Kee Song Bio-Technology Holdings Limited and Its Subsidiaries

Consolidated Financial Statements for the Years Ended 31 December 2019 and 2018 and Independent Auditors' Report

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

REPORT AND FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

Table of Content	Page No.	Note Ref.
Cover	-	-
Table of Content	-	-
Independent Auditors' Report	-	-
Consolidated Balance Sheets	1	-
Consolidated Statements of Comprehensive Income	2-3	-
Consolidated Statements of Changes in Equity	4	-
Consolidated Statements of Cash Flows	5-6	-
Notes to Consolidated Financial Statements:		
1. General information	7	1
2. Approval of financial statements	7	2
3. Applications of new and revised standards, amendments and interpretations	7-10	3
4. Summary of significant accounting policies	10-20	4
5. Critical accounting judgments and key sources of estimation uncertainty	20	5
6. Contents of significant accounts	20-48	6-29
7. Transactions with related parties	48-50	30
8. Assets pledged as collateral or for security	50	31
9. Significant contingent liabilities and unrecognized commitments	-	-
10. Losses due to major disasters	-	-
11. Significant subsequent events	50	33
12. Other disclosures	50-51	32, 34
13. Separately disclosed items		
a. Information about significant transactions	51-52, 54-56, 58-59	35
b. Information about investees	51-52, 57	35
c. Information on investments in mainland China	52	35
14. Segment information	52-53	36

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
31 DECEMBER 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 231,733	8	$ 302,004	11
Financial assets at amortized cost - current (Notes 4, 8 and 31)	5,889	-	13,662	-
Trade receivables (Notes 4, 9 and 30)	244,243	9	218,818	8
Other receivables (Notes 9 and 30)	28,089	1	40,842	1
Current tax assets (Note 4)	18,841	1	17,585	1
Inventories (Notes 4 and 10)	45,815	2	24,976	1
Biological assets - current (Notes 4 and 11)	187,310	7	180,862	6
Prepayments (Note 3)	17,324	-	54,893	2
Total current assets	779,244	28	853,642	30
NON-CURRENT ASSETS				
Investments accounted for using equity method (Notes 4 and 13)	12,298	1	16,725	1
Property, plant and equipment (Notes 4, 14 and 31)	1,735,693	63	1,744,166	62
Right-of-use assets (Notes 3, 4, 15 and 31)	136,647	5	-	-
Investment properties (Notes 4, 16 and 31)	48,878	2	50,515	2
Intangible assets (Notes 4 and 17)	5,131	-	13,536	1
Deferred tax assets (Notes 4 and 25)	5,658	-	-	-
Prepayments for equipment	15,717	1	7,666	-
Guarantee deposits	829	-	277	-
Prepayment of investment (Note 13)	3,340	-	-	-
Long-term prepayments for lease (Notes 3, 18 and 31)	-	-	124,191	4
Total non-current assets	1,964,191	72	1,957,076	70
TOTAL	$ 2,743,435	100	$ 2,810,718	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 31)	$ 215,351	8	$ 141,051	5
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 29)	10,726	-	8,878	-
Trade payables (Note 30)	347,191	13	291,193	11
Other payables (Notes 21 and 30)	119,894	4	248,184	9
Current tax liabilities (Note 4)	751	-	689	-
Lease liabilities - current (Notes 3, 4 and 15)	9,162	-	-	-
Current portion of long-term borrowings (Notes 19 and 31)	128,663	5	80,017	3
Total current liabilities	831,738	30	770,012	28
NON-CURRENT LIABILITIES				
Bonds payable (Note 20)	282,730	10	278,315	10
Long-term borrowings (Notes 19 and 31)	972,681	36	954,814	34
Deferred tax liabilities (Notes 4 and 25)	18,344	1	14,265	-
Lease liabilities - non-current (Notes 3, 4 and 15)	4,999	-	-	-
Refundable deposits	749	-	394	-
Total non-current liabilities	1,279,503	47	1,247,788	44
Total liabilities	2,111,241	77	2,017,800	72
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Share capital				
Ordinary shares	368,198	13	368,165	13
Capital surplus	213,352	8	212,824	7
Retained earnings				
Special reserve	95,811	4	104,981	4
Unappropriated earnings	7,044	-	122,646	4
Total retained earnings	102,855	4	227,627	8
Other equity	(99,209)	(4)	(95,811)	(3)
Total equity attributable to owners of the Company	585,196	21	712,805	25
NON-CONTROLLING INTERESTS	46,998	2	80,113	3
Total equity	632,194	23	792,918	28
TOTAL	$ 2,743,435	100	$ 2,810,718	100

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

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 23 and 30)	$ 3,039,331	100	$ 2,835,038	100
OPERATING COSTS (Notes 4, 24 and 30)	(2,688,178)	(89)	(2,500,283)	(88)
GROSS PROFIT	351,153	11	334,755	12
OPERATING EXPENSES (Notes 24 and 30)				
Selling and marketing expenses	(234,142)	(8)	(213,214)	(8)
General and administrative expenses	(220,213)	(7)	(193,828)	(7)
Expected credit impairment loss (Note 9)	(14,381)	-	(9,119)	-
Total operating expenses	(468,736)	(15)	(416,161)	(15)
LOSS FROM OPERATIONS	(117,583)	(4)	(81,406)	(3)
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 24)	9,425	1	5,194	-
Other gains and losses (Notes 24 and 30)	8,696	-	(45,067)	(2)
Finance costs (Note 24)	(54,834)	(2)	(41,109)	(1)
Expected credit impairment loss (Note 9)	(4,311)	-	-	-
Share of profit or loss of associates and joint ventures	(4,677)	-	(1,500)	-
Total non-operating income and expenses	(45,701)	(1)	(82,482)	(3)
LOSS BEFORE INCOME TAX	(163,284)	(5)	(163,888)	(6)
INCOME TAX BENEFIT (Notes 4 and 25)	324	-	8,448	-
NET LOSS FOR THE YEAR	(162,960)	(5)	(155,440)	(6)
OTHER COMPREHENSIVE INCOME (Note 4)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(3,379)	-	16,690	1
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	$ (166,339)	(5)	$ (138,750)	(5)
NET LOSS ATTRIBUTABLE TO:				
Owners of the Company	$ (124,691)	(4)	$ (149,192)	(5)
Non-controlling interests	(38,269)	(1)	(6,248)	-
	$ (162,960)	(5)	$ (155,440)	(5)

(Continued)

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ (128,089)	(4)	$ (140,022)	(5)
Non-controlling interests	(38,250)	(1)	1,272	-
	$ (166,339)	(5)	$ (138,750)	(5)
LOSSES PER SHARE (Note 26)				
Basic	$ (3.39)		$ (4.05)	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company								
	Share Capital			Retained Earnings		Other Equity			
	Shares (In Thousands)	Amount	Capital Surplus	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Total	Non-Controlling Interests	Total Equity
BALANCE AT 1 JANUARY 2018	36,816	$ 368,165	$ 197,035	$ 109,822	$ 285,405	$ (104,981)	$ 855,446	$ 65,521	$ 920,967
Special reserve appropriated	-	-	-	(4,841)	4,841	-	-	-	-
Cash dividends	-	-	-	-	(18,408)	-	(18,408)	-	(18,408)
Equity component of convertible bonds issued by the Company	-	-	15,789	-	-	-	15,789	-	15,789
Net loss for the year ended 31 December 2018	-	-	-	-	(149,192)	-	(149,192)	(6,248)	(155,440)
Other comprehensive income (loss) for the year ended 31 December 2018, net of income tax	-	-	-	-	-	9,170	9,170	7,520	16,690
Total comprehensive income (loss) for the year ended 31 December 2018	-	-	-	-	(149,192)	9,170	(140,022)	1,272	(138,750)
Non-controlling Interests	-	-	-	-	-	-	-	13,320	13,320
BALANCE AT 31 DECEMBER 2018	36,816	368,165	212,824	104,981	122,646	(95,811)	712,805	80,113	792,918
Effect of retrospective application	-	-	-	-	(81)	-	(81)	(37)	(118)
BALANCE AT 1 JANUARY 2019 AS RETROSPECTIVE APPLICATION	36,816	368,165	212,824	104,981	122,565	(95,811)	712,724	80,076	792,800
Reseval of special reserve	-	-	-	(9,170)	9,170	-	-	-	-
Other changes in capital surplus									
Equity component of convertible bonds issued by the Company	-	-	(6)	-	-	-	(6)	-	(6)
Changes in percentage of ownership interests in subsidiaries (Note 27)	-	-	468	-	-	-	468	5,172	5,640
Net loss for the year ended 31 December 2019	-	-	-	-	(124,691)	-	(124,691)	(38,269)	(162,960)
Other comprehensive income (loss) for the year ended 31 December 2019, net of income tax	-	-	-	-	-	(3,398)	(3,398)	19	(3,379)
Total comprehensive income (loss) for the year ended 31 December 2019	-	-	-	-	(124,691)	(3,398)	(128,089)	(38,250)	(166,339)
Convertible bonds converted to ordinary shares	3	33	66	-	-	-	99	-	99
BALANCE AT 31 DECEMBER 2019	36,819	$ 368,198	$ 213,352	$ 95,811	$ 7,044	$ (99,209)	$ 585,196	$ 46,998	$ 632,194

