



天仁茶業股份有限公司

TEN REN TEA CO., LTD

2024 Annual General Meeting

# Handbook

Form of Shareholders' Meeting: Physical

Date: June 13, 2024

Venue: No. 422, Zhonghua Road, Zhunan Township, Miaoli County (Ten Ren Tea Garden Mingfeng Hall)

**Ten Ren Tea Co., Ltd.**  
**2024 Annual General Meeting Handbook**  
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# **Ten Ren Tea Co., Ltd.**

## **Procedure for the 2024 Annual General Meeting**

**I. Call the Meeting to Order**

**II. Chair's Remarks**

**III. Report items**

**IV. Acknowledgments**

**V. Questions and Motions**

**VI. Adjournment**

# **Ten Ren Tea Co., Ltd.**

## **2024 Annual General Meeting Agenda**

Form of Shareholders' Meeting: Physical

Time and Date: 9:30 a.m. on June 13, 2024 (Thursday)

Venue: No. 422, Zhonghua Road, Zhunan Township, Miaoli County (Ten Ren Tea Garden MingFeng Hall).

### **I. Call the Meeting to Order**

### **II. Chair's Remarks**

### **III. Report items**

1. 2023 Business Report and 2024 Summary of Business Plan
2. Audit Committee's Review Report on the 2023 financial statements
3. Report on the execution of the 2023 external endorsements/guarantees
4. Report on the 2023 remuneration distribution to employees and directors
5. The Company's 2023 earnings distribution and cash dividend report.

### **IV. Acknowledgments**

1. The 2023 financial statements are submitted for ratification.

### **V. Questions and Motions**

### **VI. Adjournment**

### III. Report items

#### 1. 2023 Business Report and 2024 Summary of Business Plan

##### 2023 Business Report and 2024 Summary of Business Plan

###### I 2023 Business Report

###### (I) Implementation Results for Business Plans:

Up until December 31, 2023, total assets were NTD 2,373,995 thousand; total liabilities were NTD 884,384 thousand total shareholders' equity was NTD 1,489,611 thousand, with a net worth of NTD 16.44 per share.

Item	Unit: thousand		
	2023/January – December Results	2022/January – December Results	Growth rate %
Operating income	2,110,338	1,835,662	14.96
Gross profit	1,222,292	1,027,969	18.90
Operating expenses	1,120,372	1,008,251	11.12
Operating profit	101,920	19,718	416.89
Non-operating income and expenses	17,034	37,780	(54.91)
Profit before tax	118,954	57,498	106.88
Profit after tax	95,869	51,592	85.82
Earnings per share (EPS) (NTD)	1.06	0.57	85.96

The year 2023 marks the Company's 70th anniversary. Under the theme of "CHA FOR TEA is Sustainable and Interesting," we seek to raise awareness of the Company's sentiments and values from all walks of life, strengthen corporate governance and social engagement, and support cultural events and cultural and creative industries. By doing so, we hope to promote the sustainable development of culture and build a future with culture and wisdom at the core.

In terms of food safety, we have implemented the government's mandatory traceability system for domestic tea leaves. We authenticate the origin of inventory and newly purchased dried tea to strictly check for food and systemic safety. Moreover, we have introduced an advanced factory warehousing and logistics system management system to improve the efficiency of storage, logistics and tracking and tracing. Consequently, we also completed the FSSC 22000 V6 revision related operations and established a product research center, hoping to open a new era of food safety and innovative research and development on this new basis.

In terms of operations, we are committed to improving service agility and humanization to face the post-pandemic opportunities and challenges. We will work with a consulting company to promote the "Customer Satisfaction Improvement Project" and support our overseas partners to prepare for the post-pandemic revival. We have also regional franchised stores to gain a better grasp of the Hong Kong and Macau markets.

In terms of sustainability, we completed the first GHG inventory and issued the first GHG inventory report. Following our efforts with respect to plastic reduction, we have stopped using paper placemats at CHA FOR TEA, reducing the number of trees cut down by at least 200 per year as well as garbage. At CHA FOR TEA, we advocate the ideal of using local, high-quality ingredients to develop friendly, healthy tea beverages, refreshments, and meals, achieving the concept of "fun tea drinking" and sustainability.

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

Item		2023	
Profitability	Return on assets (%)	4.29	
	Return on equity (%)	6.44	
	Ratio to paid-in capital (%)	Operating profit	11.25
		Net income before tax	13.13
	Profit margin	4.54	
	Earnings per share (EPS) (NTD)	1.06	
Financial structure	Debt to assets ratio (%)	37.25	
	Long-term capital to fixed assets ratio (%)	171.73	
Solvency	Current ratio (%)	124.69	
	Quick ratio (%)	71.32	
	Times interest earned	18.14	

## II. 2024 Summary of Business Plan

In 2024, while the post-pandemic benefits of private consumption are expected to diminish, global economic challenges persist. To ensure the sustainability of our business, we must look ahead and focus on advancing governance, innovation, cultural heritage, and environmental stewardship. With “Tea Drinking Sustainability and Fulfilling Life” as our guiding principle, we aim to deeply integrate local agriculture, fisheries, and animal husbandry industries. By leveraging digital tools and market insights, we will continue to deliver unique value propositions to our customers, while enhancing our brand and cultural legacy to establish ourselves as a resilient and growth-oriented company.

In terms of chain system development, we aim to expand our reach and reinforce our strengths while eliminating weaknesses, fostering a diverse and enjoyable tea-drinking experience. Regarding production logistics, we are actively designing a next-generation production system focused on achieving high energy efficiency, low noise, automation, and labor efficiency. Simultaneously, we are advancing the second phase of our warehousing and traceability system project, enhancing our capabilities in smart forecasting and production. Additionally, through a comprehensive food safety culture survey conducted with a consulting firm, we aim to bolster our food safety practices. We are also planning to adopt the ISO 14064-1 GHG inventory standard, continuing our efforts to reduce plastic, paper, and waste, while developing energy-efficient equipment and water-saving processes, thereby integrating climate and environmental sustainability into our corporate culture and business practices.

The public health crisis and climate change are accelerating the pace of sustainable transformation. Sustainability and digital capabilities are essential for enhancing the competitiveness of enterprises in the future. We will actively adapt to the evolving digital landscape by embracing new concepts and technologies to unlock new growth potential and momentum. This entails improving service quality, streamlining operational processes, and enhancing decision-making agility. Our focus on cultivating key talent will prioritize broader thinking, diverse execution, disciplined implementation, and effective utilization of technology and smart platforms. Through these efforts, we aim to fortify operational resilience, achieve steady growth, and successfully navigate through challenges and changes.

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

Chairman: Lee, Kuo-Lin    General Manager: Lin, Jen-Chung    Chief financial officer: Chu, Hui-Ling

## **II. Audit Committee's Review Report on the 2023 financial statements**

### **Ten Ren Tea Co., Ltd. Audit Committee Review Report**

The Board of Directors prepared the Company's 2023 business report, financial statements and statement of earnings distribution, among which the financial statements were audited 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 reviewed by the Audit Committee and found to be in compliance with the Article 14-4 of the Securities and Exchange Act and the Article 219 in the Company Act.

To  
The Company's 2024 Annual General Meeting

Ten Ren Tea Co., Ltd.

Audit Committee  
Teng, Syh-Tang, Convener

March 13, 2024

### **III. Report on the execution of the 2023 external endorsements/guarantees**

Description: The balance of endorsements/guarantees provided to external entities in 2023 is NTD 0.

