	15.92	16.19	
	Average days in sales		30	29	24	23	27	
	Property, plant and equipment turnover (times)		4.98	4.39	3.40	2.77	2.74	
	Total assets turnover (times)		1.66	1.64	1.47	1.32	1.29	
Profitability	Return on total assets(%)		7.87	12.92	12.37	7.24	9.74	
	Return on owners' equity(%)		13.35	22.01	21.91	13.97	19.71	
	Ratio of profit before income tax to paid-in capital(%)		31.74	56.87	65.63	45.79	64.97	
	Profit margin (%)		4.60	7.72	8.25	5.23	7.26	
	Earnings per share (NT$)(Note2)	Before Retroactive	2.57	4.71	5.35	3.55	5.46	
		After Retroactive	2.57	4.71	5.35	3.55	(Note3)	
Cash Flows	Cash flow ratio (%)		14.73	46.70	37.25	16.98	29.36	
	Cash flow adequacy ratio (%)		78.34	85.60	76.14	58.94	55.93	
	Cash reinvestment ratio (%)		3.47	12.75	7.98	1.14	5.80	
Leverage	Operating leverage		2.69	2.06	2.18	2.86	2.69	
	Financial leverage		1.03	1.02	1.02	1.05	1.06	

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Return on total assets, return on owner's equity, ratio of profit before income tax to paid-in capital, profit margin and earnings per share increased due to the better performance of the profitability. The steady growth of operating revenue, net operating margin and operating profit this year resulted from the vertical integration, improvement of brand recognition and sales through different market channels. In addition, non-operating income increased because subsidiary earned profits on disposal of land.
2. Cash flow ratio and cash reinvestment ratio increased due to increase in net cash inflows from operating activities and increase in investment of property, plant and equipment. Net cash inflows from operating activities increased due to increase in profit for the year 2019 resulted from expanding existing capacity of production lines to increase market shares by continuous investments in improving or acquiring plant and equipment.

Note1: Financial information regarding the first quarter of 2019 has been verified by independent auditors.
Note2: Based on weighted average number of outstanding shares after considering capital increase out of earnings or capital surplus during each year.
Note3: The Proposal of Distribution of 2019 Profits has not resolved yet by Annual General Shareholders' Meeting.
Note4: 1. Financial Structure Analysis
(1) Debt Ratio = Total Liabilities / Total Assets
(2) Ratio of Long-term Capital to Property, Plant and Equipment = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Solvency Analysis
(1) Current ratio＝Current Assets / Current Liabilities
(2) Quick ratio＝(Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
(3) Interest earned ratio＝Earnings before Interest and Taxes / Interest Expenses
3. Operating Performance Analysis
(1) Accounts receivable turnover (including accounts receivable and notes receivable related to operations) ＝Net Sales / Average Accounts Receivable (including accounts receivables and notes receivables related to operations).
(2) Average collection period＝365 / Accounts receivable Turnover
(3) Inventory turnover＝Cost of Sales / Average Inventory
(4) Accounts payable turnover (including accounts payable and notes payable related to operations)＝Cost of Sales / Average Accounts Payables (including accounts payable and notes payable related to operations).
(5) Average days in sales＝365 / Inventory Turnover
(6) Property, plant and equipment turnover＝Net Sales / Average Net Property, Plant and Equipment
(7) Total assets turnover (times)＝Net Sales / Average Total Assets
4. Profitability Analysis
(1) Return on total assets＝(Net Income + Interest Expenses * (1 - Effective Tax Rate)) /Average Total Assets
(2) Return on owners' equity＝Net Income / Average Total Equity
(3) Ratio of profit before income tax to paid-in capital ＝Income before Tax / Paid-in Capital
(4) Profit margin＝Net Income / Net Sales
(5) Earnings per share＝（Profits Attributable to Owners of Parent－Preferred Stock Dividend）/ Weighted Average Number of Shares Outstanding (Note5)
5. Cash Flows Analysis
(1) Cash flow ratio＝Cash Flows from Operating Activities / Current Liabilities
(2) Cash flow adequacy ratio＝Five-year Sum of Net Cash Flows from Operating Activities / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
(3) Cash reinvestment ratio＝(Net Cash Flows from Operating Activities－Cash Dividends) /(Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capita) (Note6)
6. Leverage Analysis
(1) Operating leverage＝(Net Sales - Variable Cost) / Operating Profit (Note7)
(2) Financial leverage＝Operating Profits / (Operating Profits－Interest Expenses)
Note 5: The following shall be noted when using the above formula for earnings per share:
(1) It should be based on the weighted average number of shares of common stock rather than the number of issued shares at the end of the year.
(2) When there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
(3) In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
(4) If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from net profit after tax, or added to net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from net profit after tax; no adjustment is required in case of loss.
Note 6: Special attention should be paid to the following matters when carrying out cash flow analysis:
(1) Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
(2) Capital expenditures refer to the cash outflows for annual capital investment.
(3) The increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory decreases at the end of the year, it is counted as zero.
(4) Cash dividend includes cash dividends from common stocks and preferred stocks.
(5) Gross property, plant and equipment value refers to the total value of property, plant and equipment before subtracting accumulated depreciation.
Note 7: The issuer shall classify the operating costs and operating expenses as fixed or variable according to their nature. If it involves estimation or subjective judgment, attention should be paid to its reasonableness and consistency.
Note 8: Where company shares have no par value or where the par value per share is not NT$ 10, any calculations that involve paid-up capital ratio shall be replaced with the equity ratio attributable to the owners of the parent company as stated in the balance sheet.

III. Audit Committee’s Report for the Most Recent Year

Charoen Pokphand Enterprise (Taiwan) Co., Ltd.

Audit Committee’s Review Report

The Board of Directors has submitted the Company’s Business Report, Financial Statements and Proposal for Distribution of Surplus Earnings for the year 2019 to Audit Committee. The CPA firm of PricewaterhouseCoopers, Taiwan had audited the Financial Statements and issued the Audit Report. The aforementioned Business Report, Financial Statements and Proposal for Distribution of Surplus Earnings had been reviewed by the Audit Committee and deemed that it is complied with the Company Act, related laws and regulations. In accordance with the Article 14-4 of the Securities and Exchange Act and the Article 219 of the Company Act, we hereby submit the report.

To:
The 2020 Annual General Shareholders’ Meeting of the Company

Convener of Audit Committee: Li, Yen Sung

Date: May 5, 2020

IV. Consolidated Financial Statements for the Years Ended December 31, 2019, and Independent Auditors' Report：Please refer to page 62-135.

V. Parent Company Only Financial Statements for the Years Ended December 31, 2019, and Independent Auditors' Report: Please refer to page 136-192.

VI. Financial Difficulties of the Company and its Affiliates during the most recent year and as of the date of publication of the annual report: None.

REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

We have audited the accompanying consolidated balance sheets of Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

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

Evaluation of net realisable value of inventories

Description

Refer to Note 4(12) for accounting policies adopted for the valuation of inventories, Note 5(2) for uncertainty of accounting estimates and assumptions of valuation of inventories, and Note 6(4) for details of inventories. As at December 31, 2019, the carrying amount of inventories and allowance for inventory valuation losses amounted to NT$1,598,639 thousand and NT$61,009 thousand, respectively.

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

How our audit addressed the matter

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

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

Measurement of biological assets

Description

Refer to Note 4(14) for accounting policies adopted for biological assets, Note 5(2) for uncertainty of accounting estimates and assumptions in measuring fair value of biological assets, and Note 6(5) for details of biological assets. As at December 31, 2019, the carrying amount of biological assets amounted to NT$1,682,015 thousand.

The Group's biological assets is mainly comprised of broiler chicken, breeder chicken, fattening swine and breeder swine, etc. Except when the fair value cannot be reliably measured, biological assets should be measured at fair value less costs to sell on initial recognition and at the end of each reporting period. As the market prices of fresh, processed meat, livestock and poultry are affected by animal epidemic and market demand in Taiwan, biological assets with active market prices have a higher risk of fluctuations in fair value. Since the amount of biological assets is significant to the financial statements and the methods adopted in measuring each category of biological assets, market prices applied and items accounted for as costs to sell are all subject to management's judgement and with high uncertainty, the measurement of biological assets was identified as a key audit matter.

How our audit addressed the matter

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

1. Based on our understanding of the Group's operations and related industry, assessed the reasonableness of related policies and procedures applied in measuring biological assets, and ascertained the consistent application.

2. As at the balance sheet date, ascertained that all the active market prices information are available and reliable for biological assets measured at fair value less costs to sell. Also, validated source data of active market prices and the reasonableness of the major components of costs to sell.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Charoen Pokphand Enterprise (Taiwan) Co., Ltd. as at and for the years ended December 31, 2019 and 2018.

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

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

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

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

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

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

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

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

2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Weng Shih Jung

Weng, Shih-Jung

Yi-Fan Lin

Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan
March 24, 2020

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

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

ASSETS	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
Current assets				
Cash and cash equivalents	$ 873,651	5	$ 134,880	1
Notes receivable, net	315,760	2	359,097	2
Accounts receivable, net	1,822,619	10	1,778,373	11
Accounts receivable - related parties	-	-	370,720	3
Other receivables	9,978	-	21,072	-
Other receivables - related parties	-	-	14,155	-
Inventories, net	1,537,630	8	1,294,023	8
Biological assets - current	1,295,872	7	1,253,446	8
Prepayments	312,616	2	603,932	4
Non-current assets or disposal groups classified as held for sale, net	670,458	3	-	-
Other current assets	7,700	-	7,450	-
Total current assets	6,846,284	37	5,837,148	37
Non-current assets				
Non-current financial assets at fair value through other comprehensive income	2,119,249	11	1,782,950	11
Property, plant and equipment, net	8,767,246	47	7,617,265	48
Right-of-use assets	346,074	2	-	-
Intangible assets	13,833	-	15,059	-
Biological assets - non-current	386,143	2	347,198	2
Deferred income tax assets	74,908	-	64,611	1
Other non-current assets	96,624	1	125,933	1
Total non-current assets	11,804,077	63	9,953,016	63
Total assets	$ 18,650,361	100	$ 15,790,164	100

(Continued)

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

LIABILITIES AND EQUITY	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
Current liabilities				
Short-term borrowings	$ 2,343,488	13	$ 2,768,011	17
Short-term notes and bills payable	978,659	5	619,270	4
Notes payable	473,913	3	394,109	2
Accounts payable	676,744	4	739,122	5
Accounts payable - related parties	5,621	-	270,562	2
Other payables	706,865	4	764,203	5
Other payables - related parties	22,750	-	21,430	-
Current income tax liabilities	170,531	1	207,954	1
Liabilities related to non-current assets or disposal groups classified as held for sale	457,523	2	-	-
Current lease liabilities	20,817	-	-	-
Other current liabilities	593,250	3	599,764	4
Total current liabilities	6,450,161	35	6,384,425	40
Non-current liabilities				
Long-term borrowings	3,096,500	16	1,959,750	13
Deferred income tax liabilities	21,499	-	18,314	-
Non-current lease liabilities	310,490	2	-	-
Other non-current liabilities	144,717	1	170,990	1
Total non-current liabilities	3,573,206	19	2,149,054	14
Total liabilities	10,023,367	54	8,533,479	54
Equity attributable to owners of parent				
Share capital				
Share capital - common stock	2,679,910	14	2,679,910	17
Capital surplus				
Capital surplus	2,137	-	1,652	-
Retained earnings				
Legal reserve	733,781	4	638,708	4
Unappropriated retained earnings	2,907,219	15	2,341,559	15
Other equity interest				
Other equity interest	1,599,285	9	1,270,147	8
Equity attributable to owners of the parent	7,922,332	42	6,931,976	44
Non-controlling interest	704,662	4	324,709	2
Total equity	8,626,994	46	7,256,685	46
Significant contingent liabilities and unrecognised contract commitments				
Significant events after reporting period				
Total liabilities and equity	$ 18,650,361	100	$ 15,790,164	100

The accompanying notes are an integral part of these consolidated financial statements.
Chairman: Wu Yeh, Cheng CEO: Thong Chotirat Chief Accountant: Ching Yuan, Yu

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

	Year ended December 31			
	2019		2018	
Items	AMOUNT	%	AMOUNT	%
Operating revenue	$ 21,173,634	100	$ 18,947,659	100
Operating costs	(18,151,257)	(86)	(16,261,511)	(86)
Net operating margin	3,022,377	14	2,686,148	14
Operating expenses				
Selling and marketing expenses	(1,002,686)	(5)	(900,818)	(4)
General and administrative expenses	(547,961)	(2)	(531,840)	(3)
Expected credit impairment loss	(22)	-	(94)	-
Total operating expenses	(1,550,669)	(7)	(1,432,752)	(7)
Other income and expenses, net	(12,411)	-	7,253	-
Operating profit	1,459,297	7	1,260,649	7
Non-operating income and expenses				
Other income	55,225	-	45,719	-
Other gains and losses	768,455	4	22,872	-
Finance costs	(79,947)	-	(63,025)	-
Total non-operating income and expenses	743,733	4	5,566	-
Profit before income tax	2,203,030	11	1,266,215	7
Income tax expense	(380,423)	(2)	(301,570)	(2)
Profit for the year from continuing operations	1,822,607	9	964,645	5
Profit from discontinued operations	776	-	30,415	-
Profit for the year	$ 1,823,383	9	$ 995,060	5

(Continued)

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

	Year ended December 31					
	2019			2018		
Items		AMOUNT	%		AMOUNT	%
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
Other comprehensive income, before tax, actuarial gains on defined benefit plans	$	1,589	-	$	8,123	-
Unrealised gain or loss on financial assets at fair value through other comprehensive income		373,810	1		55,115	1
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(	318)	-	(	5,801)	-
Other comprehensive income that will not be reclassified to profit or loss		375,081	1		57,437	1
Components of other comprehensive income that will be reclassified to profit or loss						
Currency translation differences of foreign operations	(	46,597)	-		48,121	-
Other comprehensive (loss) income that will be reclassified to profit or loss	(	46,597)	-		48,121	-
Total other comprehensive income for the year	$	328,484	1	$	105,558	1
Total comprehensive income for the year	$	2,151,867	10	$	1,100,618	6
Profit attributable to:						
Owners of the parent	$	1,463,926	7	$	950,727	5
Non-controlling interest		359,457	2		44,333	-
	$	1,823,383	9	$	995,060	5
Comprehensive income attributable to:						
Owners of the parent	$	1,793,844	8	$	1,057,944	6
Non-controlling interest		358,023	2		42,674	-
	$	2,151,867	10	$	1,100,618	6
Earnings per share (in dollars)						
Basic earnings per share from continuing operations	$		5.45	$		3.47
Basic earnings per share from discontinued operations			0.01			0.08
Total basic earnings per share	$		5.46	$		3.55
Diluted earnings per share from continuing operations	$		5.45	$		3.46
Diluted earnings per share from discontinued operations			0.01			0.08
Total diluted earnings per share	$		5.46	$		3.54

The accompanying notes are an integral part of these consolidated financial statements.
Chairman: Wu Yeh, Cheng CEO: Thong Chotirat Chief Accountant: Ching Yuan, Yu

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

	Equity attributable to owners of the parent									
			Retained Earnings		Other Equity Interest					
	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
2018										
Balance at January 1, 2018	$ 2,679,910	$ 1,145	$ 495,401	$ 2,335,867	($ 22,617)	$ -	$ 1,187,792	$ 6,677,498	$ 280,016	$ 6,957,514
Effect of retrospective application and restatement	-	-	-	-	-	1,187,792	(1,187,792)	-	-	-
Balance at January 1 after adjustments	2,679,910	1,145	495,401	2,335,867	(22,617)	1,187,792	-	6,677,498	280,016	6,957,514
Profit for the year	-	-	-	950,727	-	-	-	950,727	44,333	995,060
Other comprehensive income (loss)	-	-	-	2,245	49,857	55,115	-	107,217	(1,659)	105,558
Total comprehensive income	-	-	-	952,972	49,857	55,115	-	1,057,944	42,674	1,100,618
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	-	507	-	-	-	-	-	507	-	507
Cash dividends to non-controlling interest	-	-	-	-	-	-	-	-	(46,981)	(46,981)
Cash receipt from non-controlling interest of a subsidiary through capital increase in cash	-	-	-	-	-	-	-	-	49,000	49,000
Balance at December 31, 2018	$ 2,679,910	$ 1,652	$ 638,708	$ 2,341,559	$ 27,240	$ 1,242,907	$ -	$ 6,931,976	$ 324,709	$ 7,256,685
2019										
Balance at January 1, 2019	$ 2,679,910	$ 1,652	$ 638,708	$ 2,341,559	$ 27,240	$ 1,242,907	$ -	$ 6,931,976	$ 324,709	$ 7,256,685
Profit for the year	-	-	-	1,463,926	-	-	-	1,463,926	359,457	1,823,383
Other comprehensive income (loss)	-	-	-	780	(44,672)	373,810	-	329,918	(1,434)	328,484
Total comprehensive income (loss)	-	-	-	1,464,706	(44,672)	373,810	-	1,793,844	358,023	2,151,867
Appropriations of 2018 earnings										
Legal reserve	-	-	95,073	(95,073)	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	(803,973)	-	-	-	(803,973)	-	(803,973)
Capital surplus - dividends not received by shareholders	-	485	-	-	-	-	-	485	-	485
Cash dividends to non-controlling interest	-	-	-	-	-	-	-	-	(41,710)	(41,710)
Cash receipt from non-controlling interest of a subsidiary through capital increase in cash	-	-	-	-	-	-	-	-	63,640	63,640
Balance at December 31, 2019	$ 2,679,910	$ 2,137	$ 733,781	$ 2,907,219	($ 17,432)	$ 1,616,717	$ -	$ 7,922,332	$ 704,662	$ 8,626,994

