Stock Code：1215

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.

2018 Annual Report

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Letter to Shareholders

Dear shareholders and honorable guests,

Welcome shareholders and guests to participate in the 2019 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 on 2018, the global economy was subject to the influence of various factors, including (1)Unresolved Sino-US trade disputes; (2)FED interest rate hike and strengthened US dollar; (3)Oil price hike triggered by geopolitical fluctuations; (4)Threat of No-Deal Brexit; (5)Tension from China's economic slowdown, resulting in the United States being the strongest economy while other countries suffering an economic growth slowdown. Taiwan's export performance in the first half of 2018 was exceeding expectations with an economic growth rate of above 3%. However, due to the fierce fluctuations in the international economic situation, the optimistic economic growth outlook had a sharp turn. The Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C. (Taiwan) (DGB) had estimated the annual economic growth rate approximately 2.63%.

Envisioning 2019, the International Monetary Fund (IMF) and the World Bank (WB) estimated a downgrade for global economic growth in view of the ongoing Sino-US trade dispute negotiations, anticipated postponing US interest rate hike, China's declining economic growth, Europe's weakened economic growth, and impact of the UK's No-Deal Brexit, while DGB cut their forecast of Taiwan's economic growth rate to 2.27%.

In the first half of 2018, although 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 year, the profits still did not meet expectations due to the influence of uncontrollable external environment factors such as (1)pig prices decreasing by 10% compared to the last year; (2)NT dollar depreciation; (3)a profit tax increase by 3%; (4)an undistributed profit tax increase; (5)domestic chicken prices dropping caused by a substantial increase in foreign chicken imports. In the second half of the year, the annual goal was successfully reached because of an increasing demand after entering the industry peak season as well as the fully dedicated efforts of all the colleagues. 2018 EPS was NT $3.55, the fourth highest performance since the stock was listed. It is expected that a stable development will be seen in 2019. However, it is necessary to observe uncontrollable external factors such as bulk grain price fluctuations and changes in oil prices, exchange rates, poultry and livestock prices, as well as global greenhouse climate change-related factors. The following business strategies will continue to be carried out in the future:

1. With CP Group as the business target of the KITCHEN OF THE WORLD, the R&D Center of Thailand Head Office readily collects information on global meat processing products and analyzes consumption trends to share with Taiwan R&D team in developing acceptable products for the market. Additionally, personnel are sent to Head Office for training every quarter, while Taiwan's successful products are shared with Head Office for reference. The integration of the Group's resources is the SYNERGY the Group actively promoted. The new product development model shall be explained in the two examples below:

(1) Barbecued Products (YAKITORI): Thailand has been exporting products to Japan for over 30 years. In the past, handmade products not only consumed considerable manual processing, but also resulted in high costs but uneven quality. With the assistance of Japanese agents in Taiwan, coupled with the technologies of the Taiwan's R&D Center, we have successfully developed automated equipment in place of manual processing in the past, thereby producing YAKITORI at reduced costs and promoting them to various channels. The products were immediately favored by the consumers, leading to a substantial increase in sales. The automated equipment is then introduced to the Thailand Head Office to bring more profits from its exports to Japan.

(2) In recent years, healthy and burden-free meat product development in Japan has been popular. In response to this trend, the Thailand Head Office has developed a full range of chicken breast products marketed in Japan, leading to a sales boom. Taiwan also introduced this technology and related equipment last year to promote the product in various channels, which immediately received positive feedbacks from consumers.

2. Tailoring products for customers has long been our mode. In cooperation with clients, we understand each other's technical capabilities and needs to achieve a TOTAL SOLUTION. Hence, in terms of new product development schedule, we are capable of shortening production to 2-4 weeks to produce products meet clients' needs.
3. In the future, to cater the needs of consumable foods, we will continue to promote not only meat products but also a series of products such as READY MEAL, soup, room temperature foods to consumers.
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 warehouse 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 loading and unloading of finished products 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 the first quarter of 2020. In the future, it will become a new driving force for operating performance to increase the market share by 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 concept of fully protecting the food safety of consumers..

As far as the 2018 operation result and the 2019 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 2018 was NT$21,235,086 thousand, a NT$1,370,086 thousand and 6.9% increase compared with 2017. The structure of operating revenue is illustrated as follows:

1. Feed Business
   The operating revenue was NT$9,475,953 thousand, approximately 44.6% of the total operating revenue, with a 5.1% growth compared with NT$9,015,023 thousand in 2017.
2. Agriculture and Livestock Business
   The operating revenue was NT$8,264,582 thousand, approximately 38.9% of the total operating revenue, with a 9.4% growth compared with NT$7,555,545 thousand in 2017.
3. Consumable Food Products
   The operating revenue was NT$3,494,551 thousand, approximately 16.5% of the total operating revenue, with a 6.1% growth compared with NT$3,294,432 thousand in 2017.

In conclusion, net operating margin was NT$2,857,350 thousand obtained from total operating revenue deducted operating cost, NT$18,377,736 thousand. The operating profit was NT$1,285,298 thousand, the profit before income tax was NT$1,307,850 thousand, and the earnings per share was NT$3.55.

The results of 2018 operating performance, business plan, budget implementation, and financial analysis and 2019 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 objective and the target of the Board of Directors for the year of 2019 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, peace, and happiness.

Chief Executive Officer

Thong Chotirat

I. 2018 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 financial forecasts to the public this year. 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. 2018 interest income was NT$ 15,087 thousand which is from bank deposits.

B. 2018 interest expense was NT$ 63,304 thousand which is from bank borrowings.

(2) Profitability Analysis

Item	2018
Return on total assets	7.05%
Return on owners' equity	14.00%
Ratio of profit before income tax to paid-in capital	48.80%
Profit margin	4.69%
Earnings Per Share	NT$ 3.55

4. Research and Development

(1) We improved deep-fry and grill technology and successfully developed a number of reheating fried chicken products suitable for oven and microwave, and provide consumers more choices of fried chicken with hygiene, safety and convenience.

(2) In response to small families and personalized dietary needs, we not only developed soup series of chicken, pig, duck and a variety of flavors, but also launched several single-person fried rice products and ready-to-eat packets at the same time.

(3) Targeting at the needs of animal protein for fitness and sports-loving populations, we successfully developed a variety of flavored chicken breast salad products which is sold in all major channels and are the rage in the industry

II. 2019 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, 2019 projected sales volume illustrated as follows:

Item	Unit	Projected sales volume
Feed and extruded ingredients	Tons	630,000
Livestock Fresh Meat	Tons	125,000
Consumable Food	Tons	32,000

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. Reviewing 2018, the global economy was subject to the influence of various factors, including (1)Unresolved Sino-US trade disputes; (2)FED interest rate hike and strengthened US dollar; (3)Oil price hike triggered by geopolitical fluctuations; (4)Threat of No-Deal Brexit; (5)Tension from China's economic slowdown, resulting in the United States being the strongest economy while other countries suffering an economic growth slowdown. Taiwan's export performance in the first half of 2018 was exceeding expectations with an economic growth rate of above 3%. However, due to the fierce fluctuations in the international economic situation, the optimistic economic growth outlook had a sharp turn. The DGB had estimated the annual economic growth rate approximately 2.63%.
4. Envisioning 2019, the IMF and the WB estimate a downgrade for global economic growth in view of the ongoing Sino-US trade dispute negotiations, anticipated postponing US interest rate hike, China's declining economic growth, Europe's weakened economic growth, and impact of the UK's No-Deal Brexit, while DGB cut their forecast of Taiwan's economic growth rate to 2.27%.

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.

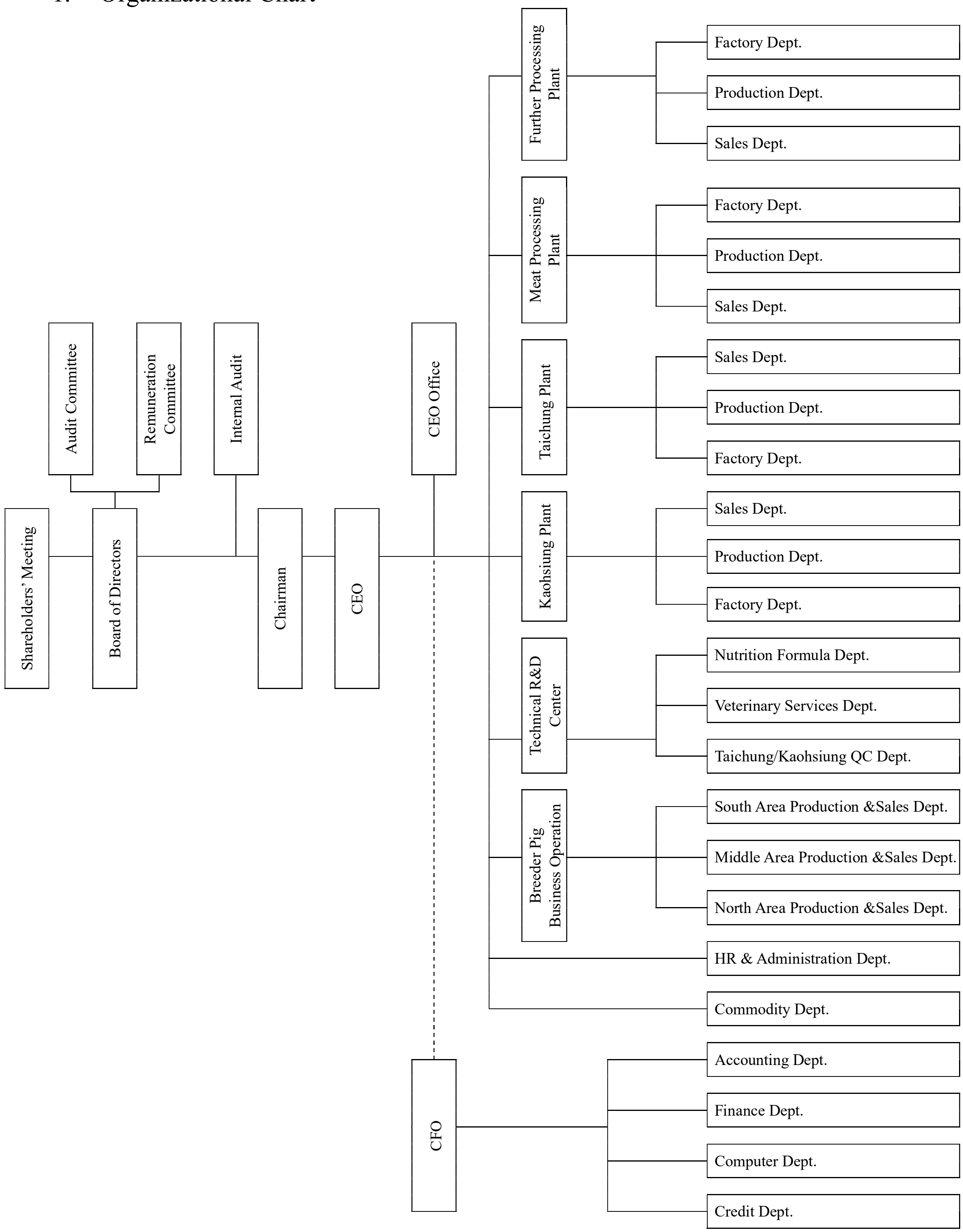
2017： The Company acquired 53,319 square meters of land in Yunlin Technology-based Industrial Park in Douliou City, Yunlin County. The first phase of the plant construction is to build the world's most advanced AI automated non-pharmaceutical feedmill in line with international environmental protection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

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., would sell all shares of Lianyungang Chia Tai Agro-industry Development Co., Ltd. resolved by the Board of Directors on Feb. 18, 2019.

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. 28, 2019

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	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							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)	Vice Chairman: Thailand C. P. Foods PCL.	-	-	-
	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	900	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	MBA of Kasetsart University	CPE's CFO; Director: Plenty Type Limited (Cayman Islands), Rui Mu Foods Co., Ltd., Rui Fu 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 2019 Annual General Shareholders' Meeting.

Major shareholders of the institutional shareholders Apr. 28, 2019

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. 28, 2019

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	
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 applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.
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 amount of 1% or more of the total number of outstanding 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 any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company.
7. Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. These restrictions do not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies whose Stock is Listed on the TWSE or Traded on the TPEx".
8. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
9. Not been a person of any conditions defined in Article 30 of the Company Act.
10. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

2. Management Team

Apr. 28, 2019

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
CEO	Thailand	Thong Chotirat	Male	2006.06.20.	900	0.00	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., Rui Fu 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	Supervisor:Rui Mu Foods Co., Ltd., Rui Fu 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.; 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 2019 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

Dec. 31, 2018

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 (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		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		The Company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Charoen Pokphand (Taiwan) Investment Ltd. Representative : Wu Yeh Cheng	1,305	1,588	0	0	0	0	6	6	1.38%	1.68%	0	0	0	0	0	0	0	0	1.38%	1.68%	None
Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative: Prasert Poongkumarn	1,880	1,880	0	0	0	0	6	6	1.98%	1.98%	0	0	0	0	0	0	0	0	1.98%	1.98%	None
Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative : Chu Hsiung Lin	360	360	0	0	0	0	60	60	0.44%	0.44%	6,656	6,737	0	0	0	0	0	0	7.44%	7.53%	None
Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative: Thong Chotirat																					
Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative : Monchai Leelaharat																					
Independent Director	Yen Sung Li																					
Independent Director	Chia Nan Fang																					
Independent Director	Tsu M. Ongg																					
Independent Director	Chia Nan Wang (Note 1)																					
	Total	3,545	3,828	0	0	0	0	72	72	3.80%	4.10%	6,656	6,737	0	0	0	0	0	0	10.80%	11.19%	-

Note 1：Former Independent Director, Chia Nan Wang, was discharged on Jun. 13, 2018.

Note 2：Severance Pay and its related expenditure paid or allocated in 2018 were 0.

