Stock Code:2913

TAIWAN TEA CORPORATION

Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024

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Independent Auditors' Report

To the Board of Directors of Taiwan Tea Corporation:

Opinion

We have audited the financial statements of TAIWAN TEA CORPORATION ("the Company"), which comprise the balance sheet as of December 31, 2025, the statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the 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 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 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, and we have fulfilled our other responsibilities in accordance with these requirements. 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 the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

   Refer to Note 4(n) "Revenue" for the accounting principles on the recognition of revenue and Note 6(n) "Revenue from contracts with customers" for details of revenues.

   Description of key audit matter:

   The Company's main business activities include manufacturing and sales of tea and related products. The revenues of the Company are recognized upon the transferring of control, which is varied by the individual delivery terms of the sales agreement. Risks of revenues not being recorded in the proper period exist when revenues of the Company were recognized earlier than the transfer of control. Therefore, the test of revenue recognition is one of our key audit matters.

Corresponding audit procedures:

Our principal audit procedures included: understanding the Company's selling system and testing the internal control of the Company over shipments and revenue recognition procedures. Moreover, the aforementioned relevant internal control documentation for the year ended 2025 was examined on a selective basis, and cut-off tests was performed to assess the appropriateness of revenue recognition.

2. Impairment evaluation of property, plant and equipment and investment property

Refer to Note 4(m) "Impairment of non-financial assets" for the accounting principles on the impairment evaluation of non-fianancial assets; refer to Note 5 for accounting estimates and assumptions of the impairment of non-financial assets; refer to Notes 6(d) and (e) for description of impairment evaluation of property, plant and equipment and investment property.

Description of key audit matter:

The impairment evaluation of property, plant and equipment investment property involves management judgment, and is therefore subject to a high degree of estimation uncertainty. Accordingly, the impairment evaluation of non-financial asset is one of our key audit matters.

Corresponding audit procedures:

Our principal audit procedures included: understanding the Company's policies and procedures related to impairment evaluation; evaluating whether the assets requiring annual impairment testing were appropriately included in management's evaluation process; assessing the appropriateness of the valuation methods used to estimate the recoverable amounts and the reasonableness of the assumptions adopted; and evaluating whether the related disclosures in the financial statements were adequate.

Other Matter

The financial statements of the Company for the year ended December 31, 2024 were audited by other auditors, who expressed an unqualified opinion on March 13, 2025.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 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 Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period 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.

The engagement partners on the audit resulting in this independent auditors' report are Chih, Shih-Chin and Huang, Hsin-Ting.

KPMG

Taipei, Taiwan (Republic of China)
March 9, 2026

(English Translation of Financial Statements and Report Originally Issued in Chinese)

TAIWAN TEA CORPORATION

Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2025		December 31, 2024	
	Assets	**Amount**	**%**	**Amount**	**%**
1100	Cash and cash equivalents(Note 6(a))	$ 65,051	1	54,761	-
1150	Notes receivable, net(Notes 6(b) and (n))	4,608	-	4,829	-
1170	Accounts receivables, net(Notes 6(b) and (n))	21,627	-	22,911	-
1180	Accounts receivables due from related parties, net(Notes 6(b), (n) and 7)	2,090	-	2,588	-
1200	Other receivables, net(Note 6(d))	979	-	1,082	-
1220	Current tax assets(Note 6(k))	77	-	42	-
130X	Inventories(Notes 6(c)and 8)	1,072,615	5	1,024,421	5
1410	Prepayments	16,205	-	31,859	-
1476	Other current financial assets	8,260	-	-	-
1479	Other current assets, others	167	-	534	-
		1,191,679	6	1,143,027	5
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income	786	-	1,714	-
1550	Investments accounted for using equity method	4,888	-	3,994	-
1600	Property, plant and equipment(Notes 6(d) and 8)	5,994,746	28	6,102,709	29
1755	Right-of-use asset(Note 7)	4,385	-	4,649	-
1760	Investment property, net(Notes 6(e), 7 and 8)	14,055,706	66	14,035,152	66
1780	Intangible assets	6,323	-	7,956	-
1975	Net defined benefit asset, non-current(Note 6(j))	7,200	-	6,102	-
1990	Other non-current assets, others(Note 7)	69,156	-	74,695	-
		20,143,190	94	20,236,971	95
	Total assets	**$ 21,334,869**	**100**	**21,379,998**	**100**