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

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (163,284)	$ (163,888)
Adjustments for:		
Depreciation expenses	156,101	101,332
Amortization expenses	5,249	6,129
Expected credit loss recognized on trade receivables	18,692	9,119
Net loss on fair value changes of financial liabilities designated as at fair value through profit or loss	1,867	6,887
Finance costs	54,834	41,109
Interest income	(4,308)	(4,444)
Share of profit or loss of associates and joint ventures	4,677	1,500
Loss (gain) on disposal of property, plant and equipment	746	(13,194)
Impairment loss recognized on non-financial assets	7,177	-
Recognition/(reversal of) penalty and fines	(8,275)	60,090
Changes in operating assets and liabilities		
Trade receivables	(40,165)	(52,212)
Other receivables	8,373	(11,841)
Inventories	(20,839)	463
Biological assets	(7,948)	(24,972)
Prepayments	32,294	(4,875)
Trade payables	55,998	121,928
Other payables	(120,015)	50,548
Cash generated from (used in) operations	(18,826)	123,679
Interest received	4,308	4,444
Interest paid	(50,326)	(38,171)
Income tax paid	(2,449)	(15,795)
Net cash generated from (used in) operating activities	(67,293)	74,157
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	-	(304)
Proceeds from sale of financial of assets at amortized cost	7,773	-
Payment for investment under the equity method	-	(16,738)
Increase in prepayments for investment	(3,340)	-
Payment for property, plant and equipment	(157,426)	(535,018)
Proceeds from disposal of property, plant and equipment	12,507	38,911
Increase in guarantee deposits	(552)	(122)
Payment for intangible assets	(3,987)	(6,704)
Increase in prepayments for equipment	(8,247)	-
Decrease in prepayments for equipment	-	1,710
Net cash used in investing activities	(153,272)	(518,265)

(Continued)

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 82,482	$ -
Payment for short-term borrowings	-	(19,313)
Issuance of bonds	-	300,000
Payment for bonds payable	-	(91,800)
Proceeds from long-term borrowings	146,530	290,943
Payment for long-term borrowings	(80,017)	(74,645)
Dividends paid to owners of the Company	-	(18,408)
Refund of guarantee deposits received	355	394
Repayment of the principal portion of lease liabilities	(7,275)	-
Noncontrolling interests	5,640	13,320
Net cash generated from financing activities	147,715	400,491
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	10,761	10,449
NET DECREASE IN CASH AND CASH EQUIVALENTS	(62,089)	(33,168)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	288,538	321,706
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 226,449	$ 288,538

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at 31 December 2019 and 2018:

	31 December	
	2019	2018
Cash and cash equivalents in consolidated balance sheets	$ 231,733	$ 302,004
Bank overdrafts	(5,284)	(13,466)
Cash and cash equivalents in consolidated statements of cash flow	$ 226,449	$ 288,538

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

1. GENERAL INFORMATION

Kee Song Bio-Technology Holdings Limited (the "Company") is incorporated in Cayman Islands on 11 May 2010. The Company was formed for the purpose of restructuring the organization in order to apply for Foreign Issuer Listing on the Taipei Exchange. After restructuring, the Company became the ultimate parent company of the whole group.

The major operating subsidiaries of the Company are Kee Song Food Corporation (S) Pte. Ltd. ("KSFC Company"; former Kee Song Brother Poultry Industries Pte. Ltd. and the name change has been approved by Accounting and Corporate Regulatory Authority in Singapore on 3 March 2017) operating as a poultry slaughterhouse and distributors; Meng Kee Poultry (M) Sdn. Bhd. ("MKP Company") operating as a poultry farmer, and Kee Song Agriculture (M) Sdn. Bhd. ("KSA Company") operating as a poultry farmer and distributors. The Company and its subsidiaries (collectively referred to as the "Group") refer to Note 12.

The Company's shares have been listed and traded on the Taipei Exchange since December 2011.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on 26 March 2020.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission ("FSC")

   Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group's accounting policies:

   1) IFRS 16 "Leases"

      IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Lease", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after 1 January 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not be reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts are recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights of land located in Singapore and Malaysia are recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows.

The Group elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on 1 January 2019. Comparative information is not restated.

The Group also applies the following practical expedients:

a) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

b) The Group accounts for those leases for which the lease term ends on or before 31 December 2019 as short-term leases.

c) The Group excludes initial direct costs from the measurement of right-of-use assets on 1 January 2019.

d) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized on 1 January 2019 is 3%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on 31 December 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on 31 December 2018	$ 24,408
Less: Recognition exemption for short-term leases	(5,514)
Undiscounted amounts on 1 January 2019	$ 18,894
Discounted amounts using the incremental borrowing rate on 1 January 2019	$ 16,016
Lease liabilities recognized on 1 January 2019	$ 16,016

The Group as lessor

The Group does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from 1 January 2019.

The impact on assets, liabilities and equity as of 1 January 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on 1 January 2019	**Adjustments Arising from Initial Application**	**Restated on 1 January 2019**
Long-term prepayments for leases - non-current	$ 124,191	$ (124,191)	$ -
Prepayments	5,275	(5,275)	-
Right-of-use assets	-	145,364	145,364
Total effect on assets	$ 129,466	$ 15,898	$ 145,364
Lease liabilities - current	$ -	$ 5,420	$ 5,420
Lease liabilities - non-current	-	10,596	10,596
Total effect on liabilities	$ -	$ 16,016	$ 16,016
Retained earnings	$ -	$ (81)	$ (81)
Non-controlling interest	-	(37)	(37)
Total effect on equity	$ -	$ (118)	$ (118)

2) IFRIC 23 "Uncertainty Over Income Tax Treatments"

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority has full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Group expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

The impact in the current year of the initial application is not material.

3) Annual Improvements to IFRSs 2015-2017 Cycle

Several standards, including IFRS 3 "Business Combinations", IFRS 11 "Joint Arrangements", IAS 12 "Income Taxes" and IAS 23 "Borrowing Costs", were amended in this annual improvement. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, the related borrowing costs shall be included in the calculation of the capitalization rate on general borrowings. Upon initial application of the above amendment, the related borrowing costs are included in the calculation starting from 2019.

The impact in the current year of the initial application is not material.

b. The IFRSs endorsed by the FSC for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 “Definition of a Business”	1 January 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	1 January 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	1 January 2020 (Note 3)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments retrospectively for annual reporting periods beginning on or after 1 January 2020.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after 1 January 2020.

As of the date the consolidated financial statements were authorized for issue, the Group assesses the impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance is not material and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note)
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”	1 January 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	1 January 2022

Note: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and biological assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. 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.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

- Principles for preparing consolidated financial statements

  The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company.

  Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

  When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 12 and Table 4 for the detailed information of subsidiaries (including the percentage of ownership and principle activities).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Group entities (including subsidiaries, associates, joint ventures and branches in other countries that use currency different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the first-in, first-out (FIFO) cost on the balance sheet date.

g. Biological assets

Bearer plants are accounted for in accordance with the accounting policy for property, plant and equipment. Other biological assets (including produce growing on bearer plants) are measured at cost plus transaction costs on initial recognition, and subsequently measured at fair value less costs to sell. The gains or losses arising from the change in fair value less costs to sell are recognized in profit or loss when they are incurred.

Agricultural produce harvested from biological assets is measured initially at fair value less costs to sell at the point of harvest, transferred subsequently to inventory and accounted for accordingly.

h. Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

i. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than the useful lives, assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Impairment of tangible, intangible assets and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at amortized cost

- Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i. Significant financial difficulty of the issuer or the borrower;

ii. Breach of contract, such as a default;

iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and investments with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables, lease receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

- Financial liabilities at FVTPL

  Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or designated as at FVTPL.

  Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on such financial liability.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

n. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

o. Leasing

2019

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

2018

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

p. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income taxes relating to items recognized other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

According to the Income Tax Law, an additional tax of unappropriated earnings in respect of Taiwan subsidiary is provided for as income tax in the year the shareholders approve to retain earnings.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Impairment of Property, Plant and Equipment

The impairment of property, plant and equipment was based on the recoverable amount of the equipment. Any changes in the future cash flows will affect the recoverable amount of the equipment and may lead to the recognition of additional impairment losses or the reversal of impairment losses.

6. CASH AND CASH EQUIVALENTS

	31 December	
	2019	**2018**
Cash on hand	$ 1,930	$ 1,036
Cash at bank	200,067	155,790
Cash equivalents		
Time deposits with original maturity less than three months	29,736	145,178
	$ 231,733	$ 302,004

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	31 December	
	2019	**2018**
Bank balance	0.01%-3.35%	0.17%-3.35%
Time deposits with original maturity less than three months	0.66%-2.05%	0.6%-1.4%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December	
	2019	**2018**
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Interest rate swap contracts*	$ 4,579	$ 5,278
Convertible options (Note 20)	6,147	3,600
	$ 10,726	$ 8,878

* At the end of the reporting period, outstanding interest rate swap option contracts not under hedge accounting were as follows:

Notional Amounts (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
31 December 2019			
SGD18,779	28 June 2018-28 June 2021	2.14% Fixed	1.49%-2.09% Floating
31 December 2018			
SGD18,779	28 June 2018-28 June 2021	2.14% Fixed	1.49%-1.74% Floating

The economic substance of the interest rate swap option contracts listed in the table above are to manage exposures due to the cash flow interest rate risk of long-term borrowings. However, those contracts did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting.

8. FINANCIAL ASSETS AT AMORTIZED COST

	31 December	
	2019	**2018**
Current		
Domestic investments		
Pledged time deposits with original maturity of more than 3 months	$ 5,889	$ 13,662

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 3.05%-3.35% and 0.89%-3.35% per annum as of 31 December 2019 and 2018, respectively.

Financial assets at amortized cost pledged as collateral were set out in Note 31.