### **IV. Report on the 2023 remuneration distribution to employees and directors**

Description:

1. The Company, according to the profit in 2023, estimated the employee remuneration and remuneration to directors at 2.93% and 1.95% of the profit, respectively, and recognized the employee remuneration and remuneration to directors in the amounts of NTD 3,641,708 and NTD 2,427,804, respectively, in salary under expenses.
2. The Company's Board of Directors, on March 13, 2024, resolved a decision to pay out employee remuneration and directors' and supervisors' remuneration in cash in the amounts of NTD 3,726,767 and NTD 2,236,062, respectively. The difference between the estimated amount and the amount paid as resolved by the Board of Directors is NTD 85,059 and NTD -191,742, respectively, which are recognized in profit or loss for the following year.
3. Employee remuneration is limited to full-time employees of the Company and its subsidiaries. The Chairman of the Board 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.

### **V. The Company's 2023 earnings distribution and cash dividend report.**

Description:

The total amount of dividends to be distributed to shareholders in the form of cash for 2023 earnings is NTD 81,532,753, that is, the cash dividends per share paid out is NTD 0.90, which is rounded down to NTD 1. The total amount below NTD 1 will be recognized in the Company's other income. The board of directors shall fully determine the record date, payment date and other matters related to the cash dividends.



## **IV. Acknowledgments**

Proposal 1: (Proposed by the Board of Directors)

The 2023 financial statements are submitted for ratification.

Description:

1. The Company's 2023 parent company only financial statements and consolidated financial statements, which have been audited by Lu, Chian Uen and Liu, Hui Yuan, CPAs at Ernst & Young Global Limited, as well as the business report and the statement of earnings distribution, which have been reviewed by the Company's Audit Committee, have been submitted and resolved by the Board of Director on March 13, 2024. These financial statements, business report and statement of earnings are submitted for ratification at the annual general meeting.
2. Please refer to pages 3 to 4 and Attachment 1, pages 8 to 26, as well as page 27 in Attachment 2 for the Company's 2023 business report, 2024 business plan summary, independent auditors' report, financial statements (including consolidated financial statements), and statement of earnings distribution.

Resolution:

## **V. Questions and Motions**

## **VI. Adjournment**

[Attachment 1] 2023 CPAs' Audit Report and the 2023 Financial Statements  
(Including Consolidated Financial Statements)

**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, 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements including the summary of material 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, 2023 and 2022, and its financial performance and cash flows for the years ended December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of 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 2023 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, 2023, the Company's net inventories amounted to NT\$305,763 thousand, accounting for 13% 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, 2023, the Company recognized revenue in the amount of NT\$2,091,398 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 audit committee, are responsible for overseeing the financial reporting process of the Company.

## **Auditors' 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 auditors' 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 the Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 auditors' 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 auditors' 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 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditors' 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, 13, 2024

**Notice to Readers**

The accompanying parent company only financial statements are intended only to present the parent company only financial position, 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 accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications 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, 2023 and December 31, 2022  
(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022	
Contents	Notes	Amount	%	Amount	%
<b>Current assets</b>					
Cash and cash equivalents	4 and 6.(1)	\$139,808	6	\$168,469	7
Financial assets measured at amortized cost – current	4, 6.(2) and 8	1,100	-	1,100	-
Notes receivable, net	4, 6.(5) and 7	4,660	-	6,183	-
Accounts receivable, net	4 and 6.(6)	195,174	9	182,066	9
Accounts receivable–related parties, net	4, 6.(6) and 7	27,358	1	34,654	1
Other receivables		5	-	34	-
Inventories	4 and 6.(7)	305,763	13	277,010	12
Prepayments		3,837	-	4,611	-
Other current assets	7	2,645	-	1,425	-
Total current assets		<u>680,350</u>	<u>29</u>	<u>675,552</u>	<u>29</u>
<b>Non-current assets</b>					
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)	85,133	4	84,118	4
Investments accounted for using the equity method	4 and 6.(8)	328,436	14	321,325	14
Property, plant and equipment	4, 6.(9) and 8	842,227	37	867,037	37
Right-of-use assets	4 and 6.(17)	277,586	12	309,842	13
Intangible assets	4 and 6.(10)	5,739	-	1,831	-
Deferred tax assets	4 and 6.(21)	5,141	-	3,559	-
Other non-current assets		25,254	1	621	-
Refundable deposits		26,258	1	25,943	1
Net defined benefit assets – non-current	4 and 6.(13)	45,298	2	50,182	2
Total non-current assets		<u>1,641,072</u>	<u>71</u>	<u>1,664,458</u>	<u>71</u>
<b>Total assets</b>		<u><u>\$2,321,422</u></u>	<u><u>100</u></u>	<u><u>\$2,340,010</u></u>	<u><u>100</u></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, 2023 and December 31, 2022  
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity Contents	Notes	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current liabilities					
Short-term loans	6.(11)	\$125,000	5	\$160,000	7
Contract liabilities – current	4 and 6.(15)	34,200	1	25,763	1
Notes payable	7	77,669	4	75,995	3
Accounts payable	7	60,401	3	46,841	2
Other payables	6.(12) and 7	154,282	7	138,341	6
Current tax liabilities	4 and 6.(21)	24,340	1	7,993	-
Lease liabilities – current	4 and 6.(17)	87,586	4	94,046	4
Other current liabilities	7	6,191	-	5,976	-
Total current liabilities		<u>569,669</u>	<u>25</u>	<u>554,955</u>	<u>23</u>
Non-current liabilities					
Deferred tax liabilities	4 and 6.(21)	60,149	3	61,897	3
Lease liabilities – non-current	4 and 6.(17)	199,035	8	225,349	9
Guarantee deposits	7	6,500	-	12,163	1
Total non-current liabilities		<u>265,684</u>	<u>11</u>	<u>299,409</u>	<u>13</u>
Total liabilities		<u>835,353</u>	<u>36</u>	<u>854,364</u>	<u>36</u>
Equity attributable to shareholders of the parent					
Capital stock	6.(14)				
Common stock		905,919	39	905,919	39
Capital surplus	6.(14)				
Treasury stock transactions		17,012	1	17,012	1
Others		1,172	-	1,173	-
		<u>18,184</u>	<u>1</u>	<u>18,185</u>	<u>1</u>
Retained earnings	6.(14)				
Legal reserve		396,666	17	387,910	17
Special reserve		3,547	-	3,547	-
Unappropriated earnings		91,163	4	87,582	3
Total retained earnings		<u>491,376</u>	<u>21</u>	<u>479,039</u>	<u>20</u>
Other components of equity					
Exchange differences resulting from translating the financial statements of foreign operations		(2,136)	-	(2,919)	-
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		74,700	3	87,396	4
		<u>72,564</u>	<u>3</u>	<u>84,477</u>	<u>4</u>
Treasury stock	4 and 6.(14)	(1,974)	-	(1,974)	-
Total equity		<u>1,486,069</u>	<u>64</u>	<u>1,485,646</u>	<u>64</u>
Total liabilities and equity		<u>\$2,321,422</u>	<u>100</u>	<u>\$2,340,010</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, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Contents	Notes	For the years ended December 31			
		2023		2022	
		Amount	%	Amount	%
Operating revenues	4, 6.(15) and 7	\$2,091,398	100	\$1,825,881	100
Operating costs	4, 6.(7), 6.(18) and 7	(886,211)	(42)	(804,247)	(44)
Gross profit		1,205,187	58	1,021,634	56
Unrealized gross profit		(607)	-	(152)	-
Realized gross profit		129	-	134	-
Net gross profit		1,204,709	58	1,021,616	56
Operating expenses	6.(10), 6.(13), 6.(17), 6.(18) and 7				
Selling expenses		(911,549)	(44)	(841,784)	(46)
Administrative expenses		(183,088)	(9)	(156,078)	(9)
Research and development expenses		(5,883)	-	(5,612)	-
Expected credit gains	6.(16)	1,608	-	1,843	-
Subtotal		(1,098,912)	(53)	(1,001,631)	(55)
Operating income		105,797	5	19,985	1
Non-operating income and expenses	4, 6.(19) and 7				
Interest income		1,480	-	598	-
Other income		13,988	1	11,783	1
Other gains and losses		(1,896)	-	17,858	1
Finance costs		(6,799)	-	(6,819)	-
Share of profit or loss of associates and joint ventures accounted for using the equity method	4 and 6.(8)	5,586	-	12,803	-
Subtotal		12,359	1	36,223	2
Income before tax		118,156	6	56,208	3
Income tax expense	4 and 6.(21)	(22,480)	(1)	(4,979)	-
Net Income		95,676	5	51,229	3
Other comprehensive income (loss)	4 and 6.(20)				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans	4 and 6.(13)	(7,920)	-	45,418	2
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income		(1,464)	-	932	-
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		(11,232)	(1)	13,055	1
Income tax related to items that will not be reclassified subsequently	4, 6.(20) and 6.(21)	1,584	-	(9,083)	-
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)	783	-	(13)	-
Total other comprehensive (loss) income, net of tax		(18,249)	(1)	50,309	3
Total comprehensive income		\$77,427	4	\$101,538	6
Earnings per share (NTD)					
Earnings per share-basic	6.(22)	\$1.06		\$0.57	
Earnings per share-diluted	6.(22)	\$1.06		\$0.57	