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

Chairman: Wu Yeh, Cheng CEO: Thong Chotirat Chief Accountant: Ching Yuan, Yu

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

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$ 2,203,030	$ 1,266,215
Profit from discontinued operations before tax	2,216	41,635
Profit before tax	2,205,246	1,307,850
Adjustments		
Adjustments to reconcile profit (loss)		
Expected credit impairment loss	22	94
Depreciation	630,539	553,688
Depreciation of right-of-use	38,109	-
Amortization	4,509	4,063
Interest income	(17,543)	(15,087)
Interest expense	80,567	63,304
Dividend income	(45,737)	(42,513)
Provision for loss on inventory market price decline	45,910	7,438
Change in fair value less cost to sell of biological assets	12,411	(7,253)
(Gain) loss on disposal of property, plant and equipment	(787,311)	2,411
Gain arising from lease modifications	(15)	-
Changes in operating assets and liabilities		
Changes in operating assets		
Notes receivable	40,760	19,001
Accounts receivable	(44,268)	(165,323)
Accounts receivable - related parties	309,568	(176,125)
Other receivables	10,365	(9,539)
Other receivables - related parties	(3,681)	(7,472)
Inventories	(429,969)	(82,804)
Biological assets	(94,854)	(200,357)
Prepayments	277,518	(171,508)
Changes in operating liabilities		
Notes payable	79,803	(75,533)
Accounts payable	(30,536)	103,043
Accounts payable - related parties	(86,912)	172,134
Other payables	215,921	84,375
Other payables - related parties	1,320	(6,780)
Accrued pension liabilities	(18,557)	(15,889)
Cash inflow generated from operations	2,393,185	1,341,218
Cash paid for income tax	(432,868)	(345,836)
Net cash flows from operating activities	1,960,317	995,382

(Continued)

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

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in other current assets	($ 250)	($ 5,450)
Acquisition of property, plant and equipment	(1,950,446)	(1,717,391)
Proceeds from disposal of property, plant and equipment	792,995	26,079
Acquisition of intangible assets	-	(754)
Decrease (increase) in other non-current assets	22,459	(10,767)
Cash receipt of interest	17,407	15,087
Cash receipt of dividends	45,737	42,513
Net cash flows used in investing activities	(1,072,098)	(1,650,683)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease (increase) in short-term borrowings	(424,523)	506,628
Increase in short-term notes and bills payable	359,389	119,781
Proceeds from long-term borrowings	5,070,000	2,940,000
Payment of long-term borrowings	(3,933,250)	(2,160,000)
Payment of lease liability	(52,970)	-
Cash payment for interest	(82,971)	(62,754)
Cash dividends paid	(803,973)	(803,973)
Cash receipt from non-controlling interest of a subsidiary through capital increase establishment	63,640	49,000
Cash dividends paid to non-controlling interest	(41,710)	(46,981)
Capital surplus - dividends not received by shareholders	485	507
Net cash flows from financing activities	154,117	542,208
Effects of changes in foreign exchange rate	(4,467)	986
Non-current assets held for sale - cash	(299,098)	-
Net increase (decrease) in cash and cash equivalents	738,771	(112,107)
Cash and cash equivalents at beginning of year	134,880	246,987
Cash and cash equivalents at end of year	$ 873,651	$ 134,880

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

Chairman: Wu Yeh, Cheng CEO: Thong Chotirat Chief Accountant: Ching Yuan, Yu

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

1. HISTORY AND ORGANISATION

Charoen Pokphand Enterprise (Taiwan) Co., Ltd. (the "Company") was incorporated on August 22, 1977 as a company limited by shares under the Statute for Investment by Overseas Chinese and the provisions of the Company Act of the Republic of China. The main activities of the Company and its subsidiaries (collectively referred herein as the "Group") are the manufacture and sale of animal feeds, livestock, chicken and processed meat products. The Company's common stock has been traded on the Taiwan Stock Exchange since July 27, 1987. Charoen Pokphand Foods Public Company Limited ("CPF"), which is incorporated in Thailand, indirectly holds 39% equity interest in the Company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 24, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 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		4,029
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	$	393,716
Incremental borrowing interest rate at the date of initial application		1.44%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$	345,919

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

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

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

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Note
The Company	Plenty Type Limited (Cayman Islands)	Management of producing and non-producing business investments	100.00	100.00	
The Company	Charoen Pokphand (Taiwan) Co., Ltd.	Management of importing and exporting business	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	Note 1
The Company	Rui Mu Foods Co., Ltd.	Management of layers and related business	52.00	52.00	
The Company	Rui Fu Foods Co., Ltd.	Management of layers and related business	51.00	51.00	
Plenty Type Limited (Cayman Islands)	Chia Tai Lianyungang Co., Ltd.	Management of producing and non-producing business investments	99.99	99.99	
Chia Tai Lianyungang Co., Ltd.	Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Feeds producing, poultry raising, processing and sales	70.00	70.00	
Rui Fu Foods Co., Ltd.	Sheng Da Foods Co., Ltd.	Management of layers and related business	100.00	0.00	Note 2

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

Note 2: In December 2019, the Board of Directors of Rui Fu Foods Co., Ltd. resolved to invest in the establishment of Sheng Da Foods Co., Ltd. which was wholly owned by Rui Fu Foods Co., Ltd.

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

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

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

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

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

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

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

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

   (a) The objective of the Group’s business model is achieved both by collecting contractual cash flows and selling financial assets; and
   (b) The assets’ contractual cash flows represent solely payments of principal and interest.

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

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

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

(8) Accounts and notes receivable

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

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

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

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

(11) Operating leases (lessor)

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

(12) Inventories

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

(13) 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.

(14) Biological assets

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

(15) Property, plant and equipment

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

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

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

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

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

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

(16) 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.

(17) Leased assets / leases (lessee)

Prior to 2019

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.

(18) Intangible assets

A. Computer software

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

B. Goodwill

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

(19) Impairment of non-financial assets

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

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

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

(20) Borrowings

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

(21) Notes and accounts payable

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

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

(22) Derecognition of financial liabilities

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

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

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

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

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

(24) Income tax

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

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

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

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

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

(25) Share capital

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

(26) Dividends

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

(27) Revenue recognition

A. Sales of goods

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

(b) Revenue from sales of goods is recognised based on the price specified in the contract, net of the estimated volume discounts, sales discounts and allowances. Accumulated experience is used to estimate and provide for the volume discounts, sales discounts and allowances using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A deduction of accounts receivable is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 3 to 120 days, which is consistent with market practice.

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

B. Financing components

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

(28) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

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

As of December 31, 2019, the carrying amount of inventories was $1,537,630.

B. Measurement of fair value of biological assets

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

As of December 31, 2019, the carrying amount of biological assets was $1,682,015.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand and revolving funds	$ 7,955	$ 9,478
Checking accounts	3,125	3,031
Demand deposits	606,669	122,371
Time deposits	555,000	-
Total	1,172,749	134,880
Less: Non-current assets held for sale	(299,098)	-
	$ 873,651	$ 134,880

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

B. On December 31, 2019, the Group has restricted cash and cash equivalents pledged as collateral totalling $7,700, and classified as other financial assets and shown as ‘other current assets’. Please refer to Note 8 for details.

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

Items	December 31, 2019	December 31, 2018
Non-current items:		
Equity instruments		
Listed stocks	$ 499,320	$ 507,724
Valuation adjustment	1,619,929	1,275,226
	$ 2,119,249	$ 1,782,950

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

	2019	2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 373,810	$ 55,115
Dividend income recognised in profit or loss held at end of year	$ 45,737	$ 42,513

B. The subsidiary, Plenty Type Limited (Cayman Islands), holds CPF’s shares, which is ultimate parent company of the Company, 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

	December 31, 2019	December 31, 2018
Notes receivable	$ 318,337	$ 359,097
Less: Non-current assets held for sale	(2,577)	-
	$ 315,760	$ 359,097

	December 31, 2019	December 31, 2018
Accounts receivable	$ 1,824,319	$ 1,780,742
Less: Allowance for uncollectible accounts	(1,700)	(2,369)
	$ 1,822,619	$ 1,778,373

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

	December 31, 2019	December 31, 2018
Current	$ 1,768,228	$ 1,711,849
Up to 180 days	53,669	66,149
181 to 365 days	2,113	2,181
Over one year	309	563
	$ 1,824,319	$ 1,780,742

The above ageing analysis was based on past due date.

B. As of December 31, 2019 and 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 December 31, 2019 and 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:

	December 31, 2019	December 31, 2018
With guarantee	$ 126,159	$ 135,655
Without guarantee	1,698,160	1,645,087
	$ 1,824,319	$ 1,780,742

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

E. As at December 31, 2019 and 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 was $318,337 and $359,097, respectively, while the amount that best represents the Group's accounts receivable was $1,822,619 and $1,778,373, respectively.

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

(4) Inventories

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,018,808	$ -	$ 1,018,808
Packing supplies	33,750	(810)	32,940
Work in progress	28,697	-	28,697
Finished goods	595,650	(60,180)	535,470
General merchandise	45,921	(19)	45,902
Inventory in transit	16,265	-	16,265
	1,739,091	(61,009)	1,678,082
Less: Non-current assets held for sale	(140,452)	-	(140,452)
	$ 1,598,639	($ 61,009)	$ 1,537,630

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

The cost of inventories recognised as expense for the year:

	2019	2018
Cost of goods sold	$ 19,360,999	$ 18,374,786
Loss on decline in market value	45,910	7,438
Others	1,537	(4,488)
Less: Operating costs from discontinued operations	(1,257,189)	(2,116,225)
	$ 18,151,257	$ 16,261,511

Others pertain mainly to gain and loss on physical inventory count and income from disposal of leftover and scraps.

(5) Biological assets

A. Biological assets

	December 31, 2019	December 31, 2018
Biological assets - current:		
Consumable biological assets	$ 1,044,691	$ 992,020
Consumable biological assets - changes in fair value less costs to sell	24,124	36,535
Bearer biological assets	540,583	391,483
Bearer biological assets - accumulated depreciation	(312,454)	(166,592)
	1,296,944	1,253,446
Less: Non-current assets held for sale	(1,072)	-
	$ 1,295,872	$ 1,253,446
Biological assets - non-current:		
Bearer biological assets	$ 470,609	$ 418,758
Bearer biological assets - accumulated depreciation	(84,466)	(71,560)
	$ 386,143	$ 347,198

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	992,150	1,185,739
Costs and expenses input	6,923,411	5,974,118
Sales	(3,039,630)	(2,830,198)
Gains on changes in fair value less cost to sell	(12,411)	7,253
Transfer to inventories	(4,774,263)	(4,113,731)
Others	(6,814)	(15,571)
At December 31	1,683,087	1,600,644
Less: Non-current assets held for sale	(1,072)	-
	$ 1,682,015	$ 1,600,644

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

The market prices or fair values at the present condition of breeders are unavailable due to short production cycle; the market prices or fair values at present condition of broiler chickens are difficult to obtain. The valuation based on a discounted cash flow method is considered unreliable given the uncertainty with respect to external factors such as climate, weather, diseases etc. Therefore, breeders and broiler chicken are measured using the cost approach. Cost of biological assets includes all costs incurred during the growth cycle such as cost of new-born animals, feed costs, and other farm costs. Bearer biological assets are depreciated using the straight-line method through the productive period of each biological asset. The productive period of breeder swine is approximately 24 ~ 36 months; the productive period of breeder chickens is approximately 30 weeks ~ 1 year. For the years ended December 31, 2019 and 2018, depreciation expense of biological assets amounted to $378,635 and $279,560, respectively.

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

	December 31, 2019	December 31, 2018
Livestock production:		
Estimates of physical quantities (Units: heads)	5,667,851	5,516,040
Aquatic production:		
Estimates of physical quantities (Units: KG)	-	318,313
Estimates of physical quantities (Units: heads)	4,000,000	-

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. The proceeds from disposal are CNY 61,768 thousand. The transaction procedures were completed in January 2020.

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

	2019	2018
Operating cash flows	$ 346,546	$ 43,771
Investing cash flows	(7,444)	(15,026)
Financing cash flows	(53,710)	(21,757)
Total cash flows	$ 285,392	$ 6,988

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

	December 31, 2019
Cash and cash equivalents	$ 299,098
Notes receivable	2,577
Accounts receivable - related parties	61,152
Other receivables	865
Other receivables - related parties	17,836
Inventories	140,452
Biological assets - current	1,072
Prepayments	15,921
Property, plant and equipment	121,060
Deferred income tax assets	7,193
Other non-current assets	3,232
	$ 670,458

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

	December 31, 2019
Accounts payable	$ 31,841
Accounts payable to related parties	178,029
Other payables	246,534
Current income tax liabilities	1,119
	$ 457,523

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

	2019	2018
Operating revenue	$ 1,366,272	$ 2,287,427
Operating costs	(1,257,189)	(2,116,225)
Operating expenses	(121,593)	(146,553)
Total non-operating income and expenses	14,726	16,986
Profit before tax of discontinued operations	2,216	41,635
Income tax expense	(1,440)	(11,220)
Profit after tax of discontinued operations	$ 776	$ 30,415
Attributable to:		
Discontinued operations of parent company	$ 543	$ 21,291
Non-controlling interest	233	9,124
Profit after tax of discontinued operations	$ 776	$ 30,415

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

F. For the profit from continuing and discontinued operations attributable to owners of the parent, please refer to Note 6(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
At January 1, 2019									
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)
	$ 2,131,816	$ 62,202	$ 2,034,064	$ 1,668,626	$ 107,222	$ 521,103	$ 486,430	$ 593,269	$ 7,604,732
2019									
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	52,500	34,854	299,170	129,947	46,353	10,943	94,353	1,255,882	1,924,002
Disposals	(977)	-	-	(39)	(4,665)	-	(3)	-	(5,684)
Reclassifications	194,618	28,302	282,197	174,593	8,811	15,225	78,751	(782,497)	-
Depreciation	-	(10,955)	(179,527)	(240,034)	(36,598)	(89,968)	(73,457)	-	(630,539)
Net exchange differences	-	-	(1,204)	(2,612)	(98)	-	(283)	(8)	(4,205)
Closing net book amount as at December 31	$ 2,377,957	$ 114,403	$ 2,434,700	$ 1,730,481	$ 121,025	$ 457,303	$ 585,791	$ 1,066,646	$ 8,888,306
At December 31, 2019									
Cost	$ 2,377,957	$ 160,084	$ 3,782,534	$ 4,035,713	$ 299,461	$ 987,956	$ 947,640	$ 1,066,646	$ 13,657,991
Accumulated depreciation and impairment	-	(45,681)	(1,347,834)	(2,305,232)	(178,436)	(530,653)	(361,849)	-	(4,769,685)
	$ 2,377,957	$ 114,403	$ 2,434,700	$ 1,730,481	$ 121,025	$ 457,303	$ 585,791	$ 1,066,646	$ 8,888,306
Less: Tranferred non-current assets held for sales	-	-	(34,474)	(76,664)	(2,934)	-	(6,988)	-	(121,060)
	$ 2,377,957	$ 114,403	$ 2,400,226	$ 1,653,817	$ 118,091	$ 457,303	$ 578,803	$ 1,066,646	$ 8,767,246

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

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:

	2019		2018	
Amount capitalised	$	4,662	$	3,879
Interest rate range	1.12%~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 December 31, 2019 and 2018, the Group held 182 parcels and 179 parcels of agricultural land, respectively. The carrying amounts of land registered under the title of others amounted to $877,771 and $876,746, 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 December 31, 2019		2019	
	Carrying amount		Depreciation charge	
Land	$	322,018	$	25,839
Buildings		10,619		4,051
Transportation equipment (Cargo truck)		2,697		2,808
Other equipment		10,740		5,411
	$	346,074	$	38,109

