



Ten Ren Tea Co., Ltd.

2021 Annual Report

Prepare on April 30, 2022

Inquiry on annual reports available at:
www.tenren.com.tw
mops.twse.com.tw

The Company's spokesperson, title and contact number

Name: Chen, Chung-Chih

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The Company's deputy spokesperson, title and contact number

Name: Wang, Wen-Hsien

Title: President Office Manager

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Stock transfer agency:

Name: Yuanta Securities

Address: B1/F, No. 210, Sec. 3, Chengde Road, Taipei City 103

Tel.: (02)2586-5859

Website: www.yuanta.com.tw

CPAs for the financial report for the most recent fiscal year:

Names of accountants: Lu, Chian-Uen, Liu, Hui-Yuan

Name of accounting firm: EY (Ernst & Young Global Limited)

Address: 9F, No. 3333, Sec. 1, Keelung Road, Taipei City 110,

Tel.: (02)2757-8888

Website: www.ey.com/tw

The name of any exchanges where the company's securities are traded offshore and how to access information on said offshore securities: not applicable to the Company

Company website: www.tenren.com.tw (Ten Ren Tea)

www.chafortea.com.tw/(Ten Ren CHA FOR TEA)

museum.tenren.com.tw/(Ten Ren Tea Culture Museum)

Ten Ren Tea Co., Ltd.
Headquarters and domestic branches

Names	Zip Code	address	Tel
【Headquarters and manufacturing department】			
Ten Ren Tea Co., Ltd. Head Office	106	6F., No. 107, Sec. 4, Chung Hsiao E. Rd., Taipei City 106 , Taiwan (R.O.C.)	(02)2776-5580
Ten Ren Tea Co., Ltd. Xiangshan plant	300	No. 75-10 Chung-Ai, Chung-Ai Sub-ward, Hsin Tsu City 300, Taiwan (R.O.C.)	(037)671-561~2
Ten Ren Tea Co., Ltd. Taipei Shipping Center	103	No. 5, Yongchang St., Taipei City 103 , Taiwan (R.O.C.)	(02)2553-5175
Ten Ren Tea museum	350	No. 422, Zhonghua Rd, Zhunan Township Miaoli County, 350, Taiwan(R.O.C.)	(037)696-718
【Ten Ren's Tea 、CHA FOR TEA ToGo Retail Stores】 47 Stores			
Hengyang	100	No. 62, Hengyang Rd., Zhongzheng Distric, Taipei City 100 , Taiwan (R.O.C.)	(02)2381-5098
Wuchang	100	No. 3, Section 1, Wuchang St, Zhongzheng District, Taipei City, 100, Taiwan(R.O.C.)	(02)2389-6388
Gongguan	100	No. 36, Section 4, Roosevelt Rd, Zhongzheng District, Taipei City, 100, Taiwan(R.O.C.)	(02)2369-5955
Minquan West Road	104	Floor 1, No. 60, Minquan W Rd, Zhongshan District, Taipei City, 104, Taiwan(R.O.C.)	(02)2563-1396
Nanjing Fuxing	104	No. 210, Section 3, Nanjing East Road, Zhongshan District, Taipei City, 104, Taiwan(R.O.C.)	(02)2721-4082
Zhongshan	104	No. 11, Lane 105, Section 1, Zhongshan N Rd, Zhongshan District, Taipei City, 104, Taiwan(R.O.C.)	(02)2541-5660
Linsen	104	No. 261, Linsen N Rd, Zhongshan District, Taipei City, 104, Taiwan(R.O.C.)	(02)2562-3098
Minsheng East Rd	104	No. 26-2, Section 1, Minsheng East Rd, Zhongshan District, Taipei City, 104, Taiwan(R.O.C.)	(02)2511-2213
Minsheng Community	105	No. 126, Section 5, Minsheng E Rd, Songshan District, Taipei City, 105, Taiwan(R.O.C.)	(02)2764-5008
Zhongxiao Store 2	106	No. 107, Section 4, Zhongxiao E Rd, Da'an District, Taipei City, 106, Taiwan(R.O.C.)	(02)2711-8868
Zhongxiao	106	No. 174, Section 3, Zhongxiao E Rd, Da'an District, Taipei City, 106, Taiwan(R.O.C.)	(02)2771-7370
Xinyi	106	No. 162, Section 2, Xinyi Rd, Da'an District, Taipei City, 106, Taiwan(R.O.C.)	(02)2341-3075
Yongkang	106	Floor 1, No. 1, Lane 10, Yongkang St, Da'an District, Taipei City, 106, Taiwan(R.O.C.)	(02)2356-7656
Tonghua	106	No. 96, Tonghua St, Da'an District, Taipei City, 106, Taiwan(R.O.C.)	(02)2738-8853

Names	Zip Code	address	Tel
Heping	106	No. 13, Section 1, Heping E Rd, Da'an District, Taipei City, 106, Taiwan(R.O.C.)	(02)2341-0199
Ximending	108	No. 76, Xining S. Rd, Wanhua District, Taipei City, 108, Taiwan(R.O.C.)	(02)2361-1520
Tianmu	111	No. 19, Section 7, Zhongshan N Rd, Shilin District, Taipei City, 111, Taiwan(R.O.C.)	(02)2873-1590
Shilin	111	No. 300, Zhongzheng Rd, Shilin District, Taipei City, 111, Taiwan(R.O.C.)	(02)2838-4577
Keelung	200	No. 60, Aisan Rd, Ren'ai District, Keelung City, 200, Taiwan(R.O.C.)	(02)2427-4779
Banqiao	220	No. 55, Fuzhong Rd, Banqiao District, New Taipei City, 220, Taiwan(R.O.C.)	(02)2969-2626
Xindian	231	No. 93, Section 3, Beixin Rd, Xindian District, New Taipei City, 231, Taiwan(R.O.C.)	(02)2912-7328
Yonghe	234	No. 234, Section 2, Yonghe Rd, Yonghe District, New Taipei City, 234, Taiwan(R.O.C.)	(02)2921-0193
Sanchong	241	No. 15-2, Section 2, Chongxin Rd, Sanchong District, New Taipei City, 241, Taiwan(R.O.C.)	(02)2982-3954
Xinzhuang	242	No. 726, Xingfu Rd. Xinzhuang Dist., New Taipei City 242 , Taiwan (R.O.C.)	(02)2992-6077
Tamsui	251	No. 34, Zhongshan Rd, Tamsui District, New Taipei City, 251, Taiwan(R.O.C.)	(02)2621-9120
Tamsui Store 2	251	No. 242, Zhongzheng Rd, Tamsui District, New Taipei City, 251, Taiwan(R.O.C.)	(02)2621-0200
Taoyuan	330	No. 110, Zhongshan Rd, Taoyuan District, Taoyuan City, 330, Taiwan(R.O.C.)	(03)333-0056
Zhongli	320	No. 119, Datong Rd, Zhongli District, Taoyuan City, 320, Taiwan(R.O.C.)	(03)425-1686
Hsinchu	300	No. 102, Zhongzheng Rd, East District, Hsinchu City, 300, Taiwan(R.O.C.)	(03)524-6655
Zhunan	350	No. 422, Zhonghua Rd, Zhunan Township Miaoli County, 350, Taiwan(R.O.C.)	(037)671-558
Hotel Del Lago	555	No. 101, Zhongshan Rd, Yuchi Township Nantou County, 555, Taiwan(R.O.C.)	(049)285-5588
Fengyuan	420	No. 126, Zhongzheng Rd, Fengyuan District, Taichung City, 420, Taiwan(R.O.C.)	(04)2524-7221
Meicun	400	No. 58, Section 1, Meicun Rd, West District, Taichung City, 400, Taiwan(R.O.C.)	(04)2327-3300
Ziyou	400	No. 71, Section 2, Ziyou Rd, Central District, Taichung City, 400, Taiwan(R.O.C.)	(04)2224-5761

Names	Zip Code	address	Tel
Dadun	408	No. 791, Dadun Rd, Nantun District, Taichung City, 408, Taiwan(R.O.C.)	(04)2328-2695
Changhua	500	No. 36, Heping Rd, Changhua City Changhua County, 500, Taiwan(R.O.C.)	(04)723-4475
Yuanlin	510	No. 271, Zhongzheng Rd, Yuanlin City Changhua County, 510, Taiwan(R.O.C.)	(04)832-3572
Chiayi	600	No. 330, Zhongshan Rd, West District, Chiayi City, 600, Taiwan(R.O.C.)	(05)222-0098
Ximen	703	No. 243, Section 2, Ximen Rd, West Central District, Tainan City, 703, Taiwan(R.O.C.)	(06)225-6433
Dongning	701	No. 246, Dongning Rd, East District, Tainan City, 701, Taiwan(R.O.C.)	(06)275-2233
Gangshan	820	No. 7, Weixin Rd, Gangshan District, Kaohsiung City, 820, Taiwan(R.O.C.)	(07)621-2314
Wufu	803	No. 158, Wufu 4th Rd, Yancheng District, Kaohsiung City, 803, Taiwan(R.O.C.)	(07)551-1552
Xinrong	813	No. 169, Xinrong St, Zuoying District, Kaohsiung City, 813, Taiwan(R.O.C.)	(07)552-9256
Heping	802	No. 238, Heping 1st Rd, Lingya District, Kaohsiung City, 802, Taiwan(R.O.C.)	(07)222-2869
Pingtung	900	No. 333, Minsheng Rd, Pingtung City Pingtung County, 900, Taiwan(R.O.C.)	(08)733-2778
Taitung	950	No. 202, Datong Rd, Taitung City Taitung County, 950, Taiwan(R.O.C.)	(089)329-112
Hualien storehouse	973	No. 510, Section 3, Zhongshan Rd, Ji'an Township Hualien County, 973, Taiwan(R.O.C.)	(038)531-921
【Ten Ren's Tea · CHA FOR TEA Department Stores】 38 Stores			
Breeze plaza Taipei Station	100	Floor 1, No. 3, Beiping W Rd, Zhongzheng District, Taipei City, 100, Taiwan(R.O.C.)	(02)2375-2138
Taiwan University Hospital East Building	100	B1, No. 7, Zhongshan S Rd, Zhongzheng District, Taipei City, 100, Taiwan(R.O.C.)	(02)2391-2198
Q Square F1	103	Floor 1, No. 209, Section 1, Civic Blvd, Datong District, Taipei City, 103, Taiwan(R.O.C.)	(02)2558-7838
Q Square B3	103	B3, No. 1, Section 1, Chengde Rd, Datong District, Taipei City, 103, Taiwan(R.O.C.)	(02)2558-7208
Shinkong Mitsukoshi Nanxi	104	B2, No. 12, Nanjing W Rd, Zhongshan District, Taipei City, 104, Taiwan(R.O.C.)	(02)2562-6892
Miramar	104	B1, No. 20, Jingye 3rd Rd, Zhongshan District, Taipei City, 104, Taiwan(R.O.C.)	(02)8501-2367

Names	Zip Code	address	Tel
ATT Dazhi	104	2F, No.123, Jingye 3rd Road,Zhongshan District,Taipei City, 104, Taiwan(R.O.C.)	(02)7701-3368
Breeze NAN JING	105	B2, No. 337, Section 3, Nanjing E Rd, Songshan District, Taipei City, 105, Taiwan(R.O.C.)	(02)8712-2269
Breeze Center-Fuxing	105	G Floor, No. 39, Section 1, Fuxing South Rd, Songshan District, Taipei City, 105, Taiwan(R.O.C.)	(02)8772-0313
SOGO Zhongxiao	106	B2, No. 45, Section 4, Zhongxiao E Rd, Da'an District, Taipei City, 106, Taiwan(R.O.C.)	(02)2721-8624
Eslite Ximen	108	No. 52, Emei Street, Wanhua District, Taipei City, 108, Taiwan(R.O.C.)	(02)2331-3098
Shinkong Mitsukoshi Xinyi	110	B2, No. 11, Songshou Rd, Xinyi District, Taipei City, 110, Taiwan(R.O.C.)	(02)2345-3513
Eslite Xinyi	110	B2, No. 11, Songgao Rd, Xinyi District, Taipei City, 110, Taiwan(R.O.C.)	(02)8780-8677
Shinkong Mitsukoshi A8	110	B2, No. 12, Songgao Rd, Xinyi District, Taipei City, 110, Taiwan(R.O.C.)	(02)8789-8209
ATT 4 Fun	110	Floor 1, No. 12, Songshou Rd, Xinyi District, Taipei City, 110, Taiwan(R.O.C.)	(02)7737-9630
Eslite Songyan	110	B2, No. 88, Yanchang Rd, Xinyi District, Taipei City, 110, Taiwan(R.O.C.)	(02)6638-5206
Dayeh Takashimaya	111	B1, No. 55, Section 2, Zhongcheng Rd, Shilin District, Taipei City, 111, Taiwan(R.O.C.)	(02)2831-6949
Sogo Tianmu	111	B1 , No. 77, Section 6, Zhongshan North Road, Shilin District, ,Taipei City, 111, Taiwan(R.O.C.)	(02)2836-6796
Mega City Banqiao	220	B1, No. 28, Xinzhan Rd, Banqiao District, New Taipei City, 220, Taiwan(R.O.C.)	(02)2952-5059
Q Square Xiaobitan	231	5F, No. 157, Zhongyang Road, Xindian District, ,New Taipei City, 231, Taiwan(R.O.C.)	(02)8913-6762
Beyond Plaza	234	B2, No. 238, Section 1, Zhongshan Rd, Yonghe District, New Taipei City, 234, Taiwan(R.O.C.)	(02)8231-5238
Global Mall	235	B2, No. 122, Section 3, Zhongshan Rd, Zhonghe District, New Taipei City, 235, Taiwan(R.O.C.)	(02)7731-7377
TaiMall	338	Floor 5, No. 112, Section 1, Nankan Rd, Luzhu District, Taoyuan City, 338, Taiwan(R.O.C.)	(03)212-0217
SOGO Zhongli	320	B1, No. 357, Yuanhua Rd, Zhongli District, Taoyuan City, 320, Taiwan(R.O.C.)	(03)427-5508
Carrefour Jingguo	330	Floor 2, No. 369, Jingguo Rd, Taoyuan District, Taoyuan City, 330, Taiwan(R.O.C.)	(03)316-3169
Rt-Mart Zhongxiao	300	Floor 1, No. 300, Zhongxiao Rd, East District, Hsinchu City, 300, Taiwan(R.O.C.)	(03)562-3989

Names	Zip Code	address	Tel
Big City Hsinchu	300	B1, No. 229, Zhongyang Rd, East District, Hsinchu City, 300, Taiwan(R.O.C.)	(03)531-8299
FE Top City	407	B2, No. 251, Section 3, Taiwan Blvd, Xitun District, Taichung City, 407, Taiwan(R.O.C.)	(04)2259-3365
ShinKong Mitsukoshi Taichung	407	B2, No. 301, Section 3, Taiwan Blvd, Xitun District, Taichung City, 407, Taiwan(R.O.C.)	(04)2259-3484
Taichungport Mitsui	435	2F,No. 168, Section 10, Taiwan Boulevard, Wuqi District,Taichung City, 435, Taiwan(R.O.C.)	(04)2656-7505
Shinkong Mitsukoshi Tainan	700	B2, No. 658, Section 1, Ximen Rd, West Central District, Tainan City, 700, Taiwan(R.O.C.)	(06)303-0058
Hanshin Dep. Store	801	B3, No. 266-1, Chenggong 1st Rd, Qianjin District, Kaohsiung City, 801, Taiwan(R.O.C.)	(07)216-0851
FE 21'mega	802	Floor 11, No. 21, Sanduo 4th Rd, Lingya District, Kaohsiung City, 802, Taiwan(R.O.C.)	(07)536-0056
SOGO Kaohsiung	806	B2, No. 217, Sanduo 3rd Rd, Qianzhen District, Kaohsiung City, 806, Taiwan(R.O.C.)	(07)335-5801
Dream Mall	806	B1, No. 789, Zhonghua 5th Rd, Qianzhen District, Kaohsiung City, 806, Taiwan(R.O.C.)	(07)812-7098
Hanshin Arena	813	B1, No. 777, Bo'ai 2nd Rd, Zuoying District, Kaohsiung City, 813, Taiwan(R.O.C.)	(07)555-9688#2006
Dollars	807	Floor 1, No. 463, Minzu 1st Rd, Sanmin District, Kaohsiung City, 807, Taiwan(R.O.C.)	(07)392-5859
E SKY Land Kaohsiung	804	B2, No. 115, Dashun 1st Road, Gushan District, Kaohsiung City, 804, Taiwan(R.O.C.)	(07)556-1626
【CHA FOR TEA】 11 stores			
Hengyang	100	Floor 2, No. 62, Hengyang Rd, Zhongzheng District, Taipei City, 100, Taiwan(R.O.C.)	(02)2312-2828
Fuxing	104	No. 152, Fuxing N Rd, Zhongshan District, Taipei City, 104, Taiwan(R.O.C.)	(02)2719-9900
Xinyi	106	Floor 1, No. 88, Section 4, Xinyi Rd, Da'an District, Taipei City, 106, Taiwan(R.O.C.)	(02)2707-3598
Zhongshan	111	No. 570, Section 5, Zhongshan N Rd, Shilin District, Taipei City, 111, Taiwan(R.O.C.)	(02)2888-2929
Neihu	114	No. 409, Ruiguang Rd, Neihu District, Taipei City, 114, Taiwan(R.O.C.)	(02)2656-0099
Ai Mai Hsinchu	300	Floor 1, No. 469, Section 2, Gongdaowu Rd, East District, Hsinchu City, 300, Taiwan(R.O.C.)	(03)572-8345
Zhunan	350	No. 422, Zhonghua Rd, Zhunan Township Miaoli County, 350, Taiwan(R.O.C.)	(037)696-088

Names	Zip Code	address	Tel
Tiger City	407	B1, No. 120, Section 3, Henan Rd, Xitun District, Taichung City, 407, Taiwan(R.O.C.)	(04)3606-8899
FE 21'mega	802	Floor 12, No. 21, Sanduo 4th Rd, Lingya District, Kaohsiung City, 802, Taiwan(R.O.C.)	(07)338-3528
Dream Mall	806	7F, No. 789, Zhonghua 5th Rd, Qianzhen District, Kaohsiung City, 806, Taiwan(R.O.C.)	(07)823-3699
E SKY Land Kaohsiung	804	7F, No. 115, Dashun 1st Rd, Gushan District, Kaohsiung City, 804, Taiwan(R.O.C.)	(07)556-0628
【Ten Ren's Tea · CHAFFEE Retail Stores】 8 stores			
Eslite Nancy	104	B1F, No. 14, Nanjing West Road, Zhongshan District, Taipei City, 104, Taiwan(R.O.C.)	(02)2581-6698
Da'an	106	No. 235, Section 1, Da'an Road, Da'an District, Taipei City, 106, Taiwan(R.O.C.)	(02)2325-8798
Songshan	110	No. 11, Songshan Road, Xinyi District, Taipei City, 110(West exit), 110, Taiwan(R.O.C.)	(02)2528-8138
Breeze NanShan	110	B2 No. 17, Songzhi Road, Xinyi District, Taipei City, 110, Taiwan(R.O.C.)	(02)2345-0568
Mega City Xinyi	110	B3, No. 58, Songren Road, Xinyi District, Taipei City, 110, Taiwan(R.O.C.)	(02)2758-0599
Nangang	115	No. 369, Section 7, Zhongxiao East Road, Nangang District, Taipei City, 115, Taiwan(R.O.C.)	(02)2652-9036
Linkou Mitsui	244	No. 356, Section 1, Wenhuan Road, Linkou District, New Taipei City, 244, Taiwan(R.O.C.)	(02)2608-9185
Ten Ren Tea museum	350	No. 422, Zhonghua Rd, Zhunan Township Miaoli County, 350, Taiwan(R.O.C.)	(037)696-718
【Wholesale Business Center】			
Northern Region Wholesale Center	248	No. 15, Wuquan 2nd Rd, Wugu District, New Taipei City, 248, Taiwan(R.O.C.)	(02)2299-0345
Tainan Wholesale Center	708	No. 150, Anping Rd, Anping District, Tainan City, 708, Taiwan(R.O.C.)	(06)250-9299
Kaohsiung Wholesale Center	803	No. 160, Daren Rd, Yancheng District, Kaohsiung City, 803, Taiwan(R.O.C.)	(07)521-2280

A total of 104 domestic retail locations, dated 01, Jan 2022

List of Foreign Franchise Stores

Serial number	Names	address	Tel
1	UNCLE LEE'S TEA	11020, RUSH STREET, S. EL MONTE, CA 91733-3547, U.S.A.	1-626-350-3309
2	TEN REN TEA	550, GRANT AVE., SAN FRANCISCO, CA94018-2406, U.S.A.	1-415-788-0845
3	TEN REN TEA	1732, N. MILPITAS BLVD., MILPITAS, CA 95035-2767, U.S.A.	1-408-946-1118
4	TEN REN'S TEA TIME	10881, N. WOLFE RD., CUPERTINO, CA 95014-0605, U.S.A.	1-408-873-2038
5	TEN REN TEA	727, N. BROADWAY #136, LOS ANGELES, CA 90012-2816, U.S.A.	1-213-626-8844
6	TEN REN TEA	665B, N. EUCLID ST., ANAHEIM, CA 92801-4622, U.S.A.	1-714-635-6665
7	TEN REN TEA	154, W. VALLEY BLVD., SAN GABRIEL, CA 91776-3723, U.S.A.	1-626-288-1663
8	TEN REN TEA	111, W. GARVEY AVE., MONTEREY PARK, CA 91754-2801, U.S.A.	1-626-288-2012
9	TEN REN'S TEA TIME	1330 S. FULLERTON RD. #102 ,INDUSTRY, CA 91748, U.S.A.	1-626-581-7700
10	TEN REN'S TEA TIME	846 W. DUARTE RD., ARCADIA, CA 91007-7523, U.S.A.	1-626-821-0250
11	TEN REN'S TEA TIME	515, GRAND AVE. #F ,WALNUT, CA 91789-2143, U.S.A.	1-909-839-2665
12	TEN REN'S TEA TIME	1400, UNIVERSITY AVE. #A103, RIVERSIDE, CA 92507-4457, U.S.A.	1-951-686-5591
13	TEN REN'S TEA TIME	20311 VALLEY BLVD. STE. E., WALNUT, CA 91789-2658, U.S.A.	1-909-468-5678
14	TEN REN'S TEA TIME	18912-A E. GALE AVE., ROWLAND HTS., CA 91748-1389, U.S.A.	1-626-912-2020
15	TEN REN'S TEA TIME	707 E MAIN ST., ALHAMBRA, CA 91801-4053 ,U.S.A.	1-626-872-2778
16	TEN REN'S TEA TIME	430 N. MCKINLEY ST., STE 103, CORONA, CA 92879-1291, U.S.A.	1-951-808-4000
17	TEN REN'S TEA TIME	13394 LIMONITE AVE #B140,EASTVALEe, CA 92880, U.S.A.	1-951-407-1455
18	TEN REN TEA	75, MOTT STREET, NEW YORK, NY 10013-4812, U.S.A.	1-212-349-2286
19	TEN REN TEA	135-18, ROOSEVELT AVE., FLUSHING, NY 11354-5306, U.S.A.	1-718-461-9305
20	TEN REN'S TEA TIME	73, MOTT STREET, NEW YORK, NY 10013, U.S.A.	1-212-732-7178
21	TEN REN TEA	825-G, ROCKVILLE PIKE, ROCKVILLE, MD 20852-1264, U.S.A.	1-301-838-8680
22	TEN REN TEA	454, DUNDAS STREET WEST, TORONTO, ONT., M5T 1G9, CANADA	1-416-598-7872
23	TEN REN'S TEA TIME	3401, DUFFERIN ST. UNIT 29B, TORONTO, ON. M6A 2T9, CANADA	1-416-782-8288
24	TEN REN'S TEA TIME	100 CITY CENTRE DR., UNIT1-201, MISSISSAUGA, ON. L5B 2C9	1-905-276-2188
25	TEN REN'S TEA TIME	111 TIMES AVE. UNIT 101, THORNHILL, ON. L3T 0A2, CANADA	1-905-881-8896
26	TEN REN'S TEA TIME	1070 MAJOR MACKENZIE DR. E.,TORONTO, ON. L4S 1P3, CANADA	1-905-508-3993

Serial number	Names	address	Tel
27	TEN REN'S TEA TIME	5000 HWY 7E, UNIT 2055, MARKHAM, ON. L3R 4M9, CANADA	1-905-940-1991
28	TEN REN'S TEA TIME	9570 MCCOWAN RD. UNIT 1-2B, MARKHAM, ON. L6C 3G5, CANADA	1-905-534-8887
29	TEN REN TEA	550, MAIN STREET, VANCOUVER B.C. V6A 2T9, CANADA	1-604-689-7598
30	TEN REN'S TEA TIME	UNIT 800F, 999-36TH STREET, NORTH EAST, CALGARY ALBERTA, T2A 7X6, CANADA	1-403-207-8888
31	TEN REN TEA	232 YAMASHITA-CHO, NAKA-KU, YOKOHAMA 231-0023, JAPAN	81-45-641-0818
32	TEN REN TEA	1-3-3 MOTOMACHIDORI, CHUO-KU, KOBE 650-0022, JAPAN	81-78-331-6796
33	TEN REN TEA	1-7-14 SHIBAKOEN, MINATO-KU, TOKYO 105-0011, JAPAN	81-36-812-9898
34	TEN REN TEA	NO. 52, JALAN 8/91, TAMAN SHAMELIN PERKASA CHERAS, 56100 KUALA LUMPUR, MALAYSIA	60-3-9284-0178
35	CHA FOR TEA	4187,CAMPUS DRIVE, SUITE M-173 ,IRVINE, CA 92612 U.S.A.	1-949-725-0300
36	CHA FOR TEA	5720, E. 7TH ST., LONG BEACH, CA 90803, U.S.A.	1-562-668-5100
37	CHA FOR TEA	4740, BARRANCA PKWY, IRVINE, CA 92604, U.S.A.	1-949-653-5518
38	TEN REN'S TEA TIME	389,VICTORIA AVE. CHATSWOOD N.S.W. 2067, AUSTRALIA	61-2-9884-7668
39	CHA FOR TEA ToGo	No.8, LG2, Fubang Crystal Center, No.68 Yuyuan Road, Jing 'an District, Shanghai	86-21-6292-8510
40	CHA FOR TEA ToGo	Room L232, 2nd Floor, Eslite Life, No.8 Yuelong Street, Suzhou Industrial Park, Suzhou City, Jiangsu Province	86-512-6731-2539
41	CHA FOR TEA ToGo	RUA DE SENG TOU NO.120, EDF. FA SENG R/C,TAIPA,MACAU SAR	853-2883-0200
42	CHA FOR TEA ToGo	RUA DE MANUEL DE ARRIAGA NO.3L, EDF.TIM CHUI R/B,MACAU SAR	853-2821-0083
43	CHA FOR TEA ToGo	RUA DA SERENIDADE No: 10, EDF. CHUN PEK GARDEN R/BO,MACAU SAR	853-2847-4220
44	CHA FOR TEA ToGo	TRAVESSA DOS ANJOS No: 23, MACAU SAR	853-2892-1033
45	CHA FOR TEA ToGo	RUA NOVA DA AREIA PRETA No: 113, EDF. U WA BLOCO XIII,MACAU SAR	853-2845-2511
46	CHA FOR TEA ToGo	AVENIDA DE GENERAL CASTELO BRANCO No: 105, EDF. YUET TAK Bloco 2 R/D,MACAU SAR	853-2851-9531
47	CHA FOR TEA ToGo	AVENIDA DE KWONG TUNG No.515, NOVA MALL 2F #213 ,TAIPA,MACAU SAR	853-6851-8975
48	CHA FOR TEA ToGo	RUA DE FRANCISCO XAVIER PEREIRA No: 117-B, EDF. MEI TAK MEI GARDEN R/B,MACAU SAR	853-2857-0376
49	CHA FOR TEA ToGo	133 New Bridge Road, # 01-07 Chinatown Point, Singapore	65-6909-7375
50	CHA FOR TEA ToGo	313 Orchard road 313@somerset B3-08, Singapore	65-6909-8520
51	CHA FOR TEA ToGo	G/F, No. 10 Morrison St, Sheung Wan, Hong Kong	852-2715-3889
52	CHA FOR TEA ToGo	4-007, L4, Yata Dept Store, Tsuen Wan Plaza, Tsuen Wan, Hong Kong	852-2205-0038

Serial number	Names	address	Tel
53	CHA FOR TEA ToGo	G/F, NO. 151 Hennessy Road, Wan Chai, Hong Kong	852-2528-6699
54	CHA FOR TEA ToGo	Shop 4, G/F, Rejoice Court, 18 Fa Yuen St, Mongkok, Hong Kong	852-2602-6098
55	CHA FOR TEA ToGo	Concession Counter KT-004, Basement, Yata Supermarkets, APM, Kwun Tong, Hong Kong	852-3464-0940
56	CHA FOR TEA ToGo	Shop 2038, L2 Metro City II, Tseung Kwan O, Hong Kong.	852-2499-9245
57	CHA FOR TEA ToGo	Shop No.340C on level 3, Ma On Shan Plaza, No. 608 Sai Sha Road, Ma On Shan, Hong Kong	852-2320-2699
58	CHA FOR TEA ToGo	UNIT LF-01,SHOP NO.2101,LEVEL 2, LOK FU PLACE, LOK FU ESTATE, NO.198 JUNCTION ROAD, KOWLOON,HONG KONG	852-2488-8530
59	CHA FOR TEA ToGo	Shop no. HOK 69, Hong Kong MTR Station, Hong Kong	852-2868-4880
60	CHA FOR TEA ToGo	Shop no. 6, G/F of Kolour, No. 1 Kau Yuk Rd. and Nos. 36-46, Tai Tong Rd.,Yuen Long, Hong Kong	852-2488-9878
61	CHA FOR TEA ToGo	Shop B, G/F, Ming Fat Building, Bute Street, Mongkok, Hong Kong	852-2874-8887
62	CHA FOR TEA ToGo	Concession Counter TM4-005, Yata Dept Store, G/F V City, Tuen Mun, Hong Kong	852-2799-9560
63	CHA FOR TEA ToGo	Counter L222, Eslite Spectrum TST, 2/F Star House, 3 Salisbury Road, Tsim Sha Tsui, Hong Kong	852-3419-1061
64	CHA FOR TEA ToGo	Shop 050-051, L1, Zone A Tai Po Mega Mall, Tai Po, Hong Kong	852-2808-4668
65	CHA FOR TEA ToGo	Kiosk, L2 Kolour Tsuen Wan I, 68 Chung On St, Tsuen Wan, Hong Kong	852-2997-9838
66	CHA FOR TEA ToGo	D14-15, L1 , Lab Concept, Queensway Plaza, 93 Queensway, Hong Kong.	852-2895-5828
67	CHA FOR TEA ToGo	Shop no. TAP 20, Tai Po Market MTR Station, Taipo, Hong Kong	852-2805-8890
68	CHA FOR TEA ToGo	Shop no. 182, L1, Metroplaza, Kwai Fong, Hong Kong	852-2808-4489
69	CHA FOR TEA ToGo	Kiosk 2A, Aberdeen Centre Phase 4, Aberdeen	852-2997-9088
70	CHA FOR TEA ToGo	Shop no. A, G/F, Mongkok Building, 546 Nathan Road, Kowloon, Hong Kong	852-2886-0494
71	CHA FOR TEA ToGo	Shop Unit 1, CityLink Plaza, Shatin, Hong Kong	852-2818-3839
72	CHA FOR TEA ToGo	Shop 9 on Upper Ground Floor of My Central, No. 23 Graham Street, Central, Hong Kong	852-2827-8889
73	CHA FOR TEA ToGo	Shop no. G102A, G/F, Plaza Hollywood, Diamond Hill, Kowllon, Hong Kong	852-2986-8898
74	CHA FOR TEA ToGo	TKO-10-005B, YATA Supermarket, Shop No.222, Level 2, East Point City, Tseung Kwan O, Hong Kong	852-2890-5888
75	CHA FOR TEA ToGo	Shop No.G08B, Ground Floor, Commercial Centre, Ma Hang Estate, 23 and 33 Carmel Road, Stanley, Hong Kong	852-2950-0880
76	CHA FOR TEA ToGo	Shop Unit 227, Level 2, Maritime Square, Tsing Yi, Hong Kong	852-2348-8598
77	CHA FOR TEA ToGo	Shop No.2211 Level 2, Sheung Shui Centre, 3 Ching Cheong Road, Sheung Shui, Hong Kong	852-2488-8920
78	CHA FOR TEA ToGo	Shop No.39 Level 3, North Wing, Trend Plaza, Tuen Mun Town Lot No.282, Hong Kong	852-2348-9608

Serial number	Names	address	Tel
79	CHA FOR TEA ToGo	Shop TIS44 at Tin Shui Wai MTR station, Hong Kong	852-2468-2008
80	CHA FOR TEA ToGo	Shop Nos. 103-104, Level 1, New Jade Shopping Arcade, Chai Wan, Hong Kong	852-2889-1588
81	CHA FOR TEA ToGo	Shop No.201, First Floor of Fanling Centre, No.33 San Wan Road, Fanling, Hong Kong	852-2626-1525
82	CHA FOR TEA ToGo	Shop Nos. F46-47 on First Floor of Amoy Plaza of Amoy Gardens, Phase I, 77 Ngau Tau Kok Road, Kowloon, Hong Kong	852-2886-0565
83	CHA FOR TEA ToGo	Shop 10, G/F, E Plaza, Legend Tower, 7 Shing Yip Street, Kowloon, Hong Kong	852-2626-9838
84	CHA FOR TEA ToGo	Shop No. 202, Level 2, Commercial / Car Park Blocks, Tai Wo Estate, No. 12 Tai Po Tai Wo Road, Tai Po, Hong Kong	852-2618-8860
85	CHA FOR TEA ToGo	Shop 23, Ground Floor, Sau Mau Ping Shopping Centre, No.101 Sau Ming Road, Sau Mau Ping, Kowloon, Hong Kong	852-2618-6370
86	CHA FOR TEA ToGo	Shop ST-01-003, Portions of Level 1, New Town Plaza III, 2-8 Shatin Centre Street, Shatin, Hong Kong	852-2618-8869
87	CHA FOR TEA ToGo	Unit MKK3-002, Shop LG1-3, LG/G., Mikiki, 638 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong	852-2618-8060
88	CHA FOR TEA ToGo	Shop 5A, 5B on Ground Floor Marina Lodge, No.368 Shau Kei Wan Road, Hong Kong	852-2626-1988
89	CHA FOR TEA ToGo	UG 20, Festival Walk, 80 Tat Chee Avenue, Kowloon, Hong Kong	852-2111-9690
90	CHA FOR TEA ToGo	Shop No.2, Ground Floor, Kai Tin Shopping Centre, Kai Tin Estate, 50 Kai Tin Road, Lam Tin, Kowloon, Hong Kong	852-2555-0899
91	CHA FOR TEA ToGo	Shop 511-521 of YATA Supermarket,Level 5, MOKO,193 Price Edward Road West, Mongkok, Hong Kong	852-2328-2216
92	CHA FOR TEA ToGo	Shop No.1013-1015 & 1018-1020 of YATA Supermarket,Level 1, YOHO Mall I, 9 Long Yat Road, Yuen Long, Hong Kong	852-3596-3679
93	CHA FOR TEA ToGo	Shop No.1, Fortress Tower, No. 250 King's Road, Hong Kong	852-2620-6090
94	CHA FOR TEA ToGo	5T052 Terminal 1 ,1 Sky Plaza Road, Hong Kong International Airport, Lantau, Hong Kong	852-2620-0060
95	CHA FOR TEA ToGo	Shop No. SW-9-002 of YATA Supermarket, G/F, Hong Kong plaza, 188 Connaught Road West, Sai Wan, Hong Kong	852-2638-8308
96	CHA FOR TEA ToGo	Shop No. SG22, Ground Floor, T Town South, Tin Chung Court, 30 Tin Wah Road, Tin Shui Wai, Hong Kong	852-2997-7779
97	CHA FOR TEA ToGo	Shop Unit F01, PopCorn, No. 9 Tong Yin Street, Tseung Kwan O,Hong Kong	852-2638-8530
98	CHA FOR TEA ToGo	Shop No. G-12 on Ground Floor, V Walk, Hong Kong	852-2878-8768
99	CHA FOR TEA ToGo	Shop No. 207 on Level Two, Peak Galleria, 118 Peak Road, Hong Kong	852-2898-8108
100	CHA FOR TEA ToGo	Shop 702, 7/F.,Citygate,18-20 Tat Tung Road,Tung Chung, Lantau Island,Hong Kong	852-3468 2633
101	CHA FOR TEA ToGo	MTR Station Concession No. Tik 16 At Tiu Keng Leng Station, Tseung Kwan O, Sai Kung, New Territories, Hong Kong	852-2638-8320
102	CHA FOR TEA ToGo	Shop G1A, Ground Floor, Temple Mall South, Lower Wong Tai Sin (2) Estate, Wong Tai Sin, Kowloon, Hong Kong	852-2868 6026
103	CHA FOR TEA ToGo	Shop Unit 350B, Telford Plaza, No. 33 Wai Yip Street, Kowloon Bay, Kowloon, Hong Kong	852-3620 3731
104	CHA FOR TEA ToGo	UNIT ALV-14-001, SHOP NOS. 1-4, G/F, ALVA HOTEL BY ROYAL, 1 YUEN HONG STREET, SHA TIN, NEW TERRITORIES, Hong Kong	852-3996-9432

Serial number	Names	address	Tel
105	CHA FOR TEA ToGo	Shop G02-03, NEO, 123 Hoi Bun Road, Kwun Tong, Hong Kong	852-2838-1038
106	CHA FOR TEA ToGo	Flat A2 on G/F, No.29 Percival Street, East South Building, Causeway Bay, Hong Kong	852-2838 3809
107	CHA FOR TEA ToGo	SHOP NP-13-003(MAJOR PORTION), B1/F., THE WESTERN SITE, HARBOUR NORTH, NO. 123 JAVA ROAD, NORTH POINT, HONG KONG	852-3956 5828

A total of 107 Foreign Franchise Stores, dated 01, Jan. 2022

Ten Ren Tea Co., Ltd.

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One. Report to Shareholders

2021 Business Report and 2022 Business Plan Outline

I. 2021 Business Report

(I) Implement Results for Business Plans:

Up until December 31, 2021, total assets were NT\$2,309,476 thousand; total liabilities were NT\$849,215 thousand, total shareholders' equity was NT\$1,460,261 thousand, with a net worth of NT\$16.08 per share.

Unit: thousand

Item	2021/January - December Results	2020/January - December Results	Growth rate %
Operating income	1,773,001	1,906,194	(6.99)
Gross profit	990,761	1,095,327	(9.55)
Operating expenses	975,925	1,030,345	(5.28)
Operating profit	14,836	64,982	(77.17)
Non-operating income and expenses	38,102	5,091	648.42
Profit before tax	52,938	70,073	(24.45)
Net income	43,429	57,383	(24.32)
Earnings per share (EPS) (NT\$)	0.48	0.63	(23.81)

When COVID-19 vaccines became available, the worst case scenario we expected had passed. Nevertheless, due to the eruption of community infections in May 2021, the warning alert was raised to Level 3 and our operations were faced with even more severe challenges than those in 2020. Amid the situation, we realized that we ought to make improvements on adapting to emergencies and long-term changes. Moreover, we came to understand that in times of the COVID-19 crisis, we must enhance our management on existing and potential risks and invest in enough resources so as to learn to prevent and face disasters. Based on this, we must develop the resilience and flexibility to respond to risks to create a new pattern of operations.

In 2021, we took a more professional and systemic approach on the control of food safety, information security and risks. For example: in terms of food safety - we passed the FSSC22000 and HACCP certifications and our Food Safety Laboratory passed the ISO17025 supervisory assessment, as well as accreditation for *Staphylococcus aureus*, *Salmonella* and *Listeria monocytogenes*. We have also implemented information transparency and honest labeling, further providing consumers with safe consumer choices. In terms of information security - we continue to strengthen the basic information security equipment, while at the same time increasing our employees' awareness towards information security concepts, ensuring the security of the system and operations.

In 2021, we made adjustments to our stores to eliminate weaknesses and build strengths. We have developed a contactless consumer model and introduced self-ordering system to better refine our service process, and expanded our collaboration with delivery platforms. In an economic downturn, we focus on the future, striving to win at the next starting point.

(II) Financial income and expenditures and profitability analysis (all companies in the consolidated financial statements)

Item		2021	
Profitability	Return on assets (%)	2.04	
	Return on equity (%)	2.93	
	Ratio to paid-in capital (%)	Operating profit	1.64
		Net income before tax	5.84
	Profit margin	2.45	
	Earnings per share (EPS) (NT\$)	0.48	
Financial structure	Debt to assets ratio (%)	36.77	
	Long-term capital to fixed assets ratio (%)	168.10	
Solvency	Current ratio (%)	134.06	
	Quick ratio (%)	88.88	
	Times interest earned	9.75	

II. 2022 Business Plan Outline

The COVID-19 crisis was definitely not an accident or unique. Changes in the global economic situation as a result of the pandemic and the impact of geopolitical conflicts and climate change have made us realize we must accelerate the investment in digitalization and intelligence to improve our operational efficiency. We will also incorporate key issues relating to food safety, digital nerves, risk management and corporate governance into the content of our corporate culture. By doing this, we inject diverse, future and sustainability elements into our corporate culture.

Although the global economic growth in 2022 is expected to slow down, due to the base period effect, Taiwan's consumption is expected to soar. We drive the enthusiasm of our employees via the idea of "tea renaissance," while constantly deepening epidemic prevention and food safety measures aiming to create a safety working and consumption environment. Meanwhile, we will also accelerate the content of digitization to provide better and more accurate services.

In 2022, not only will we consolidate our corporate core values through "tea renaissance," we will do our utmost to create a sense of social trust through corporate governance strengthening. We intend to establish a dedicated corporate governance department to enhance the functions of the Board of Directors. Meanwhile, we strive for creating a better future by focusing on sustainable development issues and integrating corporate social responsibility with management strategies.

I thank you for your support and advice. Stay safe and healthy and happy tea-drinking!

Chairman Lee, Kuo-Lin Manager Lin, Jen-Chung Chief Accounting officer, Chu, Hui-Ling

Two. Company Profile

I. Date of incorporation: December 11, 1975

II. A brief history of the company:

- 1975 - Ten Ren Tea Co., Ltd. registered and established with a capital of NT\$10,000 thousand
- 1978 - Modern tea factory established - Xiangshan Tea Factory, located on the Western Trunk line - the only tea factory open for visitors, the pioneer in the tea industry
- 1979 - First IMA C-21 introduced in the factory for production
- 1980 - Head office relocated from Xinyi Road to Hengyang Road, Taipei
- 1983 - Xiangshan Tea Factory awarded “Excellent Food Hygiene Management” by the Provincial Health Department
- 1984 - Xiangshan Tea Factory awarded a certificate by the Ministry of Economic Affairs
- 1985 - Xiangshan Tea Factory awarded “Excellent Food Hygiene Management” by the Provincial Health Department
- 1986 - Head office relocated to Ten Ren Building on Nanjing East Road
Rosa Foods Co., Ltd. authorized to produce and sell Ten Ren’s canned drinks
Xiangshan Tea Factory awarded “Excellent Food Hygiene Management” by the Provincial Health Department
- 1988 - Xiangshan Tea Factory awarded “Excellent Food Hygiene Management” by the Provincial Health Department
- 1989 - Awarded as excellent manufacturer by the Chinese National Federation Industries
Xiangshan Tea Factory awarded “Excellent Food Hygiene Management” by the Provincial Health Department
- 1990 - Northern Wholesale Business Center established in Wugu
Awarded “Manufacturer Excellence Award for Welfare Products” by the General Welfare Service of MND.
Awarded Gold Award, the highest honor in the tea industry, by the Taiwan Tea Manufacturers Association as a recognition of its contribution to tea production and sale in Taiwan
- 1991 - Invested in Ten Ren Trading Sdn. Bhd.
Certified as a model store by the Taipei City Revenue Service for issuing uniform invoices in 1990
- 1992 - Head office relocated to Zhongxiao East Road, Taipei
Developed “tea shop” business and entered the bubble black tea market with the brand “TEA TIME”
Awarded as excellent manufacturer by the Chinese National Federation Industries
- 1993 - Public offering approved
Partnership with Rosa Foods Co., Ltd. ended
Xiangshan Tea Factory awarded “Excellent Food Hygiene Management” by the Provincial Health Department
“Flaming Phenix” of Five Elements Pot won the Award of Excellence for Handicrafts and Exhibition by Department of Construction, Taiwan Provincial Handicraft Research Institute
Awarded “Manufacturer Excellence Award for Welfare Products” by the General Welfare Service of MND
- 1994 - Participated in Child Welfare League Foundation’s “Gather the Love with Uniform Invoices for Education”
Biluochun green tea awarded “Gold Medal Award” and “Packaging Design Award” by the Food Assessment Council
Awarded “Manufacturer Excellence Award for Welfare Products” by the General

- Welfare Service of MND
- 1995 - Promoted the “VIP Club” system, enhancing customer satisfaction
Awarded “Excellent Food Hygiene Management” by the Provincial Health Department for the 7th time
 - 1996 - Entrusted JOUMET to produce “919XO Tea Flavored Alcohol” range of products
Awarded “Excellent Product Bar Code Manufacturer” by GS1 Taiwan
Awarded “1996 Popular Products” by the Product of the Year and Enterprise Selection Competition
“Mouse” matching teapots received “1996 Taiwan Excellent Household Product Award” by the Department of Construction
 - 1997 - The Company’s stock was approved by the Financial Supervisory Commission (FSC) to be officially listed on March 18.
Awarded “GSP Good Store Certification” by the Department of Commerce, MOEA
Advertisement on over-the-counter newspaper awarded the “Times Advertising Awards”
Ten Ren Enterprise Co., Ltd. founded
 - 1998 - Approved by the Securities and Futures Institute for listing
New products “green tea power” and “whole leaves” tea bags launched and well-received by the public
 - 1999 - The Company’s shares officially listed on the centralized market on January 20
The “Bunny Treasure” teapot was invited to participate in special exhibitions in New York and Paris; and was honored with a permanent collection award and certificate from the Office of the President
 - 2000 - New tea culture promoted and “Ten Ren CHA FOR TEA” established
Passed the ISO-9001 2000 certification
 - 2001 - Entered into contract with Sugakico to open Ten Ren CHA FOR TEA franchise
Awarded 2001 Excellent Manufacturer by the General Welfare Service of MND
 - 2003 - Purchased “Ten Ren Tea Culture Building” located on Hengyang Road, Taipei City, combining Ten Ren Tea, CHA FOR TEA and Lu Yu Tea Art to become a complete tea culture flagship store
Entered into contract with the Coca-Cola Company to launch Ten Ren tea drinks with brand licensing model
In 2003, Ten Ren CHA FOR TEA awarded “Excellent Example of Creative Life Business” by the Creative Life Industry Development Program, Industrial Development Bureau
 - 2004 - Introduced the IMA C-24 fully automatic tea bag packing machine from Italy
Introduced GX-6-type poly bag automatic filling system from Japan
Introduced ORACLE’s ERP system, POS system and network engineering
Passed Good Service Practice (GSP) certification by the Department of Commerce, MOEA
Awarded the “Honest Business that Issues Uniform Invoices” by the Ministry of Finance, R.O.C.
Awarded “Excellent Store” by the Taipei City Government
 - 2005 - Official launching of the first phase of digitization
Awarded “Special Merit Award” by the Franchise Headquarters Evaluation
Introduced Japanese green tea range (Midori & Tea)
 - 2006 - Co-organized Postal Museum’s “Drink Good Tea, Have a Good New Year” in conjunction with the release of “Taiwan Tea Art Stamps”
CHA FOR TEA launched “CHA FOR TEA Chopsticks” to encourage people to look after the Earth
Ten Ren Tea Culture Park completed; Ten Ren Tea Culture Museum officially opened

- 2007 - Capital increased to NT\$905,919 thousand
 Became Taiwan's first company to have passed ISO 22000 and HACCP certifications for all production lines and the first company in the tea industry to have passed ISO 22000, HACCP, ISO 9001 certification
 Obtained HALAL certification to expand markets in Muslim countries
 Launched "Ten Ren Tea Co-branded Card" with Bank SinoPac (Terminated on 2019/12/31)
 Ten Ren Tea Culture Museum selected as Taiwan's creative life industry
 Ten Ren CHA FOR TEA packaging range given the "2007 Taiwan Design Creation Gold Award"
- 2008 - Hosted "International Coaching Project for Local Special Industries" commissioned to the Synergy Development Center by MOEA
 Awarded "2007 Agricultural Products Exporting Vendor" by Council of Agriculture, Executive Yuan, R.O.C.
 Received an award from the Department of Commerce, MOEA in appreciation of the Company's involvement in "Integration Technology Development Project for Supply, Sales and Logistics"
 Awarded "Ethical Company" by the Department of Commerce, MOEA
- 2009 - The Company's employees donated a day's pay to students who suffered from the Morakot Typhoon and donated supplies to the Taiwan Fund for Children and Families to help them go back to school as soon as possible.
- 2010 - First to introduce "EasyCard Small Spending Mechanism"
 Awarded MOEA's GSP - "Excellent Mark" by the MOEA
 "Tea Appreciation" gift set won the first place in "2010 Taiwan Vision Design Award" platinum award in the gift set category
 Awarded the "2009 Agricultural Products Exporting Vendor" by the Council of Agriculture, Executive Yuan, R.O.C.
- 2011- Introduced the Japanese-made "metal detector" to strictly control safety of raw materials for production
 Supported the 13th international tea culture exchange for Sans Self Tea Gathering and international tea culture festival
 After winning "2010 Taiwan Vision Design Award," the "Tea Appreciation" gift set won Red Dot design award
 Awarded "Taiwan Superior Commercial Service Brands," the highest honor in Taiwan's commercial service industry, by the MOEA
 Awarded MOEA's GSP - "Excellent Mark" by MOEA once again
- 2012 - Through brand licensing model, Ten Ren Tea and CHA FOR TEA ToGo successfully entered the Hong Kong
 Supported Fu Jen Catholic University's "2012 SHARE in Ulaanbaatar, Mongolia - Social Service Learning," sharing the beauty of Taiwanese tea and pearl milk tea with children
- 2013 - "Ten Ren 60 - Tea Brilliance" to demonstrate a century's entrepreneurial spirit of Ten Ren
 Supported the "Brighten Up Hope, Brighten Up Love" of Taiwan Foundation for the Blind and "Welfare Engagement to Spread Love" of the Child Welfare League Foundation
 Floating teapot and 12 ancient teapots on public display at Ten Ren Tea Culture Park
 Planning to make long-term investment in old tea to accumulate resources and credibility of Ten Ren Old Tea
- 2014 - Introduced the first IMA C-28 fully automatic tea bag packing machine from Italy
 The first IMA C-21 automatic tea bag packaging machine invested in 1979 retired

- and moved to the Tea Culture Park for display to witness the machine that served for 35 years and produced 1 billion bags of tea
 Ten Ren Tea Culture Museum planned workplace experience activities for students graduating from Jianshi Junior High School
 To send blessings to people affected by the gas explosion in Kaohsiung, the Company donated a day's pay on behalf of all colleagues to the Kaohsiung City Government.
- 2015 - Became the first company in Taiwan to have Type 2 Green Mark for tea industry products
 Installed 2nd and 3rd IMA C-28 and first GX-8 for production
 Established Food Safety Laboratory
 Established SGS Safety Information Platform - Ten Ren Tea Section to provide consumers with open, transparent and timely information, putting into practice the Company's determination to maintain food safety.
 "Ten Ren CHA FOR TEA ToGo" awarded as excellent operator in "Taipei City Food Ingredients Registration Platform Results" held by the Department of Health, Taipei City Government
 Second generation of POS system to extend functionality and electronic invoicing system introduced
 Released first CSR Report in 2014 and passed Accountant Independent Assurance Report issued by EY (Ernst & Young Global Limited)
 Held a special exhibition of Taiwan's 100 finest teapots for Ten Ren Tea Culture Museum's 10th anniversary
 "Ten Ren CHA FOR TEA" entered Macau
- 2016 - Installed 4th IMA C-28 for production
 To send blessings to people affected by the earthquake in Tainan, the Company donated a day's pay on behalf of all colleagues to the Tainan City Government's disaster relief account.
 The Ministry of Finance awarded the Company as the 2016 Honest Business that Issues Uniform Invoices.
 Introduced independent director system to strengthen corporate governance
 Successfully passed FSSC 22000 and ISO 9001: 2015 certifications, meeting requirements of the Global Food Safety Initiative(GFSI)
 New business "CHAFFEE" officially took off, the name harmonized as CHA FREE, meaning "free and open tea space" in the hope to bring consumers a wonderful tea culture experience
- 2017 - Food Safety Laboratory enhanced its professional and technical capabilities according to ISO 17025 standard and passed TAF accreditation and obtained the certificate
- 2018 - Implemented plastic restriction policy and switched to plastic made with 80% decomposable materials and paper cup holders. This concept was gradually promoted to its overseas businesses. Consumption of disposable glass containers for milk ditched to deepen green production and green consumption.
 Supported "Taoyuan Lala Mountain Spring High Mountain Tea Competition" in recognition of the Company's philosophy of supporting the advancement of Taiwan's tea leaf production techniques and the development of new tea regions
 Xiangshan Tea Factory received first inspection by FDA and passed
 Installed 2nd GX-8 for production
 Ten Ren Tea and CHA FOR TEA ToGo returned to Singapore
 ERP system upgrade plan initiated to support future diverse development
- 2019 - e-upgrade project completed
 Infrared color sorting machines officially been put to use and continued to promote

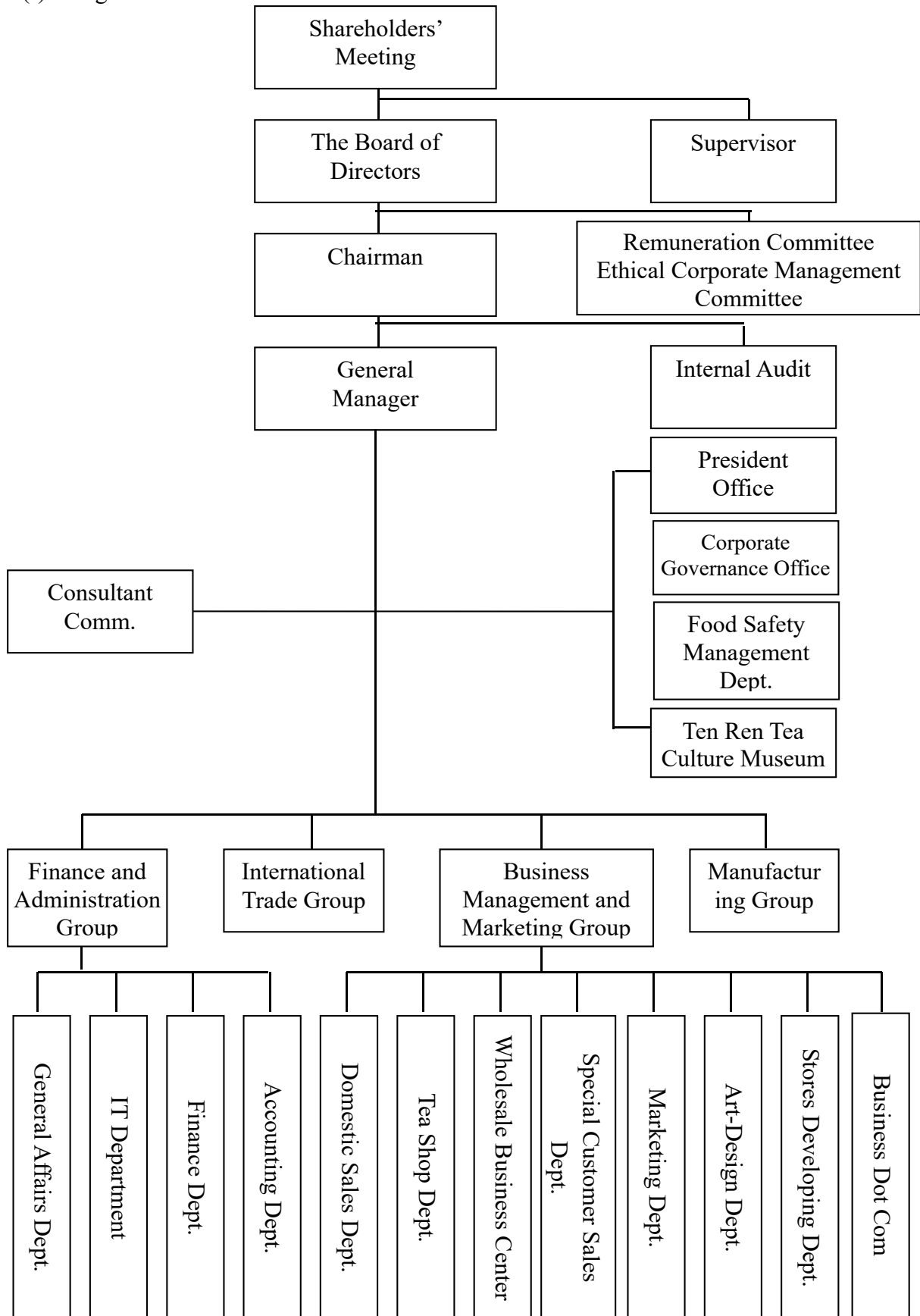
- to upstream suppliers the importance of advanced equipment for quality and safety
- 58 CHA FOR TEA ToGo shops in Taipei City, New Taipei City and Taichung City received the GHP “Premium” certification and “Excellent” certification
- Ten Ren Tea and CHA FOR TEA ToGo successfully entered Tokyo
- 2020 - The Company’s Food Safety Laboratory passed ISO17025 conversion and accreditation (including CNS 17025: 2018 conversion and accreditation for *E. coli* and *Enterobacteriaceae*) with validity period from 2020/3/7 to 2023/3/6
- Continued to work with the Andrew Charity Association and Children Are Us Foundation to help disadvantaged children collect food boxes, saving them from hunger; we also helped children with intellectual disabilities learn a skill so that they are able to connect with society.
- Worked with “BOYO Social Welfare Foundation” and provided school children with free teaching resources.
- Teamed up with Teach for Taiwan (TFT) and “Junyi Academy” to donate membership points to charities, hoping to raise public awareness on the inequality in Taiwan’s education
- In December 2020, CHA FOR TEA ToGo, CHAFFEE and Ten Ren CHA FOR TEA restaurants across Taiwan became the first to label the total sugar and calorie content of each drink (including all ingredients and toppings) so that customers enjoy the drink with peace of mind
- 2021 - Food Safety Laboratory passed ISO17025 accreditation (including the annual supervisory assessment and accreditation for *Staphylococcus aureus*, *Salmonella*, and *Listeria monocytogenes*) with a validity period from 2020/3/7 to 2023/3/6.
- In 2021, CHA FOR TEA ToGo and CHAFFEE took the initiative to participate in the food and beverage hygiene management grading inspection organized by the Department of Health, New Taipei City Government as well as the Department of Health, Taichung City Government’s Food Industry Health Self-Management Assessment. Both brands received excellent results: 9 CHA FOR TEA ToGo and 1 CHAFFEE stores in New Taipei City received a GHP Excellent certification (with a validity period from 2022.01.01 to 2023.12.31); while 4 CHA FOR TEA ToGo shops in Taichung City received a GHP Premium certification and 1 store received a GHP Excellent certification (with a validity period from 2020.12.23 to 2022.12.22). The stores were all on par with the standards.
- Partnered up once again with the Mennonite Christian Hospital and Taitung Christian Hospital to donate membership points. All proceeds raised went into early treatment services, helping children with development delays.

III. With respect to the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report, include information on the following: merger and acquisition activities; strategic investments in affiliated enterprises; corporate reorganization; instances in which a major quantity of shares belonging to directors, supervisors or shareholders holding greater than a 10 percent stake in the company is transferred or otherwise changes hands; any changes in managerial control; any material changes in operating methods or type of business; and any other matters of material significance that could affect shareholders' equity: None

Three. Corporate Governance Report

I. Organizational system: Corporate governance organizational structure and the tasks of each principal division

(I) Organizational Chart



(II) Tasks of each principal division and their responsibilities are briefly described as follows:

1. Supervisors above group supervisor level (including)

Title	Name	Responsibility
Chairman	Lee, Kuo-Lin	Lead the managers in determining and making major decisions of all affiliates according to resolutions of the Board of Directors
General Manager	Lin, Jen-Chung	(1). Bear the responsibility of the entire Company's management according to the chairman (2). Establish the entire Company's management philosophy, guidelines and quality policy (3). Establish the Company's goals for quality and govern the supervisor to achieve them
EVP	Chuang, Yuan-Min	Responsible for operations of Domestic Sales Dept., Marketing Dept., Tea Shop Dept., Stores Developing Dept., Business Dot Com, Art-Design Dept., Wholesale Business Center and Special Customer Sales Dept.
Vice president, Finance and Administration Group and Spokesperson (and the chief corporate governance officer)	Chen, Chung-Chih	Responsible for non-operating administrative work, including Accounting Dept., Finance Dept., General Affairs Dept., IT Department and Corporate Governance Office
Assistant Vice President, International Trade Group	Wang, Hung-Wan	Responsible for imports and exports, overseas franchise distribution system development and international market development
Plant Director	Hsu, Wen-Yuan	Responsible for procurement, quality control, R&D, production and packaging, warehousing and distribution, with the main responsibilities described as follows: (1). Factory equipment planning and process analysis improvement (2). Strengthen production management, and system soundness, inspection and improvement (3). Establish quality control system and engage in research and development of production required for the business (4). Domestic and foreign raw materials procurement management and inspection
Consultant Comm.	Served by the senior supervisor of the sales line	Appointed by the general manager to provide recommendations on company operations and will serve as a reference for strategies

Note 1. For the composition and duties of the Remuneration Committee, please refer to "Three. Corporate Governance Report - State of the company's implementation of corporate governance" - "(IV) Composition, duties and state of the Remuneration Committee."

Note 2. The Board of Directors held on August 13, 2021 approved Article 5 of the "Procedures for Ethical Management and Guidelines for Conduct" (hereinafter referred to as "the Guidelines for Conduct"). The Company has set up the "Ethical Corporate Management Committee" as the dedicated unit which is governed by the Board of Directors. As the Company has not yet allocated all independent directors, the current organizational structure (the general manager serves as the convener and senior managers are assigned as committee members according to the characteristics of the case) is therefore transitional. After the election of the 17th Board of Directors takes place in 2022, the work structures and members of the committee will be reformed.

2. Independent units directly under the Board of Directors

Title	Name	Department	Responsibility
Assistant Manager	Lin, Hsiu-Chu	Internal Audit	(1). Establish, implement and maintain the soundness, reasonableness and effectiveness of the internal control system and various management systems (2). Investigate and evaluate various plans or policies implemented by each unit and effectiveness of their assigned functions

3. Supervisors below group supervisor level (excluding)

Title	Name	Department	Responsibility
EVP (concurrent department head)	Chuang, Yuan-Min	Wholesale Business Center	Responsible for business development and management of 3 Wholesale Business Centers in the North, Tainan and Kaohsiung; as well as development of hypermarket and wholesale business in their respective areas of responsibility.
Vice president, Finance and Administration Group (and the chief corporate governance officer)	Chen, Chung-Chih	Corporate Governance Office	<ol style="list-style-type: none"> (1). Matters associated with Board meetings and shareholders' meetings in accordance with the law (2). Prepare minutes of Board meetings and shareholders' meetings (3). Provide assistance required by directors and supervisors to carry out duties (4). Assist directors and supervisors in complying the law (5). Assist directors and supervisors in taking office and continuing education (6). Other matters set forth in the Articles of Incorporation or contract
Assistant Vice President	Chen, Liang-Yuan	Tea Shop Dept.	<ol style="list-style-type: none"> (1). Development of the business of Ten Ren CHA FOR TEA (2). Assist overseas tea shop business franchises in raw material procurement and new product R&D
Senior Manager	Wang, Hua-Jung	Operations Department	<ol style="list-style-type: none"> (1). Help with the development of the business of Ten Ren CHA FOR TEA (2). Lead the Marketing Dept. for marketing strategy development
Manager and Deputy Spokesperson	Wang, Wen-Hsien	President Office	<ol style="list-style-type: none"> (1). Help the general manager handle the Company's affairs and plan the Company's overall operations (2). Set objectives according to the Company's future development and facilitate and review these objectives. (3). Collect and analyze information on industrial environment; evaluate and manage long-term investments. (4). Carry out projects delivered by the general manager and predecessor activity assessment and planning (5). Management and maintenance of company-wide systems and norms
Manager	Lin, Shin-Ya	Food Safety Management Dept. (including the Food Safety Laboratory)	<ol style="list-style-type: none"> (1). Assist in researching and developing tea leaf-related products (2). Assisting in researching, developing and promoting new concept products (3). Implementation of plans, such as food safety management and monitoring and autonomous management

Title	Name	Department	Responsibility
			<ul style="list-style-type: none"> (4). Implementation of various audits for certifications (5). Implementation of food safety-related training and education (6). Establishment and operations of the Food Safety Laboratory
Manager	Cheng, Hui-Hsin	General Affairs Dept.	<ul style="list-style-type: none"> (1). Establishment, implementation and review of personnel and payroll management system (2). Property management, legal affairs and general affairs matters. (3). Implementation of welfare systems, such as labor and health insurance, pension of employees (4). Internal and external document management (Document Control Center)
Assistant Manager	Chen, Hsin-Yi	IT Department	<ul style="list-style-type: none"> (1). Establishment of company-wide information systems (2). Computer equipment management and relevant personnel training (3). Assist the Company in full automation and improve management efficiency
Manager	Chen, Yin-Ju	Finance Dept.	<ul style="list-style-type: none"> (1). Matters in relation to financial and capital management (2). Evaluation and management of investments
Manager	Chu, Hui-Ling	Accounting Dept.	<ul style="list-style-type: none"> (1). Improve accounting affairs, and establishment, implementation and review of the accounting system (2). Provide accurate and timely accounting and financial information to each department for decision-making
Vice Manager	Lu, Chia-Chia	Domestic Sales Dept.	<ul style="list-style-type: none"> (1). Provide necessary help to business units for them to achieve their operating objectives (2). Management analysis, establishment and maintenance of management systems and administrative management of domestic business units (3). Management of customer service system (4). Development and management of domestic new businesses
Vice Manager	Lu, Po-Hao	Marketing Dept.	<ul style="list-style-type: none"> (1). Product marketing planning and development of new products and new channels (2). Development, implementation and evaluation of special promotions (3). Market surveys and information collection and analysis
Manager	Chiang, Kuo-Tseng	Stores Developing Dept.	<ul style="list-style-type: none"> (1). Development of real property such as stores, office buildings and land required for the Company's future development (2). Store decoration coordination and supervision

Title	Name	Department	Responsibility
Manager	Tsai, Tung-Shen	Special Customer Sales Dept.	Development, operational coaching and management of overseas franchises
Vice Manager	Pan, Hsin-Cheng	Business Dot Com	(1). Network strategy development (2). Ten Ren website set up and maintenance (3). Internal employee information sharing platform set up and maintenance (4). POS system introduction
Vice Manager	Kuo, Wan-Yi	Art-Design Dept.	(1). Graphic design for advertisement, product packaging and sales promotions (2). Design and decoration for sales promotions, special sales and window displays
Curator of Ten Ren Tea Culture Museum	Chen, I-Ro	Ten Ren Tea Culture Museum	(1). The museum was established to promote Taiwan's precious local tea culture and the advantages of Taiwanese tea. (2). 9 major themed exhibition zones are designed based on the center concept of "Tea Sense of Taiwan." The museum is open to the public free of charge, allowing visitors to understand the mystery and fun of tea through natural experiences including seeing, smelling, hearing and touching. (3). Organize a variety of tea cultural activities and hold tea art classes on a regular basis

II. Information on the company's directors, supervisors, general manager, vice president, assistant vice president and the supervisors of all the company's divisions and branch units:

(I) Directors, supervisors:

April 15, 2022

Title (Note 1)	Nationality or place of registration	Name	Gender <u>Age</u> (Note 2)	Date on which current position was assumed (Note 3)	Term of office	Date of first appointment	Date of first appointment		Number of shares held presently		Number of shares held presently by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications (Note 4)	Any position(s) con-currently held in this and/or other companies	The person is the spouse of or related within the second degree of kinship to another officer, director or supervisor			Remarks (Note 5)
							No. of shares	Shareholdings ratio	No. of shares	Shareholdings ratio	No. of shares	Shareholdings ratio	No. of shares	Shareholdings ratio			Title	Name	Relationship	
Chairman	Taiwan	Ten Fu Investment Co., Ltd.	Male 55 to 60 years old	2019.06.13	3 years	2016.06.15	9,190,830	10.145	9,190,830	10.145	0	0	0	0	Los Angeles City College General Manager, UNCLE LEE'S TEA	Director, Ten Fu Investment Co., Ltd. Director, Ten Shin Investment Co., Ltd. Director, Ten Rie Investment Co., Ltd. Chairman, Ten Ren Enterprise Co., Ltd. (Representative, Ten Ren Tea) Director, Lu Yu Tea Art Co., Ltd. (Representative, Ten Shin Investment) Executive director and Chief Operator, Business Management and Marketing Group, Tenfu (Cayman) Holdings Company Limited Chairman, Zhangzhou College of Science & Technology Director, Ten Ren Teatism Foundation	None Same as below	None Same as below	None Same as below	None Same as below
		Representative Lee, Kuo-Lin																		
Director	Taiwan	Lin, Jen-Chung	Male 61 to 65 years old	2019.06.13	3 years	2007.06.13	120,379	0.133	120,379	0.133	33,252	0.037	0	0	National Taiwan University, Business Administration, Master Finance Manager, Ten Ren Tea Independent Director, Cayman Tung Ling Co., Limited	General Manager, the Company Director, 4 subsidiaries: Ten Ren Enterprise Co., Ltd., Ten Ren Trading Sdn. Bhd., Ten Ren Tea (Hong Kong) Limited, Ten Ren Tea Co.(S)Pte Ltd. (Representative, the Company) Director, Hwa Jo Products Co., Ltd. (Representative, Ten Ren Enterprise Co., Ltd.) Director, Lu Yu Tea Art Co., Ltd. (Representative, Ten Shin Investment) Representative Director, Ten Ren Japan(Representative, the Company)				
Director	Taiwan	Ten Fu Investment Co., Ltd.	Male 71 to 75 years old	2019.06.13	3 years	1995.06.15	9,190,830	10.145	9,190,830	10.145	0	0	0	0	St. Dominic Catholic High School Deputy Factory Director, Ten Ren Tea Plant Director, Ten Ren Tea Supervisor, Ten Ren Enterprise Co., Ltd. (Representative, Ten Ren Tea)	Chairman, Hwa Jo Products Co., Ltd. (Representative, Ten Ren Enterprise Co., Ltd.) Chairman, Wei An Investment Co., Ltd.				
		Representative Tsai, Song-Tsung							382,765	0.423	3,500	0.004	0	0						
Director	Taiwan	Unify Grander Investment Co., Ltd.	Male 71 to 75 years old	2019.06.13	3 years	2004.06.03	719,788	0.795	719,788	0.795	0	0	0	Soochow University Person in Charge, Wangstea Director, Wangstea Enterprise Co., Ltd. Director, Hunya Foods Co; Ltd. Director, Yu Hong Investment Co., Ltd. Chairman, Taipei	Chairman, Unify Grander Investment Director, Taipei Wangtea Enterprise Co., Ltd. Director, Ten Ren Teatism Foundation					
		Representative Wang, Lien-Yuan							5,898,647	6.511	2,150,299	2.374	0							

Title (Note 1)	Nationality or place of registration	Name	Gender <u>Age</u> (Note 2)	Date on which current position was assumed (Note 3)	Term of office	Date of first appointment	Date of first appointment		Number of shares held presently		Number of shares held presently by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications (Note 4)	Any position(s) con-currently held in this and/or other companies	The person is the spouse of or related within the second degree of kinship to another officer, director or supervisor			Remarks (Note 5)
							No. of shares	Shareholdings ratio	No. of shares	Shareholdings ratio	No. of shares	Shareholdings ratio	No. of shares	Shareholdings ratio			Title	Name	Relationship	
Director	Taiwan	Lee, Chien-Te	Male 41 to 45 years old	2019.06.13	3 years	2007.06.13	253,380	0.280	425,380	0.470	5,000	0.006	0	0	Wangtea Enterprise Co., Ltd. UCLA Manager, Domestic Sales Dept., Ten Ren Tea Assistant vice president, Business Management and Marketing Group, the Company	Chairman, Xiamen Daily Plus Food Beverage Management Co., Ltd.				
Independent Director	Taiwan	Teng, Syh-Tang	Male 66 to 70 years old	2019.06.13	3 years	2016.06.15	0	0	0	0	0	0	0	0	Bachelor, National Taiwan University, Business Administration Master, National Chengchi University, Public Finance CEO, EY Professional Specialist, Assistant Professor, Soochow University Lecturer, Fu Jen Catholic University, National Taipei University of Business Supervisor, China Steel Corporation Supervisor, Kinik Company Independent Director, Maxigen Biotech Inc. Independent Director, Jih Sun International Bank	Independent Director, Cayman Tung Ling Co., Limited Independent Director, Good Will Instrument Co., Ltd.				
Independent Director	Taiwan	Feng, Ren-Ho	Male 61 to 65 years old	2019.06.13	3 years	2016.06.15	322	0.000	322	0.000	775	0.000	0	0	National Taiwan University, Business Administration, Master General Manager, Sunrise Department Store (Shanghai) Deputy President, TenRen Group Vice President, Hardee's Food Co., Ltd. Chairman/Executive Supervisor, Chinese Motivate Association Director/Deputy Secretary-general, Chinese Professional Management Association Research, Chinese Academy of Business (CAB) Ms. Chang for Taiwanese businessmen, Mainland Affairs Council, Republic of China (Taiwan) Supervisor, Ten Ren Teaism Foundation	President, Team Management Consultants Co., Ltd. Executive Director & Research Fellow, Innovation and Organizational Learning Research Center of Chinese Academy of Business Foundation. Director, Ten Ren Teaism Foundation				
Supervisor	Taiwan	Lee, Hong-Sheng	Male 66 to	2019.06.13	3 years	2007.06.13	975,538	1.077	975,538	1.077	0	0	0	0	Chung Yuan Christian University Person in Charge, An	Director, Yu Hong Investment Co., Ltd. Director, Assem Technology Co.,				

Title (Note 1)	Nationality or place of registration	Name	Gender <u>Age</u> (Note 2)	Date on which current position was assumed (Note 3)	Term of office	Date of first appointment	Date of first appointment		Number of shares held presently		Number of shares held presently by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications (Note 4)	Any position(s) con-currently held in this and/or other companies	The person is the spouse of or related within the second degree of kinship to another officer, director or supervisor			Remarks (Note 5)
							No. of shares	Shareholdings ratio	No. of shares	Shareholdings ratio	No. of shares	Shareholdings ratio	No. of shares	Shareholdings ratio			Title	Name	Relationship	
			70 years old											Yu Trading Co., Ltd. Director, Kuen Chaang Uppertech Corp.	Ltd.					
Supervisor	Taiwan	Tseng, Ming-Sung	Male 61 to 65 years old	2019.06.13	3 years	2007.06.13	134	0.000	134	0.000	1,333,255	1.472	0	0 Chung Yuan Christian University General Manager, Ten Shin Traditional Chinese Medicine Clinic General Manager, Ten Shin Tang Ginseng & Herb Co., Ltd. Director, Ten Fu Investment Co., Ltd. Director, Tairen Development Co., Ltd. Director, Ten Ren Teatism Foundation	Supervisor, Lu Yu Tea Art Co., Ltd. (Representative, Ten Shin Investment) Director, Hotel Sun-Moon Lake Co., Ltd. (Representative, Ten Fu Investment) Supervisor, Ten Ren Teatism Foundation Director, Ten Shin Tang Ginseng & Herb Co., Ltd. Supervisor, Ten Fu Investment Co., Ltd. Supervisor, Ten Shin Investment Co., Ltd. Supervisor, Ten Rie Investment Co., Ltd. Director, Tenfu (Cayman) Holdings Company Limited					
Supervisor	Taiwan	Chen, Fu-Sung	Male 71 to 75 years old	2019.06.13	3 years	2001.05.10	742,171	0.819	742,171	0.819	519,000	0.573	0	0 Elementary school Chairman, Jin Lian Cheng Resources And Technology Co., Ltd. Director, Ten Ren Teatism Foundation	Chairman, Green Environment Engineering Incorporation Chairman, Xiu De Fu Investment Co., Ltd. Chairman, Big South Resources Regeneration Co., Ltd.					