9. TRADE RECEIVABLES AND OTHER RECEIVABLES

	31 December	
	2019	2018
Trade receivables		
At amortized cost		
Gross carrying amount - unrelated parties	$ 275,749	$ 237,060
Less: Allowance for impairment loss	(31,676)	(18,286)
	244,073	218,774
At amortized cost		
Gross carrying amount - related parties	170	44
Less: Allowance for impairment loss	-	-
	170	44
	$ 244,243	$ 218,818
Other receivables		
At amortized cost		
Gross carrying amount - unrelated parties	$ 32,252	$ 40,779
Less: Allowance for impairment loss	(4,242)	-
	28,010	40,779
At amortized cost		
Gross carrying amount - related parties	79	63
Less: Allowance for impairment loss	-	-
	79	63
	$ 28,089	$ 40,842

a. Trade receivables

The average credit period of sales of goods and sales of live broilers and day old chick was 60 days. No interest was charged on trade receivables.

The Group uses available financial information or its own trading records to rate its major customers. The Group's exposure and the credit condition of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience shows significantly different loss patterns for different customer, the provision for loss allowance based on status according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables.

31 December 2019

	Performing	Lifetime ECL (Individually Assessed)	Total
Expected credit loss rate		49.53%	
Gross carrying amount	$ 211,967	$ 63,952	$ 275,919
Loss allowance (Lifetime ECL)	-	(31,676)	(31,676)
Amortized cost	$ 211,967	$ 32,276	$ 244,243

31 December 2018

	Performing	Lifetime ECL (Individually Assessed)	Total
Expected credit loss rate		37.50%	
Gross carrying amount	$ 188,335	$ 48,769	$ 237,104
Loss allowance (Lifetime ECL)	-	(18,286)	(18,286)
Amortized cost	$ 188,335	$ 30,483	$ 218,818

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended 31 December	
	2019	2018
Balance at 1 January	$ 18,286	$ 9,562
Add: Net remeasurement of loss allowance	14,381	9,119
Less: Amounts written off	(624)	(414)
Foreign exchange gains and losses	(367)	19
Balance at 31 December	$ 31,676	$ 18,286

The aging of receivables that were past due but not impaired was as follows:

	Not Past Due and Not Impaired	Past Due But Not Impaired			Total
		Less than 30 Days	31-60 Days	Above 61 Days	
31 December 2019	$ 211,967	$ 24,583	$ 2,009	$ 5,684	$ 244,243
31 December 2018	188,335	14,792	1,961	13,730	218,818

The above aging schedule was based on the past due date.

b. Other receivables

The Group measures the loss allowance for other receivables at an amount equal to lifetime ECLs. The expected credit losses on other receivables are estimated using an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience shows significantly different loss patterns for different customer, the provision for loss allowance based on status according to the Group's different customer base.

The Group writes off a other receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For other receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The movements of the loss allowance of other receivables were as follows:

	For the Year Ended 31 December	
	2019	2018
Balance at 1 January	$ -	$ -
Add: Net remeasurement of loss allowance	4,311	-
Foreign exchange gains and losses	(69)	-
Balance at 31 December	$ 4,242	$ -

10. INVENTORIES

	31 December	
	2019	2018
Trading goods	$ 3,284	$ 3,439
Finished goods	28,766	16,083
Raw materials	13,765	5,454
	$ 45,815	$ 24,976

The cost of inventories recognized as cost of goods sold for the years ended 31 December 2019 and 2018 was $2,688,178 thousand and $2,500,283 thousand, respectively. The cost of goods sold for the years ended 31 December 2019 and 2018 included inventory write-downs of $0 thousand each.

11. BIOLOGICAL ASSETS

	Broiler	Breeder	Total
Balance at 1 January 2019	$ 116,054	$ 64,808	$ 180,862
Purchases during the period	2,264,489	66,290	2,330,779
Depreciation during the period	-	(70,360)	(70,360)
Disposals during the period	(2,252,471)	-	(2,252,471)
Exchange difference	(1,083)	(417)	(1,500)
Balance at 31 December 2019	$ 126,989	$ 60,321	$ 187,310
Balance at 1 January 2018	$ 96,343	$ 58,147	$ 154,490
Purchases during the period	1,985,041	73,091	2,058,132
Depreciation during the period	-	(66,995)	(66,995)
Disposals during the period	(1,966,165)	-	(1,966,165)
Exchange difference	835	565	1,400
Balance at 31 December 2018	$ 116,054	$ 64,808	$ 180,862

The Group was exposed to financial risk arising from fluctuation in poultry prices. The Group anticipated that there would not be any material fluctuation in poultry prices, and thus the Group did not enter into any hedging and derivatives contract on the poultry. Management focused closely watches poultry prices on regular basis, and will take actions, if necessary.

12. SUBSIDIARIES

The consolidated entities are as follows:

Investor	Subsidiaries	Principal Activities	Proportion of Ownership (%) 31 December 2019	2018	
The Company	Kee Song Holdings Pte. Ltd. (KSH Company)	Investment holding	100	100	
KSH Company	Kee Song Food Corporation (S) Pte. Ltd. (KSFC Company)	Importing, slaughtering, wholesaling and retailing poultry and consumable goods of all kinds	100	100	
KSH Company	Meng Kee Poultry (M) Sdn. Bhd. (MKP Company)	Poultry farming	100	100	
KSH Company	Yong Tai Hoe (Taiwan) Co., Ltd. (YTH Company)	Poultry farming, wholesaling and retailing poultry and consumable goods of all kinds	100	100	
KSH Company	Kee Song Natural Foods (M) Sdn. Bhd. (KSNF Company)	Layer farming	100	100	
KSH Company	Kee Song Agriculture (M) Sdn. Bhd. (KSA Company)	Poultry farming, processing and marketing of poultry related products	70	70	
KSH Company	YKH Holdings (M) Sdn. Bhd. (YKH Company)	Investment holding	100	100	
KSH Company and YKH Company	Kee Song Realty (M) Sdn. Bhd. (KSR Company)	Property investment	70	70	
KSH Company	Kee Song Ocean Pte. Ltd. (KSO Company)	Processing and marketing of seafood products	-	60	d.
KSH Company	Celsius Link International Pte. Ltd. (CLI Company)	Transportation support	-	100	d.
KSH Company	Fortune I-Kitchen Pte. Ltd. (FIK Company)	Processing and preserving of meat and meat products	80	100	a. and c.
KSH Company	BBQ House Singapore Pte. Ltd. (BBQHS Company)	Food caterers	-	100	a. and b.
FIK Company	BBQ House Singapore Pte. Ltd. (BBQHS Company)	Food caterers	100	-	b.
MKP Company	Lucky Poultry (M) Sdn. Bhd. (LKP Company)	Processing and marketing of poultry related products	100	100	
MKP Company	Meng Woon Holdings (M) Sdn. Bhd. (MW Company)	Property investment	100	100	
MKP Company	Kee Song Jaya Feedmills (M) Sdn. Bhd. (KSJ Company)	Manufacturing of poultry feed products	100	100	

a. FIK Company (formerly known as Katong Satay Singapore Pte. Ltd. and it has been changed and approved by Accounting and Corporate Regulatory Authority in Singapore on 14 June 2019) and BBQHS Company were established in May 2018, for developing the Group's cooked food business and online sales in Singapore.

b. On 17 June 2019, the Group's board of directors resolved to transfer all BBQHS Company's shareholding held by KSH Company to FIK Company in order to restructure the organization under common control and the base date was determined by the board of directors to be 1 July 2019. After the reorganization, FIK Company holds all shareholding in BBQHS Company.

c. Refer to Note 27 for the change of FIK Company's shareholding holds by the Group.

d. KSO Company and CLI Company were liquidated in March and August 2019, respectively.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	31 December	
	2019	**2018**
Investments in associates	$ 12,298	$ 16,725

The Group invested additional $16,738 thousand (SGD750 thousand) in capital issuing of Singapore Poultry Hub Pte. Ltd., which the group held 25% equity in August 2018. The Group also invested additional $3,370 thousand (SGD150 thousand) in capital issuing of Singapore Poultry Hub Pte. Ltd. in August 2019. The change registration hasn't been completed as of 31 December 2019 and the amount was recorded under "prepayment of investment".

The Group invested additional $270 thousand (SGD12 thousand) in capital issuing of Iceberg Cold Storage Pte. Ltd., which the group held 25% equity in August 2019.

Details on location and main business of incorporation of the associates are disclosed in Table 4.