C. For the year ended December 31, 2019, the additions to right-of-use assets was $24,984.

D. The Group has no significant profit or loss in relation to lease contracts for the year ended December 31, 2019.

E. For the year ended December 31, 2019, the Group’s total cash outflow for leases was $52,970.

(9) Intangible assets

	Software		Goodwill		Total	
At January 1, 2019						
Cost	$	10,568	$	13,430	$	23,998
Accumulated amortisation and impairment	(	8,939)		-	(	8,939)
	$	1,629	$	13,430	$	15,059
2019						
At January 1	$	1,629	$	13,430	$	15,059
Amortisation	(	1,004)		-	(	1,004)
Net exchange differences		-	(	222)	(	222)
At December 31	$	625	$	13,208	$	13,833
At December 31, 2019						
Cost	$	10,568	$	13,208	$	23,776
Accumulated amortisation and impairment	(	9,943)		-	(	9,943)
	$	625	$	13,208	$	13,833

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

(10) Short-term borrowings

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

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 and building
	$ 2,768,011		

(11) Short-term notes and bills payable

	December 31, 2019	December 31, 2018
Commercial paper payable	$ 980,000	$ 620,000
Less: Unamortised discounts	(1,341)	(730)
	$ 978,659	$ 619,270
Interest rate range	0.34%~0.93%	0.64%~0.94%

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

(12) Other payables

	December 31, 2019	December 31, 2018
Accrued salary	$ 397,088	$ 344,043
Payables for machinery and equipment	35,719	62,163
Contract libilities	182,161	100,652
Others	338,431	257,345
	953,399	764,203
Less: Liabilities directly related to non-current assets held for sale	(246,534)	-
	$ 706,865	$ 764,203

(13) Long-term borrowings

Type of borrowings	Borrowing period	Interest rate range	December 31, 2019
Secured loans	2019.1.5~2026.4.3	1.42%-1.63%	$ 614,750
Unsecured credit loans	2017.9.6~2022.10.25	1.03%-1.50%	3,075,000
			3,689,750
Less: Current portion (shown as ‘Other current liabilities’)			(593,250)
			$ 3,096,500

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

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

(14) Finance lease liabilities

Prior to 2019

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. Shung-Ye Leasing & Rental 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 are as follows:

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

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

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	($ 463,700)	($ 471,408)
Fair value of plan assets	318,983	306,545
Net defined benefit liability	($ 144,717)	($ 164,863)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2019			
Balance at January 1	($ 471,408)	$ 306,545	($ 164,863)
Current service cost	(3,394)	-	(3,394)
Interest (expense) income	(3,467)	2,297	(1,170)
	(478,269)	308,842	(169,427)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	11,915	11,915
Change in demographic assumptions	(148)	-	(148)
Change in financial assumptions	(3,713)	-	(3,713)
Experience adjustments	(6,466)	-	(6,466)
	(10,327)	11,915	1,588
Pension fund contribution	-	23,122	23,122
Paid pension	24,896	(24,896)	-
Balance at December 31	($ 463,700)	$ 318,983	($ 144,717)

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

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labour Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	2019	2018
Discount rate	0.65%	0.75%
Future salary increases	2.00%	2.00%

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

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

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
2019				
Effect on present value of defined benefit obligation	($ 35,097)	$ 39,947	$ 38,975	($ 34,982)

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

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company and domestic subsidiaries for the year ending December 31, 2020 amount to $17,360.

(h) As of December 31, 2019, the weighted average duration of the retirement plan is 5~8 years.

B. Defined contribution plans

(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established defined contribution pension plans (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of retirement employment. The pension costs for the aforementioned defined contribution pension plans of the Group for years ended December 31, 2019 and 2018 were $45,188 and $41,425, respectively.

(b) The Company's Mainland China subsidiary, Lianyungang Chia Tai Agro-industry Development Co., Ltd., has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage has been adjusted to 16% since May 1, 2019 and was both 20% for the four-month period ended April 30, 2019 and for the year ended December 31, 2018. Other than the monthly contributions, the Group has no further obligations. The pension costs for the aforementioned defined contribution pension plans of the Group for the years ended December 31, 2019 and 2018 were $6,562 and $7,274, respectively.

(16) Share capital - common stocks

As of December 31, 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 years ended December 31, 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 were July 21, 2019 and July 18, 2018, respectively.

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

(19) Operating revenue

	2019	2018
Revenue from contracts with customers	$ 22,539,906	$ 21,235,086
Less: Operating revenue from discontinued operations	(1,366,272)	(2,287,427)
	$ 21,173,634	$ 18,947,659

A. Disaggregation of revenue from contracts with customers

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

	Domestic	Asia	Total
2019			
Total segment revenue	$ 21,583,665	$ 1,366,272	$ 22,949,937
Inter-segment revenue	(410,031)	-	(410,031)
Revenue from external customer contracts	$ 21,173,634	$ 1,366,272	$ 22,539,906
Timing of revenue recognition			
At a point in time	$ 21,173,634	$ 1,366,272	$ 22,539,906
Less: Operating revenue from discontinued operations	-	(1,366,272)	(1,366,272)
	$ 21,173,634	$ -	$ 21,173,634

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

B. Contract liabilities

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

	December 31, 2019	December 31, 2018	January 1, 2018
Contract liabilities:			
Contract liabilities - advance receipts	$ 182,161	$ 100,652	$ 82,423
Less: Transferred liabilities directly related to non-current assets held for sale	(182,065)	-	-
	$ 96	$ 100,652	$ 82,423

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

(20) Other income and expenses, net

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

	2019	2018
Other income and expenses, net	($ 12,411)	$ 7,253

(21) Other income

	2019	2018
Interest income:		
Interest income from bank deposits	$ 17,543	$ 15,087
Rental income	6,471	2,857
Dividend income	45,737	42,513
Less: Other income from discontinued operations	(14,526)	(14,738)
	$ 55,225	$ 45,719

(22) Other gains and losses

	2019	2018
Gains (losses) on disposal of property, plant and equipment	$ 787,311	($ 2,411)
Foreign exchange gains (losses)	8,978	(4,061)
Other gains and losses	(27,014)	31,871
Less: Other gains and losses from discontinued operations	(820)	(2,527)
	$ 768,455	$ 22,872

(23) Finance costs

	2019	2018
Interest expense	$ 80,567	$ 63,304
Less: Finance costs from discontinued operations	(620)	(279)
	$ 79,947	$ 63,025

(24) Expenses by nature (Including discontinued operations)

	2019		
	Operating cost	Operating expenses	Total
Employee benefit expense	$ 1,267,875	$ 694,067	$ 1,961,942
Depreciation on property, plant and equipment	590,018	40,521	630,539
Depreciation on right-of-use assets	31,230	6,879	38,109
Amortisation	3,152	1,357	4,509
	$ 1,892,275	$ 742,824	$ 2,635,099

	2018		
	Operating cost	Operating expenses	Total
Employee benefit expense	$ 1,077,780	$ 665,654	$ 1,743,434
Depreciation on property, plant and equipment	510,913	42,775	553,688
Amortisation	2,570	1,493	4,063
	$ 1,591,263	$ 709,922	$ 2,301,185

(25) Employee benefit expense (Including discontinued operations)

	2019		
	Operating cost	Operating expenses	Total
Wages and salaries	$ 1,074,080	$ 617,591	$ 1,691,671
Labor and health insurance	100,461	36,731	137,192
Pension costs	33,431	22,883	56,314
Other personnel expenses	59,903	16,862	76,765
	$ 1,267,875	$ 694,067	$ 1,961,942

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

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

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

B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at $17,365 and $12,152, respectively. The aforementioned amounts were recognised in wages and salaries expense.

   For the year ended December 31, 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:

	2019	2018
Current tax:		
Current tax on profits for the year	$ 394,229	$ 284,266
Tax on undistributed surplus earnings	2,696	46,499
Prior year income tax (over) underestimation	(109)	112
Total current tax	396,816	330,877
Deferred tax:		
Origination and reversal of temporary differences	(14,953)	(9,289)
Impact of change in tax rate	-	(8,798)
Total deferred tax	(14,953)	(18,087)
Less: Income tax expenses from discontinued operations	(1,440)	(11,220)
Income tax expense	$ 380,423	$ 301,570

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

	2019	2018
Remeasurement of defined benefit obligations	$ 318	$ 5,801

B. Reconciliation between income tax expense and accounting profit

	2019	2018
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 437,146	$ 260,431
Tax exempt income by tax regulation/Expenses disallowed by tax regulation	(145,745)	14,546
Tax on undistributed surplus earnings	2,696	46,499
Prior year income tax (over) under estimation	(109)	112
Effect from changes in tax regulation	-	(8,798)
Land value increment tax from sales of land	87,875	-
Less: Income tax expense of discontinued operations	(1,440)	(11,220)
Income tax expenses	$ 380,423	$ 301,570

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

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

	December 31, 2019	December 31, 2018
Temporary differences:		
Accrued sales discounts	$ 22,033	$ 21,309
Provision for loss on spare parts	3,318	2,803
Pension expense in excess of the limit for tax purpose	28,943	32,973
Provision for inventory valuation loss and change in fair value of biological assets	7,377	(4,287)
Unrealised foreign investment income	(17,015)	(10,224)
Unrealised exchange gain	(172)	(72)
Loss carryforward	5,737	762
Others	10,381	3,033
Less: Temporary differences of discontinued operations	(7,193)	-
	$ 53,409	$ 46,297

	December 31, 2019	December 31, 2018
Deferred tax assets	$ 82,101	$ 64,611
Deferred tax liabilities	(21,499)	(18,314)
Less: Deferred tax assets of discontinued operations	(7,193)	-
	$ 53,409	$ 46,297

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

	2019	2018
Recognised in profit or loss	$ 7,430	$ 17,821
Recognised in other comprehensive income	($ 318)	($ 5,801)

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

December 31, 2019				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	$ 14,351	$ 3,808	-	2027
2019	24,878	24,878	-	2029
	$ 39,229	$ 28,686	$ -	

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

E. 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.

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

G. 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 reduced from 10% to 5% effective from January 1, 2018.

(27) Earnings per share

	2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit from continuing operations attributable to ordinary shareholders	$ 1,463,383	267,991	$ 5.45
Profit from discontinued operations	543		0.01
Profit attributable to ordinary shareholders	$ 1,463,926		$ 5.46
Diluted earnings per share			
Profit from continuing operations attributable to ordinary shareholders	$ 1,463,383	267,991	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	332	
Profit from continuing operations attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	1,463,383	268,323	$ 5.45
Profit from discontinued operations	543		0.01
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 1,463,926	268,323	$ 5.46

	2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit from continuing operations attributable to ordinary shareholders	$ 929,436	267,991	$ 3.47
Profit from discontinued operations	21,291		0.08
Profit attributable to ordinary shareholders	$ 950,727		$ 3.55
Diluted earnings per share			
Profit from continuing operations attributable to ordinary shareholders	$ 929,436	267,991	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	228	
Profit from continuing operations attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	929,436	268,219	$ 3.46
Profit from discontinued operations	21,291		0.08
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 950,727	268,219	$ 3.54

(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 in profit or loss for the year ended December 31, 2018.

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

	December 31, 2018
Not later than one year	$ 38,557
Later than one year but not later than five years	131,034
Over five years	237,220
	$ 406,811
Issued post-dated checks	$ 13,521

(29) Supplemental cash flow information

Investing activities with partial cash payment are as follows:

	2019	2018
Acquisition of property, plant and equipment	$ 1,924,002	$ 1,687,536
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	(35,719)	(62,163)
Ending balance of financial lease liabilities	-	(12,641)
Cash paid during the year	$ 1,950,446	$ 1,717,391

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
Charoen Pokphand Foods Public Co., Ltd. (CPF)	Ultimate parent company
Charoen Pokphand Group Co., Ltd. (CPG)	Other related parties
C.P. Merchandising Company Limited	"
Chia Tai Feedmill Pte. Ltd.	"
CPF Training Center Company Limited	"
C.P. Land Public Company Limited	"
Charoen Pokphand Produce Company Limited	"
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.	"

Names of related parties	Relationship with the Group
Jiansu Huai Yin Chia Tai Co., Ltd.	Other related parties
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 & Poulty 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.	"
Nanyang Chia Tai Co., Ltd.	"
Shanghai Zhengcheng Mechanical Manufactoring Co., Ltd.	"
Xiamen Chia Tai Agriculture Co., Ltd.	"
Chuzhou Chia Tai Co., Ltd.	"
Zhangzhou C.P.ChiaTai Aquaculture Co., Ltd.	"
Ningbo Chia Tai Agriculture Co., Ltd.	"
Ningbo Beston Plastics Co., Ltd.	"
Fuzhou Da Fu Co., Ltd.	"
Guangdong Chia Tai Biotechnology Co., Ltd.	"
Guangdong Zhanjiang Chia Tai Aquaculture Co., Ltd.	"
Zhumadian Huazhong Chia Tai Co., Ltd.	"
Chia Tai (Hainan) Agro-Industry Co., Ltd.	"
Hung Peng-Da	"
Huang Wei-I	"
Hung Yu-Chun	"

(3) Significant related party transactions and balances

A. Operating revenue

	2019	2018
Sales of goods:		
Other related parties	$ 440,176	$ 1,158,467
Less: Operating revenue from discontinued operations	(440,176)	(1,158,454)
	$ -	$ 13

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

B. Purchases

	2019	2018
Purchase of goods:		
Ultimate parent company	$ 32,716	$ 39,301
Other related parties	522,239	661,826
Less: Purchase from discontinued operations	(494,136)	(644,905)
	$ 60,819	$ 56,222

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

C. Receivables from related parties

	December 31, 2019	December 31, 2018
Accounts receivable:		
Other related parties	$ 61,152	$ 370,720
Other receivables:		
Other related parties	17,836	14,155
	78,988	384,875
Less: Non-current assets held for sale	(78,988)	-
	$ -	$ 384,875

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

	December 31, 2019	December 31, 2018
Notes and accounts payable:		
Other related parties	$ 183,650	$ 270,562
Less: Liabilities directly related to non-current assets held for sale	(178,029)	-
	$ 5,621	$ 270,562

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

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

	2019	2018
Rental income:		
Other related parties	$ 722	$ 722

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

F. Technical service agreement

(a) The Company signed a technical service agreement with CPG since 1996. CPG helps the Company to manufacture feeds, raise animals and to process meat products, and the Company pays compensation of THB12 million (net value) for the services annually. The commitment would not be terminated except when any of the two parties would agree to end the agreement. For the years ended December 31, 2019 and 2018, the Company recognised technical service expenses amounting to $14,563 and $12,869, respectively. As of December 31, 2019 and 2018, the outstanding balance was approximately $627 and $156, respectively.

(b) The Company signed a technical service agreement with CPG at the end of 2015. CPG helps the Company to raise animals and provides consulting services of related technical skills, and the Company pays compensation of $700 for the services monthly. The contract is effective for 5 years. For the years ended December 31, 2019 and 2018, the Company recognised technical service expense amounting to $8,400 and $8,400, respectively. As of December 31, 2019 and 2018, the outstanding balances were both $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 years ended December 31, 2019 and 2018, the Company recognised royalties amounting to $77,909 and $89,293, respectively. As of December 31, 2019 and 2018, the outstanding balance was $20,023 and $19,174, respectively.

H. Property transactions:

(a) On June 26, 2018, the Board of Directors during its meeting resolved to acquire the land and building located at No. 3781 and No. 227 Changduanshu, Houbi Dist., Tainan City 731, Taiwan (R.O.C.) from other related party and used as an egg washing facility. The total contract price was $30,130 which had been fully paid.

(b) On August 5, 2019, the Board of Directors during its meeting resolved to acquire the land located at No. 2058, No. 2059 and No. 2060 Baishatun, Houbi Dist., Tainan City 731, Taiwan (R.O.C.) from other related party. The total contract price was $40,932 which had been fully paid.

(4) Key management compensation

	2019	2018
Salaries and other short-term employee benefits	$ 169,830	$ 164,746
Post-employment benefits	1,556	1,517
Total	$ 171,386	$ 166,263

8. PLEDGED ASSETS

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

Pledged assets	Book value December 31, 2019	Book value December 31, 2018	Purpose
Time deposits (shown as 'Other current assets')	$ 7,700	$ 7,450	Guarantee deposit
Land use right (shown as 'Non-current assets classified as held for sale')	-	3,611	Credit line of short-term borrowing
Property, plant and equipment			
Land	142,803	103,557	Long-term borrowings
Buildings and structures	434,735	201,598	Long-term borrowings
	$ 585,238	$ 316,216	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

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

(1) As of December 31, 2019 and 2018, the Group had opened unused letters of credit for purchases of raw materials and machinery of $516,177 and $510,882, respectively.

(2) As of December 31, 2019 and 2018, the Group had several outstanding construction contracts and equipment purchase agreements. The balance outstanding was $801,753 and $385,915, respectively, and will be paid based on percentage of completion.

(3) The Company signed a contract for food sludge disposal with Fu Mao Organic Fertilizer Co., Ltd. The Company received a disposition for deferred prosecution in December 2019 as the disposal company violated the Waste Disposal Act by dumping sludge. The removal shall be completed before December 31, 2020 based on the waste disposal plan approved by the Environmental Protection Bureau Changhua County. The Company has committed to complete the disposal within the period and has accrued disposal expense of $41,750 (shown as Other Payables - Others).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Other than those stated in Note 6(1), the significant events after the reporting period of the Group were as follows:

(1) On January 6, 2020, the Board of Directors of Rui Mu Foods Co., Ltd. during its meeting resolved to build the facility for egg washing located at Houbi Dist., Tainan City. The total contract price for the construction and purchase of equipment is $300,000.