Note 1: A corporate shareholder shall indicate their name and their representative's name separately (for the representative of a corporate shareholder, the name of the corporate shareholder shall be stated) and fill in Table 1 below; Note 2: **Please indicate the actual age which may be expressed in range, e.g., 41-50 years old or 51-60 years old**; Note 3: Please indicate the time for the first appointment as a director or supervisor, and provide a note where there is an interruption during the period of service; Note 4: Experience related to the current position. If the person has worked for the Company's CPA firm or affiliates in the aforementioned period, please specify the title of the position and the duties performed. Note 5: Where the Company's chairman and the general manager, or person of an equivalent post (the highest level manager) of a company are the same person, spouses or first-degree relatives, an explanation shall be given of the reason for, reasonableness, necessity thereof and the measures adopted in response thereto (e.g., method of increase the number of independent directors with a majority of the directors not serving as an employee or manager).

Table 1: Major shareholders of corporate shareholders

December 31, 2021

Name of corporate shareholder (Note 1)	Major shareholders of corporate shareholders (Note2)
Ten Fu Investment Co., Ltd.	Lee, Rie-Ho (8.34%) Wei An Investment Co., Ltd. (43.33%) Profit Gear Holdings Limited(48.33%)

Note 1: For directors and supervisors acting as the representatives of corporate shareholders, this section shall indicate the names of the corporate shareholders.

Note 2: If any of those 10 largest shareholders is a corporate shareholder, the name of the corporate shareholder and the holding percentage of each shall be noted. If the major shareholder is a legal entity, the following table (2) should be filled in.

Note 3: If an institutional shareholder is not a corporate organization, the name of the shareholder and shareholding ratio disclosed in the preceding paragraph shall be the name of the contributor or donor and their contribution or donation ratio. **All of the above contributions or donors are continuous.**

Table 2: Major shareholder in Table 1 are major shareholders of legal entities

December 31, 2021

Name of legal entity (Note 1)	Major shareholders of legal entities
Wei An Investment Co., Ltd.	Central Faith Limited(BVI) 100%
Profit Gear Holdings Limited	Tsai Shan Jen (Singapore) Director
Central Faith Limited(BVI)	Tsai Shan Jen (Singapore) Director

Note 1: If a major shareholder listed in Table 1 is a legal entity, the name of the legal entity shall be stated.

Note 2: If any of those 10 largest shareholders is legal entity, the name of the legal entity and the holding percentage of each shall be stated.

Note 3: If an institutional shareholder is not a corporate organization, the name of the shareholder and shareholding ratio disclosed in the preceding paragraph shall be the name of the contributor or donor and their contribution or donation ratio. **All of the above contributions or donors are continuous.**

1. Expertise and independence of directors and independent directors

Criteria Name	Professional qualifications <u>and experience</u> (Note 1)	State of independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
Lee, Kuo-Lin	<ol style="list-style-type: none"> At least 30 years of experience in fields required by the business of the company (see P.13) Does not meet any of the conditions stated in Article 30 of the Company Act. 	<ol style="list-style-type: none"> Whether or not they, their spouses, second-degree relatives serve as a director, supervisor or employer in the company or affiliates: None. Whether or not they serve as a director, supervisor or employee in a company that has a specific relationship with the company: None. 	None
Lin, Jen-Chung	<ol style="list-style-type: none"> At least 30 years of experience in fields required by the business of the company (see P.13) Does not meet any of the conditions stated in Article 30 of the Company Act. 		None
Wang, Lien-Yuan	<ol style="list-style-type: none"> At least 40 years of experience in fields required by the business of the company (see P.13) Does not meet any of the conditions stated in Article 30 of the Company Act. 		None
Tsai, Song-Tsung	<ol style="list-style-type: none"> At least 40 years of experience in fields required by the business of the company (see P.13) Does not meet any of the conditions stated in Article 30 of the Company Act. 		None
Lee, Chien-Te	<ol style="list-style-type: none"> At least 15 years of experience in fields required by the business of the company (see P.14) Does not meet any of the conditions stated in Article 30 of the Company Act. 		None
Teng, Syh-Tang (independent director)	<ol style="list-style-type: none"> At least 30 years of experience in fields required by the business of the company (see P.14) Subjects required by the business of the company in public or private colleges or universities (see P.14) Contents of professional certificates received: qualification certificate of examination of the Examination Yuan (Accountant) Does not meet any of the conditions stated in Article 30 of the Company Act. 	<ol style="list-style-type: none"> Whether or not they, their spouses, second-degree relatives serve as a director, supervisor or employer in the company or affiliates: None. Whether or not they serve as a director, supervisor or employee in a company that has a specific relationship with the company: None. 2021 remuneration of independent directors, attendance fee for the joint meeting of directors and supervisors, attendance fee of Remuneration Committee meeting: NT\$522,000.(the same as 2020) Number of shares held in the Company (including spouses and minor children): 0 shares. 	2

Criteria Name	Professional qualifications <u>and experience</u> (Note 1)	State of independence (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
Ferng, Ren-Ho (independent director)	<ol style="list-style-type: none"> At least 30 years of experience in fields required by the business of the company (see P.14) Contents of professional certificates received: qualification certificate of examination of the Examination Yuan (Traffic Administrator) Does not meet any of the conditions stated in Article 30 of the Company Act. 	<ol style="list-style-type: none"> Whether or not they, their spouses, second-degree relatives serve as a director, supervisor or employer in the company or affiliates: None Whether or not they serve as a director, supervisor or employee in a company that has a specific relationship with the company: None 2021 remuneration of independent directors, attendance fee for the joint meeting of directors and supervisors, attendance fee of Remuneration Committee meeting: NT\$516,000.(2020 NT\$522,000) Number of shares held in the Company (including spouses and minor children): 1,097 shares 	None
Lee, Hong-Sheng	<ol style="list-style-type: none"> At least 30 years of experience in fields required by the business of the company (see P.14) Does not meet any of the conditions stated in Article 30 of the Company Act. 	<ol style="list-style-type: none"> Whether or not they, their spouses, second-degree relatives serve as a director, supervisor or employer in the company or affiliates: None. Whether or not they serve as a director, supervisor or employee in a company that has a specific relationship with the company: None. 	None
Tseng, Ming-Sung	<ol style="list-style-type: none"> At least 30 years of experience in fields required by the business of the company (see P.15) Does not meet any of the conditions stated in Article 30 of the Company Act. 		None
Chen, Fu-Sung	<ol style="list-style-type: none"> At least 30 years of experience in fields required by the business of the company (see P.15) Does not meet any of the conditions stated in Article 30 of the Company Act. 		None

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of individual directors and supervisors. If the person is a member of the Audit Committee with accounting or financial expertise, their accounting or financial background and work experience shall be specified; while stating whether or not it meets the circumstances provided in Article 30 of the Company Act.

Note 2: For independent directors, their state of independence must be specified, including but not limited to whether or not they, their spouses, second-degree relatives serve as a director, supervisor or employer in the Company or its affiliates; the proportion of shares held by the independent director himself/herself, their spouses or second-degree relatives (or in the name of others); whether or not the independent director serves as a director, supervisor or an employee of a company with which the Company has a specific relationship (refer to Sub-paragraphs 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the amount of remuneration receive for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.

2. Diversity and independence of the board of directors

(1) Board diversification

a. Policy and evaluation

According to Article 20 of the Company's Corporate Governance Best Practice Principles, the composition of the Board members shall take into consideration diversity. In addition to the number of directors who also serve as the Company's managers shall not exceed one-third of the total number of directors, an appropriate diverse policy has also been formulated based on the operations, business model and development requirements. The current Board of directors (including independent directors) are evaluated based on their professional background (such as legal, accounting, industrial, financial, marketing and technology), professional skills and industry experience. Their overall abilities are also evaluated covering their: ability to make judgments about operations, financial and accounting analysis competence, business management competence, crisis management competence, industry knowledge, international market view, leadership and decision-making competence, as follows:

Aspect I - Background and Experience

Name of director	Gender	Age	Nationality	Professional background	Professional skills	Industry experience
Lee, Kuo-Lin	Male	55-60	Taiwan	V	V	V
Lin, Jen-Chung	Male	61-65	Taiwan	V	V	V
Wang, Lien-Yuan	Male	71-75	Taiwan	V	V	V
Tsai, Song-Tsung	Male	71-75	Taiwan	V	V	V
Lee, Chien-Te	Male	41-45	Taiwan	V	V	V
Teng, Syh-Tang (independent director)	Male	66-70	Taiwan	V	V	V
Ferng, Ren-Ho (independent director)	Male	66-70	Taiwan	V	V	V

Aspect II Overall capacity

Name of director	Gender	Age	Nationality	The ability to make judgments about operations	Financial and accounting analysis competence	Business management competence	Crisis management competence	Industry experience	International market view	Leadership competence	Decision-making competence
Lee, Kuo-Lin	Male	55-60	Taiwan	V	V	V	V	V	V	V	V
Lin, Jen-Chung	Male	61-65	Taiwan	V	V	V	V	V	V	V	V
Wang, Lien-Yuan	Male	71-75	Taiwan	V	V	V	V	V	V	V	V
Tsai, Song-Tsung	Male	71-75	Taiwan	V	V	V	V	V	V	V	V
Lee, Chien-Te	Male	41-45	Taiwan	V	V	V	V	V	V	V	V
Teng, Syh-Tang (independent director)	Male	66-70	Taiwan	V	V	V	V	V	V	V	V
Ferng, Ren-Ho (independent director)	Male	66-70	Taiwan	V	V	V	V	V	V	V	V

b. Concrete management objectives and achievement:

The Company’s Board of Directors shall be made up of personnel with expertise in industry, finance and accounting and management. The Company’s Board of Directors shall guide company strategies, supervise the management and be responsible for the Company and shareholders regarding various operations and arrangements relating to the Company’s governance systems. The Board of Directors shall ensure that its authority is exercised at the Board meetings and shareholders’ meetings in accordance with provisions of the law and Articles of Incorporation.

The structure of the Company’s Board of Director is based on the Company’s scale of management development and shares held by the major shareholders, taking into account practical operational needs. There are currently 7-11 directors as required by the Articles of Incorporation.

As we are a company that specializes in the area of “tea” and we produce and sell tea, our Board of Directors has at least one person in various professional fields covering: industry experience, innovation competence, financial and accounting competence, chain store management (broadly defined as chain store properties associated with labor safety, information security and food safety).

As the previous item	Gender	Age	Qualifications of director	Terms of service of independent directors	Industry experience	Innovation competence	Financial and accounting competence	Chain store management
Lee, Kuo-Lin	Male	50-60	◎		V	*	*	V
Lin, Jen-Chung	Male	50-60	◎		V	V	V	V
Wang, Lien-Yuan	Male	60-70	★		V	*	V	*
Tsai, Song-Tsung	Male	70-75	◎		V	*	*	*
Lee, Chien-Te	Male	40-50	★		V	V	V	V
Teng, Syh-Tang (independent director)	Male	60-70	★	5.5 years	V	*	V	*
Ferng, Ren-Ho (independent director)	Male	60-70	★	5.5 years	V	*	V	V

Note 1: External directors (including independent directors), ◎: Part-time employees, * Possess some expertise

- c. In 2021, 7 directors (including independent directors) and supervisors completed 6 hours of professional training, and received certificates of qualifying hours for the training. The records have been uploaded onto the Market Observation Post System (MOPS).
- d. Looking ahead, not only will the Company concentrate on the overall professionalism and independence of the Board of Directors, the Company will also form an Audit Committee in 2022. Over the years, the Company has been accumulating related professional knowledge hoping to elect suitable candidates for all shareholders. Due to the impact of COVID-19, digital transformation has become an important core competency of the retail industry since 2020. After the joint meeting of directors and supervisors held on November 12, 2021, the course “Trend and Risk Management of Digital Technology and Artificial Intelligence” were arranged for all directors and supervisors and executive supervisors of the Business Management and Marketing Group. With pro-active efforts on strategic innovation and practical application, our business is expected to pick up after the pandemic, living up to the trust and expectations of our investors.

(2). Independence of the Board of Directors:

The Company's 16th Board has 7 directors. In addition to what is listed in the preceding table, details are summarized as follows:

- a. Including 2 external directors (accounting for 28.6% of all directors), 2 independent directors (accounting for 28.6% of all directors); there are a total of 4 external directors and independent directors, accounting for 57.2% of all directors.
- b. Part-time employees: 3 directors (accounting for 42.8% of all directors)
- c. In terms of academic and experience background: all 7 directors have more than 15 years of relevant experience in the Company's professional field (2 of them have more than 40 years of working experience); 6 of these 7 directors hold a university degree or above, and 3 of them hold a master's degree or above. The candidate planning has fully met the professionalism and independence of directors.
- d. In terms of age distribution: the youngest director is 42 years old, while the oldest is 74 years old. The average age is approximately 62 years old.
- e. Matters stated in Paragraphs 3-4, Article 26-3 of the Securities and Exchange Act: None.
- f. Where there is a spouse or second degree of kinship between directors or supervisors or between directors and supervisors: None.

(II) The general manager, vice president, assistant vice president, and the chiefs of all the company's divisions and branch units: names; gender; principal work experience and academic qualifications; date on which current position was assumed; term of contract; and shares held by them and their spouses, children of minor age and held through nominees

April 15, 2022

Title (Note 1)	Nationality	Name	Gender	Date on which current position was assumed	Shareholdings		Shares held by spouses and children of minor age		Shares held through nominees		Principal work experience and academic qualifications (Note 2)	Any position(s) concurrently held in other companies	A spouse or relative within the second degree of kinship of a manager			Remarks (Note 3)
					No. of shares	Shareholdings ratio	No. of shares	Shareholdings ratio	No. of shares	Shareholdings ratio			Title	Name	Relationship	
General Manager	Taiwan	Lin, Jen-Chung	Male	2001.06.01	120,379	0.133	33,252	0.037	0	0	Business Administration, National Taiwan University Finance Manager, Ten Ren Tea Independent Director, Cayman Tung Ling Co., Limited	Director, 4 subsidiaries: Ten Ren Enterprise Co., Ltd., Ten Ren Trading Sdn. Bhd., Ten Ren Tea (Hong Kong) Limited, Ten Ren Tea Co.(S)Pte Ltd. (Representative, the Company) Director, Hwa Jo Products Co., Ltd. (Representative, Ten Ren Enterprise Co., Ltd.) Director, Lu Yu Tea Art Co., Ltd. (Representative, Ten Shin Investment Co., Ltd.) Representative Director, Ten Ren Japan (Representative, the Company)	None (same as below)	None (same as below)	None (same as below)	None (same as below)
EVP	Taiwan	Chuang, Yuan-Min	Male	2013.01.01	25,048	0.028	26,496	0.029	0	0	Master Program International Business Administration, Chinese Culture University Manager, Tea Shop Dept. Vice President, Business Management and Marketing Group, Ten Ren Tea Director, Ten Ren Enterprise Co., Ltd. (Representative, the Company) Director, Ten Ren Trading Sdn. Bhd. (Representative, the	Director, Ten Ren Teatism Foundation Director, Lu Yu Tea Art Co., Ltd. (Representative, Ten Shin Investment Co., Ltd.) Supervisor, Ten Ren Enterprise Co., Ltd. (Representative, the Company)				

Title (Note 1)	Nationality	Name	Gender	Date on which current position was assumed	Shareholdings		Shares held by spouses and children of minor age		Shares held through nominees		Principal work experience and academic qualifications (Note 2)	Any position(s) concurrently held in other companies	A spouse or relative within the second degree of kinship of a manager			Remarks (Note 3)
					No. of shares	Shareholdings ratio	No. of shares	Shareholdings ratio	No. of shares	Shareholdings ratio			Title	Name	Relationship	
											Company) Supervisor, Ten Ren Teism Foundation					
Plant Director	Taiwan	Hsu, Wen-Yuan	Male	2016.03.01	364,615	0.402	168,229	0.186	0	0	Southern Taiwan University of Science and Technology Deputy Factory Director, Ten Ren Tea Director, Xiangshan Tea Factory	Director, Hwa Jo Products Co., Ltd. (Representative, Ten Ren Enterprise Co., Ltd.)				
Vice president, Finance and Administration Group	Taiwan	Chen, Chung-Chih	Male	2022.01.01	5,674	0.006	0	0	0	0	Master of Business Administration, Shih Chien University Manager, Internal Audit, Ten Ren Tea Assistant vice president, Finance and Administration Group, Ten Ren Tea	Director, Xiamen Daily Plus Food Beverage Management Co., Ltd. Director, Ten Ren Trading Sdn. Bhd. (Representative, the Company) Director, Ten Ren Tea Co.(S)Pte Ltd. and Ten Ren Tea (Hong Kong) Limited (Representative, Ten Ren Enterprise Co., Ltd.) Supervisor, Hwa Jo Products Co., Ltd. (Representative, Ten Ren Enterprise Co., Ltd.) Director, Ten Ren Enterprise Co., Ltd. (Representative, the Company) Director, Ten Ren Japan(Representative, the Company)				
Assistant Vice President, Tea Shop Dept.	Taiwan	Chen, Liang-Yuan	Male	2000.03.01	768	0.001	0	0	0	0	China Junior College of Technology Manager, Tea Shop Dept.	None				
Tea Factory Director	Taiwan	Ou, Tsung-Ming	Male	2022.02.01	4,000	0.004	149	0	0	0	Kainan Vocational High School Deputy Factory Director, Ten Ren Tea	None				

Title (Note 1)	Nationality	Name	Gender	Date on which current position was assumed	Shareholdings		Shares held by spouses and children of minor age		Shares held through nominees		Principal work experience and academic qualifications (Note 2)	Any position(s) concurrently held in other companies	A spouse or relative within the second degree of kinship of a manager			Remarks (Note 3)
					No. of shares	Shareholdings ratio	No. of shares	Shareholdings ratio	No. of shares	Shareholdings ratio			Title	Name	Relationship	
Assistant Vice President, International Trade Group	Taiwan	Wang, Hung-Wan	Female	2022.01.03	1,000	0.001	0	0	0	0	Soochow University Manager, International Trade Group, Ten Ren	Supervisor, Ten Ren Japan(Representative, the Company)				
Manager, Accounting Dept.	Taiwan	Chu, Hui-Ling	Female	1998.04.01	996	0.001	0	0	0	0	Tamsui Institute of Business Administration Vice Manager, Accounting Section, Finance Dept.	None				
Manager, Finance Dept.	Taiwan	Chen, Yin-Ju	Female	1998.04.01	25,253	0.028	3,659	0.004	0	0	Fu Jen Catholic University Vice Manager, Finance Section, Finance Dept.	None				
Manager, President Office	Taiwan	Wang, Wen-Hsien	Female	1998.04.01	4,622	0.005	88	0	0	0	Ming Chuan Commercial College Assistant Manager, Management Department, Lu Yu Tea Art Co., Ltd.	None				
Manager, General Affairs Dept.	Taiwan	Cheng, Hui-Hsin	Female	1990.01.01	242,062	0.267	0	0	0	0	Ming Chuan Commercial College Assistant Manager, General Affairs Department, Ten Ren Tea	None				

Note 1: Information of the general manager, vice president, assistant vice president, and the chiefs of all the company's divisions and branch units, as well as the positions equivalent to the general manager, vice president, assistant vice president, regardless of their titles, shall also be disclosed.

Note 2: Experience related to the current position. If the person has worked for the Company's CPA firm or affiliates in the aforementioned period, please specify the title of the position and the duties performed.

Note 3: Where the general manager or person of an equivalent post (the highest level manager) of a company are the same person as the Chairman of the Board of Directors, spouses or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures (such as adding more independent directors and having more than half of the directors who are neither employees nor managers) adopted in response thereto.

(III) Where the Company's chairman and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or first-degree relatives, an explanation shall be given of the reason for, reasonableness, necessity thereof: Not applicable to the Company.

III. Remuneration paid during the most recent fiscal year to directors (including independent directors), supervisors, the general manager, and vice president

(I) The company opts to disclose aggregate remuneration information, with the name(s) indicated for each remuneration range

1. Remuneration of general directors and independent directors (the following table is divided into 2 paragraphs)

Title		Name	Remuneration of directors								A, B, C, and D and their proportion to net income after tax	
			Remuneration (A)		Pension (B)		Remuneration of Director (C)		Expenses for Services Rendered (D)			
			The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report
Director	Chairman	Lee, Kuo-Lin, Representative, Ten Fu Investment	3,734.69 thousand	3,734.69 thousand	0	0	604.75 thousand	628.75 thousand	324.00 thousand	420.00 thousand	10.8130%	11.0912%
	Director	Lin, Jen-Chung										
	Director	Tsai, Song-Tsung, Representative, Ten Fu Investment										
	Director	Wang, Lien-Yuan, Representative, Unify Grander Investment										
	Director	Lee, Chien-Te										
Independent Director	Director	Teng, Syh-Tang										
Director	Director	Ferng, Ren-Ho										

Title	Name	Remuneration received as company employee												A, B, C, D, E, F and G and their proportion to net income after tax		Remuneration from investees other than subsidiaries or parent company	
		Salaries, bonuses and special allowances (E)		Pension (F)		Employee remuneration (G)				Number of employee stock options granted (H)		Number of new employee restricted stocks acquired (I)					
		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company		All Companies in the Financial Report		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report		
		Cash amount	Stock amount	Cash amount	Stock amount												
Director	Chairman	Lee, Kuo-Lin, Representative, Ten Fu Investment															
	Director	Lin, Jen-Chung															
	Director	Tsai, Song-Tsung, Representative, Ten Fu Investment	3,056.72 thousand	3,186.72 thousand	21.82 thousand	21.82 thousand	0	0	0	0	0	0	0	0	17.9511%	18.5307%	None
	Director	Wang, Lien-Yuan, Representative, Unify Grander Investment															
	Director	Lee, Chien-Te															
Independent Director	Director	Teng, Syh-Tang															
Director	Director	Feng, Ren-Ho															

Net income after tax refers to the net income after tax of the most recent fiscal year; if IFRSs have been adopted, the net income after tax refers to the net income after tax of the most recent year for standalone or separate financial reports.

- (1). Please provide in detail the policy, system, standards and structure of remuneration to independent directors, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors:

The Company has adopted a fixed and variable remuneration payment policy for the independent directors of the 16th Board, as described below: (the values are in New Taiwan dollars)

Remuneration Category		Independent Director	Director	Comparison of Independent Directors and Non-Independent Directors
Fixed	Monthly remuneration	36,000	None	None for directors
	Attendance fee for Board meetings per time	6,000	6,000	Same
	Attendance fee for functional committee meetings per time	30,000	None	None for directors
Variable	Remuneration of	None	The principle is	Based on the total amount resolved by the Board of Directors,

directors and supervisors		as stated on the right	except for independent directors, the amount is equally distributed to non-independent directors and supervisors
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The payment policy, system, standard and framework of remuneration of independent directors are determined by the Company's business scale. The investment structure of the Company's parent and subsidiaries is simple and there are no investment targets that are not in the same industry as the Company. Also, the annual remuneration is temporarily based on the fixed average income of full-time employees in non-management positions. Moreover, the Company only has a Remuneration Committee as a functional committee. The Remuneration Committee holds 2 meetings each year and is run in conjunction with the convening of Board meetings. The review of the remuneration of the managers requires approximately six hours of preparation for each meeting, hence the additional attendance fee of NT\$30,000 to each independent director per meeting is reasonable. As the 2 independent directors share similar responsibilities and risks, their remuneration is therefore the same, which is reasonable.

- (2). In addition to the disclosure in the table above, in the most recent fiscal year, remuneration received by directors (*e.g.*, serving as a consultant for a non-employee of the parent company/companies in the financial statements/investment businesses): None

Range of Remuneration

Range of remuneration paid to each director	Name of director			
	Total remuneration (A + B + C + D)		Total remuneration (A + B + C + D + E + F + G)	
	The Company	All Companies in the Financial Report	The Company	All companies in the financial report J
Below NT\$1,000,000	Lin, Jen-Chung; Tsai, Song-Tsung; Lee, Chien-Te; Unify Grander Investment (Wang, Lien-Yuan); Teng, Syh-Tang; Ferng, Ren-Ho	Lin, Jen-Chung; Tsai, Song-Tsung; Lee, Chien-Te; Tong Mao Investment (Wang, Lien-Yuan); Teng, Syh-Tang; Ferng, Ren-Ho	Tsai, Song-Tsung; Lee, Chien-Te; Unify Grander Investment (Wang, Lien-Yuan); Teng, Syh-Tang; Ferng, Ren-Ho	Tsai, Song-Tsung; Lee, Chien-Te; Unify Grander Investment (Wang, Lien-Yuan); Teng, Syh-Tang; Ferng, Ren-Ho
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)				
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	Lee, Kuo-Lin	Lee, Kuo-Lin	Lee, Kuo-Lin; Lin, Jen-Chung	Lee, Kuo-Lin; Lin, Jen-Chung
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)				
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)				
Over NT\$100,000,000				
Total	4,663,432	4,783,434	7,741,970	7,991,972

2. Remuneration of supervisors

Title	Name	Remuneration of supervisors						Total sum of A, B and C and their proportion to net income after tax		Remuneration from investees other than subsidiaries or parent company
		Remuneration (A)		Remuneration (B)		Expenses for Services Rendered (C)		The Company	All Companies in the Financial Report	
		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report			
Supervisor	Lee, Hong-Sheng	0	0	362.85 thousand	362.85 thousand	108.00 thousand	108.00 thousand	1.0917%	1.0917%	None
Supervisor	Tseng, Ming-Sung									
Supervisor	Chen, Fu-Sung									

Range of Remuneration

Range of remuneration paid to each supervisor	Name of supervisor	
	Total remuneration (A+B+C)	
	The Company	All companies in the financial report D
Below NT\$1,000,000	Lee, Hong-Sheng; Tseng, Ming-Sung; Chen, Fu-Sung	Lee, Hong-Sheng; Tseng, Ming-Sung; Chen, Fu-Sung
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)		
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)		
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)		
Over NT\$100,000,000		
Total	470,847	470,847

3. Remuneration of the general manager and vice president

Title	Name	Salary (A)		Pension (B)		Bonuses and special allowances (C)		Employee remuneration amount (D)				Total sum of A, B, C and D and their proportion to net income after tax (%)		Number of employee stock options acquired		Number of new employee restricted stocks acquired		Remuneration from investees other than subsidiaries or parent company
		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company		All Companies in the Financial Report		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	
								Cash amount	Stock amount	Cash amount	Stock amount							
General Manager	Lin, Jen-Chung	4,068.29 thousand	4,068.29 thousand	237.91 thousand	237.91 thousand	1,017.30 thousand	1,049.47 thousand	0 thousand	0 thousand	0 thousand	0 thousand	12.3435%	12.4180%	0	0	0	0	None
EVP	Chuang, Yuan-Min																	

* Regardless of title, any position that is equivalent to a general manager, vice president (e.g., CEO, Chief executive officer, chief officer) shall be disclosed.

Range of Remuneration

Range of remuneration paid to the general manager and vice president	Name of general manager and vice president	
	The Company	All companies in the financial report E
Below NT\$1,000,000		
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	Lin, Jen-Chung; Chuang, Yuan-Min	Lin, Jen-Chung; Chuang, Yuan-Min
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)		
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)		
Over NT\$100,000,000		
Total	5,323,506	5,355,674

4. Name of managers of remuneration distribution and distribution situation

- (1) The amount of employee remuneration to managers may not be higher than 10% of the total annual remuneration to employees and is resolved by the Remuneration Committee in accordance with the Articles of Incorporation.
- (2) The distribution of remuneration to employees is handled pursuant to Article 33 of Articles of Incorporation: Based on the Company's profitability (see P.32).

March 15, 2022

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	Total amount and its proportion to net income after tax
Manager	Plant Director	Hsu, Wen-Yuan	None	52 thousand	52 thousand	0.12%
	Vice President	Chen, Chung-Chih				
	Assistant Vice President	Chen, Liang-Yuan				
	Factory Director	Ou, Tsung-Ming				
	Assistant Vice President	Wang, Hung-Wan				
	Manager	Chu, Hui-Ling				
	Manager	Chen, Yin-Ju				
	Manager	Wang, Wen-Hsien				
	Manager	Cheng, Hui-Hsin				

Note 1: The Company's general manager Lin, Jen-Chung did not receive any employee remuneration

(II) The company is required by law to disclose the review remuneration of individual directors and supervisors

1. A company that has posted after-tax deficits in the parent company only financial reports or individual financial reports within the three most recent fiscal years shall disclose the remuneration paid to individual directors and supervisors. This requirement, however, shall not apply if the company has posted net income in the parent company only financial report or individual financial report for the most recent fiscal year and such net income after tax is sufficient to offset the accumulated deficits: not applicable to the Company (aggregate disclosure is adopted and information of top five highest paid supervisors does not need to be disclosed).
2. A company that has had an insufficient director shareholding percentage for 3 consecutive months or longer during the most recent fiscal year shall disclose the remuneration of individual directors; one that has had an insufficient supervisor shareholding percentage for 3 consecutive months or more during the most recent fiscal year shall disclose the remuneration of individual supervisors: Not applicable to the Company (aggregate disclosure is adopted).
3. A company that has had an average ratio of share pledging by directors or supervisors in excess of 50 percent in any 3 months during the most recent fiscal year shall disclose the remuneration paid to each individual director or supervisor having a ratio of pledged shares in excess of 50 percent for each such month: not applicable to the Company (aggregate disclosure is adopted).
4. If the total amount of remuneration received by all of the directors and supervisors in their capacities as directors or supervisors of all of the companies listed in the financial reports exceeds 2 percent of the net income, and the remuneration received by any individual director or supervisor exceeds NT\$15 million, the company shall disclose the remuneration paid to that individual director or supervisor (the remuneration of directors and supervisors in the preceding table is calculated by adding "remuneration of directors" to "remuneration

- of supervisors” excluding the remuneration received by part-time employees): not applicable to the Company (aggregate disclosure is adopted).
5. A company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) is ranked in the lowest tier in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or up to the date of publication of the annual report for that year, the company's securities have been placed under an altered trading method, suspended from trading, delisted from the TWSE or the TPEX, or the Corporate Governance Evaluation Committee has resolved that the company shall be excluded from evaluation: not applicable to the Company (aggregate disclosure is adopted and information of top five highest paid supervisors does not need to be disclosed).
 6. The average annual salary of the full-time non-supervisory employees in a TWSE or TPEX listed company is less than NT\$500,000 in the most recent fiscal year: not applicable to the Company (aggregate disclosure is adopted).
- (III) If the circumstance in 1 or 5 of (II) applies to the company, the individual remuneration paid to each of its top five management personnel shall be disclosed: Not applicable to the Company (individual remuneration paid to each of its top five management personnel is not required to be disclosed).
- (IV) Separately compare and describe total remuneration, as a percentage of net income after tax stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements for the most recent 2 fiscal years to directors, supervisors, general managers, and vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

Unit: NT\$ thousand

Year \ Comparison	Total remuneration paid				As a percentage of the Company's net income after tax		As a percentage of net income after tax of all companies in the financial statements %	
	2021	All companies in the 2021 financial report	2020	All companies in the 2020 financial report	2021	2020	2021	2020
Director	7,742	7,992	8,296	8,680	17.951	14.540	18.531	15.214
Supervisor	471	471	537	537	1.092	0.942	1.092	0.942
General manager and vice president	5,324	5,356	5,718	5,747	12.343	10.021	12.418	10.073

Note: Analysis:

1. The policy and standards of remuneration of the Company's directors/supervisors and managers (including the general manager) are determined according to the Article of Incorporation and the Company's operating performance while also taking reference from the standards of peer industries. The Articles of Incorporation stipulates that the remuneration to directors/supervisors is determined based on the implementation status of the evaluation of the Board of Directors, their attendance rate of Board meetings (mainly for discussion and decision-making for the Company's operation), and voluntary participation in the professional courses each year to evaluate each member's participation in operation, which will also be used as a basis for remuneration distribution. The directors and supervisors of the company who are not concurrently employees will only be paid by the board of directors and the fixed remuneration approved by the remuneration committee. No other changes are paid.

2. During the term of office, directors are entitled to receive a wage for carrying out duties for business needs as stipulated in Article 33 of the Articles of Incorporation. The Board of Directors is authorized to determine the amount of wage of directors based on their participation in the Company, while taking into account the payments standards of listed companies in the same industry (as proposed on the Board meeting held on March 22, 2005 and as provided in Article 19-1 in the Articles of Incorporation). The evaluation of participation level is subject to the standards mentioned above.
3. In summary, the remuneration for 2021 to the Company's directors/supervisors and managers was paid at a basic level and was not overestimated compared to other companies in the same industry. The remuneration did not impact the Company's ultimate performance and there was no need to assess risks.
4. The figures in this table regarding remuneration of directors, supervisors and employees are included based on a principle of fiction - when the dividends for 2021 was resolved this year (2022), the figures related to remuneration of directors, supervisors and employees were subject to the figures of last year's (2021) figures resolved by the Board meeting this year (2022). The same approach also applied to 2020.
5. As Director Lin, Jen-Chung also serves as general manager, his total of amount of remuneration received for his roles as director, general manager and vice president has been included in these 2 sections. Therefore, the total value of remuneration for directors/supervisors, general manager and vice president is not expressed as the calculation for one person is repetitive and has no reference value.
6. From 2012 (referring to the remuneration for 2011), the determination of the remuneration system and distribution of remuneration to directors, supervisors and managers are subject to discussion by the Company's Remuneration Committee for resolution and are implemented after being submitted to the Board of Directors for approval as required by law.
7. Consolidation of provisions of the Company's Articles of Incorporation regarding the remuneration to directors, supervisors and employees
 - (1). Article 19-1

Due to business needs, the Company's chairman, directors and supervisors are, during their terms of office, entitled a wage for carrying out duties as stipulated in Article 33 of the Company's Articles of Incorporation. The Board of Directors is authorized to determine the amount of wage of directors based on their participation in the Company, while taking into account the payments standards of listed companies in the same industry.
 - (2). Article 33 (amendments were approved by the Board of Directors on March 15, 2022, pending discussion at the annual general meeting on June 14 2022)

Depending on the Company's profit for the year, **no less than** 2% of profit is distributed as remuneration to employees and no more than 2% of profit is distributed as remuneration to directors/supervisors. However, if the Company has accumulated losses (including adjustment of undistributed earnings), profit shall be set aside in advance to make up for losses. Profit refers to net income before deducting remuneration to employees and remuneration to directors/supervisors.

The aforementioned remuneration to employees may be distributed in stock or cash and may be paid to employees of subordinate companies who meet certain criteria. The aforementioned remuneration to directors/supervisors may be paid in cash only.

Prior to forming an Audit Committee, remuneration to supervisors has been distributed in accordance with Paragraphs 1-3 of this Article.

IV. State of the company's implementation of corporate governance:

- (I) State of operations of the board of directors
 1. For the most recent fiscal year (2021), 5 Board meetings were held (**4th to 8th meetings of the 16th Board**), the attendance of directors (including independent directors) and supervisors is as follows:

Title	Name (Note 1)	Actual attendance	Attendance by proxy	Actual attendance rate (%) (Note 2)	Remarks
Chairman	Ten Fu Investment Representative Lee, Kuo-Lin	5		100	Elected (re-elected) on June 13, 2019
Director	Lin, Jen-Chung	5		100	Elected (re-elected) on June 13, 2019
Director	Tsai, Song-Tsung, Representative, Ten Fu Investment	5		100	Elected (re-elected) on June 13, 2019
Director	Wang, Lien-Yuan, Representative, Unify Grander Investment	5		100	Elected (re-elected) on June 13, 2019
Director	Lee, Chien-Te	5		100	Elected (re-elected) on June 13, 2019
Independent Director	Teng, Syh-Tang	5		100	Elected (re-elected) on June 13, 2019
Independent Director	Ferng, Ren-Ho	4		80	Elected (re-elected) on June 13, 2019
Supervisor	Lee, Hong-Sheng	5		100	Elected (re-elected) on June 13, 2019
Supervisor	Tseng, Ming-Sung	5		100	Elected (re-elected) on June 13, 2019
Supervisor	Chen, Fu-Sung	5		100	Elected (re-elected) on June 13, 2019

Other information required:

- I. For Board of Directors meetings that meet any of the following descriptions, state the date, session, the discussed agenda, independent directors' opinions and how the company has responded to such opinions:
- (I) Matters listed in Article 14-3 of the Securities and Exchange Act: In accordance with the Securities and Exchange Act, the independent directors shall express their opinions and respond to opinions, as stated in the content of the important resolutions of each meeting in item IV of (XI)-1, section Three.
- (II) Except for the preceding matters, any matter resolved by the Board of Directors with an independent director expressing an objection or reservation that has been included in records or stated in writing: None. **Note: Contents of important resolutions are provided in detail in item IV of (XI)-1, from 9th meeting held on March 19, 2021 to 14th meeting held on March 15, 2022 of the 16th Board - a total of 6 joint meetings of directors and supervisors.**
- II. For the implementation and state of directors' recusal for conflicts of interest, the directors' name, topic discussed, reasons for the required recusal and participation in the voting process: Not applicable to the Company **(however, where there is a conflict of interest between the director or their representative and the motion, they will be reminded again to recuse themselves from the meeting by the person making records prior to**

reading out of the motion).

- III. TWSE/TPEX companies should disclose information including the evaluation cycle and period, evaluation scope, method and evaluation content of the Board's self- (or peer) evaluation and enclose the table - "Implementation of the Board Evaluation."
- IV. An evaluation of targets (e.g., forming an audit committee and improving information transparency) for strengthening the functions of the Board during the current and immediately preceding fiscal years, and measures taken toward achievement thereof: In order to strive for development of the Company's core industry, the primary target for the functions of the Board of Directors is to, depending on their respective professional backgrounds, review motions submitted by the management team. The contents of each motion is detailed in (III) and (XI) IV. State of the company's implementation of corporate governance regarding resolutions by the Board meeting held in the most recent fiscal year and the most recent meeting (**March 15, 2022**).
- V. **The attendance rate of the Company's 2 independent directors in the 5 joint meetings of directors and supervisors held in 2021 is 100% and 80%, respectively, as described as above.**

Note 1: If a director or supervisor is a legal entity, please disclose the name of the corporate shareholder and their representative.

Note 2:

- (1) If a director or supervisor resigns before the end of the year, the resignation date shall be indicated in the Remarks field. The actual attendance rate (%) was calculated on the basis of the number of board meetings held during each director's term and the number of meetings actually attended by that director.
- (2) If there is a reelection of directors and supervisors before the end of the year, the new and former directors and supervisors must be stated in the Remarks field, and indicate if such director and supervisor is old, new or reelected, as well as the reelection date. The percentage of actual (proxy) attendance (%) will be calculated based on the number of Board of Directors' meetings held during active duty and the number of actual (proxy) attendance.

2. The Implementation of the Board of Directors' evaluation

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Evaluation scope (Note 3)	Evaluation method (Note 4)	Evaluation content (Note 5)	Evaluation results
Once a year	2021/01/01 to 2021/12/31	The Board of Directors	Internal evaluation of the Board	Participation in the operation of the company, quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors and internal control.	Over 4.863 (Excellent)
Once a year	2021/01/01 to 2021/12/31	Individual Board members	Self-evaluation of individual Board members	Alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operations of the company, management of internal relationship and communication, the director's professionalism and continuing education and internal control.	Over 4.987 (Excellent)
Once a year	2021/01/01 to 2021/12/31	Functional Committees	Self-evaluation by committee members	Participation in the operation of the company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, composition of the functional committee and election of its members and internal control.	5 (Exceptional)

Note 1. Fill in the cycle of evaluation of the Board of Directors; for example: once a year.

Note 2. Fill in the period of evaluation of the Board of Directors; for example: the performance of the Board of Directors between January 1, 2021 and December 31, 2021 was evaluated.

Note 3. Evaluation scope includes performance evaluation of the Board of Directors, individual Board members and Functional Committees

Note 4. Evaluation methods include internal evaluation of the Board, self-evaluation of individual Board members, peer evaluation, appointment of external professional institutions, experts or other appropriate means.

Note 5. The evaluation scope must include the following: documents related to the 2021 performance evaluation - please see the Company's website (20220315_2021 all Board members (7)_Report on Results of Performance Evaluation of the Board of Directors; information in Chinese is as follows)

<https://www.1000000.com>

[//www.tenren.com.tw/Content/Downloads/List.aspx?SiteID=10&MmmID=654256534471220550](http://www.tenren.com.tw/Content/Downloads/List.aspx?SiteID=10&MmmID=654256534471220550)

- (1).Evaluating the performance of the Board of Directors: Covering at least the participation in the operation of the company, quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control.
- (2).Evaluating the performance of the Board members: Covering at least the alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationship and communication the director's professionalism and continuing education, and internal control.
- (3).Evaluating the performance of the functional committee: Participation in the operation of the company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, composition of the functional committee and election of its members, and internal control.

- (II) State of operations of the audit committee or the state of participation in board meetings by the supervisors: Relevant implementation is omitted as the Company has not yet set up an Audit Committee.

State of supervisors participating in the operations of the board of directors

For the most recent fiscal year (2021), 5 Board meetings were held. The attendance is as follows (**4th to 8th meetings of the 16th Board**).

Title	Name	Actual attendance (B)	Actual attendance rate (%) (B/A)(Note)	Remarks
Supervisor	Lee, Hong-Sheng	5	100	Elected (re-elected) on June 13, 2019
Supervisor	Tseng, Ming-Sung	5	100	Elected (re-elected) on June 13, 2019
Supervisor	Chen, Fu-Sung	5	100	Elected (re-elected) on June 13, 2019

Other information required:

I. Composition and duties of supervisors:

- (I) Communication between supervisors and company employees and shareholders (e.g., communication channels, methods)

The Company's Board meetings (including interim meetings) are carried out in the form of joint meetings of directors and supervisors in accordance with the provisions set forth in the Articles of Incorporation. Supervisors shall attend meetings as notified. As the discussion matters at the joint meeting of directors and supervisor are extensive, heads (vice president-level) of each functional group shall also be present at the meeting. In accordance with the organizational standards, the chief internal auditor shall be present at the meeting to report important audits for each quarter.

- (II) Communication between supervisors and chief internal auditor and accountants (e.g., matters methods and results of communication on the Company's financial and business status).

1. The audit report submitted by the chief internal auditor as required by law or management is directly sent to the Board of Directors (represented by the chairman) and supervisors for signature.

2. The accountants carry out a professional testing and review of internal audit reports signed by the Board of Directors and supervisors. As stated in the audit report for the most recent fiscal year, the Company's operations are in compliance with the internal control system already established and is in continuous effective compliance.

- II. If supervisors present at the Board meeting express their opinions, the date, session, topic discussed and the resolution of the board meeting and handling of the company of such opinions shall be specified.

No supervisors expressed any important opinions in the most recent joint meetings of directors and supervisors (**from the 9th meeting of the 16th Board on March 19, 2021 to the 13th meeting of the 16th Board on November 12, 2021**).

Note:

- * If a supervisor resigns before the end of the year, the resignation date shall be indicated on the Remarks field. The actual attendance rate (%) was calculated on the basis of the number of meetings actually attended by that supervisor.
- * If there is a reelection of supervisors before the end of the year, the new and old supervisors must be stated in the Remarks field, and indicate if such supervisor is old, new, or reelected, as well as the reelection date. The actual attendance rate (%) was calculated on the basis of the number of meetings actually attended by that supervisor.

(III) State of operations of the company's implementation of corporate governance, any variance from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reason for such variance
The basis for review of any variance was conducted in accordance with the requirements set forth in the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies promulgated on March 8, 2022.

Evaluation item	State of operation			Variance from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reason for such variance
	Yes	No	Summary	
I. Has the company established and disclosed its rules of corporate governance in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies?	V		I. The amendments to the Company's Corporate Governance Best Practice Principles were approved by the Board of Directors on April 26, 2022 and can be found on the Company's website.	No variance
II. Equity structure and shareholders' equity (I) Has the company formulated internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters and have the procedures been implemented accordingly?	V		(I) On account of the size of the Company's organization and professional considerations, external matters are handled by the spokesperson or deputy spokesperson. This has been included in the internal documents and the amendments to the Company's Corporate Governance Best Practice Principles were approved by the Board of Directors on April 26, 2022. In addition, matters enquired by shareholders are answered in writing or by phone according to their nature. In 2015, the investment section on the Company's website underwent a series of transformation - not only is information transparency enhanced, the section was also upgraded to a section dedicated to stakeholders. By doing this, we hope to provide shareholders with simultaneous access to public information while deepening two-way communication between shareholders and the Company.	No variance
(II) Does the company possess a list of the company's major shareholders and a list of the ultimate controllers of its major shareholders?	V		(II) We hire a professional shareholder services agent to manage matters associated with the rights and interests of shareholders. The Company possess a list of the major shareholders and a list of the ultimate controllers of our major shareholders.	No variance
(III) Has the company established and implemented the risk control and firewall mechanisms between the affiliates?	V		(III) The Company and its affiliates are run independently. Management rules have been established for financial dealings of affiliates; and internal control procedures and control key points have been established for the supervision of the parent company and subsidiaries. There are also clear regulations in	No variance

Evaluation item	State of operation			Variance from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reason for such variance
	Yes	No	Summary	
(III) Has the company established Regulations Governing the Board Performance Evaluation and its evaluation methods, and does the company conduct a performance evaluation each year and submit the performance evaluation results to the Board of Directors and use them as reference in determining remuneration for individual directors, and nomination for reappointment?	V		(III) The amendment to the Company's "Regulations Governing the Board Performance Evaluation" (have since been renamed) have been approved by the Board meeting held on March 19, 2021. The evaluation was completed at the Board meeting held on March 15, 2022 and relevant operations will be conducted on a regular basis each year. While the relevant results are submitted to the Board of Directors, they will also be disclosed on the Company's website. Starting from 2012 (for remuneration from 2011), the determination of the remuneration system and remuneration distribution to the Company's directors, supervisors and managers are resolved after discussion by the Company's Remuneration Committee. The remuneration of each director and supervisor is determined on an equal basis (independent directors do not participate in annual remuneration distribution to directors/supervisors) and the evaluation is judged based on each director's attendance rate and their participation in continuing education as well as their performance evaluation results. The approach to allocate distribution is reasonable. Information regarding the annual evaluation of the Board of Directors and the evaluation linked to the Company's performance is separately compiled and disclosed on the Company's website after the completion of the annual report.	openness. When a decision made is not in line with the current management system, it is submitted to the Board of Directors for approval and implementation. Implemented in accordance with the Corporate Governance Best Practice Principles approved by the Board of Directors.
(IV) Does the company regularly assess the independence of its CPAs?	V		(IV) In accordance with the Corporate Governance Best Practice Principles that were amended with approval of the Board of Directors, the evaluation of independence of accountants is ensured each year. The evaluation for the most recent fiscal year (2021) was carried out on March 15, 2022.	Implemented in accordance with the Corporate Governance Best Practice Principles approved by the Board of Directors.

Evaluation item	State of operation			Variance from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reason for such variance
	Yes	No	Summary	
IV. Has the company designated an appropriate number of personnel that specializes (or are involved) in corporate governance affairs (including but not limited to providing directors/supervisors with the information needed and assist directors and supervisors in complying with the laws and regulations to perform their duties, convention of board meetings and shareholders' meetings, preparation of board meeting and shareholders meeting minutes, etc.)?	V		<p>IV. The Company's corporate governance-related affairs are coordinated by the general manager.</p> <p>1. The head of the Finance and Administration Group is subdivided into (6-7 people)</p> <p>(1) The General Affairs Dept. manages the business of the Board of Directors and stock affairs (including affairs in relation to directors, supervisors, Board meetings, shareholders' meetings, as well as stock affairs of investors). There is also a shareholders' services agent in place to give professional consultation from time to time. In 2022, a corporate governance office will be established. The vice president of the Finance and Administration Group will serve as head of corporate governance and manage affairs in relation to Board meetings and shareholders' meetings.</p> <p><u>The head of the General Affairs Dept. has served the Company for over 42 years and has been in charge in affairs associated with Board meetings and stock affairs for 28 years since the Company became public in 1993. In 2021, the head of the General Affairs Dept. convened 5 Board meetings and 1 annual general meeting, as well as routine stock affairs such as reporting changes in shareholdings of directors and supervisors by 15th each month and the disclosure of information on MOPS.</u></p> <p>(2) The Accounting Dept. is responsible for company registration and changes in registration. Relevant regulatory compliance is managed by the head of each competent department, while CPAs provide the Company with professional counseling and services for company registration and corresponding legal information.</p> <p><u>The head of Accounting Dept. has served the Company for over 37 years and has been in charge of financial management for 28 years since the Company became public in 1993. In 2021, the head of Accounting Dept. produced 4 quarters of statements for the statutory year and worked with the CPAs on related operations, provided guidance on the International Accounting Standards (IAS) alongside the CPAs and disclosed information on MOPS.</u></p>	Not only will the Corporate Governance Office be established and a head of corporate governance appointed, relevant businesses will be carried out in accordance with the Corporate Governance Best Practice Principles approved by the Board of Directors.

Evaluation item	State of operation			Variance from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reason for such variance
	Yes	No	Summary	
			<p>2. The President Office is in charge of coordinating communication between corporate governance departments and the competent authorities as well as replying related matters and collection of CSR resources from all departments. The President Office is also responsible for providing professional consulting on preparing reports in accordance with GRI Standards and planning of Sustainability Report and corporate governance training.</p> <p><u>The head of the President Office has served the Company for over 33 years and has been responsible for investor services for 28 years since the Company became public in 1993. In 2021, the head of the President Office competed corporate governance and convened 2 Remuneration Committee meetings and 1 investors conference, as well as the 2020 preparation of the annual report for shareholders, maintenance of the Company's website (including sections dedicated to stakeholders and investors), and uploaded information onto the Company's website, maintained investor relations (sending press releases), Q&A, compiled the 2020 CSR (sustainability) report and disclosed information onto MOPS.</u></p>	
V. Has the company established channels for communication with the stakeholders (including but not limited to shareholders, employees, customers and suppliers), and set up a stakeholder section on the Company's official website with a proper response to the concerns of the stakeholders on issues related to corporate social responsibility?	V		V. Since 2011, the Company set up a "Stakeholder Q&A" section under the investor section on the Company's website. By using this simple platform, we openly accept advice and questions submitted by stakeholders, covering employees, customers, investors (including individuals and investment institutions) and suppliers. The construction for the upgrade of the dedicated stakeholder section was completed in December 2015, which focuses on stakeholder issues. Moreover, a dedicated communication platform is in place under Q&A section for food safety, consumers, Ten Ren VIP Club, marketing media, investors, CSR (sustainability) operations, corporate governance operations and others. As well as these, there is also a message board available allowing stakeholders to leave a message which automatically notifies the moderator by the system and the question is then forward to the responsible unit for response.	No variance

Evaluation item	State of operation			Variance from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reason for such variance
	Yes	No	Summary	
			By taking in the suggestions and feedback of stakeholders, we hope to improve our sustainable development opportunities and increase our competitiveness for sustainability. We make an effort to openly interact with stakeholders and stakeholders can reach out to us through the following (please see Table 1).	
VI. Does the company appoint a professional shareholder services agent to handle matters of shareholders' meetings?	V		VI. The Company hires a professional shareholder services agent: "Shareholder Services of Yuanta Securities."	No variance
VII. Information disclosure (I) Does the company have a website set up where its financial business and corporate governance information is disclosed?	V		(I) The section on the Company's website dedicated to investors: https://www.tenren.com.tw/Content/IRContactUS/Contact.aspx?SiteID=10&Mm mID=654044433016605753 provides a variety of information in Chinese, e-files of annual reports for shareholders, and financial, business and corporate governance situations in the annual report for shareholders. The "Investor Section" has been divided into 9 functions: "Financial Overview" (including financial report and annual report for shareholders), "Company Overview and Governance" (including corporate organization and the most recent corporate governance rules), "Annual Report Topic Disclosure," "Investment Information" (including information on market prices and dividends), "Operating Overview" (including information on announcement of revenue), "Important Meetings," "Material Information," "Shareholder Q&A" and "Stakeholder Q&A." In doing this, we enhance the communication with investors and are able to express relevant information in a more specific and timely manner.	No variance
(II) Has the company adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the	V		(II) At Ten Ren, we have set up a Business Dot Com team responsible for website construction. At present, our website (URL as mentioned above) is operated in 4 languages: Simplified Chinese, Traditional Chinese, English and Japanese. This way, it is easier for stakeholders to ask questions (as described above). The information on the website is currently collected by the head of each department. The deputy spokesperson is responsible for	No variance

Evaluation item	State of operation			Variance from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reason for such variance
	Yes	No	Summary	
<p>spokesman system and uploading the procedure of investors conference on its website, etc.)?</p> <p>(III) Has the company published and reported its annual financial report within two months after the end of a fiscal year and published and reported its financial reports for the first, second and third quarters, as well as its operating status for each month before the specified deadline?</p>		V	<p>reviewing the information for disclosure as well as communication. The presentation and audio-visual information (including historical information) in both English and Chinese can be found on the Company's website for investors.</p> <p>(III) It is conducted in accordance with the applicable laws and regulations for public companies; the Company has no plans to disclose financial information in advance or voluntarily.</p>	Not yet conformed, as it is currently handled in accordance with the time frame prescribed by the law.
<p>VIII. Is there any further information (including, but not limited to, employee rights and interests, employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and liability insurance for directors and supervisors) that is helpful in understanding the corporate governance operation of the company?</p>	V		<p>VIII. Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance</p> <p>(I) Employee rights and interests, employee care, investor relations, supplier relations, stakeholder rights</p> <ol style="list-style-type: none"> 1. In a bid to ensure the rights and interests of consumers, we adhere to natural, healthy and affectionate business philosophy and strict regulations on suppliers when purchasing raw materials for tea. We insist on sampling of tea leaves batch-by-batch and sending them to SGS for testing. Products that meet CNS national standards are approved for import and acceptance. The SGS Safety Information Platform we established in 2015 further increased testing and administrative costs though they were borne jointly by the Company and suppliers. Our suppliers also cooperates with our quality management policy which helps improve their autonomous management capabilities. This will be implemented in the inspection and management of food products made on site of CHA FOR TEA, as well as OEM products and safety of raw materials and quality for gifts. 2. In terms of employee rights and interests, and employee care - over the 	No variance

Evaluation item	State of operation		Variance from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reason for such variance								
	Yes	No									
		<p>Summary</p> <p>5. Our interaction with stakeholders is detailed in the Company's past sustainability reports. With respect to our non-profit business, we primarily make regular donations to the "Ten Ren Teatism Foundation", established to advocate the culture of Chinese tea. By organizing domestic and international tea cultural activities, we have created countless tea lovers from all walks of life in the course of 30 years. As we are deeply dedicated to this cause, we continue to make efforts for the development of tea culture. The Company's contribution to the Foundation during the past 3 years is as follows: (in NT\$ thousands)</p> <table border="1"> <thead> <tr> <th>Donation target/year</th> <th>2021</th> <th>2020</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Ten Ren Teatism Foundation</td> <td>1,150</td> <td>750</td> <td>1,800</td> </tr> </tbody> </table> <p>Other important stakeholders may use the question platform at the stakeholder section on the Company's website to leave a message or interact with each unit at https://www.tenren.com.tw/Content/IRContactUS/Contact.aspx?SiteID=10&MmmID=654044433016605753; or enter the website and follow the instructions for each section (for example, SGS Safety Information Platform, Customer Service Message Board, Member Service Center).</p>	Donation target/year	2021	2020	2019	Ten Ren Teatism Foundation	1,150	750	1,800	
Donation target/year	2021	2020	2019								
Ten Ren Teatism Foundation	1,150	750	1,800								
	V	<p>(II) Continuing education of directors and supervisors (2021): Information in Chinese is disclosed on MOPS and the Company's website https://www.tenren.com.tw/Content/Downloads/List.aspx?SiteID=10&MmmID=1071233640360313063 In 2021, all directors and supervisors met requirements prescribed in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX-Listed Companies." Those who are reappointed shall receive at least six hours of continuing education per year during their term of office.</p>	No variance								
	V	<p>(III) Implementation of the risk management policy and risk measurement standards</p>	No variance								

Evaluation item	State of operation		Variance from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reason for such variance
	Yes	No	
			Summary
			<ol style="list-style-type: none"> 1. The Company has established the Management Rules Governing Financial and Business Matters Between Related Parties, and management rules in relation to investments (including rules governing subsidiaries) and endorsements and guarantees. There are also strict regulations targeting operational management, related party interactions, investment management and external business. In addition to implementing the management rules as mentioned above, the basic procedure is to implement clear resolution by the Board of Directors after a professional evaluation is conducted by the general manager and proposal submitted to the Board of Directors for authorization. 2. The shareholders' meeting conducted in 1993 and 1996 resolved to not engage in the lending of funds to others and the operation of derivative financial instruments, making it clear that the Company's professionalism does not lie within investments but is committed to the management of the investment in the industry. 3. The Company's Board meeting held on November 12, 2021 approved the "Risk Management Policy and Procedure." On the same meeting, the 2021 risk management policy, the organizational structure, risk identification and management process were reported. The risk management policy and risk measurement standards are based on a rigorous principle that the Company shall concentrate in its industry. The Board of Directors and the management team shall ensure that the management of existing and potential risks is complete, significant and dynamic in order to build resilience against emerging risks. 4. The Board of Directors and the management team shall continue to take in the views of stakeholders and continue to interact with them regarding external trends and internal issues. This ensures the integrity and effectiveness of the risk management process. 5. Being inspired by the impact of the COVID-19 pandemic, the Board of Directors and the management team realized that they should focus more

Evaluation item	State of operation		Variance from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reason for such variance
	Yes	No	
		Summary	
	V	<p>on internal and external challenges during the process of development. By doing so, positive and innovative concepts and actions can be adopted, ensuring the peace of mind, trust and satisfaction of our customers, shareholders and colleagues.</p> <p>(IV) Implementation of customer policy From time to time, customer satisfaction surveys are conducted in each sales location by the head office's Domestic Sales Dept. Moreover, a complete customer complaint mechanism has been built to ensure consumers rights. Due to the impact of the Level 3 alert during the COVID-19 outbreak, a total of 530 mystery visitors were assigned to conduct customer satisfaction surveys of the Company's brands and stores in 2021. Units that did not meet the standards or with customer feedback were urged to make continues improvements.</p>	No variance
	V	<p>(V) Liability insurance for directors and supervisors and social responsibility In accordance with provisions of Articles 39 and 49 of the Corporate Governance Best Practice Principles, the Company has taken out liability insurance for directors, supervisors and key managers since March 22, 2005. Article 19-2 has been added to the Articles of Incorporation. The Company is required by the law to take out liability insurance for directors or supervisors for their scope of duties during their term of office. The insurance coverage amount for directors, supervisors and managers was approved by the Board meeting held on August 13, 2021. As the insurance policy period expired, the coverage amount for liability insurance for directors, supervisors and managers was approved at US\$10 million.</p>	No variance
	V	(VI) Other matters that shall be disclosed: None	No variance
<p>IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement items and measures for any issues that are yet to be improved (companies not listed for evaluation are not required to fill in this section) Corporate governance assessment results published by the Company over the year: The score was 72 for the 1st year; the score was 74.98 for the 2nd year; the score was 73.47 for the 3rd year; the score was 78.02 for the 4th year; the score was 68.82 for the 5th year; the score was 71.14 for the 6th year; the score was 60.27 for the 7th year; and the score was 70.32 for the 8th year. The reason was because</p>			

Evaluation item	State of operation			Variance from the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and the reason for such variance
	Yes	No	Summary	
			<p>the Company did not voluntarily release financial information and information in English or release financial information and information in English in advance, the Company has not yet established an Audit Committee and head of corporate governance, the Company did not hold an investor conference twice a year, and the GHG information disclosed was insufficient, as well as not being able to master the essence for weighted scores. The measures for improvement are as follows:</p> <p>(I) As for enhancing information transparency - in addition to setting up a stakeholder section as required by the law, a contact section by the function is also in place on the page of the stakeholder section, covering operations such as food safety, investors, CSR (sustainability) operations, corporate governance operations and others. As well as these, there is also a message board available allowing stakeholders to leave a message which automatically notifies the moderator by the system and the question is then forward to the responsible unit for response.</p> <p>(II) We have compiled a CSR Report since 2015 (information on 2014) and the CSR report is assured by accountants. In addition to disclosing the entire CSR report on MOPS and the Company's website, we have made an effort to disclose it in chapters, enabling stakeholders to directly refer to the contents of their needs and interests, despite the fact that they cannot finish the entire report.</p> <p>(III) In 2016, the topics of the annual report are added on the Company's website, focusing on contents associated with corporate governance, welfare matters and ethical management. By taking this approach, investors are able to read the contents according to their preferences.</p> <p>(IV) On May 24, 2017, the food safety and quality system management review meeting approved the "Supplier Corporate Social Responsibility Code of Conduct." In an effort to fulfill corporate social responsibility, promote social, environmental and social progress and jointly achieve the sustainable development objectives, we have established the Supplier Corporate Social Responsibility Code of Conduct. By working side by side with suppliers, we hope to improve the quality of life of workers, reduce the impact on the environment from the production process, as well as improving product and service quality. The Code of Conduct is divided into four major aspects which we and our suppliers jointly abide by: Human rights, working environment, environmental management and honesty and integrity. In 2018, we also applied this spirit on our contracted franchisees, while at the same time providing guidelines in the terms in the contract entered into with suppliers and franchisees for compliance.</p> <p>(V) On August 12, 2019, the Board of Directors approved the amendments to some provisions in the Ethical Corporate Management Best Practice Principles. All directors, supervisors and executives of each functional group provided a written declaration for the Company's ethical corporate management policy. On March 23, 2020 and August 13, 2021, the Board of Directors reviewed the relevant contents of the declarations which were re-signed (the declaration is subject to an annual review and were re-signed each year).</p> <p>(VI) On November 11, 2019, November 11, 2020 and November 12, 2021, the joint meetings of directors and supervisors included annual ethical management (the Board of Directors held on August 13, 2021 approved the "Procedures for Ethical Management and Guidelines for Conduct") and implementation of the promotion of sustainable development as regular matters to be reported at the Board meeting. On August 13, 2021, the Board of Directors included the report on the implementation status of intellectual property rights. On November 12, 2021, the Board of directors included the report on the implementation status of the risk management policy and procedures. Matters originally to be reported and matters added in 2021 shall be reported at the Board meeting once a year in the future.</p> <p>(VII) Since the 2020 CSR (Sustainability) Report, we have begun to add information on waste and water consumption for the past 2 years, as required by the indicators as well as improving the information on the diversity of directors.</p>	

Evaluation item	State of operation			Variance from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reason for such variance
	Yes	No	Summary	
(VIII) Since May 14, 2021, Board of Directors meetings would be convened by the chief internal auditor. Information regarding the communication on financial and business matters with independent directors and CPAs (including both parties or 3 parties), the appointment, dismissal and assessment of internal auditors (including the chief internal auditor), and remuneration rules determined by the Chairman is disclosed on the Company's website.				
(IX) On August 23, 2021, the CSR (Sustainability) Report stated that: in order to fulfill corporate social responsibility and ensure the basic human rights of our colleagues, we recognize and follow the UN Guiding Principles Reporting Framework as the basis for human rights protection. As well as this, we have formulated Ten Ren Tea's human rights policy based on the 7 reporting principles and 3 reporting frameworks of UN's Universal Declaration of Human Rights and review the management policy for employees and suppliers. In doing so, we ensure the basic human rights of all colleagues, customers and stakeholders. We do not tolerate any acts that violate and abuse human rights and clearly reveal that we treat all our colleagues and stakeholders with fairness and respect. Our human rights policy is published on the company website and related statistical information is uploaded simultaneously with the Sustainability Report in the future. Furthermore, we will also keep a close eye on international trends and changes in related issues.				
(X) As for matters that are not mentioned, since 2018, the President Office has reported to the supervisors upon the receipt of updates of the evaluation indicators and self-evaluation would be conducted. For the sections that fail to score, recommendations are proposed as to whether or not to integrate cross-departmental resources or whether or not the budget shall be allocated to carry out training. By doing so, we continue to make improvements on unscored items (e.g., as the score for the 7th evaluation was lower, the Board of Directors held on May 14, 2021 immediately conducted a special report and the independent directors were responsible for formulating an improvement plan).				

Table 1

Stakeholder	Communication and response means and frequency	Relevant material issues (individually/jointly)	Communication channel or corresponding contacts
Consumers and customers	<ul style="list-style-type: none"> ● Customer feedback (CHA FOR TEA): From time to time ● Customer satisfaction survey: From time to time ● Customer visits: From time to time ● By email, phone and fax: From time to time ● Member section, stakeholder section (questions) on the Company's website: From time to time 	<ol style="list-style-type: none"> 1. Consumer personal data management 2. Service quality 3. R&D innovation 4. Product information transparency 5. Healthy and affordable products 6. After-sales service and feedback 	Consumer service hotline: 0800-212-542 Email: service@tenren.com VIP Club member hotline: 02-2741-7536 Fax: 02-2772-7742
Employees	<ul style="list-style-type: none"> ● Company intranet, employee section on the official 	<ol style="list-style-type: none"> 1. Employee diversity and 	General Affairs Dept., Manager

Stakeholder	Communication and response means and frequency	Relevant material issues (individually/jointly)	Communication channel or corresponding contacts
	<p>website (mytenren), stakeholder section (questions): From time to time</p> <ul style="list-style-type: none"> ● Departmental meetings: Monthly/Quarterly ● Employee training: From time to time ● By email, phone and fax: From time to time ● TR Report: Monthly ● Employee Welfare Committee: From time to time 	<p>equality</p> <ol style="list-style-type: none"> 2. Talent cultivation 3. Employee benefits and salaries 4. Occupational health and safety 5. Career development 6. Employee rights protection 7. Corporate culture shaping 	<p>Cheng Email: judy.ch@tenren.com.tw Tel.: 02-2776-5580 Fax: 02-2772-7742</p>
Investors/Shareholders	<ul style="list-style-type: none"> ● The Company’s website (stakeholder section (questions)): From time to time ● “Investor Section” under stakeholder section: From time to time ● Shareholders' Meeting: Annually ● Investor Conference: Annually (once per year since 2018) ● By email, phone and fax: From time to time ● Information disclosure on MOPS: Periodically/From time to time 	<ol style="list-style-type: none"> 1. Economic performance 2. Business intelligence analysis 3. Risk control 4. Information security management 	<p>Spokesperson, Vice president Chen, Chung-Chih (CFO) Email: eric.chen@tenren.com.tw Tel.: 02-2776-5580 Fax: 02-2772-7742</p> <p>Deputy Spokesperson, Manager, Wang, Wen-Hsien Email: joy66888.wang@gmail.com Tel.: 02-2776-5580 Fax: 02-2772-7742</p> <p>The Company’s stock affairs, General Affairs Dept., Manager Cheng Email: judy.ch@tenren.com.tw Tel.: 02-2776-5580 Fax: 02-2772-7742</p> <p>Shareholder services agent:</p>

Stakeholder	Communication and response means and frequency	Relevant material issues (individually/jointly)	Communication channel or corresponding contacts
			“Shareholder Services of Yuanta Securities” www.yuanta.com.tw Tel.: 02-2586-5859
Suppliers (Tea farmers) (Others)	<ul style="list-style-type: none"> ● The Company’s website (stakeholder section (questions)): From time to time ● Supplier audits: From time to time ● Batch-to-batch inspection according to the Supplier Management Procedures: From time to time ● Contract specifications: From time to time ● By email, phone and fax: From time to time 	Tea farmers: 1. Climate change impact 2. Pesticide management and inspection 3. Water resource management 4. Raw materials management Other: 1. Product packaging 2. Materials trace and tracking 3. Supplier management mechanism	Factory director, Director Ou Email: ou1432@tenren.com.tw Tel.: 037-671561 Fax: 037-673145 Food Safety Management Dept., Manager Lin Email: shinya@tenren.com.tw Tel.: 02-2776-5580 Fax: 02-2772-7742
Government	<ul style="list-style-type: none"> ● The Company’s website (stakeholder section (questions)): From time to time ● Hearings in regulatory matters and business seminars: From time to time ● Related official documents: From time to time ● On-site guidance and audits: From time to time ● Participation in business seminars and hearings organized by competent authorities: From time to time ● Online platform registration: From time to time ● Email, phone and fax: From time to time 	Joint issues: 1. Tea culture heritage 2. Industry-academic collaboration 3. Food safety management 4. Regulatory compliance 5. Corporate governance 6. Energy management 7. Public food safety dialogue 8. Business succession planning	President Office, Manager Wang Email: joy66888.wang@gmail.com Tel.: 02-2776-5580 Fax: 02-2772-7742 General Affairs Dept., Manager Cheng Email: judyach@tenren.com.tw Tel.: 02-2776-5580 Fax: 02-2772-7742 Food Safety Management Dept., Manager Lin

Stakeholder	Communication and response means and frequency	Relevant material issues (individually/jointly)	Communication channel or corresponding contacts
		(The above eight items are issues jointly concerned by all stakeholders (Note 1); means of communication and responses are listed in individual tables)	Email: shinya@tenren.com.tw Tel.: 02-2776-5580 Fax: 02-2772-7742
Community residents	<ul style="list-style-type: none"> ● The Company's website (stakeholder section (questions)): From time to time ● Participation in tea industry associations and conferences: From time to time ● Tea cultural activities at Ten Ren Tea Culture Museum: From time to time ● Support and care for disadvantaged and child-oriented social welfare groups by combining marketing activities: From time to time ● Participation in charity runs: From time to time 		Marketing Dept., Vice Manager Lu Email: craigru@tenren.com.tw Tel.: 02-2776-5580 Fax: 02-2772-7742 Curator Chen of Ten Ren Tea Culture Museum Email: herochen@tenren.com.tw Tel.: 02-2776-5580 Fax: 02-2772-7742
Social media	<ul style="list-style-type: none"> ● The Company's website (stakeholder section (questions)): From time to time ● Marketing event interviews: From time to time ● Supervisor interviews: From time to time ● Themed press releases: From time to time ● By email, phone and fax: From time to time 		Marketing Dept., Vice Manager Lu Email: craigru@tenren.com.tw Tel.: 02-2776-5580 Fax: 02-2772-7742
Verification and auditing organizations	<ul style="list-style-type: none"> ● The Company's website (stakeholder section (questions)): From time to time ● Contract specifications: From time to time ● Professional consultation for statutory compliance: From time to time ● On-site guidance and audits: From time to time 		Food Safety Management Dept., Manager Lin Email: shinya@tenren.com.tw Tel.: 02-2776-5580 Fax: 02-2772-7742

Note 1: 9 categories of stakeholders: 1. Employees, 2. Suppliers (tea farmers), 3. Suppliers (Other), 4. Investors, 5. Consumers and customers, 6. Community residents, 7. Government, 8. Social media and 9. audit and verification organizations

Note 2: Relevant material issues are results from the e-questionnaires conducted targeting concerns of stakeholders in accordance with the Company's corporate social responsibility. For issues that are identified as high and moderate concerns, the management guidelines and investment in relevant resources, grievance mechanism, action plans and performance for the year will be included in the Sustainability Report for investors' reference.