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$ 2,000,000	Chu Hsiung Lin, Thong Chotirat, Monchai Leelaharat, Yen Sung Li, Chia Nan Fang, Tsu M. Ongg, Chia Nan Wang	Chu Hsiung Lin, Thong Chotirat, Monchai Leelaharat, Yen Sung Li, Chia Nan Fang, Tsu M. Ongg, Chia Nan Wang	Yen Sung Li, Chia Nan Fang, Tsu M. Ongg, Chia Nan Wang	Yen Sung Li, Chia Nan Fang, Tsu M. Ongg, Chia Nan Wang
NT$2,000,000 ~ 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	9 persons	9 persons	9 persons	9 persons

Remuneration of Management Team

Dec. 31, 2018
Unit：NT$ 10,000

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary(A)</th><th colspan="2">Severance Pay (B)</th><th colspan="2">Bonuses and Allowances (C)</th><th colspan="4">Employee Compensation (D) (Note 2)</th><th colspan="2">Ratio of total compensation (A+B+C+D) to net income (%)</th><th rowspan="3">Compensation Paid to Management Team from an Invested Company Other than the Company’s Subsidiary</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th><th colspan="2">The Company</th><th colspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>CEO</td><td>Thong Chotirat</td><td rowspan="11">4,077</td><td rowspan="11">4,146</td><td rowspan="11">152</td><td rowspan="11">152</td><td rowspan="11">8,369</td><td rowspan="11">8,405</td><td rowspan="11">11</td><td rowspan="11">0</td><td rowspan="11">11</td><td rowspan="11">0</td><td rowspan="11">13.26%</td><td rowspan="11">13.37%</td><td rowspan="11">None</td></tr>
<tr><td>Senior Executive Vice President</td><td>Chu Hsiung Lin</td></tr>
<tr><td>CEO Office Senior Vice President</td><td>Chih Cheng Liu</td></tr>
<tr><td>Taichung Plant Senior Vice President</td><td>Yen Chun Liu</td></tr>
<tr><td>Meat/Further Processing Plant Senior Vice President</td><td>Wei Yueh Chang</td></tr>
<tr><td>Breeder Pig Business Operation Senior Vice President</td><td>Ning Wang</td></tr>
<tr><td>Technical R&D Dept. Senior Vice President</td><td>Chao Jen Chen</td></tr>
<tr><td>Kaohsiung Plant Vice President</td><td>Yu Ching Chen</td></tr>
<tr><td>Food R&D Senior Vice President</td><td>Chun Lung Hsiao</td></tr>
<tr><td>CFO</td><td>Monchai Leelaharat</td></tr>
<tr><td>Accounting Dept. Vice President</td><td>Ching Yuan Yu</td></tr>
</table>

Note 1：Severance Pay actually paid in 2018 was NT$ 0. The expenditure reserved to Severance Pay was NT$ 1.52 million.

Note 2：Amounts stated above were managers’ compensation approved by the Board of Directors in 2018.

Range of Remuneration

Range of Remuneration	Name of Management	
	The Company	Companies in the consolidated financial statements
Under NT$ 2,000,000	-	-
NT$2,000,000 ~ NT$4,999,999	Yu Ching Chen	Yu Ching Chen
NT$5,000,000 ~ NT$9,999,999	Ching Yuan Yu, Chao Jen Chen, Wei Yueh Chang, Yen Chun Liu, Chun Lung Hsiao, Chu Hsiung Lin, Chih Cheng Liu	Ching Yuan Yu, Chao Jen Chen, Wei Yueh Chang, 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, 2018
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	11	11	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 2018.。

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:

2018	2017
17.47%	10.58%

(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/her 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 and evaluating future risk. 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 (2018). 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%	Re-elected on June 13, 2018
Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative：Prasert Poongkumarn	0	0	0%	Re-elected on June 13, 2018
Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative：Chu Hsiung Lin	7	0	100%	Re-elected on June 13, 2018
Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative：Thong Chotirat	7	0	100%	Re-elected on June 13, 2018
Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative：Monchai Leelaharat	7	0	100%	Re-elected on June 13, 2018
Independent director	Yen Sung Li	7	0	100%	Re-elected on June 13, 2018
Independent director	Chia Nan Fang	7	0	100%	Re-elected on June 13, 2018
Independent director	Tsu M. Ongg	4	0	100%	Newly-elected on June 13, 2018
Independent director	Chia Nan Wang	3	0	100%	Discharged on June 13, 2018

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	Feb. 6, 2018	Proposal for 2017 year-end bonus for managers and 2018 salary adjustment.	Avoidance of conflict of interest	The interested directors were excluded from deliberations.
Monchai Leelaharat	Aug. 3, 2018	Proposal for 2018 remuneration for Directors and salary adjustment for managers.	Avoidance of conflict of interest	The interested director was excluded from deliberations.

3. 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.
4. 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 and semi-annual financial reports.
(11) Other material matters as may be required by this Corporation or by the competent authority.

A total of 6 (A) Audit Committee meetings were held in the previous year (2018). 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	6	0	100%	Re-elected on June 13, 2018
Independent director	Chia Nan Fang	6	0	100%	Re-elected on June 13, 2018
Independent director	Tsu M. Ongg	3	0	100%	Newly-elected on June 13, 2018
Independent director	Chia Nan Wang	3	0	100%	Discharged on June 13, 2018

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.

Operations of the Audit Committee Meeting for Material proposals

<table>
<tr><th>Dates of Board Meeting</th><th>Proposals and Resolution</th><th>Matters referred to in §14-5 of the Securities and Exchange Act</th><th>Not approved by the Audit Committee but approved by two thirds or more of all directors</th></tr>
<tr><td rowspan="5">2018
2nd Meeting
Mar. 2, 2018</td><td>2017 Annual financial statements (Consolidated and Parent Company Only)</td><td>V</td><td>None</td></tr>
<tr><td>2017 Internal Control Statement</td><td>V</td><td>None</td></tr>
<tr><td>The Replacement of Independent Auditors</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">Resolutions of Audit Committee (Mar. 2, 2018): Aforementioned proposals were approved by all members of the Audit Committee.</td></tr>
<tr><td colspan="3">Company's actions regarding Audit Committee’s opinions：Approved by all attending directors at BOD meeting.</td></tr>
<tr><td rowspan="4">2018
3rd Meeting
Apr. 30, 2018</td><td>Amendment to the “The procedures for transactions between the Company and related parties”</td><td>V</td><td>None</td></tr>
<tr><td>Amendment to the Internal Control System</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">Resolutions of Audit Committee (Apr. 30, 2018): Aforementioned proposals were approved by all members of the Audit Committee.</td></tr>
<tr><td colspan="3">Company's actions regarding Audit Committee’s opinions：Approved by all attending directors at BOD meeting.</td></tr>
<tr><td rowspan="3">2018
6th Meeting
Aug. 3, 2018</td><td>2018 Q2 Consolidated Financial Statements</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">Resolutions of Audit Committee (Aug. 3, 2018)：Aforementioned proposals were approved by all members of the Audit Committee.</td></tr>
<tr><td colspan="3">Company's actions regarding Audit Committee's opinions：Approved by all attending directors at BOD meeting.</td></tr>
<tr><td rowspan="3">2018
7th Meeting
Oct. 26, 2018</td><td>Internal auditing proposal of year 2019</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">Resolutions of Audit Committee (Oct. 26, 2018):Aforementioned proposals were approved by all members of the Audit Committee.</td></tr>
<tr><td colspan="3">Company's actions regarding Audit Committee’s opinions：Approved by all attending directors at BOD meeting.</td></tr>
</table>

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

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	Although the Company has not yet established the Corporate Governance Best-Practice Principles, it has set up the Internal Control System in accordance with the spirit of Corporate Governance. In addition, it has executed the internal audit and self-assessment properly based on each transaction cycle procedures and submitted the Internal Control Statement.	No material discrepancy
2. Shareholding structure & 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
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 Board Members with diversified expertise can effectively perform its monitoring and management functions.	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	
(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?		V	The Company has not established standard to measure the performance of the Board. However, the Company has evaluated the Board's performance regularly to improve the degree of corporate governance and would set up the standard if needed in the future.	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 25, 2019. Please refer to the following Table 1.	Compliant
4. Does the company set up a corporate governance unit or appoint personnel responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, handling work related to meetings of the board of directors and the shareholders' meetings, filing company registration and changes to company registration, and producing minutes of board meetings and shareholders' meetings)?	V		The Company has set up a part-time unit responsible for the corporate governance matters.	Compliant

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
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 China Trust Commercial 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	
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 "Board monitors and major staff 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 (http://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: Upload 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. 15, 2019			

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 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
	2016 Corporate Governance Forum –Conference for insider trading and corporate social responsibility.	Securities and Futures Institute	3
Tsu M. Ongg	Seminar of compliance of insider trading for Listed Company	Securities and Futures Institute	3
Yen Sung Li	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
	(Taipei) Prevention of insider trading –Samples of insider trading through M&A or other operations	CPA Associations R.O.C. (Taiwan)	3
	Latest development of International Tax Anti-Avoidance BEPS	Taiwan Corporate Governance Association	3
	(Taichung) Case study of Disciplinary actions and sanctions against CPAs	CPA Associations R.O.C. (Taiwan)	6
Chia Nan Fang	12th Taipei Corporate Governance Forum	Financial Supervisory Commission	3
	Seminar of compliance of insider trading for Listed Company	Securities and Futures Institute	3
	Seminar of compliance of insider trading for IPO Company	Securities and Futures Institute	3
	11th Taipei Corporate Governance Forum	Financial Supervisory Commission	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		
Independent director	Chia Nan Fang			✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Independent director	Yen Sung Li	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	-
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 affiliated companies. Not applicable in cases where the person is an independent director of the parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.
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 amount of 1% or more of the total number of outstanding 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 any of the persons in the preceding three sub-paragraphs.
5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company, or who holds shares ranking in the top five holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution which has a financial or business relationship with the Company.
7. Not a professional individual, who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
8. Not 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 (2018). 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%	Re-elected on Jun. 13, 2018
Member	Yen Sung Li	3	0	100%	Re-elected on Jun. 13, 2018
Member	Tsu M. Ongg	1	0	100%	Newly-elected on Jun. 13, 2018
Member	Chia Nan Wang	2	0	100%	Discharged on June 13, 2018

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.

2018 Operations of the Remuneration Committee Meeting

Date	Proposals	Resolutions	Company's actions regarding Remuneration Committee's opinions
11th meeting of Third Session Feb. 6, 2018	2017 year-end bonus for managers and 2018 salary adjustment.	Resolved by all members	The interested directors, Wu Yeh Cheng, Chu Hsiung Lin, Thong Chotirat, and Monchai Leelaharat, were excluded from deliberations.
12th meeting of Third Session Apr. 30, 2018	Distribution of 2017 Employees' Compensation	Resolved by all members	Resolved by all Directors attended.
1st meeting of Fourth Session Aug. 3, 2018	2018 remuneration for Directors and salary adjustment for managers.	Resolved by all members	The interested director, Monchai Leelaharat, were excluded from deliberations

5. Corporate Social Responsibility

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. Corporate Governance Implementation				
(1) Does the company declare its corporate social responsibility policy and examine the results of the implementation?	V		While the company engages in business operations according to the provisions of the government, it actively implements corporate social responsibility to meet the international trend of environmental balance and social and corporate governance development.	No material discrepancy
(2)Does the company provide educational training on corporate social responsibility on a regular basis?	V		The Company continues to promote its business philosophy and social responsibilities through various meetings.	Compliant
(3) 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
(4) Does the company declare a reasonable salary remuneration policy, and integrate the employee performance appraisal system with its corporate social responsibility policy, as well as establish an effective reward and disciplinary system?	V		The guidelines for work rules, remunerations and performance incentives have been set up to standardize remunerations, rewards and punishments, as well company profit sharing in the form of bonuses.	No material discrepancy
2. Sustainable Environment Development				
(1) 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
(2) 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

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(3) Does the company monitor the impact of climate change on its operations and conduct greenhouse gas inspections, as well as establish company strategies for energy conservation and carbon reduction?	V		The Company officially engaged in business sustainability development project execution in 2015. A dedicated team was set up and an external professional institution was commissioned to assist the Company in setting up relevant policies, with hopes of reducing the impact of business activities on the environment and protect the environment in concerted efforts.	Compliant
3. Preserving Public Welfare				
(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) Has the company set up an employee hotline or grievance mechanism to handle complaints with appropriate solutions?	V		The employee complaint mailbox is available to take the initiative to understand and reasonably meet employees' needs.	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.	Compliant
(4) Does the company setup a communication channel with employees on a regular basis, as well as reasonably inform employees of any significant changes in operations that may have an impact on them?	V		Labor-management communication meetings are regularly held in an open and fair manner in accordance with the law. Employees are also notified by legal and reasonable means regarding operating changes.	Compliant
(5) 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	
(6) Does the company establish any consumer protection mechanisms and appealing procedures regarding research development, purchasing, producing, operating and service?	V		1.In order to protect the consumers' rights, in addition to providing high-quality products, the Company has also purchased product liability insurance. 2.The 0800 consumer service hotline and mailbox have been set up for dedicated personnel to timely handle consumer complaint-related issues.	Compliant
(7) Does the company advertise and label its goods and services according to relevant regulations and international standards?	V		According to the Act Governing Food Safety and Sanitation and Good Hygienic Practice, relevant management guidelines have been set up to ensure food safety for consumers	Compliant
(8) Does the company evaluate the records of suppliers' impact on the environment and society before taking on business partnerships?	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.	Compliant
(9) Do the contracts between the company and its major suppliers include termination clauses which come into force once the suppliers breach the corporate social responsibility policy and cause appreciable impact on the environment and society?	V		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.	No material discrepancy
4. Enhancing Information Disclosure (1) Does the company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System (MOPS)?	V		In early Oct. 2018, the 2017 Corporate Social Responsibility Report was completed, which was disclosed on the Company website and Market Observation Post System.	Compliant
5. If the Company has established the corporate social responsibility principles based on "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation：The company has not established corporate social responsibility principles based on "the Corporate Social Responsibility Best-Practice Principles for TWSE/ TPEx Listed Companies".				

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. Other important information to facilitate better understanding of the company's 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.				
7. A clear statement shall be made below if the corporate social responsibility reports were verified by external certification institutions： In the Company's 2017 Annual Corporate Social Responsibility Report, PwC has been commissioned to execute independent limited assurance on selected targets in accordance with the Assurance Standards Bulletin No. 1 "Assurance cases not falling under historical financial information inspection or approval."				