(2) On January 15, 2020, the Board of Directors of Rui Fu Foods Co., Ltd. during its meeting resolved to issue common stock for cash, consisting of 10 million shares of common stock, with a par value of $10 (in dollars) per share. The total proceeds from such shares issuance is $100,000.

(3) On March 6, 2020, the Board of Directors of Sheng Da Foods Co., Ltd. during its meeting resolved to issue preference shares A for cash, consisting of 2 million shares of common stock, with a par value of $10 (in dollars) per share. The total proceeds from such shares issuance is $20,000.

(4) On March 18, 2020, the Board of Directors of Rui Mu Foods Co., Ltd. during its meeting resolved to issue common stock for cash, consisting of 10 million shares of common stock, with a par value of $10 (in dollars) per share. The total proceeds from such shares issuance is $100,000.

12. OTHERS

(1) Capital risk management

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

(2) Financial risk of financial instruments

A. Financial instruments by category

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets measured at fair value through other comprehensive income		
Designation of equity instrument	$ 2,119,249	$ 1,782,950
Financial assets at amortised cost		
Cash and cash equivalents	873,651	134,880
Notes receivable	315,760	359,097
Accounts receivable (including related parties)	1,822,619	2,149,093
Other accounts receivable (including related parties)	9,978	35,227
Refundable deposits	44,521	47,039
Other financial assets	7,700	7,450
	$ 5,193,478	$ 4,515,736

	December 31, 2019		December 31, 2018	
Financial liabilities				
Financial liabilities at amortised cost				
Short-term borrowings	$	2,343,488	$	2,768,011
Short-term notes and bills payable		978,659		619,270
Notes payable		473,913		394,109
Accounts payable (including related parties)		682,365		1,009,684
Other accounts payable (including related parties)		729,615		785,633
Long-term borrowings (including current portion)		3,689,750		2,553,000
	$	8,897,790	$	8,129,707
Lease liability	$	331,307	$	-

B. Financial risk management policies

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

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

C. Financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

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

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

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

	December 31, 2019				
	Foreign currency amount (in thousands)		Exchange rate	Book value (NTD)	
(Foreign currency : functional currency)					
Financial assets					
Monetary items					
USD:HKD	USD	1,867	7.80	$	55,934
CNY:HKD	CNY	7,176	1.12		30,827
Non-monetary item					
THB:HKD	THB	2,112,000	0.26	$	2,119,249
Financial liabilities					
Monetary items					
USD:NTD	USD	2,568	30.03	$	77,127
EUR:NTD	EUR	1,629	33.79	$	55,052

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

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 (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the year ended December 31, 2019 and 2018 amounted to $8,978 and ($4,016), respectively.

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

	2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD：HKD	1%	$ 559	$ -
CNY：HKD	1%	308	-
Non-monetary item			
THB：HKD	1%	$ -	$ 21,192
Financial liabilities			
Monetary items			
USD：NTD	1%	($ 771)	$ -
EUR：NTD	1%	($ 551)	$ -

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

Price risk

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

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

iii. The Group's investment in equity securities comprise foreign listed stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other equity for the years ended December 31, 2019 and 2018 would have increased/decreased by $21,192 and $17,830, 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 years ended December 31, 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 years ended December 31, 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 years ended December 31, 2019 and 2018, would have been $29,518 and $20,424 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

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

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

iii. Based on the Group's historical experience, if the contract payments were past due over 17 days, there has been a significant increase in credit risk on that instrument since initial recognition. As a result, the Group should strengthen controls and make follow-up procedures.

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

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

vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As of December 31, 2019 and 2018, the Group's written-off financial assets that are still under recourse procedures amounted to $1,283 and $2,173, respectively.

vii. (i) The expected loss rate for well-reputed customers is 0.03%. On December 31, 2019 and 2018, the total book value of accounts receivable and loss allowance amounted to $693,792 and $0, $712,662 and $0, respectively.

(ii) The Group used the forecastability of the global economy to adjust historical and timely information to assess the default possibility of accounts receivable in accordance with customers' credit. On December 31, 2019 and 2018, the expected loss rate is as follows:

	Group A	Group B	Total
December 31, 2019			
Expected loss rate	0%~100%	0.003%~10%	
Total book value	$ 23,065	$ 1,107,462	$ 1,130,527
Loss allowance	1,656	44	1,700

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

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

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

	2019	2018
	Notes and accounts receivable (including related parties)	Notes and accounts receivable (including related parties)
At January 1	$ 2,369	$ 2,733
Provision for impairment loss	22	94
Write-offs	(691)	(458)
At December 31	$ 1,700	$ 2,369

The impairment loss arising from customers' contracts for the years ended December 31, 2019 and 2018 amounted to $22 and $94, 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

December 31, 2019	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 2,343,488	$ -	$ -
Short-term notes and bills payable	980,000	-	-
Notes payable	473,913	-	-
Accounts payable (including related parties)	682,365	-	-
Other payables (including related parties)	729,615	-	-
Lease liability	23,316	124,098	214,777
Long-term borrowings (including current portion)	639,471	3,076,747	62,660

Non-derivative financial liabilities

December 31, 2018	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 2,768,011	$ -	$ -
Short-term notes and bills payable	620,000	-	-
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	-

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:

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Biological assets	$ -	$ 755,525	$ -	$ 755,525
Financial assets at fair value through other comprehensive income:				
Equity securities	$ 2,119,249	$ -	$ -	$ 2,119,249

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

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

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

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

(c) Details of methods for measuring Level 2 - Biological assets are provided in Note 6(5).

E. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 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 year ended December 31, 2019: None.

C. Holding of marketable securities at December 31, 2019 (not including subsidiaries, associates and joint ventures):

	Marketable securities		Relationship with	General ledger	As of December 31, 2019				
Securities held by	Types	Name	the securities issuer	account	Number of shares	Book value	Ownership	Fair value (Note 1)	Footnote
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	2,119,249	0.89%	2,119,249	

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

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

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

Note 2: Investee company accounted for as financial assets at fair value through other comprehensive income by Plenty Type Limited (Cayman Islands), which is ultimate parent entity of the Company

D. Acquisition or sale of the same security with the accumulated cost exceeding NT$300,000 or 20% of the Company’s paid-in capital during the year ended December 31, 2019: None.

E. Acquisition of real estate reaching NT$300,000 or 20% of paid-in capital or more during the year ended December 31, 2019: None.

F. Disposal of real estate reaching NT$300,000 or 20% of paid-in capital or more during the year ended December 31, 2019:

Real estate disposed by	Real estate	Transaction date or date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
Arbor Acres (Taiwan) Co., Ltd.	Land	2019/5/13	1973/1/1	$ 977	$ 794,120	$ 794,120	$ 783,044	Li Chong-Hua and Jiuh Huei Steel Corporation.	Third parties	Operational needs	Investment property appraisal report	-

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.

G. Purchases or sales of goods from or to related parties reaching NT$100,000 or 20% of paid-in capital or more during the year ended December 31, 2019:

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/ accounts receivable (payable)	Footnote
Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Chia Tai Aquaculture (Nantong) Co., Ltd	Other related parties	Sales	($212,064) (CNY 47,187 thousand)	0.94%	60 days	Same as third party transactions	Same as third party transactions	$1,544 (CNY 359 thousand)	0.07%	
Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd.	Other related parties	Purchases	$350,334 (CNY 78,210 thousand)	2.08%	30 days	Same as third party transactions	Same as third party transactions	($175,765) (CNY 40,914 thousand)	12.87%	

H. Receivables from related parties reaching NT$100,000 or 20% of paid-in capital or more as at December 31, 2019: None.

I. Trading in derivative instruments undertaken during the year ended December 31, 2019: None

J. Significant inter-company transactions during the year ended December 31, 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: Balance as of December 31, 2019	Initial investment amount: Balance as of December 31, 2018	Shares held as of December 31, 2019: Number of shares	Shares held as of December 31, 2019: Ownership (%)	Shares held as of December 31, 2019: Book value	Net profit of the investee	Investment income recognised by the Company	Footnote
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	$ 2,368,685	$ 33,957	$ 33,957	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	38,794	12,036	10,833	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	384,779	703,017	351,508	Subsidiary
The Company	Rui Mu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	93,860	78,000	10,400,000	52	125,701	34,021	17,691	Subsidiary
The Company	Rui Fu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	153,000	102,000	15,300,000	51	141,197	(20,035)	(10,218)	Subsidiary (Note 1)
Plenty Type Limited (Cayman Islands)	Chia Tai Lianyungang Co., Ltd.	Hong Kong	Management of producing and non-producing business investments	HKD 19,910	HKD 19,910	999,999	99.99	192,643	(3,180)	-	Indirectly owned subsidiary (Note 2)
Rui Fu Foods Co., Ltd.	Sheng Da Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	60,000	-	6,000,000	100	59,845	(155)	-	Indirectly owned subsidiary (Note 2)

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

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

(3) Information on investments in Mainland China

A. Basic information:

Investee in Mainland China	Main business activities	Paid-in Capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from /remitted back to Taiwan during the period: Remitted to Mainland China	Amount remitted from /remitted back to Taiwan during the period: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of the investee	Ownership held by the Company (direct or indirect)	Investment income recognised by the company (Note 2)	Book value of investment as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Feeds producing, poultry raising, processing and sales.	$ 142,846	2	$ 127,981	$ -	$ -	$ 127,981	$ 776	$ 70.00	$ 543	$ 149,054	$ -	Note 4

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 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
The Company	$ 127,981	$ 404,564	$ 4,753,399

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

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

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

(3) Others.

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

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

Note 4: The paid-in capital was US$5,400 thousand, which was translated into New Taiwan dollars based on the historical exchange rates and the accumulated amount of remittance from Taiwan to Mainland China as of January 1 and December 31, 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 December 31, 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 December 31, 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) Measurement of segment information

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

(3) Segment information

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

2019	Feeds	Meat processing	Food processing	Husbandry	Others	Total
Revenues from third parties (Note 1)	$ 13,086,262	$ 4,945,608	$ 3,218,553	$ 1,204,380	$ 85,103	$ 22,539,906
Revenues from the Group	287,611	48,404	718	32,295	41,003	410,031
Total segment revenue	$ 13,373,873	$ 4,994,012	$ 3,219,271	$ 1,236,675	$ 126,106	$ 22,949,937
Segment income (loss) (Note 2)	$ 1,425,256	($ 68,090)	$ 229,910	$ 815,385	($ 125,626)	$ 2,276,835

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

Note 1：The Feeds include operating revenue from discontinued operations.

Note 2：The Feeds include profit (loss) from discontinued operations.

The adoption of IFRS 16, ‘Leases’, had the following impact on the segment information in 2019.

	Feeds	Meat processing	Food processing	Husbandry	Others	Total
Depreciation expense increased	$ 23,672	$ 8,828	$ 3,004	$ 2,605	$ -	$ 38,109

(4) Reconciliation for segment income (loss)

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

A reconciliation of reportable segment income to the income before tax from continuing operations for the years ended December 31, 2019 and 2018 is provided as follows:

	2019	2018
Reportable segment income	$ 2,402,461	$ 1,521,532
Other segment loss	(125,626)	(146,317)
Total segment	2,276,835	1,375,215
Interest expense	(80,567)	(63,304)
Foreign exchange gains (losses), net	8,978	(4,061)
Income before tax from discontinued segment	(2,216)	(41,635)
Income before tax from continuing segment	$ 2,203,030	$ 1,266,215

(5) Information on products and services

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

(6) Geographical information

Geographical information for the years ended December 31, 2019 and 2018 is as follows:

2019	Domestic	Asia	Total
Revenues from third parties	$ 21,173,634	$ 1,366,272	$ 22,539,906
Revenues from the Group	410,031	-	410,031
Total revenue	$ 21,583,665	$ 1,366,272	$ 22,949,937
Segment assets –non-current	$ 9,598,659	$ 137,500	$ 9,736,159

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

(7) Major customer information

For the years ended December 31, 2019 and 2018, the Group has no customers accounting for more than 10% of consolidated sales revenue. Therefore, no additional disclosure is required.

REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

We have audited the accompanying parent company only balance sheets of Charoen Pokphand Enterprise (Taiwan) Co., Ltd. as at December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of Charoen Pokphand Enterprise (Taiwan) Co., Ltd. as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

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

Key audit matters

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

Key audit matters for the Company's parent company only financial statements of the current period are stated as follows:

Evaluation of net realisable value of inventories

Description

Refer to Note 4(10) for accounting policies adopted for the valuation of inventories, Note 5(2) for uncertainty of accounting estimates and assumptions of valuation of inventories, and Note 6(3) for details of inventories. As at December 31, 2019, the carrying amount of inventories and allowance for inventory valuation losses amounted to NT$1,498,813 thousand and NT$60,000 thousand, respectively.

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

How our audit addressed the matter

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

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

Measurement of biological assets

Description

Refer to Note 4(12) for accounting policies adopted for biological assets, Note 5(2) for uncertainty of accounting estimates and assumptions in measuring fair value of biological assets, and Note 6(5) for details of biological assets. As at December 31, 2019, the carrying amount of biological assets amounted to NT$1,573,008 thousand.

The Company's biological assets as mainly comprised of broiler chicken, breeder chicken, fattening swine and breeder swine, etc. Except when the fair value cannot be reliably measured, biological assets should be measured at fair value less costs to sell on initial recognition and at the end of each reporting period. As the market prices of fresh, processed meat, livestock and poultry are affected by animal epidemic and market demand in Taiwan, biological assets with active market prices have a higher risk of fluctuations in fair value. Since the amount of biological assets is significant to the financial statements and the methods adopted in measuring each category of biological assets, market prices applied and items accounted for as costs to sell are all subject to management's judgement and with high uncertainty, the measurement of biological assets was identified as a key audit matter.

How our audit addressed the matter

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

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

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing Charoen Pokphand Enterprise (Taiwan) Co., Ltd.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Charoen Pokphand Enterprise (Taiwan) Co., Ltd. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing Charoen Pokphand Enterprise (Taiwan) Co., Ltd.'s financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.
As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.'s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Charoen Pokphand Enterprise (Taiwan) Co., Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Charoen Pokphand Enterprise (Taiwan) Co., Ltd. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Weng, Shih-Jung   Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2020

The accompanying parent company only 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 parent company only 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
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
Current assets				
Cash and cash equivalents	$ 86,377	-	$ 55,303	1
Notes receivable, net	301,121	2	331,198	2
Accounts receivable, net	1,712,470	10	1,616,029	11
Accounts receivable - related parties	26,496	-	34,908	-
Other receivables	7,136	-	20,201	-
Inventories, net	1,438,813	9	1,039,107	7
Biological assets - current	1,186,865	7	1,121,389	8
Prepayments	263,304	2	539,758	4
Other current assets	7,700	-	7,450	-
Total current assets	5,030,282	30	4,765,343	33
Non-current assets				
Investments accounted for under equity method	3,059,156	18	2,296,811	16
Property, plant and equipment	7,752,623	46	6,988,772	48
Right-of-use assets	341,526	2	-	-
Intangible assets	592	-	1,564	-
Biological assets - non-current	386,143	2	347,199	2
Deferred income tax assets	67,664	1	55,861	-
Other non-current assets	89,304	1	103,751	1
Total non-current assets	11,697,008	70	9,793,958	67
Total assets	$ 16,727,290	100	$ 14,559,301	100

(Continued)

CHAROEN POKPHAND ENTERPRISE(TAIWAN) CO., LTD
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
Current liabilities				
Short-term borrowings	$ 2,070,000	12	$ 2,563,784	18
Short-term notes and bills payable	978,659	6	619,270	4
Notes payable	455,941	3	355,439	2
Notes payable - related parties	820	-	1,974	-
Accounts payable	641,396	4	660,006	5
Accounts payable - related parties	15,378	-	12,625	-
Other payables	656,693	4	547,619	4
Other payables - related parties	22,750	-	21,430	-
Current income tax liabilities	161,634	1	196,470	1
Current lease liabilities	19,952	-	-	-
Other current liabilities	580,000	4	584,013	4
Total current liabilities	5,603,223	34	5,562,630	38
Non-current liabilities				
Long-term borrowings	2,730,000	16	1,880,000	13
Deferred income tax liabilities	21,087	-	18,314	-
Non-current lease liabilities	308,246	2	-	-
Other non-current liabilities	142,402	1	166,381	1
Total non-current liabilities	3,201,735	19	2,064,695	14
Total liabilities	8,804,958	53	7,627,325	52
Equity attributable to owners of parent				
Share capital				
Share capital - common stock	2,679,910	16	2,679,910	19
Capital surplus				
Capital surplus	2,137	-	1,652	-
Retained earnings				
Legal reserve	733,781	4	638,708	4
Unappropriated retained earnings	2,907,219	17	2,341,559	16
Other equity interest				
Other equity interest	1,599,285	10	1,270,147	9
Total equity	7,922,332	47	6,931,976	48
Significant contingent liabilities and unrecognised contract commitments				
Total liabilities and equity	$ 16,727,290	100	$ 14,559,301	100

The accompanying notes are an integral part of these parent company only financial statements.