Note 3: The Company's website provides a stakeholder section. Stakeholders may submit a question at: <https://www.tenren.com.tw/Content/IRContactUS/Contact.aspx?SiteID=10&MmmID=654044433016605753>

(IV) Composition, duties and operation of remuneration committee or nomination committee

The Company’s Board meeting held on December 21, 2021 formally approved the establishment of the Remuneration Committee and the Organizational Procedures (hereinafter referred to as the “Procedures”) were also completed. The Company has not yet established a Nomination Committee.

1. The composition of the Remuneration Committee (hereinafter referred to as the “Committee”) - members of the Committee are appointed by resolution of the Board of Directors pursuant to Article 3 of the Procedures. The Committee is made up of 3 members, with one of them being the convener. The term of office of the Committee members is the same as the term of Board of Directors. On August 12, 2019, the 4th Remuneration Committee was re-elected and members of this term are as follows

(1) Information on members of the Remuneration Committee

Identify (Note 1)	Criteria Name	Professional qualifications <u>and</u> experience (Note 2)	State of independence(Note 3)	Number of serving members of Remuneration Committees of other public companies
Convener	Feng, Ren-Ho (independent director)	<ul style="list-style-type: none"> ● Current positions: General manager of Team Management Consulting Co., Ltd., Researcher of Chinese Academy of Business, Executive Director & Research Fellow, Innovation and Organizational Learning Research Center of Chinese Academy of Business Foundation. ● Main academic qualifications: Master, Business Administration, National Taiwan University. ● Principal work experience: President of Sunrise Department Store (Shanghai), deputy president of TenRen Group (until 1993), vice president of Hardee’s Food Co., Ltd., chairman/executive supervisor of Chinese Motivate Association, director/deputy secretary-general of Chinese Professional Management Association, Ms. Chang for Taiwanese businessmen, Mainland Affairs Council, Republic of China (Taiwan), senior consultant of Beijing Academy of Management Science. ● Contents of professional certificates received: Qualification certificate of examination of the Examination Yuan (Traffic Administrator). 	<ol style="list-style-type: none"> 1. Whether or not they, their spouses, second-degree relatives serve as a director, supervisor or employer in the company or affiliates: None. 2. Whether they serve as a director, supervisor or employee in a company that has a specific relationship with the company: None. 3. 2021 remuneration of independent directors, attendance fee for the joint meeting of directors and supervisors, attendance fee of Remuneration Committee meeting: NT\$516,000.(2020 NT\$522,000) 4. Number of shares held in the Company (including spouses and minor children): 1,097 shares 	None

Identify (Note 1)	Criteria Name	Professional qualifications <u>and experience</u> (Note 2)	State of independence(Note 3)	Number of serving members of Remuneration Committees of other public companies
Committee member	Teng, Syh-Tang (independent director)	<ul style="list-style-type: none"> ● With over 35 years of working experience in related fields. ● Current positions: Independent director of Cayman Tung Ling Co., Limited, independent director of Good Will Instrument Co., Ltd., accountant of Teng, Syh-Tang. ● Main academic qualifications: Master, National Chengchi University, Public Finance ● Principal work experience: registered accountant in Taiwan, registered accountant in China Securities analyst, former CEO of EY, supervisor of China Steel Corporation, supervisor of Kinik Company, director of Interserv International Inc., and supervisor of King Polytechnic Engineering Co., Ltd., independent director of ProLight Opto Technology Corporation, independent director of Maxigen Biotech Inc., independent director of Jih Sun International Bank, professional specialist assistant professor of Soochow University ● Contents of professional certificates received: qualification certificate of examination of the Examination Yuan (Accountant) ● With over 35 years of working experience in related fields 	<ol style="list-style-type: none"> 1. Whether or not they, their spouses, second-degree relatives serve as a director, supervisor or employer in the company or affiliates: None. 2. Whether they serve as a director, supervisor or employee in a company that has a specific relationship with the company: None. 3. 2021 remuneration of independent directors, attendance fee for the joint meeting of directors and supervisors, attendance fee of Remuneration Committee meeting: NT\$522,000.(the same as 2020) 4. Number of shares held in the Company (including spouses and minor children): 0 shares 	2
Committee member	Edwin C. Shieh	<ul style="list-style-type: none"> ● Current positions: actuary, independent director of Allianz Taiwan Life Insurance Company Ltd. (from December 3, 2020), independent director of XAVi Technologies Corporation (from August 23, 2021), associate professor of Fu Jen Catholic University, director of DID Social Enterprise Co., Ltd. Taipei. ● Main academic qualifications: Master, Business Administration, National Taiwan University (EMBA) ● Principal work experience: Assistant president of Manulife (International) Limited, vice president of Metropolitan Insurance And Annuity Company, vice president of Allianz 	<ol style="list-style-type: none"> 1. Whether or not they, their spouses, second-degree relatives serve as a director, supervisor or employer in the company or affiliates: None. 2. Whether they serve as a director, supervisor or employee in a company that has a specific relationship with the company: None. 3. 2021 Remuneration Committee meeting attendance fee: NT\$60,000. 	1

Identify (Note 1)	Criteria Name	Professional qualifications <u>and experience</u> (Note 2)	State of independence(Note 3)	Number of serving members of Remuneration Committees of other public companies
		Taiwan Life Insurance Company Ltd., Chief Representative of Sony Life Taipei Representative Office, independent director of Pruco Life Insurance Company <ul style="list-style-type: none"> ● Professional certifications: FAIRC of The Actuarial Institute of Chinese Taipei (AICT) 1996, FSA of Society of Actuaries (SOA) 2004 ● With over 35 years of working experience in related fields 	(the same as 2020) 4. Number of shares held in the Company (including spouses and minor children): 0 shares	

Note 1: Please specify in the table the years of work, professional qualifications and experience and independence of each member of the Remuneration Committee. If the member is an independent director, please indicate in a note for relevant contents (e.g., please refer to Table 1 for information on directors and supervisors on p.OO). For identify, please fill in “independent director” or “other” (please specify for a convener).

Note 2: Professional qualifications and experience: Specify professional qualifications and experience of each Remuneration Committee member.

Note 3: State of independence: The state of independence of members of the Remuneration Committee must be specified, including but not limited to whether they, their spouses, second-degree relatives serve as a director, supervisor or employer in the Company or affiliates; the proportion of shares held by the independent director himself/herself, their spouses or second-degree relatives (or in the name of others); whether the independent director serves as a director, supervisor or an employee of a company with which the Company has a specific relationship (refer to Sub-paragraphs 5 to 8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and amount of remuneration receive for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years.

2. Committee Responsibilities

As prescribed in Article 4 of the Procedures, the members of the Committee shall perform duty of care of a good manager and faithfully perform the following duties. They shall also be responsible to the Board of Directors and submit their recommendations to the Board of Directors for discussion:

- (1) Establish and periodically review policies, systems, standards and structures of the performance evaluation and remuneration of directors, supervisors (members of the Audit Committee), and managers.
- (2) Periodically evaluate and determine the remuneration to directors, supervisors (members of the Audit Committee), and managers. The suggestion on remuneration of supervisors is submitted to the Board meeting for discussion, subject to the provisions stipulated in the Articles of Incorporation regarding remuneration to supervisors or is resolved by the shareholders to authorize to the Board of Directors.

3. State of operations of the Remuneration Committee

The state of operations of the Remuneration Committee from the first term to the fourth term and their meeting dates can be found on the Company's website. Information in Chinese is as follows:

<https://www.tenren.com.tw/Content/Downloads/List.aspx?SiteID=10&MmmID=654256534460736273>

- (1) The Company's Remuneration Committee has 3 members.
- (2) Term of office for the current Remuneration Committee: From August 12, 2019 to June 12, 2022 (same as the term of the Board of Directors). The convening of meetings is as provided in the table above. A total of 6 (A) meetings for this term have been convened and 1 meeting has been convened this year. The attendance of the members is as follows:

Title	Name	Actual attendance during this term (B)	Attendance by proxy	Actual attendance (%) (B/A) (Note)	Remarks
Convener	Ferng, Ren-Ho (independent director)	6	0	100	Specializes in business and financial management (professional external training instructor)
Committee member	Teng, Syh-Tang (independent director)	6	0	100	Specializes in accounting and financial management (accountant)
Committee member	Edwin C. Shieh	6	0	100	Specializes in business and financial management (actuary)
Other information required:					
1. If the board of directors declines to adopt or modify a recommendation of the remuneration committee, the date, session, topic discussed and the resolution of the board meeting and handling of the resolution of the remuneration committee shall be specified (if the remuneration package approved by the Board is better than the recommendation made by the committee and the reason for such variance): None					
2. As to the resolution of the remuneration committee, if a member expresses any objection or reservation, either by recorded statement or in writing, the date, session and topic discussed of the committee meeting, all members' opinions and handling of members' opinions shall be specified: None					

(3) Important resolutions made by the Remuneration Committee in 2021 and as of the date of publication of the annual report

Date of meeting	Attendees/Attendance	Important resolution	Implementation
2021/03/19 (4th meeting of the 4th term)	Attendees: All 3 members Ferng, Ren-Ho, Teng, Syh-Tang, Edwin C. Shieh Attendance: General manager Lin, Jen-Chung	<ol style="list-style-type: none"> 1. The 2020 remuneration distribution to employees and directors/supervisors was determined in accordance with the Articles of Incorporation - the total remuneration to employees is 2% of the profit (NT\$1,436 thousand) and the total remuneration to supervisors/directors 1.6% of the profit (NT\$1,149 thousand). 2. The 2020 remuneration paid to directors/supervisors (excluding independent directors) is based on equal distribution of NT\$143,584. 3. The 2020 remuneration to employees was determined in accordance with the “Employee Remuneration Distribution Principles of Ten Ren Tea Co., Ltd.” resolved by the 1st Remuneration Committee. As the business environment in 2020 and 2019 was significantly impacted by COVID-19, remuneration to employees in 2020 was only 31.9% of that in 2019. Remuneration to managers is subject to remuneration paid to executive vice president in accordance with the resolution made that it may not exceed 10% of the remuneration paid to all employees. The remaining is authorized to the general manager for distribution in accordance with this method. 	<p>Please see the following for description for the implementation of important resolutions made in this meeting (Resolution contents are listed on the left; they are not corresponding)</p> <ol style="list-style-type: none"> 1. All contents resolved by the meeting were submitted to the 9th meeting of the 9th Board on March 19, 2021 for approval, which are implemented after approval. 2. Member Ferng (convener of this meeting) reported on the Board meeting held on March 19, 2021. All directors had no objections. 3. The Company’s general manager is also a director. In accordance with the Company’s rules, directors only receive remuneration of directors/supervisors and do not participate in the distribution of remuneration to employees. The rest of remuneration to managers announced in the annual report is included in

Date of meeting	Attendees/Attendance	Important resolution	Implementation
2021/11/10 (5th meeting of the 4th term)	Attendees: All 3 members Ferng, Ren-Ho, Teng, Syh-Tang, Edwin C. Shieh Attendance: General manager Lin, Jen-Chung	<ol style="list-style-type: none"> 1. To propose. that the Company implement year-end bonus rules for the chairman and managers for 2021. The Company’s 2021 domestic and international revenues and profits suffered effects of COVID-19. Based on the agreement with employees and the public, while striving to maintain a balance between shareholders’ rights and interests, it was proposed that the 2021 year-end bonus for the Company’s managers shall be kept at the basic level of one month. 2. It was proposed that the year-end bonus rules for the Company’s managers shall be the same as the year-end bonus rules for general colleagues. 3. It was proposed that the calculation for salaries and bonuses for chairman and managers and above in 2022 shall remain unchanged from 2021. 4. It was proposed that the terms and amounts of attendance fees and remuneration for meetings of directors and supervisors of the 16th term and meetings of Remuneration Committee of the 4th term for 2022 shall remain unchanged as those in 2021. 5. As the responsibility of the independent directors in future corporate governance is increased, coupled with the transformation of the 17th Board and each functional committee, changes in terms and amounts for attendance fees and remuneration for the 17th Board and each functional committee were proposed as follows: Remuneration to independent directors: 	<p>“Employee Remuneration.</p> <p>Please see the following for description for the implementation of important resolutions made in this meeting (Resolution contents are listed on the left; they are not corresponding)</p> <ol style="list-style-type: none"> 1. All contents resolved by the meeting were submitted to the 13th meeting of the 16th Board on November 12, 2021 for approval, which are implemented after approval. 2. When independent director Teng (acting convener of the Committee) submitted a proposal for year-end bonuses for chairman, managers and general employees to the Board meeting held on November 12, 2021, it was approved that it shall be handled in accordance with the principle proposed (one-month full salary) by the Remuneration Committee. 3. Regarding year-end bonuses, the payment principle for managers is the

Date of meeting	Attendees/Attendance	Important resolution	Implementation
		NT\$50,000/month Meeting attendance fee for directors (including independent directors) and functional committee members: NT\$6,000/time	same as that of general colleagues (employees). 4. Regarding meeting attendance fees and other remuneration for the 17 Board and each functional committee, contents listed in the table were submitted to the Board meeting held on November 12, 2021 for approval. Note: Pursuant to Article 15 of the Company's "Rules of Procedure for Board of Directors Meetings" and Article 206 of the Company Act, the general manager recused himself from motions which he had conflicts of interest in.
2022/03/15 (6th meeting of the 4th term)	Attendees: All 3 members Ferng, Ren-Ho, Teng, Syh-Tang, Edwin C. Shieh Attendance: General manager Lin, Jen-Chung	1. The 2021 remuneration distribution to employees and directors/supervisors was determined in accordance with the Articles of Incorporation - the total remuneration to employees is 2% of the profit (NT\$1,075 thousand) and the total remuneration to supervisors/directors 1.8% of the profit (NT\$968 thousand). 2. The 2021 remuneration paid to directors/supervisors (excluding independent directors) is based on equal distribution of NT\$120,949 (NT\$120,950 for chairman).	Please see the following for description for the implementation of important resolutions made in this meeting (Resolution contents are listed on the left; they are not corresponding) 1. All contents resolved by the meeting were submitted to the 14th meeting of the 16th Board on March 15, 2022

Date of meeting	Attendees/Attendance	Important resolution	Implementation
		<p>3. As the business environment in 2021 was significantly impacted by COVID-19, remuneration to employees in 2021 was only 74.9% of that in 2020. Remuneration to managers is subject to the resolution that it may not exceed 10% of the remuneration paid to all employees. The remaining is authorized to the general manager for distribution in accordance with the “Employee Remuneration Distribution Principles of Ten Ren Tea Co., Ltd.”.</p> <p>4. The amendment to Article 33 of the Company’s “Articles of Incorporation” regarding remuneration distribution of employees and directors/supervisors was approved. It states that no less than 2% of profit is distributed as remuneration to employees. Prior to establishing an Audit Committee, remuneration to supervisors is subject to distribution of remuneration to directors prescribed in Paragraphs 1-3 of this Article (relevant contents will be submitted to the Board meeting and shareholders’ meeting for discussion and resolution.</p>	<p>for approval, which are implemented after approval.</p> <p>2. Member Ferng (convener of this meeting) reported on the Board meeting held on March 15, 2022. All directors had no objections.</p> <p>3. The Company’s general manager is also a director. In accordance with the Company’s rules, directors only receive remuneration of directors/supervisors and do not participate in the distribution of remuneration to employees. The rest of remuneration to managers announced in the annual report is included in “Employee Remuneration.</p>

- (V) State of the company's promotion of sustainable development, any variance from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies, and the reason for any such variance: The review basis for any discrepancy is conducted in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies promulgated on December 7, 2021.

State of the company's promotion of sustainable development, any variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason for such variance

Promotion	Implementation			Variance from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	Summary	
I. Has the company established a governance structure to promote sustainable development and set up a special (part-time) unit to promote sustainable development which is authorized by the board of directors to be handled by senior management and supervised by the board of directors?	V		<p>(I) The organizational chart of the Company’s dedicated Corporate Structure Team that promotes sustainable development is shown in Table 1</p> <p>(II) Implementation of the Company’s organizations</p> <p>1. The Company’s promotion of corporate sustainable development - The Board of Directors approved the amendment to Sustainable Development Best Practice Principles (formally known as the Corporate Social Responsibility Best Practice Principles) on March 15, 2022. As a means to improve the management of sustainable development and corporate governance structure, the Company’s personnel at group supervisor-level or above are responsible for the proposal and implementation of sustainable development policies, systems or related management guidelines as well as specific promotion plans. For details regarding sustainability tasks of each department and their responsibilities, please see the “Departments Responsible for Promoting Sustainable Development” under the “Corporate Sustainability” section on the Company’s website. The Chinese website is https://www.tenren.com.tw/Content/Messages/contents.aspx?SiteID=10&MmmID=655575445103030724</p> <p>2. Report to the Board of Directors on a regular basis - a most recent written report on annual implementation of promotion of sustainable development was made for the Board meeting on November 12, 2021. The contents were included in the minutes of the meeting, which are disclosed on the Company’s website.</p>	No variance (As accountant assurance was not completed by the time this annual report is published, page numbers for index of the 2021 Sustainability Report mentioned above are not indicated; the same applies to page numbers)

Promotion	Implementation			Variance from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	Summary	
			<p>3. Regarding the supervision of the Board of Directors on sustainable development matters - The Company regularly reports to the Board of Directors on the implementation of promotion of sustainable development. As well as this, core focuses as the identification of material issues are also proposed. In the annual sustainability report, the material issues and their management guidelines are listed in each chapter, covering the meaning of sustainability, management actions, resource investment, grievance and evaluation mechanisms, and annual performance. Also, based on the corporate governance spirit and the difference in nature of stakeholder issues, we have established a mechanism to respond to issues concerned by stakeholders, as detailed in p.50~53 of the 2021 Annual Report. Matters that are not material will be included in the sustainability report in phase, depending on their actual development status.</p>	
<p>II. Has the company conducted risk assessments of environmental, social and corporate governance issues pertaining to company operation in accordance with the materiality principle and established the relevant risk management policy or strategy?</p>	V		<p>(I) The boundaries of the Company's risk assessment are Ten Ren Tea, Xiangshan Tea Factory, Taipei Shipping Center, Taiwan direct sales stores and the Wholesale Business Center, excluding the subsidiaries (the subsidiaries are not engaged in other businesses that are not related to the parent company's business) outside of Taiwan in the consolidated financial statements. For the social aspect, only the Company's affiliated organizations namely Ten Ren Tea Culture Museum (part of Ten Ren Tea), Lu Yu Tea Art Center, and Ten Ren Teatism Foundation have been added (only non-profit matters related to tea art culture are disclosed). The boundary of each environment and social issue is the same.</p> <p>(II) Risk assessment criteria for environmental, social and corporate governance-related material issues - The Company carries out a re-evaluation based on issues concerned by stakeholders and a total of 22 material issues were identified as high (5), medium (8) and low (9). These material issues are the main axes of the 2021 annual report. For material issues identified as "high" and "medium," risk assessment is conducted and management policy (covering the meaning of</p>	No variance

Promotion	Implementation			Variance from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	Summary	
			<p>sustainability, management actions, and resource investment, grievance and evaluation mechanisms, annual performance) established. The report is expected to be published before September 30, 2022 after assurance by accountants.</p> <p>Note: For the identification and risk assessment of material issues, the issue matrix and scope of impact, please refer to “Ten Ren’s Creation - Ten Ren’s Identification of Materiality” on the Company’s website under the Corporate Sustainability section. The Company’s Chinese website: https://www.tenren.com.tw/Content/Messagess/contents.aspx?SiteID=10&MmmID=654047254362653410</p>	
<p>III. Environmental issues</p> <p>(I) Does the company have an appropriate environmental management system established in accordance with its industrial characteristics?</p>	V		<p>(I) The Company’s characteristics of industry have no air pollution or water pollution problems. As for the treatment of waste, the Company has passed the ISO22000, HACCP, and FSSC22000 certifications, but not yet passed international environmental management certifications; nevertheless, the operating standards in the working environment are in compliance with international standards which are strictly implemented.</p>	No variance
<p>(II) Is the company committed to enhancing the utilization efficiency of resources and using renewable materials that have low impact on the environment?</p>	V		<p>(II) From 2007, promotional flyers and placemats used in CHA FOR TEA have been made from recycled paper and printed with environmentally friendly soy ink. Thanks to the eco-friendly chopsticks launched by the Tea House Department over 20 years ago, millions of pairs of disposable chopsticks are saved each year. Not only does this measure reduce the environmental hazards caused by the decomposition of general waste during the burning process, it at the same time reduces waste volume. Furthermore, Xiangshan Tea Factory is dedicated to improving the production capacity of aluminum staple-free tea bags and the decomposability of cotton paper packaging for tea bags, reducing the impact on the environment.</p> <p>Note: for the application of renewable or environmentally friendly materials with low impact on the environment, please refer to (I)</p>	No variance

Promotion	Implementation			Variance from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and reasons						
	Yes	No	Summary							
(III) Does the company assess the present and future potential risk and opportunities of climate change and adopt countermeasures related to climate issues?	V		<p>Environmental Protection on p.70~71 of the 2021 Annual Report. The base year for the implementation is 2007 and the information provided has been updated to the latest year.</p> <p>(III) The rapid global climate change and warming and extreme climate anomalies including rising surface temperature, changing precipitation patterns, and increasing frequency of droughts and floods pose a profound impact on tea leaf production and development. Although we do not have our own tea plantations and therefore do not grow our own tea leaves, we keep a close eye on climate issues as mentioned above. Meanwhile, we update information coming from a professional organization in a timely manner: The Tea Research and Extension Station of EY (hereinafter referred to as the Extension Station).</p> <p>The Extension Station has 26 micro-meteorological stations in all tea regions across Taiwan, collecting climate data from each tea region. In the future, the Extension Station will be able to send an early warning to remind tea farmers to take precautionary measures and give advice on the harvesting season.</p> <p>We communicate with tea farming suppliers on measures in relation to the Extension Station to remind tea farmers of 5 major natural disasters of tea trees: drought, frost, flood, typhoon and foehn. As we cooperate with measures initiated by the Extension Station, we are able to prevent disasters. By doing so, we are able to stabilize the supply and quality of dried tea sources as well as their quality, ensuring the maximum interests of consumers and shareholders.</p>	No variance						
(IV) Has the company prepared statistics on greenhouse gas emissions, water consumption and total volume of waste for the past two years, and formulated policies for to save energy saving and reduce carbon, greenhouse gas, water use or other waste management?	V		<p>(IV) The company's greenhouse gas (GHG) emissions, water consumption and total volume of waste for the past two years:</p> <p>1. Statistical scope: Factories and directly operated independent stores (not in shopping malls)</p> <table border="1"> <thead> <tr> <th>Item/Year</th> <th>2021</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>GHG - electricity consumption</td> <td>5,213,139 kWh</td> <td>5,425,912 kWh</td> </tr> </tbody> </table>	Item/Year	2021	2020	GHG - electricity consumption	5,213,139 kWh	5,425,912 kWh	No variance
Item/Year	2021	2020								
GHG - electricity consumption	5,213,139 kWh	5,425,912 kWh								

Promotion	Implementation			Variance from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and reasons												
	Yes	No	Summary													
			<table border="1"> <tr> <td>GHG - CO2 emissions from electricity</td> <td>2,617 metric ons</td> <td>2,762 metric tons</td> </tr> <tr> <td>Water consumption - cubic meter</td> <td>87,230 degrees</td> <td>98,585 degrees</td> </tr> <tr> <td>Water consumption - CO2 emissions</td> <td>13 metric tons</td> <td>15 metric tons</td> </tr> <tr> <td>Total volume of waste</td> <td>1,350 metric ons</td> <td>1,485 metric tons</td> </tr> </table> <p>Description: GHG - CO2 emissions from electricity is scope 2, indirect GHG emissions caused by the input of electricity, heat or steam calculated from electricity consumption and is calculated using 0.502kg CO2e/degree in the “2020 annual carbon emission coefficient ” published by the Bureau of Energy, Ministry of Economic Affairs; Water consumption - CO2 emissions are calculated based on the update of 0.152kg/degree announced by Taiwan Water Corporation in 2021; Waste statistics include tea factories and directly operated independent stores and the volume agreed in the contract entered into with qualified waste removal vendors. As the Company’s characteristics of industry have no air pollution or water pollution problems, waste in Xiangshan Tea Factory is treated in accordance with the general business waste.</p> <p>2. Our concrete actions to be friendly to the environment and reduce the impact on the environment - in terms of energy conservation and carbon reduction, Ten Ren Tea’s largest energy consumption is the use of electricity. In order to reduce the impact on the environment during the process of operation, lamps in Ten Ren CHA FOR TEA restaurants have been replaced with LED lamps or T8 lamps since 2010. All stores across Taiwan have been replaced with LED lamps or T8 lamps. In Xiangshan Tea Factory, we have installed variable speed compressors with energy-saving labels, achieving the dual effect of noise reduction and energy conservation since 2018. Meanwhile, we have been working on improving the high temperature environment of roasted tea by</p>	GHG - CO2 emissions from electricity	2,617 metric ons	2,762 metric tons	Water consumption - cubic meter	87,230 degrees	98,585 degrees	Water consumption - CO2 emissions	13 metric tons	15 metric tons	Total volume of waste	1,350 metric ons	1,485 metric tons	
GHG - CO2 emissions from electricity	2,617 metric ons	2,762 metric tons														
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Promotion	Implementation			Variance from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	Summary	
			<p>installing heat insulation equipment. This approach saves electricity and fuel at the same time. As for waste reduction, we adhere to natural, healthy and affectionate business philosophy to achieve sustainability and are committed to our waste reduction policy. Over the years, we initiated the package material-saving plan, by reducing the height of tea leaf cans by 1 centimeter and the amount of tin used for tea leaf cans, while at the same time eliminating the use of glass bottles for fresh milk at stores. As well as these, we also strive for not using disposable bows and chopsticks. From 2019, in line with amendments to EPA regulations, we began to implement measures to stop or reduce the use of plastic straws and have not voluntarily provided plastic straws to consumers. For the convenience of consumers, we provide biodegradable PLA straws in our stores; for takeaway stores, we offer paper straws or PLA straws for NTD1. Treatment for waste produced in the factory is only for general waste and no hazardous business waste is produced.</p> <p>3. We have not yet passed any international certifications such as ISO50001. However, in terms of statistics and monitoring of GHG emission values of scope 1, we have been making a proactive effort to consult with the inventory consultant and will begin the establishment and guidance of an inventory system in 2022.</p>	
<p>IV. Social issues</p> <p>(I) Does the company have the relevant management policies and procedures stipulated in accordance with the applicable laws and regulations and international conventions on human rights?</p>	V		<p>(I) In order to strengthen the Company's recruitment of talented people, as a member of the tea manufacturing and food distribution industry and to fulfill corporate social responsibility to ensure the basic human rights of all our employees, we recognize and follow the UN Guiding Principles Reporting Framework as the basis for human rights protection. As well as this, we have formulated Ten Ren Tea's human rights policy based on the 7 reporting principles and 3 reporting frameworks of UN's Universal Declaration of Human Rights and review the management policy for employees and suppliers and is published on our website. We ensure the basic human rights of all</p>	No variance

Promotion	Implementation			Variance from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	Summary	
(II) Has the company established and implemented reasonable measures for employee benefits (including: remuneration, holidays and other benefits) and appropriately reflect the business performance or achievements in the employee remuneration?	V		colleagues, customers and stakeholders by reviewing the management policy of employees and suppliers and make adjustments and clarifications as necessary. We do not tolerate any acts that violate and abuse human rights and clearly reveal that we treat all our colleagues and stakeholders with fairness and respect. Our human rights policy applies to all units of the head office, all operating bases and Xiangshan Tea Factory. As well as that, we abide by local labor and gender equality laws and regulations in the places where we operate. Human rights protection, labor policies have also been formulated and relevant measures implemented; for example, we carry out education and training on “workplace health and safety” in accordance with the law. Statistical information is published in the annual sustainability report and the human rights policy is regularly updated on the website. (II) Our Employee Welfare Committee established in 1995 is responsible for handling employee welfare matters. The General Affairs Dept. oversees related management regulations governing the remuneration standards and leave and holidays. We adhere to labor laws and care for our employees. Rules in relation to employee interests, safety, health and rights are disclosed at the Corporate Sustainability section on the Company's website, where relevant statistical data for men and women workers can also be found. In terms of operating performance evaluation, not only are all employees entitled to a year-end bonus (note: the standard for year-end bonuses is subject to the distribution standard based on profit of the year determined by the Remuneration Committee and implemented by approval of the Board of Directors), unit heads and colleagues also receive operating performance bonuses. Depending on the profit of the year, the average ratio of the total recipients of remuneration mentioned above is approximately 80% of all employees (the calculation of the ratio is detailed in the 2021 Corporate Sustainability Report).	No variance
(III) Has the company provided employees with a safe and healthy work	V		(III) We have formulated “Workplace and Safety Management Procedures” and rules for labor safety and health as required by the	No variance

Promotion	Implementation			Variance from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	Summary	
environment and regularly provided safety and health education to employees?			law. To implement health management, these procedures and rules specify the cleanliness of the operating environment (daily 5S), maintenance of environmental safety (fire training held twice a year), establishment of safety regulations for the operation of production machines (included in ISO operating instructions), regular implementation of safety and health education and training, and employee health examination planned each year. In 2021, a total of 16 workers (2 male and 14 female) had injuries at work, all of whom were full-time employees, accounting for 1.16% of all employees. There was no occurrence of occupational injuries or work-related deaths. Although we have not yet passed the ISO45001, Xiangshan Tea Factory has established an occupational safety office in accordance with the food safety laws and passed the safety and health education and training for occupational safety and health managers.	
(IV) Has the company established an effective career development training program for its employees?	V		(IV) We encourage our colleagues to take part in internal or external training in line with business needs so as to improve their own expertise. In addition to training held internally, all units may submit their budget for training courses to their supervisors for approval when creating an annual budget. As a means to improve the performance evaluation of education and training, upon the completion of training, results will be collected via questionnaires or training reports, or shared amongst colleagues (annual training and hours and related performance keys are detailed in Table 2: Most Important Issues for Stakeholders in the Promotion of Sustainable Development).	No variance
(V) Does the company comply with laws and international standards with respect to customer health, safety and privacy, marketing and labeling in all products and services offered and have the company implemented consumer protection policies and complaint procedures?	V		(V) At Ten Ren, our utmost dedication is the promotion of sustainable development - in terms of product services and product labeling, the food industry must comply with domestic and international regulations and standards (the Company has passed FSSC22000, ISO22000 and HACCP quality and food safety management systems), which we abide by (relevant information can be found in Chapter VI. Food Safety in the 2021 Sustainability Report). We also protect the rights of consumers by establishing a complaint mechanism, allowing	No variance

Promotion	Implementation			Variance from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	Summary	
(VI) Has the company implemented a supplier management policy that regulates suppliers' conduct with respect to environmental protection, occupational safety and health or work rights/human rights issues and does the company track suppliers' performance on a regular basis?	V		consumers to do so by calling the 0800 service hotline. Consumers may also express their views through "Stakeholder Q&A" at the "Stakeholder Section." Personal data left on the Company's website by consumers is protected under the Personal Data Protection Act and the Company's rules governing the protection of personal data. (VI) The "Supplier Corporate Social Responsibility Code of Conduct" (published on the Company's website) formulated by the Company in the 2017 specify requirements and regulations for 4 major aspects: human rights, working environment, environmental management and honesty and integrity. We hope suppliers' strategic directions are aligned with the Company's to jointly focus on the promotion of sustainability as it is the mainstream trend across the world. Since 2017, the Company has been delivering and promoting the Code of Conduct upon visiting suppliers and the signing of contracts, facilitating effective two-way communication.	No variance
V. Has the company prepared a sustainability report or a report on non-financial information with reference to internationally accepted standards or guidelines? Are these reports supported by the assurance or opinion of a third-party verification entity?	V		V. Since we published our first Corporate Social Responsibility (Sustainability) Report in 2015, we have completed the preparation and disclosure of 7 CSR reports. In accordance with the laws and regulations, we prepare our Sustainability Report in reference to GRI Standards and in accordance with the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies." As well as this, we also obtain independence assurance reports from accountants (in accordance with the SAES No. 1) each year.	No variance
VI. If the Company has established its own sustainable development best practice principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies," elaborate the state of implementation and any deviations thereof: The Board of Directors approved the amendment to Sustainable Development Best Practice Principles (formally known as the Corporate Social Responsibility Best Practice Principles) on March 15, 2022. Applicable regulations were established in accordance with the latest promulgated "Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies." The Company's 2020 CSR(Sustainability) Report has been compiled within the prescribed legal deadline and was published on August 23, 2021 after assurance by the accountants.				
VII. Any other important information that may help in understanding the promotion of sustainable development better: (I) In terms of environmental protection - as we are dedicated to environmental protection, the eco-friendly chopsticks launched by the Tea House Department				

Promotion	Implementation		Variance from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and reasons
	Yes	No	
			<p>can save millions of pairs of disposable chopsticks each year. At the same time, our promotional flyers and placemats have are made from recycled paper and printed with environmentally friendly soy ink. In an effort to respond to the booming development of takeaway drinks at our ToGo shops, we are the first in the industry to use the No. 5 PP laminated paper cups and PP No. 5 eco-friendly plastic lids - both are non-toxic, acid-resistant and can withstand temperatures of 100 degrees Celsius. In 2018, we implemented plastic restriction policy and switched to plastic and paper cup holders made with 80% decomposable materials. We are also the first company in Taiwan to use Type 2 eco-friendly marked packaging materials totaling NT\$9,964 thousand in 2021, up 3% from NT\$9,687 in 2020, accounting for 8.76% of the total procurement of domestic packaging materials. With our commitment to the waste reduction policy, we initiated the packaging material-saving plan in 2016. We have reduced the height of tin cans and the amount of tin used in cans as an effort to avoid unnecessary packaging material waste that burdens on the environment. The total weight of the new packaging materials for our stores and Wholesale Business Center was reduced by nearly 80kg in 2021. At the same time, we eliminated the use of glass bottles for fresh milk at drinks stores, saving a total of 1.12 million glass bottles in 2021. Furthermore, as of the end of December 2021, 99.87% of our tea bags are aluminum staple-free tea bags and the cotton paper for tea bags can be completely decomposed, which is 95% of the current production capacity, a leader in the industry. Our efforts in tea bags hopefully will give peace of mind to consumers so they will have more trust in us and are satisfied with our products.</p> <p>(II) In terms of social services, public welfare and contribution and human rights - over the years, we insist on hiring only Taiwanese workers, encouraging re-employment for displaced women, supporting workers with disabilities, protecting employment benefits of Taiwanese employees and caring for disadvantaged groups. In 2020, we joined hands with “BOYO Social Welfare Foundation,” “Teach for Taiwan (TFT) and “Junyi Academy.” In addition to supporting public welfare fundraising programs, we hope to raise the public’s awareness on inequality issues in education in Taiwan. In 2021, we partnered up one again with the Mennonite Christian Hospital and Taitung Christian Hospital to donate membership points. All proceeds raised went into early treatment services, helping children with development delays.</p> <p>(III) In terms of safety, health and consumer rights and social responsibility - in addition to the thorough implementation of a 100% quality management policy (starting from the tea production process and purchased dried loose tea are inspected batch-by-batch by the SGS to ensure their safety from the time of feeding) took action in 2004, the Company has passed the ISO22000, HACCP and FSSC22000 certifications since 2007, becoming the first company in the tea industry to pass the most international certifications. The Food Safety Laboratory was accredited by TAF in 2017 in accordance with ISO 17025 standard and obtained the certification and passes the supervisory assessment each year. In 2021, our Food Safety Laboratory passed the TAF accreditation in November and completed the annual supervisory assessment in December. Furthermore, a Biosafety Committee was formed and began its operation since 2021.</p> <p>(IV) By our continuous effort to support the Child Welfare League Foundation, Syin-Lu Social Welfare Foundation, the Garden of Hope Foundation, Andrew Charity Association, and Children Are Us Foundation, we raised the public’s awareness on the rights and long-term care of disadvantaged children and abused women.</p>

Table 1: The organizational chart of the Company's dedicated Corporate Structure Team that promotes sustainable development

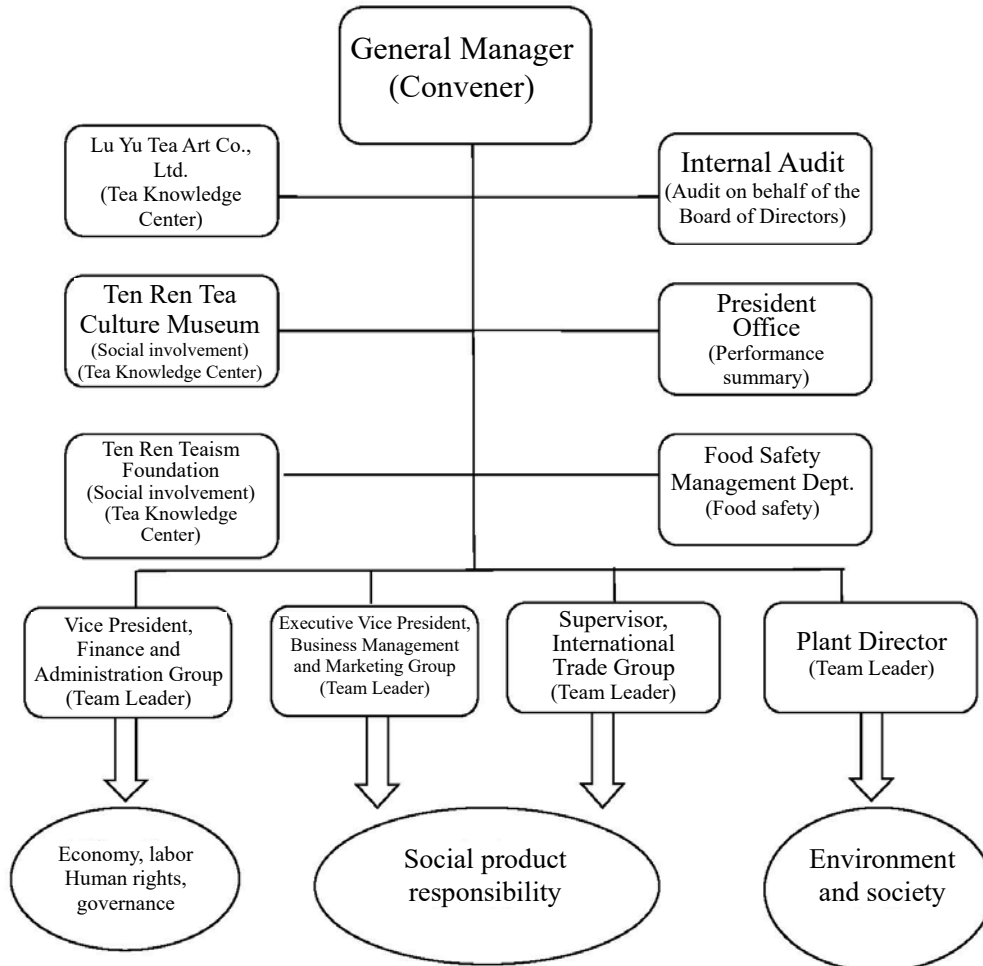


Table 2: Most Important Issues for Stakeholders in the Promotion of Sustainable Development

Stakeholder	2021 Key Performance		
Consumers and customers (including environmental issues)	Product R&D expenses (in thousands): NT\$5,638 thousand	Food Safety Laboratory passed the TAF accreditation Established the Biosafety Committee	Concerns of all stakeholders: Environmental issues 1. The first in Taiwan to have Type 2 Green Mark for tea industry products 2. Ten Ren's Oolong tea: Based on the shipment quantity of 2021's Oolong Tea cans of 16,000, the total weight of tin was reduced by 80kg. 3. The elimination of glass bottles for fresh milk saved 1.12 million glass bottles in 2021, approximately 205 metric tons. 4. Total electricity consumption: 5,213,139 kWh (2021), 5,425,912 kWh (2020) Total CO2 emissions from electricity: 2,617 metric tons (2021), 2,762 metric tons (2020) 5. Water consumption: 87,230 degrees (2021), 98,585 degrees (2020) 6. Total waste: 1,350 metric tons (2021), 1,485 metric tons (2020)
	Annual saving of 628,000 pairs of bamboo chopsticks (based on the number of customers; 628,869 people visited CHA FOR TEA in 2021)	Number of secret visitors: 530 (including the Tea Tasting Department, CHA FOR TEA ToGo, large CHA FOR TEA restaurants and sub stores)	
Employees	Total entries in competition for tea dishes and tea-infused meals: 88	Retaining work for local workers: 100%	Employee training hours: 6,965 hours
Investors/Shareholders	Net income: NT\$43,429 thousand (consolidated statements)	Score of the 8th Corporate Governance Evaluation: 70.32 (interval 36~50%)	All directors and supervisors of Ten Ren had corporate governance training and received 6 credits each
Suppliers	Local vendor procurement: 81.04%	Number of suppliers audited: 215 (including 89 on-site inspections; including 22 on-site inspections at tea	Number of suppliers that passed international standards (ISO, HACCP, FSCC): 88

Stakeholder	2021 Key Performance		
		farmers’) on-site inspection rate of 41.40% Number of suppliers that have business dealings with the Company: 230 (auditing ratio of 93.48%)	
Community residents	Number of Ten Ren Tea Culture Museum visitors: 35,890	Number of tea brewers cultivated by Lu Yu Tea Art: 1,316 Number of participants in 2021 Lu Yu Tea Art seminar: 112	Number of participants in tea cultural activities organized by Ten Ren Teatism Foundation: 6,650

Table 3: Effectiveness of 2021 Welfare Activities

Year	Welfare Organization	Activity	Effectiveness
2021	Andrew Charity Association	A set of complimentary Jimmy tableware for a donation of NT\$1,000	A total of NT\$236,150 was raised
	Children Are Us Foundation	A set of complimentary Banana Man pencils for a donation of NT\$499; helping children in remote areas celebrate Mother’s Day by buying cakes from Children Are Us Foundation for them	A total of 50 donations was made raising approximately NT\$100,000
	After School Association of Taiwan	A set of complimentary “Ten Ren Green Tea Power Bottle” for a donation of NT\$800	A total of 156 donations was made, raising NT\$174,000
	1. Mennonite Christian Hospital 2. Taitung Christian Hospital	Ten Ren Tea donated NT\$1 for every 5 points donated by members. All proceeds raised went into early treatment services in Mennonite Christian Hospital and Taitung Christian Hospital. Members donating 1,000 points received a 2022 Ten Ren desk calendar	A total of 1,192,015 member points was raised, which was NT\$238,403. Plus charity sales and cash donations made by colleagues of the head office, a total of NT\$300,000 was raised. NT\$150,000 was donated to Mennonite Christian Hospital and Taitung Christian Hospital, respectively.

(VI) State of the company’s performance in the area of ethical corporate management, any variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies, and the reason for such variance: At Ten Ren, we insist on the natural, healthy and affectionate business philosophy and continue to research and develop the innovation of product quality. As we are a leading company in the tea industry, integrity is the benchmark of our management. From 1983, our efforts have been recognized by a variety of awards received from the government and external organizations. Moreover, we fulfill our corporate social responsibility by engaging ourselves in social welfare activities.

The basis for review of any variance was conducted in accordance with the requirements set forth in the Ethical Corporate Management Best Practice Principles promulgated on May 23, 2019.

State of the company’s performance in the area of ethical corporate management, any variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the reason for such variance

Evaluation item	State of operation			Variance from the Ethical Corporate Management Best Practice Principles and the reason for such variance
	Yes	No	Summary	
I. Formulate integrity management policies and plans				
(I) Has the company established an ethical corporate management policy approved by the board of directors? Does the policy clearly specify in its rules and external documents the ethical corporate management policies, and the commitment of the board of directors and the senior management to pro-actively implement the management policy?	V		(I) The amendment to the Company’s Ethical Corporate Management Best Practice Principles was reported to the shareholders’ meeting on June 12, 2020. The Principles provide a statement of ethical corporate management policy that shall be followed by all directors and supervisors. In the most recent fiscal year, the Principles were reviewed and amended by the Board of Directors on August 13, 2021, committing to the ethical corporate management policy of “total product quality and food safety insistence”. A total number of 13 directors and executive supervisors of functional groups signed the statement. The ethical corporate management status was reported at the Board of Directors on November 12, 2021.	No variance
(II) Has the company established a risk assessment mechanism against unethical acts, analyzed and assessed business activities within their business scope regularly that are at a higher risk of being involved in	V		(II) The Guidelines for the Adoption of Codes of Ethical Conduct for directors and supervisors were established in which disciplinary measures are clearly provided. To prevent insider trading of the Company’s material information management, the internal control system is clearly set forth in the operating procedures (prevention of insider trading), which were submitted to the Board of Directors for approval and published on the	No variance

Evaluation item	State of operation			Variance from the Ethical Corporate Management Best Practice Principles and the reason for such variance
	Yes	No	Summary	
<p>unethical act, and established prevention programs covering at least the preventive measures specified in Paragraph 2, Article 7 “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?”</p> <p>(III) Has the company clearly provided the operating procedures, conduct guidelines, disciplines for violations and a grievance system in its program to prevent unethical acts and are these implemented, and whether the formally disclosed program has been regularly reviewed and amended?</p>	V		<p>Company’s website. The amendment to the Company's Ethical Corporate Management Best Practice Principles was reported to the shareholders’ meeting held on June 12, 2020; the Procedures for Ethical Management and Guidelines for Conduct were approved by the Board of Directors on August 13, 2021. These rules all provide principles to define and prohibit unethical conducts. In the future, we will establish relevant support measures accordingly in order to improve the actual content of ethical corporate management.</p> <p>(III) In 2005, the Guidelines for the Adoption of Codes of Ethical Conduct were established. The Board of Directors approved the Procedures for Ethical Management and Guidelines for Conduct were approved by the Board of Directors on August 13, 2021, which specify conflict of interest and recusal, procedures for handling interests, avoidance of private gains (including insider trading), business confidentiality, faire treatment of the Company’s customers, employees and competitors, while protecting and adequately using company assets, complying with the laws and regulations and encouraging reporting of any illegal and unethical conduct. As well as these, disciplinary measures have also been clearly formulated. The review of implementation will be based on the audit plan in the future.</p>	<p>No variance</p> <p>In the future, review will be subject to the implementation.</p>
<p>II. Implementation of ethical corporate management</p> <p>(I) Has the company evaluated the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements entered into with business partners?</p>		V	<p>(I) Business conducts for supply and sales are clearly provided in the contract, on par with the spirit of “fair trading” in the Adoption of Codes of Ethical Conduct for directors and supervisors and “ethical corporate management” in the provisions stipulated in the “Procedures for Ethical Management and Guidelines for Conduct. Moreover, as we abide by the regulations and spirits of the “Ethical Corporate Management Best Practice Principles,” the “Sustainable Development Best Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct,” we add in the contract and perform evaluations of the ethical conduct records (<i>e.g.</i>, information disclosed online, news and other related parties according to the aforementioned evidence) of the company</p>	<p>Will be added in the new contract in the future</p>

Evaluation item	State of operation			Variance from the Ethical Corporate Management Best Practice Principles and the reason for such variance
	Yes	No	Summary	
(II) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors and has such unit reported to the Board of Directors its execution in terms of ethical management policy and preventive programs against unethical conducts and the supervision status on a regular basis?	V		<p>we have business dealings with. At the same time, there are also clear rules regarding the termination of the contract if evidence of breach of ethical corporate management is found, ensuring the rights and interests of the Company.</p> <p>(II) Article 5 of the Procedures for Ethical Management and Guidelines for Conduct approved by the Board of Directors on August 13, 2021 stipulates that the Company shall established a dedicated “Ethical Corporate Management Committee” under the Board of Directors.</p> <ol style="list-style-type: none"> 1. The revised Ethical Corporate Management Best Practice Principles reported to the shareholders’ meeting on June 12, 2020 clearly set forth the formulation of the Ethical Corporate Management Best Practice Principles and applicable plans. The Principles also prescribe rules policy direction for implementation results of actual ethical corporate management audits. 2. The amendment to the Guidelines for the Adoption of Codes of Ethical Conduct for directors, supervisors and managers was reported to the shareholders’ meeting on June 15, 2015. The Guidelines stipulate the prevention of conflicts of interest, avoidance of opportunities for personal gains, confidentiality responsibility, fair trading, as well as the protection and appropriate use of company assets, compliance with the laws and regulations, encouragement of the reporting of any illegal or unethical conduct (supporting the idea to file a grievance to the competent authorities in accordance with the law and make colleagues understand that the Company will do its utmost to protect the safety of the whistleblower against retaliation), disciplinary measures (specifying that there are rules for units to handle violations, receive grievances and mete out disciplinary actions). 3. The Board of Directors held on August 13, 2021 approved Article 5 of the “Procedures for Ethical Management and Guidelines for Conduct.” The Company has set up the “Ethical Corporate Management Committee” as the dedicated unit which is governed by the Board of Directors. As the Company has not yet allocated all independent directors, the current organizational structure (the general manager 	No variance (However, as the Company is currently a transitional-type organization, after the election for the 17th Board of Directors is completed, the work structures and members of the committee will be reformed by independent directors.)

Evaluation item	State of operation			Variance from the Ethical Corporate Management Best Practice Principles and the reason for such variance
	Yes	No	Summary	
(III) Has the company formulated a policy that prevents conflicts of interest and a channel that facilitates the reporting of conflicting interests?	V		<p>serves as the convener and senior managers are assigned as committee members according to the characteristics of the case) is therefore transitional. After the election of the 17th Board of Directors takes place in 2022, the work structures and members of the committee will be reformed.</p> <p>4. As the Ethical Corporate Management Committee has been established, the contents of its implementation with respect to ethical corporate management were made into a report which was submitted to the 13th meeting for directors and supervisors of 16th term on November 12, 2021 after the first committee meeting held on November 1, 2021. The report has been included in the meeting minute and disclosed on the Company's website.</p> <p>(III) The Company's Ethical Corporate Management Best Practice Principles specify that, in order to prevent conflicts of interest and to establish policies to identify them, aside from performing recusal in accordance with the Ethical Corporate Management Best Practice Principles, Adoption of Codes of Ethical Conduct for directors and supervisors, and the Procedures for Ethical Management and Guidelines for Conduct, these rules also set forth disciplinary measures. Violations of directors and supervisors shall be submitted to the Shareholders' meeting for resolution of disciplinary actions.</p>	No variance
(IV) Has the company established an effective accounting system and internal control system in order to implement ethical management, and proposed relevant audit plans according to the assessment results of the risks of unethical conducts, and reviewed the compliance of the prevention of unethical conduct or entrusted an accountant to carry out the review?	V		<p>(IV) To cater to the needs of the Company's business, an internal control system has been established and items to be audited are determined by the Internal Audit in accordance with the law. There were no material unethical conducts in 2021. For internal deficiencies, abnormalities and improvements over the years, please see "Organization and Operation of Internal Audits" on the Company's website. For information disclosed in Chinese: https://www.tenren.com.tw/Content/Downloads/List.aspx?SiteID=10&MmmID=654256524067170204</p>	No variance
(V) Has the company organized internal	V		<p>(V) The core of the Company's education and training center on the ethical</p>	No variance

Evaluation item	State of operation			Variance from the Ethical Corporate Management Best Practice Principles and the reason for such variance
	Yes	No	Summary	
or external training on a regular basis to maintain ethical management?			<p>corporate management policy of “total product quality and food safety insistence.” Moreover, as we operate in food businesses, we abide by regulations relating to quality and food safety management systems and carry out autonomous management (Level 1 Quality Control). Each year, we ensure the validity of our international certifications (FSSC22000, ISO22000, HACCP) and HALAL certification, Food Safety Laboratory’s ISO17025 (CSN17025) certification. Not only do we carry out strict quality control for company products, supervisors and employees of the Company also take part in annual professional training. By doing so, we are able to ensure we are on par with domestic laws while at the same time mastering international trends on food safety management. In 2021, 257 employees took part in 381 hours of food safety-related training.</p>	
<p>III. Operation of the company whistleblowing system</p> <p>(I) Has the company set up a specific reporting and incentive system, and established a channel to facilitate reporting and assigned dedicated personnel to receive reports?</p>	V		<p>(I) According to the Company’s “Ethical Corporate Management Best Practice Principles,” the rules for filing a grievance for violation of “ethical corporate management” have been formulated. These Rules have been implemented after approval by the Board of Directors on May 11, 2018 and are disclosed on the Company’s website. The contents of these Rules include report channels, covering the acceptance unit and personnel, as well as the grievance handling process (phased) and incentives. The unit that receives grievances is the President Office and an investigation is carried out by the Internal Audit.</p>	No variance
<p>(II) Has the company implemented any standard operating procedures and/or subsequent measures after carrying out an investigation or confidentiality measures for handling reported misconduct?</p>	V		<p>(II) The Company’s grievance handling process clearly sets forth rules for filing reports and grievances in the case of a violation of “ethical corporate management.” The person in charge of the case shall try their best to not have direct contact with the whistleblower to reduce the risk of their exposure and specific details of the case. Relevant investigation shall be carried out in a manner that does not expose the identity of the whistleblower, provided the whistleblower has filed a grievance via a normal channel. According to the clauses of the aforementioned</p>	No variance

Evaluation item	State of operation			Variance from the Ethical Corporate Management Best Practice Principles and the reason for such variance
	Yes	No	Summary	
(III) Has the company taken appropriate measures to protect the whistleblower from improper treatment as a result of whistleblowing?	V		management rules as well as the handling process and applicable requirements, the Company may, under no circumstances, publish the name, department and contact of the whistleblower. Meanwhile, the Company carries out disciplinary actions on the person who breaches the confidentiality policy or fails to fulfill their duties as a good manager depending on the severity of the case. (III) The Company's Management Rules for Filing Reports and Grievances in Case of a Violation of "Ethical Corporate Management" clearly set forth that no employees shall suppress or block reports or grievances in any form, neither should they suppress or harm the whistleblower. If the above act is confirmed to be true, the person will be disciplined or referred to the judicial authorities in accordance with the applicable regulations of the Company. This prevents the whistleblower from suffering improper external pressure and threats, which may further affect the investigation.	No variance
IV. Information disclosure strengthening (I) Has the company disclosed the content of its ethical corporate management best practice principles and the results of implementation on its official website and MOPS?	V		(I) The amendment to the Ethical Corporate Management Best Practice Principles Company reported to the Shareholders' meeting on June 12, 2020 has been disclosed on the Company's website. Contents associated with ethical corporate management in the annual report have also been disclosed in the annual report for shareholders at the same time as they are disclosed on the Company's website since 2014.	No variance
V. For companies who have established Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe the current practice and any deviations from the code of conduct: In accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," the Company has established its own Ethical Corporate Management Best Practice Principles. The amendment to the Principles reported to the Shareholders' meeting held on June 12, 2020 was approved. There is no significant variance between the contents of the two Principles. The Company has always followed the laws and regulations of the competent authorities and regarded the current internal control system as the guiding principle, supplemented by the internal management rules as well as clauses of the Adoption of Codes of Ethical Conduct for directors and supervisors and Procedures for Ethical Management and Guidelines for Conduct. These have proven that we run our business with ethical corporate management.				
VI. Any other important information that may help understanding the performance of ethical corporate management better: (e.g., review of and amendment to its Ethical Corporate Management Best Practice Principles) The follow table shows the results of the Company's efforts on external ethical management and the fulfillment of social responsibility. (only the most recent five				

Evaluation item	State of operation			Variance from the Ethical Corporate Management Best Practice Principles and the reason for such variance
	Yes	No	Summary	
years ending in 2021 are included)				

List of external validation and affirmation for exercising ethical management and promoting sustainable development

Year	Description of results
2017	<ol style="list-style-type: none"> 1. The Food Safety Laboratory has received coaching according to ISO 17025 standard since 2015 and was certified by TAF in 2017 with a certificate. 2. We joined hands with “Taiwan Fund for Children and Families” to care for less fortunate children in Taiwan. By organizing the activity where customers received a notebook when they made a donation, we hope these children were able to enjoy the Spring Festival with families with the proceeds we raised. 3. We partnered up with “Child Welfare League Foundation” to care for less fortunate children and poor families in remote areas. By providing students subsidies every semester for their living, learning and stationary, we hope to reduce their financial burden. 4. Ten Ren VIP Club members were called upon to partake of the campaign “Grow Up to Brighten Up the Future.” We raised total of 1,748,460 points for Mennonite Christian Hospital’s “So Long As You Grow Up” program. The donation raised will be going into the fund for in-hospital newborn care program; as well as the “Go to School With Peace of Mind” program initiated by the Noordhoof Craniofacial Foundation for children with congenital craniofacial deformity in Taiwan, so that they have more resources to learn with a happy mindset. By making an effort, we convey our care of our members.
2018	<ol style="list-style-type: none"> 1. Implemented plastic restriction policy and switched to plastic made with 80% decomposable materials and paper cup holders. This concept was gradually promoted to its overseas businesses. Consumption of disposable glass containers for milk ditched to deepen green production and green consumption. 2. Participated in Andrew Charity Association’s food bank “Sending Love to Rid Hunger” to help children grow healthily. 3. Launched fundraising for the “We are By Your Side” program with Child Welfare League Foundation to help children after the Hualien earthquake. 4. Launched the “Medical Care Plan for Children with Rare Diseases” alongside Taiwan Foundation for Rare Disorders to help their families reduce financial burden. 5. Supported the “Find You With Love” program initiated by the Mennonite Christian Hospital and Andrew Charity Association for early treatment services, helping children with development delays. 6. Supported “Taoyuan Lala Mountain Spring High Mountain Tea Competition” in recognition of the Company’s philosophy of supporting the advancement of Taiwan’s tea leaf production techniques and the development of new tea regions

Year	Description of results
2019	<ol style="list-style-type: none"> 1. Worked with Prader-Willi Syndrome Organization to raise funds for early treatment courses for children with Prader-Willi syndrome (PWS). By doing this, we hope they are well-cared for, treated and grow up healthy. 2. Joined forces with Zhi-Shan Foundation Taiwan - Ten Ren Tea Culture Museum has worked with the Foundation since 2014 through the “Jianshi Junior High School Career Experience Camp, aiming to provide career experience opportunities to young people of the Atayal tribe. Through the member point donation campaign in 2019, we hope more people will know more about the work of the Foundation, enabling children in indigenous families served by the Foundation to develop with the guidance of professional social workers. 3. Cooperated with Child Welfare League Foundation on “Aiding Poor Families” and “Give A Hand to Someone in Need” campaigns - we invited the public to give a hand to those in need by donating money for meals to disadvantaged families and for indigenous children who have moved from their tribes to the cities. In doing so, these children are able to grow happily in a fast-paced urban environment. 4. 58 CHA FOR TEA ToGo shops in Taipei City, New Taipei City and Taichung City received GHP “Premium” certification (3 stores in Taichung), “Excellent” certification (a total of 54 stores), and “Good” certification (1 store in Taichung).
2020	<ol style="list-style-type: none"> 1. Continued to work with the Andrew Charity Association and Children Are Us Foundation to help disadvantaged children collect food boxes, saving them from hunger; we also helped children with intellectual disabilities learn a skill so that they are able to connect with society. 2. Teamed up with “BOYO Social Welfare Foundation” - As BOYO is committed to the philosophy of “”, it has been doing its utmost to provide free resources to children from disadvantage families in remote areas, aiming to “make up for education.” This offers children a fair chance to receive education and the competitiveness needed to enter society in the future. 3. Teamed up with Teach for Taiwan (TFT) and “Junyi Academy” to donate membership points to charities. Not only has this partnership supported charities, we at the same time aimed to raise public awareness on inequality in Taiwan’s education. 4. In 2020, the Department of Health of Taichung City Government carried out a food industry health self-management assessment and a total of 48 hand shake beverage operators obtained the label (validity period: 2020.12.23-2022.12.22). 4 CHA FOR TEA ToGo shops in Taichung City received “Premium” certification and 1 shop received “Excellent.” 5. In December 2020, 11 Ten Ren CHA FOR TEA restaurants in Taiwan successfully passed the application of the Council of Agriculture Executive Yuan and obtained the Taiwan Pork label. Ten Ren CHA FOR TEA immediately supported the government’s policy and guaranteed that all pork products were made from pork in Taiwan, giving customers peace of mind. 6. In response to the new system for hand-shake beverages initiated by the government in 2021, CHA FOR TEA ToGo, CHAFFEE and Ten Ren CHA FOR TEA restaurants across Taiwan became the first to label the total sugar and calorie content of each drink (including all ingredients and toppings) in December 2020, so that customers enjoy our drinks with confidence.
2021	<ol style="list-style-type: none"> 1. Food Safety Laboratory passed ISO17025 accreditation (including the annual supervisory assessment and accreditation for <i>Staphylococcus aureus</i>, <i>Salmonella</i>, and <i>Listeria monocytogenes</i>) with a validity period from 2020/3/7 to 2023/3/6.

Year	Description of results
	<p>2. In 2021, CHA FOR TEA ToGo and CHAFFEE took the initiative to participate in the food and beverage hygiene management grading inspection organized by the Department of Health, Taipei City Government as well as the Department of Health, Taichung City Government's Food Industry Health Self-Management Assessment. Both brands received excellent results: 9 CHA FOR TEA ToGo and 1 CHAFFEE stores in New Taipei City received a GHP Premium certification (with a validity period from 2022.01.01 to 2023.12.31); while 4 CHA FOR TEA ToGo shops in Taichung City received a GHP Premium certification and 1 store received a GHP Excellent certification (with a validity period from 2020.12.23 to 2022.12.22). The stores were all on par with the standards.</p> <p>3. In 2021, we partnered up once again with Mennonite Christian Hospital and Taitung Christian Hospital to donate membership points. All proceeds raised went into early treatment services, helping children with development delays.</p>

(VII) If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched
Our governance-related rules are published on its official website after approval by the Board of Directors or shareholders' meeting. Other related regulations of the original regulations are included in the Company's internal management measures; these types of chapters are not disclosed externally. However, they can be shared on the Company's intranet for employees and subsidiaries with access authorization.

(VIII) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed

Information regarding the state of the Company's corporate governance is openly disclosed in the form of e-files in Chinese on the Company's website (<https://www.tenren.com.tw>) and MOPS (<http://mops.twse.com.tw>). The following items are disclosed at the "Investors" section and "Corporate Sustainability" section under the "Stakeholders" section on the Company's website (a URL link of MOPS is also provided as required by law).

(1). At least 5 years of information shall be made public for the financial report and annual report for shareholders and updated on a timely basis.

(2). The complete Board meeting minutes and important resolutions for the most recent fiscal year shall be made public, together with the implementation status.

(3). Disclose corporate governance-related rules (in Chinese)

a. The Company's website: <https://www.tenren.com.tw>

<https://www.tenren.com.tw/Content/Downloads/List.aspx?&SiteID=10&MmmID=654256534471220550&PageID=1&SSize=10>

Including the most recent "Standard Operating Procedures for Handling Directors' Requests," "Management Rules for Filing Reports and Grievances in Case of a Violation of "Ethical Corporate Management," "Regulations Governing the Board Performance Evaluation" (with the evaluation results of the Board members and functional committees and related documents),"Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles", "Corporate Social Responsibility Best Practice Principles," "Guidelines for the Adoption of Codes of Ethical Conduct for Directors, Supervisors and Managers," "Rules of Procedure for Shareholders Meetings," "Rules of Procedure for Board of Directors Meetings," "Methods for Election of Directors and Supervisors,"

“Operating Procedures for Application of Suspension and Resumption of Trading,” “Regulations Governing the Acquisition and Disposal of Assets,” “Regulations Governing Making of Endorsements/Guarantees,” “Procedures for Handling Material Information (Procedures for Prevention of Insider Trading),” “Regulations Governing Loaning of Funds to Others” (related regulations have not been formulated as the shareholders’ meeting held in 1993 resolved that the Company will not engage in loaning funds to others), Procedures for the Handling of Derivative Transactions (related regulations have not been formulated as the shareholders’ meeting held in 1996 resolved that the Company will not engage in derivative transactions).

b. Market Observation Post System (MOPS)

https://mops.twse.com.tw/mops/web/t100sb04_1 (stock code 1233)

- (4). Disclosure of annual report topics.
- (5). Articles of Incorporation.
- (6). Disclosure of the Company’s organizational chart and duties of department heads.
- (7). Functional committees (remuneration committee) and its organizational procedures, internal audit organization, duties and audit plans.
- (8). Announcements of information on revenue and dividends, external press releases, major news.
- (9). Corporate Social Responsibility Report (renamed: Sustainability Report since 2021), including downloads of full reports of each year and contents of chapters are shared on the website for stakeholders.
- (10). Information associated with investor conferences (must be held once a year from 2018 as required by law).
- (11). Stakeholder Q&A.

(IX) State of implementation of the company's internal control system:

1. Statement on Internal Control

Ten Ren Tea Co., Ltd.
Statement of Internal Control System

Date: March 15, 2022

The Company declares the following concerning its internal control system during the fiscal year 2021, based on the findings of a self-assessment:

1. The Company acknowledges that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Board of Directors and Managers of the Company. As such, the Company has established the aforementioned system. Its objectives are to provide reasonable assurance for the effectiveness and efficiency of its operations (including profitability, performance and the guarantee of assets safety, etc.), reliable, timely and transparent reporting, and conformity to applicable rules, regulations, and laws.
2. The internal control system has its inherent limitations. Regardless of how exhaustive the design is, an effective internal control system can only provide reasonable assurance for the achievement of the aforementioned three objectives. Further, due to changes in the environment or circumstances, the effectiveness of the internal control system may vary accordingly. Nevertheless, the Company's internal control system has set up a self-supervision mechanism. Once a deficiency has been identified, the Company will take the remedial actions immediately.
3. In accordance with the determining criteria for the effectiveness of the internal control system prescribed in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereafter the "Regulations"), the Company evaluated the effectiveness of the design and execution for its internal control system. The determining criteria of the internal control system prescribed in the "Regulations" are based on the process of management control, dividing the internal control system into five composite factors: 1. control of the environment, 2. risk evaluation, 3. control of operations, 4. information and communication and 5. supervision. The composition of each element also includes several items. Please refer to the "Regulations" for the aforesaid items.
4. The Company has adopted the aforementioned determining criteria of the internal control system to evaluate the effectiveness of design and execution for its own internal control system.
5. Based on the evaluation result of the preceding paragraph, the Company believes that its internal control system (including the supervision and management of its subsidiaries) as of December 31, 2021, including understanding the achievement for the objectives of effectiveness and efficiency of its operations, reliability, timeliness and transparency of its reporting and compliance with the applicable law and regulations, was effective in design and execution and can be reasonably assured of the achievement of the aforementioned objectives.
6. This statement will serve as the main content of the Company's annual report and prospectus and will be made available to the public. If the aforesaid public content has any illegal events including falseness or concealment etc., it shall be liable to the legal liabilities stipulated in Article 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of the Company held on March 15, 2022, where none of the 7 attending Directors expressed dissenting opinions and the remainder all affirmed the content of this Statement.

Ten Ren Tea Co., Ltd.

Chairman: Lee, Kuo-Lin Signature

General Manager: Lin, Jen-Chung Signature

2. CPA audit report, where a CPA has been hired to carry out a special audit of the internal control system: Not applicable.

(X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement : None

(XI) Material resolutions of a shareholders' meeting or a board of directors' meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

1. Parent Company: Ten Ren Tea Co., Ltd.

(Opinions of independent directors or resolution results of motions shall be disclosed in accordance with the provisions of Article 14-3 of the Securities and Exchange Act. From August 10, 2016, disclosure must be done so in accordance with the regulations for a Board meeting is attended by independent directors, meaning that the motion shall be listed afterwards)

Date of meeting	Nature/session of meeting	Important resolution	Implementation
2021/03/19	Meeting of Directors and Supervisors (9th meeting of the 16th term)	<ol style="list-style-type: none"> 1. Communication between accountants and corporate governance unit and management - Audit of the 2020 Financial Statements (Attendees: Accountants Lu, Chian-Uen and Liu, Hui-Yuan of EY, Manager Chen, Yu-Tung). 2. Follow up of the minutes of the last meeting and implementation: refer to the full minutes of the meeting on the Company's website (the Company's website is provided at the end of this table). 3. Important financial and business reports (report on operations by the general manager) 4. Report of internal audits. 5. Other important reporting matters: <ol style="list-style-type: none"> (1). Report of 2020 endorsements/guarantees. (2). Report of 2020 accountant's final accounts for the labor retirement reserve. (3). Results of performance evaluation of the Board of Director and questionnaires of self-evaluation of Board members (information in Chinese is disclosed on the Company's website). https://www.tenren.com.tw/Content/Downloads/List.aspx?SiteID=10&MmmID=654256534471220550 (4). As a means to improve the ability of the Company to prepare its reports, the Company has self-prepared its parent and consolidated financial reports for accountants to review. The accountants suggested that the preparation could 	<ol style="list-style-type: none"> 1. Implemented according to the motion. 2. Progress report for follow up completed. 3. Written report submitted in the meeting. 4. Written report submitted in the meeting. 5. Written report submitted in the meeting.