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 STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

(Unit : thousands of NTD)

Contents	Capital 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, 2022	\$905,919	\$28,150	\$380,987	\$3,547	\$69,449	\$(2,906)	\$73,409	\$(1,974)	\$1,456,581
Appropriation and distribution of 2021 retained earnings									
Legal reserve	-	-	6,923	-	(6,923)	-	-	-	-
Cash dividends	-	-	-	-	(62,508)	-	-	-	(62,508)
Other changes in capital surplus									
Cash dividends distributed through capital surplus	-	(9,965)	-	-	-	-	-	-	(9,965)
Net income in 2022	-	-	-	-	51,229	-	-	-	51,229
Other comprehensive income (loss) in 2022	-	-	-	-	36,335	(13)	13,987	-	50,309
Total comprehensive income (loss)	-	-	-	-	87,564	(13)	13,987	-	101,538
Balance as of December 31, 2022	\$905,919	\$18,185	\$387,910	\$3,547	\$87,582	\$(2,919)	\$87,396	\$(1,974)	\$1,485,646
Balance as of January 1, 2023	\$905,919	\$18,185	\$387,910	\$3,547	\$87,582	\$(2,919)	\$87,396	\$(1,974)	\$1,485,646
Appropriation and distribution of 2022 retained earnings									
Legal reserve	-	-	8,756	-	(8,756)	-	-	-	-
Cash dividends	-	-	-	-	(77,003)	-	-	-	(77,003)
Other changes in capital surplus									
Dividends unclaimed by shareholders	-	(1)	-	-	-	-	-	-	(1)
Net income in 2023	-	-	-	-	95,676	-	-	-	95,676
Other comprehensive income (loss) in 2023	-	-	-	-	(6,336)	783	(12,696)	-	(18,249)
Total comprehensive income (loss)	-	-	-	-	89,340	783	(12,696)	-	77,427
Balance as of December 31, 2023	\$905,919	\$18,184	\$396,666	\$3,547	\$91,163	\$(2,136)	\$74,700	\$(1,974)	\$1,486,069

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, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

Contents	For the years ended December 31		Contents	For the years ended December 31	
	2023	2022		2023	2022
	Amount	Amount		Amount	Amount
Cash flows from operating activities:			Cash flows from investing activities:		
Income before income tax	\$118,156	\$56,208	Acquisition of financial assets at fair value through other comprehensive income or loss	(2,480)	(3,053)
Adjustments:			Acquisition of financial assets measured at amortized cost	(1,100)	(25,548)
Adjustments to reconcile profit (loss):			Proceeds from disposal of financial assets measured at amortized cost	1,100	94,523
Depreciation	156,360	157,265	Acquisition of investments accounted for using the equity method	(22,010)	(4,996)
Amortization	1,859	2,083	Acquisition of property, plant and equipment	(30,700)	(59,465)
Expected credit gains	(1,608)	(1,843)	Proceeds from disposal of property, plant and equipment	625	852
Interest expense	6,799	6,819	Refundable deposits received	(1,371)	(501)
Interest income	(1,480)	(598)	Refundable deposits refunded	1,056	866
Dividend income	(5,053)	(4,590)	Acquisition of intangible assets	(5,767)	(225)
Share of profit or loss of associates and joint ventures accounted for using the equity method	(5,586)	(12,803)	Increase in other non-current assets	(25,441)	(769)
(Gains) losses on disposal of property, plant and equipment	(306)	31	Decrease in other non-current assets	536	400
Unrealized gross profit	607	152	Dividends received	14,613	19,918
Realized gross profit	(129)	(134)	Net cash (used in) provided by investing activities	(70,939)	22,002
Gains from lease modification	(43)	-			
Changes in operating assets and liabilities:			Cash flows from financing activities:		
Notes receivable	1,523	272	Increase in short-term loans	150,000	212,000
Accounts receivable	(12,435)	22,171	Decrease in short-term loans	(185,000)	(242,000)
Accounts receivable-related parties	8,231	(969)	Guarantee deposits paid	(5,663)	(48)
Other receivables	29	27	Cash payments for the principal portion of the lease liabilities	(101,372)	(102,649)
Inventories	(28,753)	(23,122)	Cash dividends	(77,003)	(72,473)
Prepayments	774	(1,671)	Unclaimed dividends paid to shareholders	(1)	-
Other current assets	(1,220)	2,085	Net cash used in financing activities	(219,039)	(205,170)
Contract liabilities	8,437	4,746			
Notes payable	1,674	(7,148)			
Accounts payable	13,560	14,217			
Other payables	15,870	7,346			
Other current liabilities	215	(2,682)			
Net defined benefit liabilities	(3,036)	(5,150)			
Cash generated from operations	274,445	212,712			
Interest received	1,480	598			
Interest paid	(6,729)	(6,819)	Net (decrease) increase in cash and cash equivalents	(28,661)	15,791
Income taxes paid	(7,879)	(7,532)	Cash and cash equivalents, beginning of year	168,469	152,678
Net cash provided by operating activities	261,317	198,959	Cash and cash equivalents, end of year	\$139,808	\$168,469

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

## **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, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements including the summary of material 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, 2023 and 2022, and their consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of 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 2023 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, 2023, the Group's net inventories amounted to NT\$308,988 thousand, accounting for 13% 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, 2023, the Group recognized revenue in the amount of NT\$ 2,110,338 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 audit committee, are responsible for overseeing the financial reporting process of the Group.