Chairman: Wu Yeh, Cheng CEO: Thong Chotirat Chief Accountant: Ching Yuan, Yu

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

	Year ended December 31			
	2019		2018	
Items	AMOUNT	%	AMOUNT	%
Operating revenue	$ 20,173,520	100	$ 18,170,438	100
Operating costs	(17,352,813)	(86)	(15,711,283)	(86)
Net operating margin	2,820,707	14	2,459,155	14
Operating expenses				
Selling and marketing expenses	(883,445)	(4)	(805,048)	(4)
General and administrative expenses	(501,022)	(3)	(491,898)	(3)
Expected credit impairment gain (loss)	20	-	(94)	-
Total operating expenses	(1,384,447)	(7)	(1,297,040)	(7)
Other income and expense, net	(12,411)	-	7,253	-
Operating profit	1,423,849	7	1,169,368	7
Non-operating income and expenses				
Other income	7,129	-	4,063	-
Other gains and losses	(18,919)	-	27,129	-
Finance costs	(74,605)	(1)	(59,884)	-
Share of profit of associates and joint ventures accounted for using equity method, net	403,770	2	86,479	-
Total non-operating income and expenses	317,375	1	57,787	-
Profit before income tax	1,741,224	8	1,227,155	7
Income tax expense	(277,298)	(1)	(276,428)	(2)
Profit for the year	$ 1,463,926	7	$ 950,727	5
Other comprehensive income				
Components of other comprehensive income that will not be reclassified to profit or loss				
Other comprehensive income, before tax, actuarial gains on defined benefit plans	$ 2,561	-	$ 7,357	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	372,541	2	55,215	1
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(512)	-	(5,212)	-
Other comprehensive income that will not be reclassified to profit or loss	374,590	2	57,360	1
Components of other comprehensive income that will be reclassified to profit or loss				
Currency translation differences of foreign operations	(44,672)	-	49,857	-
Other comprehensive (loss) income that will be reclassified to profit or loss	(44,672)	-	49,857	-
Other comprehensive income for the year	$ 329,918	2	$ 107,217	1
Total comprehensive income for the year	$ 1,793,844	9	$ 1,057,944	6
Earnings per share (in dollars)				
Basic earnings per share	$ 5.46		$ 3.55	
Diluted earnings per share	$ 5.46		$ 3.54	

The accompanying notes are an integral part of these parent company only financial statements.
Chairman: Wu Yeh, Cheng CEO: Thong Chotirat Chief Accountant: Ching Yuan, Yu

CHAROEN POKPHAND ENTERPRISE(TAIWAN) CO., LTD
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

			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 equity
2018								
Balance at January 1, 2018	$ 2,679,910	$ 1,145	$ 495,401	$ 2,335,867	($ 22,617)	$ -	$ 1,187,792	$ 6,677,498
Effect of retrospective application and restatement	-	-	-	-	-	1,187,792	(1,187,792)	-
Balance at January 1 after adjustments	2,679,910	1,145	495,401	2,335,867	(22,617)	1,187,792	-	6,677,498
Profit for the year	-	-	-	950,727	-	-	-	950,727
Other comprehensive income (loss)	-	-	-	2,245	49,857	55,115	-	107,217
Total comprehensive income	-	-	-	952,972	49,857	55,115	-	1,057,944
Appropriations of 2017 earnings								
Legal reserve	-	-	143,307	(143,307)	-	-	-	-
Cash dividends to shareholders	-	-	-	(803,973)	-	-	-	(803,973)
Capital surplus - dividends not received by shareholders	-	507	-	-	-	-	-	507
Balance at December 31, 2018	$ 2,679,910	$ 1,652	$ 638,708	$ 2,341,559	$ 27,240	$ 1,242,907	$ -	$ 6,931,976
2019								
Balance at January 1, 2019	$ 2,679,910	$ 1,652	$ 638,708	$ 2,341,559	$ 27,240	$ 1,242,907	$ -	$ 6,931,976
Profit for the year	-	-	-	1,463,926	-	-	-	1,463,926
Other comprehensive income (loss)	-	-	-	780	(44,672)	373,810	-	329,918
Total comprehensive income (loss)	-	-	-	1,464,706	(44,672)	373,810	-	1,793,844
Appropriations of 2018 earnings								
Legal reserve	-	-	95,073	(95,073)	-	-	-	-
Cash dividends to shareholders	-	-	-	(803,973)	-	-	-	(803,973)
Capital surplus - dividends not received by shareholders	-	485	-	-	-	-	-	485
Balance at December 31, 2019	$ 2,679,910	$ 2,137	$ 733,781	$ 2,907,219	($ 17,432)	$ 1,616,717	$ -	$ 7,922,332

The accompanying notes are an integral part of these parent company only financial statements.

Chairman: Wu Yeh, Cheng   CEO: Thong Chotirat   Chief Accountant: Ching Yuan, Yu

CHAROEN POKPHAND ENTERPRISE(TAIWAN) CO., LTD
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Year ended December 31 2019	Year ended December 31 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	$ 1,741,224	$ 1,227,155
Adjustments		
Adjustments to reconcile profit (loss)		
Expected credit impairment (gain) loss	(20)	94
Depreciation	587,631	522,508
Depreciation of right-of-use	35,504	-
Amortization	4,211	3,762
Interest income	(255)	(193)
Interest expense	74,605	59,884
Provision for loss on inventory market price decline	45,200	7,200
Change in fair value less cost to sell of biological assets	12,411	(7,253)
Share of profit or loss of associates and joint ventures accounted for using equity method	(403,770)	(86,479)
(Gain) loss on disposal of property, plant and equipment	(4,241)	2,054
Gain arising from lease modifications	(1)	-
Changes in operating assets and liabilities		
Changes in operating assets		
Notes receivable	30,077	9,034
Accounts receivable	(96,421)	(119,971)
Accounts receivable - related parties	8,412	(16,501)
Other receivables	13,065	(12,165)
Inventories	(444,906)	(97,117)
Biological assets	(116,831)	(158,623)
Prepayments	278,542	(189,151)
Changes in operating liabilities		
Notes payable	100,502	(68,656)
Notes payable - related parties	(1,154)	(6,625)
Accounts payable	(18,610)	153,471
Accounts payable - related parties	2,753	8,492
Other payables	135,288	46,706
Other payables - related parties	1,320	(6,780)
Accrued pension liabilities	(18,008)	(14,319)
Cash inflow generated from operations	1,966,528	1,256,527
Cash paid for income tax	(321,676)	(312,150)
Net cash flows from operating activities	1,644,852	944,377
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment accounted for using the equity method	(66,860)	(51,000)
Acquisition of property, plant and equipment	(1,388,578)	(1,429,007)
Proceeds from disposal of property, plant and equipment	8,172	24,384
Acquisition of intangible assets	-	(660)
Increase in other current assets	(250)	(5,450)
Decrease (increase) in other non-current assets	11,208	(22,425)
Cash receipt of interest	255	193
Cash receipt of dividends	36,154	163,546
Net cash flows used in investing activities	(1,399,899)	(1,320,419)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(493,784)	327,401
Increase in short-term notes and bills payable	359,389	119,781
Proceeds from long-term borrowings	4,630,000	2,900,000
Payment of long-term borrowings	(3,780,000)	(2,130,000)
Cash payment for interest	(77,117)	(59,572)
Cash dividends paid	(803,973)	(803,973)
Payment of lease liability	(48,879)	-
Capital surplus - dividends not received by shareholders	485	507
Net cash flows (used in) from financing activities	(213,879)	354,144
Net increase (decrease) in cash and cash equivalents	31,074	(21,898)
Cash and cash equivalents at beginning of year	55,303	77,201
Cash and cash equivalents at end of year	$ 86,377	$ 55,303

The accompanying notes are an integral part of these parent company only financial statements.
Chairman: Wu Yeh, Cheng CEO: Thong Chotirat Chief Accountant: Ching Yuan, Yu

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Charoen Pokphand Enterprise (Taiwan) Co., Ltd. (the "Company") was incorporated on August 22, 1977 as a company limited by shares under the Statute for Investment by Overseas Chinese and the provisions of the Company Act of the Republic of China. The main activities of the Company 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 parent company only financial statements were authorised for issuance by the Board of Directors on March 24, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 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 Company's financial condition and financial performance based on the Company'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 Company 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 Company increased ‘right-of-use asset’ by $354,829 and ‘lease liability’ by $340,701, and decreased prepayments by $14,174, property, plant and equipment by $7,376 and lease payable by $7,422 with respect to the lease contracts of lessees on January 1, 2019.

C. The Company 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 Company calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate of 1.44%.

E. The Company 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	$	378,263
Add: Lease payable recognised under finance lease by applying IAS 17 as at December 31, 2018		7,422
Less: Short-term leases	(	1,218)
Add: Lease contracts previously identified as service agreements		4,029
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	$	388,496
Incremental borrowing interest rate at the date of initial application		1.44%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$	340,701

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

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

A. The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

B. Foreign currency transactions and balances

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

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

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

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

(4) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(5) Cash equivalents

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

(6) Accounts and notes receivable

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

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

(7) Impairment of financial assets

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

(8) Derecognition of financial assets

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

(9) Operating leases (lessor)

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

(10) Inventories

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

(11) Investments accounted for using equity method/ subsidiaries

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls and entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investments in subsidiaries are accounted for using equity method in these parent company only financial statements.

B. Unrealised gains on transactions between the Company and its subsidiaries are eliminated. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(12) Biological assets

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

(13) Property, plant and equipment

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

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

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

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

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

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

(14) 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 Company. 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 Company 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.

(15) Leased assets / operating leases (lessee)

Prior to 2019

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the Company 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 Compaany will obtain ownership at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful life.

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

(16) Intangible assets

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

(17) Impairment of non-financial assets

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

(18) Borrowings

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

(19) Notes and accounts payable

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

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

(20) Derecognition of financial liabilities

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

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

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

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

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

(22) Income tax

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

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

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

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

(23) Share capital

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

(24) Dividends

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

(25) Revenue recognition

A. Sales of goods

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

(b) Revenue from sales of goods is recognised based on the price specified in the contract, net of the estimated volume discounts, sales discounts and allowances. Accumulated experience is used to estimate and provide for the volume discounts, sales discounts and allowances using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 3 to 120 days, which is consistent with market practice.

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

B. Financing components

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

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

As of December 31, 2019, the carrying amount of inventories was $1,438,813.

B. Measurement of fair value of biological assets

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

As of December 31, 2019, the carrying amount of biological assets was $1,573,008.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash

	December 31, 2019	December 31, 2018
Cash on hand and revolving funds	$ 7,276	$ 9,138
Checking accounts	964	335
Demand deposits	78,137	45,830
Total	$ 86,377	$ 55,303

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

B. On December 31, 2019, the Company has restricted cash and cash equivalents pledged as collateral totalling $7,700, classified as other financial assets and shown as ‘other current assets’. Please refer to Note 8 for details.

(2) Notes and accounts receivable

	December 31, 2019	December 31, 2018
Notes receivable	$ 301,121	$ 331,198
Accounts receivable	$ 1,714,126	$ 1,618,358
Less: Allowance for uncollectible accounts	(1,656)	(2,329)
	$ 1,712,470	$ 1,616,029

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

	December 31, 2019	December 31, 2018
Current	$ 1,659,117	$ 1,551,365
Up to 180 days	52,630	64,304
181 to 365 days	2,070	2,165
Over one year	309	524
	$ 1,714,126	$ 1,618,358

The above ageing analysis was based on past due date.

B. As of December 31, 2019 and 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 $1,836,384.

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

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

	December 31, 2019	December 31, 2018
With guarantee	$ 125,721	$ 135,342
Without guarantee	1,588,405	1,483,016
	$ 1,714,126	$ 1,618,358

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

E. As at December 31, 2019 and 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 Company's notes receivable were $301,121 and $331,198, respectively, while the amount that best represents the Company's accounts receivable were $1,712,470 and $1,616,029, respectively.

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

(3) Inventories

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 885,619	$ -	$ 885,619
Packing supplies	22,517	-	22,517
Work in progress	26,663	-	26,663
Finished goods	564,014	(60,000)	504,014
	$ 1,498,813	($ 60,000)	$ 1,438,813

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 559,822	$ -	$ 559,822
Packing supplies	16,213	-	16,213
Work in progress	25,800	-	25,800
Finished goods	452,072	(14,800)	437,272
	$ 1,053,907	($ 14,800)	$ 1,039,107

The cost of inventories recognised as expense for the year:

	2019	2018
Cost of goods sold	$ 17,307,794	$ 15,707,367
Loss on decline in market value	45,200	7,200
Others	(181)	(3,284)
	$ 17,352,813	$ 15,711,283

Others pertain mainly to gain and loss on physical inventory count and income from disposal of leftover and scraps.

(4) Investments accounted for under equity method

A. Details of investments accounted for using equity method-subsidiaries are provided as follows:

	December 31, 2019	December 31, 2018
Plenty Type Limited	$ 2,368,685	$ 2,005,590
Charoen Pokphand (Taiwan) Co., Ltd.	38,794	34,096
Arbor Acres (Taiwan) Co., Ltd.	384,779	64,560
Rui Mu Foods Co., Ltd.	125,701	92,150
Rui Fu Foods Co., Ltd.	141,197	100,415
	$ 3,059,156	$ 2,296,811

B. Share of profit (loss) of subsidiaries accounted for under the equity method:

	2019	2018
Plenty Type Limited	$ 33,957	$ 46,184
Charoen Pokphand (Taiwan) Co., Ltd.	10,832	4,552
Arbor Acres (Taiwan) Co., Ltd.	351,508	19,997
Rui Mu Foods Co., Ltd.	17,691	11,223
Rui Fu Foods Co., Ltd.	(10,218)	4,523
	$ 403,770	$ 86,479

C. Share of other comprehensive income (loss) of subsidiaries accounted for using equity method:

Components of other comprehensive income that will not be reclassified to profit or loss

	2019	2018
Plenty Type Limited	$ 373,810	$ 55,115
Charoen Pokphand (Taiwan) Co., Ltd.	(1,980)	26
Arbor Acres (Taiwan) Co., Ltd.	711	74
	$ 372,541	$ 55,215

Items may be subsequently reclassified to profit or loss

	2019	2018
Plenty Type Limited	($ 44,672)	$ 49,857

D. Details of the subsidiaries are provided in Note 4(3) in the Company's consolidated financial statements for the year ended December 31, 2019.

(5) Biological assets

A. Biological assets

	December 31, 2019	December 31, 2018
Biological assets - current:		
Consumable biological assets	$ 1,034,392	$ 960,264
Consumable biological assets - changes in fair value less costs to sell	24,124	36,535
Bearer biological assets	244,716	179,950
Bearer biological assets - accumulated depreciation	(116,367)	(55,360)
	$ 1,186,865	$ 1,121,389
Biological assets - non-current:		
Bearer biological assets	$ 470,609	$ 418,759
Bearer biological assets - accumulated depreciation	(84,466)	(71,560)
	$ 386,143	$ 347,199

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	$ 1,468,588	$ 1,302,712
Purchases	979,758	1,148,972
Costs and expenses input	6,411,905	5,574,926
Sales	(2,906,153)	(2,694,012)
Change in fair value less cost to sell	(12,411)	7,253
Transfer to inventories	(4,363,702)	(3,859,997)
Others	(4,977)	(11,266)
At December 31	$ 1,573,008	$ 1,468,588

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. For the years ended December 31, 2019 and 2018, depreciation expense on biological assets amounted to $234,992 and $185,843, respectively.

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

	December 31, 2019	December 31, 2018
Estimates of physical quantities (Units: heads)	5,072,582	4,918,068

E. Financial risk management policies

The Company is exposed to commodity risks arising from changes in market prices of the chickens and swine. The Company 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 Company reviews the risk of a decline in the price of the agriculture products regularly, and considers to take the financial risk.