14. PROPERTY, PLANT AND EQUIPMENT

a. Assets used by the Group - 2019

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Construction Progress and Equipment Awaiting Examination	Total
Cost						
Balance at 1 January 2019	$ 122,541	$ 1,233,279	$ 555,046	$ 252,219	$ 52,626	$ 2,215,711
Additions	3,700	85,758	50,792	16,265	911	157,426
Disposals	(4,506)	(6,238)	(11,477)	(9,860)	-	(32,081)
Reclassification	-	46,635	3,285	-	(49,920)	-
Exchange differences	(1,098)	(10,153)	(4,341)	(1,748)	457	(16,883)
Balance at 31 December 2019	$ 120,637	$ 1,349,281	$ 593,305	$ 256,876	$ 4,074	$ 2,324,173

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Construction Progress and Equipment Awaiting Examination	Total
Accumulated depreciation and impairment						
Balance at 1 January 2019	$ -	$ 177,057	$ 179,586	$ 114,902	$ -	$ 471,545
Depreciation	-	52,453	54,385	34,096	-	140,934
Impairment losses	-	-	104	-	-	104
Disposals	-	(5,599)	(5,837)	(7,392)	-	(18,828)
Exchange differences	-	(2,101)	(1,973)	(1,201)	-	(5,275)
Balance at 31 December 2019	$ -	$ 221,810	$ 226,265	$ 140,405	$ -	$ 588,480
Net carrying amount						
Balance at 31 December 2019	$ 120,637	$ 1,127,471	$ 367,040	$ 116,471	$ 4,074	$ 1,735,693

(Concluded)

b. 2018

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Construction Progress and Equipment Awaiting Examination	Total
Cost						
Balance at 1 January 2018	$ 120,537	$ 997,857	$ 333,869	$ 201,779	$ 131,117	$ 1,785,159
Additions	696	80,956	46,392	63,025	343,949	535,018
Disposals	-	(23,895)	(7,124)	(20,719)	-	(51,738)
Reclassification	-	226,217	186,476	7,914	(423,394)	(2,787)
Exchange differences	1,308	8,623	(4,567)	220	954	6,538
Transfers to investment properties	-	(56,479)	-	-	-	(56,479)
Balance at 31 December 2018	$ 122,541	$ 1,233,279	$ 555,046	$ 252,219	$ 52,626	$ 2,215,711
Accumulated depreciation						
Balance at 1 January 2018	$ -	$ 150,975	$ 146,975	$ 101,513	$ -	$ 399,463
Depreciation	-	34,287	36,473	29,219	-	99,979
Disposals	-	(4,458)	(4,950)	(16,613)	-	(26,021)
Exchange differences	-	1,296	1,088	783	-	3,167
Transfers to investment properties	-	(5,043)	-	-	-	(5,043)
Balance at 31 December 2018	$ -	$ 177,057	$ 179,586	$ 114,902	$ -	$ 471,545
Net carrying amount						
Balance at 31 December 2018	$ 122,541	$ 1,056,222	$ 375,460	$ 137,317	$ 52,626	$ 1,744,166

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful life of the asset:

Buildings	10-30 years
Machinery and equipment	10 years
Other equipment	3-10 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 31.

15. LEASE ARRANGEMENT

a. Right-of-use assets - 2019

	31 December 2019
Carrying amounts	
Land	$ 125,756
Buildings	6,344
Other equipment	4,547
	$ 136,647

	For the Year Ended 31 December 2019
Additions to right-of-use assets	$ 5,943
Depreciation charge for right-of-use assets	
Land	$ 8,578
Buildings	3,703
Other equipment	1,515
	$ 13,796

b. Lease liabilities - 2019

	31 December 2019
Carrying amounts	
Current	$ 9,162
Non-current	$ 4,999

Range of discount rate for lease liabilities was as follows:

	31 December 2019
Land	1.85%-5%
Buildings	1.85%-5%
Other equipment	1.85%-5%

c. Material lease-in activities and terms

The Group leases certain motor vehicle for the use of transportation with lease terms of 2 to 5 years.

The Group also leases certain buildings for the use of factory and office with lease terms of 2 to 5 years. The Group does not have bargain options to acquire buildings at the expiry of the lease period.

The above lease pertain to payment for purchase of the right to use land located in Singapore and Malaysia, the existence period of the land use right were from the date of registration to 1 March 2047, 11 May 2050 and 25 June 2096, respectively.

Right of use assets for lease as collateral for bank borrowings were set out in Note 31.

d. Other lease information

2019

	For the Year Ended 31 December 2019
Expenses relating to short-term leases	$ 17,465
Total cash outflow for leases	$ (25,263)

The Group leases certain office equipment and motor vehicle which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

2018

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	31 December 2018
Not later than 1 year	$ 11,325
Later than 1 year and not later than 5 years	8,665
	$ 19,900

16. INVESTMENT PROPERTIES

	Buildings
Cost	
Balance at 1 January 2019	$ 56,957
Effect of foreign currency exchange differences	(326)
Balance at 31 December 2019	$ 56,631
Accumulated depreciation	
Balance at 1 January 2019	$ 6,442
Depreciation expenses	1,371
Effect of foreign currency exchange differences	(60)
Balance at 31 December 2019	$ 7,753
Carrying amounts at 31 December 2019	$ 48,878

(Continued)

	Buildings
Cost	
Balance at 1 January 2018	$ -
Transferred from property, plant and equipment	56,479
Effect of foreign currency exchange differences	478
Balance at 31 December 2018	$ 56,957
Accumulated depreciation	
Balance at 1 January 2018	$ -
Transferred from property, plant and equipment	5,043
Depreciation expenses	1,353
Effect of foreign currency exchange differences	46
Balance at 31 December 2018	$ 6,442
Carrying amounts at 31 December 2018	$ 50,515

(Concluded)

Operating leases relate to leasing of investment properties with lease terms between 2 to 3 years, and with an option to extend. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties as of 31 December 2019 was as follows:

	31 December 2019
Year 1	$ 2,211
Year 2	1,087
Year 3	-
	$ 3,298

The future minimum lease payments of non-cancellable operating lease commitments as of 31 December 2018 were as follows:

	31 December 2018
Not later than 1 year	$ 2,360
Later than 1 year and not later than 5 years	3,254
	$ 5,614

Investment properties were depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	42 years

The fair value of investment properties for as of 31 December 2019 and 2018 was 61,897 thousand and 71,660 thousand, respectively. The management of the Company used the valuation model that market participants would use in determining the fair value, and the fair value was measured by using Level 3 inputs.

Investment properties as collateral for bank borrowings were set out in Note 31.

17. INTANGIBLE ASSETS

	Customer List	Operating Licenses and Trademarks	Total
Cost			
Balance at 1 January 2019	$ 14,771	$ 6,718	$ 21,489
Additions	-	3,987	3,987
Exchange differences	(111)	(107)	(218)
Balance at 31 December 2019	$ 14,660	$ 10,598	$ 25,258
Accumulated amortization			
Balance at 1 January 2019	$ 6,647	$ 1,306	$ 7,953
Amortization expense	2,984	2,265	5,249
Impairment losses	-	7,073	7,073
Exchange differences	(102)	(46)	(148)
Balance at 31 December 2019	$ 9,529	$ 10,598	$ 20,127
Carrying amounts at 31 December 2019	$ 5,131	$ -	$ 5,131
Cost			
Balance at 1 January 2018	$ 14,611	$ -	$ 14,611
Additions	-	6,704	6,704
Exchange differences	160	14	174
Balance at 31 December 2018	$ 14,771	$ 6,718	$ 21,489
Accumulated amortization			
Balance at 1 January 2018	$ 3,652	$ -	$ 3,652
Amortization expense	2,989	1,303	4,292
Exchange differences	6	3	9
Balance at 31 December 2018	$ 6,647	$ 1,306	$ 7,953
Carrying amounts at 31 December 2018	$ 8,124	$ 5,412	$ 13,536

The Group estimated future cash flows from trademarks expected to decrease and led to the recognition of an impairment loss of $7,073 thousand.

The above items of intangible assets were depreciated on a straight-line basis over the estimated useful lives as follows:

Customer list	5 years
Operating Licenses and Trademarks	3 years

18. LONG-TERM PREPAYMENTS FOR LEASE - 2018

	31 December	
	2019	2018
Non-current assets	$ -	$ 124,191

The above long-term prepayments for lease pertain to payment for purchase of the right to use land located in Singapore and Malaysia, the existence period of the land use right were from the date of registration to 1 March 2047, 11 May 2050 and 25 June 2096, respectively.

Long-term prepayments for lease as collateral for bank borrowings were set out in Note 31.

19. BORROWINGS

a. Short-term borrowings

	31 December	
	2019	2018
Bank overdrafts	$ 5,284	$ 13,466
Secured bank loans*	210,067	127,585
	$ 215,351	$ 141,051

* The range of weighted average effective interest rate on bank loans was 2.20%-8.13% and 2.20%-7.85% per annum as of 31 December 2019 and 2018, respectively.

KSA Company breached certain terms of its loan arrangement as of 31 December 2019, which are primarily related to the debt-equity ratio of KSA Company. The carrying amount of the secured bank loans was $127,897 thousand as of 31 December 2019. KSA Company has received waiver from the bank on 27 February 2020.

Details on property, plant and equipment pledged as security for borrowings are disclosed in Note 31.

b. Long-term borrowings

	Maturity	Significant Terms	31 December 2019	31 December 2018
Secured bank loans*	2013.06.01-2039.04.17	Principal and interest are payable on monthly	$ 977,623	$ 924,048
Finance leases*	2015.08.17-2024.06.14	Principal and interest are payable on monthly	123,721	110,783
			1,101,344	1,034,831
Less: Current portion			(128,663)	(80,017)
Long-term borrowings			$ 972,681	$ 954,814

* The range of weighted average effective interest rate on bank loans was 1.38%-8.13% per annum as of 31 December 2019 and 2018, respectively.

KSFC acquired new bank borrowing facilities in the amount of $431,901 thousand secured by KSFC's new factory. The purpose of this bank borrowing was for an acquisition of new factory. According to the long-term loan arrangement, KSFC should maintain a net worth of not lower than SGD10,000 thousand and the borrowing amount should not exceed 80% of the market value of the new factory. As of 31 December 2019, the amount of bank borrowing facilities was $384,528 thousand.

KSFC acquired new bank borrowing facilities in the amount of $76,871 thousand secured by KSFC's new factory.

KSA Company breached certain terms of its loan arrangement as of 31 December 2019, which are primarily related to the debt-equity ratio of KSA Company. The carrying amount of the bank loan was $7,382 thousand as of 31 December 2019. On discovery of the breach, management informed the lender and commenced renegotiation of the terms of the loan with the relevant banker and received waiver on 27 February 2020. Since the lender has not agreed to waive its right to demand immediate repayment at the end of the year, the loan has been classified as a current liability at 31 December 2019.

Details on property, plant and equipment pledged as security for borrowings are disclosed in Note 31.