## **Auditors' 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 auditors' 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 the Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 auditors' 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 auditors' 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 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' 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, 2023 and 2022.

Lu, Chian Uen

Liu, Hui Yuan

Ernst & Young, Taiwan

March 13, 2024

### **Notice to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, 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 accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications 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, 2023 and December 31, 2022  
(Expressed in Thousands of New Taiwan Dollars)

Contents	Assets	Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
<b>Current assets</b>						
Cash and cash equivalents		4 and 6.(1)	\$172,657	8	\$200,226	9
Financial assets measured at amortized cost – current		4, 6.(2) and 8	17,829	1	9,765	-
Notes receivable, net		4, 6.(5) and 7	4,000	-	5,523	-
Accounts receivable, net		4 and 6.(6)	195,197	8	184,274	8
Accounts receivable–related parties, net		4, 6.(6) and 7	24,622	1	33,058	1
Other receivables			2,175	-	493	-
Inventories		4 and 6.(7)	308,988	13	279,522	12
Prepayments			4,270	-	4,802	-
Other current assets			2,089	-	1,461	-
Total current assets			<u>731,827</u>	<u>31</u>	<u>719,124</u>	<u>30</u>
<b>Non-current assets</b>						
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)	338,073	14	348,289	15
Investments accounted for using the equity method		4 and 6.(8)	9,558	-	10,123	-
Property, plant and equipment		4, 6.(9) and 8	867,390	37	884,271	38
Right-of-use assets		4 and 6.(17)	317,623	14	309,842	14
Intangible assets		4 and 6.(10)	6,916	-	1,831	-
Deferred tax assets		4 and 6.(21)	5,137	-	3,559	-
Other non-current assets			25,254	1	621	-
Refundable deposits			26,919	1	26,118	1
Net defined benefit assets – non-current		4 and 6.(13)	45,298	2	50,182	2
Total non-current assets			<u>1,642,168</u>	<u>69</u>	<u>1,634,836</u>	<u>70</u>
<b>Total assets</b>			<u>\$2,373,995</u>	<u>100</u>	<u>\$2,353,960</u>	<u>100</u>

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 ITS SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
As of December 31, 2023 and December 31, 2022  
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity		December 31, 2023		December 31, 2022	
Contents	Notes	Amount	%	Amount	%
Current liabilities					
Short-term loans	6.(11)	\$125,500	5	\$161,000	7
Contract liabilities – current	4 and 6.(15)	34,200	2	25,763	1
Notes payable	7	75,708	3	76,120	3
Accounts payable	7	57,548	2	45,412	2
Other payables	6.(12)	156,600	7	138,626	6
Current tax liabilities	4 and 6.(21)	24,495	1	8,445	-
Lease liabilities – current	4 and 6.(17)	106,406	5	94,046	4
Other current liabilities		6,449	-	6,010	-
Total current liabilities		586,906	25	555,422	23
Non-current liabilities					
Deferred tax liabilities	4 and 6.(21)	69,850	3	71,607	3
Lease liabilities – non-current	4 and 6.(17)	221,258	9	225,349	10
Guarantee deposits	7	6,370	-	12,033	-
Total non-current liabilities		297,478	12	308,989	13
Total liabilities		884,384	37	864,411	36
Equity attributable to shareholders of the parent					
Capital stock	6.(14)	905,919	38	905,919	38
Capital surplus	6.(14)	17,012	1	17,012	1
		1,172	-	1,173	-
		18,184	1	18,185	1
Retained earnings	6.(14)	396,666	17	387,910	17
Legal reserve		3,547	-	3,547	-
Special reserve		91,163	4	87,582	4
Unappropriated earnings		491,376	21	479,039	21
Retained earnings					
Other components of equity					
Exchange differences resulting from translating the financial statements of foreign operations		(2,136)	-	(2,919)	-
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		74,700	3	87,396	4
		72,564	3	84,477	4
Treasury stock	4 and 6.(14)	(1,974)	-	(1,974)	-
Equity attributable to the parent company		1,486,069	63	1,485,646	64
Non-controlling interests	6.(14)	3,542	-	3,903	-
Total equity		1,489,611	63	1,489,549	64
Total liabilities and equity		\$2,373,995	100	\$2,353,960	100

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, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Contents	Notes	For the years ended December 31			
		2023		2022	
		Amount	%	Amount	%
Operating revenues	4, 6.(15) and 7	\$2,110,338	100	\$1,835,662	100
Operating costs	4, 6.(7), 6.(18) and 7	(888,046)	(42)	(807,693)	(44)
Gross profit		1,222,292	58	1,027,969	56
Operating expenses	6.(10), 6.(13), 6.(17), 6.(18) and 7				
Selling expenses		(929,760)	(44)	(845,606)	(46)
Administrative expenses		(186,337)	(9)	(158,876)	(9)
Research and development expenses		(5,883)	-	(5,612)	-
Expected credit gains	6.(16)	1,608	-	1,843	-
Subtotal		(1,120,372)	(53)	(1,008,251)	(55)
Operating income		101,920	5	19,718	1
Non-operating income and expenses	4, 6.(19) and 7				
Interest income		1,877	-	675	-
Other income		24,304	1	24,214	1
Other gains and losses		(1,817)	-	19,648	1
Finance costs		(6,940)	-	(6,826)	-
Share of profit or loss of associates and joint ventures accounted for using the equity method	4 and 6.(8)	(390)	-	69	-
Subtotal		17,034	1	37,780	2
Income before tax		118,954	6	57,498	3
Income tax expense	4 and 6.(21)	(23,085)	(1)	(5,906)	-
Net Income		95,869	5	51,592	3
Other comprehensive income (loss)	4 and 6.(20)				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans	4 and 6.(13)	(7,920)	-	45,418	2
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income		(12,696)	(1)	13,987	1
Income tax related to items that will not be reclassified subsequently	4, 6.(20) and 6.(21)	1,584	-	(9,083)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences resulting from translating the financial statements of foreign operations		(503)	-	39	-
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)	1,136	-	142	-
Total other comprehensive income (loss), net of tax		(18,399)	(1)	50,503	3
Total comprehensive income		\$77,470	4	\$102,095	6
Net income attributable to:					
Shareholders of the parent		\$95,676	5	\$51,229	3
Non-controlling interests	6.(14)	193	-	363	-
		\$95,869	5	\$51,592	3
Comprehensive income attributable to:					
Shareholders of the parent		\$77,427	4	\$101,538	6
Non-controlling interests	6.(14)	43	-	557	-
		\$77,470	4	\$102,095	6
Earnings per share (NTD)					
Earnings per share-basic	6.(22)	\$1.06		\$0.57	
Earnings per share-diluted	6.(22)	\$1.06		\$0.57	

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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

(Unit : thousands of NTD)