(6) Property, plant and equipment

	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1, 2019									
Cost	$ 1,839,181	$ 94,578	$ 3,025,679	$ 3,371,948	$ 237,965	$ 963,769	$ 756,082	$ 449,319	$ 10,738,521
Accumulated depreciation and impairment	-	(32,543)	(1,054,180)	(1,800,496)	(142,858)	(442,666)	(284,382)	-	(3,757,125)
	$ 1,839,181	$ 62,035	$ 1,971,499	$ 1,571,452	$ 95,107	$ 521,103	$ 471,700	$ 449,319	$ 6,981,396
2019									
Opening net book amount as at January 1	$ 1,839,181	$ 62,035	$ 1,971,499	$ 1,571,452	$ 95,107	$ 521,103	$ 471,700	$ 449,319	$ 6,981,396
Additions	14,137	34,855	111,788	117,668	41,956	10,943	89,369	942,073	1,362,789
Disposals	-	-	-	-	(3,931)	-	-	-	(3,931)
Reclassifications	123,318	19,742	190,930	150,850	5,709	15,226	76,793	(582,568)	-
Depreciation	-	(10,549)	(162,257)	(222,312)	(33,060)	(89,968)	(69,485)	-	(587,631)
Closing net book amount as at December 31	$ 1,976,636	$ 106,083	$ 2,111,960	$ 1,617,658	$ 105,781	$ 457,304	$ 568,377	$ 808,824	$ 7,752,623
At December 31, 2019									
Cost	$ 1,976,636	$ 149,175	$ 3,257,734	$ 3,578,256	$ 261,488	$ 985,924	$ 905,225	$ 808,824	$ 11,923,262
Accumulated depreciation and impairment	-	(43,092)	(1,145,774)	(1,960,598)	(155,707)	(528,620)	(336,848)	-	(4,170,639)
	$ 1,976,636	$ 106,083	$ 2,111,960	$ 1,617,658	$ 105,781	$ 457,304	$ 568,377	$ 808,824	$ 7,752,623

	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1, 2018									
Cost	$ 1,531,190	$ 67,955	$ 2,317,434	$ 3,125,768	$ 212,409	$ 945,310	$ 628,388	$ 692,365	$ 9,520,819
Accumulated depreciation and impairment	-	(28,430)	(971,145)	(1,698,316)	(122,041)	(355,747)	(235,545)	-	(3,411,224)
	$ 1,531,190	$ 39,525	$ 1,346,289	$ 1,427,452	$ 90,368	$ 589,563	$ 392,843	$ 692,365	$ 6,109,595
2018									
Opening net book amount as at January 1	$ 1,531,190	$ 39,525	$ 1,346,289	$ 1,427,452	$ 90,368	$ 589,563	$ 392,843	$ 692,365	$ 6,109,595
Additions	12,817	19,718	129,287	107,216	28,295	15,082	96,303	1,019,405	1,428,123
Disposals	-	-	(7,370)	(14,028)	(2,283)	(119)	(2,638)	-	(26,438)
Reclassifications	295,174	8,627	637,520	245,791	13,952	8,693	52,694	(1,262,451)	-
Depreciation	-	(5,835)	(134,227)	(194,979)	(35,225)	(92,116)	(60,126)	-	(522,508)
Closing net book amount as at December 31	$ 1,839,181	$ 62,035	$ 1,971,499	$ 1,571,452	$ 95,107	$ 521,103	$ 479,076	$ 449,319	$ 6,988,772
At December 31, 2018									
Cost	$ 1,839,181	$ 94,578	$ 3,025,679	$ 3,371,948	$ 237,965	$ 963,769	$ 767,653	$ 449,319	$ 10,750,092
Accumulated depreciation and impairment	-	(32,543)	(1,054,180)	(1,800,496)	(142,858)	(442,666)	(288,577)	-	(3,761,320)
	$ 1,839,181	$ 62,035	$ 1,971,499	$ 1,571,452	$ 95,107	$ 521,103	$ 479,076	$ 449,319	$ 6,988,772

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:

	2019	2018
Amount capitalised	$ 2,698	$ 3,654
Interest rate range	1.12%~1.13%	1.10%~1.12%

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

C. As of December 31, 2019 and 2018, the Company held 110 parcels and 114 parcels of agricultural land, respectively. The carrying amounts of land registered under the title of others amounted to $624,803 and $648,489, respectively. These parcels of land are registered under the title of individuals, however, the Company has agreements with those individuals to pledge these agricultural land to the Company.

(7) Leasing arrangements - lessee

Effective 2019

A. The Company 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 December 31, 2019	2019
	Carrying amount	Depreciation charge
Land	$ 322,018	$ 25,839
Buildings	8,702	3,996
Transportation equipment (Cargo Truck)	65	258
Other equipment	10,741	5,411
	$ 341,526	$ 35,504

C. For the year ended December 31, 2019, the additions to right-of-use assets was $22,352.

D. The Company has no significant profit or loss in relation to lease contracts for the year ended December 31, 2019.

E. For the year ended December 31, 2019, the Company's total cash outflow for leases was $48,879.

(8) Intangible assets

Software

	2019	2018
At January 1		
Cost	$ 10,474	$ 9,814
Accumulated amortisation and impairment	(8,910)	(7,767)
	$ 1,564	$ 2,047
At January 1	$ 1,564	$ 2,047
Additions	-	660
Amortisation	(972)	(1,143)
At December 31	$ 592	$ 1,564
At December 31		
Cost	$ 10,474	$ 10,474
Accumulated amortisation and impairment	(9,882)	(8,910)
	$ 592	$ 1,564

(9) Short-term borrowings

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Unsecured borrowings	$ 2,070,000	1.04%~1.21%	None

Type of borrowings	December 31, 2018	Interest rate range	Collateral
Unsecured borrowings	$ 2,422,350	1.04%~1.20%	None
Letters of credit	141,434	3.28%~4.12%	None
	$ 2,563,784		

(10) Short-term notes and bills payable

	December 31, 2019	December 31, 2018
Commercial paper payable	$ 980,000	$ 620,000
Less: Unamortised discounts	(1,341)	(730)
	$ 978,659	$ 619,270
Interest rate range	0.34%~0.93%	0.64%~0.94%

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

(11) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	December 31, 2019
Secured loans	2019.11.15~2021.11.15	1.42%	$ 375,000
Unsecured credit loans	2017.9.6~2022.10.27	1.03%~1.50%	2,935,000
			3,310,000
Less: Current portion (shown as 'Other current liabilities')			(580,000)
			$ 2,730,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	December 31, 2018
Secured loans	2016.8.2~2022.12.15	1.42%~1.50%	$ 800,000
Unsecured credit loans	2017.8.1~2022.10.27	1.03%~1.42%	1,660,000
			2,460,000
Less: Current portion (shown as 'Other current liabilities')			(580,000)
			$ 1,880,000

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

(12) Finance lease liabilities

A. The Company 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.

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

	December 31, 2018		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
Current (shown as 'Other current liabilities')			
Not later than one year	$ 4,080	($ 67)	$ 4,013
Non-current (shown as 'Other non-current liabilities')			
Later than one year but not later than five years	3,431	(22)	3,409
	$ 7,511	($ 89)	$ 7,422

(13) Pensions

A. Defined benefit plans

(a) The Company has 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 contributes 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 would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

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

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	($ 436,190)	($ 442,929)
Fair value of plan assets	293,788	279,957
Net defined benefit liability	(142,402)	(162,972)
Ending accrued pension fund	-	-
Net liabilities in the balance sheet	($ 142,402)	($ 162,972)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2019			
Balance at January 1	($ 442,929)	$ 279,957	($ 162,972)
Current service cost	(3,335)	-	(3,335)
Interest (expense) income	(3,256)	2,097	(1,159)
	(449,520)	282,054	(167,466)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	10,773	10,773
Change in demographic assumptions	(147)	-	(147)
Change in financial assumptions	(3,538)	-	(3,538)
Experience adjustments	(4,527)	-	(4,527)
	(8,212)	10,773	2,561
Pension fund contribution	-	22,503	22,503
Paid pension	21,542	(21,542)	-
Balance at December 31	($ 436,190)	$ 293,788	($ 142,402)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2018			
Balance at January 1	($ 464,249)	$ 277,815	($ 186,434)
Current service cost	(4,412)	-	(4,412)
Interest (expense) income	(4,567)	2,790	(1,777)
	(473,228)	280,605	(192,623)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	8,604	8,604
Change in demographic assumptions	(4)	-	(4)
Change in financial assumptions	(9,324)	-	(9,324)
Experience adjustments	8,081	-	8,081
	(1,247)	8,604	7,357
Pension fund contribution	-	22,294	22,294
Paid pension	31,546	(31,546)	-
Balance at December 31	($ 442,929)	$ 279,957	($ 162,972)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labour Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	2019	2018
Discount rate	0.65%	0.75%
Future salary increases	2.00%	2.00%

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

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

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
2019				
Effect on present value of defined benefit obligation	($ 33,433)	$ 38,081	$ 37,155	($ 33,325)
2018				
Effect on present value of defined benefit obligation	($ 35,532)	$ 40,587	$ 39,640	($ 35,449)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2020 amount to $16,951.

(h) As of December 31, 2019, the weighted average duration of the retirement plan is 8 years.

B. Defined contribution plans

Effective July 1, 2005, the Company has 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 contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs for the aforementioned defined contribution pension plans of the Company for the years ended December 31, 2019 and 2018 were $39,740 and $37,062, respectively.

(14) Share capital - common stocks

As of December 31, 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 years ended December 31, 2019 and 2018, there are no changes in the number of the Company's ordinary shares outstanding.

(15) 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.

(16) 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.

E. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(22).

(17) Operating revenue

	2019	2018
Revenue from contracts with customers	$ 20,173,520	$ 18,170,438

Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time.

(18) 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.

	2019	2018
Other income and expenses, net	$ 12,411	$ 7,253

(19) Other income

	2019	2018
Rental income	$ 6,874	$ 3,870
Interest income	255	193
	$ 7,129	$ 4,063

(20) Other gains and losses

	2019	2018
Net foreign exchange gains	$ 9,573	$ 1,750
Gains (losses) on disposal of property, plant and equipment	4,241	(2,054)
Miscellaneous (disbursement) income	(32,733)	27,433
	($ 18,919)	$ 27,129

(21) Finance costs

	2019	2018
Interest expense	$ 74,605	$ 59,884

(22) Expenses by nature

	2019			2018		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expense						
Wages and salaries	$ 973,504	$ 490,583	$ 1,464,087	$ 825,625	$ 455,671	$ 1,281,296
Labor and health insurance	93,066	33,310	126,376	82,070	31,520	113,590
Pension costs	27,282	16,952	44,234	26,188	17,063	43,251
Directors' remuneration	-	37,230	37,230	-	36,164	36,164
Other personnel expenses (Note)	52,399	8,435	60,834	44,211	9,376	53,587
Depreciation on fixed assets	550,651	36,980	587,631	484,844	37,664	522,508
Depreciation on right-of-use assets	30,960	4,544	35,504	-	-	-
Amortisation	3,152	1,059	4,211	2,570	1,192	3,762

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

A. As of December 31, 2019 and 2018, the Company had 2,122 and 1,895 employees, respectively, and had 5 directors for both years.

B. For the years ended December 31, 2019 and 2018, the average employee benefits were $801 and $789, and the average salary expenses were $692 and $678, respectively. The change in adjustment on average salary expenses was 2.01%.

C. 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.

D. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at $17,365 and $12,152, respectively. The aforementioned amounts were recognised in wages and salaries expense.

For the year ended December 31, 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, was adjusted in profit or loss for 2019.

E. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by Board of Directors will be posted in the "Market Observation Post

System” at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	2019	2018
Current tax:		
Current tax on profits for the year	$ 284,144	$ 250,389
Tax on undistributed surplus earnings	2,696	46,494
Prior year income tax (over) underestimation	-	-
Total current tax	286,840	296,883
Deferred tax:		
Origination and reversal of temporary differences	(9,542)	(12,779)
Impact of change in tax rate	-	(7,676)
Total deferred tax	(9,542)	(20,455)
Income tax expense	$ 277,298	$ 276,428

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

	2019	2018
Remeasurement of defined benefit obligations	$ 512	$ 5,212

B. Reconciliation between income tax expense and accounting profit

	2019	2018
Tax calculated based on profit before tax and statutory tax rate	$ 348,245	$ 245,431
Expenses disallowed by tax regulation	320	238
Tax exempt income by tax regulation	(73,963)	(8,059)
Tax on undistributed surplus earnings	2,696	46,494
Effect from changes in tax regulation	-	(7,676)
Income tax expense	$ 277,298	$ 276,428

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

	December 31, 2019	December 31, 2018
Temporary differences:		
Accrued sales discounts	$ 17,030	$ 16,463
Provision for loss on spare parts	3,131	2,642
Pension expense in excess of the limit for tax purpose	28,480	32,594
Unrealised inventory valuation loss and changes in fair value of biological assets	7,175	(4,347)
Unrealised foreign investment income	(17,015)	(10,224)
Unrealised exchange loss	(149)	(75)
Others	7,925	494
	$ 46,577	$ 37,547

	December 31, 2019	December 31, 2018
Deferred tax assets	$ 67,664	$ 55,861
Deferred tax liabilities	(21,087)	(18,314)
	$ 46,577	$ 37,547

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

	2019	2018
Recognised in profit or loss	$ 9,542	$ 20,455
Recognised in other comprehensive income	($ 512)	($ 5,212)

D. The Company’s income tax returns through 2017 have been assessed and approved by the Tax Authority.

E. 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 Company has assessed the impact of the change in income tax rate.

(24) Earnings per share

	2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,463,926	267,991	$ 5.46
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,463,926	267,991	
Assumed conversion of all dilutive potential ordinary shares			
- employees' compensation	-	332	
	$ 1,463,926	268,323	$ 5.46

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

(25) Operating leases

Prior to 2019

The Company leases certain main operating locations and farms from years 2009 to 2041. The Company recognised rental expense of $32,131 in profit or loss for the year ended December 31, 2018.

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

		December 31, 2018
Not later than one year	$	31,415
Later than one year but not later than five years		112,443
Over five years		234,405
	$	378,263
Issued post-dated checks	$	13,521

(26) Supplemental cash flow information

Investing activities with partial cash payment are as follows:

		2019		2018
Acquisition of property, plant and equipment	$	1,362,789	$	1,428,123
Add: Opening balance of payable on equipment		60,371		66,979
Opening balance of financial lease liabilities		-		1,698
Less: Ending balance of payable on equipment	(	34,582)	(	60,371)
Ending balance of financial lease liabilities		-	(	7,422)
Cash paid during the year	$	1,388,578	$	1,429,007

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

CPF (incorporated in Thailand) indirectly held 39% of the Company's equity shares. The remaining shares were held by the general public.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Charoen Pokphand Foods Public Company Limited (CPF)	Ultimate parent company
Charoen Pokphand (Taiwan) Co., Ltd.	Subsidiaries
Arbor Acres (Taiwan) Co., Ltd.	"
Rui Mu Foods Co., Ltd.	"
Rui Fu Foods Co., Ltd.	"
Charoen Pokphand Group Co., Ltd. (CPG)	Other related parties
C.P. Merchandising Company Limited	"
Ta Chung Investment Co., Ltd.	"
Chung Ta Investment Co., Ltd.	"
Perfect Companion (Taiwan) Co., Ltd.	"

(3) Significant related party transactions and balances

A. Operating revenue

	2019	2018
Sales of goods:		
Subsidiary	$ 288,329	$ 206,342

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

B. Purchases

	2019	2018
Purchases of goods:		
Ultimate parent company	$ 32,716	$ 39,301
Subsidiary	89,087	88,064
Other related parties	16,942	10,216
	$ 138,745	$ 137,581

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

C. Receivables from related parties

	December 31, 2019	December 31, 2018
Accounts receivable:		
Subsidiary	$ 26,496	$ 34,908

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

D. Payables to related parties

	December 31, 2019	December 31, 2018
Notes and accounts payable:		
Ultimate parent company	$ -	$ 3,040
Subsidiary	12,980	11,559
Other related parties	3,218	-
	$ 16,198	$ 14,599

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

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

Lessee	2019		2018	
Subsidiary	$	1,771	$	1,771
Other related parties		86		86
	$	1,857	$	1,857

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

F. Technical service agreement

(a) The Company signed a technical service agreement with CPG since 1996. CPG helps the Company to manufacture feeds, raise animals and to process meat products, and the Company pays compensation of THB12 million (net value) for the services annually. The commitment would not be terminated except when any of the two parties would agree to end the agreement. For the years ended December 31, 2019 and 2018, the Company recognised technical service expenses amounting to $14,563 and $12,869, respectively. As of December 31, 2019 and 2018, the outstanding balance was approximately $627 and $156, respectively.

(b) The Company signed a technical service agreement with CPG at the end of 2015. CPG helps the Company to raise animals and provides consulting services of related technical skills, and the Company pays compensation of $700 for the services monthly. The contract is effective for 5 years. For the years ended December 31, 2019 and 2018, the Company recognised technical service expense amounting to $8,400 for both years. As of December 31, 2019 and 2018, the outstanding balance were both $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 years ended December 31, 2019 and 2018, the Company recognised royalties amounting to $77,909 and $89,293, respectively. As of December 31, 2019 and 2018, the outstanding balance were $20,023 and $19,174, respectively.