20. BONDS PAYABLE

Unsecured Domestic Convertible Bonds

	31 December	
	2019	**2018**
Principal amount	$ 299,900	$ 300,000
Discounts on bonds payable	(17,170)	(21,685)
	$ 282,730	$ 278,315
Embedded derivatives	$ 6,147	$ 3,600
Equity component	$ 15,783	$ 15,789

The first unsecured domestic convertible bonds payable

a. Issue size and issue price: $250,000 thousand, each with a face value of $100 thousand, issued based on 100% of par value.

b. Coupon rate: 0% per annum.

c. Issue period: From 15 September 2015 to 15 September 2018.

d. Terms of exchange:

1) Conversion Securities: Ordinary shares of the Company.

2) Conversion Period: The bonds are convertible at any time on or after 16 October 2015 and prior to 15 September 2018 into ordinary shares of the Company.

3) Conversion Price and Adjustment: The conversion price was originally NT$38.8 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture. As of 31 December 2017, the conversion price was adjusted to NT$36.12 per share.

e. The Company's call option:

Under the following circumstances, effective from 1 month after the issuance until 40 days to maturity, the Company may recall the convertible bonds at par value per year:

1) The closing price of the Company's common stocks exceeds 30% of the last adjusted conversion price for a period of 30 consecutive business days.

2) The balance of the Company's total bonds currently in circulation falls lower than 10% of par value.

f. Bondholder's put option:

The bondholders will have the right, at such holder's option, to redeem the bonds held by such holder on the date that two years from the issuance date. (At par value with interest calculated at the rate of 2.01%.)

The first unsecured domestic bonds payable conversions were as follows:

	1 January 2018 to 15 September 2018	
	Par Value of Convertible Bonds	**Numbers of Shares Converted**
Converted amount at the beginning	$ 107,400	2,816,000
Converted amount during the period	-	-
Converted amount at the end	$ 107,400	2,816,000

The outstanding convertible bonds were fully repaid on 15 September 2018.

The second unsecured domestic convertible bonds payable

a. Issue size and issue price: NT$300,000 thousand, each with a face value of NT$100 thousand, issued based on 100% of par value.

b. Coupon rate: 0% per annum.

c. Issue period: From 10 September 2018 to 10 September 2023.

d. Terms of exchange:

1) Conversion Securities: Ordinary shares of the Company.

2) Conversion Period: The bonds are convertible at any time on or after 11 January 2019 and prior to 10 September 2023 into ordinary shares of the Company.

3) Conversion Price and Adjustment: The conversion price was originally NT$30 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture. As of 31 December 2019, the conversion price was still NT$30 per share.

e. The Company's call option:

Under the following circumstances, effective from 4 month after the issuance until 40 days to maturity, the Company may recall the convertible bonds at par value per year:

1) The closing price of the Company's common stocks exceeds 30% of the last adjusted conversion price for a period of 30 consecutive business days.

2) The balance of the Company's total bonds currently in circulation falls lower than 10% of par value.

f. Bondholder's put option:

The bondholders will have the right, at such holder's option, to redeem the bonds held by such holder on the date that three years from the issuance date. (At par value with interest calculated at the rate of 1.5075%.)

The second unsecured domestic bonds payable conversions were as follow:

	2019		2018	
	Par Value of Convertible Bonds	**Numbers of Shares Converted**	**Par Value of Convertible Bonds**	**Numbers of Shares Converted**
Converted amount at the beginning	$ -	-	$ -	-
Converted amount during the period	100	3,000	-	-
Converted amount at the end	$ 100	3,000	$ -	-

21. OTHER PAYABLES

	31 December	
	2019	**2018**
Payables for salaries or bonus	$ 37,140	$ 40,228
Payables for purchase or maintenance of equipment	51,330	115,383
Penalty payable (Note 32)	-	60,219
Others	31,424	32,354
	$ 119,894	$ 248,184

22. EQUITY

Share Capital - Ordinary Shares

	31 December	
	2019	**2018**
Numbers of shares authorized (in thousands)	100,000	100,000
Shares authorized	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	36,819	36,816
Shares issued	$ 368,198	$ 368,165

As of 31 December 2019, the bonds holder had exercised their right to convert bonds $33 thousand of NT$10 par value ordinary share of the Company. The newly issued shares had been approved and registered with relevant authorities.

Capital Surplus

	31 December	
	2019	**2018**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)		
Additional paid-up capital	$ 113,106	$ 113,106
Arising from conversion of bonds	78,245	78,179
May be used to offset a deficit (Note 2)		
Changes in percentage of ownership interests in subsidiaries	468	-
Arising from expired share options	5,750	5,750
May not be used for any purpose		
Arising from share options	15,783	15,789
	$ 213,352	$ 212,824

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

Note 2: Such capital surplus may be used to offset a deficit.

Retained Earnings and Dividend Policy

According to the Company's Memorandum and Articles of Association, the Company may distribute profits in accordance with a proposal for profit distribution approved by the Board and sanctioned by the Shareholders by an Ordinary Resolution in annual general meetings. The Board shall set aside out of profits for the relevant financial year: (i) a reserve for payment of tax for the relevant year; (ii) an amount to offset losses incurred in previous years; and (iii) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules. The remaining amount shall be distributed in the following sequence and manner upon approval by the Shareholders:

a. No more than 3% as employees' bonus;

b. No more than 3% as directors' bonus; and

c. The balance as dividends to shareholders. The dividends shall not be less than 10% of net profit after tax earned in such financial year deducting reserves, employees' bonus and directors' bonus.

   Dividends to the Shareholders and the employees' bonus may be distributed, in the discretion of the Board of Directors, by way of cash or by way of applying such sum in paying up in fall unissued shares or a combination of both for allocation and distribution to Shareholders or employees. Cash dividends to Shareholders shall not be less than 10 % of the total amount of dividends to Shareholders, provided, however, that the Board may adjust the cash dividends payout ratio in any given year based on the Company's net income and business operations for the respective financial year. When the employees' bonus is distributed by way of an issue of fully paid shares, the recipients may include qualified employees of the Company's subsidiaries. No unpaid dividend and bonus shall bear interest as against the Company.

In accordance with the Order No. 1010012865 issued by FSC on 6 April 2012, on the first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the Company elects to transfer to retained earnings by application of the exemption under IFRS 1, the Company shall set aside an equal amount of special reserve. The above-mentioned Order has no impact to the Company.

The appropriations of earnings for 2018 and 2017 was approved in the shareholders' meeting on 17 June 2019 and 25 June 2018, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2018	2017	2018	2017
Reversal of special reserve	$ (9,170)	$ (4,841)		
Cash dividends	-	18,408	$ -	$ 0.5

For information about the accrual basis of the employees' bonus and remuneration to directors and the actual appropriations, please refer to employee benefits expense in Note 24(e).

The offset of deficits for 2019 had been proposed by the Company's board of directors on 26 March 2020.

23. REVENUE

	For the Year Ended 31 December	
	2019	2018
Revenue from contracts with customers		
Revenue from sale of goods-fresh chicken	$ 1,073,222	$ 1,012,735
Revenue from live broilers and day old chick	1,720,849	1,622,675
Others	245,260	199,628
	$ 3,039,331	$ 2,835,038

24. COMPREHENSIVE INCOME ITEM DETAILS

a. Other income

	For the Year Ended 31 December	
	2019	2018
Interest income	$ 4,308	$ 4,444
Rental income	5,117	750
	$ 9,425	$ 5,194

b. Other gains and losses

	For the Year Ended 31 December	
	2019	2018
Net foreign exchange (losses)/gains	$ (749)	$ 3,307
(Loss) gain on disposal of property, plant and equipment	(746)	13,194

(Continued)

	For the Year Ended 31 December	
	2019	**2018**
Net loss arising on financial liabilities designated as at FVTPL	$ (1,867)	$ (6,887)
Reversal of / (recognition) penalty and fines (Note 32)	8,275	(60,090)
Impairment loss recognized on non-financial assets	(7,177)	-
Others	10,960	5,409
	$ 8,696	$ (45,067)

(Concluded)

c. Impairment loss recognized on non-financial assets

	For the Year Ended 31 December	
	2019	**2018**
Property, plant and equipment	$ 104	$ -
Intangible assets	7,073	-
	$ 7,177	$ -

d. Finance costs

	For the Year Ended 31 December	
	2019	**2018**
Interest expenses from bank borrowings	$ 49,803	$ 38,171
Interest on lease liabilities	523	-
Interest expenses from convertible bonds	4,508	2,938
	$ 54,834	$ 41,109

e. Depreciation and amortization

	For the Year Ended 31 December	
	2019	**2018**
Property, plant and equipment	$ 140,934	$ 99,979
Right-of-use assets	13,796	-
Investment properties	1,371	1,353
	$ 156,101	$ 101,332
An analysis of depreciation by function		
Operating costs	$ 87,568	$ 59,973
Operating expenses	68,533	41,359
	$ 156,101	$ 101,332
Long-term prepayments for lease	$ -	$ 1,837
Intangible assets	5,249	4,292
	$ 5,249	$ 6,129

(Continued)

	For the Year Ended 31 December	
	2019	2018
An analysis of depreciation by function		
Operating costs	$ -	$ 362
Operating expenses	5,249	5,767
	$ 5,249	$ 6,129

f. Employee benefits expense

	For the Year Ended 31 December					
	2019			2018		
	Cost of Sales	Operating Expenses	Total	Cost of Sales	Operating Expenses	Total
Salaries	$ 124,442	$ 205,271	$ 329,713	$ 115,461	$ 194,594	$ 310,055
Provident fund and post-employee benefits - defined contribution plans	5,032	17,434	22,466	4,161	16,827	20,988
Directors fee	-	2,856	2,856	-	2,590	2,590
Other employee benefits	21,065	10,498	31,563	18,837	10,998	29,835
	$ 150,539	$ 236,059	$ 386,598	$ 138,459	$ 225,009	$ 363,468

Note: For the years ended 31 December 2019 and 2018 the numbers of the Group's employees were 754 and 723, respectively, and the number of directors who have not served as employees was 4 for both years.