6. Ethical Corporate Management

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 declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	V		The provisions and procedures regarding operation of the Board, internal information processing, related-party transactions and business activities are handled in accordance with ethical corporate management policies.	Compliant

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
(2) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?	V		The Company regulates matters to be noted in the operating procedures for relevant personnel during undertakings.	Compliant
(3) Does the company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?	V		To ensure the implementation of ethical corporate management, all employees engaged in business activities involving higher risks of unethical conduct shall adopt appropriate preventive measures according to the provisions.	Compliant
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 establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?	V		The Board shall supervise the management team of each plant or dept. in charge of promoting corporate integrity.	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) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	V		The Company has set up an effective accounting system and internal control system, and the internal auditors shall regularly check the compliance status of various systems in order to prevent any unethical conduct.	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	
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	V		The Company has set up an effective accounting system and internal control system, and the internal auditors shall regularly check the compliance status of various systems in order to prevent any unethical conduct.	Compliant
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		Various advocacy meetings are periodically held. Prior to signing contracts and transacting with external vendors, business integrity-related norms shall be noted.	No material discrepancy
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 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 establish standard operating procedures for confidential reporting on investigating accusation cases?	V		It is stipulated that when supervisors handle and investigate reported offenses, the said persons shall observe the confidentiality of the information of interested parties.	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.				

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
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 http://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 25, 2019

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 2018:

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, 2018, 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 2018 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 25, 2019, with none of the seven 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: NA.

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 2018 General Shareholders Meeting:

A. Adoption of the 2017 Business report and Financial Statements.

B. Adoption of the Proposal for 2017 Distribution of Surplus Earnings.
Implementation: The Board of Directors has set up the record date on July 18, 2018 and payment date on August 8, 2018. (Cash dividend of NT$3.00 per share)

C. Resolution regarding the election of directors and independent directors
List of elected directors: Representatives of Charoen Pokphand (Taiwan) Investment Ltd.: Wu Yeh Cheng, Prasert Poongkumarn, Chu Hsiung Lin, Thong Chotirat, and Monchai Leelaharat.
List of elected independent directors: Yen Sung Li, Chia Nan Fang and Tsu M. Ongg.
Status: Registered was approved by Ministry of Economic Affairs on Jun. 27, 2018.

(2) Major Resolutions of the Board of Directors Meetings in 2018 and to the Publish Date of the Annual Report

Date	Major Resolution Outlines
Feb. 6, 2018	Approval of capital investment in Rui Fu Foods Co., Ltd
Mar. 2, 2018	1. Approval of replacement of independent auditors 2.Approval of the candidates list for directors (including independent directors) proposed by the Board of Directors
Apr. 30, 2018	1. Approval of Amendment to the "The procedures for transactions between the Company and related parties" 2. Approval of Amendment to the Internal Control System.
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".

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 and R&D: None.

V. Information Regarding the Company's Audit Fee

1. Audit Fee

Unit: NT$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Remarks
PricewaterhouseCoopers, Taiwan	Weng, Shih-Jung	Jan. 1,2018~Dec. 31, 2018	-
	Lin, Yi-Fan		

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$100,000,000 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	2,667	0	0	0	1,373	1,373	Jan. 1, 2018 ~Dec. 31, 2018	Including CSR report assurance and other service fee.
	Lin, Yi-Fan								

(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 15% 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		2018		As of Apr. 28, 2019	
			Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Representative of Charoen Pokphand (Taiwan) Investment Ltd	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		0	0	0	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. 28, 2019

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%	-	-	
Wu Yeh Cheng	6,383,019	2.38%	142,853	0.05%	0	0%	-	-	
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	4,023,476	1.50%	0	0.00%	0	0%	-	-	
Taiwan Life Insurance Co., Ltd. entrusts CTBC investment (II)	3,850,000	1.44%	0	0.00%	0	0%	-	-	
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund , a series of Vanguard Star Funds	3,758,431	1.40%	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, 2019)	
	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%	0	0%	1,600,000	50%
Rui Mu Foods Co., Ltd.	7,800,000	52%	0	0%	7,800,000	52%
Rui Fu Foods Co., Ltd	10,200,000	51%	0	0%	10,200,000	51%

Capital Overview

I. Capital and Shares

1. Issued Shares

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. 28, 2019

Structure / Number	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Natural Persons	Domestic Natural Persons	Total
Number of Shareholders	1	12	160	151	53,363	53,687
Shareholding (shares)	34	4,820,155	34,537,054	115,588,220	113,045,535	267,990,998
Percentage	0.00%	1.80%	12.89%	43.13%	42.18%	100.00%

3. Shareholding Distribution Status - Common Shares

Apr. 28, 2019

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	30,714	3,037,923	1.13%
1,000 ~ 5,000	19,065	37,576,705	14.02%
5,001 ~ 10,000	2,250	17,083,029	6.37%
10,001 ~ 15,000	625	7,870,666	2.94%
15,001 ~ 20,000	321	5,923,183	2.21%
20,001 ~ 30,000	274	6,920,960	2.58%
30,001 ~ 50,000	179	7,127,454	2.66%
50,001 ~ 100,000	135	9,774,901	3.65%
100,001 ~ 200,000	56	7,865,454	2.93%
200,001 ~ 400,000	27	7,865,815	2.94%
400,001 ~ 600,000	8	4,172,302	1.56%
600,001 ~ 800,000	7	4,680,073	1.75%
800,001 ~ 1,000,000	3	2,564,000	0.96%
1,000,001 or over	23	145,528,533	54.30%
Total	53,687	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%
Wu Yeh Cheng	6,383,019	2.38%
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	4,023,476	1.50%
Taiwan Life Insurance Co., Ltd. entrusts CTBC investment (II)	3,850,000	1.44%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund , a series of Vanguard Star Funds	3,758,431	1.40%

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

Unit: NT$ 1

Item			2017	2018	01/01/2019 -03/31/2019
Market Price per Share	Highest Market Price		78.80	71.00	57.90
	Lowest Market Price		44.90	37.95	50.70
	Average Market Price		60.69	58.29	54.70
Net Worth per Share	Before Distribution		24.92	25.87	27.24
	After Distribution		21.92	(Note1)	(Note1)
Earnings per Share	Weighted Average Shares (thousand shares)		267,990,998	267,990,998	267,990,998
	Diluted Earnings Per Share		5.35	3.55	0.90
	Adjusted Diluted Earnings Per Share		5.35	(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)		11.47	16.03	-
	Price / Dividend Ratio (Note 3)		20.45	(Note1)	-
	Cash Dividend Yield Rate (Note 4)		0.05	(Note1)	-

Note 1：The Proposal for Distribution of 2018 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 Proposal for Distribution of 2018 Profits was adopted at the Board of Directors as follows: Cash dividend NT$3 per share will be distributed after being resolved at the Annual General Shareholders' Meeting, and the Board of Directors will deal with the related affairs.

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 2019 annual profit (loss).

(3) Distribution of Compensation for 2018 Resolved in the Board of Directors Meeting

A. Recommended Distribution of Compensation of Employees:

The 2018 employees' compensation is NT$12,410,400 which was approved by the Board of Directors on May 6, 2019, and totally distributed in cash. The above-mentioned amount shall be distributed after reporting in the Annual General Shareholders' Meeting. The amount of 2018 employees' compensation resolved by the Board increased by NT$ 258,400 compared to the estimated amount of NT$12,152,000 in the 2018 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 2019 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: 2018 Distribution of Employees' Compensation was NT$ 17,815 thousand 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	44.6%
－Livestock Fresh Meat	38.9%
－Various Consumer Foods: Chicken floss, ginseng chicken, ham, chicken nugget, chicken chop, fried chicken, chicken sticks, roasted chicken, pickled meat, etc.	16.5%

(iii) New products scheduled for developing

(1) Develop a Thai cuisine series to meet consumers' versatile dietary needs.
(2) Deep-plow the prepared food technology to develop instant prepared foods for small families and personal consumption.
(3) Continue to develop dried meat foods, such as meat floss, jerkies, meat pieces, etc.

2. Industry Overview

(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 2017 Taiwan feed production survey report of the Council of Agriculture, Executive Yuan, there are 126 feedmills in Taiwan and the total annual feed production is 4.96 million tons. The 2018 Taiwan chicken slaughter quantity increased by about 4% compared to 2017, the pig slaughter quantity increased by about 1% compared to 2017, and the overall feed production growth in 2018 was estimated at 3%.

(2) White Broiler Fresh Meat

According to the data of the Poultry Association Republic of China, the number of white broiler chicks was 1,955,490 in 2017 and 1,943,920 in 2018. Such a sufficient chick quantity was reflected in the average chicks released reaching more than 4.5 million chicks/ per week from the second half of 2018 to 2019. The chick prices from the peak of NT$31 each dropped to NT$16 each while the feathered chicken prices decreased to NT$24 per 600 grams. This trend is beneficial to the price competitiveness of domestic chicken. 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. It is estimated that due to the price hike in 2019, the quantity will drop to around 130,000 tons, and the lack in quantity will be replaced by domestic chicken.

(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. Consumers' preferences for chicken processed foods ranked in order are: "fried chicken nuggets/chicken chops," followed by "smoked/roasted chicken," "deep-fried drumsticks," and "chicken strips."

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 million, of which 70% were invested on manpower and time spent on successfully developed products.

(2) Successfully Developed Products:

A. Targeting at the needs of animal protein for fitness and sports-loving populations, we successfully developed a variety of flavored chicken breast salad products

B. In response to small families and personalized dietary needs, homemade cuisines, a variety of chicken, duck, and pork soups in different flavors, and flavored fried rice product series have been developed.

C. The deep-fried and grilled technology has been improved and reheating fried chicken products suitable for oven and microwave have been successfully developed.

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 2018 feed production was approximately 780,000 tons, which mainly consist of chicken, pig and duck feed products, accounting for about 15% 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 53%, while Southern and Northern Taiwan are accounting for 33% and 14% 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 40,000 tons in Douliou City, Yunlin County, which is expected to commence mass production in 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 2018 was 35.37 million. The market distribution comprises Northern Taiwan (38%), Central Taiwan (45%), and Southern Taiwan (17%), accounting for about 15.81% 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 DOO IE 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 1,500-2,200 tons, making the brand the leading brand in the market. The market distribution comprises Northern Taiwan (47%), Central Taiwan (22%), and Southern Taiwan (31%), accounting for about 20% of the overall processed white broiler products.

2. Supply, Demand and Growth in Prospective Markets

(1) Same as the last year, the Sino-US trade war shall remain the economic focus in 2019. In the short run, if the two sides do not reach a clear and specific consensus, the global economy will not be able to break free from the turbulence. The inflation of prices in the United States due to its tariff policy has gradually taken effect. The FED's interest rate hike slowdown and the economic stimulus plan withdrawal will passivate the US economic growth. China also sought currency loosening and financial policies in response to the adverse impacts of tariff last year, but still failed to boost economic growth. The Brexit was put on hold and was unable to be finalized. The overall global economic growth slowed down but remained stable, and no opportunity for substantial growth was in sight.

(2) In 2018, the African Swine Fever broke out, domestic demand decreased drastically, and import demand also reduced sharply. The high global grain inventory and the growth of grains from South America was sound with sufficient production in 2019. The Sino-US Trade War was showed no obvious improvement that eliminated the positive situation of Chicago grain futures. In Taiwan, the government planned a series of public-sector investments and basic wage increase in 2017, in the hope of stimulating the economy. However, in facing unclear international economic situations and economic uncertainty, the domestic growth suffered setbacks. In addition, the livestock industry felt both joy and sorrow that the experience of foot-and-mouth disease led a successful prevention against African Swine Fever invasion so far, but the earlier pessimism resulted in an inadequate raw materials imports and long-term high domestic prices. The Company has cautiously adhered by professionalism and has stood in readiness against the African Swine Fever, with full control over raw materials stocking. The Group is fully confident that its respective business divisions will continue to achieve growth this year, and expected to earn more profits after the new 1.3 billion-dollar worth modern feedmill in Yunlin is completed.

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 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 / ↘ Powder Feed → Package / Bulk

B. Fresh Chicken Meat:

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

C. Meat Processing Products:

Raw Meat → Ground → Mix → Forming ↗ Coating → Battering → Coating / ↘ 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$ thousands

Item	2017				2018				2019 (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	Jiaji	1,452,387	10.02	None	--	0	0.00		--	0	0.00	
	Others	13,042,438	89.98		Others	15,994,338	100.00		Others	3,905,096	100.00	
	Net Total Supplies	14,494,825	100.00		Net Total Supplies	15,994,338	100.00		Net Total Supplies	3,905,096	100.00	

Note: Except 2017, there's no supplier commanding 10%-plus share of annual net total supplies.

(2) Major Clients in the Last Two Years

Unit: NT$ thousands

Item	2017				2018				2019 (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	19,865,000	100.00		Others	21,235,086	100.00		Others	5,035,297	100.00	
	Net Sales	19,865,000	100.00		Net Sales	21,235,086	100.00		Net Sales	5,035,297	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	2017			2018		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Feed	1,127,700	875,221	10,096,143	1,127,700	930,540	11,307,884
Commodity	-	120,300	1,107,441	-	136,643	1,225,260
Livestock Fresh Meat	125,900	124,538	7,037,585	151,412	145,701	8,029,433
Consumable Food	32,925	29,866	2,830,931	33,548	32,015	3,142,837
Total		1,149,925	21,072,100		1,244,899	23,705,414

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	2017				2018			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Feed, Extruded Ingredients	728,999	9,015,023	0	0	762,667	9,475,953	0	0
Livestock Fresh Meat	99,559	7,555,545	0	0	119,010	8,264,582	0	0
Consumable Food	29,301	3,294,432	0	0	31,102	3,494,551	0	0
Total	857,859	19,865,000	0	0	912,779	21,235,086	0	0

III. Human Resources

Year		2017	2018	As of Apr. 30, 2019
Number of Employees	Administrative staff	144	154	178
	Sales staff	329	371	296
	Production staff	1,387	1,501	1,752
	Total	1,860	2,026	2,216
Average Age		39.80	39.50	39.50
Average Years of Service		7.20	6.40	6.40
Education	Ph.D.	0.2%	0.2%	0.2%
	Masters	2.9%	3.2%	3.4%
	Bachelor’s Degree	34.0%	32.2%	33.0%
	Senior High School	27.0%	26.4%	26.4%
	Below Senior High School	35.9%	38.0%	37.0%

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. The loss or penalty caused by environmental pollution during the latest year and up to the printing date of this annual report: Penalties for air, water and waste pollution is NT$ 444 thousand.
3. The measures and estimated expenditure in the future:

	2019
Anti-pollution equipment to be purchased	The waste water treatment equipment and dust collection equipment
Expected improvement situation	Improve the working environment
Amount	45.52 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.