(4) Key management compensation

	2019		2018	
Salaries and other short-term employee benefits	$	165,892	$	160,860
Post-employment benefits		1,556		1,517
Total	$	167,448	$	162,377

8. PLEDGED ASSETS

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

Pledged assets	Book value December 31, 2019	Book value December 31, 2018	Purpose
Time deposits - shown as 'Other current assets'	$ 7,700	$ 7,450	Guarantee deposit
Land	51,785	51,785	Long-term borrowings
Buildings and structures	186,735	192,760	Long-term borrowings
	$ 246,220	$ 251,995	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Other than those stated in Notes 6(12), (25) and 7, the significant commitments and contingent liabilities of the Company were as follows:

(1) As of December 31, 2019 and 2018, the Company had opened unused letters of credit for purchases of raw materials and machinery of $516,177 and $510,882, respectively.

(2) As of December 31, 2019 and 2018, the Company had several outstanding construction contracts and equipment purchase agreements. The balance outstanding was $637,771 and $123,207, respectively, and will be paid on the basis of percentage of completion.

(3) The Company signed a contract for food sludge disposal with Fu Mao Organic Fertilizer Co., Ltd. The Company received a disposition for deferred prosecution in December 2019 as the disposal company violated the Waste Disposal Act by dumping sludge. The removal shall be completed before December 31, 2020 based on the waste disposal plan approved by the Environmental Protection Bureau Changhua County. The Company has committed to complete the disposal within the period and has accrued disposal expense and other related expense of $41,750 (shown as Other Payables).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

12. OTHERS

(1) Capital risk management

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

(2) Financial risk of financial instruments

A. Financial instruments by category

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets at amortised cost / Loans and receivables		
Cash and cash equivalents	$ 86,377	$ 55,303
Notes receivable	301,121	331,198
Accounts receivable (including related parties)	1,738,966	1,650,937
Other accounts receivable	7,136	20,201
Refundable deposits	41,944	46,302
Other financial assets	7,700	7,450
	$ 2,183,244	$ 2,111,391

	December 31, 2019	December 31, 2018
Financial liabilities		
Short-term borrowings	$ 2,070,000	$ 2,563,784
Short-term notes and bills payable	978,659	619,270
Notes payable (including related parties)	456,761	357,413
Accounts payable (including related parties)	656,774	672,631
Other accounts payable (including related parties)	679,443	569,049
Long-term borrowings (including current portion)	3,310,000	2,460,000
Other financial liabilities	-	7,422
	$ 8,151,637	$ 7,249,569
Lease liability	$ 328,198	$ -

B. Financial risk management policies

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

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

C. Financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

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

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

iv. The Company’s businesses involve some non-functional currency operations (the Company’s functional currency: NTD. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2019			
	Foreign currency amount (in thousands)		Exchange rate	Book value (NTD)
(Foreign currency : functional currency)				
Financial assets				
Monetary item				
USD:NTD	USD	129	29.93	$ 3,870
Non-monetary item				
HKD:NTD	HKD	616,868	3.84	2,368,685
Financial liabilities				
Monetary items				
USD:NTD	USD	1,957	30.03	$ 58,769
EUR:NTD	EUR	46	33.79	1,555

	December 31, 2018				
	Foreign currency amount (in thousands)		Exchange rate	Book value (NTD)	
(Foreign currency : functional currency)					
Financial assets					
Non-monetary item					
HKD:NTD	HKD	513,664	3.904	$	2,005,590
Financial liabilities					
Monetary item					
USD:NTD	USD	6,189	30.77	$	190,390

v. Total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2019 and 2018 amounted to $9,573 and $1,750, respectively.

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

	2019				
	Sensitivity analysis				
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
(Foreign currency : functional currency)					
Financial assets					
Monetary item					
USD：NTD	1%	$	39	$	-
Non-monetary item					
HKD：NTD	1%		-		23,687
Financial liabilities					
Monetary items					
USD：NTD	1%	($	588)	$	-
EUR：NTD	1%	(	16)		-

	2018		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
Financial assets			
Non-monetary item			
HKD：NTD	1%	$ -	$ 20,056
Financial liabilities			
Monetary item			
USD：NTD	1%	($ 1,904)	$ -

Price risk

The Company's management strategy of price risk arising from biological assets is provided in Note 6(5)

Interest rate risk

i. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company 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 Company to fair value interest rate risk. During the years ended December 31, 2019 and 2018, the Company's borrowings at variable rate were denominated in NTD.

ii. The Company 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 Company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios run only for liabilities that represent the major interest-bearing positions.

iii. For the years ended December 31, 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 years ended December 31, 2019 and 2018, would have been $26,480 and $19,680 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 Company 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 Company manages its credit risk taking into consideration the entire company's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

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

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

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

vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. On December 31, 2019 and 2018, the Company's written-off financial assets that are still under recourse procedures amounted to $1,283 and $2,173, respectively.

vii. (i) The expected loss rate for well-reputed customers is 0.03%. On December 31, 2019 and 2018, the total book value of accounts receivable and loss allowance amounted to $696,694 and $0, and $717,022 and $0, respectively.

(ii) The Company used the forecastability of the global economy to adjust historical and timely information to assess the default possibility of accounts receivable in accordance with customers' credit. On December 31, 2019 and 2018, the expected loss rate is as follows:

	Group A		Group B		Total	
December 31, 2019						
Expected loss rate		0%~100%		0.003%~10%		
Total book value	$	23,065	$	1,020,863	$	1,043,928
Loss allowance		1,656		-		1,656

	Group A		Group B		Total	
December 31, 2018						
Expected loss rate		0%~100%		0.003%~10%		
Total book value	$	28,974	$	907,270	$	936,244
Loss allowance		2,329		-		2,329

Note: Customers are categorised into Company 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 Company applying the simplified approach to provide loss allowance for notes and accounts receivable are as follows:

	2019		2018	
	Notes and accounts receivable (including related parties)		Notes and accounts receivable (including related parties)	
At January 1_IAS 39	$	2,329	$	2,694
Adjustments under new standards		-		-
At January 1_IFRS 9		2,329		2,694
(Reversl of) Provision for impairment	(	20)		94
Write-offs	(	653)	(	459)
At December 31	$	1,656	$	2,329

The impairment loss arising from customers' contracts for the years ended December 31, 2019 and 2018 amounted to ($20) and $94, respectively.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's financial ratio targets, covenant compliance and applicable external regulatory or legal requirements.

ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31, 2019	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 2,070,000	$ -	$ -
Short-term notes and bills payable	980,000	-	-
Notes payable (including related parties)	456,761	-	-
Accounts payable (including related parties)	656,774	-	-
Other payables (including related parties)	679,443	-	-
Lease liabilities	22,418	121,815	214,777
Long-term borrowings (including current portion)	620,131	2,757,687	-

December 31, 2018	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 2,563,784	$ -	$ -
Short-term notes and bills payable	620,000	-	-
Notes payable	357,413	-	-
Accounts payable (including related parties)	672,631	-	-
Other payables (including related parties)	569,049	-	-
Long-term borrowings (including current portion)	608,215	1,911,015	-
Other financial liabilities	4,080	3,431	-

iii. The Company 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 Company’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 Company’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 Company's investment in biological assets is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

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

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Biological assets	$ -	$ 755,525	$ -	$ 755,525

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Biological assets	$ -	$ 725,806	$ -	$ 725,806

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

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

(b) The Company 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 Company's credit quality.

(c) Details of methods for measuring Level 2 - Biological assets are provided in Note 6(5).

E. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 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 year ended December 31, 2019: None.

C. Holding of marketable securities at December 31, 2019 (not including subsidiaries, associates and joint ventures):

	Marketable securities		Relationship with	General ledger	As of December 31, 2019				
Securities held by	Types	Name	the securities issuer	account	Number of shares	Book value	Ownership	Fair value (Note 1)	Footnote
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	2,119,249	0.89%	2,119,249	

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

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

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

Note 2: Investee company accounted for as financial assets at fair value through other comprehensive income by Plenty Type Limited (Cayman Islands), which is ultimate parent company of the Company

D. Acquisition or sale of the same security with the accumulated cost exceeding NT$300,000 or 20% of the Company's paid-in capital during the year ended December 31, 2019: None.

E. Acquisition of real estate reaching NT$300,000 or 20% of paid-in capital or more during the year ended December 31, 2019: None.

F. Disposal of real estate reaching NT$300,000 or 20% of paid-in capital or more during the year ended December 31, 2019

Real estate disposed by	Real estate	Transaction date or date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
Arbor Acres (Taiwan) Co., Ltd.	Land	2019/5/13	1973/1/1	$ 977	$ 794,120	$ 794,120	$ 783,044	Li Chong-Hua and Jiuh Huei Steel Corporation.	Third parties	Operational needs	Investment property appraisal report	-

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.

G. Purchases or sales of goods from or to related parties reaching NT$100,000 or 20% of paid-in capital or more during the year ended December 31, 2019:

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Chia Tai Aquaculture (Nantong) Co., Ltd.	Other related parties	Sales	($212,064) (CNY 47,187 thousand)	0.94%	60 days	Same as third party transactions	Same as third party transactions	$1,544 (CNY 359 thousand)	0.07%	
Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd.	Other related parties	Purchases	$350,334 (CNY 78,210 thousand)	2.08%	30 days	Same as third party transactions	Same as third party transactions	($175,765) (CNY 40,914 thousand)	12.87%	

H. Receivables from related parties reaching NT$100,000 or 20% of paid-in capital or more as at December 31, 2019: None.

I. Trading in derivative instruments undertaken during the year ended December 31, 2019: None

J. Significant inter-company transactions during the year ended December 31, 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: Balance as of December 31, 2019	Initial investment amount: Balance as of December 31, 2018	Shares held as of December 31, 2019: Number of shares	Shares held as of December 31, 2019: Ownership (%)	Shares held as of December 31, 2019: Book value	Net profit of the investee	Investment income recognised by the Company	Footnote
The Company	Plenty Type Limited (Cayman Islands)	Cayman Islands	Management of producing and non-producing business investments	$ 720,448	$ 720,448	96,370,079	100.00	$ 2,368,685	$ 33,957	$ 33,957	Subsidiary (Note 1)
The Company	Charoen Pokphand (Taiwan) Co., Ltd.	Taiwan	Management of importing and exporting businesses	20,086	20,086	2,443,716	90.00	38,794	12,036	10,832	Subsidiary
The Company	Arbor Acres (Taiwan) Co., Ltd.	Taiwan	Husbandry management of chickens to produce breeder chicken and daily chicken	60,131	60,131	1,600,000	50.00	384,779	703,017	351,508	Subsidiary
The Company	Rui Mu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	93,860	78,000	10,400,000	52.00	125,701	34,021	17,691	Subsidiary
The Company	Rui Fu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	153,000	102,000	15,300,000	51.00	141,197	(20,035)	(10,218)	Subsidiary (Note 1)
Plenty Type Limited (Cayman Islands)	Chia Tai Lianyungang Co., Ltd.	Hong Kong	Management of producing and non-producing business investments	HKD 19,910	HKD 19,910	999,999	99.99	192,643	(3,180)	-	Indirectly owned subsidiary (Note 2)
Rui Fu Foods Co., Ltd.	Sheng Da Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	60,000	-	6,000,000	100.00	59,845	(155)	-	Indirectly owned subsidiary (Note 2)

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

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

(3) Information on investments in Mainland China

A. Basic information:

Investee in Mainland China	Main business activities	Paid-in Capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from /remitted back to Taiwan during the period: Remitted to Mainland China	Amount remitted from /remitted back to Taiwan during the period: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of the investee	Ownership held by the Company (direct or indirect)	Investment income recognised by the company (Note 2)	Book value of investment as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Feeds producing, poultry raising, processing and sales.	$ 142,846	2	$ 127,981	$ -	$ -	$ 127,981	$ 776	70.00	$ 543	$ 149,054	$ -	Note 4

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 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
The Company	$ 127,981	$ 404,564	$ 4,753,399

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

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

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

(3) Others.

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

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

Note 4: The paid-in capital was USD$5,400 thousand, which was translated into New Taiwan Dollars based on the historical exchange rates and the accumulated amount of remittance from Taiwan to Mainland China as of January 1 and December 31, 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 December 31, 2019.

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

None

Review of Financial Conditions, Financial Performance, and Risk Management

I. Analysis of Financial Status

Unit: NT$ 1,000

Item \ Year	2019	2018	Difference		Note
			Amount	%	
Current assets	$ 6,846,284	$ 5,837,148	1,009,136	17.29	
Non-current financial assets at fair value through other comprehensive income	2,119,249	1,782,950	336,299	18.86	
Property, plant and equipment, net	8,767,246	7,617,265	1,149,981	15.10	
Intangible assets	13,833	15,059	(1,226)	(8.14)	
Other assets	903,749	537,742	366,007	68.06	2.(1)
Total assets	18,650,361	15,790,164	2,860,197	18.11	
Current liabilities	6,450,161	6,384,425	65,736	1.03	
Non-current liabilities	3,573,206	2,149,054	1,424,152	66.27	2.(2)
Total liabilities	10,023,367	8,533,479	1,489,888	17.46	
Equity attributable to owners of parent	7,922,332	6,931,976	990,356	14.29	
Share capital	2,679,910	2,679,910	-	-	
Capital surplus	2,137	1,652	485	29.36	
Retained earnings	3,641,000	2,980,267	660,733	22.17	2.(3)
Other equity interest	1,599,285	1,270,147	329,138	25.91	2.(4)
Non-controlling interest	704,662	324,709	379,953	117.01	2.(5)
Total equity	8,626,994	7,256,685	1,370,309	18.88	

Note1: Please refer to the Explanation (Note 2) about variance of items above when the variation is 20% or more and the amount is equal or larger than 20 million.

Note 2: Explanation

(1) Other assets increased because IFRS 16 “Lease” is adopted in 2019 that right-of-use assets increased by NT$346,074 thousand.

(2) Non-current liabilities increased mainly due to the increase in long-term loans resulted from acquisition of property, plant and equipment. In addition, IFRS 16 ”Lease” is adopted in 2019 that lease liabilities increased by NT$310,490 thousand.

(3) Retained earnings increased due to increase in profit for the year (2019) compared to the last year (2018).

(4) Other equity interest increased mainly due to the increase in the price of Thailand listed stock hold by the Company’s subsidiary.

(5) Non-controlling interest increased because the subsidiary earned profits on disposal of land that profit attributable to minority interest increased in 2019 compared to 2018.

II. Analysis of Financial Performance

Unit: NT$ 1,000

Item / Year	2019	2018	Difference Amount	Difference %	Explanation of variance
Operating revenue	$21,173,634	$18,947,659	$2,225,975	11.75	
Operating costs	(18,151,257)	(16,261,511)	1,889,746	11.62	
Net operating margin	3,022,377	2,686,148	336,229	12.52	
Operating expenses	(1,550,669)	(1,432,752)	117,917	8.23	
Other income and expense, net	(12,411)	7,253	(19,664)	(271.12)	
Operating profit	1,459,297	1,260,649	198,648	15.76	
Non-operating income and expenses	743,733	5,566	738,167	13,262.07	1
Profit before income tax	2,203,030	1,266,215	936,815	73.99	2
Income tax expense	(380,423)	(301,570)	78,853	26.15	3
Profit for the year from continuing operations	1,822,607	964,645	857,962	88.94	
Profit from discontinued operations	776	30,415	(29,639)	(97.45)	4
Profit for the year	$ 1,823,383	$ 995,060	828,323	83.24	

Note1: Please refer to the explanation of variance when the variation is 20% or more and the amount is equal or larger than 20 million.

Note2: The Company's business scope has not changed significantly. The Company has adopted the following countermeasures, which are expected to gradually receive positive benefits.

(1) Use the Parent Company's existing global commodity procurement information to enhance procurement advantage and competitiveness.
(2) Establish stable marketing channels by setting up brand channels, expanding cooperation with outstanding distributors, and building regional distribution and sales centers.
(3) Focus on the major business and expand livestock production lines.
(4) Introduce the Group's technology, R&D and managerial personnel to assist the Company to gain higher profits.

Note 3: The annual sales quantity in the coming year is expected to show slight growth compared to 2019 mainly due to:

(1) The existing production equipment has been gradually improved in recent years, while contract farms and self-owned farms have increased and will gradually commence production.
(2) The brand channels will continue to be constructed.
(3) The sales team will be actively promoted and strengthened.

Explanation of variance:

1. Non-operating income increased because the subsidiary, Arbor Acres (Taiwan) Co., Ltd., earned profits of NT$ 783 million on disposal of land.
2. Profit before income tax increased mainly due to steady growth of operating revenue, net operating margin and operating profit which resulted from the Group was dedicated to promote brand marketing to establish consumers' confidence through different marketing channels, also continuing researched and developed new product and improved product processing level.
3. Income tax expense increased because profit before income tax increased and earnings from disposal of land was tax-fee.
4. Profit from discontinued operations decreased is mainly because the sales and profits of the Company's subsidiary in China decreased due to influence of African swine fever.