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, 2022	\$905,919	\$28,150	\$380,987	\$3,547	\$69,449	\$(2,906)	\$73,409	\$(1,974)	\$1,456,581	\$3,680	\$1,460,261
Appropriation and distribution of 2021 retained earnings											
Legal reserve	-	-	6,923	-	(6,923)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(62,508)	-	-	-	(62,508)	(334)	(62,842)
Other changes in capital surplus											
Cash dividends distributed through capital surplus	-	(9,965)	-	-	-	-	-	-	(9,965)	-	(9,965)
Net income in 2022	-	-	-	-	51,229	-	-	-	51,229	363	51,592
Other comprehensive income (loss) in 2022	-	-	-	-	36,335	(13)	13,987	-	50,309	194	50,503
Total comprehensive income (loss)	-	-	-	-	87,564	(13)	13,987	-	101,538	557	102,095
Balance as of December 31, 2022	\$905,919	\$18,185	\$387,910	\$3,547	\$87,582	\$(2,919)	\$87,396	\$(1,974)	\$1,485,646	\$3,903	\$1,489,549
Balance as of January 1, 2023	\$905,919	\$18,185	\$387,910	\$3,547	\$87,582	\$(2,919)	\$87,396	\$(1,974)	\$1,485,646	\$3,903	\$1,489,549
Appropriation and distribution of 2022 retained earnings											
Legal reserve	-	-	8,756	-	(8,756)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(77,003)	-	-	-	(77,003)	(404)	(77,407)
Other changes in capital surplus											
Dividends unclaimed by shareholders	-	(1)	-	-	-	-	-	-	(1)	-	(1)
Net income in 2023	-	-	-	-	95,676	-	-	-	95,676	193	95,869
Other comprehensive income (loss) in 2023	-	-	-	-	(6,336)	783	(12,696)	-	(18,249)	(150)	(18,399)
Total comprehensive income (loss)	-	-	-	-	89,340	783	(12,696)	-	77,427	43	77,470
Balance as of December 31, 2023	\$905,919	\$18,184	\$396,666	\$3,547	\$91,163	\$(2,136)	\$74,700	\$(1,974)	\$1,486,069	\$3,542	\$1,489,611

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, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

(Unit : thousands of NTD)

Contents	For the years ended December 31		Contents	For the years ended December 31	
	2023	2022		2023	2022
	Amount	Amount		Amount	Amount
Cash flows from operating activities:			Cash flows from investing activities:		
Income before income tax	\$118,954	\$57,498	Acquisition of financial assets at fair value through other comprehensive income or loss	(2,480)	(3,053)
Adjustments:			Acquisition of financial assets measured at amortized cost	(16,729)	(26,548)
Adjustments to reconcile profit (loss):			Proceeds from disposal of financial assets measured at amortized cost	8,664	94,523
Depreciation	162,403	157,354	Acquisition of property, plant and equipment	(38,669)	(59,465)
Amortization	1,938	2,083	Proceeds from disposal of property, plant and equipment	625	852
Expected credit gains	(1,608)	(1,843)	Refundable deposits received	(1,858)	(501)
Interest expense	6,940	6,826	Refundable deposits refunded	1,067	866
Interest income	(1,877)	(675)	Acquisition of intangible assets	(6,971)	(225)
Dividend income	(14,313)	(17,663)	Increase in other non-current assets	(25,441)	(769)
Share of profit or loss of associates and joint ventures accounted for using the equity method	390	(69)	Decrease in other non-current assets	536	400
(Gains) losses on disposal of property, plant and equipment	(306)	31	Dividends received	14,313	17,663
Gains from lease modification	(43)	-	Net cash (used in) provided by investing activities	(66,943)	23,743
Changes in operating assets and liabilities:					
Notes receivable	1,523	178	Cash flows from financing activities:		
Accounts receivable	(878)	27,016	Increase in short-term loans	150,500	213,000
Other receivables	(1,753)	993	Decrease in short-term loans	(186,000)	(242,000)
Inventories	(29,466)	(23,810)	Guarantee deposits paid	(5,664)	(48)
Prepayments	532	(1,296)	Cash payments for the principal portion of the lease liabilities	(106,066)	(102,649)
Other current assets	(628)	2,095	Cash dividends	(77,407)	(72,807)
Contract liabilities	8,437	4,746	Unclaimed dividends paid to shareholders	(1)	-
Notes payable	(412)	(7,151)	Net cash used in financing activities	(224,638)	(204,504)
Accounts payable	12,136	11,745			
Other payables	17,974	6,567	Effect of exchange rate changes on cash and cash equivalents	444	(742)
Other current liabilities	439	(2,717)			
Net defined benefit liabilities	(3,036)	(5,150)			
Cash generated from operations	277,346	216,758			
Interest received	1,877	675	Net (decrease) increase in cash and cash equivalents	(27,569)	20,563
Interest paid	(6,869)	(6,826)	Cash and cash equivalents, beginning of year	200,226	179,663
Income taxes paid	(8,786)	(8,541)	Cash and cash equivalents, end of year	\$172,657	\$200,226
Net cash provided by operating activities	263,568	202,066			

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

## [Attachment 2] The Company's 2023 Earnings Distribution Table

Ten Ren Tea Co., Ltd.  
Earnings Distribution  
2023

Unit: NTD

Item	Amount		Note
Undistributed earnings at the beginning of the period		\$ 1,821,862	
2023 net income	\$ 95,675,862		
Other comprehensive income (actuarial gains and losses on defined benefit plans (2023))	(6,335,603)		
Other equity (disposal of equity at fair value through other comprehensive income)	0		
Sub-total	89,340,259		
Provision for statutory surplus reserve	(8,934,026)		
Total		80,406,233	
Total earnings available for distribution for the year		82,228,095	
Distribution items:			
Bonus to shareholders (cash dividends)	81,532,753		Cash dividends of NTD 0.90 per share
Total distribution		81,532,753	
Undistributed earnings at the end of the period		\$ 695,342	

Note: Cash dividends are calculated on the distribution ratio up to the dollar, and is rounded down to NTD 1. The total amount below NTD 1 will be recognized in the Company's other income.

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

## [Appendix 1] Articles of Incorporation

### Articles of Incorporation of Ten Ren Tea Co., Ltd.

#### Chapter 1 General Provisions

- Article 1: The Company is incorporated in accordance with the Company Act and named Ten Ren Tea Co., Ltd.
- Article 2: The scope of the Company's business is as follows:
- 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

- Article 2-1: When the Company becomes a shareholder of limited liability in other companies, the total amount of its investments in such companies shall not exceed 40 percent of its paid-up capital and authorizes the Board of Directors to carry out relevant business.
- Article 2-2: The Company may provide guarantees to external parties for business needs and authorize the Board of Directors to carry out relevant business.
- Article 3: The Company is headquartered in Taipei City and may set up branches at home and abroad with the resolution adopted by the Board of Directors.
- Article 4: Deleted

## **Chapter 2 Shares**

- Article 5: The Company's total authorized capital is NTD 1.68 billion, which is divided into 168 million shares with a par value of NTD 10 per share, which may be issued in tranches. Unissued shares shall be issued by the Board of Directors according to actual needs.  
New shares issued to increase capital may be issued in excess of the par value of the stock.
- Article 6: The Company's shares are generally registered and are issued after being signed or sealed by the directors representing the Company and numbered, while being certified by a bank which may issue stock for businesses under the laws.  
The Company may be exempted from printing stock certificates and shall register with the centralized securities depository enterprise when issuing shares.
- Article 7: For shareholders' account names, natural-person shareholders shall use their real names in accordance with the Name Act. The juridical-person shareholders shall use the full name of the juridical person and fill it in the shareholders' signature card. Minors and shareholders under interdiction shall affix their legal representatives' seals and submit them to the Company for review. When shareholders handle stock affairs and exercise other rights or communicate with the Company in writing, the seals on record as in the preceding paragraph shall be adopted.
- Article 8: Shareholders conducting stock transfer, loss reporting, inheritance, gift, seal loss

reporting, change or address change, or other stock affairs matters, unless otherwise stipulated by securities laws and regulations, shall be governed by the Regulations Governing the Administration of Shareholder Services of Public Companies.