   (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. Estimated Losses from Labor Relation Conflicts during the Past Two years and the Future and our planned reaction: None.

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	2016/08/02 ~2021/08/02	Medium and long term mortgage loan	
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	2017/12/15 ~2022/12/15	Medium and long term mortgage loan	
Medium and long term loan	Hua Nan Bank	2017/03/29 ~2022/03/29	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, 2019 (Note2)
		2014	2015	2016	2017	2018	
Current Assets		4,294,343	4,494,581	4,654,788	5,169,541	5,837,148	5,880,732
Property, Plant and Equipment		2,928,559	3,564,948	4,306,954	6,515,162	7,617,265	7,824,174
Intangible Assets		16,941	15,769	15,625	15,108	15,059	14,879
Other Assets		2,136,089	1,568,929	2,209,811	2,186,311	2,320,692	2,773,313
Total Assets		9,375,932	9,644,227	11,187,178	13,886,122	15,790,164	16,493,098
Current Liabilities	Before Allocation	3,177,367	3,822,141	4,081,285	5,143,742	6,384,425	6,380,241
	After Allocation	3,420,995	4,358,123	4,885,258	5,947,715	(Note3)	(Note3)
Non-current Liabilities		841,139	637,501	497,156	1,784,866	2,149,054	2,477,583
Total Liabilities	Before Allocation	4,018,506	4,459,642	4,578,441	6,928,608	8,533,479	8,857,824
	After Allocation	4,262,134	4,995,624	5,382,414	7,732,581	(Note3)	(Note3)
Equity attributable to owners of the parent		5,244,583	5,057,144	6,406,070	6,677,498	6,931,976	7,300,874
Common Stock		2,436,282	2,679,910	2,679,910	2,679,910	2,679,910	2,679,910
Capital Surplus		967	967	967	1,145	1,652	1,652
Retained Earnings	Before Allocation	1,320,624	1,502,969	2,223,021	2,831,268	2,980,267	3,222,397
	After Allocation	1,076,996	966,987	1,419,048	2,027,295	(Note3)	(Note3)
Other Equity		1,486,710	873,298	1,502,172	1,165,175	1,270,147	1,396,915
Treasury Shares		0	0	0	0	0	0
Non-controlling interest		112,843	127,441	202,667	280,016	324,709	334,400
Total Equity	Before Allocation	5,357,426	5,184,585	6,608,737	6,957,514	7,256,685	7,635,274
	After Allocation	5,113,798	4,648,603	5,804,764	6,153,541	(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 2019 has been verified by independent auditors.
Note3: The Proposal of Distribution of 2018 Profits has not resolved yet by Annual General Shareholders' Meeting.

Parent Company Only Condensed Balance Sheet

Unit: NT$1,000

Item		Financial Summary for The Last Five Years (Note1) 2014	2015	2016	2017	2018	As of March, 31, 2019
Current Assets		3,629,227	3,967,220	3,952,278	4,216,923	4,765,343	NA
Property, Plant and Equipment		2,672,848	3,339,115	4,111,935	6,109,595	6,988,772	
Intangible Assets		2,907	1,195	1,229	2,047	1,564	
Other Assets		2,515,743	1,895,593	2,614,487	2,680,285	2,803,622	
Total Assets		8,820,725	9,203,123	10,679,929	13,008,850	14,559,301	
Current Liabilities	Before Allocation	2,857,063	3,599,225	3,812,483	4,607,091	5,562,630	
	After Allocation	3,100,691	4,135,207	4,616,456	5,411,064	(Note1)	
Non-current Liabilities		719,079	546,754	461,376	1,724,261	2,064,695	
Total Liabilities	Before Allocation	3,576,142	4,145,979	4,273,859	6,331,352	7,627,325	
	After Allocation	3,819,770	4,681,961	5,077,832	7,135,325	(Note1)	
Equity attributable to owners of the parent		5,244,583	5,057,144	6,406,070	6,677,498	6,931,976	
Common Stock		2,436,282	2,679,910	2,679,910	2,679,910	2,679,910	
Capital Surplus		967	967	967	1,145	1,652	
Retained Earnings	Before Allocation	1,320,624	1,502,969	2,223,021	2,831,268	2,980,267	
	After Allocation	1,076,996	966,987	1,419,048	2,027,295	(Note1)	
Other Equity		1,486,710	873,298	1,502,172	1,165,175	1,270,147	
Treasury Shares		0	0	0	0	0	
Non-controlling interest		0	0	0	0	0	
Total Equity	Before Allocation	5,244,583	5,057,144	6,406,070	6,677,498	6,931,976	
	After Allocation	5,000,955	4,521,162	5,602,097	5,873,525	(Note1)	

Note1: The Proposal of Distribution of 2018 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		Financial Summary of the Last Five Years (Note1)					As of March 31, 2019 (Note2)
		2014	2015	2016	2017	2018	
Operating Revenue		17,527,760	16,553,896	18,172,909	19,865,000	21,235,086	5,035,297
Net Operating Margin		2,087,479	2,028,395	2,820,416	3,327,986	2,857,350	722,603
Operating Profit		973,488	884,184	1,531,636	1,746,963	1,285,298	337,130
Non-operating Income and Expenses		21,893	28,311	49,285	88,325	22,552	(9,398)
Profit before Income Tax		995,381	912,495	1,580,921	1,835,288	1,307,850	327,732
Profit from Continuing Operations		808,247	721,086	1,289,405	1,477,381	995,060	264,182
Profit from Discontinued Operations		0	0	0	0	0	(14,877)
Profit for the period		808,247	721,086	1,289,405	1,477,381	995,060	249,305
Other Comprehensive Income (Loss) for the period		(137,533)	(632,175)	616,912	(359,808)	105,558	129,284
Comprehensive Income for the period		670,714	88,911	1,906,317	1,117,573	1,100,618	378,589
Profit, attributable to owners of parent		782,892	687,768	1,261,795	1,433,070	950,727	242,130
Profit, attributable to non-controlling interest		25,355	33,318	27,610	44,311	44,333	7,175
Comprehensive Income, attributable to owners of parent		640,960	56,189	1,884,908	1,075,223	1,057,944	368,898
Comprehensive Income, attributable to non-controlling interest		29,754	32,722	21,409	42,350	42,674	9,691
Earnings per Share (NT$) (Note3)	Before Retroactive	3.21	2.57	4.71	5.35	3.55	0.90
	After Retroactive	2.92	2.57	4.71	4.71	(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 2019 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 2018 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, 2019
		2014	2015	2016	2017	2018	
Operating Revenue		15,670,368	14,964,975	16,347,426	17,379,603	18,170,438	NA
Net Operating Margin		1,787,258	1,712,875	2,539,353	2,941,655	2,459,155	
Operating Profit		909,065	797,111	1,484,122	1,640,894	1,169,368	
Non-operating Income and Expenses		45,677	53,584	39,860	118,046	57,787	
Profit before Income Tax		954,742	850,695	1,523,982	1,758,940	1,227,155	
Profit from Continuing Operations		782,892	687,768	1,261,795	1,433,070	950,727	
Profit from Discontinued Operations		0	0	0	0	0	
Profit for the period		782,892	687,768	1,261,795	1,433,070	950,727	
Other Comprehensive Income (Loss) for the period		(141,932)	(631,579)	623,113	(357,847)	107,217	
Comprehensive Income for the period		640,960	56,189	1,884,908	1,075,223	1,057,944	
Profit, attributable to owners of parent		782,892	687,768	1,261,795	1,433,070	950,727	
Profit, attributable to non-controlling interest		-	-	-	-	-	
Comprehensive Income, attributable to owners of parent		640,960	56,189	1,884,908	1,075,223	1,057,944	
Comprehensive Income, attributable to non-controlling interest		-	-	-	-	-	
Earnings per Share (NT$) (Note1)	Before Retroactive	3.21	2.57	4.71	5.35	3.55	
	After Retroactive	2.92	2.57	4.71	5.35	(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 2018 Profits has not resolved yet by Annual General Shareholders' Meeting.

3. Auditors' Name and Opinions from 2014 to 2018

Year	CPA		Audit 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
2014	Huei-Shyang Wang	Chih-Cheng Hsieh	With Unqualified Opinions

II. Five-Year Financial Analysis

Consolidated Financial Analysis

Analysis Item			Financial Analysis of the Last Five Years 2014	2015	2016	2017	2018	As of March 31, 2019 (Note1)
Financial Structure (%)	Debt Ratio		42.86	46.24	40.93	49.90	54.04	53.71
	Ratio of long-term capital to property, plant and equipment		211.66	163.31	164.99	134.19	123.48	129.25
Solvency (%)	Current ratio		135.15	117.59	114.05	100.50	91.43	92.17
	Quick ratio		87.30	68.31	79.05	68.40	61.70	66.25
	Interest earned ratio		29.27	28.80	50.38	42.46	20.41	18.33
Operating Performance	Accounts receivable turnover (times)		9.67	9.66	9.97	9.46	9.04	8.89
	Average collection period		38	38	37	39	40	41
	Inventory turnover (times)		14.74	11.48	12.08	13.86	14.50	12.69
	Accounts payable turnover (times)		19.84	19.73	17.08	14.69	14.09	14.99
	Average days in sales		25	32	30	26	25	29
	Property, plant and equipment turnover (times)		6.19	5.10	4.62	3.67	3.01	2.61
	Total assets turnover (times)		1.89	1.74	1.74	1.58	1.43	1.25
Profitability	Return on total assets (%)		9.04	7.85	12.61	12.05	7.05	1.63
	Return on owners' equity (%)		15.80	13.68	21.87	21.78	14.00	3.35
	Ratio of profit before income tax to paid-in capital (%)		40.86	34.05	58.99	68.48	48.80	12.23
	Profit margin (%)		4.61	4.36	7.10	7.44	4.69	4.95
	Earnings per share (NT$)(Note2)	Before Retroactive	3.21	2.57	4.71	5.35	3.55	0.90
		After Retroactive	2.92	2.57	4.71	5.35	(Note3)	(Note3)
Cash Flows	Cash flow ratio (%)		33.03	18.69	41.87	33.38	15.59	5.95
	Cash flow adequacy ratio (%)		119.59	94.03	95.51	77.89	59.27	51.39
	Cash reinvestment ratio (%)		9.28	5.23	11.16	7.42	1.44	2.84
Leverage	Operating leverage		2.55	2.83	2.21	2.31	2.98	2.93
	Financial leverage		1.04	1.04	1.02	1.02	1.05	1.05

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

1. Interest earned ratio decreased due to the reduction of 2018 profit before income tax resulting from the unfavorable factors such as increase in raw materials prices and manpower costs.
2. 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 decreased due to the poor performance of the profitability, which is because the Company's operating profit and profit before income tax decrease resulted from market price plunges, costs increases, and other unfavorable factor.
3. Cash flow ratio, Cash flow adequacy ratio and Cash reinvestment ratio decreased due to reduction of net cash flows from operating activities, increase in current liabilities and increase in investment of property, plant and equipment. Reduction of net cash flows from operating activities and increase in current liabilities is because the overall external environment that led to decreased profits for the current period and the Company increased short-term loans to cover operating needs. Increase in investment of property, plant and equipment is for expanding the capacity of existing production lines in order to increase market share
4. The operating leverage increased due to the impact of continuous raw material price hikes, increased manpower costs due to modifications of the labor regulations, and other unfavorable factors.

Parent Company Only Financial Analysis

Analysis Item \ Year			Financial Analysis of the Last Five Years					As of March 31, 2019 (Note1)
			2014	2015	2016	2017	2018	
Financial Structure (%)	Debt ratio		40.54	45.05	40.02	48.67	52.39	NA
	Ratio of long-term capital to property, plant and equipment		223.12	167.83	167.01	137.52	128.73	
Solvency (%)	Current ratio		127.04	110.22	103.67	91.53	85.67	
	Quick ratio		82.10	63.03	72.08	63.32	57.28	
	Interest earned ratio		33.25	31.48	51.50	41.98	20.26	
Operating Performance	Accounts receivable turnover (times)		9.41	9.24	9.62	9.37	9.46	
	Average collection period		39	40	38	39	39	
	Inventory turnover (times)		16.73	12.14	12.48	15.06	15.63	
	Accounts payable turnover (times)		20.38	19.10	16.92	15.43	15.92	
	Average days in sales		22	30	29	24	23	
	Property, plant and equipment turnover (times)		6.07	4.98	4.39	3.40	2.77	
	Total assets turnover (times)		1.80	1.66	1.64	1.47	1.32	
Profitability	Return on total assets(%)		9.28	7.87	12.92	12.37	7.24	
	Return on owners' equity(%)		15.61	13.35	22.01	21.91	13.97	
	Ratio of profit before income tax to paid-in capital(%)		39.19	31.74	56.87	65.63	45.79	
	Profit margin (%)		5.00	4.60	7.72	8.25	5.23	
	Earnings per share (NT$)(Note2)	Before Retroactive	3.21	2.57	4.71	5.35	3.55	
		After Retroactive	2.92	2.57	4.71	5.35	(Note3)	
Cash Flows	Cash flow ratio (%)		31.66	14.73	46.70	37.25	16.98	
	Cash flow adequacy ratio (%)		104.97	78.34	85.60	76.14	58.94	
	Cash reinvestment ratio (%)		8.39	3.47	12.75	7.98	1.14	
Leverage	Operating leverage		2.35	2.69	2.06	2.18	2.86	
	Financial leverage		1.03	1.03	1.02	1.02	1.05	

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

1. Interest earned ratio decreased due to the reduction of 2018 profit before income tax resulting from the unfavorable factors such as increase in raw materials prices and manpower costs.
2. 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 decreased due to the poor performance of the profitability, which is because the Company's operating profit and profit before income tax decrease resulted from market price plunges, costs increases, and other unfavorable factor.
3. Cash flow ratio, Cash flow adequacy ratio and Cash reinvestment ratio decreased due to reduction of net cash flows from operating activities, increase in current liabilities and increase in investment of property, plant and equipment. Reduction of net cash flows from operating activities and increase in current liabilities is because the overall external environment that led to decreased profits for the current period and the Company increased short-term loans to cover operating needs. Increase in investment of property, plant and equipment is for expanding the capacity of existing production lines in order to increase market share
4. The operating leverage increased due to the impact of continuous raw material price hikes, increased manpower costs due to modifications of the labor regulations, and other unfavorable factors.