Date of meeting	Nature/session of meeting	Important resolution	Implementation
		<p>be completed earlier.</p> <p>6. The Company's Remuneration Committee submitted the motion for recommendations for the first meeting of 2021 and motion for distribution of remuneration to employees and directors/supervisors for 2020. The 2020 distribution of remuneration to employees was NT\$1,435,841, 2% of the profit; the 2020 distribution of remuneration to directors/supervisors was NT\$1,148,673, 1.60% of the profit. The remuneration was distributed in cash to employees of subordinate companies who meet certain criteria. The chairman is authorized to determine the amount of remuneration by taking into account the employee's seniority, ranking, performance, overall contribution or special merit and qualification.</p> <ul style="list-style-type: none"> ● Opinions of independent directors or resolution results of motions shall be disclosed in accordance with the provisions of Article 14-3 of the Securities and Exchange Act. ● Opinions of independent directors: None. ● Response toward the opinion of independent directors: None. ● Resolution: all attending directors (including independent directors) had no objections (were reported to the 2021 annual general meeting). <p>Additionally, as the amount of the Company's remuneration to directors/supervisors is not large, aside from independent directors, all remuneration is distributed evenly and there is no concern of damage to the Company. As a result, there was no need for directors and supervisors to recuse themselves from the motion.</p> <p>7. All attending directors (including independent directors) had no objections to the 2020 final accounts (parent only financial statements and consolidated financial statements). These statements were reviewed by the supervisors then submitted to the 2021 annual general meeting for acknowledgment.</p> <p>8. All attending directors (including independent directors) had no objections to the motion for the Company's 2020 distribution of earnings and cash dividends. The 2020 distribution of earnings totaled NT\$54,355,169, or a cash dividend of NT\$0.6 per share (after review by supervisors, it was submitted to the 2021</p>	<p>6. The motion was implemented after approval and disclosed on the MOPS on March 19, 2021. The announcements were changed to material information. The motion was implemented after approval and was reported at the 2021 annual general meeting,</p> <p>7. Submitted to the 2021 annual general meeting for acknowledgment.</p> <p>8. Submitted to the 2021 annual general meeting for acknowledgment.</p>

Date of meeting	Nature/session of meeting	Important resolution	Implementation
		<p>annual general meeting for acknowledgment).</p> <p>9. All attending directors (including independent directors) had no objections to the motion for the Company’s 2020 capital reserve distribution in cash. The Company intends to set aside NT\$18,118,389 from capital reserve of treasury stock in excess of par value, meaning a cash dividend of NT\$0.2 per share (after review by the supervisors, it was submitted to the 2021 annual general meeting for discussion).</p> <p>10. All attending directors (including independent directors) had no objections to the 2020 business report and 2021 business plan. These statements were reviewed by the supervisors then submitted to the 2021 annual general meeting for acknowledgment</p> <p>11. All attending directors (including independent directors) had no objections to the amendment to the Company’s “Articles of Incorporation” and was submitted to the 2021 annual general meeting for discussion.</p> <p>12. Approved some chapters of the Company’s “Internal Control System,” which was implemented after approval by the Board of Directors.</p> <ul style="list-style-type: none"> ● Opinions of independent directors or resolution results of motions shall be disclosed in accordance with the provisions of Article 14-3 of the Securities and Exchange Act. ● Opinions of independent directors: None. ● Response toward the opinion of independent directors: None. ● Resolution: all directors had no objections. <p>13. Approved the Company’s amendment to some provisions in the “Regulations Governing Making of Endorsements/Guarantees,” which was submitted to the 2021 annual general meeting for discussion.</p> <ul style="list-style-type: none"> ● Opinions of independent directors or resolution results of motions shall be disclosed in accordance with the provisions of Article 14-3 of the Securities and Exchange Act. ● Opinions of independent directors: None. ● Response toward the opinion of independent directors: None. ● Resolution: all directors had no objections. 	<p>9. Submitted to the 2021 annual general meeting for discussion.</p> <p>10. Submitted to the 2021 annual general meeting for acknowledgment.</p> <p>11. Submitted to the 2021 annual general meeting for discussion.</p> <p>12. Implemented according to the motion after approval.</p> <p>13. Submitted to the 2021 annual general meeting for discussion.</p>

Date of meeting	Nature/session of meeting	Important resolution	Implementation
		<p>14. All attending directors (including independent directors) had no objections to the matters regarding the date and location of the Company's 2021 annual general meeting and proposals of shareholders with 1% or more shareholdings and operating procedures as well as its venue (details are as announced in the Company's annual general meeting).</p> <p>(1). The 2021 annual general meeting was set to be convened at 9.30 a.m. on June 10, 2021 (Thursday).</p> <p>(2). Annual general meeting venue: No. 422, Zhonghua Road, Zhunan Township, Miaoli County (Ten Ren Tea Garden Mingfeng Hall). Pursuant to Article 165 of the Company Act, the Company stopped the registration of stock transfers from April 12, 2021 to June 10, 2021 and handled related matters.</p> <p>15. All attending directors (including independent directors) had no objections to the results for the Company's 2020 internal self-evaluation and a statement of no deficiencies was issued (the FSC was notified and information has been disclosed in the annual report).</p> <p>16. The appointment of accountants Lu, Chian-Uen and Liu, Hui-Yuan of EY for auditing the Company's financial reports for 2020 was approved. There were no violations on the independence requirements stipulated in the Certified Public Accountant Act. The accountants have met the suitability criteria to audit the Company's financial reports.</p> <ul style="list-style-type: none"> ● Opinions of independent directors or resolution results of motions shall be disclosed in accordance with the provisions of Article 14-3 of the Securities and Exchange Act. ● Opinions of independent directors: None. ● Response toward the opinion of independent directors: None. ● Resolution: all directors had no objections. <p>17. All attending directors (including independent directors) had no objections to the amendment to some provisions of the Company's "Regulations Governing the Board Performance Evaluation." The same applies after the adoption and</p>	<p>14. Material information announced on March 19, 2021.</p> <p>15. The motion approved has been disclosed in the 2020 annual report after notifying the FSC.</p> <p>16. The motion was approved and the independence evaluation table is disclosed in the 2020 annual report for shareholders.</p> <p>17. Implemented according to the motion after approval.</p>

Date of meeting	Nature/session of meeting	Important resolution	Implementation
		<p>amendment.</p> <p>18. All attending directors (including independent directors) had no objections to sell the assets at 5 sections of land on Lot 0336-0001, Jilin Section 5, Zhongshan District, Taipei City (13F, No. 5, Lane 28, Sec. 2, Xinsheng North Road and No. 1, Ground Floor). In accordance with the Authority and Responsibility Review Method and Regulations Governing the Acquisition and Disposal of Assets, fixed properties less than NT\$50 million are authorized to the chairman to use the appraisal report as a reference for the sale.</p> <p>Note: The above motions were resolved by the Board of Directors on March 19, 2021 and the important resolutions have been disclosed under the heading “Announcement of the 2021 Annual General Meeting for the Company’s Resolutions by the Board of Directors” under “Material Information” on MOPS.</p>	<p>18. After approval, the chairman was authorized to use the appraisal report as a reference for the sale in accordance with the Authority and Responsibility Review Method and Regulations Governing the Acquisition and Disposal of Assets (the price negotiation flexibility is detailed in the meeting minutes)</p>
2021/05/14	<p>Meeting of Directors and Supervisors (10th meeting of the 16th term)</p>	<p>1. Communication between accountants and corporate governance unit and management - Review of 2021 Q1 Financial Statements (Attendees: Accountants Lu, Chian-Uen and Liu, Hui-Yuan of EY, Manager Chen, Yu-Tung)</p> <p>2. Follow up of the minutes of the last meeting and implementation: refer to the full minutes of the meeting on the Company’s website (the Company’s website is provided at the end of this table).</p> <p>3. Important financial and business reports (report of operations by the general manager)</p> <p>4. Report of 2021 Q1 Consolidated Financial Report.</p> <p>5. Report of internal audits.</p> <p>6. Other important reporting matters: (1). Report of the ability of the Company to prepare its reports. (2). Description of the Company’s 2020 corporate governance evaluation.</p> <p>7. All attending directors (including independent directors) had no objections to the amendment to some provisions of the Company’s “Business and Financial</p>	<p>1. Implemented according to the motion.</p> <p>2. Progress report for follow up completed.</p> <p>3. Written report submitted in the meeting.</p> <p>4. Written report submitted in the meeting.</p> <p>5. Written report submitted in the meeting.</p> <p>6. Written report submitted in the meeting.</p> <p>7. Implemented according to the motion.</p>

Date of meeting	Nature/session of meeting	Important resolution	Implementation
		<p>Transactions with Related Parties.”</p> <p>8. The motion for the sale of the Company’s asset at 5 sections of land on Lot 0336-0001, Jilin Section 5, Zhongshan District, Taipei City to Yujun Investment Co., Ltd. (hereinafter referred to as the “asset”) - as the supervisor of the said company also serves as the Company’s supervisor, this is regarded as a related party transaction. Pursuant to the Company’s “Regulations Governing the Acquisition and Disposal of Assets,” assets transactions between related parties must be approved by the Board of Directors. As negotiated by both parties, the total price of the asset transaction would be NT\$38.8 million on par with the authorization principle of Board of Directors determined on March 19, 2021. However, as the chairman was unable to return to Taiwan due to COVID-19, director Lin, Jen-Chung was authorized to fully handle matters related to the asset, the signing of the contract and the trust deed for the purchase and sale of real estate, the delivery of documents, the receipt of the price and the handover of the property according to the resolution of this meeting. The motion was approved by all directors (including independent directors) after discussion at this meeting.</p>	<p>8. Implemented by director Lin, Jen-Chung according to the authorization letter. The responsibility unit completed the announcement and filing on MOPS on May 14, 2021 in accordance with the “Regulations Governing the Acquisition and Disposal of Assets” and the law.</p>
2021/07/09	<p>Meeting of Directors and Supervisors (11th meeting of the 16th term)</p>	<p>1. All directors (including independent directors) had no objections to set a date and venue for the Company’s 2021 annual general meeting: Date and time: August 4, 2021 (Wednesday) at 9: 30 a.m. Venue: No. 422, Zhonghua Road, Zhunan Township, Miaoli County (Ten Ren Tea Garden Mingfeng Hall). Convening type: Physical meeting.</p>	<p>1. The announcement and filing on MOPS were completed on July 9, 2021.</p>
2021/08/04	<p>Annual General Meeting</p>	<p>1. 2020 business report and 2021 business plan outline report</p> <p>2. The supervisors reviewed the report for the 2020 final accounts.</p>	<p>1. After the shareholders’ report and information in relation to the meeting handbook were uploaded onto the MOPS on May 10, 2021, they were disclosed on the Company’s website.</p> <p>2. After the shareholders’ report</p>

Date of meeting	Nature/session of meeting	Important resolution	Implementation
		<p>3. Report of the execution of the 2020 external endorsements/guarantees (the amount was zero)</p> <p>4. Report of the 2020 remuneration distribution to employees and directors/supervisors.</p> <p>5. Acknowledged the 2020 final accounts.</p> <p>6. Acknowledged the motion for the Company's 2020 earnings distribution: at</p>	<p>and information in relation to the meeting handbook were uploaded onto the MOPS on May 10, 2021, they were disclosed on the Company's website.</p> <p>3. After the shareholders' report and information in relation to the meeting handbook were uploaded onto the MOPS on May 10, 2021, they were disclosed on the Company's website.</p> <p>4. After the shareholders' report and information in relation to the meeting handbook were uploaded onto the MOPS on May 10, 2021, they were disclosed on the Company's website.</p> <p>5. The motion was approved in a motion-by-motion voting basis. After information in relation to financial statements was uploaded onto the MOPS alongside meeting handbook and meeting minutes on May 10 and August 6, 2021, it was disclosed on the Company's website.</p> <p>6. The motion was approved in a</p>

Date of meeting	Nature/session of meeting	Important resolution	Implementation
		<p>NT\$0.6 per share, meaning shareholders' bonus was NT\$54,355,169 as cash dividends.</p> <p>7. Approved the motion for the Company's 2020 capital reserve distribution in cash. The Company intends to set aside NT\$18,118,389 from capital reserve of treasury stock in excess of par value, meaning a cash dividend of NT\$0.2 per share as shareholders' bonus.</p> <p>8. Approved the Company's amendment to some provisions in the "Articles of Incorporation."</p> <p>9. Approved the Company's amendment to some provisions in the "Regulations Governing Making of Endorsements/Guarantees."</p>	<p>motion-by-motion voting basis. After related information was uploaded onto the MOPS alongside meeting handbook and meeting minutes on May 10 and August 6, 2021, it was disclosed on the Company's website.</p> <p>7. The motion was approved in a motion-by-motion voting basis. After the meeting minutes were uploaded onto the MOPS on August 6, 2021, it was disclosed on the Company's website.</p> <p>8. The motion was approved in a motion-by-motion voting basis. After the meeting minutes were uploaded onto the MOPS on August 6, 2021, it was disclosed on the Company's website.</p> <p>9. The motion was approved in a motion-by-motion voting basis. After the meeting minutes were uploaded onto the MOPS on August 6, 2021, it was disclosed on the Company's website.</p>
2021/08/13	Meeting of Directors and	1. Communication between accountants and corporate governance unit and management - Review of 2021 Q2 Financial Statements (Attendees:	1. Implemented according to the motion.

Date of meeting	Nature/session of meeting	Important resolution	Implementation
	Supervisors (12th meeting of the 16th term)	<p>Accountants Lu, Chian-Uen and Liu, Hui-Yuan of EY, Manager Chiang, Ping-Hsien)</p> <ol style="list-style-type: none"> 2. Follow up of the minutes of the last meeting and implementation (previous meetings of directors and supervisors) 3. Important financial and business reports (report of operations) 4. All directors (including independent directors) had no objections to the 2021 Q2 consolidated financial report. 5. Report of internal audits. 6. Other important reporting matters: Report of the implementation of trademarks for intellectual property management. 7. In accordance with the resolution made by the annual general meeting held on August 4, 2021, all directors (including independent directors) had no objections to the motion for the ex-dividends basis of the Company's 2020 cash dividends. The total earnings distributed as bonus of shareholders was NT\$54,355,169, meaning cash dividends of NT\$0.6 per share were distributed. This is calculated up to 1 dollar, rounded down to the nearest dollar. The total amount of less than dollar is recognized under the Company's other income. The Company's allocation of NT\$18,118,389 from capital surplus was distributed at NT\$0.2 per share in cash. This is calculated up to 1 dollar, rounded down to the nearest dollar. The total amount of less than dollar is recognized under the Company's other income. The ex-dividend date for cash dividends and capital surplus was set as September 12, 2021. Pursuant to Article 165 of the Company Act, the Company stopped the registration of stock transfers from September 8 to September 12, 2021. The distribution date for cash dividends was set as September 27, 2021 (check expiration date), and other related matters were authorized to the responsibility unit, with announcements made as required by the law. 8. All directors (including independent directors) had no objections to the motion for the insurance coverage for the Company's directors/supervisors and 	<ol style="list-style-type: none"> 2. Progress report for follow up completed. 3. Written report submitted in the meeting. 4. Written report submitted in the meeting. 5. Written report submitted in the meeting. 6. Written report submitted in the meeting. 7. As required by the law, information disclosure was completed on August 16, 2021, under the subject "Announcement of Matter In Relation to the Ex-Dividend Base Date for the 2021 Cash Dividends of Ten Ren Tea Co., Ltd." <u>https://mops.twse.com.tw/mops/web/t108sb19_q1</u> 8. Implemented according to the motion. The full meeting

Date of meeting	Nature/session of meeting	Important resolution	Implementation
		<p>managers. The policy expired on September 15, 2021. The amount for the insurance coverage for the directors/supervisors and managers was proposed at NT\$10 million with the same coverage terms as the previous year by Shinkong Insurance for the period from September 15, 2021 to September 15, 2022.</p> <p>9. All attending directors (including independent directors) had no objections to the amendment to some provisions of the Company’s “Corporate Governance Best Practice Principles.”</p> <p>10. All directors (including independent directors) had no objections to the establishment of the Company’s “Guidelines Governing the Appointment, Dismissal, Evaluation and Remuneration of Internal Auditors.”</p> <p>11. All attending directors (including independent directors) had no objections to the establishment of the Company’s “Procedures for Ethical Management and Guidelines for Conduct.”</p>	<p>minutes have been disclosed on the Company’s website on August 17, 2021.</p> <p>9. The motion was implemented after amendment. The full meeting minutes and full text of the regulations were uploaded onto the MOPS and the Company’s website on August 17, 2021.</p> <p>10. The motion was implemented after approval. The full meeting minutes and full text of the regulations were uploaded onto the Company’s website on August 17, 2021.</p> <p>11. The motion for the establishment of the Guidelines for Conduct was approved and implemented. The full meeting minutes and full text of the regulations were uploaded onto the MOPS and the Company’s website on August 17, 2021.</p>
2021/11/12	Meeting of Directors and Supervisors (13th meeting of the 16th term)	<ul style="list-style-type: none"> ● Reporting matters 1. Communication between accountants and corporate governance unit and management - Review of 2021 Q3 Financial Statements (Attendees: Accountants Lu, Chian-Uen of EY and Manager Chiang, Ping-Hsien). 2. Follow up of the minutes of the last meeting and implementation: Refer to the 	<p>1. Completed.</p> <p>2. The full text of the meeting</p>

Date of meeting	Nature/session of meeting	Important resolution	Implementation
		<p>full minutes of the meeting on the Company's website</p> <ol style="list-style-type: none"> 3. Important financial and business reports (report of operations by the general manager) 4. Report of 2021 Q3 Consolidated Financial Report. 5. Report of internal audits. 6. Other important reporting matters: <ol style="list-style-type: none"> (1). The Company's 2021 ethical corporate management implementation status report. (2). The Company's 2021 promotion of sustainable development implementation status report. (3). The Company's 2021 risk management and procedures report. <p>● Discussion matters</p> <ol style="list-style-type: none"> 1. All directors (including independent directors) had no objections to the Company's Remuneration Committee to report the motion for proposals at the 2nd meeting of 2021. The motion for proposals was reported by a member of the Remuneration Committee member, Independent Director Teng, Syh-Tang, acting as proxy: <ol style="list-style-type: none"> (1). In terms of the Company's 2021 year-end bonus rules - in view of the motion for proposals submitted by the Remuneration Committee regarding year-end bonus rules for chairman and managers, the Company's 2021 domestic and international revenues and profits suffered effects of COVID-19. Based on the agreement with employees and the public, while striving to maintain a balance between shareholders' rights and interests, it was proposed that the 2021 year-end bonus for the Company's managers shall be kept at the basic level of one month. After the chairman consulted the 	<p>minutes is as the following URL.</p> <ol style="list-style-type: none"> 3. Written report submitted in the meeting. 4. Financial report was uploaded onto the MOPS on November 12, 2021 and the Company's website on November 14. 5. Written report submitted in the meeting. 6. The Company's reports listed on the left for 2021 have been disclosed on the Company's website. <ol style="list-style-type: none"> 1. The motion was implemented after approval. The implementation status was uploaded to MOPS and the Company's website on November 10, 2021. <ul style="list-style-type: none"> ● Opinions of independent directors or resolution results of motions shall be disclosed in accordance with the provisions of Article 14-3 of the Securities and Exchange Act. Where independent

Date of meeting	Nature/session of meeting	Important resolution	Implementation
		<p>other attending directors and the motion was approved by all directors.</p> <p>(2). The calculation for salaries and bonuses for chairman and managers and above in 2022 shall remain unchanged from 2021. As this motion involved interests of the chairman and the manager, pursuant to Article 15 of the Company’s “Rules of Procedure for Board of Directors Meetings” and Article 206 of the Company Act, the general manager and the manager recused themselves from the motion. Independent director Teng, serving as the acting chairman of the meeting, consulted the other attending directors and the motion was approved by all directors.</p> <p>(3). The terms and amounts of attendance fees and remuneration for meetings of directors and supervisors of the 16th term and meetings of Remuneration Committee of the 4th term for 2022 shall remain unchanged as those in 2021. As this was an institutional decision, no recusal was imposed. After the chairman consulted the other attending directors and the motion was approved by all directors.</p> <p>(4). As the responsibility of the independent directors in future corporate governance is increased, coupled with the transformation of the 17th Board and each functional committee in 2022, the motion for attendance fees and remuneration for the 17th Board and each functional committee was an institutional decision. Therefore, no recusal was imposed. After the chairman consulted the other attending directors and the motion was approved by all directors.</p> <ul style="list-style-type: none"> ● Remuneration to independent directors: NT\$50,000/month ● Attendance fee: NT\$6,000/time is paid to each director (including independent director), functional committee member for attending a meeting (including video conference attendance but excluding attendance by proxy) <p>2. All directors (including independent directors) had no objections to the motion for the Company’s annual audit plan for the 2022 internal audit.</p>	<p>directors have no special opinions, recusal due to conflicts of interest shall be performance as required by law in accordance with the provisions of the resolution listed on the left.</p> <p>2. The filing on MOPS was completed before the end of December 2021 as required by the law.</p>

Date of meeting	Nature/session of meeting	Important resolution	Implementation
		3. All directors (including independent directors) had no objections to the establishment of the Company's risk management policy and procedures.	3. Implemented according to the motion after approval and was published on the Company's website on November 15, 2021.
2022/03/15	Meeting of Directors and Supervisors (14th meeting of the 16th term)	<p>1. Communication between accountants and corporate governance unit and management - Audit of 2021 Financial Statements and audit plans for the 2022 financial statements (Attendees: Accountants Lu, Chian-Uen and Liu, Hui-Yuan of EY, Manager Chiang, Ping-Hsien).</p> <p>2. Follow up of the minutes of the last meeting and implementation: refer to the full minutes of the meeting on the Company's website (the Company's website is provided at the end of this table).</p> <p>3. Important financial and business reports (report of operations by the general manager)</p> <p>4. Report of internal audits.</p> <p>5. Other important reporting matters: (1). Report of 2021 endorsements/guarantees. (2). Report of 2021 accountant's final accounts for the labor retirement reserve. (3). Results of questionnaires for performance evaluation of the Board of Director and Board members (information in Chinese is disclosed on the Company's website). https://www.tenren.com.tw/Content/Downloads/List.aspx?SiteID=10&MmmID=654256534471220550</p> <p>6. The Company's Remuneration Committee submitted the motion for recommendations for the first meeting of 2022 and motion for distribution of remuneration to employees and directors/supervisors for 2021. The 2021 distribution of remuneration to employees was NT\$1,075,104, 2% of the profit; the 2021 distribution of remuneration to directors/supervisors was NT\$967,593, 1.80% of the profit. The remuneration was distributed in cash to employees of subordinate companies who meet certain criteria. The chairman is authorized to determine the amount of remuneration by taking into account the employee's</p>	<p>1. Implemented according to the motion.</p> <p>2. Progress report for follow up completed.</p> <p>3. Written report submitted in the meeting.</p> <p>4. Written report submitted in the meeting.</p> <p>5. Written report submitted in the meeting.</p> <p>6. The motion was implemented after approval and disclosed on the MOPS on March 15, 2022. The announcements were changed to material information. The motion was implemented after approval and was reported at the 2022 annual</p>

Date of meeting	Nature/session of meeting	Important resolution	Implementation
		<p>seniority, ranking, performance, overall contribution or special merit and qualification.</p> <ul style="list-style-type: none"> ● Opinions of independent directors or resolution results of motions shall be disclosed in accordance with the provisions of Article 14-3 of the Securities and Exchange Act. ● Opinions of independent directors: None. ● Response toward the opinion of independent directors: None. ● Resolution: All attending directors (including independent directors) had no objections (was reported to the 2022 annual general meeting). <p>Additionally, as the amount of the Company's remuneration to directors/supervisors is not large, aside from independent directors, all remuneration is distributed evenly and there is no concern of damage to the Company. As a result, there was no need for directors and supervisors to recuse themselves from the motion.</p> <p>7. All attending directors (including independent directors) had no objections to the 2021 final accounts (parent only financial statements and consolidated financial statements). These statements were reviewed by the supervisors then submitted to the 2022 annual general meeting for acknowledgment</p> <p>8. All attending directors (including independent directors) had no objections to the motion for the Company's 2021 distribution of earnings and cash dividends. The 2021 distribution of earnings totaled NT\$62,508,444, or a cash dividend of NT\$0.69 per share (after review by supervisors, it was submitted to the 2022 annual general meeting for acknowledgment).</p> <p>9. All attending directors (including independent directors) had no objections to the motion for the Company's 2021 capital reserve distribution in cash. The Company intends to set aside NT\$9,965,114 from capital reserve of treasury stock in excess of par value, meaning a cash dividend of NT\$0.11 per share (after review by supervisors, it was submitted to the 2022 annual general meeting for discussion).</p> <p>10. All attending directors (including independent directors) had no objections to the 2021 business report and 2022 business plan. These statements were</p>	<p>general meeting,</p> <p>7. Submitted to the 2022 annual general meeting for acknowledgment.</p> <p>8. Submitted to the 2022 annual general meeting for acknowledgment.</p> <p>9. Submitted to the 2022 annual general meeting for discussion.</p> <p>10. Submitted to the 2022 annual general meeting for</p>

Date of meeting	Nature/session of meeting	Important resolution	Implementation
		<p>reviewed by the supervisors then submitted to the 2022 annual general meeting for acknowledgment</p> <p>11. All attending directors (including independent directors) had no objections to the amendment to some provisions of the Company’s “Articles of Incorporation” and was submitted to the 2022 annual general meeting for discussion.</p> <p>12. All attending directors (including independent directors) had no objections to the establishment of the Company’s “Methods for Election of Directors and Supervisors” and was submitted to the 2022 annual general meeting for discussion.</p> <p>13. Motion for the Company’s election of directors - the term of office of the current directors and supervisors will expire on June 12, 2022. According to the law, an election shall be conducted. As the Company adopts a candidate nomination system, shareholders shall select directors and independent director from a list of candidates.</p> <p>14. All attending directors (including independent directors) had no objections to the motion for the lifting of the restriction on non-competition of directors. In response to business needs, the directors elected at this shareholders’ meeting may serve as directors of other companies with the similar business scope as the Company. Therefore, it was proposed to the shareholders’ meeting for resolution for lifting the restriction on non-competition of directors.</p> <p>15. All attending directors (including independent directors) had no objections to the amendment to some provisions of the Company’s “Corporate Social Responsibility Best Practice Principles” (renamed: Sustainable Development Best Practice Principles).</p> <p>16. All attending directors (including independent directors) had no objections to the amendment to some provisions of the “Regulations Governing the Acquisition and Disposal of Assets” of the Company and subsidiaries.</p>	<p>acknowledgment.</p> <p>11. Submitted to the 2022 annual general meeting for discussion.</p> <p>12. Submitted to the 2022 annual general meeting for discussion.</p> <p>13. Submitted to the 2022 annual general meeting for election</p> <p>14. Submitted to the 2022 annual general meeting for discussion.</p> <p>15. Submitted to the 2022 annual general meeting for report.</p> <p>16. The Company’s handling process came into effect after being approved by the Board of Directors; the Company’s handling process was submitted to the 2022 annual</p>

Date of meeting	Nature/session of meeting	Important resolution	Implementation
		<p>17. Approved the Company’s amendment to some provisions in the “Regulations Governing Making of Endorsements/Guarantees,” which was submitted to the 2022 annual general meeting for discussion.</p> <ul style="list-style-type: none"> ● Opinions of independent directors or resolution results of motions shall be disclosed in accordance with the provisions of Article 14-3 of the Securities and Exchange Act. ● Opinions of independent directors: None. ● Response toward the opinion of independent directors: None. ● Resolution: all directors had no objections. <p>18. All attending directors (including independent directors) had no objections to the results for the Company's 2021 internal self-evaluation and a statement of no deficiencies was issued (the FSC was notified and information has been disclosed in the annual report).</p> <p>19. All attending directors (including independent directors) had no objections to the matters regarding the date and location of the Company’s 2022 annual general meeting and proposals of shareholders with 1% or more shareholdings and operating procedures as well as its venue (details are as announced in the Company’s annual general meeting).</p> <p>(1). The 2022 annual general meeting is proposed to be convened at 9.30 a.m. on June 14, 2022 (Tuesday).</p> <p>(2). Annual general meeting venue: No. 422, Zhonghua Road, Zhunan Township, Miaoli County (Ten Ren Tea Garden Mingfeng Hall). Pursuant to Article 165 of the Company Act, the Company stopped the registration of stock transfers from April 16, 2022 to June 14, 2022 and performed regulations were carried out.</p> <p>20. The appointment of accountants Lu, Chian-Uen and Liu, Hui-Yuan of EY for auditing the Company’s financial reports for 2021 was approved. There were no violations on the independence requirements stipulated in the Certified Public Accountant Act. The accountants have met the suitability criteria to audit the Company’s financial reports.</p>	<p>general meeting for discussion.</p> <p>17. Submitted to the 2022 annual general meeting for discussion.</p> <p>18. The motion approved has been disclosed in the 2021 annual report after notifying the FSC.</p> <p>19. Material information announced on March 15, 2022.</p> <p>20. The motion was approved and the independence evaluation table is disclosed in the 2021 annual report for shareholders.</p>

Date of meeting	Nature/session of meeting	Important resolution	Implementation
		<ul style="list-style-type: none"> ● Opinions of independent directors or resolution results of motions shall be disclosed in accordance with the provisions of Article 14-3 of the Securities and Exchange Act. ● Opinions of independent directors: None. ● Response toward the opinion of independent directors: None. ● Resolution: all directors had no objections. <p>Note: The above motions were resolved by the Board of Directors on March 15, 2022 and the important resolutions have been disclosed under the heading “Announcement of the 2022 Annual General Meeting for the Company’s Resolutions by the Board of Directors” under “Material Information” on MOPS.</p>	
<p>Note: For other important resolutions that are not from meetings of directors and supervisors or discussion matters on the annual general meeting and reporting items, or the resolutions of the annual general meeting are the same as proposals of the Board of Directors are not listed in the table above, please refer to the Company's website (URL below) for the full text of minutes of the meeting in Chinese. The motion-by-motion results by the shareholders' meeting on August 4, 2021 have been independently disclosed on the Company's website after the meeting.</p> <p>Meeting of Board of Directors: https://www.tenren.com.tw/Content/Downloads/List.aspx?SiteID=10&MmmID=654061447337447054</p> <p>Shareholders' meeting: https://www.tenren.com.tw/Content/Downloads/List.aspx?SiteID=10&MmmID=654061447274246236</p>			

2. Subsidiary: Ten Ren Enterprise Co., Ltd.

Date of meeting	Nature/session of meeting	Important resolution	Implementation
2021/03/19	Meeting of directors and supervisors (7th meeting of the 8th term)	<ol style="list-style-type: none"> 1. All attending directors (including independent directors) had no objections to the 2020 final accounts, which were submitted to the 2021 annual general meeting for acknowledgement after review by the supervisors. 2. All attending directors (including independent directors) had no objections to the motion for the 2020 earnings distribution: The Company's distributable earnings for 2020 was NT\$1,598,324 and the bonus for shareholders was proposed at NT\$1,598,324. The base date for the distribution of cash dividends, distribution date and related matters were authorized to the Board of Directors after approval by this year's annual general meeting. 3. All attending directors (including independent directors) had no objections to the remuneration distribution to employees and directors/supervisors at 1% of the profit. Remuneration to directors was proposed at NT\$19,320 and remuneration to employees was proposed at NT\$19,320, both distributed in cash. The chairman is authorized to fully handle matters associated with the targets of employee remuneration and determination of their qualification. 4. All attending directors (including independent directors) had no objections to setting the date of shareholders' meeting as June 10, 2021 to be held at: No. 422, Zhunan Township, Zhenzhong Road, Miaoli County (Ten Ren Tea Garden meeting room). The remaining matters were handled in accordance with the laws and regulations. 	<ol style="list-style-type: none"> 1. Submitted to the 2021 annual general meeting for acknowledgement. 2. Submitted to the 2021 annual general meeting and was approved; the Board of Directors and the chairman were authorized to handle related matters. 3. Was reported at the 2021 annual general meeting after review of supervisors. 4. Implemented according to the resolution <u>(Note: convened on July 20, 2021 due to COVID-19)</u>
2021/07/20	2021 annual general meeting and meeting of directors and supervisors (8th meeting of the 8th term)	<ol style="list-style-type: none"> 1. The remuneration distribution of employees and directors/supervisors at 1% of profit before tax was reported. The motion for remuneration distribution of NT\$19,320 to employees in cash was also proposed. 2. Acknowledged the 2020 final accounts. 3. All attending shareholders and directors had no objections to the motion for the 2020 earnings distribution: Cash dividends of NT\$1,598,324. Matters such as the <i>ex-dividends</i> date and distribution date were authorized 	<ol style="list-style-type: none"> 1. The motion was approved. 2. The motion was approved. 3. The motion was approved.

Date of meeting	Nature/session of meeting	Important resolution	Implementation
		to the chairman after approval by the shareholders' meeting. 4. All attending shareholders and directors had no objections to the cash dividend <i>ex-dividends</i> base date of September 12, 2021 and the cash dividends date of September 27, 2021.	4. The resolution has been implemented.
2021/08/13	Meeting of directors and supervisors (9th meeting of the 8th term)	1. Report of the Company's self-closing financial report for the first half of 2021.	1. The motion was approved.
2021/11/12	Meeting of directors and supervisors (10th meeting of the 8th term)	1. Report of the Company's most recent self-closing financial report for 2021.	1. The motion was approved.

3. Sub-subsidiary: Hwa Jo Products Co., Ltd.

Date of meeting	Nature/session of meeting	Important resolution	Implementation
2021/03/19	Meeting of directors and supervisors (5th meeting of the 17th term)	1. All attending directors (including independent directors) had no objections to the 2020 final accounts, which were submitted to the 2021 annual general meeting for acknowledgement after review by the supervisors. 2. All attending directors (including independent directors) had no objections to the motion for the 2020 earnings distribution: The Company's distributable earnings for 2020 was NT\$724,540 and the bonus for shareholders was proposed at NT\$724,540. The base date for the distribution of cash dividends, distribution date and related matters were authorized to the Board of Directors after approval by this year's annual general meeting. 3. All attending directors (including independent directors) had no objections to the remuneration distribution to employees and directors/supervisors at 1% of the profit. Remuneration to directors was proposed at NT\$9,409 and	1. Submitted to the 2021 annual general meeting for acknowledgement. 2. After approval by the 2021 annual general meeting, it was authorized to the Board of Directors for full handling. 3. Was reported at the 2021 annual general meeting after review of supervisors.

Date of meeting	Nature/session of meeting	Important resolution	Implementation
		<p>remuneration to employees was proposed at NT\$9,409, both distributed in cash. The chairman is authorized to fully handle matters associated with the targets of employee remuneration and determination of their qualification.</p> <p>4. All attending directors (including independent directors) had no objections to setting the date of shareholders' meeting as June 10, 2021 to be held at: No. 422, Zhunan Township, Zhenzhong Road, Miaoli County (Ten Ren Tea Garden meeting room). The remaining matters were handled in accordance with the laws and regulations.</p>	<p>4. Implemented according to the resolution (<u>Note: convened on July 20, 2021 due to COVID-19</u>)</p>
2021/07/20	<p>2020 annual general meeting and meeting of directors and supervisors (6th meeting of the 17th term)</p>	<p>1. Acknowledged the 2020 final accounts.</p> <p>2. The remuneration distribution of employees and directors/supervisors at 1% of profit before tax was reported. Remuneration of NT\$9,409 was distributed to directors in cash and NT\$9,409 was distributed to employees in cash.</p> <p>3. All attending shareholders and directors had no objections to the motion for the 2020 earnings distribution: cash bonus of NT\$724,540 to shareholders. Matters such as the <i>ex-dividends</i> date and distribution date were authorized to the chairman after approval by the shareholders' meeting.</p> <p>4. All attending shareholders and directors had no objections to the cash dividend <i>ex-dividends</i> base date of September 12, 2021 and the cash dividends date of September 27, 2021.</p>	<p>1. The motion was approved.</p> <p>2. Implemented according to the resolution.</p> <p>3. Implemented according to the resolution.</p> <p>4. Implemented according to the resolution.</p>
2021/08/13	<p>Meeting of directors and supervisors (7th meeting of the 17th term)</p>	<p>1. Follow up from the previous meeting: the ex-dividend base date for cash dividends was set for September 12, 2021 and cash dividends date was set for September 27, 2021.</p> <p>2. Report of the Company's self-closing financial statements for the first half of 2021.</p>	<p>1. Implemented according to the resolution.</p> <p>2. The motion was approved.</p>
2021/11/12	<p>Meeting of directors and supervisors (8th meeting of the 17th term)</p>	<p>1. Report of the Company's most recent self-closing financial report for 2021.</p> <p>2. Other reporting matters: Accounts and management originally managed by the parent company will be added from 2022 to the Company's responsibility (1) Maintenance of water and electricity management in the Tea Culture Park of the parent company. (2) Machinery and equipment</p>	<p>1. The motion was approved.</p> <p>2. The motion was approved.</p>

Date of meeting	Nature/session of meeting	Important resolution	Implementation
		maintenance of the parent company's Xiangshan Tea Factory; the amount of labor will be paid after reasonable calculation.	

4. Overseas subsidiary: Ten Ren Tea (Hong Kong) Limited

Date of meeting	Nature of meeting	Important resolution	Implementation
2021/01/28	The Board of Directors	<ol style="list-style-type: none"> On behalf of the Company, Lin, Jen-Chung signed the 2020 Report of Directors to agree to appoint Messrs. Simon W.F. Ng and Company to issue the Company's 2020 financial report. Approved the Report of Directors signed by chairman Lin, Jen-Chung; approved the Company's 2020 financial report agreed by Lin, Jen-Chung and Chen, Chung-Chih. 	In accordance with Hong Kong laws, the original copy has been delivered to the local secretary for filing.
2021/06/01	Shareholders' Meeting	<ol style="list-style-type: none"> Approved the 2020 financial statements audited by the Company's Board of Directors and accountants. In accordance with the company law in Hong Kong, the current directors (Lin, Jen-Chung, Chen, Chung-Chih) were reappointed as the Company's directors by legal procedures. Passed the reappointment of Messrs. Simon W.F. Ng and Company as the Company's CPAs. 	In accordance with Hong Kong laws, the original copy has been delivered to the local secretary for filing.
2021/07/06	Shareholders' Meeting	<ol style="list-style-type: none"> Approved to distribute dividends for a total of HK\$3,500,000 (distributable earnings stated in the financial statements on June 30, 2021). Approved to distribute HK\$35,000 to directors. Approved to distribute HK\$35,000 to employees. 	Dividends to shareholders (Ten Ren Tea and Ten Ren Enterprise) were resolved to in proportion to their shareholdings; remuneration to directors and employees were received by the parent company of Ten Ren tea and distributed.

- (XII) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.
- (XIII) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairman, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer and chief research and development officer: not applicable as there were no resignation or dismissals.
- (XIV) The Company's personnel related to financial information transparency and their attained licenses as required by the competent authorities: The assistant management of Internal Audit has attained a certified internal auditor (CIA) certification.

V. Information on the professional fees of the attesting CPAs:

Accounting firm	Name of CPA	Audit period	Audit fee	Non-audit fee	Total	Remark
EY (Ernst & Young Global Limited)	Lu, Chian-Uen	2021	NT\$2,090 thousand		NT\$2,090 thousand	Financial Statement Audits (Ten Ren Tea)
	Liu, Hui-Yuan					
EY (Ernst & Young Global Limited)	Lu, Chian-Uen	2021		NT\$400 thousand	NT\$400 thousand	Business Income Tax Compliance (Ten Ren Tea)
EY (Ernst & Young Global Limited)	Lu, Chian-Uen	2021	NT\$90 thousand	NT\$40 thousand	NT\$130 thousand	Financial Statement Audits Business Income Tax Compliance (Ten Ren Enterprise)
EY (Ernst & Young Global Limited)	Lu, Chian-Uen	2021	NT\$80 thousand	NT\$20 thousand	NT\$100 thousand	Financial Statement Audits Business Income Tax Compliance (Hwa Jo Products)
EY (Ernst & Young Global Limited)	Lu, Chian-Uen	2021		NT\$270 thousand	NT\$270 thousand	Sustainability Report assurance (Ten Ren Tea)
EY (Ernst & Young Global Limited)	Lu, Chian-Uen	2021		NT\$180 thousand	NT\$180 thousand	Financial Report translation in English (Ten Ren Tea)

Note 1: Please provided a specific description of the service of non-audits: (*e.g.*, tax certification, assurance or other non-financial consultation services)

Note 2: The Company's change of CPAs or accounting firm for this year is listed in V.

VI. Information on replacement of CPAs: None.**VII. Where the company's chairman, general manager or any manager in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.**

The Company appointed accountants Lu, Chian-Uen and Liu, Hui-Yuan of EY for auditing the financial reports for 2021. There were no violations on the independence requirements stipulated in the Certified Public Accountant Act. The accountants have met the suitability criteria to audit the Company's financial reports. The suitability evaluation table was approved by the Board of Directors on March 15, 2022, with the contents provided as below:

Ten Ren Tea Co., Ltd.
Independence Evaluation Table of CPAs

2021

Evaluation objects: CPAs Lu, Chian-Uen and Liu, Hui-Yuan of EY

Evaluation item	Evaluation results			Description
	Yes	No	Not applicable	
When they involve in any direct or material indirect interests which may impair their impartiality and independence	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
When they have a direct or indirect material financial interest in the Company	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
When they have a financing or guarantee relationship with the Company's directors/supervisors.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
When they have a close business relationship with the Company	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
When they have a potential employment relationship with the Company	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
When there are contingency fees in the audit	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Members of the audit service team have served as directors and supervisors, managers of clients or positions within the past two years that have a significant impact on audit cases	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Non-audit services provided to clients will directly affect important items in an audit case	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Promote or be a sales agent of shares or other securities issued by the Company by members of the audit service team	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Members of the audit service team acting as a defender of audit clients or representing the Company in a conflict with another third party	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
When there is a relationship with the Company's directors, supervisors, managers or those who have a significant influence on an audit case	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Co-working accountants within one year before dismissal serving as the clients' directors, supervisors or managers, or positions that have a significant influence on an audit case	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Receiving gifts or gifts of great value from clients, their directors, supervisors and managers	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
The Company requires the accountants to improperly reduce accounting policies that should be performed.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
In order to reduce audit fees, pressure is put on accountants to improperly reduce the audit work that should be performed.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Evaluation results by the Accounting Dept. <input checked="" type="checkbox"/> Independence requirements met <input type="checkbox"/> Independence requirements not met				

VIII. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, manager or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

Changes in shareholdings of directors, supervisors, managers and major shareholders

Title (Note1)	Name	2021		The current year up to April 15	
		Increase (decrease) in number of shares held	Increase (decrease) in pledged shares	Increase (decrease) in number of shares held	Increase (decrease) in pledged shares
Chairman	Ten Fu Investment Co., Ltd.	0	0	0	0
	Representative Lee, Kuo-Lin	0	0	0	0
Director and General Manager	Lin, Jen-Chung	0	0	0	0
Director	Ten Fu Investment Co., Ltd.	0	0	0	0
	Representative Tsai, Song-Tsung	0	0	0	0
Director	Unify Grandeur Investment Co., Ltd.	0	0	0	0
	Representative Wang, Lien-Yuan	0	0	0	0
Director	Lee, Chien-Te	0	0	0	0
Independent Director	Teng, Syh-Tang	0	0	0	0
Independent Director	Ferng, Ren-Ho	0	0	0	0
Supervisor	Lee, Hong-Sheng	0	0	0	0
Supervisor	Tseng, Ming-Sung	0	0	0	0
Supervisor	Chen, Fu-Sung	0	0	0	0
Corporate Director	Ten Fu Investment Co., Ltd.	0	0	0	0
Vice President	Chuang, Yuan-Min	0	0	0	0
Plant Director	Hsu, Wen-Yuan	0	0	0	0
Vice President	Chen, Chung-Chih	0	0	0	0
Assistant Vice President	Chen, Liang-Yuan	0	0	0	0
Factory Director	Ou, Tsung-Ming	0	0	0	0
Assistant Vice President	Wang, Hung-Wan	0	0	0	0
Manager	Cheng, Hui-Hsin	0	0	0	0
Manager	Wang, Wen-Hsien	0	0	0	0
Chief Accounting officer	Chu, Hui-Ling	0	0	0	0
Chief financial officer	Chen, Yin-Ju	0	0	0	0
Major shareholder	Ten Fu Investment Co., Ltd.	0	0	0	0
Major shareholder	Ten Shin Investment Co., Ltd.	1,799,000	800,000	0	0

Note 1: Shareholders holding 10% or more of the total shares of the Company should be indicated as major shareholders and listed separately.

Note 2: There are no related information in the table as the parties involved in the Company's equity transfers or equity pledges are related parties,

Note 3: Ten Shin Investment Co., Ltd. assumed the status of majority shareholder on August 17, 2021.

Note 4: Chen, Chung-Chih assumed the role of vice president on January 1, 2022; Wang, Hung-Wan assumed the role of assistant vice president on January 3, 2022; Ou, Tsung-Ming assumed the role of factory director on February 1, 2022; Chuang, Yuan-Min retired on March 1, 2022.

IX. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship to another
Relationship information, if among the company's 10 largest shareholders any one is a related party of another

April 15, 2022

Name (Note 1)	Number of Shareholdings		Shares held by spouses and children of minor age		Total number of shares held under the name of another party		Names and relationships between the top ten shareholders including spouses, second degree of kinship to another. (Note 3)		Remarks
	No. of shares	Shareholding s ratio	No. of shares	Shareholding s ratio	No. of shares	Shareholding s ratio	Name (or first name)	Relationship	
Ten Shin Investment Co., Ltd. Person in charge: Lee, Rie-Ho	10,784,629	11.905	0	0	0	0	Lee, Kuo-Lin	Person in charge of Tenfu, Ten Shin, Ten Rie Investment and Lee, TsaiLiLi are first-degree relatives	Representative of the Company's corporate director
	386,328	0.426	1,450,881	1.602					
Ten Fu Investment Co., Ltd. Person in charge: Lee, Rie-Ho Representative: Lee, Kuo-Lin Representative: Tsai, Song-Tsung	9,190,830	10.145	0	0	0	0	Lee, Kuo-Lin	Person in charge of Tenfu, Ten Shin, Ten Rie Investment and Lee, TsaiLiLi are first-degree relatives	Representative of the Company's corporate director
	386,328	0.426	1,450,881	1.602					
	386,882	0.427	0	0					
Ten Rie Investment Co., Ltd. Person in charge: Lee, Rie-Ho	9,057,283	9.998	0	0	0	0	Lee, Kuo-Lin	Person in charge of Tenfu, Ten Shin, Ten Rie Investment and Lee, TsaiLiLi are first-degree relatives	Representative of the Company's corporate director
	386,328	0.426	1,450,881	1.602					
Person in charge of Wei An Investment Co., Ltd.: Tsai, Song-Tsung	6,605,599	7.292	0	0	0	0	Lee, TsaiLiLi	Second-degree relatives	Representative of the Company's corporate director
	382,765	0.423	3,500	0.004					
Wang, Lien-Yuan	5,898,647	6.511	2,150,299	2.374	0	0	Wang, Hung-Yueh-Yin	(Spouse of representative of Unify Grand Investment)	Representative of the Company's corporate director
Citibank Taiwan was the custodian of the investment account of Alpha Springs Universal Inc.	3,763,932	4.155	0	0	0	0	None	None	
Chou, Yueh-Chu	3,202,000	3.535	0	0	0	0	None	None	
Wang, Hung-Yueh-Yin	2,150,299	2.374	5,898,647	6.511	0	0	Wang, Lien-Yuan	(Spouse of representative of Unify Grand Investment)	
Lee, TsaiLiLi	1,450,881	1.602	0	0	0	0	Lee, Rie-Ho Lee, Kuo-Lin	Spouse of person in charge of Ten Fu Investment and representative of the Company's corporate director are first-degree relatives	
Kuo, Huei-Ling	1,333,255	1.472	134	0.0001	0	0	None	None	Spouse of the Company's supervisor

Note 1: List the top 10 shareholders. If they are corporate shareholders, list the names of the corporate shareholders and their representatives separately.

Note 2: The calculation of the percentage of shareholding refers to the calculation of the percentage of shareholding in the name of the shareholder themselves, spouse, minor children or of another party.

Note 3: The aforementioned shareholders for disclosure shall include corporate shareholders and natural persons, with the relationships between the shareholders disclosed as required by the Criteria for the Compilation of Financial Statements by Securities Issuers.

X. Total number of shares held

The total number of shares and total equity stake held in any single enterprise by the company, its directors, supervisors, managers, and any companies controlled either directly or indirectly by the company

Unit: shares; %

Investment business (Note 1)	The Company's investment		Investment by directors, supervisors, managers and any companies controlled either directly or indirectly by the company		Comprehensive investment	
	No. of shares	Shareholdings ratio	No. of shares	Shareholdings ratio	No. of shares	Shareholdings ratio
Ten Ren Enterprise Co., Ltd.	5,800,000	100.00%	0	0.00%	5,800,000	100.00%
Hwa Jo Products Co., Ltd. (Note 2)	0	0%	1,400,000	100.00%	1,400,000	100.00%
Ten Ren Trading Sdn.Bhd.(Note 3)	510,000	51.00%	490,000	49.00%	1,000,000	100.00%
Ten Ren Tea Co.(S) Pte Ltd.	998	99.80%	2	0.20%	1,000	100.00%
Ten Ren Tea (Hong Kong) Limited	36,870,085	83.00%	7,551,704	17.00%	44,421,789	100.00%
Tenren(Japan)Co.,Ltd	15	100.00%	0	0.00%	15	100.00%
Xiamen Daily Plus Food Beverage Management Co., Ltd.			Omitted (Note 4)		Omitted (Note 4)	50.00%

Note 1. The above is the Company's investment under the equity method (2021/12/31).

Note 2. The Company's subsidiary Ten Ren Enterprise Co., Ltd. holds 1,400,000 shares of this company.

Note 3. The breakdown of 490,000 shares of investment by directors, supervisors, managers and any companies controlled either directly or indirectly by Ten Ren Trading Sdn.Bhd.: the Company's manager holds 190,000 shares and the regional general manager holds 300,000 shares.

Note 4. Xiamen Daily Plus Food Beverage Management Co., Ltd. is a subsidiary invested by Ten Ren Tea (Hong Kong) Limited. The spaces and shareholdings show in the "Investment by directors, supervisors, managers and any companies controlled either directly or indirectly by Ten Ren Trading Sdn.Bhd." column is held by "Ten Ren Tea (Hong Kong) Limited". The subsidiary's registered capital was US\$2,100 thousand and the paid-in capital was US\$630 thousand. Up until December 31, 2020, capital actually injected by Ten Ren Tea (Hong Kong) Limited was US\$315 thousand. As this subsidiary is a "limited company" in China, it is a "sino-foreign joint venture," the number of shares issued is briefly described.

Four. Information on Capital Raising Activities

I. Capital and issuance of shares

(I) Source of capital stock

Year/ month	Issue price	Authorized capital stock		Paid-up capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Source of capital stock	Offset by any property other than cash	Others
1975/12	100	100,000	10,000,000	100,000	10,000,000	Share capital established - Jian-Yi-Zi No.85954 on December 10, 1975	None	
1980/10	100	200,000	20,000,000	200,000	20,000,000	Cash capital increase - Jing(69) Shang No.35582 on October 14, 1980	None	
1982/10	100	400,000	40,000,000	400,000	40,000,000	Cash capital increase - Jing(71) Shang No.21987 on October 14, 1982	None	
1983/10	100	600,000	60,000,000	600,000	60,000,000	Cash capital increase - Jing(72) Shang No.42560 on October 19, 1983	None	
1984/10	100	800,000	80,000,000	800,000	80,000,000	Cash capital increase - Jing(73) Shang No.40674 on October 19, 1984	None	
1987/01	100	1,200,000	120,000,000	1,200,000	120,000,000	Cash capital increase - Jing(76) Shang No.00346 on January 6, 1987	None	
1990/02	10	18,000,000	180,000,000	18,000,000	180,000,000	Cash capital increase - Jing(79) Shang No.137071 on February 7, 1990	None	
1992/08	10	19,800,000	198,000,000	19,800,000	198,000,000	Capital increase by earnings - Jing(81) Shang No.115810 on August 11, 1992	None	
1993/11	10	40,000,000	400,000,000	40,000,000	400,000,000	Capital increase by Capital surplus - Tai-Cai-Zheng(82)(I) No.40337 on November 27, 1993	None	
1994/07	10	44,800,000	448,000,000	44,800,000	448,000,000	Capital increase by earnings and Capital surplus - (83)Tai-Cai-Zheng (I) No.32171 on July 23, 1994	None	
1995/06	10	49,530,000	495,300,000	49,530,000	495,300,000	Capital increase by earnings and cash - (84)Tai-Cai-Zheng(I) No.38107 on June 29, 1995	None	
1996/10	10	54,483,000	544,830,000	54,483,000	544,830,000	Capital increase by earnings and Capital surplus - (85)Tai-Cai-Zheng (I) No.64442 on October 28, 1996	None	
1997/09	10	76,000,000	760,000,000	59,931,300	599,313,000	Capital increase by earnings and Capital surplus - (86)Tai-Cai-Zheng (I) No.69955 on September 10, 1997	None	
1998/12	10	76,000,000	760,000,000	68,321,682	683,326,820	Capital increase by earnings - (87)Tai-Cai-Zheng(I) No.99587 on December 1, 1998	None	
1999/06	10	76,000,000	760,000,000	75,153,850	751,538,500	Capital increase by earnings and Capital surplus - (88)Tai-Cai-Zheng(I) No.53097 on June 7, 1999	None	
2000/06	10	93,000,000	930,000,000	80,489,773	804,897,730	Capital increase by Capital surplus - (89)Tai-Cai-Zheng (I) No.47747 on June 3, 2000	None	
2001/06	10	93,000,000	930,000,000	82,904,466	829,044,660	Capital increase by Capital surplus - (90)Tai-Cai-Zheng(I) No.139620 on June 20, 2001	None	
2003/06	10	93,000,000	930,000,000	85,391,600	853,916,000	Capital increase by earnings - Tai-Cai-Zheng(I) No.0920127985 on June 24, 2003	None	
2004/06	10	93,000,000	930,000,000	87,953,348	879,533,480	Capital increase by earnings - Tai-Cai-Zheng(I) No.0930127750 on June 23, 2004	None	
2007/06	10	93,000,000	930,000,000	90,591,948	905,919,480	Capital increase by Capital surplus - Jin-Guan-Zheng(I) No.0960033206 on June 29, 2007	None	

December 31, 2021

Type of shares	Authorized capital stock			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Registered common stock	90,591,948 shares	77,408,052 shares	168,000,000 shares	All outstanding shares are listed
Total	90,591,948 shares	77,408,052 shares	168,000,000 shares	

Note: Please state whether the stock is listed on TWSE or TPEx, (state whether the stock is restricted from trading on TWSE or TPEx).

(II) Shareholder structure

April 15, 2022

Shareholder structure Amount	Government agency	Financial institution	Other legal entities	Individual	Foreign institutions and foreigners	Total
Number of people	0	0	29	7,754	37	7,820
Number of shares held	0	0	37,694,874	48,143,254	4,753,820	90,591,948
Shareholdings ratio	0	0	41.610	53.143	5.247	100.000

Note: All companies listing for the first time on TWSE/TPEx are required to disclose Chinese investors' holding interests. A Chinese investor refers to an individual, corporation, organization, or institution of Mainland origin, or any company owned by the above party in a foreign location, as defined in Article 3 of the "Regulations Governing Mainland Residents' Investment in Taiwan."

(III) Dispersion of equity ownership

April 15, 2022

Shareholdings classification	Number of shareholders	Number of shares held	Shareholding ratio %
1 to 999	5,023	283,541	0.313
1,000 - 5,000	2,213	4,078,702	4.502
5,001 - 10,000	231	1,793,839	1.980
10,001 - 15,000	72	908,523	1.003
15,001 - 20,000	50	898,658	0.992
20,001 - 30,000	46	1,153,183	1.273
30,001 - 40,000	29	1,022,537	1.129
40,001 - 50,000	21	961,991	1.062
50,001 - 100,000	49	3,275,244	3.615
100,001 - 200,000	36	5,053,537	5.578
200,001 - 400,000	23	7,139,258	7.881
400,001 - 600,000	10	4,658,234	5.142
600,001 - 800,000	4	2,750,999	3.037
800,001 - 1,000,000	1	975,538	1.077
1,000,001 - 1,200,000	2	2,200,809	2.429
1,200,001 - 1,400,000	1	1,333,255	1.472
1,400,001 - 1,600,000	1	1,450,881	1.601
Classification for 1,600,001 or more is depending on the actual situation	8	50,653,219	55.914
Total	7,820	90,591,948	100.000

Note 1: The above table shows the dispensation of common stock only

Note 2: As the Company does not issue preferred shares, a description of dispensation of common stock is not applicable

(IV) List of major shareholders

April 15, 2022

Names of major shareholders	Shares	Number of shares held	Shareholding ratio %
Ten Shin Investment Co., Ltd.		10,784,629	11.905
Ten Fu Investment Co., Ltd.		9,190,830	10.145
Ten Rie Investment Co., Ltd.		9,057,283	9.998
Wei An Investment Co., Ltd.		6,605,599	7.292
Wang, Lien-Yuan		5,898,647	6.511
Citibank Taiwan was the custodian of the investment account of Alpha Springs Universal Inc.		3,763,932	4.155
Chou, Yueh-Chu		3,202,000	3.535
Wang, Hung-Yueh-Yin		2,150,299	2.374
Lee, TsaiLiLi		1,450,881	1.602
Kuo, Huei-Ling		1,333,255	1.472

(V) Share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share and related information:

Item	Year	2021	2020	
Price per share (Note 1)	Highest	36.65	38.50	
	Lowest	31.80	27.85	
	Average	34.61	36.21	
Net worth per share (Note 2)	Before distribution	16.08	16.56	
	After distribution	15.39	15.96	
Earnings per share (EPS)	Weighted average number of shares	90,549	90,548	
	EPS (Before retroactive)	0.48	0.63	
	EPS (After retroactive)	0.48	0.63	
Dividends per share	Cash dividends	0.80	0.80	
	Bonus share	Stock dividends from retained earnings	0	0
		Stock dividends from capital surplus	0	0
	Accumulated unpaid dividends (Note 4)	0	0	
ROI analysis	P/E ratio (Note 5)	71.92	57.86	
	P/D ratio (Note 6)	43.15	45.56	
	Cash dividend yield (Note 7)	0.02	0.02	

*If there is a surplus or capital reserve to increase capitalization for distributing shares, the market price and cash dividend information adjusted retrospectively based on the number of shares to be issued shall be disclosed.

Note 1: The table lists the highest and lowest market price of common stocks for each year and the annual average market price was calculated in accordance with the annual trading value and volume of each year.

Note 2: Please fill in the number of shares issued (90,592 thousand issues) at the end of the year (before deduction of the number of shares held by subsidiaries as treasury stock) and the distribution according to the resolution of the meeting of the Board of Directors or the following year's general meeting of shareholders.

Note 3: If there is a retroactive adjustment from distribution of bonus shares, the pre-adjustment and adjusted surplus per share shall be listed.

Note 4: Dividends that have not been issued in the current year are accrued to the issuer of the annual surplus; the accumulated undistributed dividends of the current year should be disclosed separately.

The values in the following calculations are based on 2021.

Note 5: Price/Earnings Ratio = Average Closing Price for the Year (34.52) / Earnings per Share (0.48).

Note 6: Price/Dividend Ratio = Average Closing Price for the Year (34.52) / Cash Dividends per Share (0.80)

Note 7: Cash Dividends Yield = Cash Dividends per Share (0.80) / Average Closing Price for the Year (34.52)

Note 8: The cash dividends for 2021 were approved by the Board of Directors on March 15, 2022, pending resolution by the shareholders' meeting.

(VI) Company's dividend policy and implementation:

1. In terms of the dividends policy - According to the Company's Articles of Incorporation and the policy and principle of undistributed earnings (if any), pursuant to Article 33-1 and 33-2 of the Company's Articles of Incorporation: (amendments were approved by the Board of Directors on March 15, 2022, pending discussion at the annual general meeting on June 14 2022)

(1) Article 33-1

If there is net income in the final accounts, the Company shall first make up for losses of previous years (including adjustments to undistributed earnings). After that, 10% shall be appropriated as legal reserve. However when the legal reserve amounts to the total capital, this shall not apply. A special reserve is appropriated or reserved in accordance with the law or regulations of the competent authorities. If there are remaining earnings, together with undistributed earnings at the beginning of the period (including adjustments to undistributed earnings), the Board of Directors shall prepare a proposal for earnings distribution. Where remuneration is distributed in the form of cash, it is subject to resolution of the Board of Directors. Where remuneration is distributed in the form of new shares, it shall be submitted to the shareholders' meeting for resolution.

Pursuant to Paragraph 5, Article 240 of the Company Act, the Board of Directors is authorized to distribute part or all dividends and bonuses with approval by a majority vote at a meeting attended by over two-thirds of the directors. The dividends and bonuses may be distributed in cash, and reported to the shareholders' meeting.

As the Company is in an industry that changes alongside the economy and development trends, our dividend policy takes into account the earnings of the year, the overall environment, related laws, the Company's long-term development plans, as well as the financial structure based on the principle of "balance." Where there are cash dividends, they shall account for at least 50% of all dividends for the year.

Article 33-2

Pursuant to Article 241 of the Company Act, the Company shall issue all or part of the legal reserve and capital reserve to shareholders in proportion to their original shares in the forms of new shares or in cash. The Board of Directors is authorized to distribute part or all dividends and bonuses with approval by a majority vote at a meeting attended by over two-thirds of the directors.

- (2). Where there are undistributed earnings and the adjustments specified in Article 33-1 in the Articles of Incorporation are completed and there are accumulated distributable earnings for shareholders, the amount for distribution shall be resolved by the Board of Directors and submitted to the shareholder's meeting for determination. The total dividends distributed shall be at least 50% of the earnings for that year.
2. Distribution of dividends proposed by the shareholders' meeting
At the 2022 shareholders' meeting (distribution of 2021 earnings), cash dividends of NT\$0.69 per share are expected to be distributed; another NT\$0.11 per share from capital surplus is transferred to cash; the total shall be NT\$0.80 per share.
The distribution of dividends proposed in 2021 is as follows (approved by the Board of Directors on March 15, 2022, pending resolution by shareholders' meeting)

Ten Ren Tea Co., Ltd.
Earnings Distribution
2021

Unit: NT\$

Item	Amount		Note
Undistributed earnings at the beginning of the period		\$ 215,361	
2021 net income	\$ 43,128,173		
Add: Other comprehensive income (actuarial gains and losses on defined benefit plans (2021))	16,185,605		
Add: Other equity (disposal of equity at fair value through other comprehensive income)	9,920,467		
Sub-total	69,234,245		
Provision for statutory surplus reserve	(6,923,425)		
Total		62,310,820	
Total earnings available for distribution for the year		62,526,181	
Distribution items:			
Bonus to shareholders (cash dividends)	62,508,444		Cash dividends of NT\$0.69 per share
Total distribution		62,508,444	
Undistributed earnings at the end of the period		\$ 17,737	

Chairman Lee, Kuo-Lin

Manager Lin, Jen-Chung

Chief Accounting officer,
Chu, Hui-Ling

Description:

- (1). This table was approved by the Board of Directors on March 15, 2022; dividends are pending resolution by the annual general meeting on June 14, 2022.
- (2). Approved by the Board of Directors on March 15 2022, the Company intends to set aside NT\$9,965,114 from capital reserve of treasury stock in excess of par value, meaning a cash dividend equivalent to NT\$0.11 per share was to be distributed as shareholders' bonus.
- (3). The bonus distributed to shareholders from 2021 earnings was NT\$0.69 per share + NT\$0.11 per share of cash capital reserve = cash dividends of NT\$0.80 per share.
3. In terms of the Company's expected future dividend policy - amendments had been made to the Articles of Incorporation (Article 33-1) stating that a balanced dividend policy shall be adopted. The distribution of cash dividends shall subject to at least 50% of the total dividends and 50% of the distributable earnings disclosed in this annual report. Since the policy became effective in 2000, cash dividends have been distributed in accordance with the Company's dividend policy since 2001. Where there is growth in distributable earnings, cash dividends will also grow.
4. In summary, the Company's 2021 distribution of dividends was handled in accordance with Article 33-1 of the Articles of Incorporation as follows
 - (1). Where there is net profit after tax for the period and after allocations of provisions are made and there are distributable earnings, the Board of Directors will propose a

distribution of earnings for resolution of the shareholders' meeting.

- (2). The total 2021 distributable earnings was NT\$62,526,181. The number of allocation for dividends was proposed to the Board of Directors in accordance with the procedures and was determined at NT\$0.69 per share. The total cash dividends was NT\$62,508,444 with no stock dividends. The dividends accounted for 99.97% of the total amount of distributable earnings; while cash dividends account for 100% of the dividends per share for the year, meeting the regulations and principles of the dividend policy disclosed in the Articles of Incorporation and annual report.
5. Expected distribution schedule for 2021 dividends
- (1). After resolution is made by the annual general meeting held on June 14, 2022, a meeting of Board of Directors will be convened to resolve arrangements of the *ex-dividends* base date and dividend payment date.
 - (2). In addition to arrangements of the *ex-dividends* base date and dividend payment date which is to be resolved by the Board of Directors, based on the situation in previous years, after the shareholders' meeting is held for resolution in June and the *ex-dividends* base date is usually scheduled in July and dividend payment date in August. The payment will be completed within 30 days after the ex-dividend base date.
6. Summary of distribution of dividends for the past years

1997-2021 Distribution of Dividends

Unit: NT\$

Year of dividends	Type of dividends				Total of cash and stock dividends (\$/share)	Total cash and stock dividends (amount) (\$ thousand)
	Cash dividends	Distributed from earnings	Distributed from capital surplus	Total stock dividends		
1997		1.40		1.40	1.40	83,904
1998	0.30	0.57	0.43	1.00	1.30	88,819
1999	0.29		0.71	0.71	1.00	75,154
2000	0.50		0.30	0.30	0.80	64,392
2001	0.70				0.70	58,033
2002	0.70	0.30		0.30	1.00	82,904
2003	0.90	0.30		0.30	1.20	102,470
2004	1.50				1.50	131,930
2005	1.50				1.50	131,930
2006	1.20		0.30	0.30	1.50	131,930
2007	1.40				1.40	126,829
2008	1.40				1.40	126,829
2009	1.90				1.90	172,125
2010	2.00				2.00	181,184
2011	2.30				2.30	208,361
2012	2.30				2.30	208,361
2013	2.25		0.05		2.30	208,361
2014	2.08		0.02		2.10	190,243
2015	2.00				2.00	181,184
2016	1.50		0.10		1.60	144,947
2017	2.25				2.25	203,832
2018	1.90				1.90	172,125
2019	1.60				1.60	144,947
2020	0.60		0.20		0.80	72,474
2021 (proposed)	0.69		0.11		0.80	72,474

(VII) Effect upon business performance and earnings per share of any stock dividends proposed or adopted at the most recent shareholders' meeting

1. The distribution of 2021 dividends proposed by the shareholders' meeting: Cash

- dividends of NT\$0.69 per share are expected to be distributed; another NT\$0.11 per share from capital surplus is transferred to cash; the total shall be NT\$0.80 per share.
2. In 2021, there was no plans for stock grants; therefore the evaluation of the effect on the Company's operating performance and earnings per share does not apply.
 3. On April 16, 2002, the originally listed "Changes in diluted earnings and net income from stock grants in the past 2 years" was deleted as stated in an order letter (91) Tai-Cai-Zhen (I) No. 002534 issued by the Securities and Futures Institute. The Company is not required to disclose financial projections and related disclosure of tables is not applicable.

(VIII) Remuneration of employees, directors and supervisors

1. The percentage or scope of remuneration to employees, directors and supervisors stated in the Articles of Incorporation
 - (1) Distribution of the Company's remuneration to employees, directors and supervisors is carried out in accordance with Article 33-1 of the Articles of Incorporation.
 - (2) Percentage or scope of remuneration to employees, directors and supervisors: Article 33 of the Articles of Incorporation is as follows (amendments were approved by the Board of Directors on March 15, 2022, pending discussion at the annual general meeting on June 14 2022)
Depending on the Company's profit for the year, no less than 2% of the profit is distributed as remuneration to employees and no more than 2% of the profit is distributed as remuneration to directors/supervisors. However, if the Company has accumulated losses (including adjustment of undistributed earnings), profit shall be set aside in advance to make up for losses. Profit refers to net income before deducting remuneration to employees and remuneration to directors/supervisors. The aforementioned remuneration to employees may be distributed in stock or cash and may be paid to employees of subordinate companies who meet certain criteria. The aforementioned remuneration to directors/supervisors may be paid in cash only.
Prior to forming an Audit Committee, remuneration to supervisors has been distributed in accordance with Paragraphs 1-3 of this Article.
 - (3) In accordance with Article 196 of the Company Act, a payment principle (proposed to the Board of Directors on March 22, 2005 and the shareholders' meeting in 2005, with the provisions added as follows) of remuneration to Chairman has been added to the Articles of Incorporation with Article 19-1 added. Due to business needs, the Company's chairman, directors and supervisors are, during their terms of office, entitled a wage for carrying out duties as stipulated in Article 33 of the Company's Articles of Incorporation. The Board of Directors is authorized to determine the amount of wage of directors based on their participation in the Company, while taking into account the payments standards of listed companies in the same industry.
2. Basis for estimating the amount of remuneration to employees, directors and supervisors, basis for calculating the number of remuneration to employees distributed in shares and accounting treatment if the actual distribution is different from the estimated amount
 - (1) The expenses are estimated in accordance with the retirements and basis for calculation is based on the annual achievement situation and provisions in the Articles of Incorporation. As the Company is not required to disclose the financial forecast for 2021, the related projection formula and values are briefly described.
 - (2) The Company did not plan to distribute stock dividends for 2021; therefore, the accounting treatment regarding the difference did not apply.
3. This year's remuneration distribution passed by the Board of Directors: (2021

remuneration to employees, directors and supervisors is distributed in 2022)

- (1) Remuneration of employees, directors and supervisors distributed in cash or shares. If there is a difference between the amount recognized and the annual estimate, the amount, the reason and the treatment of the difference shall be disclosed
 - a. The resolution made by the Board of Directors on March 15, 2022:
 - (a) Remuneration of employees (2%) totaled NT\$1,075 thousand (in cash).
 - (b) Remuneration of directors and supervisors (1.8%) totaled NT\$968 thousand (in cash).
 - b. The Company's 2021 remuneration to employees, directors and supervisors totaled NT\$2,043 thousand. The difference of NT\$117 (remuneration to employees and directors/supervisors was NT\$5 thousand and NT\$112 thousand, respectively) thousand from the estimated amount of NT\$1,926 thousand (remuneration to employees and directors/supervisors was NT\$1,070 thousand and NT\$856 thousand, respectively) is insignificant. However, according to provisions stipulated in Article 33 of the Articles of Incorporation, the above remuneration distribution shall be appropriated in the accounts based on the profitability of the current year. Hence, the difference is recognized in profit or loss in 2022.
 - (2) The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration: no employee remuneration is planned to be distributed in stocks.
4. The actual remuneration distributed to employees, directors, and supervisors for the previous fiscal year: (2021 remuneration to employees, directors and supervisors is distributed in 2020)
- (1) Remuneration of employees, directors and supervisors distributed in cash or shares. If there is a difference between the amount recognized and the annual estimate, the amount, the reason and the treatment of the difference shall be disclosed
 - a. The resolution made by the Board of Directors on March 19, 2021:
 - (a) Remuneration of employees (2%) totaled NT\$1,436 thousand (in cash).
 - (b) Remuneration of directors and supervisors (1.6%) totaled NT\$1,149 thousand (in cash).
 - b. The Company's 2020 remuneration to employees, directors and supervisors totaled NT\$2,585 thousand. The difference of NT\$9 thousand (remuneration to employees and directors/supervisors was NT\$1,431 thousand and NT\$1,145 thousand, respectively) thousand from the estimated amount of NT\$2,576 thousand is insignificant. However, according to provisions stipulated in Article 33 of the Articles of Incorporation, the above remuneration distribution shall be appropriated in the accounts based on the profitability of the current year. Hence, the difference was recognized in the profit or loss in 2021.
 - (2) The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration: no employee remuneration is planned to be distributed in stocks.