- Article 9: New shareholders engaging in replacement, transfer, or pledging of rights, inheritance, gift, or other relevant matters, may be charged for a processing cost.
- The processing cost in the preceding paragraph shall be resolved by the Board of Directors.
- Article 10: The Company shall not handle any requests for transfers of shares within 60 days prior to the annual general meeting, 30 days prior to the extraordinary shareholders' meeting, or 5 days prior to the record date for the distribution of dividends, bonuses, or other interests.

### **Chapter 3 Shareholders' Meeting**

- Article 11: There are annual and extraordinary general meetings. The Board of Directors shall convene the annual meeting once a year within six months after the end of each fiscal year. Extraordinary meetings may be convened at any time as needed.
- Article 11-1: The Company may convene a shareholders' meeting by video conference or other methods as announced by the Ministry of Economic Affairs.
- Article 12: A notice, containing the date, place, and reason for the meeting, to convene an annual general meeting shall be given to each shareholder no later than 30 days prior to the scheduled meeting date. In case of an extraordinary general meeting, a meeting notice shall be given to each shareholder no later than 15 days prior to the scheduled meeting date. However, the shareholders holding fewer than 1,000 shares notice may be notified through a public announcement.
- Article 13: Any shareholder who is unable to attend a shareholders' meeting for any reason may appoint a proxy to attend the meeting by presenting a letter of attorney printed by the Company, indicating the scope of the authorization. A shareholder may only execute one power of attorney and appoint one proxy only. Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by them shall not exceed 3% of the total number of the Company's voting shares, otherwise, the portion of excessive voting power shall not be counted.
- Article 14: When a shareholders' meeting is convened by the Board of Directors, in case the Chairman is on leave or absent or cannot exercise his power and authority for any cause, the Chairman shall designate one of the directors to act on his behalf. In the absence of such a designation, the directors shall elect from among themselves an acting chair. Where a shareholders' meeting is convened by any party with the right to convene such meetings other than the Board of Directors, the party shall chair the meeting; however, if there are two or more parties with the right to convene such meetings, the chair of the meeting shall be elected from among themselves.
- Article 15: A shareholder shall be entitled to one vote for each share held, except when the shares are deemed non-voting shares under any of the circumstances under Article 179, paragraph 2 of the Company Act.
- Article 16: Resolutions at a shareholders' meeting shall, unless otherwise provided in relevant laws and regulations, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of outstanding shares.



Article 17: Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, specifying the date and place of the meeting, the name of the chair, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes, which shall be affixed with the signature or seal of the chair of the meeting, together with the attendance card and the powers of attorney shall be kept at the Company and shall be distributed to all shareholders within 20 days after the close of the meeting. Said meeting minutes may be distributed through a public announcement.

#### **Chapter 4 Board of Directors and Audit Committee**

Article 18: The Company shall have seven to eleven directors on the Board with a term of office of 3 years, and they can be re-elected. The total shareholding of all directors shall be governed by the regulations of the competent securities authority. When the term of office ends without time for re-election, the term may be extended until newly elected directors take office.

Of said number of the Company's directors, the number of independent directors shall not be fewer than three and shall not be fewer than one-fifth of the total number of directors.

Directors (including independent directors) shall be elected through a candidate nomination system. The method and announcement of the acceptance of nominations for director candidates shall be handled in accordance with Article 192-1 of the Company Act. The professional qualifications, shareholding, restrictions on positions held concurrently, nomination and appointment methods, and other matters to be complied with for independent directors shall be governed by the Company Act and the Securities and Exchange Act. The directors and independent directors shall be elected at the same time, but the numbers of elected candidates shall be counted separately.

Article 18-1: The Company has established an Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act. The committee shall be composed of all independent directors, one of whom shall be convener and at least one of whom shall have accounting or financial expertise.

Article 18-2: When the vacancy of directors reaches one-third or all independent directors are dismissed, the Board of Directors shall convene an extraordinary shareholders' meeting for a by-election within 60 days. The term of office of a director elected at a by-election shall be limited to the remaining term of the original director.

Article 19: The Board of Directors is formed by directors and shall elect a Chairman from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The Chairman represents the Company externally and chairs the shareholders' meetings and the board meetings internally and is in charge of all business activities. Unless otherwise stipulated in the Company Act and the Company's Articles of Incorporation, the Company's business shall be performed through a resolution by the Board of Directors.

Article 19-1: Due to business needs, the Company's chairman, directors 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.

Article 19-2: The Company may purchase liability insurance for directors during their terms in accordance with the law for the scope of their duties.

Article 20: The powers and responsibilities of the Board of Directors are as follows:

1. Review important rules and contracts.
2. Decide on business policies.
3. Review budget and financial statements.
4. Draft a capital increase or reduction proposal.
5. Decide on the establishment or dissolution of branches.

Decide on real property purchase, sale, split, exchange, setting of real rights, and all other disposal methods.

6. Execute the resolutions of the shareholders' meeting.
7. Other powers and responsibilities as stipulated by the Company Act and the shareholders' meeting.

Article 21: Except for the first meeting of each term of the Board of Directors, which is convened within 15 days after an election of directors by the director with the most votes obtained, the Board meeting shall be convened and chaired by the Chairman. When the Chairman is on leave or absent or cannot exercise his power and authority for any cause, the Chairman shall designate one of the directors to act on his behalf. In the absence of such a designation, the directors shall elect from among themselves an acting chair.

Article 22: A Board meeting shall be convened once a quarter, with the reasons stated in a meeting notice, which shall then be sent to all directors at least seven days in advance. However, in the event of an emergency, a Board meeting may be convened at any time.

Such a meeting notice may be sent in writing or by fax or email.

Article 23: Unless otherwise stipulated by the Company Act, a Board meeting shall be held with the approval by a majority vote at a meeting attended by half of the directors. If directors are unable to attend for any reason, they may issue a power of attorney for each Board meeting and state therein the scope of authority with reference to the subjects to be discussed at the meeting to entrust other directors to exercise the powers on their behalf.

A director may act as a proxy referred to in the preceding paragraph for one other director only.

Article 24: The resolutions of the Board of Directors shall be recorded in minutes, and Article 17 of the Articles of Incorporation shall apply *mutatis mutandis* to the matters recorded in the minutes.

Article 25: The composition, powers and responsibilities, rules of procedure, and other matters of the Company's Audit Committee, as well as other matters to be complied with, shall be handled in accordance with the relevant regulations of the competent securities authority.

Article 26: (Deleted)

Article 27: (Deleted)

## **Chapter 5 Managers and Employees**

Article 28: The Company has appointed one General Manager, several Vice Presidents, assistant vice presidents, and managers. The General Manager shall be nominated by the Chairman, and the Vice Presidents shall be nominated by the General Manager, all of whom shall be approved by a majority vote at a board meeting attended by more than half of the directors.

The appointment and dismissal of assistant vice presidents and managers shall be submitted by the General Manager to the Board of Directors for a resolution.

Article 29: The General Manager is in charge of the Company's business in accordance with the resolutions of the Board of Directors and the Chairman's instructions.

Article 30: The Company may, upon the resolution by the Board of Directors, recruit consultants.