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 2018 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 2018 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 2019 Annual General Shareholders’ Meeting of the Company

Convener of Audit Committee: Li, Yen Sung

Date: May 6, 2019

IV. Consolidated Financial Statements for the Years Ended December 31, 2018, and Independent Auditors' Report：Please refer to page 61-135.

V. Parent Company Only Financial Statements for the Years Ended December 31, 2018, and Independent Auditors' Report: Please refer to page 136-194.

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, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Key audit matters

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

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

Evaluation of net realizable value of inventories

Description

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

The main activities of the Group are the manufacturing and sales of animal feeds, fresh and processed meat products. As the market prices are affected by changes in macro-economic environment, there is a higher risk of inventory valuation losses. In addition, the evaluation of net realizable 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 realizable value of inventories was identified as a key audit matter.

How our audit addressed the matter

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

1. Based on our understanding of the Group's operation and related industry, assessed the reasonableness of related policies and procedures applied to the net realizable value of inventories, and ascertained the consistent application.

2. Obtained statements of net realizable value of inventories as at balance sheet date, validated source data of merchandise prices and recalculated the provision for inventory valuation losses in order to confirm consistent application of respective procedures and policies.

Measurement of biological assets

Description

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

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

How our audit addressed the matter

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

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

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

Other matter – Parent company only financial reports

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

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

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

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

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 Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 25, 2019

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

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

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

(Continued)

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

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

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

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)

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

(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)

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

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

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

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

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

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

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

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of new Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 25, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by FSC effective from 2018 are as follows:

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

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

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

IFRS 9, 'Financial instruments'

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

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

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

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

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

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

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

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

IFRS 16, 'Leases'

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

B. Subsidiaries included in the consolidated financial statements:

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

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

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

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

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

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

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

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

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

(5) 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) Liabilities arising mainly from trading activities;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

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

Effective 2018

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

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

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

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

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

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

Group and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

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

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

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

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

(11) Operating leases (lessor)

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

(12) Inventories

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

(13) Biological assets

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

(14) Property, plant and equipment

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

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

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

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

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

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

(15) Leased assets/ leases (lessee)

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

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

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

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

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

(16) Intangible assets

A. Computer software

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

B. Goodwill

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

(17) Impairment of non-financial assets

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

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

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

(18) Borrowings

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

(19) Notes and accounts payable

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

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

(20) Derecognition of financial liabilities

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

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

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

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

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

(22) Income tax

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

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

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

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

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

(23) Share capital

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

(24) Dividends

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

(25) Revenue recognition

A. Sales of goods

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

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

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

B. Financing components

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

(26) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

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

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

B. Measurement of fair value of biological assets

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

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

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

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

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

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

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

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

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

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

(3) Notes and accounts receivable

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

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

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

The above ageing analysis was based on past due date.

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

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

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

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

D. As at December 31, 2018 and 2017, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were $359,097 and $378,098, respectively, while the amount that best represents the Group's accounts receivable were $1,778,373 and $1,613,144, respectively.

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

(4) Inventories

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

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

The cost of inventories recognised as expense for the year:

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

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

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

(5) Biological assets

A. Biological assets

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

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

B. Movements of biological assets were as follows:

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

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

The market prices or fair values at the present condition of breeders are unavailable due to short production cycle; the market prices or fair values at present condition of broiler chickens are difficult to obtain. The valuation based on a discounted cash flow method is considered unreliable given the uncertainty with respect to external factors such as climate, weather, diseases etc. Therefore, breeders and broiler chicken are measured using the cost approach. Cost of biological assets includes all costs incurred during the growth cycle such as cost of new-born animals, feed costs, and other farm costs.

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

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

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

E. Financial risk management policies

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

(6) Property, plant and equipment

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

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

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

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

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

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

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

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

(7) Intangible assets

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

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

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

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

(9) Short-term borrowings

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

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

(10) Short-term notes and bills payable

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

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

(11) Other payables

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

(12) Long-term borrowings

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

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

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

(13) Finance lease liabilities

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

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

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

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

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

(14) Pensions

A. Defined benefit plans

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Defined contribution plans

(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established defined contribution pension plans (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of retirement employment. The pension costs for the aforementioned defined contribution pension plans of the Group for the years ended December 31, 2018 and 2017 were $41,425 and $36,874, respectively.

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

(15) Share capital - common stocks

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

(16) Capital surplus

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

(17) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. A special reserve is set aside or reversed in accordance with related laws or Competent Authority. The remainder, if any, along with the accumulated unappropriated earnings in prior years, shall be distributed as shareholders' bonus as resolved by the shareholders. Cash dividends to shareholders shall account for at least 10% of the total dividends to shareholders. If cash dividend is lower than $0.1 (in dollars) per share, dividends are distributed using share dividends.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriation of earnings for 2017 and 2016 have been resolved at the shareholders' meetings on June 13, 2018 and June 15, 2017, respectively, as follows:

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

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

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

(18) Other equity items

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

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

(19) Operating revenue

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

A. Disaggregation of revenue from contracts with customers

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

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

B. Contract liabilities

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

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

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

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

(20) Other income and expenses, net

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

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

(21) Other income

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

(22) Other gains and losses

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

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

(23) Finance costs

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

(24) Expenses by nature

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

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

(25) Employee benefit expense

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

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

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

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

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

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

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

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

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

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

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

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

B. Reconciliation between income tax expense and accounting profit

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

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

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

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

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

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

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

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

December 31, 2018

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

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

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

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

(27) Earnings per share

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

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

(28) Operating leases

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

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

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

(29) Supplemental cash flow information

Investing activities with partial cash payment are as follows:

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

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

(2) Names of related parties and relationship

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

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

(3) Significant related party transactions and balances

A. Operating revenue

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

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

B. Purchases

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

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

C. Receivables from related parties

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

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

D. Payables to related parties

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

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

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

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

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

F. Technical service agreement

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

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

G. Trademark licensing agreement

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

H. Property transactions:

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

(4) Key management compensation

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

8. PLEDGED ASSETS

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

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

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

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

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

10. SIGNIFICANT DISASTER LOSS

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

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

12. OTHERS

(1) Capital risk management

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

(2) Financial risk of financial instruments

A. Financial instruments by category

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

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

B. Financial risk management policies

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

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

C. Financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

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

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

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

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

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

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

v. Total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2018 and 2017 amounted to ($4,061) and $21,458, respectively.

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

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

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

Price risk

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

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

iii. The Group’s investment in equity securities comprise foreign listed stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other equity for the years ended December 31, 2018 and

2017 would have increased/decreased by $17,830 and $16,777, respectively, as a result of gains/losses on equity securities classified as equity investment at fair value through other comprehensive income and available-for-sale equity investment.

Interest rate risk

i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the years ended December 31, 2018 and 2017, the Group's borrowings at variable rate were denominated in NTD.

ii. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios run only for liabilities that represent the major interest-bearing positions.

iii. For the years ended December 31, 2018 and 2017, if interest rates on NTD-denominated borrowings at that date had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2018 and 2017, would have been $20,424 and $14,716 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's financial ratio targets, covenant compliance and applicable external regulatory or legal requirements.

ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

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

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

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

(3) Fair value information

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

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

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

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

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

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

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

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

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

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

A. Summary of significant accounting policies adopted in 2017:

(a) Available-for-sale financial assets

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

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

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

(b) Loans and receivables

Accounts receivable

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

(c) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

(i) Financial assets at amortised cost

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

(ii) Available-for-sale financial assets

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

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

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

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

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

Available-for-sale financial assets

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

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

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

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

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

(a) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

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

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

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

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

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

(d) Movements of financial assets that were impaired

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

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

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

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

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

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

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

Sales revenue

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

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

	2017
Sales revenue	$ 19,865,000

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

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

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

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

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

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

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

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

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

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

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

D. Acquisition or sale of the same security with the accumulated cost exceeding NT$300,000 or 20% of the Company's paid-in capital during the year ended December 31, 2018: None.

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

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

G. Purchases or sales of goods from or to related parties reaching NT$100,000 or 20% of paid-in capital or more during the year ended December 31, 2018:

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

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

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

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

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

(2) Information on investees

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

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as of December 31, 2018	Initial investment amount: Balance as of December 31, 2017	Shares held as of December 31, 2018: Number of shares	Shares held as of December 31, 2018: Ownership (%)	Shares held as of December 31, 2018: 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	$ 2,005,590	$ 46,184	$ 46,184	Subsidiary (Note 1)
The Company	Charoen Pokphand (Taiwan) Co., Ltd.	Taiwan	Management of importing and exporting businesses	20,086	20,086	2,443,716	90.00	34,096	5,057	4,552	Subsidiary
The Company	Arbor Acres (Taiwan) Co., Ltd.	Taiwan	Husbandry management of chickens to produce eggs and meat	60,131	60,131	1,600,000	50.00	64,560	39,994	19,997	Subsidiary
The Company	Rui Mu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	78,000	78,000	7,800,000	52.00	92,150	21,582	11,223	Subsidiary
The Company	Rui Fu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	102,000	51,000	10,200,000	51.00	100,415	8,869	4,523	Subsidiary
Plenty Type Limited (Cayman Islands)	Chia Tai Lianyungang Co., Ltd.	Hong Kong	Management of producing and non-producing business investments	HKD 19,910	HKD 19,910	999,999	99.99	201,330	17,112	-	Indirectly owned subsidiary (Note 2)

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

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

(3) Information on investments in Mainland China

A. Basic information:

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

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

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

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

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

(3) Others.

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

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

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

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

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

14. OPERATING SEGMENT INFORMATION

(1) General information

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

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

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

B. Meat processing business;

C. Food processing business; and

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

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

(2) Measurement of segment information

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

(3) Segment information

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

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

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

(4) Reconciliation for segment income (loss)

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

A reconciliation of reportable segment income to the income before tax from continuing operations for the years ended December 31, 2018 and 2017 is provided as follows:

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

(5) Information on products and services

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

(6) Geographical information

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

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

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

(7) Major customer information

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

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, 2018 and 2017, 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 parent company only financial position of Charoen Pokphand Enterprise (Taiwan) Co., Ltd. as at December 31, 2018 and 2017, and its parent company only financial performance and its parent company only 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 realizable 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, 2018, the carrying amount of inventories and allowance for inventory valuation losses amounted to NT$1,053,907 thousand and NT$14,800 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 realizable 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 realizable 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 operation and related industry, assessed the reasonableness of related policies and procedures applied to the net realizable value of inventories, and ascertained the consistent application.

2. Obtained statements of net realizable 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, 2018, the carrying amount of biological assets amounted to NT$1,468,588 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. 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 Audit Committee, are responsible for overseeing Charoen Pokphand Enterprise (Taiwan) Co., Ltd. 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. 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. 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 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 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 25, 2019

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	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 55,303	1	$ 77,201	1
1150	Notes receivable, net	6(2)	331,198	2	340,232	3
1170	Accounts receivable, net	6(2)	1,616,029	11	1,496,152	11
1180	Accounts receivable - related parties	7	34,908	-	18,407	-
1200	Other receivables		20,201	-	8,036	-
130X	Inventory, net	6(3)	1,039,107	7	949,190	7
1400	Biological assets - current	6(5)	1,121,389	8	975,098	7
1410	Prepayments		539,758	4	350,607	3
1470	Other current assets	8	7,450	-	2,000	-
11XX	**Total current Assets**		4,765,343	33	4,216,923	32
	Non-current assets					
1550	Investments accounted for under equity method	6(4)	2,296,811	16	2,217,806	17
1600	Property, plant and equipment	6(6) and 8	6,988,772	48	6,109,595	47
1780	Intangible assets	6(7)	1,564	-	2,047	-
1830	Biological assets - non-current	6(5)	347,199	2	327,614	3
1840	Deferred income tax assets	6(23)	55,861	-	50,920	-
1900	Other non-current assets		103,751	1	83,945	1
15XX	**Total non-current assets**		9,793,958	67	8,791,927	68
1XXX	**Total assets**		$ 14,559,301	100	$ 13,008,850	100

(Continued)

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

	Liabilities and Equity	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(8)	$ 2,563,784	18	$ 2,236,383	17
2110	Short-term notes and bills payable	6(9)	619,270	4	499,489	4
2150	Notes payable		355,439	2	424,095	3
2160	Notes payable - related parties	7	1,974	-	8,599	-
2170	Accounts payable		660,006	5	506,535	4
2180	Accounts payable - related parties	7	12,625	-	4,133	-
2200	Other payables		547,619	4	507,209	4
2220	Other payables - related parties	7	21,430	-	28,210	-
2230	Current income tax liabilities		196,470	1	211,737	2
2300	Other current liabilities	6(10)(11) and 8	584,013	4	180,701	2
21XX	**Total current Liabilities**		5,562,630	38	4,607,091	36
	Non-current liabilities					
2540	Long-term borrowings	6(10) and 8	1,880,000	13	1,510,000	12
2570	Deferred income tax liabilities	6(23)	18,314	-	28,616	-
2600	Other non-current liabilities	6(11)(12)	166,381	1	185,645	1
25XX	**Total non-current liabilities**		2,064,695	14	1,724,261	13
2XXX	**Total Liabilities**		7,627,325	52	6,331,352	49
	Equity attributable to owners of parent					
	Share capital					
3110	Share capital - common stock	6(13)	2,679,910	19	2,679,910	20
	Capital surplus					
3200	Capital surplus	6(14)	1,652	-	1,145	-
	Retained earnings	6(15)				
3310	Legal reserve		638,708	4	495,401	4
3350	Unappropriated retained earnings		2,341,559	16	2,335,867	18
	Other equity interest					
3400	Other equity interest	6(16)	1,270,147	9	1,165,175	9
3XXX	**Total equity**		6,931,976	48	6,677,498	51
	Significant contingent liabilities and unrecognized contract commitments	6(11)(25) and 9				
	Significant disaster loss	10				
3X2X	**Total liabilities and equity**		$ 14,559,301	100	$ 13,008,850	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)