		December 31, 2025		December 31, 2024	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings(Note 6(g))	$ 150,000	1	110,000	1
2111	Short-term notes and bills payable(Note 6(f))	60,000	-	60,000	-
2130	Current contract liabilities(Notes 6(n) and 9)	7,151	-	27,198	-
2150	Notes payable	-	-	11	-
2170	Accounts payable	10,398	-	10,225	-
2180	Accounts payable to related parties(Note 7)	42	-	105	-
2200	Other payables(Note 6(d))	60,045	1	53,996	-
2280	Current lease liabilities(Note 7)	2,248	-	2,031	-
2322	Long-term borrowings, current portion(Note 6(h))	259,100	1	358,900	2
2399	Other current liabilities, others	36,354	-	64,265	-
		585,338	3	686,731	3
	Non-Current liabilities:				
2527	Non-current Contract liabilities(Notes 6(n) and 9)	2,171	-	-	-
2540	Long-term borrowings(Note 6(h))	4,740,635	22	4,569,935	21
2570	Deferred tax liabilities(Note 6(k))	3,167,816	15	3,169,451	15
2580	Non-current lease liabilities(Note 7)	2,224	-	2,704	-
2630	Long-term deferred revenue	7,356	-	7,356	-
2645	Guarantee deposits received(Note 7)	410,030	2	409,603	2
		8,330,232	39	8,159,049	38
	Total liabilities	8,915,570	42	8,845,780	41
	Equity (Note 6(l)):				
3100	Share capital	7,900,000	37	7,900,000	37
3200	Capital surplus	2,197,948	10	2,197,948	10
3300	Retained earnings	2,371,840	11	2,486,831	12
3400	Other equity	(50,489)	-	(50,561)	-
	Total equity	12,419,299	58	12,534,218	59
	Total liabilities and equity	**$ 21,334,869**	**100**	**21,379,998**	**100**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

TAIWAN TEA CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2025		2024	
		Amount	%	Amount	%
4000	**Operating revenue(notes 6(d), (i), (n)and 7)**	$ 472,652	100	433,108	100
5000	**Operating costs(notes 6(c), (i), (j)and 7)**	290,223	61	271,116	63
5900	**Gross profit from operations**	182,429	39	161,992	37
	Operating expenses (notes 6(j)and 7):				
6100	Selling expenses	69,677	15	74,044	17
6200	Administrative expenses	129,566	27	145,381	33
6300	Research and development expenses	2,683	1	3,072	1
6450	Expected credit gain (note 6(b))	(68)	-	(140)	-
		201,858	43	222,357	51
	Net operating loss	(19,429)	(4)	(60,365)	(14)
	Non-operating income and expenses:				
7100	Interest income (notes 6(p)and 7)	420	-	387	-
7010	Other income (Note 6(p))	16,690	3	15,034	3
7020	Other gains and losses (Note 6(p))	13,325	3	(2,574)	(1)
7050	Finance costs (Notes 6(p)and 7)	(128,708)	(27)	(127,636)	(28)
7060	Share of profit (loss) of associates accounted for using equity method	(128)	-	(6)	-
		(98,401)	(21)	(114,795)	(26)
7900	**Loss before income tax**	(117,830)	(25)	(175,160)	(40)
7950	Less: Income tax benefits (note 6(k))	(1,659)	-	(70)	-
8200	**Loss for the period**	(116,171)	(25)	(175,090)	(40)
8300	**Other comprehensive income (loss):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans (Note 6(j))	1,158	1	3,773	1
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	94	-	235	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	1,252	1	4,008	1
8300	**Other comprehensive income (loss) (after tax)**	1,252	1	4,008	1
8500	**Total comprehensive loss**	**$ (114,919)**	**(24)**	**(171,082)**	**(39)**
	Losses per share (Note 6(m))				
9750	**Basic losses per share (NT dollars)**		**$ (0.15)**		**(0.22)**
9850	**Diluted losses per share (NT dollars)**		**$ (0.15)**		**(0.22)**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

TAIWAN TEA CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Other equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Accumulated deficit	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total equity
Balance at January 1, 2024	$ 7,900,000	2,197,948	497,188	3,326,414	(1,165,454)	2,658,148	(50,796)	12,705,300
Loss for the year	-	-	-	-	(175,090)	(175,090)	-	(175,090)
Other comprehensive income for the year	-	-	-	-	3,773	3,773	235	4,008
Comprehensive income	-	-	-	-	(171,317)	(171,317)	235	(171,082)
Reversal of special reserve upon disposal of land	-	-	-	(1,584)	1,584	-	-	-
Balance at December 31, 2024	7,900,000	2,197,948	497,188	3,324,830	(1,335,187)	2,486,831	(50,561)	12,534,218
Loss for the year	-	-	-	-	(116,171)	(116,171)	-	(116,171)
Other comprehensive income for the year	-	-	-	-	1,158	1,158	94	1,252
Comprehensive income	-	-	-	-	(115,013)	(115,013)	94	(114,919)
Reversal of special reserve upon disposal of land	-	-	-	(1,361)	1,361	-	-	-
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	22	22	(22)	-
Balance at December 31, 2025	**$ 7,900,000**	**2,197,948**	**497,188**	**3,323,469**	**(1,448,817)**	**2,371,840**	**(50,489)**	**12,419,299**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