Article 31: The Company's other employees shall be employed by the General Manager.

## **Chapter 6 Financial Statements**

Article 32: The Company's fiscal year starts from January 1 to December 31 each year and the Company prepares annual financial statements at the end of each fiscal year. The Board of Directors shall prepare the following documents 30 days before the meeting and submit them to the annual general meeting for ratification as per law.

1. Business report.
2. Financial statements.
3. Statement of surplus distribution and deficit compensation.

Article 33: 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. However, if the Company has accumulated losses (including adjustment to 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.

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 may be paid in cash only.

Prior to forming an Audit Committee, remuneration to supervisors has been distributed in accordance with Paragraphs 1–2 of this Article.

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.

## **Chapter 7 Supplementary Provisions**

Article 34: The Company's Articles of Incorporation and operating rules shall be formulated separately as resolved by the Board of Directors.

Article 35: Any matters not specified in the Articles of Incorporation shall be handled in accordance with the Company Act and other relevant laws and regulations.

Article 36: The Articles of Incorporation and any amendment thereto shall be implemented after a resolution is adopted by the shareholders' meeting.

Article 37: The Articles of Incorporation were formulated on November 21, 1975.

The 1st amendment was made on April 10, 1977.

The 2nd amendment was made on April 19, 1978.

The 3rd amendment was made on September 16, 1980.

The 4th amendment was made on May 18, 1982.

The 5th amendment was made on September 15, 1982.

The 6th amendment was made on August 18, 1983.

The 7th amendment was made on August 19, 1984.

The 8th amendment was made on October 18, 1984.

The 9th amendment was made on January 21, 1985.

The 10th amendment was made on October 15, 1986.

The 11th amendment was made on December 8, 1986.

The 12th amendment was made on November 16, 1989.

The 13th amendment was made on December 16, 1989.

The 14th amendment was made on July 27, 1990.

The 15th amendment was made on July 29, 1991.

The 16th amendment was made on June 26, 1992.

The 17th amendment was made on June 28, 1993.

The 18th amendment was made on June 7, 1994.  
The 19th amendment was made on June 15, 1995.  
The 20th amendment was made on June 18, 1996.  
The 21st amendment was made on June 26, 1997.  
The 22nd amendment was made on June 15, 1998.  
The 23rd amendment was made on May 12, 2000.  
The 24th amendment was made on May 10, 2001.  
The 25th amendment was made on May 29, 2002.  
The 26th amendment was made on June 10, 2005.  
The 27th amendment was made on June 14, 2006.  
The 28th amendment was made on June 10, 2009.  
The 29th amendment was made on June 14, 2010.  
The 30th amendment was made on June 5, 2012.  
The 31st amendment was made on June 15, 2015.  
The 32nd amendment was made on June 15, 2016.  
The 33rd amendment was made on June 12, 2020.  
The 34th amendment was made on August 4, 2021.  
The 35th amendment was made on June 14, 2022.

Ten Ren Tea Co., Ltd.

Chairman: Lee, Kuo-Lin

## **[Appendix 2] Rules of Procedure for Shareholders' Meetings**

### **Ten Ren Tea Co., Ltd.**

#### **Rules of Procedure for Shareholders' Meetings**

1. Unless otherwise stipulated by laws or regulations, the rules of procedure for the Company's shareholders' meeting shall be governed by these Rules. Changes to how the Company convenes its shareholders' meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders' meeting notice.
2. The time at which shareholders' sign-in begins, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. When the shareholders' meeting is convened by video conference, the sign-in process shall begin on the video conference platform 30 minutes before the meeting commences. Shareholders who have completed the sign-in shall be deemed to have attended the shareholders' meeting in person. The Company shall prepare an attendance book for shareholders (or their proxies) to sign in, or a shareholder (or their proxy) present may hand in an attendance card in lieu of signing in the attendance book. The Company shall furnish attending shareholders with the meeting agenda handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, ballots shall also be furnished. When the government or a juridical person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juridical person is appointed to attend as a proxy, it may designate only one person to represent it in the meeting. If the shareholders' meeting is convened by video conference, shareholders who wish to attend by video conference should register with the Company two days prior to the shareholders' meeting. If the shareholders' meeting is convened by video conference, the Company shall upload the meeting agenda handbook, annual report, and other relevant materials to the video conference platform at least 30 minutes prior to the start of the meeting and continue to disclose them till the end of the meeting.
3. Attendance and voting at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be counted according to the shares indicated in the sign-in book or the sign-in cards handed in and the sign-in record on the video conferencing platform plus the number of shares whose voting rights are exercised in writing or by electronic means.
4. The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

When the Company convenes a shareholders' meeting by video conference, it is not subject to the restriction on the venue of the meeting under the preceding paragraph.

When a shareholders' meeting is convened by video conference, the chair and the minute taker shall be at the same location in Taiwan, and the chair shall disclose the address of the place when calling the meeting to order.

5. When a shareholders' meeting is convened by the Board of Directors, in case the Chairman is on leave or absent or cannot exercise his power and authority for any cause, the Chairman shall designate one of the directors to act on his behalf. In the absence of such a designation, the directors shall elect from among themselves an acting chair.

If a shareholders' meeting is by a party with the power to convene such meetings other than the Board of Directors, said person shall chair the meeting.

6. The Company may designate its attorney, CPA, or other relevant persons to attend the shareholders' meeting in a non-voting capacity.

Those handling the business of a shareholders' meeting shall wear an ID badge or an armband.

7. The Company shall make an audio and video recording of the entire proceedings of a shareholders' meeting and preserve the recordings for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recordings shall be retained until the conclusion of the litigation.

If a shareholders' meeting is convened by video conference, the Company shall keep records of shareholders' registration, sign-in, questions raised, and voting and the Company's vote counting results and retain the records, while making an uninterrupted audio and video recording of the entire video conference.

The above-mentioned materials and audio and video recordings shall be properly kept by the Company during the period of its existence, and the audio and video recordings shall be provided to those who are entrusted to handle the video conference affairs for storage.

If a shareholders' meeting is convened by video conference, the Company is advised to make an audio and video recording of the back-end interface of the video conference platform.

8. The chair shall call the meeting to order upon the meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If there are not enough shareholders, while representing at least one third of outstanding shares after two postponements, tentative resolutions may be passed

in accordance with Article 175, paragraph 1 of the Company Act. Shareholders shall be notified of the tentative resolutions, and another shareholders' meeting will be convened within one month. If a shareholders' meeting is convened by video conference, shareholders who wish to attend by video conference shall re-register with the Company.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of outstanding shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

9. If a shareholders' meeting is called by the Board of Directors, the meeting agenda shall be formulated by the Board of Directors, and the meeting shall proceed with in accordance with said agenda, which shall not be changed without a resolution made by the shareholders' meeting.

If a shareholders' meeting is by a party with the power to convene such meetings other than the Board of Directors, the preceding paragraph shall apply *mutatis mutandis*.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions).

After the meeting is adjourned, shareholders may not nominate another chair or seek another venue for continuation of the meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, a new chair may be elected by agreement of a majority of the votes represented by the attending shareholders to continue the meeting.

When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

10. A shareholder wishing to speak at a shareholders' meeting shall first fill out a slip, specifying therein the major points of their speech, shareholder account number (or attendance card number) and account name, and the chair shall determine their order of giving a speech.