	Items	Notes	2018 AMOUNT	2018 %	2017 AMOUNT	2017 %
4000	**Operating revenue**	6(17) and 7	$ 18,170,438	100	$ 17,379,603	100
5000	**Operating costs**	6(3)(12)(22) and 7	(15,711,283)	(86)	(14,437,948)	(83)
5950	**Net operating margin**		2,459,155	14	2,941,655	17
	Operating expenses	6(12)(22) and 7				
6100	Selling and marketing expenses		(805,048)	(4)	(826,614)	(5)
6200	General and administrative expenses		(491,898)	(3)	(474,865)	(3)
6450	Gain on expected credit loss impairment		(94)	-	-	-
6000	**Total operating expenses**		(1,297,040)	(7)	(1,301,479)	(8)
6500	**Other income and expense, net**	6(5)(18)	7,253	-	718	-
6900	**Operating profit**		1,169,368	7	1,640,894	9
	Non-operating income and expenses					
7010	Other income	6(19) and 7	4,063	-	2,889	-
7020	Other gains and losses	6(20)	27,129	-	52,822	-
7050	Finance costs	6(21)	(59,884)	-	(38,707)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(4)	86,479	-	101,042	1
7000	**Total non-operating income and expenses**		57,787	-	118,046	1
7900	**Profit before income tax**		1,227,155	7	1,758,940	10
7950	Income tax expense	6(23)	(276,428)	(2)	(325,870)	(2)
8200	**Profit for the year**		$ 950,727	5	$ 1,433,070	8
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gain (losses) on defined benefit plans	6(12)	$ 7,357	-	($ 25,098)	-
8330	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	6(4)	55,215	1	(18)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	(5,212)	-	4,266	-
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**		57,360	1	(20,850)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Currency translation differences of foreign operations	6(4)(16)	49,857	-	(176,705)	(1)
8380	Total Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(4)(16)	-	-	(160,292)	(1)
8360	**Components of other comprehensive income that will be reclassified to profit or loss**		49,857	-	(336,997)	(2)
8300	**Other comprehensive income for the year**		$ 107,217	1	($ 357,847)	(2)
8500	**Total comprehensive income for the year**		$ 1,057,944	6	$ 1,075,223	6
	Earnings per share	6(24)				
9750	**Basic earnings per share**		$	3.55	$	5.35
9850	**Diluted earnings per share**		$	3.54	$	5.34

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			
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Total unappropriated retained earnings (accumulated deficit)	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	Amount
2017									
Balance at January 1, 2017		$ 2,679,910	$ 967	$ 369,222	$ 1,853,799	$ 154,088	$ -	$ 1,348,084	$ 6,406,070
Profit for the year		-	-	-	1,433,070	-	-	-	1,433,070
Other comprehensive loss for the year		-	-	-	(20,850)	(176,705)	-	(160,292)	(357,847)
Total comprehensive income (loss)		-	-	-	1,412,220	(176,705)	-	(160,292)	1,075,223
Appropriations of 2016 earnings	6(15)								
Legal reserve		-	-	126,179	(126,179)	-	-	-	-
Cash dividends to shareholders		-	-	-	(803,973)	-	-	-	(803,973)
Capital surplus - dividends not received by shareholders		-	178	-	-	-	-	-	178
Balance at December 31, 2017		$ 2,679,910	$ 1,145	$ 495,401	$ 2,335,867	($ 22,617)	$ -	$ 1,187,792	$ 6,677,498
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 retrospective restatement		-	-	-	-	-	1,187,792	(1,187,792)	-
Balance after restatement at January 1, 2018		2,679,910	1,145	495,401	2,335,867	(22,617)	1,187,792	-	6,677,498
Profit for the year		-	-	-	950,727	-	-	-	950,727
Other comprehensive income		-	-	-	2,245	49,857	55,115	-	107,217
Total comprehensive income		-	-	-	952,972	49,857	55,115	-	1,057,944
Appropriations of 2017 earnings	6(15)								
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

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)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,227,155	$ 1,758,940
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on expected credit loss impairment	12(2)	94	-
Reversal of allowance for bad debts	6(2)	-	(211)
Depreciation	6(6)(22)	522,508	430,159
Amortization	6(22)	3,762	2,561
Interest income	6(19)	(193)	(152)
Interest expense	6(21)	59,884	38,707
Provision for (reversal of) loss on inventory market price decline	6(3)	7,200	(1,900)
Change in fair value less cost to sell of biological assets	6(5)(18)	(7,253)	(718)
Share of profit (loss) of investments accounted for using the equity method	6(4)	(86,479)	(101,042)
Loss (gain) on disposal of property, plant and equipment	6(20)	2,054	(1,757)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		9,034	5,066
Accounts receivable		(119,971)	(15,022)
Accounts receivable - related parties		(16,501)	3,053
Other receivables		(12,165)	2,704
Inventories		(97,117)	4,027
Biological assets		(158,623)	(174,865)
Prepayments		(189,151)	(97,843)
Changes in operating liabilities			
Notes payable		(68,656)	33,494
Notes payable - related parties		(6,625)	6,861
Accounts payable		153,471	(17,213)
Accounts payable - related parties		8,492	(7,834)
Other payables		46,706	84,865
Other payables - related parties		(6,780)	14,768
Accrued pension liabilities		(14,319)	(14,651)
Cash inflow generated from operations		1,256,527	1,951,997
Cash paid for income tax		(312,150)	(235,966)
Net cash flows from operating activities		944,377	1,716,031
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments accounted for using equity method		(51,000)	(294,850)
Acquisition of property, plant and equipment	6(26)	(1,429,007)	(2,396,546)
Proceeds from disposal of property, plant and equipment		24,384	5,070
Acquisition of intangible assets	6(7)	(660)	(1,498)
(Increase) decrease in other current assets		(5,450)	-
(Increase) decrease in other non-current assets		(22,425)	9,363
Cash receipt of interest		193	152
Dividends received		163,546	4,680
Net cash flows used in investing activities		(1,320,419)	(2,673,629)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		327,401	242,614
Increase in short-term notes and bills payable		119,781	239,644
Proceeds from long-term borrowings		2,900,000	2,040,000
Payment of long-term borrowings		(2,130,000)	(713,750)
Cash payment for interest		(59,572)	(38,670)
Cash dividends paid	6(15)	(803,973)	(803,973)
Capital surplus - dividends not received by shareholders		507	178
Net cash flows from financing activities		354,144	966,043
Net (decrease) increase in cash and cash equivalents		(21,898)	8,445
Cash and cash equivalents at beginning of year	6(1)	77,201	68,756
Cash and cash equivalents at end of year	6(1)	$ 55,303	$ 77,201

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
(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 is 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 25, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by FSC effective from 2018 are as follows:

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

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

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

IFRS 9, ‘Financial instruments’

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

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

In adopting the new standards endorsed by the FSC effective from 2018, the Company applied the new rules under IFRS 9 retrospectively from January 1, 2018, with the practical expedients permitted under the statement. Further, the Company has elected to adopt IFRS 15 using the modified retrospective approach. There is no significant effects to the company’s financial statements as of January 1, 2018.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

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

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

IFRS 16, 'Leases'

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by 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 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2021

The above standards and interpretations have no significant impact to the 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.

C. In adopting IFRS 9 effective January 1, 2018, the Company has elected to apply the modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39

(‘IAS 39’) and related financial reporting interpretations. Please refer to Note 12(4) for details of significant accounting policies.

(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) Liabilities arising mainly from trading activities;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(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 non-consolidated financial statements.

B. Unrealized 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 non-consolidated 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 non-consolidated 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 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

(14) Leased assets/ leases (lessee)

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 Company 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.

(15) Intangible assets

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

(16) 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 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.

(17) 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.

(18) 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.

(19) Derecognition of financial liabilities

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

(20) 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.

(21) 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.

(22) 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.

(23) 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.

(24) Revenue recognition

A. Sales of goods

(a) The Company manufactures and sells animal feed, cooked food, agricultural livestock products and related consumable food products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the 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 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 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, 2018, the carrying amount of inventories was $1,039,107.

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, 2018, the carrying amount of biological assets was $1,468,588.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash

	December 31, 2018	December 31, 2017
Cash on hand and revolving funds	$ 9,138	$ 7,063
Checking accounts	335	640
Demand deposits	45,830	69,498
Total	$ 55,303	$ 77,201

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. The Company has restricted cash and cash equivalents pledged as collaterals totalling $7,450, and classified as other financial assets and shown as ‘other current assets’. Please refer to Note 8 for details.

(2) Notes and accounts receivable

	December 31, 2018	December 31, 2017
Notes receivable	$ 331,198	$ 340,232
Accounts receivable	$ 1,618,358	$ 1,498,846
Less: Allowance for uncollectible accounts	(2,329)	(2,694)
	$ 1,616,029	$ 1,496,152

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

	December 31, 2018	December 31, 2017
Current	$ 1,551,365	$ 1,440,950
Up to 180 days	64,304	53,661
181 to 365 days	2,165	3,110
Over one year	524	1,125
	$ 1,618,358	$ 1,498,846

The above ageing analysis was based on past due date.

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

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

	December 31, 2018	December 31, 2017
With guarantee	$ 135,342	$ 161,422
Without guarantee	1,483,016	1,337,424
	$ 1,618,358	$ 1,498,846

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

D. As at December 31, 2018 and 2017, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company’s notes receivable were $331,198 and $340,232, respectively, while the amount that best represents the Company’s accounts receivable were $1,616,029 and $1,496,152, respectively.

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

(3) Inventories

	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

	December 31, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 639,103	$ -	$ 639,103
Packing supplies	15,308	-	15,308
Work in progress	26,075	-	26,075
Finished goods	276,304	(7,600)	268,704
	$ 956,790	($ 7,600)	$ 949,190

The cost of inventories recognised as expense for the year:

	2018	2017
Cost of goods sold	$ 15,707,367	$ 14,445,334
Loss on (gain on reversal of) decline in market value	7,200	(1,900)
Others	(3,284)	(5,486)
	$ 15,711,283	$ 14,437,948

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

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

(4) Investments accounted for under equity method

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

	December 31, 2018	December 31, 2017
Plenty Type Limited	$ 2,005,590	$ 1,978,777
Charoen Pokphand Enterprise (Taiwan) Co., Ltd.	34,096	33,795
Arbor Acres (Taiwan) Co., Ltd.	64,560	59,369
Rui Mu Foods Co., Ltd.	92,150	100,973
Rui Fu Foods Co., Ltd.	100,415	44,892
	$ 2,296,811	$ 2,217,806

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

	2018	2017
Plenty Type Limited	$ 46,184	$ 63,741
Charoen Pokphand Enterprise (Taiwan) Co., Ltd.	4,552	4,653
Arbor Acres (Taiwan) Co., Ltd.	19,997	16,508
Rui Mu Foods Co., Ltd.	11,223	22,237
Rui Fu Foods Co., Ltd.	4,523	(6,097)
	$ 86,479	$ 101,042

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

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

	2018	2017
Plenty Type Limited	$ 55,115	$ -
Charoen Pokphand Enterprise (Taiwan) Co., Ltd.	26	(64)
Arbor Acres (Taiwan) Co., Ltd.	74	46
	$ 55,215	($ 18)

Items may be subsequently reclassified to profit or loss

	2018	2017
Plenty Type Limited	$ 49,857	($ 336,997)

D. Details of the subsidiaries are provided in Note 4(3) in the Company's consolidated financial statements for the year ended December 31, 2018.

(5) Biological assets

A. Biological assets

	December 31, 2018	December 31, 2017
Biological assets - current:		
Consumable biological assets	$ 960,264	$ 849,026
Consumable biological assets - changes in fair value less costs to sell	36,535	29,283
Bearer biological assets	179,950	125,900
Bearer biological assets - accumulated depreciation	(55,360)	(29,111)
	$ 1,121,389	$ 975,098
Biological assets - non-current:		
Bearer biological assets	$ 418,759	$ 386,562
Bearer biological assets - accumulated depreciation	(71,560)	(58,948)
	$ 347,199	$ 327,614

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

B. Movements of biological assets were as follows:

	2018	2017
At January 1	$ 1,302,712	$ 1,127,129
Purchases	1,148,972	1,148,810
Costs and expenses input	5,574,926	4,758,014
Sales	(2,694,012)	(2,297,301)
Change in fair value less cost to sell	7,253	718
Transfer to inventories	(3,859,997)	(3,405,397)
Others	(11,266)	(29,261)
At December 31	$ 1,468,588	$ 1,302,712

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, 2018 and 2017, depreciation expense of biological assets amounted to $185,843 and $91,014, respectively.

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

	December 31, 2018	December 31, 2017
Estimates of physical quantities (Units: heads)	4,918,068	4,043,085

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, 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

	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1, 2017									
Cost	$ 435,277	$ 61,978	$ 1,980,789	$ 2,875,780	$ 195,056	$ 827,183	$ 448,240	$ 532,302	$ 7,356,605
Accumulated depreciation and impairment	-	(27,041)	(968,585)	(1,681,158)	(97,034)	(269,405)	(201,447)	-	(3,244,670)
	$ 435,277	$ 34,937	$ 1,012,204	$ 1,194,622	$ 98,022	$ 557,778	$ 246,793	$ 532,302	$ 4,111,935
2017									
Opening net book amount as at January 1	$ 435,277	$ 34,937	$ 1,012,204	$ 1,194,622	$ 98,022	$ 557,778	$ 246,793	$ 532,302	$ 4,111,935
Additions	48,292	6,750	71,899	109,480	24,079	67,343	60,384	2,042,905	2,431,132
Disposals	-	-	-	-	(2,656)	-	(657)	-	(3,313)
Reclassifications	1,047,621	1,161	360,302	289,687	4,064	53,283	126,724	(1,882,842)	-
Depreciation	-	(3,323)	(98,116)	(166,337)	(33,141)	(88,841)	(40,401)	-	(430,159)
Closing net book amount as at December 31	$ 1,531,190	$ 39,525	$ 1,346,289	$ 1,427,452	$ 90,368	$ 589,563	$ 392,843	$ 692,365	$ 6,109,595
At December 31, 2017									
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

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

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

	2018	2017
Amount capitalised	$ 3,654	$ 4,110
Interest rate range	1.10%~1.12%	1.10%~1.12%

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

D. As of December 31, 2018 and 2017, the Company held 114 parcels and 60 parcels of agricultural land, respectively. The carrying amounts of land registered under the title of others amounted to $648,489 and $374,498, respectively. These parcels of land are registered under the title of individuals, however, the Company has agreements with those individuals to pledge these agricultural land to the Company.