(IX) Status of a company repurchasing its own shares: None

II. Other matters that shall be disclosed

including corporate bonds, preferred shares, global depository receipts, and employee stock warrants, new restricted employee shares, any merger and acquisition activities (including mergers, acquisitions and demergers): None.

III. Status of implementation of capital allocation plans

- (I) The Company's previous capital increase was in 1995 and had been completed many years ago. As concrete benefits have shown, the relevant contents are briefly described.
- (II) Contents of the previous capital increase and implementation are disclosed in the Company's past annual reports of shareholders and the prospectus issued on January 8, 1999.
- (III) Information reporting website designated by the Financial Supervisory Commission:
As described above, the Company's previous capital increase was in 1995 and it did not require to have information disclosed on a designated website. Given that this case has been completed for many years, disclosure of information on the website is not applicable.

Five. Overview of operations

I. Description of the business

(I) Scope of business:

1. Current major line of business

C110010 Beverage Manufacturing

C111010 Tea Manufacturing

C199990 Other Food Manufacturing Not Classified

CC01010 Manufacturing of Power Generation, Transmission and Distribution Machinery

F101990 Wholesale of Other Agricultural, Husbandry and Aquatic Products

F102030 Wholesale of Tobacco Products and Alcoholic Beverages

F102040 Wholesale of Nonalcoholic Beverages

F102050 Wholesale of Tea

F102170 Wholesale of Foods and Groceries

F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures

F106020 Wholesale of Daily Commodities

F106050 Wholesale of Pottery, Porcelain and Glassware

F107030 Wholesale of Cleaning Products

F108040 Wholesale of Cosmetics

F109070 Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies

F113020 Wholesale of Electrical Appliances

F115010 Wholesale of Jewelry and Precious Metal

F201010 Retail Sale of Agricultural Products

F201990 Retail Sale of Other Agricultural, Husbandry and Aquatic Products

F203010 Retail Sale of Food, Grocery and Beverage

F203020 Retail Sale of Tobacco and Alcoholic Beverages

F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures

F206020 Retail Sale of Daily Commodities

F207030 Retail Sale of Cleaning Products

F208040 Retail Sale of Cosmetics

F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies

F213010 Retail Sale of Electrical Appliances

F215010 Retail Sale of Jewelry and Precious Metal

F301020 Supermarkets

F399010 Convenience Stores

F501030 Beverage Shops

F501060 Restaurants

F501990 Other Catering

H701010 Residence and Buildings Lease Construction and Development

H701040 Specialized Field Construction and Development

H701060 New County and Community Construction and Investment

J799990 Other Recreational Services

ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

2. Proportion of business

The Company's (all companies in the consolidated financial report) proportion of each business and current products for the past 3 years are as follows:

Product	Proportion %		
	2021	2020	2019
Tea	48.78	45.42	48.54
Catering	46.94	50.22	45.99
Teaware and others	4.28	4.36	5.47
Total	100.00	100.00	100.00

3. The Company's current major products

- (1) A variety of specialty teas.
- (2) A variety of tea bags (Whole Leaves range) and cold brew teas.
- (3) A variety tea gift sets and packaged tea.
- (4) Teaware and tea art supplies.
- (5) Tea food, festive tea food (tea flavored cake).
- (6) Green tea powder range.
- (7) Full range of food and beverages of CHA FOR TEA.
- (8) Full range of tea drinks of CHA FOR TEA ToGo.
- (9) Development of Japanese tea, Darjeeling tea, Sri Lankan and Ceylon tea.
- (10) Tea drinks, light food, tea flavored desserts of CHAFFEE.

4. New products planned for development

- (1) Develop functional products to provide customers with diverse choices.
- (2) Develop ready-to-drink tea and light food to improve operating performance of take-away bars.
- (3) Develop tea-infused snacks, food and meals using seasonal and local tea ingredients.

(II) Overview of the industry:

1. Current status and development of the industry

● Tea

- (1) As Taiwan is mostly mountainous, surrounded by hills, tea is an important crop with high economic value.

The main product we sell is tea and we are the largest and most professional manufacturer in Taiwan. Our products are sold all over the world under our brand "Ten Ren Tea."

Moreover, medical studies have shown that there are beneficial effects of tea on the human body. The development of the industry has gradually shifted its attention to focus on the research and development of tea-related food products. This aims to attract experts of academic, medical and pharmaceutical fields to invest in tea research and development, which has a great effect on the industry's development and upgrade.

- (2) Production overview

Tea trees planted in Taiwan are evergreen shrubs. These trees grow all year round, with spring and winter tea having a higher production value. In terms of regions, there are more old tea plantations in Northern Taiwan although the planting area is decreasing. With middle and high altitude, there are more new tea plantations in central Taiwan that produce high-grade tea with higher selling price and production volume.

In recent years, the tea industry has faced difficulties due to labor shortage and competition from low-priced imported products. However, we have been making every effort to promote special tea products and under the refined management

of the tea plantation of the “Quality Tea Group Production Area,” we hope to maintain the profitability and scale of the industry. We set a production target of 12,300 hectares of tea for 2021 with a production volume of 15,000 metric tons. Compared to 2020, there was a slight increase of 0.61% and 0.60% respectively. However, due to decreased rainfall in major tea producing areas in the past 2 years, the production volume and quality of tea have faced severe challenges. Although the development direction and policy of the industry remain unchanged, the tea industry must strengthen its countermeasures amid climate change issues so that Taiwan’s first rate tea can maintain its international competitive advantages.

Table 2-1 Comparison of Estimated Tea Production Volume in 2021 and 2020

2021 Production performance (estimated)		2020 Production performance (estimated)		Comparison of production performance in 2021 and 2020	
Area (hectares)	Production volume (metric tons)	Area (hectares)	Production volume (metric tons)	Rate of change in area	Rate of change in production volume
12,300	15,104	12,226	15,014	0.61%	0.60%

Source: Estimated values have been indicated based on the “2021 Agricultural Production Targets” of 346th edition of Agriculture Policy and Review by the Council of Agriculture, Executive Yuan, R.O.C.

(3) Import and export overview

Due to the rise of canned tea and bubble tea in Taiwan, new consumption approaches are not able to be fulfilled by Taiwan tea. As Pu'er tea has become more popular these days, it at the same time has driven collection and investment trend, leading to increased price and volume of tea imports in recent years. However, as COVID-19 erupted in 2020, imports and exports both declined. Although the pandemic continued to cause disruptions in 2021, supply and demand increase slightly compared to 2020. It is optimistic that as the outbreak gradually eases, the industrial order will return to its normal operations and recovery benefits will gradually show.

Table 3-1 2021 Statistics on Weight and Value of Tea Imports and Exports of Taiwan

Imports (unit - quantity: metric tons; value: thousands of US\$)		Exports (unit - quantity: metric tons; value: thousands of US\$)	
Amount	Value	Amount	Value
33,191	87,556	8,199	103,137

Source: 2021 information on imports and exports of Customs Administration, Ministry of Finance

(4) Industry characteristics: Domestic sales-oriented industry

Increasing wages and prices of land and raw materials in recent years in Taiwan has led to an increase in production costs. As the development of tea is moving toward the direction of refined agriculture and Taiwanese people are pursuing higher quality of life, tea drinking has become more and more popular. According to statistics, in the past three years, the average tea consumption per person in Taiwan is approximately 1.6kg (including tea beverages). However, due to the impact of the COVID-19 in 2020 and 2021 and rising consumption of hand-shake beverages in recent years, coupled with the Level 3 Alert, the purchase of tea took a hit in 2021. Given the setback, the overall tea leaf

consumption was flat with respect to production and imports and exports showed a slight increase compared to the previous year. Looking ahead, although domestic demand for tea in the market is optimistic, the consumption structure has somehow changed.

Table 4-1 2019-2021 Statistics of Total Tea Production, Imports and Exports and Tea Consumption in Taiwan

Statistics	2021	2020	2019
Total production volume (metric tons)	15,104	15,014	14,457
Import volume (metric tons)	33,191	30,545	33,190
Export volume (metric tons)	8,199	7,530	9,461
Tea consumption in Taiwan (metric tons)	40,096	38,029	38,186

Table 4-2 2019-2021 Average Annual Consumption of Tea Per Person in Taiwan, 2019-2021

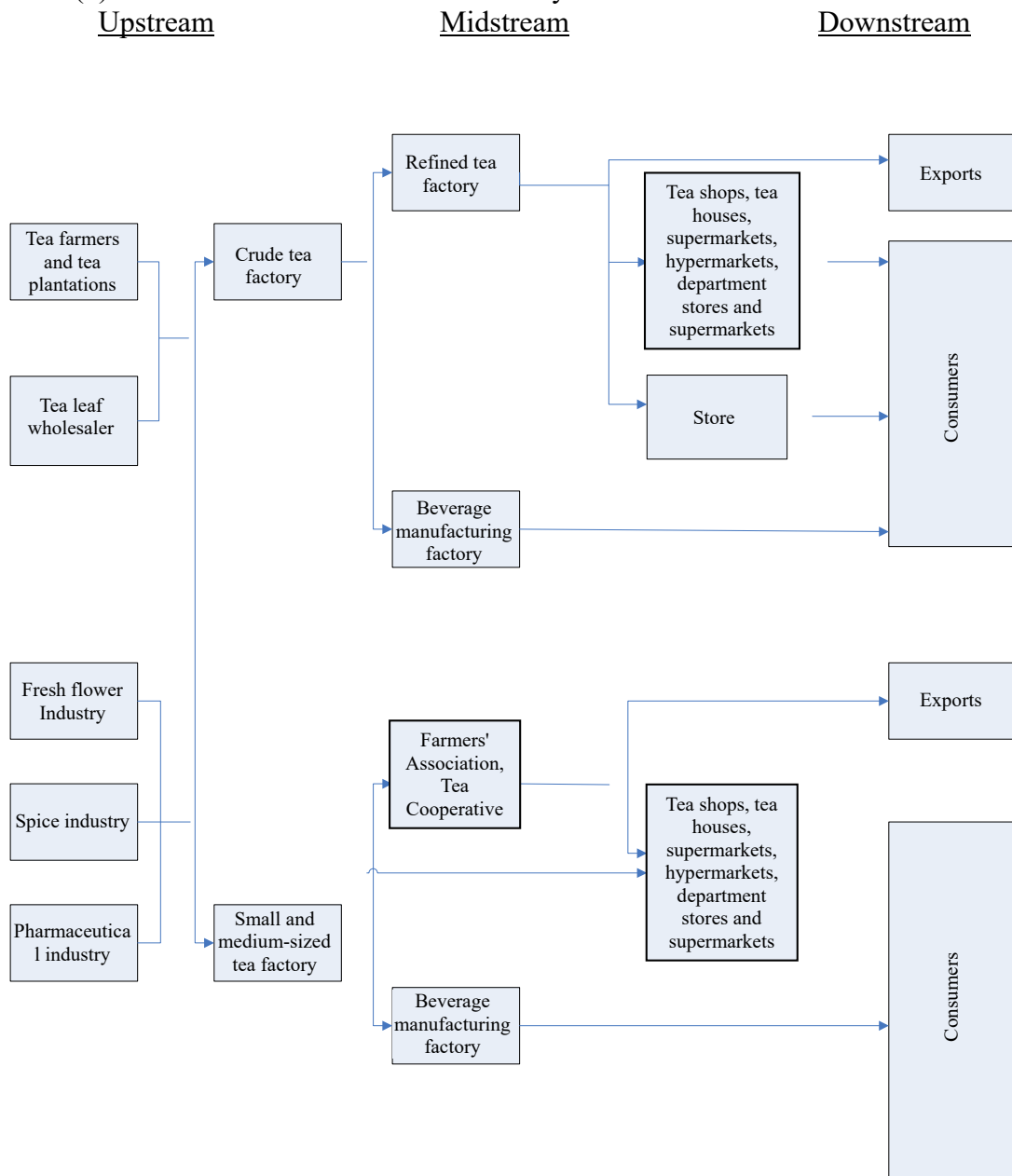
Statistics	2021	2020	2019
Tea consumption in Taiwan (metric tons)	40,096	38,029	38,186
Total population in Taiwan (thousands of people)	23,375	23,561	23,603
Average annual consumption per person (kg)	1.72	1.61	1.62

Calculation method: The calculation in Table 4-1 and Table 4-2 is Taiwan's tea production and average annual consumption per person in Taiwan for the past three years. As the analysis shall exclude the item "tea and its products" from the data source, coupled with the fact that it is not easy to objectively judge the ratio of loose leaf teas brewed and the percentage of consumption and collection of Pu'er tea, the relevant statistics are briefly described.

Source: Council of Agriculture Executive Yuan, Agriculture and Food Agency, "customs import and export information," etc.

2. Association between upstream, midstream, and downstream sectors

(1) Association Chart of the Tea Industry



If the system of our industry is combined with the product manufacturing process, the upstream sector is mainly engaged in economic activities from the harvesting of tea to the completion of rough tea production; the midstream sector is mainly responsible for the production, grading and packaging of refined tea; while the downstream sector is the sales channels of products. The main activities of upstream, midstream, and downstream sectors and their association are as follows:

- a. Upstream sector - Has unique competitive advantage with its breeding and production technology of semi-fermented tea.

Accumulated technical experience of personnel must be relied on from the cultivation, research and planting of tea tree varieties to picking of tea leaves. As well as this, the crude production process also requires the experience of professional personnel on account of the timeliness of fermentation. Taiwan's tea making technology has a unique competitive advantage, in particular its semi-fermented tea.

- b. Midstream sector - Small and medium-sized tea makers.

They refer to vendors engaged in refinement, processing and packaging for tea drinking. Their economic benefit is to make the crude tea finished by upstream sector marketable and preservable in order to increase the added value of loose teas. The midstream sector also conveys the market information to the upstream sector for improvement in variety development or process R&D so as to produce products that cater for the needs in the market.

- c. Midstream sector - Traditional self-funded and managed tea houses and tea stores.

Tea leaves for drinking are sold by a variety of channels to consumers or overseas after being refined, processed and packaged. The downstream sector of Taiwan's tea manufacturers have faced competition from new channels in recent years, including supermarkets and TV shopping. With geographic limitations, it is difficult for traditional tea houses and tea stores to meet economic efficiency and gradually developing niche marketing strategies.

Adhering to the management philosophy of sustainability, our business aims to integrate the midstream and downstream sectors in the industry. We are committed to our self-developed products and the establishment of our own channels, maintenance of product quality as well as making breakthroughs of process technology. Having done so, we have been playing the role of a leader in the industry for many years.

3. Various development trends and competition of products

(1) Development trends of various products

- a. R&D of new diversified products

Traditionally, tea is brewed for drinking. With the technological progress of modern food and consumers' pursuit of new flavors, operators have been keen on developing new forms of tea consumption. These include tea infused food, moon cakes, drinks and everyday products, researching consumer's daily lives with different tea products.

Moreover, the application of the special beneficial effects of tea in human health will be strengthened and the results of basic medical research will be used as the basis to develop natural and healthy tea products.

- b. Development of high quality and high value-added products

The existing tea products are used as our foundation to move toward the improvement of new packaging and development of high quality and high value-added products, in order to further suit the public's taste. As well as this, we will also develop products that cater for consumer needs while at the same time utilizing our strong brand niche to better grasp the market dynamics than other domestic and imported products.

The development of our CHA FOR TEA channels alongside its range of products is the concrete proof of our dedication for diversification as well as improvement of high value added products.

- c. We launch products and services in a cross-industry collaboration approach in order to create differentiated value and unique competitive advantages. For example: By collaborating with local farmers' associations, we have developed special products and tea-infused meals. As well as this, we were the first one to initiate services such as EasyCard small payment mechanism, mobile payment, third payment and delivery platform.

- d. Production equipment and technology innovation

The development trend of the technology of tea production is derived from product needs of consumers and is moving toward the follow

- (a). Automation:

The introduction of various automation equipment. For example, we have introduced the latest IMA-C24 and IMA-C28 automated tea bag packaging and the latest Japanese polythene bag automatic filling system to enhance production efficiency.

- (b). Environmental protection:

The focus of this trend in the tea manufacturing industry is eco-friendly packaging materials. Not only do they reduce the consumption of packaging materials that are not in compliance with environmental requirements, the energy consumption in the production process is reduced as the same time. In addition, we should reduce the burden on natural resources such as agricultural land during the production process. This is a direction we strive for in order to achieve sustainable development.

- (c). Our refinement is carried out with constant temperature and humidity equipment in order to provide tea leaves with optimum fermentation environment. By doing this, we ensure the quality stabilization and enhancement.

- (d). Technology

In an effort to improve products' foreign matter problem, we have introduced a new technology of infrared color sorting machine. By introducing new technologies, we hope to stimulate the growth of the industry chain. Via the cloud IOT technology system, we provide customers with real-time online services and create a new era of "contactless" service

To provide customers with top-quality "Ten Ren Tea," we continue to research, develop and insist on product quality in terms of the future development of tea products and related diversified products.

- (2) Major competitors and their comparison to the Company's business

We are a tea company that operates chain stores. We own 104 stores in Taiwan (latest information up to the publication date of the annual report) and are Taiwan's largest tea company. The rest of the tea factories in Taiwan are not large in scale. At present, the only other public company engaged in tea production and sales in Taiwan is Taiwan Tea Corporation (stock code 2913). Its total domestic sales of tea is to be updated according to its sales volume and value after releasing its 2021 annual report of shareholders. As a result, the proportion of tea revenue to Taiwan Tea Corporation is briefly described.

Net Revenue of Tea of Ten Ren and Taiwan Tea Corporation for the Past 3 Years

Unit: NT\$ thousand

By Company	Item/Year	2021	2020	2019
Ten Ren	Net revenue from tea	864,832	865,712	1,090,993
	Net revenue from tea	1,773,001	1,906,194	2,247,585
	Tea revenue share	48.78%	45.42%	48.54%
Taiwan Tea Corporation	Net revenue from tea	Omitted	193,234	203,887
	Net revenue from tea	369,204	311,765	298,998
	Tea revenue share	Omitted	62.0	68.2

Note 1: The data on revenue and net revenue from tea of Ten Ren is based on the financial statements audited and certified by CPAs, which are presented on a consolidated basis.

Note 2: Since 2012, Taiwan Tea Corporation has not separately listed tea as its business segment in its consolidated financial reports audited by CPAs. The data provided above are subject to the sales figures disclosed in Taiwan Tea Corporation's "annual report of shareholders." Therefore, data for 2021 is based on the 2021 annual report published in 2022.

(3) Comprehensive analysis of the Company's competitive advantages in the industry

a. Professional, entrepreneurial management

At Ten Ren, our business integrates entrepreneurial management of the midstream and downstream sectors. With the support of high degree of digitization and automation, we have created our very own competitive advantages.

b. Sales channels better than other peers

Compared to the management pattern of domestic manufacturers that produce and sell their own tea, we have 104 chains in Taiwan and 107 sales offices abroad, with the highest distribution rate in domestic sales channels.

c. Sound relationship with suppliers

As we maintain solid financial and corporate image and possess technological strengths, we keep a sound relationship with our suppliers. We make an effort to disperse procurement in order to get hold of a variety of sources of goods. Our procurement skills and the advantages built over time make it difficult for other companies to compete with us.

d. High safety and quality demand and excellent production management techniques

In light of the emphasis placed on consumers' own health and rights, we have also increased our demand in terms of food safety and quality. Raw materials of tea purchased locally and abroad are sent to SGS professional organization for batch-by-batch inspection to meet CNS requirements. Moreover, we have received the "Excellent Food Hygiene Management" several times and passed ISO22000, HACCP and FSSC22000 since 2007, becoming the first company in the tea industry to pass the most international certifications. As of 2021, we have regularly tracked each certification system revision or renewal in order to effectively maintain the Company's quality and food safety management system, becoming one of the kind in the tea industry.

In addition to our continuous efforts in the tea industry, the quality and safety management of ingredients is equally important. We integrate the results of pesticide residues in tea (tested by SGS), food and beverage ingredients (tested by our lab) and food and beverage ingredients (tested by SGS) and disclose our information in Chinese on the SGS Information Platform - Ten Ren Tea section on our website at <http://>

[//twap.sgs.com/sgsrip/comview.asp?cstno=18559415](http://twap.sgs.com/sgsrip/comview.asp?cstno=18559415).

Also, we officially set up a food safety laboratory in 2015 based on the principle of “practice of food safety and happiness of tea” to give consumers peace of mind when purchasing our products. At the same time, to enable the operations of our lab to be more professional and the experimental results more credible, our lab passed the TAF certification in 2017 and the annual supervisory assessment; in November 2021, the lab passed the TAF on-site evaluation (including the accreditation for *Staphylococcus aureus*, *Salmonella*, and *Listeria monocytogenes*); in December 2021, the lab passed the annual supervisory assessment, the highest food safety requirement for Ten Ren.

e. Innovative products of our self-developed brand continue to be launched

By upholding the concept of “old industry, new management,” we strive for introducing new products under our own brand to show the vitality of our company. At present, the products we have successfully developed are mainly products for CHA FOR TEA. In an attempt to extend the depth and breadth of our products, while putting our brand advantages into play to increase customers’ faith in our brand, we continue to develop related products that customers trust.

f. Focus on the development of basic science research

At Ten Ren, we work closely with the academia to invest in basic science research. The research results are beneficial to the development of new products and sales.

(III) Overview of the company's technologies and its research and development work

1. Research and development expenses invested (unit: NT\$: thousand (all companies included in the consolidated financial report))

R&D project	2021	2020	2019
1. Research and development of tea-related products and food			
2. Research and development of product diversity in channels			
3. Research and development of CHA FOR TEA products	5,638	4,997	4,863
4. Research and development of new tea-related concepts			
5. Research and development of new products with health appeals			

2. Successfully developed products: Cold Brew Tea, various types of tea-infused meals (new flavors and types are changed according to season and period).

(IV) Long- and short-term business development plans

Short-term

1. Speed up talent development and commit to cultivating domestic and multinational talent to lay the foundation for us internationally.
2. Invest in IT system upgrade, while strengthening information security equipment and raising the information security awareness of our colleagues to ensure the system and operation security.
3. Accelerate investment in digitization and intelligence to support the requirements of the diverse development of operations.
4. Put effort into the tea development that centers on product line development strategy. In addition to existing product portfolio of tea, tea ware and tea-infused food, we aim to combine the research results of biotechnology and basic medicine and introduce tea-infused health products
5. In 2021, we passed the FSSC 22000 V5.1 upgrade audit, ISO22000, HACCP. We also completed regular system tracking in June 2021.
6. We invested in the upgrade of the Food Safety Laboratory and introduced the most advanced infrared color sorting machine in Xiangshan Tea Factory; invited the Taiwan Food industry Foundation to provide guidance on building the “Grade One Product Control System for Food Catering Operators;” in November 2021, the Food Safety Laboratory passed the TAF on-site evaluation (including the accreditation for Staphylococcus aureus, Salmonella, and Listeria monocytogenes); in December 2021, the lab passed the annual supervisory assessment
7. In terms of production and marketing policies, we use smart concepts and technologies to improve the coordination and integration of the overall supply chain. Moreover, we implement food safety and health autonomous management, strengthen quality screening and strictly control the tractability of raw materials, selected ingredients and origin of raw materials. As a leader in the market, we vow to serve as a gatekeeper for consumers while at the same time deepening the spirit of quality services in order to provide products and services that satisfy customers.

Midterm:

1. We will continue to strengthen our brand's management depth and innovative energy, cultivate multinational management talents and integrate multinational resources in order to enhance our competitive advantage in domestic and overseas channel development.
2. Deepen the Ten Ren’s MIT image and value and strengthen local procurement and the concept of local production. At the same time, we are committed to leaving 100% work opportunities to local workers while assisting tea farmers and suppliers in upgrading as well as thoroughly practicing the concept of green manufacturing and consumption.
3. Improve production efficiency and technology upgrade; partner up with competent authorities and industries to improve the knowledge and ability of food and tea safety.
4. Continue to deepen the management of CHA FOR TEA ToGo by combining special characteristics of Ten Ren Tea, Ten Ren CHA FOR TEA and CHA FOR TEA ToGo, continuing to play a leading role in the industry.
5. Center on retail digitization to get closer to consumers’ lives and speed up the linkage with the new economy, new retail and new fields with new mindset.

Long-term:

1. Help Taiwan Ten Ren Tea become the knowledge center and talent center of global Ten Ren; strengthen the sharing and integration of resources across the Taiwan Strait to further expand the global market together.
2. Strengthen the research work of basic science and applied science of tea, expand academic collaboration and cross-country exchanges with domestic teaching hospitals and use the

results of empirical research as the basis of marketing and product research and development.

3. We will continue to make an effort on cultivating the concept of Ten Ren on the cultural side and the public welfare side, also strengthening corporate governance. While being committed to creating the Company's economic value, we must also create the Company's social value for society as a whole, so as to improve the image and status of the "tea industry" and fulfill the Company's corporate social responsibility.
4. Owing to the concept of "green marketing," we are committed to building a green company that achieve energy conservation and environmental protection. In the future, we will pro-actively work harder to make a contribution to green environment.
5. Through "tea renaissance", we will do our utmost to create a sense of social trust through corporate governance strengthening. Meanwhile, we will strive to create a better future by focusing on sustainable development issues and integrating corporate social responsibility with management strategies.

II. Tea leaf market and the production and marketing situation

(I) Market analysis

1. Areas where major products are sold

Our products are mainly sold in Taiwan, accounting for nearly 80% of the total sales in 2021. Our chain stores are located in all major cities in Taiwan and the main sales area is mostly in the North while sales in the remaining counties and cities are evenly distributed.

Unit: NT\$ thousand

Area	Sales amount	Proportion %
Domestic sales	1,400,249	78.98
Exports	372,752	21.02
Total	1,773,001	100.00

2. Market share:

According to the latest statistics released by the Council of Agriculture Executive Yuan, the tea production volume in Taiwan in 2021 was 15,104 metric tons (please refer to Table 2-1 of (II) Overview of the industry). Based on the Company's total tea production volume of 1,105 metric tons in 2021, it is estimated to account for a market share of 7.32%.

Quantity: In metric tons

Item/Year	2021	2020	2019
The Company's tea production volume (A)	1,105	1,162	1,246
Total production volume (metric tons) (B)	15,104	14,600	14,457
Estimated market share (A/B)	7.32%	7.96%	8.62%

Note 1: The Company's tea production volume is based on the production inventory (see **P.137** for the production volume and value table)

3. Demand and supply conditions and growth for the market in the future

- (1) As there is mutual growth of tea sold in Taiwan and abroad, the supply and demand is somewhat in balance. Due to the increasing rent and labor cost, the Company will develop in the direction of refinement. Moreover, the international labor division situation in raw material procurement and production will also play a balancing role between supply and demand.
- (2) In response to this trend, the Company will constantly pursue refinement and high quality of products. As well as this, the Company will also fully utilize the characteristics of tea for versified production of related foods and continue to develop new products. Thanks to our positive brand image and advantage of mastering marketing channels, there is large room for development in the future.
- (3) As the market for tea drinks is driven by young people, it poses benefits on the expansion of CHA FOR TEA's chain system, hence the market scale will expand in a gradual manner.

4. Competitive niche, positive and negative factors for future development, and the company's response to such factors

(1) Competitive niche

- a. Raw material production and procurement sources are carried out internationally so as to increase competitiveness in the international market.
- b. Owing to the trend of modernization and centralization, brand competition has intensified, and companies with positive reputation and unique

management are more likely to be favored by consumers.

- c. We are the number 1 tea brand in the industry, with the most complete channel structure and our sales offices are located all over the world. There is an exclusive “VIP Club” in place to be closer to customers.
- d. We are a well-known brand with positive image that attracts world-class companies to enter into a strategic alliance with us in order to expand collaboration in markets aside from traditional tea.
- e. We showcase our accomplishments of autonomous management by passing FSSC22000, ISO22000, HACCP, HALAL and our self-established lab passed the TAF certification.

(2) Positive factors

- a. The consumer’s spending on tea and exploration of tea art grow alongside their increased wages. For example, the average tea consumption per person in Taiwan in 2021 was 1.6kg (please refer to Table 4-2 of (II) Overview of the industry). Compared to tea consumption nearly 3kg per person in the UK, Taiwan has a lot of room for growth.
- b. With beneficial effects of tea on human health that have been continuously proven true by medical research institutes worldwide, it has been helpful to international tea marketing.
- c. In recent years, there is increasing emphasis on personal health care. Tea-infused food products with natural and health appeals have been well-received by consumers. Products such as green tea powder and green tea tablets not only expanded the tea market, they have also given tea a more diversified and lifestyle character.
- d. As large shopping malls in Taiwan have been developed, they have created new opportunities for professional tea business channels for CHA FOR TEA
- e. We are fully committed to the development of CHA FOR TEA and have injected new young power in traditional teas, with results highly recognized by the market.

(3) Negative factors

- a. Rising labor and land costs have contributed to the increased costs of raw materials. We are making every effort to increase the added value of products and source our raw materials internationally to break through difficulties. In the meantime, we will reinforce our own specialty teas as our proactive response to address such difficulties.
- b. Policies that have been implemented such as the new labor insurance rate and extension of the mandatory retirement age have led to non-strategic cost increases and affected personnel metabolism. Given such changes, we have improved operational efficiency.
- c. The fact that there is no reasonably labor division system established for production and sales in Taiwan, it is not favorable to the modernization of the industry. The adoption of unilateral protection measures to restrict the import of Chinese tea has led to failure to establish an effective free competition market and the control on the other hand restricted the development of legitimate vendors, resulting in the phenomenon of “bad money drives out good.”
- d. Taiwan’s increasing problems of agricultural safety management have also raised testing costs and procurement difficulties.

(4) Countermeasures

- a. Reinforce a personnel-centric policy and commit to entrepreneurial spirit and brand consensus as the cornerstone of sustainable development.

- b. Strengthen newcomer training as a means to inject new blood into the Company to further accelerate various administrative efficiency.
 - c. Introduce automation operations modules by building ERP and TRBI systems to improve resource utilization.
- (II) Usage and manufacturing processes for the company's main products
- 1. Applications of major products
 - (1) Tea: As a traditional beverage, tea is used to quench thirst and for people to achieve a healthy lifestyle.
 - (2) Teaware: teaware are the tools used for tasting tea and are complementary to tea. Exquisite tea utensils have art value for collection or appreciation.
 - (3) Tea-infused food: natural loose tea leaves are used as the basis to be made into cakes, candied fruits or cereals for snack or other health care purposes. These are produced by outsourced vendors.
 - (4) Tea drinks and tea-infused meals: Ten Ren CHA FOR TEA develops its own products by combining various food ingredients and loose tea leaves. By putting together tea drinks and tea-infused meals, customers are provided with high value-added dining experience. Continue to develop new tea drinks, tea-infused snacks and meals. We are committed to providing our customers with a wide selection of tea-related products and increasing customer satisfaction.

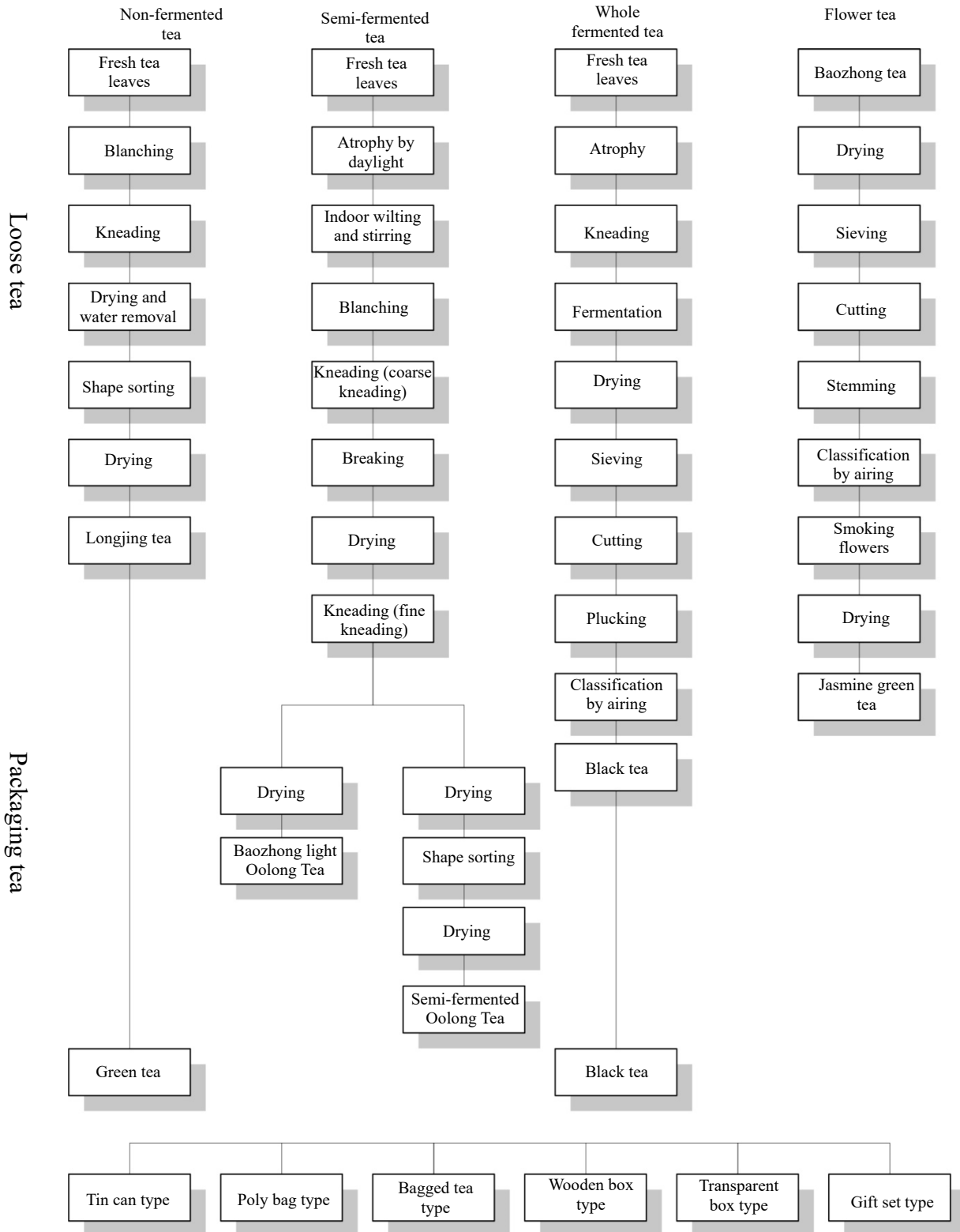
(5) Health food:

a. Green Tea Powder + Soluble Dietary Fiber

Our Green Tea Powder + Soluble Dietary Fiber is a new health green tea powder developed by Ten Ren. Japan's super popular soluble natural dietary fiber “FIBERSOL-2” is added in the recipe to promote intestinal peristalsis, perfect for modern people with insufficient fiber intake.

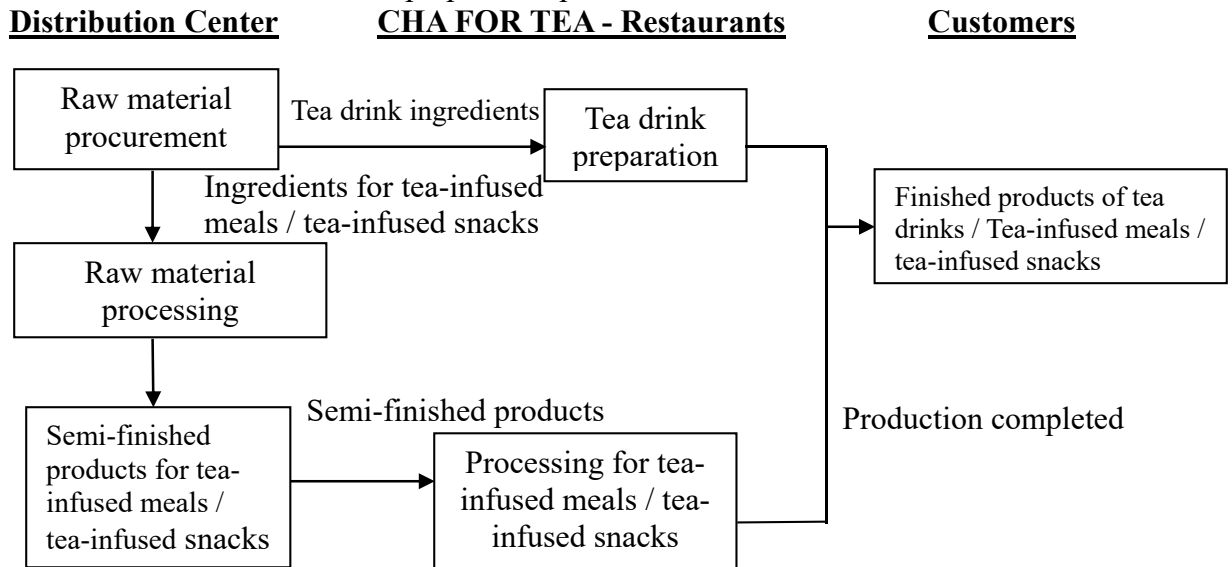
2. Production process:

(1) Tea leaves:



(2) Tea drinks and tea-infused meals

- a. Tea drinks are prepared on site and ingredients supplied by the distribution center.
- b. Tea-infused meal preparation process



(III) Supply situation for the company's major raw materials

1. Our source of tea supply comes from major tea farmers all over Taiwan. We also import small quantity of special green tea with high quality. Due to the conversion of tea plantations in recent years, we have increased the proportion of imported tea raw materials (except for the green tea mentioned above). This helps us stabilize the supply and reduce the pressure of inventory.
2. The major supplier of teaware is Lu Yu Tea Art Co., Ltd. and our independently-developed teaware. This has created product differentiation from those low-priced competing products, while creating an image that these teaware have practical and collectible value.
3. Tea-infused food is mainly made with loose tea leaves provided by the Company. According to the requirements and characteristics of different products, legal and standardized food factories are commissioned for production.
4. Tea drinks & tea-infused meals: Loose tea leaves are used as the base material to be developed into tea drinks & tea-infused meals alongside ingredients with health appeal.

(IV) A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the most recent 2 fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each and an explanation of the reason for the increases or decreases in the above figures

1. Major suppliers for the most recent two years: No suppliers accounted for more than 10% of the total suppliers
2. Major customers for the most recent two years: No customers accounted for more than 10% of the total customers
3. Reasons for changes in increase/decrease in sales and purchases: not applicable

(V) Production volume and value for the most recent 2 fiscal years

Production volume: 1000 catty
Production value: NT\$ thousand

Major products	2021		2020	
	Production volume	Production value	Production volume	Production value
Non-fermented tea	257	139,483	277	128,237
Semi-Fermented tea	633	658,027	639	580,507
Whole Fermented tea	465	56,894	501	60,317
Flower tea	254	87,027	291	88,574
Others	232	40,350	229	34,691
Total	1,842	981,781	1,937	892,326

Note 1: Tea leaves are produced by the Company in different seasons depending on their variety, leaf shape and thickness. The processing conditions require adjustments in order to control the flavor and quality of the final products and to ensure that regulations are complied with. Depending on the type and grade of tea leaves, tea processing procedures required may vary, as some of the refined tea leaves must undergo the same processing procedures several times, while other economic tea leaves only require 1 or 2 processing procedures. Based on such ideas, the calculation of the standard annual production capacity of tea products from the main equipment does not hold any reference value, hence the ratio is not included in the table.

(VI) Volume of units sold for the most recent 2 fiscal years

Sales volume: Note
Sales value: NT\$ thousand

	2021 (including consolidation)				2020 (including consolidation)			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Tea	1,324	595,558	394	269,274	1,396	626,406	462	239,306
Catering	13,751	756,257	15,451	75,997	14,676	866,516	18,683	90,888
Others	492	48,434	1,664	27,481	659	60,129	2,416	22,949
Total	15,567	1,400,249	17,509	372,752	16,731	1,553,051	21,561	353,143

Note: 1. Unit of tea leaf quantity: 1,000 catty, 1,000 bags
2. Tableware and other (tea-infused food); as there are many products, the figures are for reference only

III. Analysis of current situation and corresponding strategies for the takeaway beverage market

(I) Market analysis

1. Takeaway beverage market overview

There are countless takeaway beverage stores in Taiwan. According to the Department of Statistics, Ministry of Economic Affairs, the total turnover of beverage stores in 2021 amounted to NT\$92.4billion, down 5.5% from last year, representing a decline for 2 consecutive years. The decline was mainly due to the impact of the COVID-19 pandemic. With the restriction on indoor dining between May and July, the catering sector took a hit. However, as the outbreak subsided, the results have been gradually stabilized. Even though the takeaway beverage market is large, the competition is fierce. This is due to the reason that the threshold for opening a takeaway beverage store is low and the technical level of product production is low, making it easy to

enter the market. Coupled with the fact that most brands operate their business in a franchising approach, in the hope to increase the market share. Given the reason, brands and numbers of stores have continued to climb, with no signs of abatement. According to Taiwan Chain Stores and Franchise Association, the number of brands of ice shops and cold & hot beverage shops was 187, totaling 8,846 shops in the end of 2021 (151 brands with 7,934 shops in the end of 2020). The fact that there is no major difference between the figures, it means the hand-shake market is still in the progress of being rebranded and upgraded. Operators will soon be eliminated from the market where they fail to create competitive advantages in order to improve the quality of products and services,

2. Ten Ren CHA FOR TEA market share

The total beverage shops in 2021 was 8,846, with a total of 74 Ten Ren CHA FOR TEA ToGo shops, accounting for 0.8% occupancy.

Unit: Number of shops

Item/Year	2021	2020	2019
Number of Ten Ren CHA FOR TEA ToGo shops	74	76	75
Total number of beverage shops	8,846	7,934	7,024
Shop occupancy	0.8%	1%	1%

Source of total number of beverage stores: Taiwan Chain Stores and Franchise Association

3. Demand and supply conditions and growth for the market in the future

As mentioned previously in the analysis of market overview, although there is room for market growth, the competition is fierce. Not only is there competition with the industry, but also cross industries (hand-shake drinks in convenience stores), taking the battle to the next level.

While there are companies entering the same field, it also shows there is considerable room for growth. At Ten Ren, we have always been committed to enhancing the quality of products and services and are not overly obsessed with the number of stores. In the future, we will focus on innovation and intelligence and team up with third-party payment companies to provide consumers with better spending experience and convenient payment means. In the midst of an increasingly competitive market, we believe we will continue to grow steadily.

(II) Competitive niche, positive and negative factors for future development, and the company's response to such factors

1. Competitive niche

(1) Ten Ren CHA FOR TEA ToGo has a good brand image

Benefitting from Ten Ren's number 1 status in the tea industry in Taiwan, the quality of tea beverages of Ten Ren CHA FOR TEA ToGo are widely recognized by consumers.

(2) Direct operated stores:

Unlike other hand-shake beverage operators that expand their stores by franchising, Ten Ren CHA FOR TEA ToGo shops are directly operated. By taking this approach, not only is management implemented and deepened, quality of products and services can also be maintained at a certain level.

(3) Food safety control:

Ten Ren Tea has passed many certifications (FSSC22000, ISO22000, HACCP, HALAL and its self-established lab has also passed the TAF accreditation). We take food safety control of Ten Ren CHA FOR TEA ToGo very seriously and carries out strict management on drinks and ice, and food ingredients of suppliers are inspected on a regular basis. Our stores in Taipei City also received a "GHP

Excellent” certification.

2. Positive factors

(1) Thriving development of the takeaway beverage market:

The marketing growth potential is positive. The growth in the number of takeaway beverage brands and their turnover year on year show that there is plenty of room for growth.

(2) Increasing proportion of food and beverage in department stores and large shopping malls:

It appears that more and more department stores and shopping malls are increasing the number of food and beverage stalls, making a proactive move to enter the hand-shake beverage field. With our sound relationships with department stores and shopping malls, as this trend continues, the chances of Ten Ren CHA FOR TEA ToGo shops entering these department stores and shopping malls are relatively higher than other brands.

(3) Rising health awareness of consumers:

Consumers have become more conscious over the health orientation of hand-shake tea beverages than price. Adhere to its 3 major promises to consumers, all tea beverages of Ten Ren CHA FOR TEA ToGo are prepared using fresh fruits, all milk, no trans fatty acids are contained in milk teas and no artificial flavors are added during the production process. We do not compromise when it comes to health.

3. Negative factors

(1) Tough competition in the market; price wars are likely to occur:

The threshold to enter the industry is low. As loyalty of consumers in the industry is low, price wars are likely to occur under a highly competitive environment, resulting in the margin compression and red sea market.

[Countermeasures]

Ten Ren CHA FOR TEA ToGo has not applied a low-price strategy since establishment. On the other hand, it has met consumers’ demand with its high-quality products. A competitive environment is where we can show what we can achieve. In the future, we will strive to invest more resources in the research and development of new products to create market competitiveness. At the same time, we will continue to be dedicated to the management and maintenance of customer relations in order to enhance customer loyalty.

(2) Difficult recruitment and high employee turnover

With the industry growing, it at the same time drives the demand for manpower at grassroots level. However, staff recruitment is difficult and the stability of the grassroots staff is low, making it easier to be affected by economic boom or external competition, leading to high employee staff, causing extra manpower costs.

[Countermeasures]

At Ten Ren, we have a quality compensation and remuneration system in place. Moreover, we strive to retain talented employees through complete internal education and training to bring together our employees. Meanwhile, we also promote industry-academe collaboration, provide internships in companies, and recruit and train talented individuals to facilitate the Company's future development.

(3) Rising raw materials prices:

The fact that the demand for raw materials in related industries has increased significantly, it has driven raw material prices to rise. Alongside the impact of food safety, testing expenses have increased, resulting in higher costs and compressed gross profit margins.

[Countermeasures]

Through longstanding partnerships, we are able to stabilize the supply of raw materials. Through process and product innovation, we increase added-value to create competitive advantages to mitigate the impact of rising costs.

4. Market opportunities

According to market research and analysis, there are a number of existing market opportunities in Taiwan's hand-shake beverage market. These can serve as a direction for the Company to pursue in the future.

- (1) Regional performance difference: The proportion of hand-shake beverages consumed in the south-central region of Taiwan is considerably high, posing better market opportunities. As the proportion of our stores in such region is relatively low, there is plenty room for development.
- (2) Attract heavy drinkers: hand-shake beverage buyers have a high penetration rate of green tea. In an attempt to attract them, we can focus on strengthening the promotion of green tea products. As it happens, green tea is our professional advantage.
- (3) Change of scope: We will spare no effort to develop overseas partners and expand hand-shake beverage market.

IV. Information on employees

		March 31, 2022		
Year		Total in 2020 (including part-time employees)	Total in 2021 (including part-time employees)	March 31, 2022 (including part-time employees)
Number of employees	Management personnel	102	99	102
	Sales staff	1,259	1,174	1,180
	Production staff	120	113	115
	Total	1,481	1,386	1,397
Average age		35.44	36.34	36.19
Average years of service		8.46	9.02	8.90
Education distribution ratio	Doctoral Degree	0	0	0
	Master's degree	1.49	1.59	1.58
	College	60.60	60.79	60.51
	Senior high school	32.70	32.49	32.74
	Below senior high school	5.21	5.13	5.17

Note: The information on the number of employees for the current year and as of the date of publication of the annual report includes 2 outside directors and 2 independent directors of each year.

V. Disbursements for environmental protection

Disbursements for environmental protection: any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated and the content of the dispositions) and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided

(I) Total amount of losses and disposition due to violations of environmental protection laws or regulations: None.

(II) Future measures being or to be taken and possible expenditures:

As our products do not pose concerns to the environment, actions being or to be taken do not apply to our current management pattern. However, we will put more consideration on the cost efficiency of carton packaging used for products and the design will focus on environmental friendly materials. With respect to the ban on the use of non-environmentally friendly packaging films imposed in 2006 - we have fully upgraded the packaging of related products in order to meet the requirements of the laws and regulations and the market demand. Moreover, with the management-level personnel resolving to fully replace old machines with the IMA C28 tea bag packaging machine. As of the end of December 2021, more than 99.87% of our tea bags are made without aluminum staples, first in the industry. Our efforts in the quality of tea bags hopefully will give peace of mind to consumers so they will have more trust in us and are satisfied with our products.

(III) We do not generate waste that is harmful to the environment at the current stage of our

business patterns and production lines. On the contrary, we strive to reduce impact of our operations on the environment, and the use of packaging materials is an issue we must improve on. Under the condition that the quality and safety of products demanded by our customers are not affected, we are committed to reducing the impact of packaging materials on the environment and reducing waste. By doing this, we hope to further change customers' daily environmental protection habits. Our efforts on eco-friendly packaging materials include the following:

1. CHA FOR TEA napkins only have its name printed; its logo and design pattern have been omitted to reduce the use of ink.
2. Placemats used in CHA FOR TEA have been made from recycled paper and printed with environmentally friendly soy ink.
3. The first company in Taiwan to have Type 2 Green Mark for tea industry products.
 - (1). Environmental superiority of products are checked.
 - (2). In compliance with environmental laws and regulations.
 - (3). Manufacturing factory audits.
 - (4). Ensure production process, raw materials use and quality control mechanism.
4. Implemented plastic restriction policy and switched to plastic made with 80% decomposable materials and paper cup holders. This concept was gradually promoted to its overseas businesses.
5. Consumption of disposable glass containers for milk ditched to deepen green production and green consumption.

VI. Labor relations

- (I) Employee benefit plans, continuing education, training, retirement plans and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests
 1. Employee benefit plans
 - (1) On June 28, 1996, the establishment of the Company's Employee Welfare Committee was approved by Order Letter Bei-Shi-Lao-San-Zi No.15419 issued by the Department of Labor, Taipei City Government. We offer a variety of benefits including the following:
 - a. Domestic and international travels.
 - b. Emergency relief and subsidies, wedding and funeral subsidies, injury and sickness subsidies.
 - c. Scholarship for employees' children and club activities
 - d. Company's internal publications.
 - e. Cultural and recreational activities.
 - f. Allowances for major festivals.
 - (2) Employee stock options rules have been set up to encourage internal entrepreneurship.
 - (3) Year-end bonus and Dragon Boat Festival and Mid-Autumn Festival bonuses.
 - (4) Employee remuneration is allocated as required by the Articles of Incorporation

2. Further education and training of employees during the most recent fiscal year (2021)

2021 Training Strategy Objectives and Key Project Results

Educational Program	Course	Number of people			Total hours of training		
		Male	Female	Total	Male	Female	Total
Training for supervisors	Training for TR supervisors	766	532	1,298	779.0	539.0	1,318.0
	Training on tea arts and tea culture	22	22	44	44.0	44.0	88.0
	Intensive training for supervisors	41	39	80	215.0	187.5	402.5
	Corporate governance training	12	8	20	36.0	23.0	59.0
Talent cultivation	Management training for supervisors taking over a shop	2	2	4	6.0	6.5	12.5
	G2-7 class training	30	24	54	139.0	114.0	253.0
On the job training	Bar hygiene management training	52	84	136	208.0	336.0	544.0
	On the job training for bar staff	258	751	1,009	322.0	953.0	1,275.0
	Japanese conversation training for sales and marketing	10	21	31	342.0	678.0	1,020.0
	Lu Yu Tea Art course	2	8	10	18.0	100.0	118.0
	Training on food safety culture	57	95	152	28.5	47.5	76.0
	General education course	5	58	63	4.5	45.0	49.5
Training on professional skills	Food safety lecture by certified chefs	7	0	7	56.0	0.0	56.0
	Factory health and safety and labor firefighting training	64	126	190	256.0	504.0	760.0
	Food safety-related course	39	38	77	110.5	131.3	241.8
	Lab-related course	11	17	28	20.0	43.0	63.0
	Occupational safety and fire-related training	8	6	14	43.0	28.0	71.0
	Catering-related course	53	40	93	246.0	48.0	294.0
	Climate-related financial disclosure advice (TCFD)	0	2	2	0.0	9.0	9.0
	Accounting-related course	0	5	5	0.0	27.0	27.0
	Auditing-related course	8	17	25	24.0	57.0	81.0
	Membership management-related course	0	1	1	0.0	3.0	3.0
	HR-related course	0	1	1	0.0	3.0	3.0
e-information-related course	20	75	95	29.0	112.0	141.0	
Total		1,467	1,972	3,439	2,926.5	4,038.8	6,965.3

3. Retirement plan and its implementation status

(1) Ten Ren's Employee Retirement Plan (old pension plan; for more details, please refer to P.200 Defined Benefit Plan) was established in 1978. In accordance with the Labor Standards Act, the allocation rate has been increased to 15% to be deposited to the dedicated account of the Supervisory Committee of Labor Retirement Reserve Fund (Note) from January 2015.

Note: In October 1987, the establishment of the Supervisory Committee of Labor Retirement Reserve Fund was approved by Order Letter Bei-Shi-She(II)-Zi

No.46693 issued by Taipei City Government. The purpose of the establishment of the Committee was to allocate labor pension fund in accordance with the Employee Retirement Plan and handle employee retirement matters

- (2) In line with the new pension plan that became effective on July 1, 2005, from the date mentioned above - for employees who opt for the Labor Pension Act, their pension fund and calculation method are handled in accordance with the Labor Pension Act (new pension plan; for more details, please refer to P.199 Defined Contribution Plan)

4. Agreement between labor and management and protection measures for the rights of employees

The Company does not have a written agreement with its employees. Employees are able to freely express their views through various channels, such as meetings, internal contact forms, emails, internal network system, and stakeholder Q&A Board. Matters that require to be responded are overseen by each responsible department and shall be reported to the general manager. Afterwards, the matter is handled in accordance with the management regulations and employee rules. The protection of employee rights and interests is handled in accordance with the Company's management rules and laws and regulations of the competent authority.

- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions) and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided

1. Losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes: None

2. The Company maintains a good labor-management relationship. As the communication between labor and management is smooth, no significant labor disputes have occurred. Based on this, future possible disputes are unlikely to occur. Estimate of possible expenses that could be incurred: Not applicable.

3. Measures being or to be taken:

(1). Shape "corporate family" labor-management relationship to strengthen the concept of labor ethics.

(2). Establish a participation-based management system.

(3). Establish democratic communication and grievance channels.

(4). Fully protect labor welfare in compliance with labor laws and regulations.

4. Losses suffered by the Company due to possible future labor disputes: As stated in item 2 above, a possible future labor dispute is unlikely to occur, an estimate to be provided is not applicable. For a reasonable for explanation of the facts of why it cannot be made: Also not applicable.

- (III) Regarding the working environment for employee safety and health and matters of regular implementation of employee safety and health education: Detailed in the Company's important operating regulations established as required by law. In addition to the key points listed on **P.68**, the remaining highlights are summarized as follows:

1. ISO Procedure document "Workplace and Safety Management Procedures" (Production area)

(1). The daily 5S System: Sort, Set In Order, Shine, Standardize, Sustain.

(2). According to the properties of the section, there are the control operations section (strict control required), clean operations section (highest cleanliness required), standard operations section (second highest cleanliness required), and general

operations section.

- (3). The production unit formulates safety regulations for operating production machines and incorporates precautions in the “Operating Instructions”.
 - (4). Implementation of checks and monitoring required by law and regulations
 - (5). 2 sessions of fire training per year held by the responsible unit
 - (6). Operating instructions should have regulations for employees’ work safety maintenance.
 - (7). Factory environmental management and hygiene management of all cleaning equipment
 - (8). Health and safety management of colleagues (concern that colleagues may have notifiable diseases)
 - (9). Waste treatment (general waste)
 - (10). The responsible unit shall fill out the management record for buildings and facilities and safety and health management. It shall cover the status tasks performed on that day in accordance with the “Food Safety Management Prerequisite Program”.
 - (11). Food protection and entry control.
2. The “Safety and Health Work Rules” have been formulated in accordance with the labor safety and health law and its enforcement rules (venues associated with all departments of the Company)
- (1). Responsibilities within the organization and for personnel at all levels, maintenance and inspection of equipment, work safety and health standards, education and training, first aid and resuscitation, preparation of protective equipment, accident notification and reporting have been established.
 - (2). Prior to carrying out work, operators of each safety (including first aid) equipment should carry out an inspection with a checklist to ensure there are no abnormalities as required.
 - (3). Maintenance of workplace safety and equipment, covering environmental safety (*e.g.*, emergency exits and safety signs), fire safety (use of fire extinguisher), safety operations of machines, precautions of electrical hazards, prevention of falling, are provided.
 - (4). Where there are concerns of an immediate danger in the workplace, the supervisor or the person in charge of the workplace shall order the workers to stop the operation and have them retreat to a safe workplace. Emergency measures should be carried out such as immediate wearing of protective gear.
 - (5). Colleagues are obligated to receive safety and health education and training implemented or assigned by the Company. Where there is an emergency arising from environmental safety, first aid and resuscitation principles must be adhered to.

VII. Cyber security management

- (I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management

1. Information security risk management structure

The responsible unit for the Company’s information security and risk management is the IT Department, under the control of the Finance and Administration Group. The IT Department and its functional groups jointly plan information security measures which are implemented by each operations and production and manufacturing unit. By doing so, the effectiveness of the Company's information security and risk management operations is ensured. The responsible unit is responsible for formulating information security management policies and regularly reviewing

amendments and convening meetings. The Unit also reports to the Board of Directors on the implementation status each year.

2. Cyber security policy

- (1). To ensure the Company's business operations are continuously run and the information services provided by the Company can be steadily used.
- (2). To ensure the confidentiality, integrity and availability of the information assets in our custody and to protect the privacy of personnel information.
- (3). Formulate sustainability plans for information business and carry out information activities that are in line with related laws and regulations.

3. Specific management projects and resources invested for cyber security management

- (1). Take inventory on information assets on a regular basis, and conduct risk management according to the information risk assessment and implement each control measure.
- (2). All employees, outsourced vendors and their third parties are required to sign a confidentiality agreement. This is to ensure that those who use our information, provide information services or perform related information business have a responsibility and obligation to protect our information assets from unauthorized access, alteration, destruction or improper disclosure.
- (3). Appropriate backup or monitoring mechanisms shall be installed on important information systems or equipment to maintain their availability.
- (4). Personal computers should be installed with anti-virus software; update of virus code is regularly checked and the use of unauthorized software is not allowed.
- (5). Accounts, passwords and privileges of colleagues should be kept properly and used with due care and shall be changed on a regular basis.
- (6). Establish standard procedures for responding to and notification an information security incident so that an information security incident be handled immediately to prevent the harm from expanding.
- (7). All employees should follow legal regulations and information security policy requirements. The supervising personnel should monitor the implementation of the information security compliance system to strengthen the employee's awareness of information security and legal concepts.

4. Information security education, training and promotion

Education and training on information security is provided each year. Each person in the head office receives at least 3 hours of education and training on cyber security.

Newcomers are required to sign an information confidentiality agreement.

- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: Such incident did not occur.

VIII. Important contract

Nature of contract	Nature of	Parties	Main content	Restricted terms
Product agents and service label authorization use (Opening franchises in Hong Kong)	Wise Fine Enterprise Limited (This company is a subsidiary wholly owned by B&S Company)	10 years from October 10, 2017	Product agents and service label authorization use	None
Product agents and service label authorization use (Opening franchises in Macau)	Fu Ren Tea Co., Ltd.	2020/01/01~2024/12/31	Product agents and service label authorization use	Each franchise establishes a sub-contract and its expiration is not limited to the expiration of the master contract
Product agents and service label authorization use (Opening franchises in Singapore)	Furen Tea Pte.Ltd.	2018/03/01~2023/06/30	Product agents and service label authorization use	None
Product agents and service label authorization use (Opening franchises in Eastern Kyoto District, Urayasu City Chiba Prefecture and Chiba City)	G·B Company in Japan	2019/06/18~2024/07/30	Product agents and service label authorization use	None

IX. Explanation of other legal requirements

In Article 8 of the “Regulations Governing Information to be Published in Annual Reports of Public Companies” promulgated by the FSC on November 30, 2021 - the report to the shareholders that shall include the Company's future development strategy, and the effect of external competition, the legal environment, overall business environment and annual budget implementation (omitted as the Company did not publicly disclose financial projects), research and development work, sales volume forecast and its basis (omitted as the Company did not publicly disclose financial projects), and production and sales policies, have been provided in other relevant chapters. Therefore, in line with the requirements of the Regulations, where the items to be recorded in the annual report are repetitive, they may be recorded in only one section.

- (I) “Five. Overview of operations” -1-(IV) Long- and short-term business development plans <Please refer to P.130>.
- (II) “Five. Overview of operations” -1-(II)-3. Various development trends and competition of products <Please refer to P.126>, “Five. Overview of operations” II. Tea leaf market and the production and marketing situation, III. Analysis of current situation and corresponding strategies for the takeaway beverage market <Please refer to P.131 and 137>.
- (III) “One. Report to Shareholders” II. 2022 Business plan overview <Please refer to P.2>.
- (IV) “Five. Overview of operations” -1-(III) Overview of the company's technologies and its research and development work <Please refer to P.129>.

Six. Financial overview

I. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

(I) Condensed balance sheets

1. In accordance with the IFRS: companies included in the financial report

Unit: thousand

Item		Year				
		2017	2018	2019	2020	2021
Current assets		846,395	840,014	788,324	799,686	769,113
Property, plant and equipment		951,052	922,299	919,485	908,924	868,685
Intangible assets		1,910	6,782	7,145	5,627	3,689
Other assets		273,326	400,684	775,151	719,279	667,989
Total assets		2,072,683	2,169,779	2,490,105	2,433,516	2,309,476
Current liabilities	Before distribution	450,116	455,461	534,898	605,331	573,718
	After distribution	653,948	627,586	679,845	659,686	636,226
Non-current liabilities		120,615	107,210	338,410	323,911	275,497
Total liabilities	Before distribution	570,731	562,671	873,308	929,242	849,215
	After distribution	774,563	734,796	1,018,255	983,597	911,723
Equity attributable to owners of the parent company		1,497,810	1,603,108	1,612,813	1,500,373	1,456,581
Share capital		905,919	905,919	905,919	905,919	905,919
Capital surplus		45,204	45,204	46,130	46,053	28,150
Retained earnings	Before distribution	559,982	540,226	530,080	439,104	453,983
	After distribution	356,150	368,101	385,133	384,749	391,475
Other equity interest		(10,541)	114,513	133,208	111,271	70,503
Treasury stocks		(2,754)	(2,754)	(2,524)	(1,974)	(1,974)
Non-controlling interests		4,142	4,000	3,984	3,901	3,680
Total equity	Before distribution	1,501,952	1,607,108	1,616,797	1,504,274	1,460,261
	After distribution	1,298,120	1,434,983	1,471,850	1,449,919	1,397,753

Note 1. The above annual financial information has been certified by CPAs.

Note 2. The figures after distribution as mentioned above are filled in based on the resolutions of the next annual shareholders' meeting.

2. In accordance with the IFRS: Parent company only financial report “Ten Ren Tea”

Unit: thousand

Item	Year	2017	2018	2019	2020	2021
Current assets		796,741	789,811	739,529	755,367	725,686
Property, plant and equipment		933,646	904,766	902,092	891,622	851,373
Intangible assets		1,910	6,782	7,145	5,627	3,689
Other assets		325,552	448,318	827,243	765,950	712,610
Total assets		2,057,849	2,149,677	2,476,009	2,418,566	2,293,358
Current liabilities	Before distribution	449,369	448,972	534,438	603,898	570,892
	After distribution	653,201	621,097	679,385	658,253	633,400
Non-current liabilities		110,670	97,597	328,758	314,295	265,885
Total liabilities	Before distribution	560,039	546,569	863,196	918,193	836,777
	After distribution	763,871	718,694	1,008,143	972,548	899,285
Equity attributable to owners of the parent company		1,497,810	1,603,108	1,612,813	1,500,373	1,456,581
Share capital		905,919	905,919	905,919	905,919	905,919
Capital surplus		45,204	45,204	46,130	46,053	28,150
Retained earnings	Before distribution	559,982	540,226	530,080	439,104	453,983
	After distribution	356,150	368,101	385,133	384,749	391,475
Other equity interest		(10,541)	114,513	133,208	111,271	70,503
Treasury stocks		(2,754)	(2,754)	(2,524)	(1,974)	(1,974)
Non-controlling interests		NA	NA	NA	NA	NA
Total equity	Before distribution	1,497,810	1,603,108	1,612,813	1,500,373	1,456,581
	After distribution	1,293,978	1,430,983	1,467,866	1,446,018	1,394,073

Note 1: The above annual financial information has been certified by CPAs.

Note 2: The figures after distribution as mentioned above are filled in based on the resolutions of the next annual shareholders' meeting.

(II) Condensed statements of (comprehensive) income

1. In accordance with the IFRS: companies included in the financial report

Unit: thousand

Item	Year				
	2017	2018	2019	2020	2021
Operating income	2,130,351	2,193,118	2,247,585	1,906,194	1,773,001
Gross profit	1,212,380	1,256,139	1,301,001	1,095,327	990,761
Operating income	193,128	164,412	178,429	64,982	14,836
Non-operating income and expenses	17,683	53,179	16,720	5,091	38,102
Profit before tax	210,811	217,591	195,149	70,073	52,938
Continuing operations					
Net profit for the period	210,811	217,591	195,149	70,073	52,938
Loss of discontinuing operations	0	0	0	0	0
Net income (loss) for the period	175,372	174,699	156,896	57,383	43,429
Other comprehensive income (net after tax) for the period	47,971	134,656	24,054	(25,165)	(12,440)
Total comprehensive income for the period	223,343	309,355	180,950	32,218	30,989
Net income attributable to owners of the parent company	175,424	174,509	156,589	57,053	43,128
Net income attributable to non-controlling interests	(52)	190	307	330	301
Total comprehensive income attributable to owners of the parent company	223,086	309,130	180,674	32,034	30,947
Total comprehensive income attributable to non-controlling interests	257	225	276	184	42
Earnings per share (EPS)	1.94	1.93	1.73	0.63	0.48

Note 1. The above annual financial information has been certified by CPAs.

2. In accordance with the IFRS: Parent company only financial report “Ten Ren Tea”

Unit: thousand

Item	Year				
	2017	2018	2019	2020	2021
Operating income	2,120,703	2,184,753	2,236,790	1,900,257	1,765,510
Gross profit	1,204,048	1,248,639	1,294,179	1,090,806	984,496
Operating income	191,300	163,638	176,429	67,820	15,478
Non-operating income and expenses	19,081	52,898	17,481	1,396	36,351
Profit before tax	210,381	216,536	193,910	69,216	51,829
Net income of continuing business units for the period	210,381	216,536	193,910	69,216	51,829
Loss of discontinuing operations	0	0	0	0	0
Net income (loss) for the period	175,424	174,509	156,589	57,053	43,128
Other comprehensive income (net after tax) for the period	47,662	134,621	24,085	(25,019)	(12,181)
Total comprehensive income for the period	223,086	309,130	180,674	32,034	30,947
Net income attributable to owners of the parent company	NA	NA	NA	NA	NA
Net income attributable to non-controlling interests	NA	NA	NA	NA	NA
Total comprehensive income attributable to owners of the parent company	NA	NA	NA	NA	NA
Total comprehensive income attributable to non-controlling interests	NA	NA	NA	NA	NA
Earnings per share (EPS)	1.94	1.93	1.73	0.63	0.48

Note 1: The above annual financial information has been certified by CPAs.

(III) The name of the certified public accountant and the auditor's opinion given thereby for the past 5 fiscal years

Year of audit	Name of CPA	Audit opinion
2017	Hsiao Tsui-Hui, Tseng Hsiang-Yu	Unqualified opinion
2018	Lu, Chian-Uen, Liu, Hui-Yuan	Unqualified opinion
2019	Lu, Chian-Uen, Liu, Hui-Yuan	Unqualified opinion
2020	Lu, Chian-Uen, Liu, Hui-Yuan	Unqualified opinion
2021	Lu, Chian-Uen, Liu, Hui-Yuan	Unqualified opinion

II. Financial analyses for the past 5 fiscal years

(I) In accordance with the IFRS: companies included in the financial report

Analysis item (Note 3)		Financial analyses for the past 5 fiscal years				
		2017	2018	2019	2020	2021
Financial structure	Debt to assets ratio (%)	27.54	25.93	35.07	38.19	36.77
	Ratio of long-term capital to property, plant and equipment (%)	157.93	174.25	175.84	168.25	168.10
Solvency	Current ratio (%)	188.04	184.43	147.38	132.11	134.06
	Quick ratio (%)	120.75	117.00	91.11	88.77	88.88
	Times interest earned	225.50	196.29	33.42	11.60	9.75
Operating capabilities	Accounts receivable turnover ratio (times)	8.69	8.72	8.71	8.34	7.86
	Average collection days	42	42	42	44	46
	Inventory turnover (times)	3.08	3.16	3.17	2.91	3.04
	Accounts payable turnover ratio (times)	6.74	6.88	6.89	6.38	6.63
	Average sales days	118	116	115	125	120
	Property, plant and equipment turnover (times)	2.22	2.34	2.44	2.09	1.99
	Total asset turnover ratio (times)	1.05	1.03	0.96	0.77	0.75
Profitability	Return on assets (%)	8.66	8.28	6.94	2.55	2.04
	Return on equity (%)	11.99	11.24	9.73	3.68	2.93
	Ratio of pre-tax income to paid-in capital (%) (Note 7)	23.27	24.02	21.54	7.74	5.84
	Profit margin	8.23	7.97	6.98	3.01	2.45
	Earnings per share (EPS) (NT\$)	1.94	1.93	1.73	0.63	0.48
Cash flow	Cash flow ratio (%)	52.85	44.43	58.60	40.62	18.20
	Cash flow adequacy ratio (%)	92.93	87.43	98.69	108.91	116.92
	Cash reinvestment ratio (%)	4.29	(0.05)	5.85	4.29	1.75
Leverage	Operating leverage	2.01	2.82	2.70	5.26	18.45
	Financial leverage	1.00	1.01	1.03	1.11	1.69

Note 1: The above annual financial information has been certified by CPAs.

Note 2: Please state the reasons for changes in financial ratios over the past 2 fiscal years: changes of 20% for the current year are analyzed:

- (1). The decrease in return on assets, return on equity, ratio of pre-tax income to paid-in capital and earnings per share ratio compared to the same period last year was attributable to the poor performance due to the impact of the COVID-19 pandemic in 2021.
- (2). The increase in cash flow ratio compared to the same period last year was attributable to a decrease in inventories and the sale of real estate in 2021.
- (3). The decrease in operating leverage compared to the same period last year was attributable to poor performance of sales due to the impact of the COVID-19 pandemic in 2021

Note 3: the following calculation formula should be presented at the end of this table in the annual report:

1. Financial structure
 - (1). Ratio of liabilities to assets = Total liabilities / total assets.
 - (2). Ratio of long-term funds to property, plant, and equipment = (Total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
 - (1). Current ratio = Current assets / current liabilities.
 - (2). Quick ratio = (Current assets - inventory - prepayment) / current liabilities.
 - (3). Times interest earned = Net profit before income tax and interest expenses / interest expenses for the period.
3. Operating capabilities
 - (1). Receivables (including accounts receivable and notes receivable from operation) turnover ratio = Net sales / average of accounts receivable (including accounts receivable and notes receivable from operation) balance.
 - (2). Average collection days = 365 / accounts receivable turnover ratio.
 - (3). Inventory turnover = Cost of sales / average inventory.
 - (4). Payables (including accounts payable and notes payable from operation) turnover ratio = Cost of sales / average of accounts payable (including accounts payable and notes payable from operation) balance.
 - (5). Average sales days = 365 / inventory turnover.
 - (6). Property, plant and equipment turnover ratio = Net sales / average net property, plant and equipment.
 - (7). Total assets turnover ratio = Net sales / average total assets.
4. Profitability
 - (1). Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
 - (2). Return on equity = Profit and loss after tax / average total equity.
 - (3). Net profit margin = Profit and loss after tax / net sales.
 - (4). EPS = (Profit and loss attributable to owners of parent company - dividends from preferred shares) / weighted average number of outstanding shares. (Note 4)
5. Cash flow
 - (1). Cash flow ratio = Net cash flow from operating activities / current liabilities.
 - (2). Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years / (capital expenditure + increase in inventory + cash dividends) in the most recent five years.
 - (3). Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (gross of property, plant and equipment + long-term investment + other non-current assets + operating funds). (Note 5)
6. Leverage
 - (1). Operating leverage = (Net operating revenue - variable costs and expenses of operations) / operating profit (Note 6).
 - (2). Financial leverage = Operating profit / (operating profit - interest expenses).