A shareholder who submits a speech slip without giving a speech shall be considered as not having given a speech. If the contents of the speech are different from those specified on the slip, the contents of their speech shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair; the chair shall stop any violation.

11. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

However, if the shareholder's speech violates the rules in the preceding paragraph or exceeds the scope of the proposal, the chair may have the shareholder stop the speech.

When a juridical person is appointed to attend as a proxy, it may designate only



one person to represent it in the meeting.

When a juridical person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

12. If a shareholders' meeting is convened by video conference, shareholders who participate by video conference may ask questions in text on the video conference platform after the chair calls the meeting to order and before the chair declares the meeting adjourned. The number of questions raised by each shareholder for each motion shall not exceed two, each question shall be limited to 200 characters, and the provisions of Article 10 to 11 shall not apply.

13. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. When a proposal is put for a vote, if the chair puts the matter before all attending shareholders and none voices an objection, the matter is deemed approved, and the effect is the same as voting.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and vote counting personnel for the voting on proposals shall be appointed by the chair, provided that all vote monitoring personnel shall be shareholders of the Company.

Vote counting for proposals or elections at a shareholders' meeting shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and recorded.

14. When a shareholders' meeting is convened by video conference, shareholders participating by video conference shall vote on various motions and election(s) on the video conference platform after the chair calls the meeting to order. They shall complete the voting before the chair declares the voting closed, otherwise they shall be deemed to have waived their voting rights.

When a shareholders' meeting is convened by video conference, after the chair declares the voting closed, the votes shall be counted at one go, and the voting and election results shall be announced.

When a shareholders' meeting is convened by video conference, the Company shall immediately disclose the voting results and election results of various motions on the video conference platform in accordance with the regulations, and

shall continue to disclose for at least 15 minutes after the chair declares the meeting adjourned.

15. If a shareholders' meeting is convened, supplemented by a video conference, shareholders who have registered to attend the shareholders' meeting by video conference, intend to attend the physical shareholders' meeting in person, shall rescind the registration in the same manner as the registration two days before the shareholders' meeting, otherwise they can only attend the shareholders' meeting by video conference.
16. Those who exercise their voting rights in writing or by electronic means without retracting their declaration of intention and participate in the shareholders' meeting by video conference shall not exercise their voting rights on the same motions, propose amendment to the same motions, or exercise their voting rights for revised motions, except for extempore motions.
17. The chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an ID badge or an armband, reading "Proctor." At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.  
When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.
18. When a meeting is in progress, the chair may announce a break based on time considerations.
19. When a shareholders' meeting is convened by video conference, the Company may allow shareholders to perform a simple test of the connection before the meeting commences and provide relevant services immediately before and during the meeting to assist with any technical communication problems.  
When a shareholders' meeting is convened by video conference the chair shall, when calling the meeting to order, announce that there is no need for postponement or resumption of the meeting as stipulated in Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies; and that the requirement on the date of the meeting postponed or resumed within five days due to any natural disasters, accidents, or other *force majeure* events that have obstructed the video conference platform or the participation in the video conference for more than 30 minutes under Article 182 of the Company Act shall not apply before the chair declares the meeting adjourned.  
In the event of any incident in the preceding paragraph that caused the meeting to

be postponed or resumed, shareholders who have not registered to participate in the original shareholders' meeting by video conference shall not participate in the meeting postponed or resumed.

For the meeting to be postponed or resumed under paragraph 2, shareholders who have registered to participate in the original shareholders' meeting by video conference and have completed the registration but fail to participate in said meeting, the number of shares in attendance and the voting rights and voting rights for elections exercised at the original shareholders' meeting shall be included in the total number of attending shareholders' shares, voting rights, and voting rights for elections at the meeting postponed or resumed.

When a shareholders' meeting is postponed or resumed in accordance with paragraph 2, the motions for which the voting and counting of votes have been completed and the voting results or the list of elected directors have been announced, do not need to be discussed or resolved again.

When the Company convenes a shareholder's meeting, supplemented by a video conference, if the video conference cannot continue as under paragraph 2, after the number of shares in attendance through the video conference is deducted, the total number of shares in attendance at the physical shareholders' meeting reaches the number as required by law, the shareholders' meeting shall continue. There is no need to postpone or resume the meeting in accordance with paragraph 2.

When the meeting shall continue as in the preceding paragraph, for shareholders participating by video conference, the number of their shares shall be included in the total number of shares in attendance; however, they shall be deemed to abstain for all motions resolved at the shareholders' meeting.

When the Company postpones or resumes the meeting in accordance with paragraph 2, it shall handle the relevant matters in accordance with the provisions set forth in Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies, and relevant preparations shall be made as per the date of the original shareholders' meeting and the provisions of this article.

Based on the period under Article 12, second-half paragraph and Article 13, paragraph 3 of the Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies; Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall postpone or resume the shareholders' meeting at a date as per paragraph 2.

20. When the Company convenes a shareholders' meeting by video conference, it shall provide appropriate alternatives to shareholders who have difficulty attending the shareholders' meeting by video conference.
21. Matters not specified in these Rules shall be handled in accordance with relevant laws and regulations.
22. These Rules and any amendments thereto shall come into force after being

approved by the shareholders' meeting.

These Rules were formulated on May 27, 1993.

The 1st amendment was made on May 19, 1997.

The 2nd amendment was made on May 29, 2002.

The 3rd amendment was made on June 14, 2017.

The 4th amendment was made on June 14, 2022.

## [Appendix 3] Shareholdings of Individual and All Directors Recorded in the Company's Register of Shareholders

### Ten Ren Tea Co., Ltd. Table of Shares Held by Directors

Shareholdings of individual and all directors recorded in the shareholder register as of April 14, 2024

Record date: April 14, 2024

Title	Name	Date of elected	Term of office	Number of shares held upon elected		Number of shares held at bool closure	
				Number of shares	Shareholding (%)	Number of shares	Shareholding (%)
Chairman	Ten Fu Investment Co., Ltd. Representative: Lee, Kuo-Lin	2022.06.14	3 years	9,190,830	10.145	9,190,830	10.145
Director	Ten Fu Investment Co., Ltd. Representative: Tsai, Song-Tsung	2022.06.14	3 years	9,190,830	10.145	9,190,830	10.145
Director	Ten Fu Investment Co., Ltd. Representative: Lee, Chien-Te	2022.06.14	3 years	9,190,830	10.145	9,190,830	10.145
Director	Unify Grander Investment Co., Ltd. Representative: Wang, Sheng-Juin	2022.06.14	3 years	719,788	0.795	719,788	0.795
Director	Tseng, Ming-Sung	2022.06.14	3 years	134	0.000	134	0.000
Director	Lin, Jen-Chung	2022.06.14	3 years	120,379	0.133	120,379	0.133
Independent Director	Teng, Syh-Tang	2022.06.14	3 years	0	0.000	0	0.000
Independent Director	Ferng, Ren-Ho	2022.06.14	3 years	322	0.000	322	0.000
Independent Director	Edwin C. Shieh	2022.06.14	3 years	0	0.000	0	0.000
Sum of all directors' shareholdings (excluding shares held by independent directors)				10,031,131	11.073	10,031,131	11.073

Note:

1. The total number of the Company's outstanding shares on April 14, 2024 was 90,591,948.
2. The minimum number of shares to be held by all directors is 7,247,355 shares.
3. The Company has established an audit committee, so that the statutory number of shares to be held by all supervisors is not applicable.