(7) Intangible assets

Software

	2018	2017
At January 1, 2018		
Cost	$ 9,814	$ 8,316
Accumulated amortisation and impairment	(7,767)	(7,087)
	$ 2,047	$ 1,229
2018		
At January 1	$ 2,047	$ 1,229
Additions	660	1,498
Amortisation	(1,143)	(680)
December 31	$ 1,564	$ 2,047
At December 31, 2018		
Cost	$ 10,474	$ 9,814
Accumulated amortisation and impairment	(8,910)	(7,767)
	$ 1,564	$ 2,047

(8) Short-term borrowings

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		

Type of borrowings	December 31, 2017		Interest rate range	Collateral
Unsecured credit loans	$	2,125,000	1.00%~1.19%	None
Letters of credit		111,383	2.48%~2.96%	None
	$	2,236,383		

(9) Short-term notes and bills payable

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

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

(10) Long-term borrowings

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

Type of borrowings	Borrowing period and repayment term	Interest rate range	December 31, 2017	
Secured loans	2016.8.2~2022.12.15	1.42%~1.50%	$	900,000
Unsecured credit loans	2017.8.1~2022.10.27	1.03%~1.42%		790,000
				1,690,000
Less: Current portion (shown as ‘Other current liabilities’)			(	180,000)
			$	1,510,000

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

(11) 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 and 2017 are as follows:

	December 31, 2018		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
Current (shown as 'Other current liabilities')			
Not later than one year	$ 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

	December 31, 2017		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
Current (shown as "Other current liabilities")			
Not later than one year	$ 718	($ 17)	$ 701
Non-current (shown as "Other non-current liabilities")			
Later than one year but not later than five years	1,006	(9)	997
	$ 1,724	($ 26)	$ 1,698

(12) 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 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 will make contributions to cover the deficit by next March.

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

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	($ 442,929)	($ 464,249)
Fair value of plan assets	279,957	277,815
Net defined benefit liability	(162,972)	(186,434)
Ending accrued pension fund	-	1,786
Net liabilities in the balance sheet	($ 162,972)	($ 184,648)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2018			
Balance at January 1	($ 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)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2017			
Balance at January 1	($ 459,169)	$ 283,280	($ 175,889)
Current service cost	(4,683)	-	(4,683)
Interest (expense) income	(5,598)	3,507	(2,091)
	(469,450)	286,787	(182,663)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(974)	(974)
Change in demographic assumptions	(67)	-	(67)
Change in financial assumptions	(10,178)	-	(10,178)
Experience adjustments	(13,879)	-	(13,879)
	(24,124)	(974)	(25,098)
Pension fund contribution	-	21,327	21,327
Paid pension	29,325	(29,325)	-
Balance at December 31	($ 464,249)	$ 277,815	($ 186,434)

(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, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

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

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

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

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
2018				
Effect on present value of defined benefit obligation	($ 35,532)	$ 40,587	$ 39,640	($ 35,449)
2017				
Effect on present value of defined benefit obligation	($ 38,751)	$ 44,408	$ 43,485	($ 38,751)

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, 2019 amount to $16,742.

(h) As of December 31, 2018, 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 retirement employment. The pension costs for the aforementioned defined contribution pension plans of the Company for the years ended December 31, 2018 and 2017 were $37,062 and $33,600, respectively.

(13) Share capital - common stocks

As of December 31, 2018, the Company’s authorised capital was $3,579,000, consisting of 357,900 thousand shares of common stock, and the paid-in capital was $2,679,910, consisting of 267,991 thousand shares of common stock with a par value of $10 (in dollars) per share. All proceeds from shares issuance have been collected. For the years ended December 31, 2018 and

2017, there are no changes in the number of the Company's ordinary shares outstanding.

(14) 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.

(15) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. A special reserve is set aside or reversed in accordance with related laws or Competent Authority. The remainder, if any, along with the accumulated unappropriated earnings in prior years, shall be distributed as shareholders' bonus as resolved by the shareholders. Cash dividends to shareholders shall account for at least 10% of the total dividends to shareholders. If cash dividend is lower than $0.1 (in dollars) per share, dividends are distributed using share dividends.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriation of earnings for 2017 and 2016 have been resolved at the shareholders' meetings on June 13, 2018 and June 15, 2017, respectively, as follows:

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

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

E. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(22).

(16) Other equity items

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

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

(17) Operating revenue

	2018
Revenue from contracts with customers	$ 18,170,438

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time.

B. Related disclosures on operating revenue for the year 2017 are provided in Note 12(5).

(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.

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

(19) Other income

	2018	2017
Rental income	$ 3,870	$ 2,737
Interest income	193	152
	$ 4,063	$ 2,889

(20) Other gains and losses

	2018	2017
Net foreign exchange gains	$ 1,750	$ 16,690
(Losses) gains on disposal of property, plant and equipment	(2,054)	1,757
Miscellaneous income	27,433	34,375
	$ 27,129	$ 52,822

(21) Finance costs

	2018	2017
Interest expense		
Bank borrowings	$ 59,884	$ 38,707

(22) Expenses by nature

	2018			2017		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expense						
Wages and salaries	$ 825,625	$ 455,671	$ 1,281,296	$ 756,182	$ 428,985	$ 1,185,167
Labor and health insurance	82,070	31,520	113,590	73,027	27,076	100,103
Pension costs	26,188	17,063	43,251	25,151	15,223	40,374
Directors' remunerations	-	36,164	36,164	-	31,161	31,161
Other personnel expenses (Note)	44,211	9,376	53,587	38,882	6,279	45,161
Depreciation expense	484,844	37,664	522,508	389,125	41,034	430,159
Amortisation	2,570	1,192	3,762	1,856	705	2,561

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

A. As of December 31, 2018 and 2017, the Company had 1,895 and 1,796 employees, respectively, and had 5 directors for both years.

B. 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.

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

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

For 2017, the difference of $107 between employees' compensation of $17,815 resolved by the Board of Directors and the amount of $17,708 recognised in the 2017 financial statements, mainly resulting from a variance in estimation, was adjusted in profit or loss for 2018.

D. 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:

	2018	2017
Current tax:		
Current tax on profits for the year	$ 250,389	$ 280,910
Tax on undistributed surplus earnings	46,494	32,588
Prior year income tax (over) underestimation	-	-
Total current tax	296,883	313,498
Deferred tax:		
Origination and reversal of temporary differences	(12,779)	12,372
Impact of change in tax rate	(7,676)	-
Total deferred tax	(20,455)	12,372
Income tax expense	$ 276,428	$ 325,870

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

	2018	2017
Remeasurement of defined benefit obligations	$ 5,212	$ 4,266

B. Reconciliation between income tax expense and accounting profit

	2018	2017
Tax calculated based on profit before tax and statutory tax rate	$ 245,431	$ 299,020
Expenses disallowed by tax regulation	238	603
Tax exempt income by tax regulation	(8,059)	(6,341)
Tax on undistributed surplus earnings	46,494	32,588
Effect from changes in tax regulation	(7,676)	-
Income tax expenses	$ 276,428	$ 325,870

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, 2018	December 31, 2017
Temporary differences:		
Accrued sales discounts	$ 16,463	$ 16,414
Provision for loss on spare parts	2,642	2,021
Pension expense in excess of the limit for tax purpose	32,594	31,390
Unrealised inventory valuation loss and changes in fair value of biological assets	(4,347)	(3,686)
Unrealised foreign investment income	(10,224)	(21,978)
Unrealised exchange loss	(75)	(88)
Others	494	(1,769)
	$ 37,547	$ 22,304

	December 31, 2018	December 31, 2017
Deferred tax assets	$ 55,861	$ 50,920
Deferred tax liabilities	(18,314)	(28,616)
	$ 37,547	$ 22,304

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

	2018	2017
Recognised in profit or loss	$ 20,455	($ 12,371)
Recognised in other comprehensive income	($ 5,212)	$ 4,266

D. The Company's income tax returns through 2016 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

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

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

(25) Operating leases

The Company leases certain main operating locations and farms from years 2009 to 2041. The Company recognised rental expense of $32,131 and $32,110 in profit or loss for the years ended December 31, 2018 and 2017, respectively.

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

	December 31, 2018	December 31, 2017
Not later than one year	$ 31,415	$ 32,508
Later than one year but not later than five years	112,443	114,031
Over five years	234,405	252,156
	$ 378,263	$ 398,695
Issued post-dated checks	$ 13,521	$ 15,899

(26) Supplemental cash flow information

Investing activities with partial cash payment are as follows:

	2018	2017
Acquisition of property, plant and equipment	$ 1,428,123	$ 2,431,132
Add: Opening balance of payable on equipment	66,979	34,091
Opening balance of financial lease liabilities	1,698	-
Less: Ending balance of payable on equipment	(60,371)	(66,979)
Ending balance of financial lease liabilities	(7,422)	(1,698)
Cash paid during the year	$ 1,429,007	$ 2,396,546

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

(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

	2018	2017
Sales of goods:		
Subsidiary	$ 206,342	$ 141,780

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

B. Purchases

	2018	2017
Purchase of goods:		
Ultimate parent company	$ 39,301	$ 18,554
Subsidiary	88,064	83,976
Other related parties	10,216	4,391
	$ 137,581	$ 106,921

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

C. Receivables from related parties

	December 31, 2018	December 31, 2017
Accounts receivable:		
Subsidiary	$ 34,908	$ 18,407

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

D. Payables to related parties

	December 31, 2018	December 31, 2017
Notes and accounts payable:		
Ultimate parent company	$ 3,040	$ -
Subsidiary	11,559	12,732
	$ 14,599	$ 12,732

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

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

Lessee	2018	2017
Subsidiary	$ 1,771	$ 1,766
Other related parties	86	86
	$ 1,857	$ 1,852

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, 2018 and 2017, the Company recognised technical service expenses amounting to $12,869 and $12,081, respectively. As of December 31, 2018 and 2017, the outstanding balance was approximately $156 and $90, respectively.

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

G. Trademark licensing agreement

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

(4) Key management compensation

	2018	2017
Salaries and other short-term employee benefits	$ 160,860	$ 112,705
Post-employment benefits	1,517	1,596
Total	$ 162,377	$ 114,301

8. PLEDGED ASSETS

The Company’s assets pledged as collateral are as follows:

	Book value		
Pledged assets	December 31, 2018	December 31, 2017	Purpose
Time deposits - shown as ‘Other current assets’	$ 7,450	$ 2,000	Guarantee deposit
Land	51,785	51,785	Long-term borrowings
Buildings and structures	192,760	202,257	Long-term borrowings
	$ 251,995	$ 256,042	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Other than those stated in Note 6(11), (25) and Note 7 the significant commitments and contingent liabilities of the Company were as follows:

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

(2) As of December 31, 2018 and 2017, the Company had several outstanding construction contracts and equipment purchase agreements. The balance outstanding was approximately $123,207 and $357,113, respectively, and will be paid on the basis of percentage of completion.

10. SIGNIFICANT DISASTER LOSS

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

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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, 2018	December 31, 2017
Financial assets		
Financial assets at amortised cost / Loans and receivables		
Cash and cash equivalents	$ 55,303	$ 77,201
Notes receivable	331,198	340,232
Accounts receivable (including related parties)	1,650,937	1,514,559
Other accounts receivable (including related parties)	20,201	8,036
	$ 2,057,639	$ 1,940,028

	December 31, 2018	December 31, 2017
Financial liabilities		
Short-term borrowings	$ 2,563,784	$ 2,236,383
Short-term notes and bills payable	619,270	499,489
Notes payable (including related parties)	357,413	432,694
Accounts payable (including related parties)	672,631	510,668
Other accounts payable (inlcuding related parties)	569,049	535,419
Long-term borrowings (including current portion)	2,460,000	1,690,000
Other financial liabilities	7,422	1,698
	$ 7,249,569	$ 5,906,351

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 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, 2018				
	Foreign currency amount (in thousands)		Exchange rate		Book value (NTD)
(Foreign currency : functional currency)					
Financial assets					
Non-monetary items					
HKD:NTD	HKD	513,664	3.904	$	2,005,590
Financial liabilities					
Monetary items					
USD:NTD	USD	6,189	30.77	$	190,390

	December 31, 2017				
	Foreign currency amount (in thousands)		Exchange rate		Book value (NTD)
(Foreign currency : functional currency)					
Financial assets					
Non-monetary item					
HKD:NTD	HKD	521,114	3.80	$	1,978,777
Financial liabilities					
Monetary item					
USD:NTD	USD	5,760	29.81	$	171,724

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

v. Total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2018 and 2017 amounted to $1,750 and $16,690, respectively.

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

	2018		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
Financial assets			
Non-monetary item			
HKD：NTD	1%	$ -	$ 20,056
Financial liabilities			
Monetary item			
USD：NTD	1%	($ 1,904)	$ -

	2017		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
Financial assets			
Non-monetary item			
HKD：NTD	1%	$ -	$ 19,788
Financial liabilities			
Monetary item			
USD：NTD	1%	($ 1,717)	$ -

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, 2018 and 2017, 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, 2018 and 2017, if interest rates on NTD-denominated borrowings at that date had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2018 and 2017, would have been \$19,680 and \$14,027 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 their credit risk taking into consideration the entire group'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 following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 17 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. As a result, the 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, 2018, the Company's written-off financial assets that are still under recourse procedures amounted to \$2,173.

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

	Group A		Group B		Total	
December 31, 2018						
Expected loss rate		0~100%		0.003%~10%		
Total book value	$	28,974	$	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:

	2018	
	Notes and accounts receivable (including related parties)	
At January 1_IAS 39	$	2,694
Adjustments under new standards		-
At January 1_IFRS 9		2,694
Provision for impairment		94
Write-offs	(	459)
At December 31	$	2,329

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

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

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the 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, 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 (including related parties)	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	-

December 31, 2017	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 2,236,383	$ -	$ -
Short-term notes and bills payable	500,000	-	-
Notes payable	432,694	-	-
Accounts payable (including related parties)	510,668	-	-
Other payables (including related parties)	535,419	-	-
Long-term borrowings (including current portion)	202,809	1,542,863	-
Other financial liabilities	718	1,006	-

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 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 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, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Biological assets	$ -	$ 725,806	$ -	$ 725,806

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Biological assets	$ -	$ 632,249	$ -	$ 632,249

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 biological assets are provided in Note 6(5).