TAIWAN TEA CORPORATION

Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

		2025	2024
Cash flows from (used in) operating activities:			
Loss before income tax	$	(117,830)	(175,160)
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		98,687	98,934
Amortization expense		1,633	1,817
Expected credit gain		(68)	(140)
Interest expense		128,708	127,636
Interest income		(420)	(387)
Dividend income		(76)	(25)
Share of loss (profit) of associatest accounted for using the equity method		128	6
Loss on disposal of property, plant and equipment		101	691
Property, plant and equipment transferred to expenses		28	832
Gain on disposal of investment property		(13,393)	(13,293)
Impairment loss on non-financial assets		-	15,063
Others		-	1,358
Total adjustments to reconcile profit (loss)		215,328	232,492
Changes in operating assets and liabilities:			
Notes receivable		221	1,225
Accounts receivable, net		1,352	2,993
Accounts receivable due from related parties		498	(610)
Other receivable		103	-
Inventories		(47,651)	2,934
Prepayments		15,654	17,394
Other current assets		367	175
Net defined benefit asset		60	-
Contract liabilities		(5,276)	7,440
Notes payable		(11)	(17)
Accounts payable		173	(2,685)
Accounts payable to related parties		(63)	(315)
Other payable		5,672	25
Other current liabilities		(27,911)	55,272
Net defined benefit liabilities		-	(941)
Total adjustments		158,516	315,382
Cash inflow generated from operations		40,686	140,222
Interest received		420	387
Income taxes paid		(11)	(1,401)
Net cash flows from operating activities		41,095	139,208

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

TAIWAN TEA CORPORATION

Statements of Cash Flows (CONT'D)

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	2025	2024
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(1,000)
Acquisition of investments accounted for using equity method	-	(4,000)
Acquisition of property, plant and equipment	(3,771)	(48,889)
Proceeds from disposal of property, plant and equipment	508	20,454
Decrease in guarantee deposits paid	-	401
Acquisition of intangible assets	-	(218)
Acquisition of investment properties	(5,851)	-
Proceeds from disposal of investment properties	5,780	17,023
Increase in other current financial assets	(8,260)	-
Increase in other non-current assets	(10)	(1,481)
Increase in prepayments for equipment	-	(258)
Dividends received	76	25
Net cash flows used in investing activities	(11,528)	(17,943)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	431,200	45,000
Increase in short-term borrowings	(391,200)	-
Proceeds from long-term borrwoings	29,769,000	25,306,000
Repayments of long-term borrowings	(29,698,100)	(25,440,500)
Increase in guarantee deposits received	1,680	938
Decrease in guarantee deposits received	(1,253)	-
Repayments of lease liabilities	(2,273)	(1,719)
Interest paid	(128,331)	(127,516)
Net cash flows used in financing activities	(19,277)	(217,797)
Net increase (decrease) in cash and cash equivalents	10,290	(96,532)
Cash and cash equivalents at beginning of period	54,761	151,293
Cash and cash equivalents at end of period	**$ 65,051**	**54,761**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

TAIWAN TEA CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

TAIWAN TEA CORPORATION (the "Company") as successor of Mitsui & Co., Ltd was established with four subsidiaries responsible for agriculture, fishery, forestry and animal husbandry in 1950. The Company was privatized since the government implemented the Land-to-the-Tiller Policy in 1952. The Company's major operating center is registered in No.3, Zhonghua Rd., Hukou Township, Hsinchu County Taiwan (R.O.C.). The Company diversified its operations into manufacturing and selling of tea and other agricultural products, leisure industry, import/export trading (including food and wine), and real estate management and development.

On February 1962, the Company was approved and listed on Taiwan Stock Exchange (TWSE).