For the years ended 31 December 2019 and 2018, the bonus to employees and the remuneration to directors were $0 thousand respectively. Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The amounts of the bonus to employees and the remuneration to directors for 2018 and 2017 approved by the shareholders' meetings on 17 June 2019 and 25 June 2018 were $0 thousand respectively.

There was no difference between the amounts of the bonus to employees and the remuneration to directors approved in the shareholders' meetings on 17 June 2019 and 25 June 2018, and the respective amounts recognized in the consolidated financial statements for the years ended 31 December 2019 and 2018.

Information on the bonus to employees, directors and supervisors for 2018 and 2017 resolved by the shareholders' meeting in 2019 and 2018 are available on the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax benefit are as follows:

	For the Year Ended 31 December	
	2019	**2018**
Current tax		
In respect of the current period	$ 1,069	$ 455
Adjustments for prior years	116	3,264
Deferred tax		
In respect of the current period	5,599	(9,705)
Adjustments for prior years	(7,108)	(2,462)
Income tax benefit recognized in profit or loss	$ (324)	$ (8,448)

A reconciliation of accounting profit and income tax benefit is as follows:

	For the Year Ended 31 December	
	2019	**2018**
Loss before tax	$ (163,284)	$ (163,888)
Income tax benefit calculated at the statutory rate in Singapore	$ (27,757)	$ (27,861)
Nondeductible expenses in determining taxable income	20,396	19,168
Tax-exempt income	(2,242)	(1)
Tax exemptions and rebates	(244)	(223)
Investment credits	-	(878)
Unrecognized deductible temporary differences	23,028	5,689
Effect of different tax rate of group entities operating in other jurisdictions	(6,514)	(5,144)
Adjustments for prior years' tax	(6,992)	802
Others	1	-
Income tax benefit recognized in profit or loss	$ (324)	$ (8,448)

b. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities are as follows:

For the year ended 31 December 2019

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Temporary differences	$ -	$ 5,758	$ (100)	$ 5,658

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Temporary differences	$ 14,265	$ 4,249	$ (170)	$ 18,344

For the year ended 31 December 2018

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Temporary differences	$ 26,048	$ (12,167)	$ 384	$ 14,265

c. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	31 December	
	2019	2018
Unused tax losses	$ 4,979	$ 10,134
Deductible temporary differences	$ 6,419	$ 871

d. Income tax conditions imposed on the Group are as follows:

1) The Company was incorporated in the Cayman Islands, where companies are exempted from corporate income tax.

2) The Company's subsidiaries, KSH Company, KSFC Company, FIK Company, and BBQHS Company, were incorporated in Singapore; MKP Company, LKP Company, MW Company, KSJ Company, KSNF Company, KSA Company, KSR Company, and YKH Company were incorporated in Malaysia; YTH Company was incorporated in ROC. Income tax rate for profit-making companies for each country is as follows:

Singapore

a) In accordance with the provisions of the Singapore Income Tax Act, the taxable income is determined as total revenue for this financial year less cost of sales, operating expenses, loss, tax incentives and tax exemptions. The net amount will be the basis for calculating the profit-seeking enterprise income tax for this financial year.

b) In accordance with the Singapore Income Tax Act, 75% on the first SGD10,000 of taxable income is exempted; 50% on the next SGD10,000 - SGD290,000 of the taxable income is exempted.

c) Local corporate tax rate is 17%.

Malaysia

a) In accordance with the provisions of the Malaysia Income Tax Act, the taxable income is determined as total revenue for this financial year less cost of sales, operating expenses, loss, tax incentives and tax exemptions. The net amount will be the basis for calculating the profit-seeking enterprise income tax for the financial year.

b) Local corporate tax rate is 24%.

Taiwan

a) In accordance with the provisions of the Taiwan ROC Income Tax Act, the taxable income is determined as total revenue for this financial year less cost of sales, operating expenses, loss, tax incentives and tax exemptions. The net amount will be the basis for calculating the profit-seeking enterprise income tax for the financial year.

b) The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%.

e. Income tax assessments

The income tax returns through 2017 of KSH Company, KSFC Company, KSA Company, KSR Company, YKH Company, MKP Company, KSNF Company, KSJ Company, LKP Company, MW Company and YTH Company have been examined and cleared by the tax authorities.

26. DEFICITS PER SHARE

Unit: NT$ Per Share

	For the Year Ended 31 December	
	2019	**2018**
Basic earnings per share	(3.39)	(4.05)

The deficits and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Loss for the Period

	For the Year Ended 31 December	
	2019	**2018**
Deficits used in computation of basic earnings per share	$ (124,691)	$ (149,192)

Weighted Average Number of Ordinary Shares Outstanding

(In Thousand Shares)

	For the Year Ended 31 December	
	2019	**2018**
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	36,819	36,816

If the outstanding convertible bonds issued by the Company were converted to ordinary shares for the year ended 31 December 2019, they were anti-dilutive and excluded from the computation of diluted earnings per share.

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On 1 July 2019, the Group subscribed for additional new shares of FIK Company at a percentage different from its existing ownership percentage, reducing its continuing interest from 100% to 80%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	FIK Company
Cash consideration received	$ 5,640
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(5,172)
Differences recognized from equity transactions	$ 468

	FIK Company
Line items adjusted for equity transactions	
Capital surplus - changes in percentage of ownership interests in subsidiaries	$ 468

28. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

1) Except as detailed in the following table, management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	31 December			
	2019		2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Financial liabilities measured at amortized cost				
Convertible bonds	$ 282,730	$ 265,262	$ 278,315	$ 234,900

2) Fair value hierarchy

31 December 2019

	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost				
Convertible bonds	$ 265,262	$ -	$ -	$ 265,262

31 December 2018

	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost				
Convertible bonds	$ 234,900	$ -	$ -	$ 234,900

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

31 December 2019

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Financial liabilities held for trading	$ -	$ 4,579	$ -	$ 4,579
Embedded derivatives	-	6,147	-	6,147
	$ -	$ 10,726	$ -	$ 10,726

31 December 2018

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Financial liabilities held for trading	$ -	$ 5,278	$ -	$ 5,278
Embedded derivatives	-	3,600	-	3,600
	$ -	$ 8,878	$ -	$ 8,878

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Embedded derivatives	Derive fair value of derivatives instruments with the inputs from observable assets and liabilities in the market.
Derivatives - interest rate swap option contracts	Discounted cash flow and option pricing model. Future cash flows are estimated based on observable market interest rates at the end of the reporting period and contract interest rates, also adjust future cash flows referring to option pricing interval, discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	31 December	
	2019	2018
Financial assets		
At amortized cost (Note 1)	$ 508,853	$ 574,567
Financial liabilities		
Financial liabilities at FVTPL held for trading	10,726	8,878
Amortized cost (Note 2)	2,081,420	1,933,968

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents (cash on hand excluded), trade receivables, other receivable, debt instrument and guarantee deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, trade payables, other payables, lease liabilities, bonds payable, long-term borrowings (including long-term borrowings-current portion) and deposits received.

d. Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

1) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk (see (a) below) and interest rate risk (see (b) below).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable; there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

a) Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries. Foreign currency risk is not material to the Group.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

Sensitivity analysis

The Group was mainly exposed to the SGD and the MYR.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	SGD Impact		**MYR Impact**	
	For the Year Ended 31 December		**For the Year Ended 31 December**	
	2019	**2018**	**2019**	**2018**
Profit or loss	$ 6,353 (i)	$ 6,135 (i)	$ 6,502 (ii)	$ 5,588 (ii)

i. This was mainly attributable to the exposure outstanding on SGD denominated cash and cash equivalents, receivables and payables, which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure outstanding on MYR denominated cash and cash equivalents, receivables and payables, which were not hedged at the end of the reporting period.

The Group's sensitivity to foreign currencies has not changed significantly from the prior year.

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and receivables at floating interest rates and bank borrowings with floating interest rates.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	31 December	
	2019	**2018**
Fair value interest rate risk		
Financial assets	$ 5,889	$ 13,662
Financial liabilities	(14,161)	-
Cash flow interest rate risk		
Financial assets	229,803	300,968
Financial liabilities	(1,316,695)	(1,175,882)

Sensitivity analysis

The sensitivity analysis were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended 31 December 2019 and 2018 would increase/decrease by $1,087 thousand and $875 thousand, respectively.

2) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As at 31 December 2019 and 2018, trade receivables from top ten customers represent 52% and 56% of the total trade receivables of the Group, respectively.

The credit concentration risk of other trade receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

3) Liquidity risk management

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. The future cash flows will be generated by operation result and banking borrowings. The Group will manage the cash demands and will not have liquidation risks.