Note 4: The above calculation formula for earnings per shares should pay special attention to the following when measuring:

1. Based on the weighted average number of ordinary shares, rather than the number of shares issued at the end of the year.
2. Where there is a capital increase by cash or treasury stock trading, the weighted average number of shares shall be calculated during the period of circulation.
3. Where there is a surplus to capital increase or capital surplus to capital increase, the calculation of the earnings per share for the previous year and half year should be adjusted by the proportion of capital increase, rather than the period the capital increase is issued.
4. If the preferred shares are non-convertible cumulative shares, its annual dividend (whether or not it is issued) shall be deductible from the net income or increased to net loss after tax. If the preferred shares are non-cumulative, then in the case of having a net profit after tax, the preferred dividends should be deducted from the net profit after tax; in the case of net loss after tax, no adjustments are required.

- Note 5: Special attention should be paid to the following when analyzing cash flows:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
 2. Capital expenditure refers to the annual cash outflow of capital flows.
 3. The increase in inventories shall only be credited when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory is reduced at the end of the year, then the inventory amount should be accounted at zero.
 4. Cash dividends include cash dividends for common stock and special shares.
 5. Fixed assets means the total amount of property , plant and equipment before deducting accumulated depreciation.
- Note 6: The issuer shall distinguish between the operating costs and operating expenses being fixed or variables. When involved in the estimation or subjective judgments, one should pay attention to its rationality and consistency.
- Note 7: If the Company's shares are no par or not in the denomination of NT\$10, the calculation of the ratio of the paid in capital shall be calculated based on the equity ratio of the balance sheet attributable to the owners of the parent company.

(II) In accordance with the IFRS: Parent company only financial report “Ten Ren Tea”

Year (Note 1)		Financial analyses for the past 5 fiscal years				
		2017	2018	2019	2020	2021
Analysis item (Note 3)						
Financial structure	Debt to assets ratio (%)	27.21	25.43	34.86	37.96	36.49
	Ratio of long-term capital to property, plant and equipment (%)	160.43	177.18	178.79	171.08	171.09
Solvency	Current ratio (%)	177.30	175.92	138.38	125.08	127.11
	Quick ratio (%)	111.05	108.37	82.88	82.21	82.13
	Times interest earned	227.89	196.38	33.21	11.48	9.57
Operating capabilities	Accounts receivable turnover ratio (times)	8.63	8.70	8.69	8.32	7.95
	Average collection days	42	42	42	44	46
	Inventory turnover (times)	3.12	3.19	3.20	2.95	3.06
	Accounts payable turnover ratio (times)	6.56	6.86	6.93	6.35	6.65
	Average sales days	117	114	114	124	119
	Property, plant and equipment turnover (times)	2.25	2.38	2.48	2.12	2.03
	Total asset turnover ratio (times)	1.05	1.04	0.97	0.78	0.75
Profitability	Return on assets (%)	8.73	8.33	6.98	2.55	2.04
	Return on equity (%)	12.03	11.26	9.74	3.67	2.92
	Ratio of pre-tax income to paid-in capital (%) (Note 7)	23.22	23.90	21.40	7.49	5.72
	Profit margin	8.27	7.99	7.00	3.00	2.44
	Earnings per share (EPS) (NT\$)	1.94	1.93	1.73	0.63	0.48
Cash flow	Cash flow ratio (%)	54.45	42.94	59.33	41.49	19.00
	Cash flow adequacy ratio (%)	92.18	88.12	99.95	112.08	120.11
	Cash reinvestment ratio (%)	4.61	(0.45)	6.04	4.52	2.38
Leverage	Operating leverage	2.01	2.82	2.72	5.07	17.75
	Financial leverage	1.00	1.01	1.04	1.11	1.64

Note 1: The above annual financial information has been certified by CPAs.

Note 2: Please state the reasons for changes in financial ratios over the past 2 fiscal years: changes of 20% for the current year are analyzed:

- (1). The decreases in return on assets, return on equity, net income before income taxes to paid-in capital, and earnings per share ratio were mainly due to the unfavorable impact of the epidemic on the profit and loss for the current period in 2021.
- (2). The increase in cash flow ratio compared to the same period last year was attributable to a decrease in inventories and the sale of real estate in 2021.
- (3). The decrease in operating leverage compared to the same period last year was attributable to

poor performance of sales due to the impact of the COVID-19 pandemic in 2021

Note 3: If the company prepares individual financial reports, an individual financial ratio analysis shall be prepared separately.

Note 4: The following calculation formula should be presented at the end of this table in the annual report:

1. Financial structure

(1). Ratio of liabilities to assets = Total liabilities / total assets.

(2). Ratio of long-term funds to property, plant, and equipment = (Total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

(1). Current ratio = Current assets / current liabilities.

(2). Quick ratio = (Current assets - inventory - prepayment) / current liabilities.

(3). Times interest earned = Net profit before income tax and interest expenses / interest expenses for the period.

3. Operating capabilities

(1). Receivables (including accounts receivable and notes receivable from operation) turnover ratio = Net sales / average of accounts receivable (including accounts receivable and notes receivable from operation) balance.

(2). Average collection days = 365 / accounts receivable turnover ratio.

(3). Inventory turnover = Cost of sales / average inventory.

(4). Payables (including accounts payable and notes payable from operation) turnover ratio = Cost of sales / average of accounts payable (including accounts payable and notes payable from operation) balance.

(5). Average sales days = 365 / inventory turnover.

(6). Property, plant and equipment turnover ratio = Net sales / average net property, plant and equipment.

(7). Total assets turnover ratio = Net sales / average total assets.

4. Profitability

(1). Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.

(2). Return on equity = Profit and loss after tax / average total equity.

(3). Net profit margin = Profit and loss after tax / net sales.

(4). EPS = (Profit and loss attributable to owners of parent company - dividends from preferred shares) / weighted average number of outstanding shares. (Note 5)

5. Cash flow

(1). Cash flow ratio = Net cash flow from operating activities / current liabilities.

(2). Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years / (capital expenditure + increase in inventory + cash dividends) in the most recent five years.

(3). Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (gross of property, plant and equipment + long-term investment + other non-current assets + operating funds). (Note 6)

6. Leverage

(1). Operating leverage = (Net operating revenue - variable costs and expenses of operations) / operating profit (Note 7).

(2). Financial leverage = Operating profit / (operating profit - interest expenses).

Note 5: The above calculation formula for earnings per shares should pay special attention to the following when measuring:

1. Based on the weighted average number of ordinary shares, rather than the number of shares issued at the end of the year.
2. Where there is a capital increase by cash or treasury stock trading, the weighted average number of shares shall be calculated during the period of circulation.
3. Where there is a surplus to capital increase or capital surplus to capital increase, the calculation of the earnings per share for the previous year and half year should be adjusted by the proportion of capital increase, rather than the period the capital increase is issued.
4. If the preferred shares are non-convertible cumulative shares, its annual dividend (whether or not it is issued) shall be deductible from the net income or increased to net loss after tax. If the preferred shares are non-cumulative, then in the case of having a net profit after tax, the preferred dividends should be deducted from the net profit after tax; in the case of net loss after tax, no adjustments are required.

Note 6: Special attention should be paid to the following when analyzing cash flows:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow of capital flows.
3. The increase in inventories shall only be credited when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory is reduced at the end of the year, then the inventory amount should be accounted at zero.
4. Cash dividends include cash dividends for common stock and special shares.
5. Fixed assets means the total amount of property , plant and equipment before deducting accumulated depreciation.

Note 7: The issuer shall distinguish between the operating costs and operating expenses being fixed or variables. When involved in the estimation or subjective judgments, one should pay attention to its rationality and consistency.

Note 8: If the Company's shares are at par or not in the denomination of NT\$10, the calculation of the ratio of the paid in capital shall be calculated based on the equity ratio of the balance sheet attributable to the owners of the parent company.

III. Supervisors' or audit committee's report for the most recent year's financial statements.

**Ten Ren Tea Co., Ltd.
Supervisors' Audit Report**

The Board of Directors prepared the Company's 2021 annual business report, financial statements and statement of earnings distribution, among which the financial statements were verified by CPAs Lu, Chian-Uen and Liu, Hui-Yuan of EY and a verification report was issued. The business report, financial statements and statement of earnings distribution stated above have been audited by the supervisors and found to be in compliance with the Article 219 in the Company Act.

To
The Company's 2022 Annual General Meeting

Ten Ren Tea Co., Ltd.

Supervisor Lee, Hong-Sheng

Chen, Fu-Sung

Tseng, Ming-Sung

March 15, 2022

IV. Financial statements for the most recent fiscal year

REPRESENTATION LETTER

The entities included in the consolidated financial statements as of December 31, 2021 and for the year then ended prepared under the International Financial Reporting Standards, No.10 are the same as the entities to be included in the combined financial statements of the Company, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as “Combined Financial Statements”). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not prepare any other set of Combined Financial Statements than the Consolidated Financial Statements.

Very truly yours,

TEN REN TEA CO., LTD.

Chairman: Kuo-Lin Lee

March 15, 2022

Independent Auditors' Report Translated from Chinese

To Ten Ren Tea Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Ten Ren Tea Co., Ltd. (the “Company”) and its subsidiaries (together the “Group”) as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the consolidated financial statements including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and their consolidated financial performance and cash flows for the years ended December 31, 2021 and 2020, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Inventory management

As of December 31, 2021, the Group's net inventories amounted to NT\$255,712 thousand, accounting for 11% of total assets, which are significant to the consolidated financial statements. As products are sold through multiple stores and numerous inventory items are distributed across multiple warehouses and stores, we consider the management and control over inventory quantities as a key audit matter.

The audit procedures we performed included but not limited to: understanding the internal control over the management of inventory quantities; reviewing the inventory counting plan, including the control for cut-off for receiving and shipping of goods and the control for the inventory movement during physical inventory count period; selecting major storage locations to perform on-site observation of physical inventory counts to verify the quantities and status of inventories; comparing quantities counted with quantities booked to ensure the accuracy and completeness of inventory quantities.

We also evaluated the adequacy of disclosure of inventories. Please refer to Note 6 of the Group's consolidated financial statements.

Revenue recognition – accuracy and completeness of retail sales revenue

For the year ended December 31, 2021, the Group recognized revenue in the amount of NT\$1,773,001 thousand. As products are sold through multiple retail stores, their daily sales records are collected and summarized through the point-of-sale (POS) system, and transaction details are generated simultaneously and transferred to the accounting system to make relevant accounting entries. As retail sales are made directly to customers comprising of voluminous number of transactions, we consider the accuracy and completeness of retail sales revenue as a key audit matter.

The audit procedures we performed included but are not limited to: understanding and testing the effectiveness of general computer control environment related to the POS system; selecting samples to check whether the merchandise master file data in the POS system is properly maintained and approved by authorized personnel; examining scheduling of uploading data and transferring data between systems; selecting samples to check whether detail of daily cash receipt report of each retail stores is consistent with sales revenue ledger to ensure sales revenue generated from retail stores are accurate and complete.

We also evaluated the adequacy of disclosure of revenue. Please refer to Note 6 of the Company's consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance, including supervisors, are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2021 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2021 and 2020.

Lu, Chian Uen

Liu, Hui Yuan

Ernst & Young, Taiwan

March 15, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial positions, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures, and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their application in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TEN REN TEA CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2021 and December 31, 2020
(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2021		December 31, 2020	
Contents	Notes	Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4 and 6.(1)	\$179,663	8	\$323,696	13
Financial assets measured at amortized cost – current	4, 6.(2) and 8	76,983	3	8,458	-
Notes receivable, net	4, 6.(5) and 7	5,701	-	5,937	-
Accounts receivable, net	4 and 6.(6)	212,523	9	165,176	7
Accounts receivable–related parties, net	4, 6.(6) and 7	29,983	1	32,043	1
Other receivables		1,486	-	1,346	-
Inventories	4 and 6.(7)	255,712	11	259,337	11
Prepayments		3,506	-	2,967	-
Other current assets		3,556	-	726	-
Total current assets		<u>769,113</u>	<u>32</u>	<u>799,686</u>	<u>32</u>
Non-current assets					
Financial assets at fair value through profit or loss – non-current	4 and 6.(3)	-	-	-	-
Financial assets at fair value through other comprehensive income – non-current	4 and 6.(4)	331,250	14	380,653	16
Investments accounted for using the equity method	4 and 6.(8)	9,911	1	9,237	1
Property, plant and equipment	4, 6.(9) and 8	868,685	38	908,924	38
Right-of-use assets	4 and 6.(18)	286,029	13	294,821	12
Intangible assets	4 and 6.(10)	3,689	-	5,627	-
Deferred tax assets	4 and 6.(22)	4,821	-	4,242	-
Other non-current assets		9,509	1	2,638	-
Refundable deposits		26,469	1	27,688	1
Total non-current assets		<u>1,540,363</u>	<u>68</u>	<u>1,633,830</u>	<u>68</u>
Total assets		<u>\$2,309,476</u>	<u>100</u>	<u>\$2,433,516</u>	<u>100</u>

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

TEN REN TEA CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2021 and December 31, 2020
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity		December 31, 2021		December 31, 2020	
Contents	Notes	Amount	%	Amount	%
Current liabilities					
Short-term loans	6.(11)	\$190,000	8	\$220,000	9
Contract liabilities – current	4 and 6.(16)	21,017	1	18,847	1
Notes payable	7	83,271	4	91,484	4
Accounts payable	7	33,667	1	27,779	1
Other payables	6.(12)	132,059	6	130,640	6
Current tax liabilities	4 and 6.(22)	12,731	1	14,452	1
Lease liabilities – current	4 and 6.(18)	92,246	4	94,334	4
Other current liabilities		8,727	-	7,795	-
Total current liabilities		<u>573,718</u>	<u>25</u>	<u>605,331</u>	<u>26</u>
Non-current liabilities					
Long-term loans	6.(13)	-	-	25,000	1
Deferred tax liabilities	4 and 6.(22)	62,135	3	58,380	3
Lease liabilities – non-current	4 and 6.(18)	200,896	9	202,923	8
Net defined benefit liabilities – non-current	4 and 6.(14)	386	-	25,488	1
Guarantee deposits	7	12,080	-	12,120	-
Total non-current liabilities		<u>275,497</u>	<u>12</u>	<u>323,911</u>	<u>13</u>
Total liabilities		<u>849,215</u>	<u>37</u>	<u>929,242</u>	<u>39</u>
Equity attributable to shareholders of the parent					
Capital stock	6.(15)				
Common stock		905,919	39	905,919	37
Capital surplus	6.(15)				
Treasury stock transactions		26,977	1	45,095	2
Others		1,173	-	958	-
		<u>28,150</u>	<u>1</u>	<u>46,053</u>	<u>2</u>
Retained earnings	6.(15)				
Legal reserve		380,987	17	375,590	15
Special reserve		3,547	-	3,547	-
Unappropriated earnings		69,449	3	59,967	2
		<u>453,983</u>	<u>20</u>	<u>439,104</u>	<u>17</u>
Other components of equity					
Exchange differences resulting from translating the financial statements of foreign operations		(2,906)	-	(2,254)	-
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		73,409	3	113,525	5
		<u>70,503</u>	<u>3</u>	<u>111,271</u>	<u>5</u>
Treasury stock	4 and 6.(15)	(1,974)	-	(1,974)	-
Equity attributable to the parent company		1,456,581	63	1,500,373	61
Non-controlling interests	6.(15)	3,680	-	3,901	-
Total equity		<u>1,460,261</u>	<u>63</u>	<u>1,504,274</u>	<u>61</u>
Total liabilities and equity		<u>\$2,309,476</u>	<u>100</u>	<u>\$2,433,516</u>	<u>100</u>

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

TEN REN TEA CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Contents	Notes	For the years ended December 31			
		2021		2020	
		Amount	%	Amount	%
Operating revenues	4, 6.(16) and 7	\$1,773,001	100	\$1,906,194	100
Operating costs	4, 6.(7), 6.(19) and 7	(782,240)	(44)	(810,867)	(43)
Gross profit		990,761	56	1,095,327	57
Operating expenses	6.(10), 6.(14), 6.(18), 6.(19) and 7				
Selling expenses		(816,724)	(46)	(871,135)	(47)
Administrative expenses		(150,613)	(8)	(156,672)	(8)
Research and development expenses		(5,638)	-	(4,997)	-
Expected credit (losses) gains	6.(17)	(2,950)	-	2,459	-
Subtotal		(975,925)	(54)	(1,030,345)	(55)
Operating income		14,836	2	64,982	2
Non-operating income and expenses	4, 6.(20) and 7				
Interest income		278	-	562	-
Other income		25,361	1	23,680	1
Other gains and losses		17,770	1	(13,237)	(1)
Finance costs		(6,051)	-	(6,610)	-
Share of profit or loss of associates and joint ventures accounted for using the equity method	4 and 6.(8)	744	-	696	-
Subtotal		38,102	2	5,091	-
Income before tax		52,938	4	70,073	2
Income tax expense	4 and 6.(22)	(9,509)	(1)	(12,690)	(1)
Net Income		43,429	3	57,383	1
Other comprehensive income (loss)	4 and 6.(21)				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans	4 and 6.(14)	20,232	1	(3,853)	-
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income		(27,715)	(2)	(21,932)	(1)
Income tax related to items that will not be reclassified subsequently	4, 6.(21) and 6.(22)	(4,046)	-	771	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences resulting from translating the financial statements of foreign operations		(841)	-	(292)	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method, which may be reclassified subsequently to profit or loss	4 and 6.(8)	(70)	-	141	-
Total other comprehensive income (loss), net of tax		(12,440)	(1)	(25,165)	(1)
Total comprehensive income		\$30,989	2	\$32,218	-
Net income attributable to:					
Shareholders of the parent		\$43,128	3	\$57,053	3
Non-controlling interests		301	-	330	-
		\$43,429	3	\$57,383	3
Comprehensive income attributable to:					
Shareholders of the parent		\$30,947	2	\$32,034	2
Non-controlling interests		42	-	184	-
		\$30,989	2	\$32,218	2
Earnings per share (NTD)					
Earnings per share-basic	6.(23)	\$0.48		\$0.63	
Earnings per share-diluted	6.(23)	\$0.48		\$0.63	

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

TEN REN TEA CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Contents	Equity Attributable to the Parent Company									Non-Controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings			Other Components of Equity		Treasury Stock	Total		
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Resulting From Translating the Financial Statements of Foreign Operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income				
Balance as of January 1, 2020	\$905,919	\$46,130	\$359,931	\$3,547	\$166,602	\$(2,249)	\$135,457	\$(2,524)	\$1,612,813	\$3,984	\$1,616,797
Appropriation and distribution of 2019 retained earnings											
Legal reserve	-	-	15,659	-	(15,659)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(144,947)	-	-	-	(144,947)	(267)	(145,214)
Net income in 2020	-	-	-	-	57,053	-	-	-	57,053	330	57,383
Other comprehensive income (loss) in 2020	-	-	-	-	(3,082)	(5)	(21,932)	-	(25,019)	(146)	(25,165)
Total comprehensive income (loss)	-	-	-	-	53,971	(5)	(21,932)	-	32,034	184	32,218
Disposal of parent company stocks by subsidiaries deemed as treasury stock transactions	-	(77)	-	-	-	-	-	550	473	-	473
Balance as of December 31, 2020	\$905,919	\$46,053	\$375,590	\$3,547	\$59,967	\$(2,254)	\$113,525	\$(1,974)	\$1,500,373	\$3,901	\$1,504,274
Balance as of January 1, 2021	\$905,919	\$46,053	\$375,590	\$3,547	\$59,967	\$(2,254)	\$113,525	\$(1,974)	\$1,500,373	\$3,901	\$1,504,274
Appropriation and distribution of 2020 retained earnings											
Legal reserve	-	-	5,397	-	(5,397)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(54,355)	-	-	-	(54,355)	(263)	(54,618)
Cash dividends distributed through capital surplus	-	(18,118)	-	-	-	-	-	-	(18,118)	-	(18,118)
Other changes in capital surplus											
Dividends unclaimed by shareholders	-	215	-	-	-	-	-	-	215	-	215
Net income in 2021	-	-	-	-	43,128	-	-	-	43,128	301	43,429
Other comprehensive income (loss) in 2021	-	-	-	-	16,186	(652)	(27,715)	-	(12,181)	(259)	(12,440)
Total comprehensive income (loss)	-	-	-	-	59,314	(652)	(27,715)	-	30,947	42	30,989
Disposal of equity instruments investments measured at fair value through other comprehensive income	-	-	-	-	9,920	-	(12,401)	-	(2,481)	-	(2,481)
Balance as of December 31, 2021	\$905,919	\$28,150	\$380,987	\$3,547	\$69,449	\$(2,906)	\$73,409	\$(1,974)	\$1,456,581	\$3,680	\$1,460,261

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

TEN REN TEA CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Contents	For the years ended December 31		Contents	For the years ended December 31	
	2021	2020		2021	2020
	Amount	Amount		Amount	Amount
Cash flows from operating activities:			Cash flows from investing activities:		
Income before income tax	\$52,938	\$70,073	Acquisition of financial assets at fair value through other comprehensive income or loss	(15,861)	(8,164)
Adjustments:			Proceeds from disposal of financial assets at fair value through other comprehensive income or loss	37,549	-
Adjustments to reconcile profit (loss):			Acquisition of financial assets measured at amortized cost	(69,075)	-
Depreciation expense	159,684	162,369	Proceeds from disposal of financial assets measured at amortized cost	350	-
Amortization expense	2,910	2,934	Acquisition of property, plant and equipment	(21,892)	(31,528)
Expected credit (gains) losses	2,950	(2,459)	Proceeds from disposal of property, plant and equipment	38,486	631
Interest expense	6,051	6,610	Refundable deposits received	(750)	(3,338)
Interest income	(278)	(562)	Refundable deposits refunded	1,941	3,155
Dividend income	(16,341)	(13,040)	Acquisition of intangible assets	(972)	(1,416)
Share of profit or loss of associates and joint ventures accounted for using the equity method	(744)	(696)	Increase in other non-current assets	(12,307)	(13,517)
Gains (losses) on disposal of property, plant, and equipment	(26,231)	1,570	Decrease in other non-current assets	434	563
Gain on rent concession	(5,533)	(6,192)	Dividends received	16,341	13,040
Gain from lease modification	(65)	(73)	Net cash used in investing activities	(25,756)	(40,574)
Changes in operating assets and liabilities:			Cash flows from financing activities:		
Notes receivable	236	(494)	Increase in short-term loans	190,000	556,000
Accounts receivable	(48,237)	53,981	Decrease in short-term loans	(220,000)	(431,000)
Other receivables	(140)	10,481	Increase in long-term loans	-	25,000
Inventories	3,625	38,224	Decrease in long-term loans	(25,000)	-
Prepayments	(539)	427	Guarantee deposits received	-	392
Other current assets	(2,830)	1,587	Guarantee deposits paid	(40)	(914)
Contract liabilities	2,170	(372)	Cash payments for the principal portion of the lease liabilities	(94,556)	(96,664)
Notes payable	(8,213)	(8,383)	Cash dividends	(72,736)	(145,214)
Accounts payable	5,888	(7,305)	Disposal of treasury stock	-	473
Other payables	1,419	(33,498)	Dividends unclaimed by shareholders	215	-
Other current liabilities	932	(874)	Net cash used in financing activities	(222,117)	(91,927)
Net defined benefit liabilities	(4,870)	(5,233)			
Cash generated from operations	124,782	269,075			
Interest received	278	562			
Interest paid	(6,051)	(6,610)			
Income taxes paid	(14,581)	(17,148)	Effect of exchange rate changes on cash and cash equivalents	(588)	107
Net cash generated by operating activities	104,428	245,879			
			Net (decrease) increase in cash and cash equivalents	(144,033)	113,485
			Cash and cash equivalents, beginning of year	323,696	210,211
			Cash and cash equivalents, end of year	\$179,663	\$323,696

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TEN REN TEA CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

Ten Ren Tea Co., Ltd. (“the Company”) was incorporated in December 1975. The main activities of the Company are manufacturing and sale of tea, tea sets and beverages. In March 2000, in order to actively promote the new tea culture, the fusion tea house of “CHA for TEA” was established to develop a diversified tea culture. The Company’s common shares were publicly listed on the Taiwan Stock Exchange (TWSE) in January 1999 and the address of its registered office and principal place of business is 6F, No.107, Sec. 4, Zhongxiao E. Rd, Taipei City, Taiwan.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the years ended December 31, 2021 and 2020 were authorized for issue by the Board of Directors on March 15, 2022.

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised, or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2021. The adoption of these new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below:

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022

A. Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

(a) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Additionally, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

(b) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

(c) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

(d) Annual Improvements to IFRS Standards 2018 – 2020

Amendment to IFRS 1

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee’s leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2022. The Group is still currently evaluating the potential impact of the aforementioned standards and interpretations listed under (A), it is not practicable to estimate their impact on the Group at this point in time.

- (3) Standards or interpretations issued, revised or amended by IASB, which are not yet endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below:

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Amendments to IAS 1 “Presentation of Financial Statements” – Classification of Liabilities as Current or Non-current	January 1, 2023
d	Amendments to IAS 1 “Presentation of Financial Statements” – Disclosure Initiative - Accounting Policies	January 1, 2023
e	Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” – Definition of Accounting Estimates	January 1, 2023
f	Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023

- A. IFRS 10 “Consolidated Financial Statements” (“IFRS 10”) and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (“IAS 28”)

The amendments address the inconsistency between the requirements in IFRS 10 and IAS 28, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 “*Business Combinations*” (“IFRS 3”) between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or losses resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

B. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation, and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 “*Insurance Contracts*” – from annual reporting periods beginning on or after January 1, 2023.

C. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 “*Presentation of Financial statements*” and the amended paragraphs related to the classification of liabilities as current or non-current.

D. Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

E. Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 “*Accounting Policies, Changes in Accounting Estimates and Errors*” to help companies distinguish changes in accounting estimates from changes in accounting policies.

F. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (A), (D), (E) and (F), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- A. power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- B. exposure, or rights, to variable returns from its involvement with the investee, and
- C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- A. the contractual arrangement with the other vote holders of the investee
- B. rights arising from other contractual arrangements
- C. the Company's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- B. derecognizes the carrying amount of any non-controlling interest;
- C. recognizes the fair value of the consideration received;
- D. recognizes the fair value of any investment retained;
- E. recognizes any surplus or deficit in profit or loss; and
- F. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		Notes
			December 31, 2021	December 31, 2020	
The Company	TEN REN TRADING SDN.BHD	Selling and buying tea	51.00%	51.00%	None
The Company	TEN REN ENTERPRISE CO., LTD.	Investment holding	100.00%	100.00%	None
The Company	TEN REN TEA (HONG KONG) LIMITED	Investment holding	83.00%	83.00%	None
The Company	TEN REN TEA CO(S). PTE LTD.	-	99.80%	99.80%	Note 1
The Company	TEN REN (JAPAN) CO., LTD.	Selling and buying tea	100.00%	100.00%	None
TEN REN ENTERPRISE CO., LTD.	TEN REN TEA (HONG KONG) LIMITED	Investment holding	17.00%	17.00%	None
TEN REN ENTERPRISE CO., LTD.	TEN REN TEA CO(S). PTE LTD.	-	0.20%	0.20%	Note 1
TEN REN ENTERPRISE CO., LTD.	HWA JO PRODUCTS CO., LTD.	Selling and buying tea	100.00%	100.00%	None

Note 1: Currently no business activities and has no book value.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 “*Financial Instruments*” are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income, and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

- A. when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- B. when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. The Group holds the asset primarily for the purpose of trading.
- C. The Group expects to realize the asset within twelve months after the reporting period.
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Group expects to settle the liability in its normal operating cycle.
- B. The Group holds the liability primarily for the purpose of trading.
- C. The liability is due to be settled within twelve months after the reporting period.
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve 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.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 "*Financial Instruments*" are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. the Group's business model for managing the financial assets and
- B. the contractual cash flow characteristics of the financial asset

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, accounts receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) 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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial asset measured at amortized cost.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions

The loss allowance is measures as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired.
- (b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- (c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 “*Financial Instruments*” are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials and merchandise	— Purchase costs on a weighted-average basis
Finished goods and work in progress	— Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a pro rata basis.

When the associate issues new stock, and the Group's interest in an associate is reduced or increased as the Group fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 "*Investments in Associates and Joint Ventures*". If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 "*Impairment of Assets*". In determining the value in use of the investment, the Group estimates:

- A. Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 "*Impairment of Assets*".

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(12) Property, plant, and equipment

Property, plant, and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “*Property, Plant, and Equipment*”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	The Company	Subsidiaries included in consolidation
Buildings	40 ~ 55	-
Machinery and equipment	5 ~ 8	-
Transportation equipment	3 ~ 6	-
Office equipment	5 ~ 10	5 ~ 10
Furnitures and fixtures	3 ~ 10	-
Other equipment	4 ~ 10	4 ~ 10

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets’ residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment and the practical expedient has been applied to such rent concessions.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivables at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group's intangible assets is as follows:

	<u>Computer Software</u>
Useful lives	3-5years
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired

(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(17) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

Sale of goods

The Group manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers (the customer has the control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.), and revenue is recognized based on the consideration stated in the contract.

The credit period of the Group's sale of goods is from 100 to 120 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, as part of the consideration is collected from customers at the time of contract signing, the Company undertakes the obligation to transfer the goods later on and therefore it is recognized as a contract liability.

For some of Company's sale of goods transactions, when the ownership of goods is transferred to customers, points of the customer loyalty program are given to the Group's customers according to the transaction price. These points will provide customers with discounts when purchasing goods before the end of the following year. The Company allocates the transaction price to the sales of goods and points given based on the relative stand-alone selling price of the goods sold and points given. The transaction price allocated to the goods sold is recognized as revenue when the ownership of goods is transferred to customers and the remaining amount received is recognized as a contract liability.

The Company's retail customers are entitled to future purchase discounts from the points earned. When the customer uses points or the points are overdue at the end of the following year, these points given are recognized as revenue and related contract liabilities are adjusted.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component arises.

(18) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(19) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income 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 tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities 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. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition – Customer loyalty program

The Group utilizes statistical techniques to estimate the fair value of points awarded under the customer loyalty program. The parameters used in the estimation include assumptions for expected redemption rates, product mix available for redemption in the future and customer preferences. When points issued by this program have not expired, this estimate is subject to significant uncertainty; please refer to Note 6. (16) for details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2021	2020
Cash on hand and petty cash	\$3,521	\$4,197
Demand deposits	158,370	255,682
Checking accounts	17,772	35,387
Time deposits	-	28,430
Total	<u>\$179,663</u>	<u>\$323,696</u>

(2) Financial assets measured at amortized cost – current

	As of December 31,	
	2021	2020
Time deposits	\$75,983	\$7,108
Pledged time deposits	1,000	1,350
Subtotal (total carrying amount)	76,983	8,458
Less: loss allowance	-	-
Total	<u>\$76,983</u>	<u>\$8,458</u>

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 6. (17) for more details on loss allowance and Note 8 for more details on financial assets measured at amortized cost under pledge. Please refer to Note 12 for more details on credit risk.

(3) Financial assets at fair value through profit or loss – non-current

	As of December 31,	
	2021	2020
Financial assets mandatorily measured at fair value: ASIA PACIFIC FEDERATION OF INDUSTRY AND COMMERCE CO., LTD.	<u>\$-</u>	<u>\$-</u>

None of the aforementioned assets measured at fair value through profit or loss were pledged.

(4) Financial assets at fair value through other comprehensive income – non-current

	As of December 31,	
	2021	2020
Equity instrument investments measured at fair value through other comprehensive income – non-current: Listed company stocks	<u>\$331,250</u>	<u>\$380,653</u>

The Group classifies certain financial assets as financial assets at fair value through other comprehensive income and none of the aforementioned assets were pledged.

In consideration of the Group's investment strategy, the Group disposed of and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31,	
	2021	2020
Fair value on the date of disposal	\$37,549	\$-
Cumulative gains(losses) reclassified to retained earnings due to derecognition	12,401	-

(5) Notes receivable

	As of December 31,	
	2021	2020
Notes receivable (total carrying amount)	\$5,701	\$5,937
Less: loss allowance	-	-
Total	<u>\$5,701</u>	<u>\$5,937</u>

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6. (17) for more details on loss allowance and Note 12 for details on credit risk.

(6) Accounts receivable and accounts receivable-related parties

	As of December 31,	
	2021	2020
Accounts receivable	\$215,491	\$165,804
Less: loss allowance	(2,968)	(628)
Subtotal	<u>212,523</u>	<u>165,176</u>
Accounts receivable – related parties	30,595	32,045
Less: loss allowance	(612)	(2)
Subtotal	<u>29,983</u>	<u>32,043</u>
Total	<u>\$242,506</u>	<u>\$197,219</u>

Accounts receivables were not pledged.

The payment term of accounts receivable is generally within 100-120 days. The total carrying amount as of December 31, 2021 and 2020 were NT\$246,086 thousand and NT\$197,849 thousand, respectively. Please refer to Note 6. (17) for more details on loss allowance of accounts receivables for the years ended December 31, 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

(7) Inventories

	As of December 31,	
	2021	2020
By-products	\$264	\$146
Raw materials	97,630	100,467
Work in process	51,292	47,811
Finished goods	70,138	69,957
Merchandise	36,388	40,956
Total	<u>\$255,712</u>	<u>\$259,337</u>

(a) The cost of inventories recognized as expense is as follows:

	For the years ended December 31,	
	2021	2020
Cost of inventories sold	\$781,242	\$808,608
Gains on reversal of and loss on write-down of inventories	(154)	454
Loss on inventory scrap	1,139	1,014
Inventory shortage on physical count	13	791
Operating costs	<u>\$782,240</u>	<u>\$810,867</u>

Due to the obsolescence inventories sold in 2021, the Group had recognized gain from price recovery of inventory in the amount of NT\$154 thousand for the year ended December 31, 2021.

(b) None of the aforementioned inventories were pledged.

(8) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Group:

Investees	As of December 31,			
	2021		2020	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
Xiamen Daily Plus Food Beverage Management Co., Ltd.	<u>\$9,911</u>	50%	<u>\$9,237</u>	50%

The Group's investment in Xiamen Daily Plus Food Beverage Management Co., Ltd. is not considered individually material. The aggregate financial information based on the Group's share is as follows:

	For the years ended December 31,	
	2021	2020
Income (loss) from continuing operations	\$744	\$696
Other comprehensive income (loss)	(70)	141
Total comprehensive income (loss)	<u>\$674</u>	<u>\$837</u>

The associates had no contingent liabilities or capital commitments as of December 31, 2021 and 2020.

(9) Property, plant, and equipment

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Furnitures and fixtures equipment	Other equipment	Total
<u>Cost:</u>								
As of Jan. 1, 2021	\$671,908	\$249,611	\$ 163,761	\$259,568	\$63,535	\$308,494	\$12,137	\$1,729,014
Additions	-	-	957	17,012	3,226	5,553	146	26,894
Disposals	(8,400)	(5,685)	(90)	(12,373)	(5,092)	(14,970)	(56)	(46,666)
Exchange differences	-	-	(8)	(19)	(75)	-	(27)	(129)
As of Dec. 31, 2021	\$663,508	\$243,926	\$164,620	\$264,188	\$61,595	\$299,077	\$12,200	\$1,709,113
As of Jan. 1, 2020	\$671,908	\$249,611	\$163,469	\$257,523	\$61,940	\$299,187	\$11,858	\$1,715,496
Additions	-	-	293	18,733	6,162	23,516	293	48,997
Disposals	-	-	-	(16,678)	(4,530)	(14,209)	-	(35,417)
Exchange differences	-	-	(1)	(10)	(37)	-	(14)	(63)
As of Dec. 31, 2020	\$671,908	\$249,611	\$163,761	\$259,568	\$63,535	\$308,494	\$12,137	\$1,729,014
<u>Accumulated depreciation and impairment</u>								
As of Jan. 1, 2021	\$-	\$148,969	\$127,004	\$210,624	\$46,188	\$277,552	\$9,753	\$820,090
Depreciation	-	5,327	13,189	17,894	4,675	13,075	694	54,854
Disposals	-	(2,183)	(72)	(12,274)	(4,914)	(14,914)	(56)	(34,413)
Exchange differences	-	-	(4)	(12)	(74)	-	(13)	(103)
As of Dec. 31, 2021	\$-	\$152,113	\$140,117	\$216,232	\$45,875	\$275,713	\$10,378	\$840,428
As of Jan. 1, 2020	\$-	\$143,586	\$113,418	\$208,611	\$45,641	\$275,787	\$8,969	\$796,012
Depreciation	-	5,383	13,588	17,884	4,990	14,711	789	57,345
Disposals	-	-	-	(15,866)	(4,405)	(12,946)	-	(33,217)
Exchange differences	-	-	(2)	(5)	(38)	-	(5)	(50)
As of Dec. 31, 2020	\$-	\$148,969	\$127,004	\$210,624	\$46,188	\$277,552	\$9,753	\$820,090
<u>Net carrying amount :</u>								
As of Dec. 31, 2021	\$663,508	\$91,813	\$24,503	\$47,956	\$15,719	\$23,364	\$1,822	\$868,685
As of Dec. 31, 2020	\$671,908	\$100,642	\$36,757	\$48,945	\$17,346	\$30,942	\$2,384	\$908,924

- (1) The Group's property, plant and equipment had no capitalization of interest as of December 31, 2021 and 2020.
- (2) The Company sold land and buildings on the 5th Subsection of Jilin Section to a related party and the consideration for disposal was NT\$37,515 thousand. The Company recognized the difference between the disposal consideration and the remaining book value of the property sold in the amount of NT\$25,613 thousand under gains on disposal of property, plant, and equipment. The sales price was based on general market condition. Please refer to Note 7 for the disclosure of related party transactions.
- (3) Please refer to Note 8 for more details on property, plant and equipment pledged as collateral.

(10) Intangible assets

	Computer software
Cost:	
As of January 1, 2021	\$22,849
Additions	972
Disposals	-
As of December 31, 2021	<u>\$23,821</u>
As of January 1, 2020	\$21,433
Additions	1,416
Disposals	-
As of December 31, 2021	<u>\$22,849</u>
Amortization and impairment:	
As of January 1, 2021	\$17,222
Amortization	2,910
Disposals	-
As of December 31, 2021	<u>\$20,132</u>
As of January 1, 2020	\$14,288
Amortization	2,934
Disposals	-
As of December 31, 2021	<u>\$17,222</u>
Net carrying amount:	
As of December 31, 2021	<u>\$3,689</u>
As of December 31, 2020	<u>\$5,627</u>

Amortization expense of intangible assets is as follows:

	For the years ended December 31,	
	2021	2020
Administrative expenses	<u>\$2,910</u>	<u>\$2,934</u>

(11) Short-term loans

	As of December 31,	
	2021	2020
Secured bank loans	<u>\$190,000</u>	<u>\$220,000</u>
Interest rates (%)	<u>0.98~1.00</u>	<u>0.98~1.00</u>

A. The Group's unused short-term lines of credit amounted to NT\$192,000 thousand and NT\$142,000 thousand as of December 31, 2021 and 2020, respectively.

B. Certain land and buildings are pledged as collateral for secured bank loans. Please refer to Note 8 for more details on collateral.

(12) Other payables

	As of December 31,	
	2021	2020
Expense payable	\$118,129	\$117,796
Dividend payable	17	14
Other payable – others	13,913	12,830
Total	<u>\$132,059</u>	<u>\$130,640</u>

(13) Long-term loans

Details of long-term loans as of December 31, 2021 were as follows:

Lenders	As of December 31, 2020	Interest rate (%)	Maturity date and terms of repayment
Secured long-term loan from Taiwan Cooperative Bank	\$25,000	1.10	Effective from August 10, 2020 to August 10, 2022. Principal is repaid at maturity with monthly interest payments. Total credit limits amounted to NTD\$ 290,000 thousand
Subtotal	<u>25,000</u>		
Less: current portion	<u>-</u>		
Total	<u>\$25,000</u>		

A. The Group repaid long-term borrowings in advance in the fourth quarter of 2021. There were no long-term loans as of December 31, 2021.

B. Certain land and buildings are pledged as collateral for long-term borrowings. Please refer to Note 8 for more details.

(14) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2021 and 2020 were NT\$26,592 thousand and NT\$27,763 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 15% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor oversees establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. Regarding to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT\$7,175 thousand to its defined benefits plan during the 12 months beginning after December 31, 2021.

As of December 31, 2021, and 2020, the Company's defined benefits plan is expected to mature in 2028.

Pension costs recognized in profit or loss for the years ended December 31, 2021 and 2020:

	For the years ended	
	December 31,	
	2021	2020
Current period service costs	\$2,206	\$2,384
Net interest expense	65	161
Total	<u>\$2,271</u>	<u>\$2,545</u>

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As of		
	December 31, 2021	December 31, 2020	January 1, 2020
Defined benefit obligation	\$352,749	\$384,131	\$393,660
Plan assets at fair value	(352,363)	(358,643)	(366,792)
Net defined benefit liabilities	\$386	\$25,488	\$26,868

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As of January 1, 2020	\$393,660	\$(366,792)	\$26,868
Current period service costs	2,384	-	2,384
Net interest expense (income)	2,636	(2,475)	161
Subtotal	5,020	(2,475)	2,545
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	28	-	28
Actuarial gains and losses arising from changes in financial assumptions	12,515	-	12,515
Experience adjustments	3,768	-	3,768
Remeasurements of the defined benefit assets	-	(12,458)	(12,458)
Subtotal	16,311	(12,458)	3,853
Payments from the plan	(30,860)	30,860	-
Contributions by employer	-	(7,778)	(7,778)
Effect of changes in foreign exchange rates	-	-	-
As of December 31, 2020	384,131	(358,643)	25,488
Current period service costs	2,206	-	2,206
Net interest expense (income)	1,119	(1,054)	65
Subtotal	3,325	(1,054)	2,271
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumption	185	-	185
Actuarial gains and losses arising from changes in financial assumptions	(9,686)	-	(9,686)
Experience adjustments	(5,252)	-	(5,252)
Remeasurement of the net defined benefit assets	-	(5,479)	(5,479)
Subtotal	(14,753)	(5,479)	(20,232)
Payments from the plan	(19,954)	19,954	-
Contributions by employer	-	(7,141)	(7,141)
Effect of changes in foreign exchange rates	-	-	-
As of December 31, 2021	\$352,749	\$(352,363)	\$386

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2021	2020
Discount rate	0.65%	0.30%
Expected rate of salary increases	1.00%	1.00%

Sensitivity analysis for significant assumption is shown below:

	2021		2020	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increases by 0.5%	\$-	\$13,239	\$-	\$15,545
Discount rate decreases by 0.5%	14,098	-	16,607	-
Future salary rate increases by 0.5%	13,977	-	16,405	-
Future salary rate decreases by 0.5%	-	13,258	-	15,515

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(15)Equity

A. Common stock

As of December 31, 2021 and 2020, the Company's authorized capital and issued capital were both NT\$1,680,000 thousand and NT\$905,919 thousand, with a par value of NT\$10, and authorized shares and issued shares were both 168,000 thousand shares and 90,592 thousand shares. Each share is entitled to one voting right and the right to receive dividends.

B. Capital surplus

	As of December 31,	
	2021	2020
Treasury stock transactions	\$26,977	\$45,095
Unclaimed dividends from shareholders	1,173	958
Total	\$28,150	\$46,053

According to the Company Act, the capital surplus shall not be used except for offset the deficit of the company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury stock:

As of December 31, 2021, and 2020, the treasury stock held by HWA JO PRODUCTS CO., LTD., a sub-subsidiary of the Company, both amounted to NT\$1,974 thousand and the number of treasury stock held were both 43 thousand shares. This sub-subsidiary company was acquired by a subsidiary of the Company in December 2002.

For the year ended December 31, 2020, the sub-subsidiary resold 12 thousand shares of the Company, which offset the cost of treasury stock by NT\$550 thousand. The difference between the sale price and purchase price debited the additional paid-in capital by NT\$77 thousand.

D. Retained earnings and dividend policies:

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

According to the Company's Articles of Incorporation, current year's net profits if any, shall be distributed in the following order: offset prior years' operation losses (including adjustments to the retained earnings); set aside 10% of the remaining amount as legal reserve, unless where such legal reserve amounts to the total paid-in capital;.. then set aside or reverse special reserve in accordance with law and regulations. The remaining net profits, if any, together with the retained earnings at the beginning of year (including adjustments to the retained earnings), are considered accumulated distributable earnings to the shareholders where the Board of Directors will prepare a distribution proposal to be resolved in the shareholders' meeting.

The policy of dividend distribution is based on the earnings of current year, considering factors such as the overall environment, relevant laws and regulations, the Company's long-term development plan, and the premise of a stable financial structure, which adopts the share bonus equilibrium strategy. If any dividends are distributed, at least 50% of the dividends must be paid in the form of cash.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, 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 special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

For the years ended December 31, 2021 and 2020, the Company has not reversed any special reserve provided on the Company’s first-time adoption of the IFRS to retained earnings as results of the use, disposal or reclassification of related assets. As of December 31, 2021 and 2020, the amount of special reserve provided on the Company’s first-time adoption of the IFRS was both NT\$3,547 thousand.

Details of the 2021 and 2020 earnings distribution and dividends per share as approved and resolved by the Board of Directors’ meeting and Shareholders’ meeting on March 15, 2022 and August 4, 2021, respectively, are as follows:

	Appropriation of earnings (in thousand NT dollars)		Cash dividends per share (NT dollars)	
	2021	2020	2021	2020
Legal reserve	\$6,923	\$5,397	\$-	\$-
Cash dividends	62,508	54,355	0.69	0.6

In addition, the Board of Directors' meeting on March 15, 2022, proposed to distribute cash from additional paid-in capital of NT\$9,965 thousand, at approximately NT\$0.11 per share, and Shareholders' meeting on August 4, 2021 resolved to distribute cash from additional paid-in capital of NT\$18,118 thousand, at approximately NT\$0.2 per share.

Please refer to Note 6. (19) for details on employees' compensation and remuneration to directors and supervisors.

E. Non-controlling interests

	For the years ended December 31,	
	2021	2020
Beginning balance	\$3,901	\$3,984
Income (loss) attributable to non-controlling interests	301	330
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of foreign operations	(259)	(146)
Cash dividends distributed by subsidiaries	(263)	(267)
Ending balance	<u>\$3,680</u>	<u>\$3,901</u>

(16) Operating revenues

	For the years ended December 31,	
	2021	2020
Revenue from contracts with customers		
Sale of goods	<u>\$1,773,001</u>	<u>\$1,906,194</u>

Analysis of revenue from contracts with customers during the years ended December 31, 2021 and 2020 are as follows:

A. Disaggregation of revenue

For the year ended December 31, 2021

	Tea	Food and Beverage	Others	Total
	Sale of goods	<u>\$864,832</u>	<u>\$832,254</u>	<u>\$75,915</u>
Timing of revenue recognition:				
At a point in time	<u>\$864,832</u>	<u>\$832,254</u>	<u>\$75,915</u>	<u>\$1,773,001</u>

For the year ended December 31, 2020

	Tea	Food Beverage	Other	Total
Sale of goods	<u>\$865,712</u>	<u>\$957,404</u>	<u>\$83,078</u>	<u>\$1,906,194</u>
The timing of revenue recognition:				
At a point in time	<u>\$865,712</u>	<u>\$957,404</u>	<u>\$83,078</u>	<u>\$1,906,194</u>

B. Contract balances

(a) Contract liabilities – current

	As of		
	December 31, 2021	December 31, 2020	January 1, 2020
Sale of goods	\$17,850	\$15,458	\$15,855
Customer loyalty program	3,167	3,389	3,364
Total	<u>\$21,017</u>	<u>\$18,847</u>	<u>\$19,219</u>

The significant changes in the Group's balances of contract liabilities for the years ended December 31, 2021 and 2020 are as follows:

	For the years ended December 31,	
	2021	2020
The opening balance transferred to revenue	\$18,847	\$19,219
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	21,017	18,847

C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2021, and 2020, the Group is not required to provide information on unsatisfied performance obligations as the expected duration of the Company's customer loyalty programs is shorter than one year.

D. Assets recognized from costs to fulfil a contract

None.

(17) Expected credit losses/ (gains)

	For the years ended	
	December 31,	
	2021	2020
Operating expenses-expected credit (losses) gains		
Receivables	<u>\$ (2,950)</u>	<u>\$ 2,459</u>

Please refer to Note 12 for more details on credit risk.

As of December 31, 2021 and 2020, the credit risk for the Group's financial assets measured at amortized cost was assessed low (the same as the assessment result at the beginning of the period). Therefore, the loss allowance is measured at an amount of NT\$0 thousand equal to 12-month expected credit losses (loss rate of 0%).

The Group measures the loss allowance of its receivables (including notes receivable, accounts receivable and accounts receivable-related parties) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2021 and 2020 is as follows:

The Group considers the grouping of receivables based on counterparties' credit ratings, geographical region and industry sectors and adopts a provision matrix to measure its loss allowance. Details are as follows:

As of December 31, 2021

Group 1 - Domestic	Overdue						Total
	Not overdue (Note)	Within 30 days	31-60 days	61-90 days	91-100 days	Over 101 days	
Gross carrying amount	\$155,616	\$328	\$678	\$7	\$-	\$552	\$157,181
Loss rate	0%	1%	2%	9%	33%	100%	
Lifetime expected credit losses	-	(1)	(14)	(1)	-	(552)	(568)
Subtotal	155,616	327	664	6	-	-	156,613
Group 2 - Others	Overdue						Total
	Not overdue (Note)	Within 30 days	31-60 days	61-90 days	91-120 days	Over 121 days	
Gross carrying amount	\$83,450	\$10,105	\$494	\$242	\$33	\$282	\$94,606
Loss rate	1%	17%	0%	17%	0%	54%	
Lifetime expected credit losses	(1,132)	(1,685)	-	(42)	-	(153)	(3,012)
Subtotal	82,318	8,420	494	200	33	129	91,594
Carrying amount							<u>\$248,207</u>

As of December 31, 2020

Group 1 – Domestic	Overdue						Total
	Not overdue (Note)	Within				Over 101 days	
		30 days	31-60 days	61-90 days	91-100 days		
Gross carrying amount	\$136,865	\$6	\$2	\$3	\$-	\$45	\$136,921
Loss rate	0%	28%	37%	37%	64%	100%	
Lifetime expected credit losses	(5)	(2)	(1)	(1)	-	(45)	(54)
Subtotal	136,860	4	1	2	-	-	136,867

Group 2 - Other	Overdue						Total
	Not overdue (Note)	Within				Over 121 days	
		30 days	31-60 days	61-90 days	91-120 days		
Gross carrying amount	\$65,800	\$513	\$176	\$24	\$57	\$295	\$66,865
Loss rate	1%	0%	1%	0%	46%	64%	
Lifetime expected credit losses	(360)	(1)	(1)	-	(26)	(188)	(576)
Subtotal	65,440	512	175	24	31	107	66,289
Carrying amount							<u>\$203,156</u>

Note: The Group's notes receivables are not overdue.

The movement in the provision for impairment of notes receivable and accounts receivables for the years ended December 31, 2021 and 2020 is as follows:

	Notes Receivable	Accounts Receivable
Balance as of January 1, 2021	\$-	\$630
Addition for the current period	-	2,950
Balance as of December 31, 2021	<u>\$-</u>	<u>\$3,580</u>
Balance as of January 1, 2020	\$56	\$3,033
Reversal for the current period	(56)	(2,403)
Balance as of December 31, 2020	<u>\$-</u>	<u>\$630</u>

(18) Leases

A. Group as a lessee

The Group leases various properties, including real estate such as buildings, transportation equipment and other equipment. The lease terms range from 2 to 8 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

(a) Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31,	
	2021	2020
Buildings	\$285,661	\$294,208
Transportation equipment	88	613
Other equipment	280	-
Total	<u>\$286,029</u>	<u>\$294,821</u>

For the years ended December 31, 2021 and 2020, the Group's additions to right-of-use assets amounted to NT\$100,523 thousand and NT\$71,865 thousand, respectively.

ii. Lease liabilities

	As of December 31,	
	2021	2020
Lease liabilities	<u>\$293,142</u>	<u>\$297,257</u>
Current	\$92,246	\$94,334
Non-current	\$200,896	\$202,923

Please refer to Note 6. (20) D for the Group's interest on lease liabilities recognized for the years ended December 31, 2021 and 2020 and refer to Note 12. (5) Liquidity Risk Management for the maturity analysis for lease liabilities.

(b) Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2021	2020
Buildings	\$104,289	\$104,498
Transportation equipment	525	526
Other equipment	16	-
Total	<u>\$104,830</u>	<u>\$105,024</u>

(c) Income and costs relating to leasing activities

	For the years ended	
	December 31,	
	2021	2020
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$81,905	\$95,196
Expenses relating to short-term leases	8,798	11,439

For the years ended December 31, 2021 and 2020, the rent concessions arising as a direct consequence of the Covid-19 pandemic amounted to NT\$5,533 thousand and NT\$6,192 thousand, respectively, which were recognized as a reduction in the lease payments to reflect the variable lease payment arising from the application of the practical expedient.

(d) Cash outflow relating to leasing activities

For the years ended December 31, 2021 and 2020, the Group's total cash outflows for leases amounted to NT\$189,447 thousand and NT\$214,027 thousand, respectively.

(e) Other information relating to leasing activities

i. Variable lease payments

Some of the Group's property rental agreements contracts include variable payment terms that are linked to certain percentages of sales generated from the leased stores, which is common within the industry of the Group. As such variable lease payments do not meet the definition of lease payments, those payments are not included in the measurement of the assets and liabilities. The Group expects that, for every sales increase by 1%, the rent payments will increase by NT\$819 thousand.

ii. Extension and termination options

Some of the Group's property rental agreements contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of the extension and termination options held are exercisable only by the Group.

After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(19) Employee benefits, depreciation and amortization expenses are summarized by function as follows:

By Nature \ By Function	For the year ended December 31, 2021			For the year ended December 31, 2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$95,605	\$452,808	\$548,413	\$98,994	\$490,390	\$589,384
Labor and health insurance	11,334	52,298	63,632	11,051	51,763	62,814
Pension	5,287	23,576	28,863	5,489	24,819	30,308
Directors' remuneration	-	1,903	1,903	-	2,079	2,079
Other employee benefits expense	5,293	21,985	27,278	5,650	23,701	29,351
Depreciation	31,378	128,306	159,684	31,954	130,415	162,369
Amortization	-	2,910	2,910	-	2,934	2,934

The Company's Articles of Incorporation states that if there is a profit in the current year, the Company should set aside employees' compensation at 2% of the profit and no more than 2% as remuneration to directors and supervisors. When the Company suffers an accumulated deficit, the profit should be retained to recover the deficit. The aforementioned employees' compensation can be paid out either in the form of shares or in cash and shall be resolved in the Board of Directors' meeting, with two-thirds of the Board of Directors' members present and over half of the present members' approval, which shall be reported to the Shareholders' meeting. Information of the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit for the year ended December 31, 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors at 2% and 1.59% of profit of the current year and recognized NT\$1,070 thousand and NT\$856 thousand, respectively, as employee benefits expenses. The distributions of employees and directors' compensation for 2021 were reported to the Board of Directors meeting held on March 15, 2022 to distribute NT\$1,075 thousand and NT\$968 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2021, respectively. The differences between the estimated amount and the actual amount determined by the Board of Directors were NT\$5 thousand and NT\$112 thousand, respectively were recognized in profit or loss of the subsequent year.

A resolution was passed at the Board of Directors meeting held on March 19, 2021 to distribute NT\$1,436 thousand and NT\$1,149 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2020, respectively, whereas the estimated amount accrued in the financial statements for the year ended December 31, 2020 as expense were NT\$1,431 thousand and NT\$1,145 thousand, respectively. The differences between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors and supervisors for the year ended 31 December 2020 were NT\$5 thousand and NT\$4 thousand, respectively, which were mainly due to changes in estimates and were recognized in profit or loss of the subsequent year in 2021.

(20) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2021	2020
Financial assets measured at amortized cost	\$278	\$562

B. Other income

	For the years ended December 31,	
	2021	2020
Rent income	\$2,456	\$2,456
Dividend income	16,341	13,040
Other income – others	6,564	8,184
Total	\$25,361	\$23,680

C. Other gains and losses

	For the years ended December 31,	
	2021	2020
Gains (losses) on disposal of property, plant, and equipment	\$26,231	\$(1,570)
Gains on lease modification	65	73
Foreign exchange losses	(6,534)	(11,620)
Others	(1,992)	(120)
Total	\$17,770	\$(13,237)

D. Finance costs

	For the years ended December 31,	
	2021	2020
Interest on borrowings from bank	\$1,863	\$2,074
Interest on lease liabilities	4,188	4,536
Total	\$6,051	\$6,610

(21)Components of other comprehensive income

For the year ended December 31, 2021:

	For the year ended December 31, 2021				
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income (loss)	Other comprehensive income (loss), net of tax
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	\$20,232	\$-	\$20,232	\$(4,046)	\$16,186
Unrealized gains or (losses) from equity instruments investments measured at fair value through other comprehensive income	(27,715)	-	(27,715)	-	(27,715)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations	(841)	-	(841)	-	(841)
Share of other comprehensive income (loss) of associates and join ventures accounted for using the equity method	(70)	-	(70)	-	(70)
Total other comprehensive income (loss)	<u>\$(8,394)</u>	<u>\$-</u>	<u>\$(8,394)</u>	<u>\$(4,046)</u>	<u>\$(12,440)</u>

For the year ended December 31, 2020:

	For the year ended December 31, 2020				
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income (loss)	Other comprehensive income (loss), net of tax
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	\$(3,853)	\$-	\$(3,853)	\$771	\$(3,082)
Unrealized gains or (losses) from equity instruments investments measured at fair value through other comprehensive income	(21,932)	-	(21,932)	-	(21,932)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations	(292)	-	(292)	-	(292)
Share of other comprehensive income (loss) of associates and join ventures accounted for using the equity method	141	-	141	-	141
Total other comprehensive income (loss)	<u>\$(25,936)</u>	<u>\$-</u>	<u>\$(25,936)</u>	<u>\$771</u>	<u>\$(25,165)</u>

(22) Income tax

A. The major components of income tax expense for the years ended December 31, 2021 and 2020 are as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended December 31,	
	2021	2020
Current income tax expense		
Current income tax charge	\$10,513	\$14,681
Adjustments in respect of current income tax of prior periods	(134)	(256)
Deferred tax expense (income)		
Deferred tax income related to origination and reversal of temporary differences	(870)	(1,735)
Total income tax expense	<u>\$9,509</u>	<u>\$12,690</u>

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2021	2020
Deferred tax expense (income):		
Remeasurements of defined benefits plan	<u>\$4,046</u>	<u>\$(771)</u>

B. Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31,	
	2021	2020
Accounting income before tax from continuing operations	<u>\$52,938</u>	<u>\$70,073</u>
Tax at the domestic rates applicable to profits in the country concerned	\$11,423	\$14,567
Tax effect of revenues exempt from taxation	(805)	(575)
Tax effect of deferred tax assets/liabilities	(975)	(1,046)
Adjustments in respect of current income tax of prior periods	(134)	(256)
Total income tax expense recognized in profit or loss	<u>\$9,509</u>	<u>\$12,690</u>

C. Deferred tax assets and liabilities related to the following:

	For the year ended December 31, 2021			
	Beginning	Recognized in	Recognized in	Ending
	balance as of			
January 1		comprehensive	December 31	
Temporary differences				
Unrealized exchange losses (gains)	\$1,684	\$195	\$-	\$1,879
Inventory write-downs	495	(31)	-	464
Provision (reversal) of bad debt expense	(279)	503	-	224
Income from investments accounted for using the equity method	(973)	12	-	(961)
Losses from investments accounted for using the equity method	1,054	390	-	1,444
Unused vacation leave	330	(155)	-	175
Customer loyalty program	679	(44)	-	635
Reserve for land value increment tax	(57,010)	-	-	(57,010)
Net defined benefit liabilities – non-current	(118)	-	(4,046)	(4,164)
Deferred tax income (expense)		\$870	\$ (4,046)	
Net deferred tax assets (liabilities)	<u>\$(54,138)</u>			<u>\$(57,314)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$4,242</u>			<u>\$4,821</u>
Deferred tax liabilities	<u>\$(58,380)</u>			<u>\$(62,135)</u>

	For the year ended December 31, 2020			
	Beginning	Recognized	Recognized in	Ending
	balance as of			
January 1	loss	comprehensive	December 31	
Temporary differences				
Unrealized exchange losses (gains)	\$375	\$1,309	\$-	\$1,684
Inventory write-downs	404	91	-	495
Provision (reversal) of bad debt expense	95	(374)	-	(279)
Income from investments accounted for using the equity method	(1,173)	200	-	(973)
Losses from investments accounted for using the equity method	319	735	-	1,054
Unused vacation leave	561	(231)	-	330
Customer loyalty program	674	5	-	679
Reserve for land value increment tax	(57,010)	-	-	(57,010)
Net defined benefit liabilities – non-current	(889)	-	771	(118)
Deferred tax income (expense)		\$1,735	\$771	
Net deferred tax assets (liabilities)	<u>\$(56,644)</u>			<u>\$(54,138)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$2,428</u>			<u>\$4,242</u>
Deferred tax liabilities	<u>\$(59,072)</u>			<u>\$(58,380)</u>

D. Unrecognized deferred tax assets

As of December 31, 2021, and 2020, deferred tax assets that have not yet been recognized amounted to NT\$12,397 thousand and NT\$12,325 thousand, respectively.

E. The assessment of income tax returns

As of December 31, 2021, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	<u>Assessment of income tax returns</u>	<u>Notes</u>
The Company	Assessed and approved up to 2019	No difference
Subsidiary – Ten Ren Enterprise Co., Ltd.	Assessed and approved up to 2019	No difference
Sub-subsidiary – Hwa Jo Products Co., Ltd.	Assessed and approved up to 2019	No difference

(23) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
A. Basic earnings per share		
Net income attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$43,128</u>	<u>\$57,053</u>
Weighted-average number of ordinary shares for basic earnings per share (in thousands)	<u>90,549</u>	<u>90,548</u>
Basic earnings per share (NT\$)	<u>\$0.48</u>	<u>\$0.63</u>
B. Diluted earnings per share		
Net income attributable to ordinary equity holders of the Company	<u>\$43,128</u>	<u>\$57,053</u>
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$43,128</u>	<u>\$57,053</u>
Weighted-average number of ordinary shares for basic earnings per share (in thousands)	90,549	90,548
Effect of dilution		
Employees' compensation – stock (in thousands) (thousand shares)	<u>38</u>	<u>61</u>
Weighted-average number of ordinary shares after dilution (in thousands)	<u>90,587</u>	<u>90,609</u>
Diluted earnings per share (NT\$)	<u>\$0.48</u>	<u>\$0.63</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date when the financial statements were authorized for issue.

7. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Related parties and relationship

<u>Name of related parties</u>	<u>Relationship with the Group</u>
TEN FU INVESTMENT CO., LTD.	The Company's Director
LEE, CHIEN-TE	The Company's Director
TEN REN TEA CULTURE FOUNDATION	Substantive related party
ZHANGSHOU TIANFU TEA INDUSTRY CO., LTD.	Substantive related party
LU YU TEA ART CO., LTD.	Substantive related party
YU-JUN INVESTMENT CO., LTD.	Substantive related party
XIAMEN DATLY PLUS FOOD BEVERAGE MANagements CO., LTD.	Associate

Significant transactions with the related parties

(1) Sales

	For the years ended December 31,	
	2021	2020
Other related parties	\$61,880	\$51,867
Associates	7,377	15,951
Total	<u>\$69,257</u>	<u>\$67,818</u>

The sales price to domestic related parties is based on the transfer price between the factory and branches while the sale price to foreign related parties is based on the Company's North America region selling price. For domestic related parties, the collection period is 100 days from the date of shipment while for foreign related parties, the collection period is 120 days from the date of shipment. For third-party customers, the collection period is 100-120 days from the date of shipment.

(2) Purchase

	For the years ended December 31,	
	2021	2020
Other related parties	<u>\$3,664</u>	<u>\$4,533</u>

The purchase price and payment terms to related parties are comparable to those of third-party suppliers, whose payment term is 2 months.

(3) Notes receivable – related parties

	As of December 31,	
	2021	2020
Other related parties	\$111	\$142
Less: loss allowance	-	-
Net	<u>\$111</u>	<u>\$142</u>

(4) Accounts receivable – related parties

	As of December 31,	
	2021	2020
Other related parties		
ZHANGSHOU TIANFU TEA INDUSTRY CO., LTD.	\$28,276	\$28,057
TEN REN TEA CULTURE FOUNDATION	4	-
LU YU TEA ART CO., LTD.	-	82
Associate		
XIAMEN DAILY PLUS FOOD BEVERAGE MANAGEMENT CO., LTD.	2,315	3,906
Less: loss allowance	(612)	(2)
Net	<u>\$29,983</u>	<u>\$32,043</u>

(5) Notes payable – related parties

	As of December 31,	
	2021	2020
Other related parties	<u>\$295</u>	<u>\$659</u>

(6) Accounts payable – related parties

	As of December 31,	
	2021	2020
Other related parties	<u>\$558</u>	<u>\$490</u>

(7) Guarantee deposits

	As of December 31,	
	2021	2020
Other related parties	<u>\$20</u>	<u>\$20</u>

(8) Lease – related parties

(i) The Group as a lessor

Rent income

	For the years ended December 31,	
	2021	2020
Major management personnel of the Company	\$165	\$180
Other related parties		
LU YU TEA ART CO., LTD.	1,265	1,265
TEN REN TEA CULTURE FOUNDATION	60	60
Total	<u>\$1,490</u>	<u>\$1,505</u>

(ii) The Group as a lessee

a. Rent expense

	For the years ended December 31,	
	2021	2020
Key management personnel of the Company	<u>\$1,983</u>	<u>\$2,144</u>

(9) Charitable contributions

	For the years ended December 31,	
	2021	2020
Other related parties		
TEN REN TEA CULTURE FOUNDATION	<u>\$1,150</u>	<u>\$750</u>

(10) Gains on disposal of property, plant, and equipment

	For the years ended December 31,	
	2021	2020
Associate		
YU-JUN INVESETMENT CO., LTD.	<u>\$25,613</u>	<u>\$-</u>

(11) Key management personnel compensation

	For the years ended December 31,	
	2021	2020
Short-term employee benefits	\$9,028	\$9,911
Post-employment benefits	260	265
Total	<u>\$9,288</u>	<u>\$10,176</u>

8. Assets pledged as collateral

The following table lists assets of the Group pledged as security:

Items	Carrying amounts as of December 31,		Purpose of pledge
	2021	2020	
Financial assets measured at amortized cost	\$1,000	\$1,350	Performance guarantees
Property, plant, and equipment – land and buildings	641,198	644,833	Short-term loans and long-term loans
Total	<u>\$642,198</u>	<u>\$646,183</u>	

9. Significant contingencies and unrecognized contractual commitments

As of December 31, 2021, and 2020, the Company's notes payable due to leases amounted to NT\$59,069 thousand and NT\$51,500 thousand, respectively.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2021	2020
Financial assets at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$-	\$-
Financial assets at fair value through other comprehensive income	331,250	380,653
Financial assets measured at amortized cost (Note)	529,287	560,147
Total	<u>\$860,537</u>	<u>\$940,800</u>

Financial liabilities

	As of December 31,	
	2021	2020
Financial liabilities at fair value through profit or loss		
Short-term loans	\$190,000	\$220,000
Payables	248,997	249,903
Long-term loans	-	25,000
Lease liabilities	293,142	297,257
Guarantee deposits	12,080	12,120
Total	<u>\$744,219</u>	<u>\$804,280</u>

Note: Including cash and cash equivalent (excluding cash on hands), financial assets measured at amortized cost, notes receivable, account receivable, other receivables, and guarantee deposits.

(2) 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 activities. 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 must be carried out based on relevant regulations and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) 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, interest rate risk and other price risk (such as equity risk).

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

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 revenues or expenses are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is in place. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and HKD.

The information of the sensitivity analysis is as follows:

- (a) When NTD appreciates/depreciates against USD by 1%, the profit for the years ended December 31, 2021 and 2020 decreases/increases by NT\$1,937 thousand and NT\$2,221 thousand, respectively
- (b) When NTD appreciates/depreciates against HKD by 1%, the profit for the years ended December 31, 2021 and 2020 decreases/increases by NT\$397 thousand and NT\$290 thousand, respectively, and equity as of December 31, 2021 and 2020 decreases/increases by NT\$3,312 thousand and NT\$3,806 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or 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 debt instrument investments at variable interest rates, and bank borrowings with variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including borrowings with variable interest rates. At the reporting date, a change of 25 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2021 and 2020 to decrease/increase by NT\$475 thousand and NT\$613 thousand, respectively.

Equity price risk

The fair value of the Group's equity securities listed in foreign countries is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's equity securities listed in foreign countries that are classified under financial assets measured at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, an increase/decrease of 1% in the stock price of listed companies classified as equity instruments investments measured at fair value through other comprehensive income could increase/decrease the Group's equity by NT\$3,312 thousand and NT\$3,807 thousand, respectively for the years ended December 31, 2021 and 2020.

(4) Credit risk management

Credit risk is the risk that 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 contract assets, accounts and notes receivables and lease receivables) and financing activities, including bank deposits and other financial instruments.

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

As of December 31, 2021, and 2020, accounts receivables from top ten customers represent 46% and 49% of the total accounts receivables of the Group, respectively. The credit concentration risk of other contract assets and accounts 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. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Group makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates.

The Company writes off financial assets when it assesses that the financial assets cannot be reasonably expected to recover (such as significant financial difficulties of the issuer or debtor, or bankruptcy).

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility using cash and cash equivalents, bank borrowings, and leases. 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 variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2-3 years	4-5 years	More than 5 years	Total
As of December 31, 2021					
Bank loans	\$190,955	\$-	\$-	\$-	\$190,955
Payables	248,997	-	-	-	248,997
Lease liabilities (Note)	98,646	136,281	74,390	18,540	327,857
As of December 31, 2020					
Bank loans	\$221,255	\$25,442	\$-	\$-	\$246,697
Payables	249,903	-	-	-	249,903
Lease liabilities (Note)	103,161	121,903	64,531	29,095	318,690

Note: Including cash flows resulted from short-term leases contract.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2021:

	Short-term loans	Long-term loans	Lease liabilities
As of January 1, 2021	\$220,000	\$25,000	\$297,257
Cash flows	(30,000)	(25,000)	(98,744)
Non-cash changes	-	-	94,629
As of December 31, 2021	\$190,000	\$-	\$293,142

Reconciliation of liabilities for the year ended December 31, 2020:

	Short-term loans	Long-term loans	Lease liabilities
As of January 1, 2020	\$95,000	\$-	\$335,574
Cash flows	125,000	25,000	(101,200)
Non-cash flows	-	-	62,883
As of December 31, 2020	\$220,000	\$25,000	\$297,257

(7) Fair value of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- (i) The carrying amount of cash and cash equivalents, receivables, and payables approximate their fair value due to their short maturities.
- (ii) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities.) at the reporting date.
- (iii) Fair value of bank loans is determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair values of financial assets measured at amortized cost

The carrying amount of financial assets measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12. (8) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy information

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

	As of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	\$331,250	\$-	\$-	\$331,250

	As of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	\$380,653	\$-	\$-	\$380,653

Transfers between Level 1 and Level 2 during the period

For the years ended December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2 for the Group's assets and liabilities measured at fair value on a recurring basis.

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	Unit: thousands		
	As of December 31, 2021		
	Foreign Currency	Exchange Rate	NTD
<u>Financial Assets</u>			
Monetary items:			
USD	\$6,726	28.80	\$ 193,705
JPY	29,122	0.25	7,305
HKD	10,977	3.52	39,712
MYR	936	6.61	6,191
CAD	605	22.01	13,318
Non-monetary items:			
HKD	94,132	3.52	331,250
As of December 31, 2020			
	Foreign Currency	Exchange Rate	NTD
<u>Financial Assets</u>			
Monetary items:			
USD	\$7,791	28.50	\$220,066
JPY	44,753	0.27	12,286
HKD	7,959	3.64	28,998
MYR	777	7.08	5,498
CAD	323	21.97	7,096
Non-monetary items:			
HKD	104,489	3.64	380,653

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

Since there were various functional currencies used within the entities of the Group, the Group was unable to disclose foreign exchange gains (losses) towards each foreign currency with significant impact. The realized and unrealized foreign exchange losses were NT\$6,534 thousand and NT\$11,620 thousand for the years ended December 31, 2021 and 2020, respectively.