(2) Approval date and procedures of the financial statements:

These financial statements were authorized for issue by the Board of Directors on March 9, 2026.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2025:

- Amendments to IAS21 "Lack of Exchangeability"

(b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its financial statements:

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

(c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027 note:On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

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TAIWAN TEA CORPORATION
Notes to the Financial Statements

The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

(4) Summary of material accounting policies:

The material accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (altogether referred to “IFRS Accounting Standards” endorsed by the “FSC”).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through other comprehensive income are measured at fair value;

2) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

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(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(d) Classification of current and non-current assets and liabilities

The Company classifies the asset as current under one of the following criteria, and all other assets are classified as non current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(Continued)

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Accounts receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; or fair value through other comprehensive income (FVOCI) – equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

(Continued)

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivables, other receivables, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for accounts receivables are always measured at an amount equal to lifetime ECL.

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When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ' investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ' credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than 90 days past due;

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

· it is probable that the borrower will enter bankruptcy or other financial reorganization; or

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· the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due.

6) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

(Continued)

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, costs include an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

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Gains and losses resulting from transactions between the Company, and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method without remeasuring the retained interest.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

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Rental income from investment property is recognized as other revenue on a straight line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative periods of property, plant and equipment are as follows:

1)	Land-land improvements	3~10 years
2)	Buildings	2~60 years
3)	Machinery equipment	3~20 years
4)	Utilities and vehicles	5~20 years
5)	Bearer plants:	
	Tea trees	20~40 years
	Fruit trees	50 years
	Coffee trees	20 years
6)	Office equipment and others	3~20 years
7)	Leasehold improvements	The shorter of lease terms or economic useful lives

(Continued)

Depreciation methods, useful lives, and residual values are reviewed at least at each reporting date and adjusted if appropriate.

In addition, most of the Company's forests consist primarily of conservation tree species. These trees are either prohibited from logging or may only be logged with the approval of the competent authorities because they have not reached the required reforestation age, or they are planted for environmental conservation purposes and are not intended to be harvested or sold. Therefore, the forests are classified as land(land improvements).

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

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The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

— there is a change of its assessment on whether it will exercise a extension or termination option; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right of use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheet.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company has elected not to recognize right-of-use assets and lease liabilities for short - term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a leasor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub lease separately. It assesses the lease classification of a sub lease with reference to the right of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as rental income on a straight line basis over the lease term.

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Computer software 3–10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

The Company manufactures and sells tea and related products, the trading of goods (including food and wine) and the development and sale of real estate. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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No element of financing is deemed present as the credit term of the sales of goods is consistent with the market practice.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Financing components

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

(o) Government grants

Government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combinationand at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(Continued)

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(s) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company). Operating results of the operating segment are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

(Continued)

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Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) Impairment of non-financial assets

In the process of evaluating the potential impairment of non-financial assets, the Company engages independent external specialists to perform valuations of market value. The assumptions and estimates applied in their valuations, such as relevant profit margins, may be subject to change due to changes in economic conditions or revisions to the Company's strategies. Such changes could result in significant impairment losses or reversals of previously recognized impairment losses in future periods. For details of the impairment evaluation, please refer to Notes 6(d) and 6(e).

Assessment
The Company's accounting policies and disclosures included financial and nonfinancial assets and liabilities measured at fair value. The Company periodically adjusts valuation models, conducts back testing, renews input data for valuation models. If the sources of input data for valuation models are provided by the outer third party (e.g. agencies or pricing intuitions), the Company evaluates relevant supportive evidence to confirm that such results of valuation and classification of the fair value hierarchy are in compliance with the IFRSs.

The Company strives to use market observable inputs when measuring assets and liabilities. The classification of the fair value hierarchy is based on the input data for valuation. Please refer to Note 6(q) for further details.

For the assumptions used in measuring fair value, please refer to :

(a) Note 6(e) Investment property

(b) Note 6(q) Financial instruments

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Petty cash and cash on hand	$ 519	520
Demand deposits and check deposits	64,532	54,241
Cash and cash equivalents	**$ 65,051**	**54,761**

Please refer to note 6(q) for interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company.

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(b) Notes receivable and accounts receivables (including related parties)

	December 31, 2025	December 31, 2024
Notes receivable from operating activities	$ 4,608	4,829
Accounts receivables–measured at amortized cost	23,790	25,640
Total	28,398	30,469
Less: Loss allowance	(73)	(141)
Net	**$ 28,325**	**30,328**

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information, including macroeconomic and relevant industry information.