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

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

(4) Effects on initial application of IFRS 9

A. Summary of significant accounting policies adopted in 2017:

(a) Accounts receivable

Accounts receivable

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

(b) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

Financial assets at amortised cost

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

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

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

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

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

	December 31, 2017
Not past due	$ 1,440,950
Up to 180 days	53,661
181 to 365 days	3,110
Over 1 year	1,125
	$ 1,498,846

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

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

(d) Movements of financial assets that were impaired

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

	2017		
	Individual provision	Group provision	Total
At January 1	$ 2,919	$ -	$ 2,919
Reversal of impairment	(211)	-	(211)
Write-offs during the year	(14)	-	(14)
At December 31	$ 2,694	$ -	$ 2,694

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

	December 31, 2017
Secured	$ 161,422
Unsecured	1,337,424
	$ 1,498,846

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

(5) Effects of initial application of IFRS 15 and information

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

Sales revenue

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

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

	2017
Sales revenue	$ 17,379,603

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

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

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

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

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

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

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

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

D. Acquisition or sale of the same security with the accumulated cost exceeding NT$300,000 or 20% of the Company’s paid-in capital during the year ended December 31, 2018: None.

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

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

G. Purchases or sales of goods from or to related parties reaching NT$100,000 or 20% of paid-in capital or more during the year ended December 31, 2018:

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

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

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

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

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

(2) Information on investees

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

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as of December 31, 2018	Initial investment amount: Balance as of December 31, 2017	Shares held as of December 31, 2018: Number of shares	Shares held as of December 31, 2018: Ownership (%)	Shares held as of December 31, 2018: 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	$ 2,005,590	$ 46,184	$ 46,184	Subsidiary (Note 1)
The Company	Charoen Pokphand (Taiwan) Co., Ltd.	Taiwan	Management of importing and exporting businesses.	20,086	20,086	2,443,716	90.00	34,096	5,057	4,552	Subsidiary
The Company	Arbor Acres (Taiwan) Co., Ltd.	Taiwan	Husbandry management of chickens to produce eggs and meat	60,131	60,131	1,600,000	50.00	64,560	39,994	19,997	Subsidiary
The Company	Rui Mu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	78,000	78,000	7,800,000	52.00	92,150	21,582	11,223	Subsidiary
The Company	Rui Fu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	102,000	51,000	10,200,000	51.00	100,415	8,869	4,523	Subsidiary
Plenty Type Limited (Cayman Islands)	Chia Tai Lianyungang Co., Ltd.	Hong Kong	Management of producing and non-producing business investments	HKD 19,910	HKD 19,910	999,999	99.99	201,330	17,112	-	Indirectly owned subsidiary (Note 2)

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

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

(3) Information on investments in Mainland China

A. Basic information:

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

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

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

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

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

(3) Others.

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

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

Note 4: The paid-in capital was 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, 2018 were both US$4,276 thousand. The amounts in the table are translated into New Taiwan Dollars at the spot exchange rates prevailing at December 31, 2018.

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

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

14. OPERATING SEGMENT INFORMATION

None

Review of Financial Conditions, Financial Performance, and Risk Management

I. Analysis of Financial Status

Unit: NT$ 1,000

Item / Year	2018	2017	Difference		Note
			Amount	%	
Current assets	$ 5,837,148	$ 5,169,541	667,607	12.91	
Non-current financial assets at fair value through other comprehensive income	1,782,950	-	1,782,950	100.00	2.(1)
Available-for-sale financial assets – non-current	-	1,677,655	(1,677,655)	(100.00)	2.(1).
Property, plant and equipment	7,617,265	6,515,162	1,102,103	16.92	
Intangible assets	15,059	15,108	(49)	(0.32)	
Other assets	537,742	508,656	29,086	5.72	
Total assets	15,790,164	13,886,122	1,904,042	13.71	
Current liabilities	6,384,425	5,143,742	1,240,683	24.12	2.(2)
Non-current liabilities	2,149,054	1,784,866	364,188	20.40	2.(3)
Total liabilities	8,533,479	6,928,608	1,604,871	23.16	
Equity attributable to owners of parent	6,931,976	6,677,498	254,478	3.81	
Share capital	2,679,910	2,679,910	-	-	
Capital surplus	1,652	1,145	507	44.28	
Retained earnings	2,980,267	2,831,268	148,999	5.26	
Other equity interest	1,270,147	1,165,175	104,972	9.01	
Non-controlling interest	324,709	280,016	44,693	15.96	
Total equity	7,256,685	6,957,514	299,171	4.30	

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) Non-current financial assets at fair value through other comprehensive income increased and Available-for-sale financial assets – non-current decreased mainly due to increase in the stock price of financial assets and impact of subsidiaries' functional currency: NT dollar exchange rate fluctuations.

(2) The current liability increased due to increased acquisition of property, plant and equipment which is partly paid by short-term loans and short-term tenders. In addition, accounts payable also increased resulted from continuously expanding the existing capacity and increasing the quantity of biological assets in order to meet future operational needs.

(3) The increase in the non-current liabilities is mainly due to the increase in long-term loans resulted from acquisition of property, plant, and equipment and cash dividend distribution.

II. Analysis of Financial Performance

Unit: NT$ 1,000

Item \ Year	2018	2017	Difference Amount	Difference %	Explanation of variance
Operating revenue	$21,235,086	$19,865,000	$1,370,086	6.90	
Operating costs	(18,377,736)	(16,537,014)	1,840,722	11.13	
Net operating margin	2,857,350	3,327,986	(470,636)	(14.14)	1
Operating expenses	(1,579,305)	(1,581,741)	(2,436)	(0.15)	
Other income and expense, net	7,253	718	6,535	910.17	
Operating profit	1,285,298	1,746,963	(461,665)	(26.43)	1
Non-operating income and expenses	22,552	88,325	(65,773)	(74.47)	2
Profit before income tax	1,307,850	1,835,288	(527,438)	(28.74)	1
Income tax expense	(312,790)	(357,907)	(45,117)	(12.61)	
Profit for the year	$ 995,060	$ 1,477,381	(482,321)	(32.65)	

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 2017 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. The analysis of operating margin (change in price and quantity) is as follows:

Category	Variance before and after period	Sale price difference	Cost price difference	Sales portfolio difference	Quantity difference
Feed, Extruded Ingredients	($ 262,082)	$ 90,698	($ 379,998)	($ 12,306)	$ 39,524
Livestock Fresh Meat	(148,579)	(533,980)	108,729	(87,066)	363,738
Consumable Foods	(59,975)	158,167	(227,000)	(15,437)	24,295
合　計	($ 470,636)	($ 285,115)	($ 498,269)	($ 114,809)	$ 427,557

(1) Decrease in operating margin of Feed, Extruded Ingredients: In this period, the continuous international commodity price hike and the NT dollar: US dollar exchange rate fluctuations resulted in an increase in production costs. The sale prices were only slightly adjusted higher due to increased production costs, leading to the decrease in operating margin.

(2) Decrease in operating margin of Fresh Meet Products: In the period, due to the vertical integration of breeder farms, hatcheries, broiler farms and electric slaughter plants, the feed costs reduced and the production and sales continuously expanded. However, the prices were subject to decreased chick prices and unbalance between supply and demand, leading to overall market price plungers and then reduced operating margin.

(3) Decrease in operating margin of Consumable Foods: Due to the impact of the food safety storm on the overall consumer market in recent years, consumers have paid more attention to brands. CP Group is committed to promoting brand marketing to gain consumers' trust through hypermarkets, convenience stores, supermarkets, on-line stores and other channels. In addition, it continues to develop new products to enhance the product processing level, increase high value added products through product portfolios and eliminate low value added products, leading to increased prices in the current period. For the cost aspect, under the influence of rising raw materials prices and increased manpower costs due to the "one fixed day off and one flexible rest day" policy, the cost increase was higher than the price increase, resulting in the decreased overall operating margin.

2. The non-operating income reduced mainly due to the appreciation of the NT dollar against the US dollar in the previous period that the Foreign exchange gains and losses decreased by NT$26 million, increase in short-term and long-term loans that interest expense increased by NT$23 million, and the dividend income decreased by NT$18 million compared to the previous period.

III. Analysis of Cash Flow

1. Liquidity Analysis for the last two years

Item \ Year	Dec. 31, 2018	Dec. 31, 2017	Variance (%)
Cash Flow Ratio (%)	15.59%	33.38%	(53.30%)
Cash Flow Adequacy Ratio (%)	59.27%	77.89%	(23.91%)
Cash Reinvestment Ratio (%)	1.44%	7.42%	(80.59%)
Analysis of variance: The decreased Net cash flows from operating activities, increased current liabilities and increased property, plant and equipment investments led to decrease in Cash flow ratio, Cash flow adequacy ratio and Cash reinvestment ratio. The main reasons are as follows: (1) The decreased net cash flows from operating activities and increased current liabilities are due to the overall external environment that led to decreased profits for the current period and the Company increased short-term loans to cover operating needs. (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
134,880	2,775,836	2,824,789	85,927	—	—

IV. Major Capital Expenditure Items

1. Major Capital Expenditure Items and Sources of Capital

   2018 Major Capital Expenditure was NT$ 1,687,536 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 joint-ventured with other companies to establish "Rui Mu Foods Co., Ltd." and "Rui Fu Foods Co., Ltd." that launched laying hen-related business in 2016. The Company gained more profit through production and sales of wash eggs.

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:

   With the weakened global economic growth momentum, the trend of moderate inflation, the major economic entities releasing their standpoint of easing monetary policy and lower probability of an interest rate hike, the interest rate and inflation situation do not have a significant impact on the Company's financial performance.

   During this year, the domestic inflation outlook has been moderate and stable, the interest rate fluctuation has been in a low range and the NT dollar against the US dollar has been stable, which have positively contributed to the Company's profit. 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) Develop Chinese-style prepared foods such as oil chicken in order to cater to the edible dietary needs of consumers, with an estimated NT$1 million to be input into R&D.

   (2) Implement technologies for products exporting to Japan and develop Japanese-style product series, with an estimated NT$2 million to be input into R&D.

(3) In conjunction with outstanding domestic and foreign vendors to develop safe, healthy, versatile, and convenient prepared foods suitable for families, with an estimated NT$4 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 with a yearly capacity of 480 thousand tons. The feedmill is expected to commence mass production in 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.

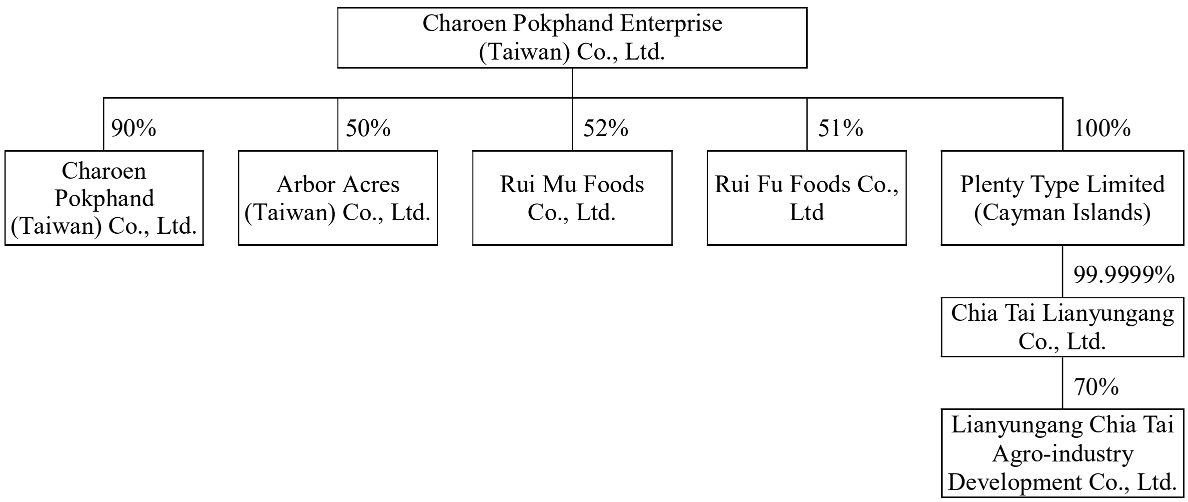
Special Disclosure

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 breeders
Rui Mu Foods Co., Ltd.	Sep. 9, 2016	17F, No.87, Sung Chiang Rd., Taipei City	150,000	Husbandry management of layers and related business
Rui Fu Foods Co., Ltd	Dec. 12, 2016	17F, No.87, Sung Chiang Rd., Taipei City	200,000	Husbandry 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.

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	Ching 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	0	0.00
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.)	7,800,000	52.00
	3	Director	Wei Yi Huang	0	0.00
			(3 is Representatives of Muda Egg Products Company Limited)	7,200,000	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	Yen Chun Liu	0	0.00
	2	Director	Monchai Leelaharat	0	0.00
			(1~2 are Representatives of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	10,200,000	51.00
	3	Director	Yi Feng Lu	0	0.00
	4	Director	Cheng Yang Wu	0	0.00
			(3~4 are Representatives of Chensan Development Company)	9,800,000	49.00
	5	Supervisor	Chao Jen Chen	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	Yun Hu Chang	0	0.00
	2	Director	Hsiao Fei Chang	0	0.00
	3	Director	Chan Fang	0	0.00
	4	Director	Erh Feng Huo	0	0.00
	5	Director	Yi Hsieh	0	0.00
	6	Director	Sen Yuan Yang	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

(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 Profits	Profits for the period	EPS (NT$) (After income tax)
Plenty Type Limited (Cayman Islands)	720,448	2,005,759	169	2,005,590	59,625	55,819	46,184	0.48
Charoen Pokphand (Taiwan) Co., Ltd.	27,152	72,912	35,027	37,885	112,546	5,750	5,057	1.86
Arbor Acres (Taiwan) Co., Ltd.	32,000	157,492	28,373	129,119	169,435	49,054	39,994	12.50
Rui Mu Foods Co., Ltd.	150,000	387,166	209,954	177,212	590,160	27,775	21,582	1.44
Rui Fu Foods Co., Ltd	200,000	378,243	181,350	196,893	201,346	11,566	8,869	0.48
Chia Tai Lianyungang Co., Ltd.	3,349	188,529	630	187,899	21,291	20,432	17,112	17.11
Lianyungang Chia Tai Agro-industry Development Co., Ltd.	142,846	748,230	498,823	249,407	2,287,426	24,650	30,415	-

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

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

Cheng, Wu Yeh, Chairman
March 25, 2019

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: None.