As of 31 December 2019 and 2018, the unused financing facilities amounted to $706,507 thousand and $610,263 thousand, respectively,

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid fixed deposits and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with floating interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	On Demand or Less than 1 Year	1-2 Years	2-5 Years	5+ Years
31 December 2019				
Trade payables	$ 467,085	$ -	$ -	$ -
Lease liabilities	13,114	2,886	1,870	-
Bonds payable	-	304,423	-	-
Borrowings	362,608	229,680	220,526	740,059
	$ 842,807	$ 536,989	$ 222,396	$ 740,059

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years
Lease liabilities	$ 13,114	$ 4,736

	On Demand or Less than 1 Year	1-2 Years	2-5 Years	5+ Years
31 December 2018				
Trade payables	$ 539,377	$ -	$ -	$ -
Bonds payable	-	-	304,523	-
Borrowings	283,905	232,398	238,893	665,481
	$ 823,282	$ 232,398	$ 543,416	$ 665,481

30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which were related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. Besides as disclosed elsewhere in the other notes, details of transactions between the Group and other related parties were disclosed below.

a. Related parties names/categories

Related Parties Names	Related Parties Categories
Project Dignity Pte. Ltd.	Other related parties
Excelsior Management Sdn. Bhd.	Other related parties
Otemchi Biotechnologies Pte. Ltd.	Other related parties
Otemchi Biotechnologies Sdn Bhd	Other related parties
Agro Worldwide Sdn. Bhd.	Other related parties
Lee Kim Kiong	Other related parties
Lee Wee Keng	Other related parties
Ong Food Holdings Pte. Ltd.	Other related parties
Ong Kian San	Key management personnel
Ong Kee Song	Key management personnel

b. Sales of goods

Related Parties Categories	For the Year Ended 31 December 2019	2018
Other related parties	$ 1,718	$ 1,264

Selling prices and terms of sales from related parties were similar to those from third parties.

c. Purchases of goods

Related Parties Categories	For the Year Ended 31 December 2019	2018
Other related parties	$ 21,829	$ 26,545

Purchase prices and terms of purchases from related parties were similar to those from third parties.

d. Lease arrangements

Related Parties Categories	For the Year Ended 31 December 2019	2018
Key management personnel	$ 448	$ 448

Rental of office from related parties, lease prices were refer to the general local rent prices.

e. Other gains and losses

Related Parties Categories	For the Year Ended 31 December 2019	2018
Other related parties	$ 134	$ 134

f. Trade receivables from related parties

Related Parties Categories	31 December 2019	2018
Other related parties	$ 170	$ 44

g. Other receivables from related parties

Related Parties Categories	31 December 2019	2018
Other related parties	$ 79	$ 63

h. Trade payables to related parties

Related Parties Categories	31 December 2019	2018
Other related parties	$ 4,482	$ 3,865

i. Compensation of key management personnel

	For the Year Ended 31 December	
	2019	2018
Short-term employee benefits	$ 36,723	$ 39,277
Post-employment benefits	2,289	2,717
	$ 39,012	$ 41,994

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral:

	31 December	
	2019	2018
Financial assets at amortized cost - time deposits	$ 5,889	$ 13,662
Property, plant and equipment	1,119,801	1,242,362
Right-of-use assets	95,850	-
Investment properties	48,878	50,515
Long-term prepayments for lease	-	99,950
	$ 1,270,418	$ 1,406,489

32. OTHER MATTERS

On 8 March 2016 and 21 December 2017, KSFC Company received a Notice of Proposed Infringement Decision (“PID”) and the Supplementary Proposed Infringement Decision (“SPID”) from the Competition Commission of Singapore (“CCCS”). CCCS has issued an Infringement Decision (“ID”) against thirteen fresh chicken distributors for engaging in anti-competitive agreements to coordinate the amount and timing of price increases, and agreeing not to compete for each other’s customers in the market for the supply of fresh chicken products in Singapore on 12 September 2018. CCCS has imposed the financial penalties on the thirteen fresh chicken distributors, including KSFC Company, whose amounted to SGD2,689 thousand (approximately NT$60,014 thousand). On 12 November 2018, KSFC has lodged an appeal with Competition Appeal Board (“CAB”) against the quantum of the penalty. Notwithstanding the appeal, KSFC has fully accounted for the penalty. In June 2019, there is a reduction of penalty amounted to SGD361 thousand (approximately NT$8,275 thousand) under the appeal proceedings, and the reversal of penalty was recorded under “other gains and losses”. The penalty amounted to SGD2,328 thousand (approximately NT$51,739 thousand) was fully paid to CCCS in August 2019.

33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Since the outbreak of novel coronavirus in January 2020, the major operating subsidiaries located in Malaysia and Singapore are affected by movement control order and lockdown policies announced by the government.

Due to the inability to assess the disease control situation as of the date the consolidated financial report was authorized for issue, the Group could not reasonably estimate the customers’ payment ability as well as the extent of the impact on the operation and the entire industry.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

31 December 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
SGD	$ 11,929	22.27	$ 265,612
MYR	32,035	7.33	234,811
Financial liabilities			
Monetary items			
SGD	40,463	22.27	900,943
MYR	120,734	7.33	884,970

31 December 2018

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
SGD	$ 15,928	22.39	$ 356,687
MYR	26,842	7.39	198,242
Financial liabilities			
Monetary items			
SGD	43,323	22.39	970,161
MYR	102,506	7.39	757,060

For the years ended 31 December 2019 and 2018, net foreign exchange (losses)/gains were $(749) thousand and $3,307 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions functional currencies of the group entities.

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: Table 2.

2) Endorsements/guarantees provided: Table 3.

3) Marketable securities held: None.

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital: None.

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: Table 6.

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

9) Trading in derivative instruments: Notes 7 and 29.

10) Intercompany relationships and significant intercompany transactions: Table 1.

11) Information on investees: Table 4.

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: None.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.

36. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on its products and services and has two reportable segments as follows:

a. Poultry and processing distribution: Engages in business of importing, slaughtering, wholesaling and retailing poultry and consumable goods of all kinds;

b. Poultry farming: Engages in the business of poultry farming;

The other operating segments not reported above have been aggregated and disclosed under other operating segments below.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices among operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Poultry and Processing Distribution	Poultry Farming	Subtotal	Other Operating Segments (Note 1)	Adjustments and Eliminations (Note 2)	Total
For the year ended 31 December 2019						
External customer	$ 1,311,624	$ 1,727,707	$ 3,039,331	$ -	$ -	$ 3,039,331
Inter-company	3,823	661,436	665,259	-	(665,259)	-
Segment revenue	$ 1,315,447	$ 2,389,143	$ 3,704,590	$ -	$ (665,259)	$ 3,039,331
Segment loss	$ (11,491)	$ (109,820)	$ (121,311)	$ (24,802)	$ (17,171)	$ (163,284)
For the year ended 31 December 2018						
External customer	$ 1,202,768	$ 1,628,580	$ 2,831,348	$ 3,690	$ -	$ 2,835,038
Inter-company	4,075	611,548	615,623	13,274	(628,897)	-
Segment revenue	$ 1,206,843	$ 2,240,128	$ 3,446,971	$ 16,964	$ (628,897)	$ 2,835,038
Segment loss	$ (69,097)	$ (69,630)	$ (138,727)	$ (27,309)	$ 2,148	$ (163,888)

Note 1: Other operating segments are those segment which do not meet the quantitative thresholds for reportable.

Note 2: Inter-segment revenues are eliminated on consolidation and recorded under the "adjustment and elimination" column.

TABLE 1

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND ITS SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED 31 DECEMBER 2019
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
	For the year ended 31 December 2019						
0	The Company	KSFC Company	a	Other receivables	$ 189,259	Normal	7
1	MKP Company	KSFC Company	c	Sales	576,764	Normal	19
		KSFC Company	c	Unearned sales revenue	33,817	Normal	1
		LKP Company	c	Sales	72,227	Normal	2
		LKP Company	c	Trade receivables	20,053	Normal	1
2	LKP Company	KSR Company	c	Other gains and losses	11,044	Normal	1
3	KSFC Company	BBQHS Company	c	Other receivables	11,312	Normal	1

Note 1: Business between the parent and subsidiaries is numbered as follows:

a. Parent: 0.
b. Subsidiaries are numbered from 1 in order.

Note 2: Relationship between parties is numbered as follows:

a. Parent to subsidiary.
b. Subsidiary to parent.
c. One subsidiary to another subsidiary.

Note 3: Percentage of consolidated operating revenues or consolidated total assets: If the account is a balance sheet account, it was calculated by dividing the ending balance into consolidated total assets; if the account is an income statement account, it was calculated by dividing the interim cumulative balance into consolidated operating revenues.

Note 4: Important dealings circumstances of this table by the Group is in accordance with the principle of deciding whether to significant expression and the amounts were over NT$10,000 thousand (included).

Note 5: Offset in the preparation of the consolidated financial statements.

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND ITS SUBSIDIARIES

LOANS TO OTHERS
FOR THE YEAR ENDED 31 DECEMBER 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing (Note 3)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 4)	Aggregate Financing Limits (Note 4)
													Item	Value		
0	The Company	KSFC Company	Other receivables	Yes	$ 222,658 (SGD 10,000)	$ 222,658 (SGD 10,000)	$ 189,259 (SGD 8,500)	-	b	$ -	Working capital	$ -	-	$ -	$ 234,078	$ 234,078
1	KSH Company	MKP Company	Other receivables	Yes	36,650 (MYR 5,000)	36,650 (MYR 5,000)	- (MYR -)	-	b	-	Working capital	-	-	-	682,369	682,369
		YKH Company	Other receivables	Yes	2,309 (MYR 315)	2,309 (MYR 315)	2,309 (MYR 315)	-	b	-	Working capital	-	-	-	682,369	682,369
		KSFC Company	Other receivables	Yes	111,329 (SGD 5,000)	111,329 (SGD 5,000)	- (SGD -)	-	b	-	Working capital	-	-	-	682,369	682,369
		BBQHS Company	Other receivables	Yes	6,680 (SGD 300)	- (SGD -)	- (SGD -)	-	b	-	Working capital	-	-	-	682,369	682,369
		FIK Company	Other receivables	Yes	2,227 (SGD 100)	- (SGD -)	- (SGD -)	-	b	-	Working capital	-	-	-	682,369	682,369
2	MKP Company	LKP Company	Other receivables	Yes	23,456 (MYR 3,200)	23,456 (MYR 3,200)	7,330 (MYR 1,000)	-	b	-	Working capital	-	-	-	152,111	152,111
3	MW Company	MKP Company	Other receivables	Yes	3,152 (MYR 430)	3,152 (MYR 430)	- (MYR -)	-	b	-	Working capital	-	-	-	5,427	5,427
4	KSA Company	KSR Company	Other receivables	Yes	9,529 (MYR 1,300)	9,529 (MYR 1,300)	1,865 (SGD 254)	-	b	-	Working capital	-	-	-	39,835	39,835
5	KSFC Company	BBQHS Company	Other receivables	Yes	10,020 (SGD 450)	10,020 (SGD 450)	10,020 (MYR 450)	-	b	-	Working capital	-	-	-	158,411	158,411

Note 1: Business between the parent and subsidiaries is numbered as follows:

a. Parent: 0.
b. Subsidiaries are numbered from 1 in order.