	December 31, 2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 28,336	0~0.15%	35
Overdue 0~30 days	29	24.14%	7
Overdue 180 days	33	93.53%	31
	$ 28,398		**73**

	December 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 30,366	0~0.42%	108
Overdue 0 to 30 days	79	23.93%	19
Overdue 31~60 days	20	51.66%	10
Overdue 61~90 days	4	100%	4
Total	**$ 30,469**		**141**

Expected credit losses for notes receivable and accounts receivables were as follows:

The movements in the allowance for notes receivable and accounts receivables were as follows:

	For the years ended December 31	
	2025	2024
Balance at January 1	$ 141	281
Impairment losses reversed	(68)	(140)
Balance at December 31	**$ 73**	**141**

(Continued)

TAIWAN TEA CORPORATION
Notes to the Financial Statements

As of December 31, 2025 and 2024, none of the Company's accounts receivables or notes receivable were pledged as collaterals.

For further credit risk information, please refer to note 6(q).

(c) Inventories

	December 31, 2025	December 31, 2024
Merchandise	$ 16,457	16,144
Raw materials and consumables	152,670	173,836
Work in progress	39,775	29,182
Finished goods	34,924	35,829
Inventories in transit	4,994	761
Property-land	823,795	768,669
Total	**$ 1,072,615**	**1,024,421**

(i) For the years ended December 31, 2025 and 2024, the details of the cost of sales were as follows:

	For the years ended December 31	
	2025	**2024**
Production and other costs	$ 242,286	229,322
Inventory scrappage loss	853	360
Loss on inventory market price decline and obsolescence	1,292	1,553
Loss on physical inventories	35	16
Rental costs	31,878	25,825
Others	13,879	14,040
Total	**$ 290,223**	**271,116**

(ii) For details regarding the inventories pledged as collateral for the Company's bank borrowings and credit facilities, please refer to Note 8.

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(d) Property, plant and equipment

The movements in the cost, depreciation, and impairment of the Company's property, plant and equipment were as follows:

	Land	Buildings	Machinery equipment	Utilities and vehicles	Bearer plants	Office equipment and others	Construction in progress	Accumulated impairment	Total
Cost or deemed cost:									
Balance on January 1, 2025	$ 4,348,775	800,778	287,401	14,848	967,774	289,623	36,950	-	6,746,149
Additions	-	-	128	-	88	944	2,611	-	3,771
Disposals	(3,794)	(11,687)	(2,819)	(5,272)	-	(8,784)	-	-	(32,356)
Transfer from(to) construction in progress	-	-	135	-	-	95	(230)	-	-
Reclassification	-	-	-	55,385	-	(55,385)	(35,659)	-	(35,659)
Balance on December 31, 2025	**$ 4,344,981**	**789,091**	**284,845**	**64,961**	**967,862**	**226,493**	**3,672**	**-**	**6,681,905**
Balance on January 1, 2024	$ 4,373,048	818,409	302,175	18,913	967,827	311,260	58,776	-	6,850,408
Additions	1,299	135	1,460	-	126	1,032	46,522	-	50,574
Disposals	(27,447)	(17,766)	(16,234)	(4,065)	(179)	(22,833)	(1,833)	-	(90,357)
Transfer from(to) construction in progress	1,875	-	-	-	-	164	(2,039)	-	-
Reclassification	-	-	-	-	-	-	(64,476)	-	(64,476)
Balance on December 31, 2024	**$ 4,348,775**	**800,778**	**287,401**	**14,848**	**967,774**	**289,623**	**36,950**	**-**	**6,746,149**
Depreciation and impairments loss:									
Balance on January 1, 2025	$ 5,803	116,945	66,935	10,824	73,367	101,180	-	268,386	643,440
Depreciation for the year	1,463	17,778	23,598	2,505	16,446	13,676	-	-	75,466
Disposals	(2,348)	(5,686)	(2,819)	(4,639)	-	(8,288)	-	(7,967)	(31,747)
Reclassifications	-	-	-	11,680	-	(11,680)	-	-	-
Balance on December 31, 2025	**$ 4,918**	**129,037**	**87,714**	**20,370**	**89,813**	**94,888**	**-**	**260,419**	**687,159**
Balance on January 1, 2024	$ 5,807	114,403	51,063	12,610	58,272	105,664	-	276,463	624,282
Depreciation for the year	1,326	17,888	23,639	1,525	15,229	16,627	-	-	76,234
Impairment loss	-	-	-	-	-	-	-	12,136	12,136
Disposals	(1,330)	(15,346)	(7,767)	(3,311)	(134)	(21,111)	-	(20,213)	(69,212)
Balance on December 31, 2024	**$ 5,803**	**116,945**	**66,935**	**10,824**	**73,367**	**101,180**	**-**	**268,386**	**643,440**
Carrying amounts:									
Balance on January 1, 2025	**$ 4,340,063**	**660,054**	**197,131**	**44,591**	**878,049**	**131,605**	**3,672**	**(260,419)**	**5,994,746**
Balance on January 1, 2024	**$ 4,367,241**	**704,006**	**251,112**	**6,303**	**909,555**	**205,596**	**58,776**	**(276,463)**	**6,226,126**
Balance on December 31, 2024	**$ 4,342,972**	**683,833**	**220,466**	**4,024**	**894,407**	**188,443**	**36,950**	**(268,386)**	**6,102,709**