(10) 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 adjusts it, considering 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.

13. Other disclosure

(1) Information at significant transactions:

- A. Financing provided to others for the year ended December 31, 2021: None.
- B. Endorsement/guarantee provided to others for the year ended December 31, 2021: None.
- C. Securities held as of December 31, 2021: refer to Attachment 1.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock for the year ended December 31, 2021: None.
- E. Acquisition of real estate up to the amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2021: None.
- F. Disposal of real estate up to the amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2021: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of capital stock for the year ended December 31, 2021: None.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of December 31, 2021: None.
- I. Engaging in derivative transactions for the year ended December 31, 2021: None.
- J. Other: Intercompany relationships and significant intercompany transactions for the year ended December 31, 2021: refer to Attachment 3.

(2) Information on investees:

- A. Of the investee company directly or indirectly has significant influence or control over, their investee companies' information: refer to Attachment 2.
- B. For those who directly or indirectly pose significant influence or control over the investee company, please disclose the following:
 - a. Financing provided to others for the year ended December 31, 2021: None.
 - b. Endorsement/guarantee provided to others for the year ended December 31, 2021: None.
 - c. Securities held as of December 31, 2021: refer to Attachment 1.
 - d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.
 - e. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.
 - f. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.
 - g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31: None.
 - h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2021: None.
 - i. Engaging in derivative transactions for the year ended December 31, 2021: None.

(3) Information on investment in mainland China

A. The investee company name, main business, paid-in capital, type of the investment, capital inflow and outflow, ownership, investment gains and losses, ending balance of investment, repatriation of investment income and the mainland investment limit scenario: refer to Attachment 4.

B. Transactions with the investee companies directly or indirectly through a third country following the occurrence of significant transactions, prices, payment terms and unrealized gains and losses were as below:

a. Purchase amount and percentage and the ending balance of related payables and percentage: None.

b. Sales amount and percentage and the ending balance of related receivables and percentage for the year ended December 31, 2021:

	<u>Sales</u>		<u>Account receivables</u>	
		% of the		% as of the
	Amount	company's	Amount	account's
		net sales		ending
				balance
Goods sold to				
XIAMEN DAILY PLUS				
BEVERAGE				
MANAGEMENT CO., LTD.	\$7,377	0.42%	\$2,315	0.95%

c. Gains and loss on the transaction of property: None.

d. Ending balance and purpose of endorsement guarantees or collateral: None.

e. Ending balance, maximum limit, interest rates range and current interest amount of financing: None.

f. Other investments that have significant impact on current profit or financial condition, such as the services provided or received: None.

(4) Major shareholder information:

Please refer to Attachment 5.

14. Segment information

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

A. Tea segment: responsible for tea production and sales.

B. Food and beverage segment: responsible for providing catering services.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

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

A. Reportable segment information for the years ended December 31, 2021 and 2020 was as follows:

	For the year ended December 31, 2021					Total
	Tea	Food and beverages	Reportable segment subtotal	Other segments ¹	Adjustments and write-off ²	
Operating revenues						
Operating revenues from external customers	\$864,832	\$832,254	\$1,697,086	\$75,915	\$-	\$1,773,001
Operating revenues from sales among intersegments	37,594	-	37,594	-	(37,594)	-
Interest income	278	-	278	-	-	278
Revenue subtotal	<u>\$902,704</u>	<u>\$832,254</u>	<u>\$1,734,958</u>	<u>\$75,915</u>	<u>\$(37,594)</u>	<u>\$1,773,279</u>
Interest expense	<u>\$6,051</u>	<u>\$-</u>	<u>\$6,051</u>	<u>\$-</u>	<u>\$-</u>	<u>\$6,051</u>
Depreciation and amortization	<u>\$79,310</u>	<u>\$76,322</u>	<u>\$155,632</u>	<u>\$6,962</u>	<u>\$-</u>	<u>\$162,594</u>
Share of profit or loss of associates and joint ventures accounted for using the equity method	<u>\$-</u>	<u>\$-</u>	<u>\$744</u>	<u>\$-</u>	<u>\$-</u>	<u>\$744</u>
Segment net income (loss), before tax	<u>\$(5,832)</u>	<u>\$77,999</u>	<u>\$72,167</u>	<u>\$(19,229)</u>	<u>\$-</u>	<u>\$52,938</u>
Assets						
Long-term equity investment accounted for using the equity method	<u>\$-</u>	<u>\$-</u>	<u>\$9,911</u>	<u>\$-</u>	<u>\$-</u>	<u>\$9,911</u>
Segment assets	<u>\$1,126,513</u>	<u>\$1,084,078</u>	<u>\$2,210,591</u>	<u>\$98,885</u>	<u>\$-</u>	<u>\$2,309,476</u>
Segment liabilities	<u>\$414,229</u>	<u>\$398,625</u>	<u>\$812,854</u>	<u>\$36,361</u>	<u>\$-</u>	<u>\$849,215</u>

	As of December 31, 2020					
	Tea	Food and Beverages	Reportable segment subtotal	Other Segments ¹	Adjustments and write-off ²	Total
Operating revenues						
Operating revenues from external customers	\$865,712	\$957,404	\$1,823,116	\$83,078	\$-	\$1,906,194
Operating revenues from sales among intersegments	29,107	-	29,107	-	(29,107)	-
Interest income	562	-	562	-	-	562
Revenue subtotal	<u>\$895,381</u>	<u>\$957,404</u>	<u>\$1,852,785</u>	<u>\$83,078</u>	<u>\$(29,107)</u>	<u>\$1,906,756</u>
Interest expense	<u>\$6,610</u>	<u>\$-</u>	<u>\$6,610</u>	<u>\$-</u>	<u>\$-</u>	<u>\$6,610</u>
Depreciation and amortization	<u>75,074</u>	<u>\$83,025</u>	<u>\$158,099</u>	<u>\$7,204</u>	<u>\$-</u>	<u>\$165,303</u>
Share of profit or loss of associates and joint ventures accounted for using the equity method	<u>\$-</u>	<u>\$-</u>	<u>\$696</u>	<u>\$-</u>	<u>\$-</u>	<u>\$696</u>
Segment net income (loss), before tax	<u>\$(25,943)</u>	<u>\$121,489</u>	<u>\$95,546</u>	<u>\$(25,473)</u>	<u>\$-</u>	<u>\$70,073</u>
Assets						
Long-term equity investment accounted for using the equity method	<u>\$-</u>	<u>\$-</u>	<u>\$9,237</u>	<u>\$-</u>	<u>\$-</u>	<u>\$9,237</u>
Segment assets	<u>\$1,105,199</u>	<u>\$1,222,257</u>	<u>\$2,327,456</u>	<u>\$106,060</u>	<u>\$-</u>	<u>\$2,433,516</u>
Segment liabilities	<u>\$422,022</u>	<u>\$466,721</u>	<u>\$888,743</u>	<u>\$40,499</u>	<u>\$-</u>	<u>\$929,242</u>

¹ Revenue from tea snacks and tea sets that are operating segments that do not meet the quantitative threshold for reportable segments.

² Inter-segment revenues are eliminated on consolidation and recorded under the “adjustment and elimination” column.

B. Reconciliation of reportable segment revenues, profit and loss, assets, liabilities, and other significant items was as below:

(1) Revenue

	For the years ended December 31,	
	2021	2020
Total revenues for reportable segments	\$1,734,680	\$1,852,223
Other revenues	75,915	83,078
Elimination of inter-segment revenues	<u>(37,594)</u>	<u>(29,107)</u>
Total	<u>\$1,773,001</u>	<u>\$1,906,194</u>

(2) Profit or loss

	For the years ended December 31,	
	2021	2020
Total profit (loss) for reportable segments	\$72,167	\$95,546
Other income (loss)	(19,229)	(25,473)
Elimination of inter-segment profit or (loss)	-	-
Income from continuing operations before tax	<u>\$52,938</u>	<u>\$70,073</u>

(3) Assets

	As of December 31,	
	2021	2020
Total assets for reportable segments	\$2,210,591	\$2,327,456
Other assets	98,885	106,060
Total	<u>\$2,309,476</u>	<u>\$2,433,516</u>

(4) Liabilities

	As of December 31,	
	2021	2020
Total liabilities for reportable segments	\$812,854	\$888,743
Other liabilities	36,361	40,499
Total	<u>\$849,215</u>	<u>\$929,242</u>

(5) Other significant items

For the year ended December 31, 2021

	Reportable segment total	Reconciliation	Total
Interest income	\$278	\$-	\$278
Interest expense	6,051	-	6,051
Depreciation and amortization	155,632	6,962	162,594

For the year ended December 31, 2020

	Reportable segment total	Reconciliation	Total
Interest income	\$562	\$-	\$562
Interest expense	6,610	-	6,610
Depreciation and amortization	158,099	7,204	165,303

C. Geographical information

Revenues from external customers:

	For the years ended	
	December 31,	
	2021	2020
Taiwan	\$1,400,249	\$1,553,051
USA	99,103	58,050
China (including Hong Kong)	198,259	221,803
Others	75,390	73,290
	<u>\$1,773,001</u>	<u>\$1,906,194</u>

Revenue is classified based on the country of customers.

Non-current assets

	As of December 31,	
	2021	2020
Taiwan	\$1,193,712	\$1,238,985
Other	669	713
Total	<u>\$1,194,381</u>	<u>\$1,239,698</u>

D. Significant customer information

The Company has no customers who account for more than 10% of the operating revenue.

TEN REN TEA CO., LTD AND ITS SUBSIDIARIES

ATTACHMENT 1 (Marketable securities held as of December 31, 2021) (Excluding subsidiaries, associates and joint ventures)

(Unit : thousands of NTD)

Securities held by	Name of marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	Financial statement account	December 31, 2021				Remark (Note 4)
				Number of shares	Carrying amount (Note 3)	Percentage of ownership (%)	Fair value/ Net assets value	
TEN REN TEA CO., LTD	TENFU (CAYMAN) HOLDING COMPANY LIMITED		Financial assets at fair value through other comprehensive income – non-current	3,530,000	\$68,321	0.32%	\$68,321	
	B&S INTERNATIONAL HOLDINGS LTD.		Financial assets at fair value through other comprehensive income – non-current	7,992,000	11,812	2.00%	11,812	
	ASIA PACIFIC FEDERATION OF INDUSTRY AND COMMERCE CO., LTD.		Financial assets at fair value through profit or loss – non-current	14,592	-	0.02%	-	
TEN REN ENTERPRISE CO., LTD	TENFU (CAYMAN) HOLDING COMPANY LIMITED		Financial assets at fair value through other comprehensive income – non-current	510,000	9,871	0.05%	9,871	
TEN REN TEA (HONG KONG) LIMITED	TENFU (CAYMAN) HOLDING COMPANY LIMITED		Financial assets at fair value through other comprehensive income – non-current	12,464,580	241,246	1.14%	241,246	
HWA JO PRODUCTS CO., LTD	TEN REN TEA CO., LTD.	Ultimate parent company	Financial assets at fair value through other comprehensive income – non-current	43,000	1,490	0.05%	1,490	Note 5

Note 1: The term "marketable securities" in this table refers to stocks, bonds, beneficiary certificates and marketable securities derived from the above items that fall within the scope of IFRS 9 "Financial Instruments".

Note 2: Marketable securities issuer is not a related party. This column is omitted.

Note 3: If it is measured by fair value, please fill in the carrying amount after fair value adjustment and deducting the carrying balance of accumulated impairment loss; if it is not measured by fair value, please fill in the acquisition cost or amortized cost in .

Note 4: For listed securities with restricted users due to the provision of guarantee, pledged loans or other agreements should indicate the amount of guarantees or pledges and the circumstance of restricted use.

Note 5: Eliminated upon consolidating financial statements.

TEN REN TEA CO., LTD AND ITS SUBSIDIARIES

ATTACHMENT 2: Names, locations and related information of investee companies as of December 2021 (Not including investment in Mainland China)

(Unit : thousands of NTD)

Investor company	Investee company (Note 1, 2)	Location	Main businesses and products	Initial investment		Investment as of December 31, 2021			Net income (loss) of investee company	Investment income (loss) recognized (Note 2(3))	Remark
				Ending balance	Beginning balance	Number of shares	Percentage of ownership(%)	Carrying Amount			
TEN REN TEA CO., LTD.	TEN REN ENTERPRISE CO., LTD.	6F, No.107, Sec 4, Zhongxiao E. Rd, Taipei, Taiwan	Investment holding	\$63,379	\$63,379	5,800,000	100.00%	\$79,676	\$2,782	\$2,782	Note 3
	TEN REN TRADING SDN. BHD	Malaysia	Tea sales	5,128	5,128	510,000	51.00%	3,829	615	314	Note 3
	TEN REN TEA CO. (S) PTE LTD.	Singapore	Tea sales	-	-	998	99.80%	-	-	-	Note 3
	TEN REN TEA (HONG KONG) LIMITED	Hong Kong	Investment holding	143,943	143,943	36,870,085	83.00%	221,556	12,520	10,392	Note 3
	TEN REN (JAPAN) CO., LTD	Japan	Tea sales	8,376	8,376	15	100.00%	769	(2,380)	(2,380)	Note 3
TEN REN ENTERPRISE CO., LTD.	HWA JO PRODUCTS CO., LTD.	3F, No.62, Hengyang Rd, Zhongzhen District, Taipei, Taiwan	Tea sales	14,650	14,650	1,400,000	100.00%	23,317	1,209	1,209	Note 3
	TEN REN TEA (HONG KONG) LIMITED	Hong Kong	Investment holding	29,315	29,315	7,551,704	17.00%	45,212	12,520	2,128	Note 3
	TEN REN TEA CO. (S) PTE LTD.	Singapore	Tea sales	-	-	2	0.20%	-	-	-	Note 3

Note 1: If a public listed company has set up foreign investment holding companies and deem consolidated financial statements as the main financial statements in accordance with local laws and regulation, the disclosure of information on foreign invested companies may only be disclosed to the relevant information of the holding company.

Note 2: For those that do not apply in Note 1, please fill in according to the following provisions

- (1) "Investee", "Location", "Main businesses and products", "Initial investment" and "investment at end of period" columns should be filled in according to the reinvestment circumstances of this (public offering) company and each directly or indirectly controlled investee company then indicate the relationship between each investee company and this (public offering) company (if it is a subsidiary or a sub-subsidiary) in the remarks column.
- (2) In "Net income (loss) of investee company" column, the amount of profit and loss for the current period should be filled in for each investee company.
- (3) In "Investment income (loss) recognized" column, only the amount of profit and loss of each subsidiary recognized by the (public offering) company for direct reinvestment and each investee company evaluated by the equity method must be filled in. The rest can be omitted. When filling in the "recognition of profit or loss amount for the current period of each subsidiary of direct reinvestment, it should be confirmed that the current profit or loss amount has included the investment profit or loss of its reinvestment, which should be recognized according to regulations.

Note 3: Eliminated upon consolidating financial statements.

TEN REN TEA CO., LTD AND ITS SUBSIDIARIES

ATTACHMENT 3: Significant intercompany transactions between consolidated entities)

(Unit : thousands of NTD)

No. (Note 1)	Related party	Counterparty	Relationship with the Company (Note 2)	Transactions			Percentage of consolidated operating revenues or consolidated total assets (Note 3)
				Account	Amount	Terms	
0	TEN REN TEA CO., LTD.	TEN REN TRADING SDN. BHD	1	Sales	\$5,865	Calculated using the transfer price between factory and branches	0.33%
0	TEN REN TEA CO., LTD.	HWA JO PRODUCTS CO., LTD.	1	Sales	14,507	Calculated using the transfer price between factory and branches	0.82%
0	TEN REN TEA CO., LTD.	TEN REN (JAPAN) CO., LTD.	1	Sales	629	Calculated using the transfer price between factory and branches	0.04%
1	HWA JO PRODUCTS CO., LTD.	TEN REN TEA CO., LTD.	2	Sales	16,592	No major difference from third party suppliers	0.94%
2	TEN REN (JAPAN) CO., LTD.	TEN REN TEA CO., LTD.	2	Sales	26	No major difference from third party suppliers	-%
0	TEN REN TEA CO., LTD.	TEN REN ENTERPRISE CO., LTD.	1	Rent revenue	57	Collect office rent revenue	-%
0	TEN REN TEA CO., LTD.	HWA JO PRODUCTS CO., LTD.	1	Rent revenue	36	Collect office rent revenue	-%
1	HWA JO PRODUCTS CO., LTD.	TEN REN TEA CO., LTD.	2	Rent revenue	840	Collect warehouse rent revenue	0.05%
0	TEN REN TEA CO., LTD.	HWA JO PRODUCTS CO., LTD.	1	Other revenue	413	Collect management remuneration and fees	0.02%
0	TEN REN TEA CO., LTD.	TEN REN ENTERPRISE CO., LTD.	1	Other revenue	229	Collect management remuneration and fees	0.01%
0	TEN REN TEA CO., LTD.	TEN REN (JAPAN) CO., LTD.	1	Accounts receivable	4		-%
0	TEN REN TEA CO., LTD.	HWA JO PRODUCTS CO., LTD.	1	Accounts receivable	3,750		0.16%
0	TEN REN TEA CO., LTD.	HWA JO PRODUCTS CO., LTD.	1	Notes receivable	514		0.02%
0	TEN REN TEA CO., LTD.	TEN REN ENTERPRISE CO., LTD.	1	Notes receivable	240		0.01%
3	TEN REN TRADING SDN. BHD	TEN REN TEA CO., LTD.	2	Refundable deposit	131		0.01%
0	TEN REN TEA CO., LTD.	TEN REN TRADING SDN. BHD	1	Temporary receipts	2		-%
0	TEN REN TEA CO., LTD.	TEN REN TEA (HONG KONG) LIMITED	1	Temporary receipts	384		0.02%

Note 1: TEN REN TEA CO., LTD. and its subsidiaries are coded as follows:

1. TEN REN TEA CO., LTD is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

If the parents has already disclosed, the subsidiary does not need to be disclosed repeatedly; for transactions between subsidiaries, if one of its subsidiaries has disclosed, the other subsidiary does not need to be disclosed repeatedly.

1. Parent company to subsidiaries.
2. Subsidiaries to parent company.
3. Subsidiaries to subsidiaries.

Note 3: The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end.

For profit or loss items, cumulative balances are used as basis.

Note 4: The important transactions in this table may be determined by the Company according to the principle of materiality.

TEN REN TEA CO., LTD AND ITS SUBSIDIARIES

ATTACHMENT 4: Investment in Mainland China as of December 31, 2021

(Unit : thousands of NTD)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized	Carrying amount as of December 31, 2021	Accumulated inward remittance of earnings as of December 31, 2021	Remark
					Outflow	Inflow							
XIAMEN DATLY PLUS FOOD BEVERAGE MANAGEMENT CO., I.TTD	Investment holding	\$17,407 (USD\$630)	(2)	\$8,703 (USD\$315)	\$-	\$-	\$8,703 (USD\$315)		50%	\$744 (Note 2.(2).C)	\$9,911	\$-	

Accumulated investment in Mainland China as of December 31, 2021	Investment amounts authorized by the Investment Commission, MOEA	Upper limit on investments in Mainland China imposed by the Investment Commission of MOEA
\$8,703 (USD\$315 thousand)	\$29,012 (USD\$1,050 thousand)	\$876,157 (Note 3)

Note 1: The methods for engaging in investment in Mainland China include the following:

- (1) Direct investment in Mainland China.
- (2) Indirectly investment in Mainland China through companies registered in a third region (Please specify the name of the company in third region).
- (3) Other methods.

Note 2: The investment income (loss) recognized in current period, the investment income (loss) were determined based on the following basis:

- (1) It should be indicated if it is in preparation and there is no investment income.
- (2) The basis for recognition of investment income is categorized in the following three, which should be indicated:
 - A. The financial report was audited by an international certified public accounting firm in cooperation with an R.O.C. accounting firm.
 - B. The financial statements were audited by the auditors of the parent company.
 - C. Others.

Note 3: In accordance with "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China" and "Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area" amended on August 29, 2008 by Investment Commission of Ministry of Economic Affairs, the limit on accumulated investment amount in Mainland China for investors (not including individuals and small and medium enterprises) is 60% of net assets or consolidated net assets, whichever is higher.

Note 4: The amounts in this table are expressed in New Taiwan Dollars.

TEN REN TEA CO., LTD AND ITS SUBSIDIARIES

ATTACHMENT 5: Information on major shareholders

Name of major shareholders	Shares	Number of shares held	Ownership (%)
TEN FU INVESTMENT CO., LTD.		10,784,629	11.90%
TEN SHIN INVESTMENT CO., LTD.		9,190,830	10.14%
TEN RIE INVESTMENT CO., LTD.		8,257,283	9.11%
WEI AN INVESTMENT CO., LTD.		6,600,599	7.28%
WANG, LIEN-YUAN		5,898,647	6.51%

Note: If the Company applies to the Taiwan Depository & Clearing Corporation (TDCC) for obtaining the listed information in this table, it must state the following matters in the notes below:

- (1) The shareholders information is mainly derived from the last business day of each quarter-end when shareholders hold more than 5% of the common shares and preferred shares that have been completed (including treasury shares) non-physical registration. As for there may be differences between recorded shares in the Company's financial report and actual shares completed and delivered shares to non-physical registration, this is due to different calculation basis.
- (2) If the above-mentioned information is in the case of shareholders handing over shares to the trust, the individual account of the trustor who set up the trust account with the trustee should be disclosed. As for shareholders who declare insiders shareholding statement in accordance with the Securities and Exchange Act for holding more than 10% of the shares, it includes shares held personally and shares that are put into the trust and hold the right to exercise decision-making power over the trust property, etc. Please refer to the Market Observation Post System (MOPS) for more information on the insiders shareholding statement.

V. A parent company only financial statement for the most recent fiscal year, certified by a CPA

Independent Auditors' Report Translated from Chinese

To Ten Ren Tea Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Ten Ren Tea Co., Ltd. (the "Company") as of December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the parent company only financial statements including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and cash flows for the years ended December 31, 2021 and 2020, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2021 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Inventory management

As of December 31, 2021, the Company's net inventories amounted to NT\$253,888 thousand, accounting for 11% of total assets, which are significant to the parent company only financial statements. As products are sold through multiple stores and numerous inventory items are distributed across multiple warehouses and stores, we consider the management and control over inventory quantities as a key audit matter.

The audit procedures we performed included but not limited to: understanding the internal control over the management of inventory quantities; reviewing the inventory counting plan, including the control for cut-off for receiving and shipping of goods and the control for the inventory movement during physical inventory count period; selecting major storage locations to perform on-site observation of physical inventory counts to verify the quantities and status of inventories; comparing quantities counted with quantities booked to ensure the accuracy and completeness of inventory quantities.

We also evaluated the adequacy of disclosure of inventories. Please refer to Note 6 of the parent company only financial statements.

Revenue recognition – accuracy and completeness of retail sales revenue

For the year ended December 31, 2021, the Company recognized revenue in the amount of NT\$1,765,510 thousand. As products are sold through multiple retail stores, their daily sales records are collected and summarized through the point-of-sale (POS) system, and transaction details are generated simultaneously and transferred to the accounting system to make relevant accounting entries. As retail sales are made directly to customers comprising of voluminous number of transactions, we consider the accuracy and completeness of retail sales revenue as a key audit matter.

The audit procedures we performed included but are not limited to: understanding and testing the effectiveness of general computer control environment related to the POS system; selecting samples to check whether the merchandise master file data in the POS system is properly maintained and approved by authorized personnel; examining scheduling of uploading data and transferring data between systems; selecting samples to check whether detail of daily cash receipt report of each retail stores is consistent with sales revenue ledger to ensure sales revenue generated from retail stores are accurate and complete.

We also evaluated the adequacy of disclosure of revenue. Please refer to Note 6 of the parent company only financial statements.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

Those charged with governance, including supervisors, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2021 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lu, Chian Uen

Liu, Hui Yuan

Ernst & Young, Taiwan

March 15, 2022

Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial positions, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures, and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying parent company only financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their application in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

TEN REN TEA CO., LTD
 PARENT COMPANY ONLY BALANCE SHEETS
 As of December 31, 2021 and December 31, 2020
 (Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2021		December 31, 2020	
Contents	Notes	Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4 and 6.(1)	\$152,678	7	\$292,271	12
Financial assets measured at amortized cost – current	4, 6.(2) and 8	70,075	3	1,350	-
Notes receivable, net	4, 6.(5) and 7	6,455	-	5,937	-
Accounts receivable, net	4 and 6.(6)	202,394	9	162,298	7
Accounts receivable–related parties, net	4, 6.(6) and 7	33,685	2	33,490	1
Other receivables	7	61	-	424	-
Inventories	4 and 6.(7)	253,888	11	256,165	11
Prepayments		2,940	-	2,709	-
Other current assets		3,510	-	723	-
Total current assets		<u>725,686</u>	<u>32</u>	<u>755,367</u>	<u>31</u>
Non-current assets					
Financial assets at fair value through profit or loss – non-current	4 and 6.(3)	-	-	-	-
Financial assets at fair value through other comprehensive income – non-current	4 and 6.(4)	80,133	4	93,746	4
Investments accounted for using the equity method	4 and 6.(8)	305,830	13	343,082	14
Property, plant and equipment	4, 6.(9) and 8	851,373	37	891,622	38
Right-of-use assets	4 and 6.(18)	286,029	13	294,821	12
Intangible assets	4 and 6.(10)	3,689	-	5,627	-
Deferred tax assets	4 and 6.(22)	4,800	-	4,193	-
Other non-current assets		9,509	-	2,638	-
Refundable deposits		26,309	1	27,470	1
Total non-current assets		<u>1,567,672</u>	<u>68</u>	<u>1,663,199</u>	<u>69</u>
Total assets					
		<u>\$2,293,358</u>	<u>100</u>	<u>\$2,418,566</u>	<u>100</u>

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

TEN REN TEA CO., LTD
 PARENT COMPANY ONLY BALANCE SHEETS
 As of December 31, 2021 and December 31, 2020
 (Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity		December 31, 2021		December 31, 2020	
Contents	Notes	Amount	%	Amount	%
Current liabilities					
Short-term loans	6.(11)	\$190,000	8	\$220,000	9
Contract liabilities – current	4 and 6.(16)	21,017	1	18,847	1
Notes payable	7	83,143	4	91,484	4
Accounts payable	7	32,624	1	27,682	1
Other payables	6.(12)	130,995	6	129,706	5
Current tax liabilities	4 and 6.(22)	12,209	-	14,115	1
Lease liabilities – current	4 and 6.(18)	92,246	4	94,334	4
Other current liabilities	7	8,658	-	7,730	-
Total current liabilities		<u>570,892</u>	<u>24</u>	<u>603,898</u>	<u>25</u>
Non-current liabilities					
Long-term loans	6.(13)	-	-	25,000	1
Deferred tax liabilities	4 and 6.(22)	52,392	2	48,633	2
Lease liabilities – non-current	4 and 6.(18)	200,896	9	202,923	8
Net defined benefit liabilities – non-current	4 and 6.(14)	386	-	25,488	1
Guarantee deposits	7	12,211	1	12,251	1
Total non-current liabilities		<u>265,885</u>	<u>12</u>	<u>314,295</u>	<u>13</u>
Total liabilities		<u>836,777</u>	<u>36</u>	<u>918,193</u>	<u>38</u>
Equity attributable to shareholders of the parent					
Capital stock	6.(15)				
Common stock		905,919	40	905,919	37
Capital surplus	6.(15)				
Treasury stock transactions		26,977	1	45,095	2
Others		1,173	-	958	-
		<u>28,150</u>	<u>1</u>	<u>46,053</u>	<u>2</u>
Retained earnings	6.(15)				
Legal reserve		380,987	17	375,590	16
Special reserve		3,547	-	3,547	-
Unappropriated earnings		69,449	3	59,967	2
		<u>453,983</u>	<u>20</u>	<u>439,104</u>	<u>18</u>
Other components of equity					
Exchange differences resulting from translating the financial statements of foreign operations		(2,906)	-	(2,254)	-
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		73,409	3	113,525	5
		<u>70,503</u>	<u>3</u>	<u>111,271</u>	<u>5</u>
Treasury stock	4 and 6.(15)	(1,974)	-	(1,974)	-
Total equity		<u>1,456,581</u>	<u>64</u>	<u>1,500,373</u>	<u>62</u>
Total liabilities and equity		<u>\$2,293,358</u>	<u>100</u>	<u>\$2,418,566</u>	<u>100</u>

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

TEN REN TEA CO., LTD
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Contents	Notes	For the years ended December 31			
		2021		2020	
		Amount	%	Amount	%
Operating revenues	4, 6.(16) and 7	\$1,765,510	100	\$1,900,257	100
Operating costs	4, 6.(7), 6.(19) and 7	(781,014)	(44)	(809,451)	(43)
Gross profit		984,496	56	1,090,806	57
Unrealized gross profit		(85)	-	(84)	-
Realized gross profit		517	-	162	-
		<u>984,928</u>	<u>56</u>	<u>1,090,884</u>	<u>57</u>
Operating expenses	6.(10), 6.(14), 6.(18), 6.(19) and 7				
Selling expenses		(813,599)	(46)	(867,370)	(46)
Administrative expenses		(147,263)	(9)	(153,119)	(8)
Research and development expenses		(5,638)	-	(4,997)	-
Expected credit (losses) gains	6.(17)	(2,950)	-	2,421	-
Subtotal		<u>(969,450)</u>	<u>(55)</u>	<u>(1,023,065)</u>	<u>(54)</u>
Operating income		<u>15,478</u>	<u>1</u>	<u>67,819</u>	<u>3</u>
Non-operating income and expenses	4, 6.(20) and 7				
Interest income		196	-	324	-
Other income		13,095	1	13,765	1
Other gains and losses		18,003	1	(12,178)	(1)
Finance costs		(6,051)	-	(6,607)	-
Share of profit or loss of associates and joint ventures accounted for using the equity method	4 and 6.(8)	11,108	-	6,093	-
Subtotal		<u>36,351</u>	<u>2</u>	<u>1,397</u>	<u>-</u>
Income before tax		51,829	3	69,216	3
Income tax expense	4 and 6.(22)	(8,701)	-	(12,163)	(1)
Net Income		<u>43,128</u>	<u>3</u>	<u>57,053</u>	<u>2</u>
Other comprehensive income (loss)	4 and 6.(21)				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans	4 and 6.(14)	20,232	1	(3,853)	-
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income		8,076	-	(10,548)	(1)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method, which will not be reclassified subsequently to profit or loss		(35,791)	(2)	(11,384)	(1)
Income tax related to items that will not be reclassified subsequently	4, 6.(21) and 6.(22)	(4,046)	-	771	-
Items that may be reclassified subsequently to profit or loss					
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method, which may be reclassified subsequently to profit or loss	4 and 6.(8)	(652)	-	(5)	-
Total other comprehensive income (loss), net of tax		<u>(12,181)</u>	<u>(1)</u>	<u>(25,019)</u>	<u>(2)</u>
Total comprehensive income		<u>\$30,947</u>	<u>2</u>	<u>\$32,034</u>	<u>-</u>
Earnings per share (NTD)					
Earnings per share-basic	6.(23)	<u>\$0.48</u>		<u>\$0.63</u>	
Earnings per share-diluted	6.(23)	<u>\$0.48</u>		<u>\$0.63</u>	

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

TEN REN TEA CO., LTD
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Contents	Common Stock	Capital Surplus	Retained Earnings			Other Components of Equity		Treasury Stock	Total
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Resulting From Translating the Financial Statements of Foreign Operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income		
Balance as of January 1, 2020	\$905,919	\$46,130	\$359,931	\$3,547	\$166,602	\$(2,249)	\$135,457	\$(2,524)	\$1,612,813
Appropriation and distribution of 2019 retained earnings									
Legal reserve	-	-	15,659	-	(15,659)	-	-	-	-
Cash dividends	-	-	-	-	(144,947)	-	-	-	(144,947)
Net income in 2020	-	-	-	-	57,053	-	-	-	57,053
Other comprehensive income (loss) in 2020	-	-	-	-	(3,082)	(5)	(21,932)	-	(25,019)
Total comprehensive income (loss)	-	-	-	-	53,971	(5)	(21,932)	-	32,034
Disposal of parent company stocks by subsidiaries deemed as treasury stock transactions	-	(77)	-	-	-	-	-	550	473
Balance as of December 31, 2020	\$905,919	\$46,053	\$375,590	\$3,547	\$59,967	\$(2,254)	\$113,525	\$(1,974)	\$1,500,373
Balance as of January 1, 2021	\$905,919	\$46,053	\$375,590	\$3,547	\$59,967	\$(2,254)	\$113,525	\$(1,974)	\$1,500,373
Appropriation and distribution of 2020 retained earnings									
Legal reserve	-	-	5,397	-	(5,397)	-	-	-	-
Cash dividends	-	-	-	-	(54,355)	-	-	-	(54,355)
Cash dividends distributed through capital surplus	-	(18,118)	-	-	-	-	-	-	(18,118)
Other changes in capital surplus									
Dividends unclaimed by shareholders	-	215	-	-	-	-	-	-	215
Net income in 2021	-	-	-	-	43,128	-	-	-	43,128
Other comprehensive income (loss) in 2021	-	-	-	-	16,186	(652)	(27,715)	-	(12,181)
Total comprehensive income (loss)	-	-	-	-	59,314	(652)	(27,715)	-	30,947
Disposal of equity instruments investments measured at fair value through other comprehensive income	-	-	-	-	9,920	-	(12,401)	-	(2,481)
Balance as of December 31, 2021	\$905,919	\$28,150	\$380,987	\$3,547	\$69,449	\$(2,906)	\$73,409	\$(1,974)	\$1,456,581

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

TEN REN TEA CO., LTD
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Contents	For the years ended December 31		Contents	For the years ended December 31	
	2021	2020		2021	2020
	Amount	Amount		Amount	Amount
Cash flows from operating activities:			Cash flows from investing activities:		
Income before income tax	\$51,829	\$69,216	Acquisition of financial assets at fair value through other comprehensive income or loss	(15,861)	(8,164)
Adjustments:			Proceeds from disposal of financial assets at fair value through other comprehensive income or loss	37,549	-
Adjustments to reconcile profit (loss):			Acquisition of financial assets measured at amortized cost	(69,075)	-
Depreciation expense	159,620	162,277	Proceeds from disposal of financial assets measured at amortized cost	350	-
Amortization expense	2,910	2,934	Acquisition of property, plant and equipment	(21,785)	(31,514)
Expected credit (gains) losses	2,950	(2,421)	Proceeds from disposal of property, plant and equipment	38,486	631
Interest expense	6,051	6,607	Refundable deposits received	(732)	(3,338)
Interest income	(196)	(324)	Refundable deposits refunded	1,893	3,155
Dividend income	(3,481)	(3,076)	Acquisition of intangible assets	(972)	(1,416)
Share of profit or loss of associates and joint ventures accounted for using the equity method	(11,108)	(6,093)	Increase in other non-current assets	(12,307)	(13,517)
Gains (losses) on disposal of property, plant, and equipment	(26,238)	1,570	Decrease in other non-current assets	434	563
Unrealized gross profit	85	84	Dividends received	15,830	14,320
Realized gross profit	(517)	(162)	Net cash used in investing activities	(26,190)	(39,280)
Gain on rent concession	(5,533)	(6,192)			
Gain from lease modification	(65)	(73)	Cash flows from financing activities:		
Changes in operating assets and liabilities:			Increase in short-term loans	190,000	555,000
Notes receivable	(518)	(502)	Decrease in short-term loans	(220,000)	(430,000)
Accounts receivable	(43,046)	62,583	Increase in long-term loans	-	25,000
Accounts receivable-related parties	(195)	(6,567)	Decrease in long-term loans	(25,000)	-
Other receivables	363	11,328	Guarantee deposits received	-	392
Inventories	2,277	37,168	Guarantee deposits paid	(40)	(914)
Prepayments	(231)	531	Cash payments for the principal portion of the lease liabilities	(94,556)	(96,664)
Other current assets	(2,787)	1,168	Cash dividends	(72,473)	(144,947)
Contract liabilities	2,170	(372)	Dividends unclaimed by shareholders	215	-
Notes payable	(8,341)	(8,479)	Net cash used in financing activities	(221,854)	(92,133)
Accounts payable	4,942	(8,325)			
Other payables	1,289	(33,337)			
Other current liabilities	928	(879)			
Net defined benefit liabilities	(4,870)	(5,233)			
Cash generated from operations	128,288	273,431			
Interest received	196	324			
Interest paid	(6,051)	(6,607)	Net (decrease) increase in cash and cash equivalents	(139,593)	119,126
Income taxes paid	(13,982)	(16,609)	Cash and cash equivalents, beginning of year	292,271	173,145
Net cash generated by operating activities	108,451	250,539	Cash and cash equivalents, end of year	\$152,678	\$292,271

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

TEN REN TEA CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

Ten Ren Tea Co., Ltd. (“the Company”) was incorporated in December 1975. The main activities of the Company are manufacturing and sale of tea, tea sets and beverages. In March 2000, in order to actively promote the new tea culture, the fusion tea house of “CHA for TEA” was established to develop a diversified tea culture. The Company’s common shares were publicly listed on the Taiwan Stock Exchange (TWSE) in January 1999 and the address of its registered office and principal place of business is 6F, No.107, Sec. 4, Zhongxiao E. Rd, Taipei City, Taiwan.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements of the Company for the years ended December 31, 2021 and 2020 were authorized for issue by the Board of Directors on March 15, 2022.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised, or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2021. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised, or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below:

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37, and the Annual Improvements	January 1, 2022

A. Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

(a) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Additionally, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

(b) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

(c) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

(d) Annual Improvements to IFRS Standards 2018 – 2020

Amendment to IFRS 1

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee’s leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2022. The Company is still currently evaluating the potential impact of the aforementioned standards and interpretations listed under (A), it is not practicable to estimate their impact on the Company at this point in time.

- (3) Standards or interpretations issued, revised or amended by IASB, which are not yet endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below:

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Amendments to IAS 1 “Presentation of Financial Statements” – Classification of Liabilities as Current or Non-current	January 1, 2023
d	Amendments to IAS 1 “Presentation of Financial Statements” – Disclosure Initiative - Accounting Policies	January 1, 2023
e	Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” – Definition of Accounting Estimates	January 1, 2023
f	Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023

- A. IFRS 10 “Consolidated Financial Statements” (“IFRS 10”) and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (“IAS 28”)

The amendments address the inconsistency between the requirements in IFRS 10 and IAS 28, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 “*Business Combinations*” (IFRS 3) between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or losses resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

B. IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation, and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 “*Insurance Contracts*” – from annual reporting periods beginning on or after January 1, 2023.

C. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 “*Presentation of Financial Statements*” and the amended paragraphs related to the classification of liabilities as current or non-current.

D. Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

E. Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 “*Accounting Policies, Changes in Accounting Estimates and Errors*” to help companies distinguish changes in accounting estimates from changes in accounting policies.

F. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed under (A), (D), (E) and (F), it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

4. Summary of significant accounting policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to shareholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

(3) Foreign currency transactions

The Company's parent company only financial statements are presented in NT\$, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 “*Financial Instruments*” are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The Company’s each foreign operation determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

- A. when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- B. when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

- A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. The Company holds the asset primarily for the purpose of trading.
- C. The Company expects to realize the asset within twelve months after the reporting period.
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Company expects to settle the liability in its normal operating cycle.
- B. The Company holds the liability primarily for the purpose of trading.
- C. The liability is due to be settled within twelve months after the reporting period.
- D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve 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.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 “*Financial Instruments*” are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. the Company’s business model for managing the financial assets and
- B. the contractual cash flow characteristics of the financial asset

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, accounts receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) 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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial asset measured at amortized cost.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions

The loss allowance is measured as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired.
- (b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- (c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 “*Financial Instruments*” are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

- Raw materials and merchandise — Purchase costs on a weighted-average basis
- Finished goods and work in progress — Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(10) Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using the equity method and made necessary adjustments in accordance with Article 21 of the Regulations. The current period net income or loss and other comprehensive income or loss in the parent company only financial statements are the same as the net income or loss and other comprehensive income or loss attributable to shareholders of the parent in the consolidated financial statements. Additionally, the equity in the parent company only financial statements is the same as the equity attributable to shareholders of the parent in the consolidated financial statements. Such adjustments were made in consideration of accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IFRS 10 "*Consolidated Financial Statements*" and differences in application of the IFRSs from different reporting entity's perspectives, and the Company recorded such adjustments by crediting or debiting to investments accounted for using the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a pro rata basis.

When the associate issues new stock, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 *“Investments in Associates and Joint Ventures”*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the ‘share of profit or loss of an associate’ in the statement of comprehensive income in accordance with IAS 36 *“Impairment of Assets”*. In determining the value in use of the investment, the Company estimates:

- A. Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *“Impairment of Assets”*.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(11) Property, plant and equipment

Property, plant, and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *“Property, Plant, and Equipment”*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	The Company
Buildings	40 ~ 55
Machinery and equipment	5 ~ 8
Transportation equipment	3 ~ 6
Office equipment	5 ~ 10
Furnitures and fixtures	3 ~ 10
Other equipment	4 ~ 10

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- C. amounts expected to be payable by the lessee under residual value guarantees
- D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability
- B. any lease payments made at or before the commencement date, less any lease incentives received
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment and the practical expedient has been applied to such rent concessions.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as receivables at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Company's intangible assets is as follows:

	<u>Computer Software</u>
Useful lives	3-5years
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired

(14) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(16) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

Sale of goods

The Company manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers (the customer has the control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.), and revenue is recognized based on the consideration stated in the contract.

The credit period of the Company's sale of goods is from 100 to 120 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, as part of the consideration is collected from customers at the time of contract signing, the Company undertakes the obligation to transfer the goods later on and therefore it is recognized as a contract liability.

For some of Company's sale of goods transactions, when the ownership of goods is transferred to customers, points of the customer loyalty program are given to the Company's customers according to the transaction price. These points will provide customers with discounts when purchasing goods before the end of the following year. The Company allocates the transaction price to the sales of goods and points given based on the relative stand-alone selling price of the goods sold and points given. The transaction price allocated to the goods sold is recognized as revenue when the ownership of goods is transferred to customers and the remaining amount received is recognized as a contract liability.

The Company's retail customers are entitled to future purchase discounts from the points earned. When the customer uses points or the points are overdue at the end of the following year, these points given are recognized as revenue and related contract liabilities are adjusted.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component arises.

(17) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's parent company only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(19) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income 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 tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Company's parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition – Customer loyalty program

The Company utilizes statistical techniques to estimate the fair value of points awarded under the customer loyalty program. The parameters used in the estimation include assumptions for expected redemption rates, product mix available for redemption in the future and customer preferences. When points issued by this program have not expired, this estimate is subject to significant uncertainty; please refer to Note 6. (16) for details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2021	2020
Cash on hand and petty cash	\$3,490	\$4,167
Demand deposits	132,192	228,005
Checking accounts	16,996	31,669
Time deposits	-	28,430
Total	<u>\$152,678</u>	<u>\$292,271</u>

(2) Financial assets measured at amortized cost – current

	As of December 31,	
	2021	2020
Time deposits	\$69,075	\$-
Pledged time deposits	1,000	1,350
Subtotal (total carrying amount)	<u>70,075</u>	<u>1,350</u>
Less: loss allowance	-	-
Total	<u>\$70,075</u>	<u>\$1,350</u>

The Company classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 6. (17) for more details on loss allowance and Note 8 for more details on financial assets measured at amortized cost under pledge. Please refer to Note 12 for more details on credit risk.

(3) Financial assets at fair value through profit or loss – non-current

	As of December 31,	
	2021	2020
Financial assets mandatorily measured at fair value: ASIA PACIFIC FEDERATION OF INDUSTRY AND COMMERCE CO., LTD.	<u>\$-</u>	<u>\$-</u>

None of the aforementioned assets measured at fair value through profit or loss were pledged.

(4) Financial assets at fair value through other comprehensive income, non-current

	As of December 31,	
	2021	2020
Equity instrument investments measured at fair value through other comprehensive income – non-current:		
Listed company stocks	\$80,133	\$93,746

The Company classifies certain financial assets as financial assets at fair value through other comprehensive income and none of the aforementioned assets were pledged.

In consideration of the Company's investment strategy, the Company disposed of and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31,	
	2021	2020
Fair value on the date of disposal	\$37,549	\$-
Cumulative gains(losses) reclassified to retained earnings due to derecognition	12,401	-

(5) Notes receivable

	As of December 31,	
	2021	2020
Notes receivable (total carrying amount)	\$6,455	\$5,937
Less: loss allowance	-	-
Total	\$6,455	\$5,937

Notes receivables were not pledged.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6. (17) for more details on loss allowance and Note 12 for details on credit risk.

(6) Accounts receivable and accounts receivable-related parties

	As of December 31,	
	2021	2020
Accounts receivable	\$205,310	\$162,926
Less: loss allowance	(2,916)	(628)
Subtotal	202,394	162,298
Accounts receivable – related parties	34,349	33,492
Less: loss allowance	(664)	(2)
Subtotal	33,685	33,490
Total	\$236,079	\$195,788

Accounts receivables were not pledged.

The payment term of accounts receivable is generally within 100-120 days. The total carrying amount as of December 31, 2021 and 2020 were NT\$239,659 thousand and NT\$196,418 thousand, respectively. Please refer to Note 6. (17) for more details on loss allowance of accounts receivables for the years ended December 31, 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

(7) Inventories

	As of December 31,	
	2021	2020
By-products	\$264	\$146
Raw materials	97,630	100,467
Work in process	51,292	47,811
Finished goods	70,138	69,957
Merchandise	34,564	37,784
Total	\$253,888	\$256,165

(a) The cost of inventories recognized as expense is as follows:

	For the years ended December 31,	
	2021	2020
Cost of inventories sold	\$780,016	\$807,192
Gains on reversal of and loss on write-down of inventories	(154)	454
Loss on inventory scrap	1,139	1,014
Inventory shortage on physical count	13	791
Operating costs	\$781,014	\$809,451

Due to the obsolescence inventories sold in 2021, the Company had recognized gain from price recovery of inventory in the amount of NT\$154 thousand for the year ended December 31, 2021.

(b) None of the aforementioned inventories were pledged.

(8) Investments accounted for using the equity method

Investees	As of December 31,			
	2021		2020	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in subsidiaries:				
TEN REN ENTERPRISE CO., LTD.	\$79,676	100.00%	\$85,756	100.00%
TEN REN TRADING SDN.BHD	3,829	51.00%	4,060	51.00%
TEN REN TEA CO. (S) PTE LTD.	-	99.80%	-	99.80%
TEN REN TEA (HONG KONG) LIMITED	221,556	83.00%	250,237	83.00%
TEN REN (JAPAN) CO., LTD.	769	100.00%	3,029	100.00%
Total	<u>\$305,830</u>		<u>\$343,082</u>	

Investments in subsidiaries are presented as “investments accounted for using the equity method” and necessary evaluation adjustments are made accordingly.

The Company’s investments in TEN REN TRADING SDN.BHD, TEN REN TEA CO. (S) PTE LTD. AND TEN REN (JAPAN) CO., LTD are not materially significant to the Company. Therefore, for the years ended December 31, 2021 and 2020, the share of profit or loss of subsidiaries accounted for using the equity method was recognized by NT\$(2,066) thousand and NT\$(3,410) thousand, respectively, and the exchange differences on translation of foreign operations was recognized by NT\$(582) thousand NT\$(147) thousand, respectively, based on these subsidiaries’ unaudited financial statements for the same periods.

In addition to above, for the years ended December 31, 2021 and 2020, the Company recognized the share of profit or loss of subsidiaries accounted for using the equity method by NT\$13,174 thousand and NT\$9,503 thousand, respectively, and recognized the exchange differences on translation of foreign operations by NT\$(70) thousand NT\$142 thousand, respectively, based on financial statements of these investees that have been audited for the same periods.

(9) Property, plant, and equipment

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Furnitures and fixtures equipment	Other equipment	Total
<u>Cost:</u>								
As of Jan. 1, 2021	\$655,003	\$247,872	\$163,694	\$258,270	\$62,400	\$308,494	\$11,722	\$1,707,455
Additions	-	-	850	17,012	3,226	5,553	146	26,786
Disposals	(8,400)	(5,685)	(90)	(12,340)	(5,092)	(14,970)	(56)	(46,634)
As of Dec. 31, 2021	\$646,603	\$242,187	\$164,454	\$262,942	\$60,534	\$299,077	\$11,812	\$1,687,609
As of Jan. 1, 2020	\$655,003	\$247,872	\$163,400	\$256,229	\$60,768	\$299,187	\$11,429	\$1,693,888
Additions	-	-	294	18,719	6,162	23,516	293	48,984
Disposals	-	-	-	(16,678)	(4,530)	(14,209)	-	(35,417)
As of Dec. 31, 2020	\$655,003	\$247,872	\$163,694	\$258,270	\$62,400	\$308,494	\$11,722	\$1,707,455
<u>Accumulated depreciation and impairment</u>								
As of Jan. 1, 2021	\$-	\$147,231	\$126,937	\$209,483	\$45,054	\$277,553	\$9,575	\$815,833
Depreciation	-	5,327	13,189	17,870	4,675	13,075	654	54,790
Disposals	-	(2,183)	(72)	(12,248)	(4,914)	(14,914)	(56)	(34,387)
As of Dec. 31, 2021	\$-	\$150,375	\$140,054	\$215,105	\$44,815	\$275,714	\$10,173	\$836,236
As of Jan. 1, 2020	\$-	\$141,848	\$113,349	\$207,514	\$44,469	\$275,788	\$8,828	\$791,796
Depreciation	-	5,383	13,588	17,834	4,990	14,711	747	57,253
Disposals	-	-	-	(15,865)	(4,405)	(12,946)	-	(33,216)
As of Dec. 31, 2020	\$-	\$147,231	\$126,937	\$209,483	\$45,054	\$277,553	\$9,575	\$815,833
<u>Net carrying amount :</u>								
As of Dec. 31, 2021	\$646,603	\$91,812	\$24,400	\$47,837	\$15,719	\$23,363	\$1,639	\$851,373
As of Dec. 31, 2020	\$655,003	\$100,641	\$36,756	\$48,787	\$17,346	\$30,942	\$2,147	\$891,622

- (1) The Company's property, plant and equipment had no capitalization of interest as of December 31, 2021 and 2020.
- (2) The Company sold land and buildings on the 5th Subsection of Jilin Section to a related party and the consideration for disposal was NT\$37,515 thousand. The Company recognized the difference between the disposal consideration and the remaining book value of the property sold in the amount of NT\$25,613 thousand under gains on disposal of property, plant, and equipment. The sales price was based on general market condition. Please refer to Note 7 for the disclosure of related party transactions.
- (3) Please refer to Note 8 for more details on property, plant and equipment pledged as collateral.

(10) Intangible assets

	<u>Computer software</u>
Cost:	
As of January 1, 2021	\$22,849
Additions	972
Disposals	-
As of December 31, 2021	<u>\$23,821</u>
As of January 1, 2020	\$21,433
Additions	1,416
Disposals	-
As of December 31, 2021	<u>\$22,849</u>
Amortization and impairment:	
As of January 1, 2021	\$17,222
Amortization	2,910
Disposals	-
As of December 31, 2021	<u>\$20,132</u>
As of January 1, 2020	\$14,288
Amortization	2,934
Disposals	-
As of December 31, 2021	<u>\$17,222</u>
Net carrying amount:	
As of December 31, 2021	<u>\$3,689</u>
As of December 31, 2020	<u>\$5,627</u>

Amortization expense of intangible assets is as follows:

	For the years ended December 31,	
	<u>2021</u>	<u>2020</u>
Administrative expenses	<u>\$2,910</u>	<u>\$2,934</u>

(11) Short-term loans

	As of December 31,	
	<u>2021</u>	<u>2020</u>
Secured bank loans	<u>\$190,000</u>	<u>\$220,000</u>
Interest rates (%)	<u>0.98~1.00</u>	<u>0.98~1.00</u>

A. The Company's unused short-term lines of credit amounted to NT\$182,000 thousand and NT\$132,000 thousand as of December 31, 2021 and 2020, respectively.

B. Certain land and buildings are pledged as collateral for secured bank loans. Please refer to Note 8 for more details on collateral.

(12) Other payables

	As of December 31,	
	2021	2020
Expense payable	\$117,679	\$117,334
Dividend payable	17	14
Other payable – others	13,299	12,358
Total	\$130,995	\$129,706

(13) Long-term loans

Details of long-term loans as of December 31, 2021 were as follows:

Lenders	As of December 31, 2020	Interest rate (%)	Maturity date and terms of repayment
Secured long-term loan from Taiwan Cooperative Bank	\$25,000	1.10	Effective from August 10, 2020 to August 10, 2022. Principal is repaid at maturity with monthly interest payments. Total credit limits amounted to NTD\$ 290,000 thousand.
Subtotal	25,000		
Less: current portion	-		
Total	\$25,000		

A. The Company repaid long-term borrowings in advance in the fourth quarter of 2021. There were no long-term loans as of December 31, 2021.

B. Certain land and buildings are pledged as collateral for long-term borrowings. Please refer to Note 8 for more details.

(14) Post-employment benefits

Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2021 and 2020 were NT\$26,581 thousand and NT\$27,756 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 15% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor oversees establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. Regarding to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$7,175 thousand to its defined benefits plan during the 12 months beginning after December 31, 2021.

As of December 31, 2021 and 2020, the Company's defined benefits plan is expected to mature in 2028.

Pension costs recognized in profit or loss for the years ended December 31, 2021 and 2020:

	For the years ended	
	December 31,	
	2021	2020
Current period service costs	\$2,206	\$2,384
Net interest expense	65	161
Total	<u>\$2,271</u>	<u>\$2,545</u>

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As of		
	December 31, 2021	December 31, 2020	January 1, 2020
Defined benefit obligation	\$352,749	\$384,131	\$393,660
Plan assets at fair value	(352,363)	(358,643)	(366,792)
Net defined benefit liabilities	\$386	\$25,488	\$26,868

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As of January 1, 2020	\$393,660	\$(366,792)	\$26,868
Current period service costs	2,384	-	2,384
Net interest expense (income)	2,636	(2,475)	161
Subtotal	5,020	(2,475)	2,545
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	28	-	28
Actuarial gains and losses arising from changes in financial assumptions	12,515	-	12,515
Experience adjustments	3,768	-	3,768
Remeasurements of the defined benefit assets	-	(12,458)	(12,458)
Subtotal	16,311	(12,458)	3,853
Payments from the plan	(30,860)	30,860	-
Contributions by employer	-	(7,778)	(7,778)
Effect of changes in foreign exchange rates	-	-	-
As of December 31, 2020	384,131	(358,643)	25,488
Current period service costs	2,206	-	2,206
Net interest expense (income)	1,119	(1,054)	65
Subtotal	3,325	(1,054)	2,271
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumption	185	-	185
Actuarial gains and losses arising from changes in financial assumptions	(9,686)	-	(9,686)
Experience adjustments	(5,252)	-	(5,252)
Remeasurement of the net defined benefit assets	-	(5,479)	(5,479)
Subtotal	(14,753)	(5,479)	(20,232)
Payments from the plan	(19,954)	19,954	-
Contributions by employer	-	(7,141)	(7,141)
Effect of changes in foreign exchange rates	-	-	-
As of December 31, 2021	\$352,749	\$(352,363)	\$386

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2021	2020
Discount rate	0.65%	0.30%
Expected rate of salary increases	1.00%	1.00%

Sensitivity analysis for significant assumption is shown below:

	2021		2020	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increases by 0.5%	\$-	\$13,239	\$-	\$15,545
Discount rate decreases by 0.5%	14,098	-	16,607	-
Future salary rate increases by 0.5%	13,977	-	16,405	-
Future salary rate decreases by 0.5%	-	13,258	-	15,515

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(15) Equity

A. Common stock

As of December 31, 2021 and 2020, the Company's authorized capital and issued capital were both NT\$1,680,000 thousand and NT\$905,919 thousand, with a par value of NT\$10, and authorized shares and issued shares were both 168,000 thousand shares and 90,592 thousand shares. Each share is entitled to one voting right and the right to receive dividends.

B. Capital surplus

	As of December 31,	
	2021	2020
Treasury stock transactions	\$26,977	\$45,095
Unclaimed dividends from shareholders	1,173	958
Total	\$28,150	\$46,053

According to the Company Act, the capital surplus shall not be used except for offset the deficit of the company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury stock:

As of December 31, 2021, and 2020, the treasury stock held by HWA JO PRODUCTS CO., LTD., a sub-subsidiary of the Company, both amounted to NT\$1,974 thousand and the number of treasury stock held were both 43 thousand shares. This sub-subsidiary company was acquired by a subsidiary of the Company in December 2002.

For the year ended December 31, 2020, the sub-subsidiary resold 12 thousand shares of the Company, which offset the cost of treasury stock by NT\$550 thousand. The difference between the sale price and purchase price debited the additional paid-in capital by NT\$77 thousand.

D. Retained earnings and dividend policies:

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

According to the Company's Articles of Incorporation, current year's net profits if any, shall be distributed in the following order: offset prior years' operation losses (including adjustments to the retained earnings); set aside 10% of the remaining amount as legal reserve, unless where such legal reserve amounts to the total paid-in capital; then set aside or reverse special reserve in accordance with law and regulations. The remaining net profits, if any, together with the retained earnings at the beginning of year (including adjustments to the retained earnings), are considered accumulated distributable earnings to the shareholders where the Board of Directors will prepare a distribution proposal to be resolved in the shareholders' meeting.

The policy of dividend distribution is based on the earnings of current year, considering factors such as the overall environment, relevant laws and regulations, the Company's long-term development plan, and the premise of a stable financial structure, which adopts the share bonus equilibrium strategy. If any dividends are distributed, at least 50% of the dividends must be paid in the form of cash.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, 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 special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

For the years ended December 31, 2021 and 2020, the Company has not reversed any special reserve provided on the Company’s first-time adoption of the IFRS to retained earnings as results of the use, disposal or reclassification of related assets. As of December 31, 2021 and 2020, the amount of special reserve provided on the Company’s first-time adoption of the IFRS was both NT\$3,547 thousand.

Details of the 2021 and 2020 earnings distribution and dividends per share as approved and resolved by the Board of Directors’ meeting and Shareholders’ meeting on March 15, 2022 and August 4, 2021, respectively, are as follows:

	Appropriation of earnings (in thousand NT dollars)		Cash dividends per share (NT dollars)	
	2021	2020	2021	2020
Legal reserve	\$6,923	\$5,397	\$-	\$-
Cash dividends	62,508	54,355	0.69	0.6

In addition, the Board of Directors’ meeting on March 15, 2022, proposed to distribute cash from additional paid-in capital of NT\$9,965 thousand, at approximately NT\$0.11 per share, and Shareholders’ meeting on August 4, 2021 resolved to distribute cash from additional paid-in capital of NT\$18,118 thousand, at approximately NT\$0.2 per share.

Please refer to Note 6. (19) for details on employees’ compensation and remuneration to directors and supervisors.

(16) Operating revenues

	For the years ended	
	December 31,	
	2021	2020
Revenue from contracts with customers		
Sale of goods	<u>\$1,765,510</u>	<u>\$1,900,257</u>

Analysis of revenue from contracts with customers during the years ended December 31, 2021 and 2020 are as follows:

A. Disaggregation of revenue

For the year ended December 31, 2021.

	Tea	Food and Beverage	Others	Total
Sale of goods	<u>\$857,341</u>	<u>\$832,254</u>	<u>\$75,915</u>	<u>\$1,765,510</u>
Timing of revenue recognition:				
At a point in time	<u>\$857,341</u>	<u>\$832,254</u>	<u>\$75,915</u>	<u>\$1,765,510</u>

For the year ended December 31, 2020.

	Tea	Food Beverage	Other	Total
Sale of goods	<u>\$859,775</u>	<u>\$957,404</u>	<u>\$83,078</u>	<u>\$1,900,257</u>
The timing of revenue recognition:				
At a point in time	<u>\$859,775</u>	<u>\$957,404</u>	<u>\$83,078</u>	<u>\$1,900,257</u>

B. Contract balances

(a) Contract liabilities – current

	As of		
	December 31, 2021	December 31, 2020	January 1, 2020
Sale of goods	\$17,850	\$15,458	\$15,855
Customer loyalty program	3,167	3,389	3,364
Total	<u>\$21,017</u>	<u>\$18,847</u>	<u>\$19,219</u>

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2021 and 2020 are as follows:

	For the years ended December 31,	
	2021	2020
The opening balance transferred to revenue	\$18,847	\$19,219
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	21,017	18,847

C. Transaction price allocated to unsatisfied performance obligations

As of December 31, 2021, and 2020, the Company is not required to provide information on unsatisfied performance obligations as the expected duration of the Company's customer loyalty programs is shorter than one year.

D. Assets recognized from costs to fulfil a contract

None.

(17) Expected credit losses/ (gains)

	For the years ended December 31,	
	2021	2020
Operating expenses-expected credit (losses) gains Receivables	\$(2,950)	\$2,421

Please refer to Note 12 for more details on credit risk.

As of December 31, 2021 and 2020, the credit risk for the Company's financial assets measured at amortized cost was assessed low (the same as the assessment result at the beginning of the period. Therefore, the loss allowance is measured at an amount of NT\$0 thousand equal to 12-month expected credit losses (loss rate of 0 %).

The Company measures the loss allowance of its receivables (including notes receivable, accounts receivable and accounts receivable-related parties) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2021 and 2020 is as follows:

The Company considers the grouping of receivables based on counterparties' credit ratings, geographical region and industry sectors and adopts a provision matrix to measure its loss allowance. Details are as follows:

As of December 31, 2021

Group 1 - Domestic	Not overdue (Note)	Overdue					Total
		Within 30 days	31-60 days	61-90 days	91-100 days	Over 101 days	
Gross carrying amount	\$152,542	\$328	\$678	\$7	\$-	\$552	\$154,107
Loss rate	0%	1%	2%	9%	33%	100%	
Lifetime expected credit losses	-	(1)	(14)	(1)	-	(552)	(568)
Subtotal	152,542	327	664	6	-	-	153,539
Group 2 - Others	Not overdue (Note)	Overdue					Total
		Within 30 days	31-60 days	61-90 days	91-120 days	Over 121 days	
Gross carrying amount	\$82,062	\$9,664	\$-	\$128	\$-	\$153	\$92,007
Loss rate	1%	17%	20%	29%	67%	100%	
Lifetime expected credit losses	(1,132)	(1,685)	-	(42)	-	(153)	(3,012)
Subtotal	80,930	7,979	-	86	-	-	88,995
Carrying amount							<u>\$ 242,534</u>

As of December 31, 2020

Group 1 – Domestic	Not overdue (Note)	Overdue					Total
		Within 30 days	31-60 days	61-90 days	91-100 days	Over 101 days	
Gross carrying amount	\$136,865	\$6	\$2	\$3	\$-	\$45	\$136,921
Loss rate	0%	28%	37%	37%	64%	100%	
Lifetime expected credit losses	(5)	(2)	(1)	(1)	-	(45)	(54)
Subtotal	136,860	4	1	2	-	-	136,867
Group 2 - Other	Not overdue (Note)	Overdue					Total
		Within 30 days	31-60 days	61-90 days	91-120 days	Over 121 days	
Gross carrying amount	\$65,196	\$20	\$4	\$-	\$26	\$188	\$65,434
Loss rate	1%	4%	37%	77%	100%	100%	
Lifetime expected credit losses	(360)	(1)	(1)	-	(26)	(188)	(576)
Subtotal	64,836	19	3	-	-	-	64,858
Carrying amount							<u>\$201,725</u>

Note: The Company's notes receivables are not overdue.

The movement in the provision for impairment of notes receivable and accounts receivables for the years ended December 31, 2021 and 2020 is as follows:

	Notes Receivable	Accounts Receivable
Balance as of January 1, 2021	\$-	\$630
Addition for the current period	-	2,950
Balance as of December 31, 2021	\$-	\$3,580
Balance as of January 1, 2020	\$54	\$2,997
Reversal for the current period	(54)	(2,367)
Balance as of December 31, 2020	\$-	\$630

(18) Leases

A. Company as a lessee

The Company leases various properties, including real estate such as buildings, transportation equipment, and other equipment. The lease terms range from 2 to 8 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

(a) Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31,	
	2021	2020
Buildings	\$285,661	\$294,208
Transportation equipment	88	613
Other equipment	280	-
Total	\$286,029	\$294,821

For the years ended December 31, 2021 and 2020, the Company's additions to right-of-use assets amounted to NT\$100,523 thousand and NT\$71,865 thousand, respectively.

ii. Lease liabilities

	As of December 31,	
	2021	2020
Lease liabilities	\$293,142	\$297,257
Current	\$92,246	\$94,334
Non-current	\$200,896	\$202,923

Please refer to Note 6. (20) D for the Company's interest on lease liabilities recognized for the years ended December 31, 2021 and 2020 and refer to Note 12. (5) Liquidity Risk Management for the maturity analysis for lease liabilities.

(b) Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2021	2020
Buildings	\$104,289	\$104,498
Transportation equipment	525	526
Other equipment	16	-
Total	\$104,830	\$105,024

(c) Income and costs relating to leasing activities

	For the years ended December 31,	
	2021	2020
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$81,905	\$95,196
Expenses relating to short-term leases	8,857	11,135

For the years ended December 31, 2021 and 2020, the rent concessions arising as a direct consequence of the Covid-19 pandemic amounted to NT\$5,533 thousand and NT\$6,192 thousand, respectively, which were recognized as a reduction in the lease payments to reflect the variable lease payment arising from the application of the practical expedient.

(d) Cash outflow relating to leasing activities

For the years ended December 31, 2021 and 2020, the Company's total cash outflows for leases amounted to NT\$189,506 thousand and NT\$213,723 thousand, respectively.

(e) Other information relating to leasing activities

i. Variable lease payments

Some of the Company's property rental agreements contracts include variable payment terms that are linked to certain percentages of sales generated from the leased stores, which is common within the industry of the Company. As such variable lease payments do not meet the definition of lease payments, those payments are not included in the measurement of the assets and liabilities. The Company expects that, for every sales increase by 1%, the rent payments will increase by NT\$819 thousand.

ii. Extension and termination options

Some of the Company's property rental agreements contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of the extension and termination options held are exercisable only by the Company.

After the commencement date, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(19) Employee benefits, depreciation and amortization expenses are summarized by function as follows:

By Nature \ By Function	For the year ended December 31, 2021			For the year ended December 31, 2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$95,605	\$448,915	\$544,520	\$98,994	\$486,267	\$585,261
Labor and health insurance	11,334	51,971	63,305	11,051	51,516	62,567
Pension	5,287	23,565	28,852	5,489	24,812	30,301
Directors' remuneration	-	1,723	1,723	-	1,909	1,909
Other employee benefits expense	5,293	21,985	27,278	5,650	23,701	29,351
Depreciation	31,378	128,242	159,620	31,954	130,323	162,277
Amortization	-	2,910	2,910	-	2,934	2,934

The number of the Company's employees were 1,386 and 1,481, including 4 non-employee directors, as of December 31, 2021 and 2020, respectively.

The Company's average employee benefit expenses for the years ended December 31, 2021 and 2020 were NT\$480 thousand and NT\$479 thousand, respectively.

The Company's average salary expense for the years ended December 31, 2021 and 2020 were NT\$394 thousand and NT\$396 thousand, respectively. The average salary expense adjustment for the year ended year ended December 31, 2021 decreased by 0.57%.

The Company's remuneration to supervisors for the years ended December 31, 2021 and 2020 were NT\$429 thousand and NT\$537 thousand, respectively.

Compensations of directors, supervisors and managers are determined by reference to those of the same level in the same industry and make provisions according to regulations based on their execution of businesses, risk exposures, and contribution levels. Employee salaries are determined based on academic background, professional knowledge, expertise years of experiences and personal performance. In addition, according to operating conditions, variable salary payment is made to motivate morale and retain outstanding employees in a timely manner. For annual salary adjustments, the salary adjustment items, and amount shall be formulated according to employees' rank and performance appraisal.

The Company's Articles of Incorporation states that if there is a profit in the current year, the Company should set aside employees' compensation at 2% of the profit and no more than 2% as remuneration to directors and supervisors. When the Company suffers an accumulated deficit, the profit should be retained to recover the deficit. The aforementioned employees' compensation can be paid out either in the form of shares or in cash and shall be resolved in the Board of Directors' meeting, with two-thirds of the Board of Directors' members present and over half of the present members' approval, which shall be reported to the Shareholders' meeting. Information of the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit for the year ended December 31, 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors at 2% and 1.59% of profit of the current year and recognized NT\$1,070 thousand and NT\$856 thousand, respectively, as employee benefits expenses. Based on the profit for the year ended December 31, 2020, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors at 2% and 1.6% of profit of the current year and recognized NT\$1,431 thousand and NT\$1,145 thousand, respectively, as employee benefits expenses.

The distributions of employees and directors' compensation for 2021 were reported to the Board of Directors meeting held on March 15, 2022 to distribute NT\$1,075 thousand and NT\$968 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2021, respectively. The differences between the estimated amount and the actual amount determined by the Board of Directors were NT\$5 thousand and NT\$112 thousand, respectively were recognized in profit or loss of the subsequent year.

A resolution was passed at the Board of Directors meeting held on March 19, 2021 to distribute NT\$1,436 thousand and NT\$1,149 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2020, respectively, whereas the estimated amount accrued in the financial statements for the year ended December 31, 2020 as expense were NT\$1,431 thousand and NT\$1,145 thousand, respectively. The differences between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors and supervisors for the year ended 31 December 2020 were NT\$5 thousand and NT\$4 thousand, respectively, which were mainly due to changes in estimates and were recognized in profit or loss of the subsequent year in 2021.