Note 2: Nature of transactions are categorized as follows:

a. Receivables from related companies.
b. Receivables from related parties.
c. Contracts with shareholders.
d. Prepayments.
e. Payment on behalf.
f. Etc.

Note 3: Nature of financing is numbered as follows:

a. With those who have business dealings.
b. With those who have short term loan borrowing.

Note 4: According to "Procedures for Lending Fund to Other Parties" of the Company, the accumulated balance of loan and the amount of loan lent to any individual entity by the Company and its subsidiaries shall not exceed 40% of the Company's net worth. The restriction shall not apply to inter-company loans of funds between foreign companies in which the public company holds, directly or indirectly, 100% of the voting shares.

Note 5: Offset in the preparation of the consolidated financial statements.

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND ITS SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED TO OTHERS
FOR THE YEAR ENDED 31 DECEMBER 2019
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	The Company	KSFC Company	d	$ 1,170,392	$ 89,990 (US$ 3,000)	$ 89,990 (US$ 3,000)	$ - (US$ -)	$ -	15.38	$ 2,340,784	Y	N	N
1	KSH Company	KSFC Company	d	1,364,738	1,231,341 (SGD 55,302)	1,152,832 (SGD 51,776)	813,604 (SGD 36,541)	941,307	168.95	2,729,476	N	N	N
		MKP Company	d	1,364,738	346,155 (MYR 47,225)	346,155 (MYR 47,225)	222,099 (MYR 30,300)	304,637	50.73	2,729,476	N	N	N
		LKP Company	d	1,364,738	66,775 (MYR 9,110)	63,110 (MYR 8,610)	4,421 (MYR 603)	37,969	9.25	2,729,476	N	N	N
		KSA Company	b	1,364,738	537,085 (MYR 73,273)	537,085 (MYR 73,273)	289,714 (MYR 39,525)	403,681	78.71	2,729,476	N	N	N
		KSR Company	b	1,364,738	33,510 (MYR 4,572)	33,510 (MYR 4,572)	27,478 (MYR 3,749)	33,510	4.91	2,729,476	N	N	N
		SPH Company	e	1,364,738	227,434 (MYR 10,214)	227,434 (MYR 10,214)	127,296 (MYR 5,717)	227,434	33.33	2,729,476	N	N	N
2	MKP Company	LKP Company	d	304,222	953 (MYR 130)	953 (MYR 130)	94 (MYR 13)	953	0.63	608,444	N	N	N

Note 1: Business between the parent and subsidiaries is numbered as follows:

a. Parent: 0.
b. Subsidiaries are numbered from 1 in order.

Note 2: Relationship information of endorser and endorsee are categorized as follows:

a. Business deals between the Company and guarantee party.
b. Sum of direct holding of the subsidiaries’ common stocks through the Company and its subsidiaries for more than 50%.
c. Direct and indirect holding of the subsidiaries’ common stocks through the Company and its subsidiaries for more than 50%.
d. Sum of direct holding of the subsidiaries’ common stocks through the Company and its subsidiaries for more than 90%.
e. Owing to the joint venture funded by all shareholders on its endorsement of its holding company.

Note 3: The maximum balance of endorsement/guarantee provided by the Company and to individual company cannot exceeded of 200% of the individual companies’ net assets.

Note 4: The maximum balance of endorsement/guarantee in total cannot exceeded of 400% of the individual companies’ net assets.

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND ITS SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED 31 DECEMBER 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of 31 December 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				31 December 2019	31 December 2018	Shares	Percentage of Ownership	Carrying Amount			
The Company	KSH Company	Singapore	Investment holding	$ 292,190 (SGD 12,519)	$ 292,190 (SGD 12,519)	12,519,061	100	$ 682,369	$ (104,528) (SGD (4,614))	$ (104,528) (SGD (4,614))	Note 1
KSH Company	KSFC Company	Singapore	Slaughtering and poultry distribution	86,307 (SGD 3,800)	86,307 (SGD 3,800)	3,800,000	100	396,028 (SGD 17,786)	$ (2,273) (SGD (100))	$ (2,273) (SGD (100))	Note 1
	MKP Company	Malaysia	Poultry farming	181,332 (MYR 20,000)	181,332 (MYR 20,000)	13,000,000	100	152,111 (SGD 6,832)	23,968 (SGD 1,058)	22,402 (SGD 989)	Note 1
	YTH Company	Taiwan	Poultry farming and distribution	14,000	14,000	1,400,000	100	3,009 (SGD 135)	(301) (SGD (13))	(301) (SGD (13))	Note 1
	KSNF Company	Malaysia	Layer farming	- (MYR -)	- (MYR -)	2	100	- (SGD -)	17 (SGD 1)	17 (SGD 1)	Note 1
	KSA Company	Malaysia	Poultry farming and distribution	108,778 (MYR 12,600)	108,778 (MYR 12,600)	12,600,000	70	69,712 (SGD 3,131)	(112,075) (SGD (4,947))	(78,453) (SGD (3,463))	Note 1
	YKH Company	Malaysia	Investment holding	- (MYR -)	- (MYR -)	2	100	(373) (SGD (17))	(106) (SGD (5))	(106) (SGD (5))	Note 1
	KSR Company	Malaysia	Property investment	6,261 (MYR 735)	6,261 (MYR 735)	735,000	49	36,294 (SGD 1,630)	(127) (SGD (6))	(62) (SGD (3))	Note 1
	KSO Company	Singapore	Processing and marking of seafood products	- (MYR -)	1,365 (SGD 60)	-	-	Note 2	Note 2	Note 2	
	CLI Company	Singapore	Transportation support	- (MYR -)	11,145 (SGD 500)	-	-	Note 3	Note 3	Note 3	
	FIK Company	Singapore	Processing and preserving of meat and meat products	33,177 (SGD 1,450)	- (SGD -)	1,250,000	80	2,389 (SGD 107)	(30,225) (SGD (1,334))	(25,616) (SGD (1,131))	Note 1
FIK Company	BBQHS Company	Singapore	Food caterers	23,607 (SGD 1,050)	23,607 (SGD 1,050)	1,050,000	100	3,592 (SGD 161)	(17,819) (SGD (787))	(17,819) (SGD (787))	Note 1
MKP Company	LKP Company	Malaysia	Processing and poultry distribution	60,976 (MYR 6,250)	60,976 (MYR 6,250)	4,000,000	100	34,551 (MYR 4,714)	16,378 (MYR 2,195)	16,378 (MYR 2,195)	Note 1
	MW Company	Malaysia	Property investment	5,949 (MYR 616)	5,949 (MYR 616)	616,000	100	5,427 (MYR 740)	33 (MYR 4)	33 (MYR 4)	Note 1
	KSJ Company	Malaysia	Manufacturing of poultry feed products	28,219 (MYR 3,000)	28,219 (MYR 3,000)	3,000,000	100	14,231 (MYR 1,941)	3 (MYR -)	3 (MYR -)	Note 1
YKH Company	KSR Company	Malaysia	Property investment	2,683 (MYR 315)	2,683 (MYR 315)	315,000	21	2,331 (MYR 318)	(127) (SGD (6))	(27) (SGD (1))	Note 1
KSH Company	Singapore Poultry Hub Pte. Ltd.	Singapore	Slaughtering and poultry distribution	18,150 (SGD 875)	18,150 (SGD 875)	875,000	25	12,298 (SGD 552)	(17,622) (SGD (778))	(4,406) (SGD (195))	
	Iceberg Cold Storage Pte. Ltd.	Singapore	Cold storage	270 (SGD 12)	1 (SGD -)	12,000	30	- (SGD -)	- SGD -	(271) (SGD (12))	

Note 1: Offset in the preparation of the consolidated financial statements.

Note 2: Liquidated in March 2019.

Note 3: Liquidated in August 2019.

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND ITS SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED 31 DECEMBER 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
MKP Company	KSFC Company	Affiliated company	Sale	$ (576,764)	(84.49)	30 days	$ -	-	$ (33,817) Unearned sales revenue	(38.57)	

Note: Offset in the preparation of the consolidated financial statements.

TABLE 6

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED 31 DECEMBER 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
KSFC Company	JTC Poultry Processing Hub @ Buroh #04-04, 3 Buroh Lane Singapore 618285	11 March 2019	$ 86,468 (SGD 3,802)	Paid	Jurong Town Corporation	Not related party	-	-	-	-	The bid of Government project - Jurong Town Corporation	For operating and office use	None