(i) The Company's land at Tongluo Township Miaoli County was acquired by The Science Park Bureau according to Article 11 of the Land Expropriation Act. and was transferred in the first half of 2001. Some of the compensation payable to the lessee was still under discussion. Therefore, the compensation payable to the lessee and the receivable from the Miaoli County Government were recorded as estimates. Adjustments can be made should there be any difference. As at December 31, 2025 and 2024, the compensation receivable from the Miaoli County Government was both NT$654 thousand, recognized as other receivable. As at December 31, 2025 and 2024, the compensation payable to the lessee was both NT$2,075 thousand, recognized as other payable.

(Continued)

(ii) Due to regulatory requirements, the Company has temporarily registered the ownership of certain parcels of land under the names of other parties. As safeguarding measures, the Company holds the original land title certificates and has established encumbrances over the properties. As of December 31, 2025 and 2024, the cost of land for which the Company had not yet completed the title registration amounted to NT$21,538 thousand.

(iii) On May 31, 2023, the Company entered into a land utilization and lease agreement to lease out a portion of its land to an external third-party company. Pursuant to the agreement, the Company recognized royalty income of NT$$97,333 thousand and NT$$46,349 thousand for the years ended December 31, 2025 and 2024 respectively, which was recorded under operating revenue – other operating income.

(iv) Bearer plants

The tea trees, coffee tree cultivated by the Company meet the definition of bearer plants and are therefore accounted for in accordance with the requirements of IAS 16 Property, Plant and Equipment.

(v) In 2025, the Company assessed the recoverable amount of assets used in its operations, which was measured based on fair value, less costs of disposal. Based on the assessment, no impairment loss was recognized.

In 2024, evidence obtained from the Company's internal reporting indicated that the economic benefits generated from certain assets were lower than expected, and therefore, their recoverable amounts were required to be assessed. The recoverable amount was calculated based on fair value, less costs of disposal. The fair values were measured using a weighted average of the comparison approach, land development analysis approach, and cost approach. The inputs used in these valuation techniques were classified as Level 3 within the fair value hierarchy. Based on the assessment results, an impairment loss of NT$12,136 thousand was recognized in 2024.

The key assumptions used in measuring fair value less costs of disposal were as follows:

1) Comparison approach: estimated by the unit price per ping

2) Land development analysis approach: This approach considers the legally permitted land use and development intensity, the expected total sales value upon completion under normal market conditions, an estimated profit rate of 15%–22%, the costs required for land development or construction, and a composite capital interest rate of 1.13%~1.52% on the total development or construction costs.

3) Cost approach: This approach estimates the replacement or reproduction cost of the subject asset as of the valuation date, less accumulated depreciation and other applicable deductions, to calculate the indicated value of the survey and appraisal target.

(vi) For details regarding the property, plant and equipment pledged as collateral for the Company's bank borrowings and credit facilities, please refer to Note 8.

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Notes to the Financial Statements

(e) Investment Property

The movements in the Company's investment property were as follows:

	Owned Property			
	Land and improvements	Buildings	Investment property under construction	Total
Cost or deemed cost:				
Balance on January 1, 2025	$ 16,428,775	1,072,761	-	17,501,536
Additions	-	-	5,851	5,851
Disposals	(4,987)	-	-	(4,987)
Reclassifications	-	-	40,637	40,637
Balance on December 31, 2025	**$ 16,423,788**	**1,072,761**	**46,488**	**17,543,037**
Balance on January 1, 2024	$ 16,433,521	1,072,761	-	17,506,282
Disposals	(4,487)	-	-	(4,487)
Transfer from other non-current asset	(259)	-	-	(259)
Balance on December 31, 2024	**$ 16,428,775**	**1,072,761**	**-**	**17,501,536**
Depreciation and impairments loss:				
Balance on January 1, 2025	$ 2,740,070	726,314	-	3,466,384
Depreciation for the year	-	20,947	-	20,947
Balance on December 31, 2025	**$ 2,740,070**	**747,261**	**-**	**3,487,331**
Balance on January 1, 2024	$ 2,740,827	705,366	-	3,446,193
Depreciation for the year	-	20,948	-	20,948
Disposals	(757)	-	-	(757)
Balance on December 31, 2024	**$ 2,740,070**	**726,314**	**-**	**3,466,384**
Carrying amounts:				
Balance on December 31, 2025	**$ 13,683,718**	**325,500**	**46,488**	**14,055,706**
Balance on January 1, 2024	**$ 13,692,694**	**367,395**	**-**	**14,060,089**
Balance on December 31, 2024	**$ 13,688,705**	**346,447**	**-**	**14,035,152**
Fair value:				
Balance on December 31, 2025				**$ 25,250,360**
Balance on December 31, 2024				**$ 25,402,530**