III. Analysis of Cash Flow

1. Liquidity Analysis for the last two years

Item \ Year	Dec. 31, 2019	Dec. 31, 2018	Variance (%)
Cash Flow Ratio (%)	30.39%	15.59%	94.93%
Cash Flow Adequacy Ratio (%)	55.70%	59.27%	(6.02%)
Cash Reinvestment Ratio (%)	7.35%	1.44%	410.42%

Analysis of variance:
The increasing net cash flows from operating activities and increasing property, plant and equipment investments led to increase in Cash flow ratio and Cash reinvestment ratio, and decrease in Cash flow adequacy ratio. The main reasons are as follows:
(1) The increased net cash flows from operating activities are due to the increased profits for the current period.
(2) The Company has been improving and purchasing equipment for expanding the existing capacity of the production lines to increase market share.

2. Cash Flow Analysis for the Coming Year

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
1,172,749	2,406,093	3,394,494	184,348	—	—

IV. Major Capital Expenditure Items

1. Major Capital Expenditure Items and Sources of Capital

   2019 Major Capital Expenditure was NT$1,924,002 thousand, mainly investing in construction and improvements of chicken farms and pig farms, and the rest was invested in construction and improvements of Taichung Plant, Kaohsiung Plant, and Nantou Slaughtering Plant.

   Sources of Capital are the Company’s operating revenue and bank loan.

2. Expected Benefits：Increase production capacity and quantity, and enhance quality.

V. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

1. Investment Policy and Operating Profits of Subsidiaries:

   The group would like to expand the egg market and distribution business model that the Company’s subsidiary, Rui Fu Foods Co., Ltd., joint-ventured with other companies to establish “Sheng Da Foods Co., Ltd.” in 2019.

2. Investment Plan for the Coming Year: There’s no specific investment plan currently.

VI. Analysis of Risk Management

1. Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:

   As outbreak of COVID-19 impacting the global economy and the lower raw materials price such as crude oil, the inflation expectation this year faces downward risk. After the Fed made emergency cut to interest rates, countries around the world cut interest rates as well. When the short-term interest rate fluctuated in a low range and long-term interest rate slide down, the interest rate and inflation situation do not have a significant impact on the Company's financial performance. However, the Company shall pay close attention and respond cautiously.

   Although factors such as the status of trade disputes among the major economic entities and the ongoing COVID-19 pandemic have intensified the volatility of the international foreign exchange market, the Central Bank of the Republic of China (Taiwan) maintained the order of the foreign exchange market and entered the market timely to adjust that the NT dollar against the US dollar has been relatively stable. Under the stable NT dollar exchange rate policy, the Company shall grasp market information and timely pre-purchase forward exchange as hedging.

2. Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions:

   The Company did not engage in any high-risk or high-leveraged investments, lending or endorsement guarantees, and derivatives transactions. The transactions related to lending or endorsement guarantees are in compliance with the Company's "Operational Procedures for Loaning Funds to Others" and "Operational Procedures for Endorsements/Guarantees". Furthermore, derivative transactions follow the "Procedures for the Acquisition and Disposal of Assets".

3. Future Research & Development Projects and Corresponding Budget

   (1) Research the manufacturing technology of clean label products and reduce the use of additives, with an estimated NT$1 million to be input into R&D.

   (2) Implement technologies of Thailand prepared foods and develop Thai cuisine product series, with an estimated NT$1.5 million to be input into R&D.

   (3) Introduce cutting-edge automatic equipment from abroad and strengthen the application of manufacturing technology to improve the quality and efficiency of production, with an estimated NT$2 million to be input into R&D.

4. Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales: None.

5. Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales:

   Assessment and Countermeasures of Information Security and Risk

   (1) Information Asset Categories which shall be Protected

      A. Information Records: Databases, data files, system planning and design documents, instructions and operating manuals, business processes, contracts, education training materials, system documents, guidelines for internal control and management, and other relevant rules and regulations.

B. Computer systems: Computer operating systems, application systems, development tools, package software, utilities, etc.

C. Personnel:

Internal personnel: Application system development and maintenance personnel, application system development and maintenance personnel, system management personnel, information and equipment owners and custodians, information/document production personnel and general users, including official and unofficial personnel.

External personnel: Contractors and business partners.

D. Infrastructure services: Power services, air conditioning services, network services, telecommunication services.

E. Physical areas: Employee office, host control room, control area and access control room.

F. Physical equipment: Hosts, communication equipment, storage media, utilities equipment.

(2) Countermeasures:

A. The information security policies shall be regularly evaluated in an independent and objective manner in order to follow the latest government’s information security management policies, laws, and techniques, to ensure practical operations of information secularity in compliance with information security policies, and to check the feasibility and effectiveness of those operations.

B. Information security policy assessments may be carried out by internal audit department, independent and objective senior supervisors, or professional and fair organizations and groups.

C. Regularly perform security assessments on persons and departments they belong with information system and technical application to ensure they are in compliance with information security policies and regulations.

a. Targets shall be included in information security assessment: Information facilities and system providers, information and data owners, users, and mangers, system maintenance personnel and other relevant personnel.

b. Information system owners shall regularly cooperate with information security assessments and review whether or not relevant personnel comply with information security policies and related regulations.

c. Regularly review and assess the safety of the software and hardware to ensure the compliance of safety standards formulated by Authorities. Assessment of operating system shall be included to ensure the accuracy and effectiveness of the safety measures for software and hardware.

d. In case of inadequate professional manpower and experience, professional private organizations, groups, scholars or experts may be commissioned to provide assistance.

e. System security assessments shall be carried out manually by well-experienced system engineers with professional knowledge and under the supervision of authorized supervisors or automated software tools may be adopted to perform security checks and generate technical assessment reports that facilitate future interpretation and analysis.

D. Announcement of Information Security Policies and Regulations

a. Information security policies, the roles and responsibilities of personnel in information security, and relevant provisions shall be explained in work instructions and relevant operational manuals.

b. Information security policies, explanations, and regulations provisioned in work instructions or operational manuals should include general responsibilities for implementing and maintaining information security policies, and special responsibilities for protecting specific information assets, and executing specific security procedures and practices.

c. Employees who violate information security policies will be punished in accordance with the provisions.

6. The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures: None.

7. Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.

8. Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: The Company is projected to invest NT$ 1.3 billion to build an AI automated feedmill with a non-pharmaceutical feed production line in Yunlin Technology-based Industrial Park in Douliou City, Yunlin County. The feedmill is expected to produce 240 thousand tons in the first year and to be planned with a yearly capacity of 480 thousand tons. The feedmill is expected to commence mass production after completion in the third quarter of 2020 and will be a new driving force for operating performance.

9. Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration: None.

10. Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.

11. Effects of, Risks Relating to and Response to the Changes in Management Rights: None.

12. Litigation or Non-litigation Matters:

    The Company and its directors, CEO, management team, major shareholders with over 10% shareholdings and subsidiaries are not involved in lawsuits, non-lawsuits or administrative lawsuits.

13. Other Major Risks: None.

VII. Other Important Items: None.

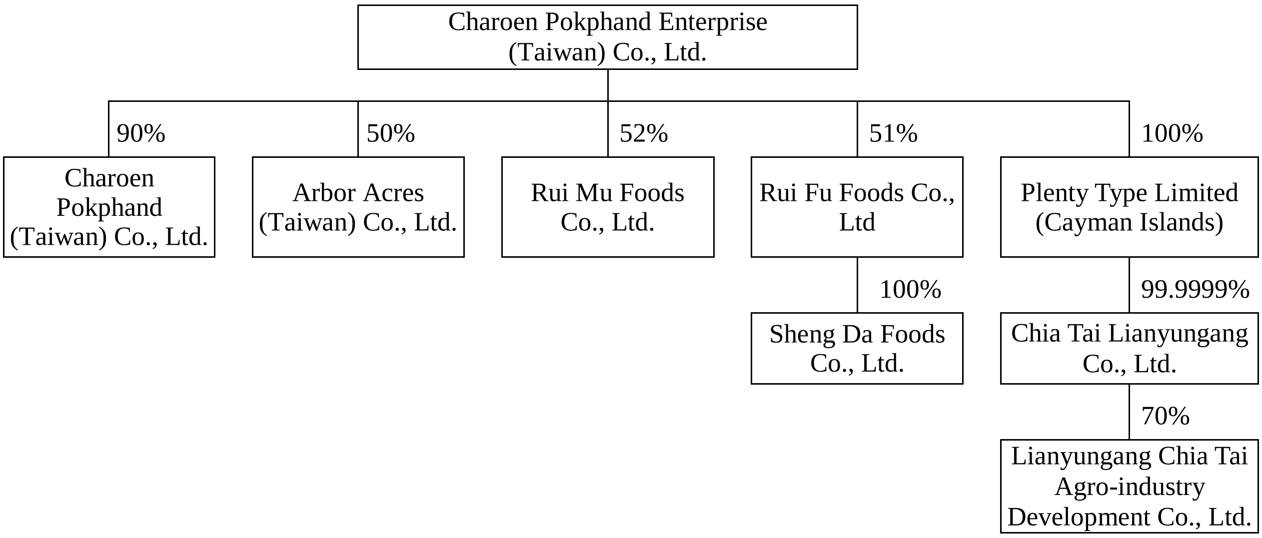
Special Disclosure

I. Summary of Affiliated Companies

1. Consolidated Business Report of Affiliated Companies

(1) Affiliated Companies Overview

A. Affiliates’ Organization Chart



B. Basic Information of Affiliates

Unit: NT$1,000

Entity Name	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
Plenty Type Limited (Cayman Islands)	Aug. 15, 1996	P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, British West Indies	720,448	Management of producing and non-producing business investments.
Charoen Pokphand (Taiwan) Co., Ltd.	Jan. 16, 1970	17F, No.87, Sung Chiang Rd., Taipei City	27,152	Management of importing and exporting business
Arbor Acres (Taiwan) Co., Ltd.	Mar. 5, 1973	17F, No.87, Sung Chiang Rd., Taipei City	32,000	Husbandry management of chickens to produce breeder chicken and daily chicken.
Rui Mu Foods Co., Ltd.	Sep. 19, 2016	17F, No.87, Sung Chiang Rd., Taipei City	200,000	Management of layers and related business
Rui Fu Foods Co., Ltd	Dec. 21, 2016	17F, No.87, Sung Chiang Rd., Taipei City	300,000	Management of layers and related business
Chia Tai Lianyungang Co., Ltd.	Jan. 30, 1992	21F., Far East Finance Centre, 16 Harcourt Road, Hong Kong	3,349	Management of producing and non-producing business investments.
Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Feb. 15, 1992	No. 56, XinXuGongLu, Lianyungang Economic & Technical Development Zone, China	142,846	Feeds producing, poultry raising, processing and sales.
Sheng Da Foods Co., Ltd.	Dec. 13, 2019	17F, No.87, Sung Chiang Rd., Taipei City	60,000	Management of layers and related business.

C. Presumed Control and Be-controlled Relation Information: NA.

D. Line of business for the inter-companies:

The lines of business for the inter-companies cover feeds manufacture, livestock culture, butchery and food processing, poultry and livestock breeding, import-export trade, restaurants and investments. All inter-companies operate independently and form the whole channel of the vertical integration. Through mutual support in technology, production, marketing and service network, to create the great benefit of this group, keep expanding and offer the best products to consumers to ensure its leadership in Taiwan.

E. Information regarding Directors, Supervisors, and President of Affiliates

Unit: Shares；%

Entity Name		Position	Name or Representative	Shareholding	
				Shares	%
Plenty Type Limited (Cayman Islands)	1	Director	Wu Yeh Cheng	0	0.00
	2	Director	Chu Hsiung Lin	0	0.00
	3	Director	Monchai Leelaharat	0	0.00
			(1~3 are Representatives of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	96,370,079	100.00
Charoen Pokphand (Taiwan) Co., Ltd.	1	Chairman	Chu Hsiung Lin	0	0.00
	2	Director	Thong Chotirat	0	0.00
			(1~2 are Representatives of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	2,443,716	90.00
	3	Director	Wu Yeh Cheng	271,524	10.00
	4	Supervisor	Jing Yuan Yu	0	0.00
Arbor Acres (Taiwan) Co., Ltd.	1	Chairman	Chu Hsiung Lin	0	0.00
	2	Director	Thong Chotirat	0	0.00
			(1~2 are Representatives of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	1,600,000	50.00
	3	Director	William Robert Souther	0	0.00
			(3 is Representatives of Aviagen Inc.)	1,024,000	32.00
	4	Supervisor	Wu Yeh Cheng	504,000	15.75
Rui Mu Foods Co., Ltd.	1	Chairman	Yen Chun Liu	0	0.00
	2	Director	Monchai Leelaharat	0	0.00
			(1~2 are Representatives of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	10,400,000	52.00
	3	Director	Wei Yi Huang	0	0.00
			(3 is Representatives of Muda Egg Products Company Limited)	9,600,000	48.00
	4	Supervisor	Chao Jen Chen	0	0.00
	5	Supervisor	Chin Cheng Hung	0	0.00
Rui Fu Foods Co., Ltd	1	Chairman	Chao Jen Chen	0	0.00
	2	Director	Monchai Leelaharat	0	0.00
			(1~2 are Representatives of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	15,300,000	51.00
	3	Director	Yi Feng Lu	0	0.00
			(3 are Representatives of Chensan Development Company)	9,800,000	32.67
	4	Director	Ji Wei Zeng	0	0.00
			(4 are Representatives of Chensan Poultry Farm & Co., Ltd.)	4,900,000	16.33
	5	Supervisor	Wei Yueh Chang	0	0.00
Chia Tai Lianyungang Co., Ltd.	1	Director	Thirayut Phitya-Isarakul	0	0.00
	2	Director	Ping-Hsien Ho	0	0.00
			(1~2 are Representatives of Plenty Type Limited (Cayman Islands))	999,999	99.99
Lianyungang Chia Tai Agro-industry Development Co., Ltd.	1	Chairman	Yunhu Zhang	0	0.00
	2	Director	Xiaofei Zhang	0	0.00
	3	Director	Zhan Fang	0	0.00
	4	Director	Er Feng Huo	0	0.00
	5	Director	Yi Xie	0	0.00
	6	Director	Paisan Youngsomboon	0	0.00
	7	Director	Po Chiang	0	0.00
			(1~3 are Representatives of Lianyungang Development Zone Kaiyuan Industry Co., Ltd.)	--	30.00
			(4~7 are Representatives of Chia Tai Lianyungang Co., Ltd.)	--	70.00
Sheng Da Foods Co., Ltd.	1	Chairman	Yi Feng Lu	0	0.00
	2	Director	Monchai Leelaharat	0	0.00
	3	Director	Sheng-Yu Wu	0	0.00
	4	Supervisor	Chao Jen Chen	0	0.00
			(1~4 are Representatives of Rui Fu Foods Co., Ltd.)	6,000,000	100.00

(2) Operating Highlight of Affiliated Companies

Financial Status and Operating Results of Affiliated Companies

Unit: NT$ 1,000

Entity Name	Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Profit	Profit for the period	EPS (NT$) (After income tax)
Plenty Type Limited (Cayman Islands)	720,448	2,368,816	131	2,368,685	42,556	38,500	33,957	0.35
Charoen Pokphand (Taiwan) Co., Ltd.	27,152	84,187	41,082	43,105	126,107	14,193	12,036	4.43
Arbor Acres (Taiwan) Co., Ltd.	32,000	799,877	30,318	769,559	124,731	3,039	703,017	219.69
Rui Mu Foods Co., Ltd.	200,000	406,684	164,952	241,732	803,984	42,425	34,021	1.93
Rui Fu Foods Co., Ltd	300,000	847,587	570,729	276,858	355,324	(21,125)	(20,035)	(0.84)
Sheng Da Foods Co., Ltd.	60,000	61,958	2,113	59,845	0	(197)	(155)	(0.50)
Chia Tai Lianyungang Co., Ltd.	3,349	180,031	597	179,434	543	(329)	(3,180)	(3.18)
Lianyungang Chia Tai Agro-industry Development Co., Ltd.	142,846	670,458	457,524	212,934	1,366,272	(12,510)	776	-

2. Consolidated Financial Statements of Affiliated Companies & Affiliation Report: Please refer to the following statement.

Charoen Pokphand Enterprise (Taiwan) Co., Ltd.

Representation Letter

In connection with the Consolidated Financial Statements of Affiliated Enterprises of CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. and subsidiaries (the "Consolidated FS of the Affiliates"), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2019 in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those required to be included in the Consolidated Financial Statements of CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES (the "Consolidated FS of the Group") in accordance with International Financial Reporting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. and subsidiaries did not prepare a separate set of Consolidated FS of Affiliates.

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

Cheng, Wu Yeh, Chairman
March 24, 2020

II. Private Placement Securities in the Most Recent Years and to the publish date of the annual report: None.

III. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years and to the publish date of the annual report: None.

IV. Other Essential Supplement: None.

The Items with Material Impact on Shareholder’s Equity or Stock Market Price in accordance with the Article 36, paragraph 3 of Securities and Exchange Act: None.