(20) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2021	2020
Financial assets measured at amortized cost	\$196	\$324

B. Other income

	For the years ended December 31,	
	2021	2020
Rent income	\$2,490	\$2,550
Dividend income	3,481	3,076
Other income – others	7,124	8,139
Total	\$13,095	\$13,765

C. Other gains and losses

	For the years ended December 31,	
	2021	2020
Gains (losses) on disposal of property, plant and equipment	\$26,238	\$(1,570)
Gains on lease modification	65	73
Foreign exchange losses	(6,425)	(10,619)
Others	(1,875)	(62)
Total	\$18,003	\$(12,178)

D. Finance costs

	For the years ended	
	December 31,	
	2021	2020
Interest on borrowings from bank	\$1,863	\$2,071
Interest on lease liabilities	4,188	4,536
Total	\$6,051	\$6,607

(21) Components of other comprehensive income

For the year ended December 31, 2021:

	For the year ended December 31, 2021				
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income (loss)	Other comprehensive income (loss), net of tax
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	\$20,232	\$-	\$20,232	\$(4,046)	\$16,186
Unrealized gains or (losses) from equity instruments investments measured at fair value through other comprehensive income	8,076	-	8,076	-	8,076
Share of other comprehensive income (loss) of associates and join ventures accounted for using the equity method	(35,791)	-	(35,791)	-	(35,791)
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income (loss) of associates and join ventures accounted for using the equity method	(652)	-	(652)	-	(652)
Total other comprehensive income (loss)	\$(8,135)	\$-	\$8,135)	\$(4,046)	\$(12,181)

For the year ended December 31, 2020:

	For the year ended December 31, 2020				
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income (loss)	Other comprehensive income (loss), net of tax
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	\$(3,853)	\$-	\$(3,853)	\$771	\$(3,082)
Unrealized gains or (losses) from equity instruments investments measured at fair value through other comprehensive income	(10,548)	-	(10,548)	-	(10,548)
Share of other comprehensive income (loss) of associates and join ventures accounted for using the equity method	(11,384)	-	(11,384)	-	(11,384)
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income (loss) of associates and join ventures accounted for using the equity method	(5)	-	(5)	-	(5)
Total other comprehensive income (loss)	<u>\$(25,790)</u>	<u>\$-</u>	<u>\$(25,790)</u>	<u>\$771</u>	<u>\$(25,019)</u>

(22) Income tax

A. The major components of income tax expense for the years ended December 31, 2021 and 2020 are as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended December 31,	
	2021	2020
Current income tax expense		
Current income tax charge	\$9,729	\$14,129
Adjustments in respect of current income tax of prior periods	(134)	(256)
Deferred tax expense (income)		
Deferred tax income related to origination and reversal of temporary differences	(894)	(1,710)
Total income tax expense	<u>\$8,701</u>	<u>\$12,163</u>

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2021	2020
Deferred tax expense (income):		
Remeasurements of defined benefits plan	\$4,046	\$(771)

B. Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31,	
	2021	2020
Accounting income before tax from continuing operations	\$51,829	\$69,216
Tax at the domestic rates applicable to profits in the country concerned	\$10,366	\$13,843
Tax effect of revenues exempt from taxation	(556)	(378)
Tax effect of deferred tax assets/liabilities	(975)	(1,046)
Adjustments in respect of current income tax of prior periods	(134)	(256)
Total income tax expense recognized in profit or loss	\$8,701	\$12,163

C. Deferred tax assets and liabilities related to the following:

	For the year ended December 31, 2021			
	Beginning balance as of January 1	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance as of December 31
Temporary differences				
Unrealized exchange losses (gains)	\$1,635	\$223	\$-	\$1,858
Inventory write-downs	495	(31)	-	464
Provision (reversal) of bad debt expense	(279)	503	-	224
Income from investments accounted for using the equity method	(835)	8	-	(827)
Losses from investments accounted for using the equity method	1,054	390	-	1,444
Unused vacation leave	330	(155)	-	175
Customer loyalty program	679	(44)	-	635
Reserve for land value increment tax	(47,401)	-	-	(47,401)
Net defined benefit liabilities – non-current	(118)	-	(4,046)	(4,164)
Deferred tax income (expense)		\$894	\$(4,046)	
Net deferred tax assets (liabilities)	\$(44,440)			\$(47,592)
Reflected in balance sheet as follows:				
Deferred tax assets	\$4,193			\$4,800
Deferred tax liabilities	\$(48,633)			\$(52,392)

	For the year ended December 31, 2020			
	Beginning balance as of January 1	Recognized in profit or loss	Recognized in	
			other comprehensive income	Ending balance as of December 31
Temporary differences				
Unrealized exchange losses (gains)	\$316	\$1,319	\$-	\$1,635
Inventory write-downs	404	91	-	495
Provision (reversal) of bad debt expense	94	(373)	-	(279)
Income from investments accounted for using the equity method	(999)	164	-	(835)
Losses from investments accounted for using the equity method	319	735	-	1,054
Unused vacation leave	561	(231)	-	330
Customer loyalty program	674	5	-	679
Reserve for land value increment tax	(47,401)	-	-	(47,401)
Net defined benefit liabilities – non-current	(889)	-	771	(118)
Deferred tax income (expense)		\$1,710	\$771	
Net deferred tax assets (liabilities)	<u>\$(46,921)</u>			<u>\$(44,440)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$2,368</u>			<u>\$4,193</u>
Deferred tax liabilities	<u>\$(49,289)</u>			<u>\$(48,633)</u>

D. Unrecognized deferred tax assets

As of December 31, 2021, and 2020, deferred tax assets that have not yet been recognized amounted to NT\$12,397 thousand and NT\$12,325 thousand, respectively.

E. The assessment of income tax returns

As of December 31, 2021, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	Assessment of income tax returns	Notes
The Company	Assessed and approved up to 2019	No difference

(23) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2021	2020
A. Basic earnings per share		
Net income attributable to ordinary equity holders of the Company (in thousand NT\$)	\$43,128	\$57,053
Beginning outstanding shares (thousand)	90,952	90,592
Less: parent company stock held by subsidiaries deemed as treasury stock	(43)	(44)
Weighted-average number of ordinary shares for basic earnings per share (in thousands)	90,549	90,548
Basic earnings per share (NT\$)	\$0.48	\$0.63
B. Diluted earnings per share		
Net income attributable to ordinary equity holders of the Company (in thousand NT\$)	\$43,128	\$57,053
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$43,128	\$57,053
Weighted-average number of ordinary shares for basic earnings per share (in thousands)	90,549	90,548
Effect of dilution		
Employees' compensation — stock (in thousands) (thousand shares)	38	61
Weighted-average number of ordinary shares after dilution (in thousands)	90,587	90,609
Diluted earnings per share (NT\$)	\$0.48	\$0.63

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date when the financial statements were authorized for issue.

7. Related party transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Related parties and relationship

<u>Name of related parties</u>	<u>Relationship with the Company</u>
HWA JO PRODUCTS CO., LTD.	Subsidiaries accounted for using the equity method
TEN REN TRADING SDN.BHD	Subsidiaries accounted for using the equity method
TEN REN ENTERPRISE CO., LTD.	Subsidiaries accounted for using the equity method
TEN REN TEA (HONG KONG) LIMITED	Subsidiaries accounted for using the equity method
TEN REN (JAPAN) CO., LTD.	Subsidiaries accounted for using the equity method
TEN FU INVESTMENT CO., LTD.	The Company's Director
LEE, CHIEN-TE	The Company's Director
TEN REN TEA CULTURE FOUNDATION	Substantive related party
ZHANGSHOU TIANFU TEA INDUSTRY CO., LTD.	Substantive related party
LU YU TEA ART CO., LTD.	Substantive related party
YU-JUN INVESTMENT CO., LTD.	Substantive related party
XIAMEN DAILY PLUS FOOD BEVERAGE MANAGEMENTS CO., LTD.	Associate

Significant transactions with the related parties

(1) Sales

	For the years ended December 31,	
	2021	2020
Subsidiaries	\$21,001	\$11,841
Other related parties	61,880	51,867
Associates	7,377	15,951
Total	<u>\$90,258</u>	<u>\$79,659</u>

The sales price to domestic related parties is based on the transfer price between the factory and branches while the sale price to foreign related parties is based on the Company's North America region selling price. For domestic related parties, the collection period is 100 days from the date of shipment while for foreign related parties, the collection period is 120 days from the date of shipment. For third-party customers, the collection period is 100-120 days from the date of shipment.

(2) Purchase

	For the years ended December 31,	
	2021	2020
Subsidiaries	\$16,618	\$17,266
Other related parties	3,664	4,533
Total	<u>\$20,282</u>	<u>\$21,799</u>

The purchase price and payment terms to related parties are comparable to those of third-party suppliers, whose payment term is 2 months.

(3) Notes receivable – related parties

	As of December 31,	
	2021	2020
Subsidiaries	\$754	\$-
Other related parties	111	142
Less: loss allowance	-	-
Net	<u>\$865</u>	<u>\$142</u>

(4) Accounts receivable – related parties

	As of December 31,	
	2021	2020
Subsidiaries		
HWA JO PRODUCTS CO., LTD.	\$3,750	\$1,410
TEN REN (JAPAN) CO., LTD.	4	20
TEN REN TRADING SDN.BHD.	-	17
Other related parties		
ZHANGSHOU TIANFU TEA INDUSTRY CO., LTD.	28,276	28,057
TEN REN TEA CULTURE FOUNDATION	4	-
LU YU TEA ART CO., LTD.	-	82
Associate		
XIAMEN DAILY PLUS FOOD BEVERAGE MANAGEMENTS CO., LTD.	2,315	3,906
Less: loss allowance	(664)	(2)
Net	<u>\$33,685</u>	<u>\$33,490</u>

(5) Other receivables – related parties

	As of December 31,	
	2021	2020
Subsidiaries	\$-	\$420

(6) Notes payable – related parties

	As of December 31,	
	2021	2020
Subsidiaries	\$754	\$-
Other related parties	295	659
Total	<u>\$1,049</u>	<u>\$659</u>

(7) Accounts payable – related parties

	As of December 31,	
	2021	2020
Subsidiaries	\$3,829	\$-
Other related parties	558	490
Total	<u>\$4,387</u>	<u>\$490</u>

(8) Advanced receipts (listed under other liabilities – current)

	As of December 31,	
	2021	2020
Subsidiaries	\$386	\$1,326

(9) Guarantee deposits

	As of December 31,	
	2021	2020
Subsidiaries	\$131	\$131
Other related parties	20	20
Total	<u>\$151</u>	<u>\$151</u>

(10) Lease – related parties

(i) The Company as a lessor

Rent income

	For the years ended December 31,	
	2021	2020
Subsidiaries	\$93	\$93
Major management personnel of the Company	165	180
Other related parties		
LU YU TEA ART CO., LTD.	1,265	1,265
TEN REN TEA CULTURE FOUNDATION	60	60
Total	<u>\$1,583</u>	<u>\$1,598</u>

(ii) The Company as a lessee

a. Rent expense

	For the years ended December 31,	
	2021	2020
Subsidiaries		
HWA JO PRODUCTS CO., LTD.	\$840	\$840
Key management personnel of the Company	1,983	2,144
	<u>\$2,823</u>	<u>\$2,984</u>

(11) Other income

	For the years ended December 31,	
	2021	2020
Subsidiaries		
HWA JO PRODUCTS CO., LTD.	\$413	\$419
TEN REN ENTERPRISE CO., LTD.	229	229
Total	<u>\$642</u>	<u>\$648</u>

(12) Charitable contributions

	For the years ended December 31,	
	2021	2020
Other related parties		
TEN REN TEA CULTURE FOUNDATION	<u>\$1,150</u>	<u>\$750</u>

(13) Gains on disposal of property, plant, and equipment

	For the years ended December 31,	
	2021	2020
Associate		
YU-JUN INVESTMENT CO., LTD.	<u>\$25,613</u>	<u>\$-</u>

(14) Key management personnel compensation

	For the years ended December 31,	
	2021	2020
Short-term employee benefits	\$8,862	\$9,614
Post-employment benefits	260	260
Total	<u>\$9,122</u>	<u>\$9,874</u>

8. Assets pledged as collateral

The following table lists assets of the Company pledged as security:

Items	Carrying amounts as of December 31,		Purpose of pledge
	2021	2020	
Financial assets measured at amortized cost	\$1,000	\$1,350	Performance guarantees
Property, plant and equipment – land and buildings	641,198	644,833	Short-term loans and long-term loans
Total	<u>\$642,198</u>	<u>\$646,183</u>	

9. Significant contingencies and unrecognized contractual commitments

As of December 31, 2021, and 2020, the Company's notes payable due to leases amounted to NT\$59,069 thousand and NT\$51,500 thousand, respectively.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2021	2020
Financial assets at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$-	\$-
Financial assets at fair value through other comprehensive income	80,133	93,746
Financial assets measured at amortized cost (Note)	488,167	519,073
Total	<u>\$568,300</u>	<u>\$612,819</u>

Financial liabilities

	As of December 31,	
	2021	2020
Financial liabilities at fair value through profit or loss		
Short-term loans	\$190,000	\$220,000
Payables	246,762	248,872
Long-term loans	-	25,000
Lease liabilities	293,142	297,257
Guarantee deposits	12,211	12,251
Total	<u>\$742,115</u>	<u>\$803,380</u>

Note: Including cash and cash equivalent (excluding cash on hands), financial assets measured at amortized cost, notes receivable, account receivable, other receivables, and guarantee deposits.

(2) Financial risk management objectives and policies

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

The Company 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 must be carried out based on relevant regulations and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) 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, interest rate risk and other price risk (such as equity risk).

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

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenues or expenses are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is in place. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and HKD.

The information of the sensitivity analysis is as follows:

- (a) When NTD appreciates/depreciates against USD by 1%, the profit for the years ended December 31, 2021 and 2020 decreases/increases by NT\$1,823 thousand and NT\$1,891 thousand, respectively
- (b) When NTD appreciates/depreciates against HKD by 1%, the profit for the years ended December 31, 2021 and 2020 decreases/increases by NT\$333 thousand and NT\$245 thousand, respectively, and equity as of December 31, 2021 and 2020 decreases/increases by NT\$801 thousand and NT\$937 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investments at variable interest rates, and bank borrowings with variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including borrowings with variable interest rates. At the reporting date, a change of 25 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2021 and 2020 to decrease/increase by NT\$475 thousand and NT\$613 thousand, respectively.

Equity price risk

The fair value of the Company's equity securities listed in foreign countries is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's equity securities listed in foreign countries that are classified under financial assets measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, an increase/decrease of 1% in the stock price of listed companies classified as equity instruments investments measured at fair value through other comprehensive income could increase/decrease the Company's equity by NT\$801 thousand and NT\$937 thousand, respectively for the years ended December 31, 2021 and 2020.

(4) Credit risk management

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

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

As of December 31, 2021, and 2020, accounts receivables from top ten customers represent 47% and 49% of the total accounts receivables of the Company, respectively. The credit concentration risk of other contract assets and accounts receivables is insignificant.

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

The Company adopted IFRS 9 to assess the expected credit losses. Except for trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Company makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates.

The Company writes off financial assets when it assesses that the financial assets cannot be reasonably expected to recover (such as significant financial difficulties of the issuer or debtor, or bankruptcy).

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility using cash and cash equivalents, bank borrowings, and leases. The table below summarizes the maturity profile of the Company'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 variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2-3 years	4-5 years	More than 5 years	Total
As of December 31, 2021					
Bank loans	\$190,955	\$-	\$-	\$-	\$190,955
Payables	246,762	-	-	-	246,762
Lease liabilities (Note)	98,646	136,281	74,390	18,540	327,857
As of December 31, 2020					
Bank loans	\$221,255	\$25,442	\$-	\$-	\$246,697
Payables	248,872	-	-	-	248,872
Lease liabilities (Note)	103,161	121,903	64,531	29,095	318,690

Note: Including cash flows resulted from short-term leases contract.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2021:

	Short-term loans	Long-term loans	Lease liabilities
As of January 1, 2021	\$220,000	\$25,000	\$297,257
Cash flows	(30,000)	(25,000)	(98,744)
Non-cash changes	-	-	94,629
As of December 31, 2021	<u>\$190,000</u>	<u>\$-</u>	<u>\$293,142</u>

Reconciliation of liabilities for the year ended December 31, 2020:

	Short-term loans	Long-term loans	Lease liabilities
As of January 1, 2020	\$95,000	\$-	\$335,574
Cash flows	125,000	25,000	(101,200)
Non-cash flows	-	-	62,883
As of December 31, 2020	<u>\$220,000</u>	<u>\$25,000</u>	<u>\$297,257</u>

(7) Fair value of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- (i) The carrying amount of cash and cash equivalents, receivables, and payables approximate their fair value due to their short maturities.
- (ii) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities.) at the reporting date.
- (iii) Fair value of bank loans is determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair values of financial assets measured at amortized cost

The carrying amount of financial assets measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12. (8) for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy information

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

	As of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	\$80,133	\$-	\$-	\$80,133

	As of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	\$93,746	\$-	\$-	\$93,746

Transfers between Level 1 and Level 2 during the period

For the years ended December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2 for the Company's assets and liabilities measured at fair value on a recurring basis.

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of December 31, 2021		
	Foreign Currency	Exchange Rate	NTD
Unit: thousands			
<u>Financial Assets</u>			
Monetary items:			
USD	\$6,314	28.88	\$ 182,321
JPY	26,256	0.25	6,617
HKD	9,157	3.52	33,309
CAD	605	22.01	13,318
Non-monetary items:			
HKD	22,772	3.52	80,133
MYR	579	6.61	3,829
As of December 31, 2020			
<u>Financial Assets</u>			
Monetary items:			
USD	\$6,630	28.52	\$189,088
JPY	11,847	0.27	3,248
HKD	6,745	3.64	24,572
CAD	323	21.97	7,096
Non-monetary items:			
HKD	25,733	3.64	93,746
MYR	574	7.07	4,060

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

Since there were various functional currencies used within the entities of the Company, the Company was unable to disclose foreign exchange gains (losses) towards each foreign currency with significant impact. The realized and unrealized foreign exchange losses were NT\$6,425 thousand and NT\$10,619 thousand for the years ended December 31, 2021 and 2020, respectively.

(10) Capital management

The primary objective of the Company'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 Company manages its capital structure and adjusts it, considering changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information at significant transactions:

- A. Financing provided to others for the year ended December 31, 2021: None.
- B. Endorsement/guarantee provided to others for the year ended December 31, 2021: None.
- C. Securities held as of December 31, 2021: refer to Attachment 1.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock for the year ended December 31, 2021: None.
- E. Acquisition of real estate up to the amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2021: None.
- F. Disposal of real estate up to the amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2021: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of capital stock for the year ended December 31, 2021: None.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of December 31, 2021: None.
- I. Engaging in derivative transactions for the year ended December 31, 2021: None.

(2) Information on investees:

- A. Of the investee company directly or indirectly has significant influence or control over, their investee companies' information: refer to Attachment 2.
- B. For those who directly or indirectly pose significant influence or control over the investee company, please disclose the following:
 - a. Financing provided to others for the year ended December 31, 2021: None.
 - b. Endorsement/guarantee provided to others for the year ended December 31, 2021: None.
 - c. Securities held as of December 31, 2021: refer to Attachment 1.
 - d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.

- e. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.
- f. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.
- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31: None.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2021: None.
- i. Engaging in derivative transactions for the year ended December 31, 2021: None.

(3) Information on investment in mainland China

A. The investee company name, main business, paid-in capital, type of the investment, capital inflow and outflow, ownership, investment gains and losses, ending balance of investment, repatriation of investment income and the mainland investment limit scenario: refer to Attachment 3.

B. Transactions with the investee companies directly or indirectly through a third country following the occurrence of significant transactions, prices, payment terms and unrealized gains and losses were as below:

- a. Purchase amount and percentage and the ending balance of related payables and percentage: None.
- b. Sales amount and percentage and the ending balance of related receivables and percentage for the year ended December 31, 2021:

	Sales		Account receivables	
	Amount	% of the company's net sales	Amount	% as of the account's ending balance
Goods sold to				
XIAMEN DAILY PLUS BEVERAGE				
MANAGEMENT CO., LTD.	\$7,377	0.42%	\$2,315	0.98%

- c. Gains and loss on the transaction of property: None.
- d. Ending balance and purpose of endorsement guarantees or collateral: None.
- e. Ending balance, maximum limit, interest rates range and current interest amount of financing: None.
- f. Other investments that have significant impact on current profit or financial condition, such as the services provided or received: None.

(4) Major shareholder information:

Please refer to Attachment 4.

TEN REN TEA CO., LTD

ATTACHMENT 1 (Marketable securities held as of December 31, 2021) (Excluding subsidiaries, associates and joint ventures)

(Unit : thousands of NTD)

Securities held by	Name of marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	Financial statement account	December 31, 2021				Remark (Note 4)
				Number of shares	Carrying amount (Note 3)	Percentage of ownership (%)	Fair value/Net assets value	
TEN REN TEA CO., LTD	TENFU (CAYMAN) HOLDING COMPANY LIMITED		Financial assets at fair value through other comprehensive income – non-current	3,530,000	\$68,321	0.32%	\$68,321	
	B&S INTERNATIONAL HOLDINGS LTD.		Financial assets at fair value through other comprehensive income – non-current	7,992,000	11,812	2.00%	11,812	
	ASIA PACIFIC FEDERATION OF INDUSTRY AND COMMERCE CO., LTD.		Financial assets at fair value through profit or loss – non-current	14,592	-	0.02%	-	
TEN REN ENTERPRISE CO., LTD	TENFU (CAYMAN) HOLDING COMPANY LIMITED		Financial assets at fair value through other comprehensive income – non-current	510,000	9,871	0.05%	9,871	
TEN REN TEA (HONG KONG) LIMITED	TENFU (CAYMAN) HOLDING COMPANY LIMITED		Financial assets at fair value through other comprehensive income – non-current	12,464,580	241,246	1.14%	241,246	
HWA JO PRODUCTS CO., LTD	TEN REN TEA CO., LTD.	Ultimate parent company	Financial assets at fair value through other comprehensive income – non-current	43,000	1,490	0.05%	1,490	

Note 1: The term "marketable securities" in this table refers to stocks, bonds, beneficiary certificates and marketable securities derived from the above items that fall within the scope of IFRS 9 "Financial Instruments".

Note 2: Marketable securities issuer is not a related party. This column is omitted.

Note 3: If it is measured by fair value, please fill in the carrying amount after fair value adjustment and deducting the carrying balance of accumulated impairment loss; if it is not measured by fair value, please fill in the acquisition cost or amortized cost in .

Note 4: For listed securities with restricted users due to the terms of guarantee, pledged loans or other agreements, the amount of guarantees or pledges and the circumstance of restricted use should be indicated.

TEN REN TEA CO., LTD

ATTACHMENT 2: Names, locations and related information of investee companies as of December 2021 (Not including investment in Mainland China)

(Unit : thousands of NTD)

Investor company	Investee company (Note 1, 2)	Location	Main businesses and products	Initial investment		Investment as of December 31, 2021			Net income (loss) of investee company (Note 2(2))	Investment income (loss) recognized (Note 2(3))	Remark
				Ending balance	Beginning balance	Number of shares	Percentage of ownership(%)	Carrying Amount			
TEN REN TEA CO., LTD.	TEN REN ENTERPRISE CO., LTD.	6F, No.107, Sec 4, Zhongxiao E. Rd, Taipei, Taiwan	Investment holding	\$63,379	\$63,379	5,800,000	100.00%	\$79,676	\$2,782	\$2,782	
	TEN REN TRADING SDN. BHD	Malaysia	Tea sales	5,128	5,128	510,000	51.00%	3,829	615	314	
	TEN REN TEA CO. (S) PTE LTD.	Singapore	Tea sales	-	-	998	99.80%	-	-	-	
	TEN REN TEA (HONG KONG) LIMITED	Hong Kong	Investment holding	143,943	143,943	36,870,085	83.00%	221,556	12,520	10,392	
	TEN REN (JAPAN) CO., LTD	Japan	Tea sales	8,376	8,376	15	100.00%	769	(2,380)	(2,380)	
TEN REN ENTERPRISE CO., LTD.	HWA JO PRODUCTS CO., LTD.	3F, No.62, Hengyang Rd, Zhongzhen District, Taipei, Taiwan	Tea sales	14,650	14,650	1,400,000	100.00%	23,317	1,209	1,209	
	TEN REN TEA (HONG KONG) LIMITED	Hong Kong	Investment holding	29,315	29,315	7,551,704	17.00%	45,212	12,520	2,128	
	TEN REN TEA CO. (S) PTE LTD.	Singapore	Tea sales	-	-	2	0.20%	-	-	-	

Note 1: If a public listed company has set up foreign investment holding companies and deems the consolidated financial statements as the primary financial statements in accordance with local laws and regulation, the information on foreign invested companies is required to disclose to the extent of the holding company only.

Note 2: For those that do not apply in Note 1, please fill in information according to the following rules:

- (1) "Investee", "Location", "Main businesses and products", "Initial investment" and "investment at end of period" columns should be filled in according to the reinvestment circumstances of this (public offering) company and the reinvestments of each directly or indirectly controlled investee company then indicate the relationship between each investee company and this (public offering) company (if it is a subsidiary or a sub-subsidiary) in the remarks column.
- (2) In "Net income (loss) of investee company" column, the amount of profit and loss for the current period should be filled in for each investee company.
- (3) In "Investment income (loss) recognized" column, only the amount of profit and loss of each subsidiary recognized by the (public offering) company for direct reinvestment and each investee company evaluated by the equity method must be filled in. The rest can be omitted.
When filling in the "recognition of profit or loss amount for the current period of each subsidiary of direct reinvestment, it should be confirmed that the current profit or loss amount has included the investment profit or loss of its reinvestment, which should be recognized according to regulations.

TEN REN TEA CO., LTD

ATTACHMENT 3: Investment in Mainland China as of December 31, 2021

(Unit : thousands of NTD)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (loss) of investee company	Percentage of ownership	Investment income (loss) recognized	Carrying amount as of December 31, 2021	Accumulated inward remittance of earnings as of December 31, 2021	Remark
					Outflow	Inflow							
XIAMEN DATLY PLUS FOOD BEVERAGE	Investment holding	\$17,407 (USD\$630)	(2)	\$8,703 (USD\$315)	\$-	\$-	\$8,703 (USD\$315)		50%	\$744 (Note 2.(2),C)	\$9,911	\$-	

of December 31, 2021	Investment amounts authorized by the Investment Commission, MOEA	Upper limit on investments in Mainland China imposed by the Investment Commission of MOEA
\$8,703 (USD\$315 thousand)	\$29,012 (USD\$1,050 thousand)	\$876,157 (Note 3)

Note 1: The methods for engaging in investment in Mainland China include the following:

- (1) Direct investment in Mainland China.
- (2) Indirectly investment in Mainland China through companies registered in a third region (Please specify the name of the company in third region).
- (3) Other methods.

Note 2: For investment income (loss) recognized in current period, it is determined based on the following:

- (1) It should be indicated if it is in preparation and there is no investment income.
- (2) The basis for recognition of investment income is divided in the following three categories, which should be indicated:
 - A. The financial report was audited by an international certified public accounting firm in cooperation with an R.O.C. accounting firm.
 - B. The financial statements were audited by the auditors of the parent company.
 - C. Others.

Note 3: In accordance with the latest regulations published by the Investment Commission of the Ministry of Economic Affairs in 2008, the limit on investment amount in Mainland China for investors is 60% of net assets or consolidated net assets, whichever is higher.

Note 4: The amounts in this table are expressed in New Taiwan Dollars.

TEN REN TEA CO., LTD

ATTACHMENT 4: Information on major shareholders

Name of major shareholders	Shares	Number of shares held	Ownership (%)
TEN FU INVESTMENT CO., LTD.		10,784,629	11.90%
TEN SHIN INVESTMENT CO., LTD.		9,190,830	10.14%
TEN RIE INVESTMENT CO., LTD.		8,257,283	9.11%
WEI AN INVESTMENT CO., LTD.		6,600,599	7.28%
WANG, LIEN-YUAN		5,898,647	6.51%

Note: If the Company applies to the Taiwan Depository & Clearing Corporation (TDCC) to obtain the listed information in this table, it must state the following matters in the notes below:

- (1) The shareholders information is mainly derived from the last business day of each quarter-end when shareholders hold more than 5% of the common shares and preferred shares that have completed (including treasury shares) non-physical registration. As for the differences between recorded shares in the Company's financial report and actual shares completed and delivered shares to non-physical registration, this is due to different calculation basis.
- (2) If the above-mentioned information is in the case of shareholders handing over shares to the trust, the individual account of the trustor who set up the trust account with the trustee should be disclosed. As for shareholders who declare insiders shareholding statement in accordance with the Securities and Exchange Act for holding more than 10% of the shares, it includes shares held personally and shares that are put into the trust and hold the right to exercise decision-making power over the trust property, etc. Please refer to the Market Observation Post System (MOPS) for more information on the insiders shareholding statement.

VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

Seven. A review and analysis of the company's financial position and financial performance and a listing of risks

I. Financial position

Comparative analysis of financial position (all companies in the consolidated financial statements)

Unit: NT\$ thousand

Item	Year	2021	2020	Difference	
				Amount	%
Current assets		769,113	799,686	(30,573)	(3.82)
Funds and investments		341,161	389,890	(48,729)	(12.50)
Property, plant and equipment		868,685	908,924	(40,239)	(4.43)
Intangible assets		3,689	5,627	(1,938)	(34.44)
Other assets		326,828	329,389	(2,561)	(0.78)
Total assets		2,309,476	2,433,516	(124,040)	(5.10)
Current liabilities		573,718	605,331	(31,613)	(5.22)
Various preparations		0	0	0	0
Non-current liabilities		275,497	323,911	(48,414)	(14.95)
Total liabilities		849,215	929,242	(80,027)	(8.61)
Share capital		905,919	905,919	0	0
Capital surplus		28,150	46,053	(17,903)	(38.87)
Retained earnings		453,983	439,104	14,879	3.39
Other equity interest		70,503	111,271	(40,768)	(36.64)
Treasury stocks		(1,974)	(1,974)	0	0
Non-controlling interests		3,680	3,901	(221)	(5.67)
Total equity		1,460,261	1,504,274	(44,013)	(2.93)

(I) Main reasons for any material change in the company's assets, liabilities, or equity during the past 2 fiscal years (the following table shows changes in the amount reaching 20% and NT\$10 million or more in 2021 compared to 2020, except for the total amount) and describe the effect thereof. Where the effect is of material significance, the annual report shall describe the measures to be taken in response:

Capital surplus: mainly attributable to the distribution of NT\$18,118 thousand of dividends from capital surplus in 2020.

(II) Measures to be taken in response

The above assets and liabilities with change in increase or decrease reaching 20% and NT\$10 million or more were requirements arising from the planned business development. The Company will continue to strive for saving capital costs and improving the financial structure without affecting the operating cash reserve, while fully complying with the risk control principle.

II. Financial performance

Comparative analysis of financial performance (all companies in the consolidated financial statements)

Unit: NT\$ thousand

Item \ Year	2021	2020	increase (decrease) amount	Percentage of change
Net operating income	1,773,001	1,906,194	(133,193)	(6.98)
Operating cost	782,240	810,867	(28,627)	(3.53)
Gross profit	990,761	1,095,327	(104,566)	(9.55)
Operating expenses	975,925	1,030,345	(54,420)	(5.28)
Operating profit	14,836	64,982	(50,146)	(77.17)
Non-operating income and expenses	38,102	5,091	33,011	648.42
Profit before tax	52,938	70,073	(17,135)	(24.45)
Income tax expense	9,509	12,690	(3,181)	(25.07)
Net profit for the period	43,429	57,383	(3,954)	(6.89)
Other comprehensive income for the period (Net after tax)	(12,440)	(25,165)	12,725	50.57
Total comprehensive income for the period	30,989	32,218	(1,229)	(3.81)

(I) The annual report shall list the main reasons for any material change in operating revenues, operating income, or income before tax during the past 2 fiscal years (analysis is exempted for increase/decrease not reaching 20%):

Non-operating income and expenditures: Mainly attributable to the sale of real estate.

(II) Sales volume forecast and the basis therefor, and describe the effect upon the company's financial operations as well as measures to be taken in response

As described above, there have been no major changes in the Company's operations. As we have been making an effort on the development in the industry, benefits on operations have gradually shown. Moreover, there are detailed forecasts of the market development for the coming year which the Company are in full control of and makes dynamic adjustments according to the demand forecasts. The Company's measures to respond to the impact on its financial operations are carried out in accordance with results of regular meetings of operations units (including monthly and quarterly meetings for business, planning and various evaluations and analyses) as well as resolutions made by the Board of Directors after thorough discussions. In doing so, we ensure that the Company's projected sales volume grows year after year.

III. Cash flow

2021 Cash Flow Analysis (all companies in the consolidated financial statements)

Unit: NT\$ thousand

Cash balance at the beginning of the period	Full-year net cash flows from operating activities	Net cash used in investing and financing activities for full-year	Estimated cash surplus (shortfall)	Expected remedies for cash shortfalls	
				Investment plan	Financial plan
323,696	104,428	248,461	179,663	Not applicable	Not applicable

1. Analysis of changes in cash flows of the most recent year (2021)

(1) Business activities:

The net cash inflow from operating activities was **NT\$104,428 thousand** and the effects of exchange rate changes on cash equivalents were **(NT\$588) thousand**, mainly attributable to operations.

(2) Investment activities:

The net cash outflow from investing activities was **NT\$25,756 thousand**, mainly attributable increase/decrease in renovation of business bases and other non-current assets.

(3) Financing activities:

The net cash outflow from financing activities was **NT\$222,117 thousand**, mainly attributable to repayment of loans, payment of cash dividends and changes in lease principal.

2. Plans for improving liquidity

The Company maintains sound relationships with financial institutions based on honesty, with company information quickly collected and capital estimation mechanism well established. If there is a shortage of capital, preparations are able to be made in advance so as to meet the capital requirements to support normal business activities.

3. Cash flow analysis for the coming year (2022):

Unit: NT\$ thousand

Cash balance at the beginning of the period	Estimated full-year net cash flows from operating activities	Estimated net cash used in investing and financing activities for full-year year	Estimated cash surplus (shortfall)	Expected remedies for cash shortfalls	
				Investment plan	Financial plan
179,663	204,891	190,641	193,913	Not applicable	Not applicable

Description:

a. Cash flow changes:

(a) Business activities:

We expect to increase revenue in 2022; however due to payment of corresponding operating expenses, net cash inflow from operating activities for the year is estimated at **NT\$204,891 thousand**.

(b) Investment activities:

The estimated net cash outflow from store renovation, factory equipment expenditures, dividend collection, acquisition of financial assets and increase/decrease in other non-current assets in 2022 is **NT\$20,171 thousand**.

(c) Financing activities:

The estimated net cash outflow in 2022 is **NT\$170,470 thousand** mainly attributable to increase/decrease in bank loans, payment of cash dividends and changes in lease principal repayment.

b. Expected remedies for cash shortfalls and liquidity analysis:

It has been estimated that there will be changes in loan increases/decrease from time to time in the year; however, there is no cash shortage at the end of the year.

IV. Effect upon financial operations of any major capital expenditures during the most recent fiscal year

The Company had no capital expenditures exceeding 5% of the paid-in capital or NT\$100 million or more in the most recent fiscal year.

The following table is a list of important items for property, plant and equipment increase/decrease and important acquisitions in 2021.

The Company's property, plant and equipment, net increase in cost in 2021 (all companies in the consolidated financial statements)

Unit: NT\$ thousand

Item	2021/01/01	2021/12/31	Increase (decrease) amount
Property, plant and equipment	1,729,014	1,709,113	19,901

Description:

1. Effects of machinery and equipment, office equipment, transportation equipment, renovation equipment, other equipment and exchange rate, resulting in an increase in assets by NT\$26,765 thousand.
2. Disposal of property, plant and equipment, office equipment, transportation equipment, renovation equipment, and other equipment, resulting in a decrease in assets by NT\$46,666 thousand.

V. Re-investment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability and investment plans for the coming year

(I) Not applicable, as the Company has not disposed of any reinvestment in the most recent fiscal year.

(II) The Company's reinvestment policy and investment plans for the coming year are based on the Company's related businesses.

(III) Important reinvestment business:

1. Investment year 2010: "Tenfu (Cayman) Holdings Company Limited" (indirectly invested by subsidiary Ten Ren Tea (Hong Kong) Limited, the Company and Ten Ren Enterprise Co., Ltd. 1.51%)

(1). On March 18, 2022, the Board of Directors of Tenfu (Cayman) resolved to pass the 2021 annual performance report. The loss and profit table is as follows. The Board of Directors also resolved to distribute a final dividend of HK\$0.23 per share.

Unit: RMB thousand

Item	2021 results	2020 results	Growth rate %
Revenue	1,924,651	1,712,595	12.38
Gross profit	1,144,047	1,045,840	9.39
Distribution costs & Administration expenses...	616,590	558,074	10.49
Operating profit	527,457	487,766	8.14
Profit before Income tax	508,732	467,091	8.91
Total comprehensive income for the year, all attributable to the shareholders of the Company	359,481	305,409	17.70
Basic earnings per share (In RMB)	0.33	0.28	17.86

(2). The total amount of distributable dividends is earnings distribution for 2021, summarized as follows:

Unit: HKD

Dividends year	Number of shares held	Investment unit	Dividends payment/shares		Total dividends
			Midterm	End term	(midterm + end term)
2021	12,464,580 shares	Ten Ren Tea (Hong Kong) Limited	0.08	0.23	3,864,019.8
2021	3,530,000 shares	Ten Ren Tea	0.08	0.23	1,094,300.0
2021	510,000 shares	Ten Ren Enterprise Co., Ltd.	0.08	0.23	158,100.0
Total	16,504,580 shares				5,116,419.8

- (3) If there are no further investments plans for cash dividends paid by Ten Ren Tea (Hong Kong) by Tenfu (Cayman), it will be submitted to the Company's Board of Directors. Payment for dividends is then resolved by such company's Board of Directors in accordance with Hong Kong's company law. The remaining capital of such company will be remitted to the shareholders (Ten Ren Tea and Ten Ren Enterprise) to replenish the working capital of the parent company.
2. Year of investment: 2013; Xiamen Daily Plus Food Beverage Management Co., Ltd.
- (1) On November 12, 2013, the joint venture (indirectly invested by the Company through Ten Ren Tea (Hong Limited) with FuJian Tian Fu Tea Sales Co., Ltd. was approved, with each holding 50% of the shares and the company's capital registered was US\$2,100 thousand and the Company's investment amount of US\$1,050. The investment was to develop CHA FOR TEA's business in China.
- (2) As of the end of 2020, a total capital of US\$315 thousand was injected to Xiamen Daily Plus Food Beverage Management Co., Ltd. At present, there are 2 stores in China. As the operating environment in China is competitive, the benefits from these 2 stores have not met expectations, and the current main business focuses on the wholesale of Taiwan specialty tea to FuJian Tian Fu Tea Sales. Despite this, there have been no significant losses since the capital injection. The original investment amount was NT\$8,703 thousand (US\$315 thousand) and the carrying value of the investment as of December 31, 2021 totaled NT\$9,911 thousand. The investment (loss) recognized in 2021 was NT\$744 thousand.
- (Note: As this is an investment in China, it required prior application of an investment permit. Approval letter on December 6, 2013: Jin-Shen(II)-Zi No.10200449500 with a validity of 3 years; may be extended upon expiration. At present, the permit has been extended until December 5, 2022.)

VI. The section on risks shall analyze and assess the following matters during the most recent fiscal year and as they stood on the date of publication of the annual report (all companies in the consolidated financial statements)

- (I) Effects upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate and response measures to be taken in the future
1. Effects upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate
- (1) In terms of interest rate: As of December 31, 2021, the Company's loans amounted to NT\$190,000 thousand. The financial costs (interests from bank loans; the same as below) for 2021 amounted to NT\$1,863 thousand.
Effects upon the company's profits (losses): The financial costs in 2021 decreased by NT\$211 thousand compared to 2020.
- (2) In terms of exchange rate: After consolidating the Company's various operations, investments and hedges in 2021, the overall net exchange rate profits (losses) on

the Company's profit (losses) was a loss of NT\$6,534 thousand. The loss was NT\$5,086 thousand lower compared to 2020. This is attributable to the Company's proactive effort on adjusting deposits in the USD and adopting a flexible exchange rate for quoted prices on foreign sales so as to timely respond to the current exchange rate. In the meantime, repatriation of overseas shipments was encouraged in order to reduce exchange rate losses.

(3) In terms of inflation: the Company's gross margin changes on each quarter of 2021 and 2020 are listed as follows:

Item	1st quarter		Q2 (cumulative value)		Q3 (cumulative value)		Q4 (yearly cumulative)	
	2021	2020	2021	2020	2021	2020	2021	2020
Gross margin	58.83%	56.92%	56.56%	56.63%	55.30%	57.31%	55.88%	57.46%

Note: The ratios for Q2-Q4 are cumulative values

Description:

- a. Inflation that occurred in Q2 2021: due to the pandemic Level 3 alert - as revenue was frozen and production capacity insufficient, it led to a decrease in gross margin. Also, with imbalanced price indicators due to unstable supply chains, rising food and drink raw materials costs that impacted industries that were linked, coupled with cases of COVID-19 surge that resulted in a sharp decline in retail business compared to 2020, while the Company doing its utmost to strictly control food safety, it was not possible to maintain costs to the level as before the interruption of the pandemic. Given the challenge, the Company continues to strive for customer satisfaction and looking after the livelihood of employees and insisted on no pay cuts or layoffs. As well as this, we will continue to keep sound relationships with suppliers to overcome the difficulties under the impact of COVID-19.
 - b. According to the "National Statistics Taiwan," the annual growth rate of the Consumer Price Index (CPI) as of 2021 is 1.96%. However, based on CPI alone (excluding vegetables, fruits and energy), the annual growth rate is 1.33% (highest in the past decade for both).
2. Response measures to be taken in the future:
- (1) In terms of sales: we will continue to develop diversified products to timely compensate for operational challenges that are unavoidable for products of the quarter due to seasonal factors.
 - (2) In terms of external integration: we will put network resources into play to quickly search for statistical and evaluation data and research reports of experts. By taking this approach, we are able to support operations, finance and staff while grasping market information and predictable risks, and making action plans.
 - (3) Through full digitization, we strive to increase the Company's decision-making quality with correct and immediate information.
- (II) Policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future: None.
- (III) Research and development work to be carried out in the future and further expenditures expected for research and development work

Unit: NT\$ thousand

Year	Item	R&D contents	R&D budget
2022	New product R&D	New products of teas and tea food	500
		New tea-infused meals, drinks and snacks	625
		New tea drinks for CHA FOR TEA	500
	New business R&D	Bew business brand CHAFFEE (excluding shops)	2,453
2022 Total			4,078

- (IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad and measures to be taken in response
1. In terms of investment in China: On September 4, 2015, the Investment Commission, MOEA announced laws and regulations for investing in China. URL of the negative list of investment in China in Chinese: https://www.moeaic.gov.tw/businessPub.view?lang=ch&op_id_one=5. On the list, some “fruits” and “tea” are still listed as prohibited investment items and tea imported from China is still not allowed. According to the latest “Application for Simplified Review of Investment in China,” in the scope of the “Service industries are classified according to the Statistical Classification of Industries of the Accounting and Statistics,” the table specifies that retail and wholesale of these industries shall be eligible to apply for investment.
 2. As mentioned above, as of the publication date of the 2021 annual report, there were 409 items in the negative list (September 4, 2015) which are prohibited from investing in China listed by the Investment Commission. As well as this, corresponding products are also prohibited from being purchased from China (except for Pu-er tea). “Tea” items banned from investing in China are 8.
 3. Aside from the COVID-19 pandemic in 2021, two major events may lead the future of the global economy after 2021:
 - (1). The Regional Comprehensive Economic Partnership (RCEP) initiated by China and signed on November 15, 2020 became effective to its approved members. With the total DGP of all member countries, the RCEP is the world’s largest free trade agreement, covering 2 billion people, accounting for approximately 30% of the world’s population. Including a total of 10 ASEAN countries (Indonesia, Thailand, Singapore, Malaysia, Philippines, Vietnam, Myanmar, Cambodia, Laos, Brunei) and the world’s largest free trade agreement with China, Japan, South Korea, Australia and New Zealand, surpassing the United States-Mexico-Canada Agreement (USMCA) and the European Union Customs Union (EUCU).
 - (2). On December 31, 2020, China and Europe jointly announced the conclusion of a China-Europe Investment Agreement or the “Comprehensive Agreement on Investment.” All 27 members in the EU have agreed to the agreement, which covers 4 major directions: investment liberalization, investment protection, dispute resolution and sustainable development. However, the European Parliament voted to freeze the ratification of the EU-China investment deal due to the sanctions that Beijing has imposed on EU members and Hong Kong and Xinjiang human rights issues. However, with international trade policies swinging in Europe, and the core industries relied by China’s economy are different between EU countries and the U.S., it is likely that the agreement will be re-initiated. According to the contents of the agreement, China is expected to open up its market to EU companies, covering manufacturing, construction, advertising, freight transport, maritime services, telecommunication and cloud computing industries. At the same time, the agreement bans China from forced transfer of

technology from EU companies. The agreement also limits the competitiveness of China's state-owned enterprises and the requirements for China's government to make subsidies to Chinese companies transparent.

Regardless the impact after the implementation, the most significant feature of these two trade agreements is that member countries are required to adhere to the important spirit of the agreements - opening up domestic markets so as to balance the open policy that is not at this stage equal. This means that China is required to give up some of the industries that need to be mandated to be state-led or sino-foreign joint ventures as well as reducing the tariffs imposed for goods entering their countries year by year. These two major agreements concern nearly 40 countries around the world regarding their removal of trade barriers that will bring their investments closer. At present, although the relationship between Taiwan and the U.S. is unprecedentedly close, there is not a substantive vesting trade exchange protection agreement. Moreover, in the face of favorable factors of other countries, in addition to encouraging Taiwanese business people to return to Taiwan for investment, Taiwan government is striving to join other international trade organization to ensure the sustainable development of Taiwan's economy.

4. The Company's actions taken for unopened tea businesses (production, manufacturing) to invest in China:
 - (1) Get a grasp of certain business opportunities through agency distribution in order to export the Company's finished products to China to expand popularity.
 - (2) Continue to strengthen the expansion of export markets: the United States, the Middle East, Europe and Southeast Asia.
 - (3) Assess the feasibility of investing in China in other approved industries that are closely linked to the Company's business.
 - (4) Invest in products associated with pandemic prevention and products with health appeals.
 - (5) Keep a close eye on the impact of the RCEP agreement on Taiwan's external trade. We strive to improve our own innovative R&D capability to attract the dependence and trust of other trading partners on Taiwan's industries. By doing this, we hope to reduce our disadvantageous position of not being able to join international trade organizations (*e.g.*, RCEP).
- (V) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change and measures to be taken in response
 1. With the development of the Company's diversified operations, coupled with the rise of internal and e-commerce, we must make changes to our past pattern of operations. By doing so, the development needs of operations can be met while at the same time fulfilling the expectations of stakeholders.
 2. Measures to be taken:
 - (1) By initiating digital transformation, we will be able to improve decision-making speed and quality to develop services that are more advanced. As well as this, the efficiency and value of the supply chain as a whole will be improved.
 - (2) Introduce mobile code payment, including EasyCard small payment, LINE PAY, JKOS Payment, Taiwan Pay, Easy Wallet, and PXPAY Plus in order to provide more diversified consumption choices for consumers.
 3. Information security risk evaluation
Internet and mobile devices becoming more and popular. While companies are putting information technology into full play by proactively developing digital transformation and promoting customer value-added services, they are at the same time faced with new threats and challenges. These include unannounced network disruptions, spam, ransomware and hacker intrusions. In the face of internet security threats that are

constantly changing, system could be paralyzed, posing concerns on customer data leakage.

4. Information security action plans:

- (1). Strengthen key infrastructure, set up control systems including VPN, firewalls and install spam management software, anti-virus software, real-time security upgrade, data backup.
- (2). Build a diversified network communication environment by setting up backup lines and providing wired and wireless POS networks to reduce the risk of network outages.
- (3). The Company has formulated its security management policy pursuant to the information security and risk management rules. The IT Department and its functional groups jointly plan information security measures, which they review and make revisions on a regular basis. This ensure the effectiveness of the Company's information security and risk management operations. Virtual Private Network (VPN)
- (4). In line with the recommendations of the Guidelines of Cyber Security Control for TWSE/TPEX-listed companies, the Company has joined the TWCERT/CC to share information and participating in information security promotion schemes. By doing so, the Company's internal information awareness is raised to improve the overall protection.

(VI) Effects on the company's crisis management of changes in the company's corporate image and measures to be taken in response

1. We adhere to natural, healthy and affectionate business philosophy. In the course of our diverse development process, we keep in mind and insist on our business philosophy and therefore have no business crisis due to image change.
2. Measures taken for crisis management.
 - (1) As for our crisis management, our top priority is to protect the interests of our investors and the welfare of vendors and employees. For foreseeable operational risks, our primary management tool is to ensure a thorough implementation of internal controls, hoping to prevent possible management risks in advance.
 - (2) Our internal control system is implemented by all departments, led by the Internal Audit. By arranging a schedule for progress audit, the Internal Audit promotes an annual internal control self-assessment to be served as a part of strengthening corporate governance and corporate risk and crisis management. The Internal Audit also makes recommendations on the assessment of the effectiveness of the management mechanism that is exclusive to the Company's operation and requests the responsible unit to take the imitative to make improvement or propose specific improvement measures according to the results.
 - (3) In the event of a sudden crisis, the general manager shall form an operational team (the Company has a complete notification mechanism in place) and make the necessary arrangements immediately according to the situation.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken

1. During the current fiscal year up to the date of publication of the annual report, the Company did not make any M&A plans in the same industry or other industries.
2. Risk control and measures to be taken: future possible M&A must be professionally evaluated (including opinions of external experts) and laws and regulations as well as the Company's management regulations must be complied with. The M&A project must be carried out under the condition that it is coherent to the Company's industry and does not harm the Company's earnings in the industry.

(VIII) Expected benefits and possible risks associated with any plant expansion and mitigation measures being or to be taken

1. During the current fiscal year up to the date of publication of the annual report, the Company did not have any plant expansion plans.
 2. Risk control and measures to be taken: in terms of plant expansion, there are no plans for plant expansion in the short time. In the event of a future major change in business scale or operation type, the production unit will continue to evaluate the renewal of machinery and equipment in line with operational efficiency improvement. Major decisions such as plant expansion are submitted to the Board meeting and shareholders' meeting for ratification prior to implementation in accordance with the regulations.
- (IX) Risks associated with any consolidation of sales or purchasing operations and mitigation measures being or to be taken
1. During the current fiscal year up to the date of publication of the annual report, the Company did not have a single portion of sales to a single vendor that accounted for more than 10% of annual net avenue.
 2. Risk control and measures to be taken: the Company does not rely solely on a single raw material for the production of the Company's tea products. Also, there is no single supplier whose purchase volume and amount exceeded 10% for the year.
- (X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands and the mitigation measures being or to be taken: This does not apply to the Company.
- (XI) Effect upon and risk to company associated with any change in operating rights: This does not apply to the Company.
- (XII) Litigious and non-litigious matters up to the date of publication of the annual report: This does not apply to the Company.
- (XIII) Other important risks and measures being or to be taken: None.

VII. Other important matters: None.

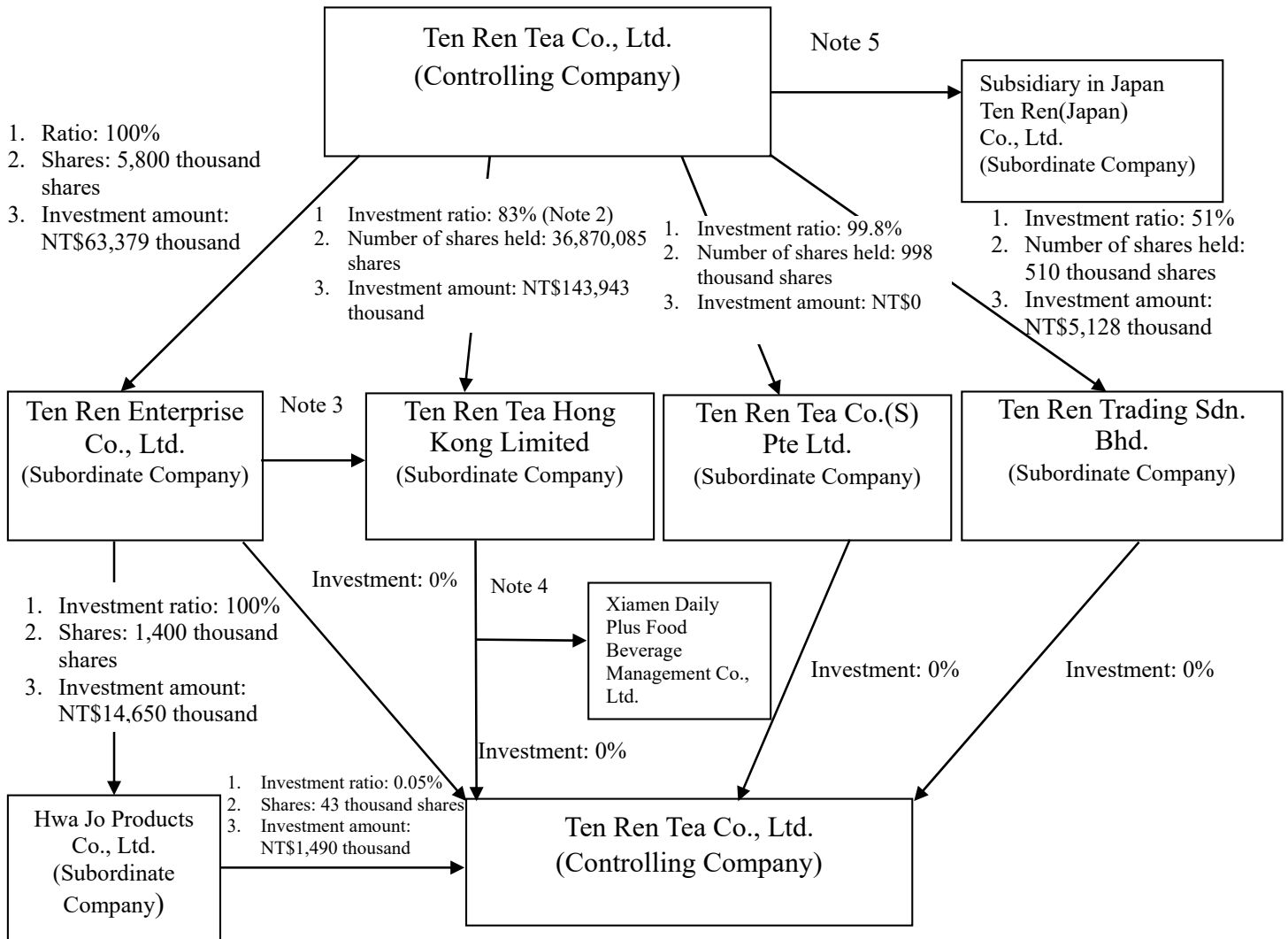
Eight. Special items to be included

I. Information relating to the company's affiliates

(I) Consolidated Business Report of Affiliates

1. Overview of Affiliates

(1). Organizational Chart of Affiliates Date of information: As of December 31, 2021



Note 1: The sources of the above information are: Certified financial report on Ten Ren, self-assessed financial statements of Ten Ren Tea Co.(S)Pte Ltd. and financial statements of Ten Ren Tea (Hong Kong) Limited. The investment amounts are closing amounts.

Note 2: Ten Ren Tea's investment ratio in Ten Ren Tea (Hong Kong) is 83%, 36,870,085 shares with an investment amount of US\$4,772.5 thousand (based on paid-in capital). The original investment at the end of the period was NT\$143,943 thousand.

Note 3: Ten Ren Enterprise's investment ratio in Ten Ren Tea (Hong Kong) is 17%, 7,551,704 shares with an investment amount of US\$977.5 thousand (based on paid-in capital). The original investment at the end of the period was NT\$29,315 thousand.

Note 4: Ten Ren Tea (Hong Kong)'s investment ratio in Xiamen Daily Plus Food Beverage Management is 50%, with an investment amount of US\$1,050 thousand. As of December 31, 2021, the actual capital injection was US\$315 thousand (amount not yet reached was US\$735 thousand). The original investment at the end of the period was NT\$8,703 thousand.

Note 5: Ten Ren Tea's investment ratio in Ten Ren Tea (Japan) is 100%, with an investment amount of JPY30,000 thousand.

Note 6: Companies "presumed" to have control and subordinate relationship in accordance with Article 369-3 of the Company Act: None.

(2) The name, date of incorporation, address, paid-in capital, and main business items of each affiliate:

Basic information of each affiliate

Unit: NT\$ thousand				
Name of enterprise	Date of incorporation	Address	Paid-in capital	Main business or production
Ten Ren Trading Sdn.Bhd	1991/07	G.F. 61 HAKAB SYLRAN ISMAIL 50250 KUALA LUMPUR, MALAYSIA	MYR 1,000,000	Sales of tea-related products
Ten Ren Enterprise Co., Ltd.	1997/10/13	6F, No. 107, Sec. 4, Zhongxiao East Road, Taipei City	58,000	1.Import and export of various foods and computer information equipment 2.Rental operations of tools and manufacturing and transportation equipment 3.Advertising planning, signage construction and agency business 4.Beauty consulting
Ten Ren Tea Co.(S)Pte Ltd.	1984/04/24	152 Beach Road #14-02 Gateway East Singapore 189721	SGD 1,000	Tea trading
Ten Ren Tea (Hong Kong) Limited	1995/06/01	15/F., BOC Group Life Assurance Tower, 136 Des Voeux Road Central, Central, Hong Kong	HKD 44,421,789 (equivalent to US\$5.75 million)	Overseas investment
Ten Ren (Japan)Co.,Ltd	2019/08/02	No. A-204, 3-3 Hinode 3-chome, Urayasu City, Chiba, Japan	JPY 30,000,000	Sales of tea-related products
Hwa Jo Products Co., Ltd.	1973/09/18	3F, No. 62, Hengyang Road, Taipei City	14,000	Tea and food manufacturing and trading
Xiamen Daily Plus Food Beverage Management Co., Ltd.	2014/01/21 (Note 4)	Room 2903, No.25, Jiahe Road, Siming District, Xiamen City, Fujian Province, China	US\$2,100 thousand	Tea beverage manufacturing and trading

Note 1: All affiliates must be disclosed regardless of their scale.

Note 2: If an affiliate has a factory and the sales of the factory's products exceed 10% of the controlling company's operating revenues, the name, date of establishment, address and key products of the factory must be added.

Note 3: If an affiliate is a foreign company, the name and address of the company may be expressed in English, with the date of establishment expressed in CE and paid-in capital may be expressed in foreign currency at the exchange rate of the reporting date. Please refer to Note 3 Business overview of affiliates.

Note 4: The paid-in capital of this company is recorded as its registered capital of the business license.

(3) For companies presumed to have a relationship of control and subordination as the same shareholders: None.

(4) Industries covered by businesses of affiliates. (3) If the business of an affiliate is associated with each other, explain the division of labor between them:

- a. Aside from the investment relationship described in the organizational chart, Ten Ren Trading Sdn. Bhd. is responsible for local marketing of the Company's full range of products and its business nature is the same as the domestic companies.
- b. Ten Ren Tea Co.(S)Pte Ltd., did not have any business dealings with the Company as it was not yet in operation.
- c. Hwa Jo Products Co., Ltd. is a subsidiary of Ten Ren Enterprise Co., Ltd. Its key business is support and help Ten Ren Tea's domestic and international sales and raw materials procurement.
- d. Ten Ren (Japan) Co., Ltd. is Ten Ren Tea's subsidiary in Japan. Its key business is support and help franchises in Japan with raw material procurement

(5) The names of the directors, supervisors and general manager of each affiliate and the details of their shareholding or capital contribution in such affiliate:

Information on directors, supervisors and general manager of each affiliate

Unit: shares; %

Name Of Enterprise	Title (Note 1)	Name or representative	Number of shares held (Note 2) (Note 3)	
			Number of shares	Shareholdings ratio
Ten Ren Trading Sdn.Bhd		Representative of Ten Ren Tea (Lin, Jen-Chung and 2 others)	510,000 shares	51%
	Director	Lin, Jen-Chung, Chen, Chung-Chih	190,000 shares	19%
	Director	Chen, Sheng-Hsu	300,000 shares	30%
Ten Ren Enterprise Co., Ltd.	Chairman	Representative of Ten Ren Tea Lee, Kuo-Lin	5,800,000 shares	100%
	Director	Lin, Jen-Chung, Chen, Chung-Chih		
	Supervisor	Chuang, Yuan-Min		
Ten Ren Tea Co.(S)Pte Ltd.	Director	Representative of Ten Ren Tea Lin, Jen-Chung	998 shares	99.8%
	Director	Representative of Ten Ren Enterprise Chen, Chung-Chih	2 shares	0.2%
	Director	Chew Siang Hai (a director with Singaporean nationality is appointed as required by law)	- shares	- %
Ten Ren Tea (Hong Kong) Limited	Director	Representative of Ten Ren Tea Lin, Jen-Chung	36,870,085 shares	83%
	Director	Representative of Ten Ren Enterprise Chen, Chung-Chih	7,551,704 shares	17%
Ten Ren(Japan)Co.,Ltd	Representative Director	Representative of Ten Ren Tea Lin, Jen-Chung	JPY 30,000 thousand	100%
	Director	Lin, Yu-Jui		
	Director	Chen, Chung-Chih		
	Supervisor	Wang, Hung-Wan		

Name Of Enterprise	Title (Note 1)	Name or representative	Number of shares held (Note 2) (Note 3)	
			Number of shares	Shareholdings ratio
Hwa Jo Products Co., Ltd.	Chairman Director Director Supervisor	Representative of Ten Ren Enterprise Co., Ltd. Tsai, Song-Tsung Lin, Jen-Chung Hsu, Wen-Yuan Chen, Chung-Chih	1,400,000 shares	100%
Xiamen Daily Plus Food Beverage Management Co., Ltd.	Chairman	Representative of Ten Ren Tea (Hong Kong) Limited	US\$1,050 thousand	50%
	Director	Lee, Chien-Te Chen, Chung-Chih		
	Director Supervisor	Representative of FuJian Tian Fu Tea Sales Co., Ltd. Lee, Chia-Ling Lee, Mao-Lin	US\$1,050 thousand	50%

Note 1: If an affiliate is a foreign company, its position is listed as equivalent.

Note 2: If an investee is a limited company, please state the number of shareholding and percentage of shareholding. For others, please state the capital contribution and the percentage of capital contribution.

Note 3: If the director or supervisor is a legal entity, the relevant information on the representative should be disclosed separately.

Note 4: The paid-in capital of this company is recorded as its registered capital of the business license. The ratio of shareholding is listed as the ratio of the approval letter.

2. Overview of business operations of affiliates:

Overview of business operations of affiliates

Unit: NT\$ thousand, earnings per share after tax: NT\$

Name of enterprise	Capital	Total value of assets	Total liabilities	Net	Operating income	Operating profit (net loss)	Profit/loss for the period (after tax)	Earnings per share (NT\$) (after tax)
Ten Ren Trading Sdn.Bhd	10,054	7,936	428	7,508	10,743	846	615	0.61
Ten Ren Enterprise Co., Ltd.	58,000	82,012	846	81,166	0	(580)	2,782	0.48
Hwa Jo Products Co., Ltd.	14,000	38,845	15,528	23,317	32,580	429	1,209	0.86
Ten Ren Tea Co.(S)Pte Ltd	20	20	9	11	0	0	0	0
Ten Ren Tea (Hong Kong) Limited	173,259	266,810	42	266,768	0	(391)	12,520	0.28
Ten Ren(Japan)Co.,Ltd	4,188	1,157	234	923	1,762	(2,521)	(2,380)	(158,676.73)
Xiamen Daily Plus Food Beverage Management Co., Ltd.	16,623	22,362	3,219	19,143	20,918	1,500	1,488	0.39

Note 1: All affiliates must be disclosed regardless of their scale.

Note 2: If an affiliate is a foreign , figures shall be presented in NT\$ based on the exchange rate on the reporting date.

Note 3: Malaysian ringgit: 6.6148 (end of period), Malaysian ringgit: 6.8408 (average), RMB: 4.319 (end of period), RMB: 4.3355 (average), Japanese yen: 0.24 (end of period), Japanese yen: 0.2569 (average). Exchange rate for Ten Ren Tea Co.(S)Pte. Ltd. is omitted as it was not yet in operation and the registered share capital was small.

(II) Consolidated financial statements of affiliates: Please refer to “Six. Financial overview” - “IV. Financial statements for the most recent fiscal year” (P.159-P.238)

(III) Affiliation Report

1. Overview of the relationship between the subordinate companies and controlling companies:

Overview of the relationship between the subordinate companies and controlling companies

Unit: shares; %

Name of controlling company	Reason for controlling	Shareholding and pledges of controlling company			Directors or supervisors appointed to the subordinate company by controlling company	
		Number of shares held	Shareholdings ratio	Number of pledged shares	Title	Name
Ten Ren Trading Sdn. Bhd.	Expand overseas markets	510,000 shares	51%	0	Director Director	Representative of Ten Ren Tea: Lin, Jen-Chung Chen, Chung-Chih
Ten Ren Enterprise Co., Ltd.	Diversified management	5,800,000 shares	100%	0	Chairman Director Director Supervisor	Representative of Ten Ren Tea: Lee, Kuo-Lin Lin, Jen-Chung Chen, Chung-Chih Chuang, Yuan-Min
Ten Ren Tea Co.(S)Pte Ltd	Expand overseas markets	998 shares	99.8%	0	Director	Representative of Ten Ren Tea: Lin, Jen-Chung
Ten Ren Tea (Hong Kong) Limited	Expand of erseas markets	36,870,085 shares	83%	0	Director	Representative of Ten Ren Tea: Lin, Jen-Chung
Ten Ren (Japan)Co.,Ltd	Expand overseas markets	JPY 30,000 thousand	100%	0	Representative Director Director Director Supervisor	Representative of Ten Ren Tea Lin, Jen-Chung Lin, Yu-Jui Chen, Chung-Chih Wang, Hung-Wan
Hwa Jo Products Co., Ltd. (Note 2)	Diversified management	1,400,000 shares	100%	0	Chairman Director	Representative of Ten Ren Enterprise: Tsai, Song-Tsung Lin, Jen-Chung

Name of controlling company	Reason for controlling	Shareholding and pledges of controlling company			Directors or supervisors appointed to the subordinate company by controlling company	
		Number of shares held	Shareholdings ratio	Number of pledged shares	Title	Name
Xiamen Daily Plus Food Beverage Management Co., Ltd.	Expand overseas markets	US\$1,050 thousand (Note 3)	50%	0	Director Supervisor Chairman Director	Hsu, Wen-Yuan Chen, Chung-Chih (Ten Ren Tea (Hong Kong) Limited)legal entity Lee, Chien-Te Chen, Chung-Chih

Note 1: If the controlling company of a subordinate company is a subordinate company of another company, the relevant information of that company should also be filled in; the same applies when that other company is a subordinate of another company, and so on.

Note 2: Hwa Jo Products Co., Ltd. is a subsidiary wholly owned by Ten Ren Enterprise Co., Ltd.

Note 3: Listed based on the registered capital of the company's business license and 50% shareholding of Ten Ren Tea (Hong Kong) Limited.

2. Business transactions:

(1) Import and export transactions: (The following categories of imports and sales are expressed from the perspective of the controlling company→the company's transactions)

a. Imports and sales with Ten Ren Trading Sdn. Bhd.

Unit: NT\$ thousand; %

Transactions with controlling companies				Trading conditions with controlling companies		General trading conditions		Reason for difference	Accounts receivable (payable), notes and bills		Overdue receivables			Remarks
Import (Sales)	Amount	Percentage of total imports (sales)	Gross trading profit	Unit price (NT\$)	Credit period	Unit price (NT\$)	Credit period		Balance	As a percentage of total accounts receivable (payable), notes and bills	Amount	Processing method	Allowance for doubtful accounts	
Sales	5,866	0.33	2,133	Factory price	Within 4 months from the date of shipping	Transfer price between factory and branch	Up to 2 months from the date of shipping	The credit period is longer compared to general domestic customers is mainly attributable to the promotion of overseas marketing channels	0	0	None	None	None	None

b. Imports and exports with Hwa Jo Products Co., Ltd.

Unit: NT\$ thousand; %

Transactions with controlling companies				Trading conditions with controlling companies		General trading conditions		Reason for difference	Accounts receivable (payable), notes and bills		Overdue receivables			Remarks
Import (Sales)	Amount	Percentage of total imports (sales)	Gross trading profit	Unit price (NT\$)	Credit period	Unit price (NT\$)	Credit period		Balance	As a percentage of total accounts receivable (payable), notes and bills	Amount	Processing method	Allowance for doubtful accounts	
Sales	14,507	0.82	7,848	Factory price	Within 4 months from the date of shipping	Transfer price between factory and branch	Up to 2 months from the date of shipping	The credit period is longer compared to general domestic customers is mainly attributable to the promotion of overseas marketing channels	4,264	1.76	None	None	None	None
Import	16,592	2.67	Not applicable	General distribution price	Within 4 months from the date of shipping				3,830	3.31	None	None	None	None

c. Imports and exports with Xiamen Daily Plus Food Beverage Management Co., Ltd.

Unit: NT\$ thousand; %

Transactions with controlling companies				Trading conditions with controlling companies		General trading conditions		Reason for difference	Accounts receivable (payable), notes and bills		Overdue receivables			Remarks
Import (Sales)	Amount	Percentage of total imports (sales)	Gross trading profit	Unit price (NT\$)	Credit period	Unit price (NT\$)	Credit period		Balance	As a percentage of total accounts receivable (payable), notes and bills	Amount	Processing method	Allowance for doubtful accounts	
Sales	7,377	0.42	3,006	Factory price	Within 4 months from the date of shipping	Transfer price between factory and branch	Up to 2 months from the date of shipping	The credit period is longer compared to general domestic customers is mainly attributable to the promotion of overseas marketing channels	2,315	0.95	None	None	None	None

d. Imports and exports with Ten Ren (Japan)Co., Ltd. (subsidiary in Japan)

Unit: NT\$ thousand; %

Transactions with controlling companies				Between controlling companies Trading conditions		General trading conditions		Reason for difference	Accounts receivable (payable), notes and bills		Overdue receivables			Remarks
Import (Sales)	Amount	Percentage of total imports (sales)	Gross trading profit	Unit price (NT\$)	Credit period	Unit price (NT\$)	Credit period		Balance	As a percentage of total accounts receivable (payable), notes and bills	Amount	Processing method	Allowance for doubtful accounts	
Sales	629	0.04	270	Factory price	Within 4 months from the date of shipping	Transfer price between factory and branch	Up to 2 months from the date of shipping	The credit period is longer compared to general domestic customers is mainly attributable to the promotion of overseas marketing channels	4	0	None	None	None	None

3. Property transactions: None

4. Financial intermediation: None

5. Leased asset:

(1) Leased assets of Ten Ren Enterprise Co., Ltd.

Unit: NT\$ thousand

Transaction type (for rent or lease)	Object leased		Lease duration	Lease period	Method by which the leasing price was determined	Collection (payment) method	Comparison with ordinary leasing price levels	Total leasing price for the current period	Collection/payment status for the current period	Other agreed matters
	Name	Location of the object leased								
Lease	Office of head office of Ten Ren Tea Co., Ltd.	6F, No. 107, Sec. 4, Zhongxiao East Road, Taipei City	2021/01/01 to 2021/12/31	Office sublease	Subject to the level in the market	One 12-month promissory note per year	Equivalent	57	The company Paid	None

(2) Leased assets of Hwa Jo Products Co., Ltd.

Unit: NT\$ thousand

Transaction type (for rent or lease)	Object leased		Lease duration	Lease period	Method by which the leasing price was determined	Collection (payment) method	Comparison with ordinary leasing price levels	Total leasing price for the current period	Collection/payment status for the current period	Other agreed matters
	Name	Location of the object leased								
Lease	Ten Ren Tea Co., Ltd.	No. 62, Hengyang Road, Taipei City	2021/01/01 to 2021/12/31	Office sublease	Subject to the level in the market	One 12-month promissory note per year	Equivalent	36	The company Paid	None
Rental	Hwa Jo Products Co., Ltd.	No. 1-2, Laoqi, Toufen City, Miaoli Count	2021/01/01 to 2021/12/31	Warehouse sub-lease	Subject to the level in the market	One 12-month promissory note per year	Equivalent	840	Paid by company	None

6. Other significant business transactions:

External investment - for the current situation of the Company's investment in Tenfu (Cayman) Holdings Company Limited via Ten Ren Tea (Hong Kong) Limited, please refer to "Seven. A review and analysis of the company's financial position and financial performance, and a listing of risks" on **P.318** - "Reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year."

7. Endorsement/guarantee situation: None

Statement

The Company's affiliation report for 2021 (from January 1 to December 31, 2021) has been prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and the information disclosed was not materially inconsistent with the financial statements for the period stated above.

Hereby declare

Company name: Ten Ren Tea Co., Ltd.

Person in charge: Lee, Kuo-Lin

March 31, 2022

II. State of private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None

III. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report (the following is shareholdings of the Company but Hwa Jo Products Co., Ltd. (a subsidiary wholly owned by Ten Ren Enterprise Co., Ltd.))

Unit: NT\$ thousand; shares; %

Name of subsidiary	Paid-in capital	Source of funds	The Company's shareholding ratio	Acquisition or disposal date	Number of shares acquired and amount	Number of shares disposed of and amount	Investment gain or loss	Numbers of share held as of the date of publication of the annual report	Creation of pledge	Amount of guarantee /endorsement of the Company for its subsidiaries	Amount loaned to its subsidiaries by the Company
Hwa Jo Products Co., Ltd.	NT\$14,000 thousand	Self-owned	100%	2021	None	None	None	43,000 shares NT\$1,490 thousand	None	None	None
				This year as of the date of publication of the annual report	None	None	None	43,000 shares NT\$1,462 thousand	None	None	None

IV. Other matters that require additional description: None

Nine. Matters that might materially affect shareholders' equity or the price of the company's securities

I. If any of the situations stated in Article 36, paragraph 2 subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or up to publication of the annual report: None

Ten Ren Tea Co., Ltd.

Chairman

Mr. Lee, Kuo-Lin