(i) As of December 31, 2025 and 2024, the accumulated impairment for the Company' s investment property were as follows:

Item	December 31, 2025	December 31, 2024
Land and land improvements	$ 2,740,070	2,740,070
Buildings	319,890	319,890
Total	**$ 3,059,960**	**3,059,960**

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In 2025 and 2024, the Company assessed the recoverable amount of assets used in its operations. The recoverable amount was measured based on fair value less costs of disposal. Based on the assessment, no impairment loss was recognized.

(ii) The fair value of investment properties was based on a valuation performed by a qualified independent appraiser (who possesses recognized professional qualifications and has recent experience with the location and category of the investment properties being valued), using a weighted-average of the comparison approach, land development analysis approach, and cost approach. For certain assets, the fair value was measured by the Company using comparison approach (taking into consideration information such as the Ministry of the Interior's actual transaction price registry and publicly announced land values). The inputs used in these valuation techniques were classified as Level 3 within the fair value hierarchy.

(iii) Due to regulatory requirements, the Company has temporarily registered the ownership of certain parcels of land under the names of other parties. As safeguarding measures, the Company holds the original land title certificates and has established encumbrances over the properties. As of December 31, 2025 and 2024, the cost of land for which the Company had not yet completed the title registration amounted to NT$18,284 thousand.

(iv) For details of the investment property pledged as collateral for the Company' s bank borrowings and credit facilities, please refer to Note 8.

(f) Short-term notes and bills payable

The short-term notes and bills payable were summarized as follows:

	December 31, 2025		
	Guarantee or acceptance institution	**Range of interest rate**	**Amount**
Commercial papers payable	China bills finance corporation	1.64%	$ 60,000

	December 31, 2024		
	Guarantee or acceptance institution	**Range of interest rate**	**Amount**
Commercial papers payable	China bills finance corporation	1.380%~1.600%	$ 60,000

(g) Short-term borrowing

	December 31, 2025	**December 31, 2024**
Secured bank loan	$ 150,000	110,000
Unused short-term credit lines	$ 41,000	46,254
Range of interest rate	2.15%~2.56%	2.02%~6.64%

For details of the assets pledged as collateral for the Company's bank borrowings, please refer to Note 8.

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Notes to the Financial Statements

(h) Long-term borrowings

The long-term borrowings were summarized as follows:

	December 31, 2025	December 31, 2024
Secured bank loans	$ 3,032,635	2,819,535
Syndicated loans	1,967,100	2,109,300
Less: current portion	(259,100)	(358,900)
Total	**$ 4,740,635**	**4,569,935**
Unused short-term credit lines	**$ 383,800**	**680,800**
Range of interest rate	**2.06%~2.89%**	**1.89%~2.89%**

(i) Loan Covenant Requirements

Certain of the Company’ s long-term borrowings are subject to financial ratio requirements stipulated by the lending banks, which must be met on a semiannual and annual basis.

(ii) Collaterals

For the collaterals for long-term borrowings, please refer to Note 8.

(iii) Revolving Issuance of Commercial Papers

In February 2025, the Company entered into an agreement with a bills finance company to issue commercial papers with a maturity within 90 days for each issuance, to be reissued on a revolving basis upon maturity, bearing an annual coupon interest rate of 1.98%.

On August 15, 2025, the Accounting Research and Development Foundation issued a Q&A which clarified that, as the revolving commercial paper issued by the entity does not have the right, at the end of the reporting period, to defer settlement of the liability for at least twelve months after the reporting period, such liabilities shall be classified as current liabilities.

In response, the FSC issued transitional provisions stating that, entities with revolving commercial paper issued on or after January 1, 2026 shall apply the classification guidance in the Q&A, while those issued on or before December 31, 2025 need not comply.

Accordingly, the commercial paper issued by the Company In February, 2025 is classified as a non-current liability. For revolving issuances made on or after January 1, 2026, classification will be adjusted and reported as current liabilities in accordance with the above-mentioned guidance.

(i) Operating lease

The Company leases out its investment property. The Company has classified these leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the underlying assets. For details, please refer to Note 6(e).

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Notes to the Financial Statements

The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date, is as follows:

	December 31, 2025	December 31, 2024
Less than one year	$ 43,306	39,015
One to two years	42,391	36,300
Two to three years	40,489	36,479
Three to four years	39,425	36,367
Four to five years	39,221	35,862
More than five years	318,272	349,728
Total undiscounted lease payments	**$ 523,104**	**533,751**

(i) Rental income from investment properties was NT$$46,730 thousand and NT$$37,183 thousand for the years ended December 31, 2025 and 2024, respectively.

(ii) The direct operating expenses arising from investment properties were NT$8,959 thousand and NT$7,794 thousand for the years ended December 31, 2025 and 2024, respectively.

(j) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value is as follows:

	December 31, 2025	December 31, 2024
Present value of defined benefit obligatios	$ 32,741	35,319
Fair value of plan assets	(39,941)	(41,421)
Net defined benefit assets	**$ (7,200)**	**(6,102)**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

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The Company's Bank of Taiwan labor pension reserve account balance amounted to $39,941 thousand as of December 31, 2025. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the Company were as follows:

	For the years ended December 31	
	2025	**2024**
Defined benefit obligations at January 1	$ 35,319	35,190
Current service cost and interest cost	694	578
Remeasurements (loss) gain		
Actuarial (loss) gain－experience adjustments	850	920
Actuarial (loss) gain－assumptions	812	(1,276)
Gains and losses arising from settlements	-	(93)
Benefits paid	(4,934)	-
Defined benefit obligations at December 31	**$ 32,741**	**35,319**

3) Movements in the fair value of plan assets

The movements in the fair value of the defined benefit plan assets for the Company were as follows:

	For the years ended December 31	
	2025	**2024**
Fair value of plan assets at January 1	$ 41,421	36,578
Interest income	634	443
Remeasurements (loss) gain		
－Return on plan assets excluding interest income	2,820	3,417
Contributions paid by the employer	-	1,159
Paid from curtailment or settlement	-	(176)
Benefits paid	(4,934)	-
Fair value of plan assets at December 31	**$ 39,941**	**41,421**

(Continued)

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Notes to the Financial Statements

4) Expenses recognized in profit or loss

The pension expenses recognized in profit or loss for the Company were as follows:

	For the years ended December 31	
	2025	**2024**
Current service cost	$ 160	163
Net interest of net liabilities for defined benefit obligations	(100)	(28)
Past service cost	-	83
	$ 60	**218**
Operating costs and operating expenses	**$ 60**	**218**

5) Actuarial assumption

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2025	**December 31, 2024**
Discount rate	1.35%	1.65%
Future salary increasing rate	2.00%	2.00%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date for 2025 is $0.

The weighted-average lifetime of the defined benefits plans is 8 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on defined benefit obligations	
	Increased by 0.25%	**Decreased by 0.25%**
December 31, 2025		
Discount rate	$ (679)	700
Future salary increasing rate	694	(676)
December 31, 2024		
Discount rate	(674)	696
Future salary increasing rate	692	(673)

(Continued)

Holding other assumptions constant, reasonably possible changes at the reporting date to one of the relevant actuarial assumptions would have affected the defined benefit obligation by the amounts shown above. In practice, many of the assumptions are correlated. The method used in the sensitivity analysis is consistent with the method used in calculating the net defined benefit liability recognized in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2025 and 2024.

(ii) Defined contribition plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs under the defined contribution plans, which have been contributed to the Bureau of the Labor Insurance amounted to $6,350 thousand and $6,517 thousand for the years ended December 31, 2025 and 2024, respectively.

(k) Income tax

(i) The components of income taxes for the Company were as follows:

	For the years ended December 31	
	2025	2024
Current tax expense		
Land value increment tax	$ -	1,378
Adjustment for prior periods	(24)	(4)
	(24)	1,374
Deferred tax expense		
Recognition and reversal of temporary difference	(1,635)	(1,444)
Income tax (benefit) expense	**$ (1,659)**	**(70)**

(ii) For 2025 and 2024, no income tax was recognized directly in equity or other comprehensive income.

(Continued)

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Notes to the Financial Statements

(iii) Reconciliation of income tax (benefit) expense and loss before tax for 2025 and 2024 is as follows:

	For the years ended December 31	
	2025	2024
Loss before income tax	$ (117,830)	(175,160)
Income tax using the Company's domestic tax rate	(23,566)	(35,032)
Non-deductible expenses	42	1,133
Share of profit accounted for using the equity method	25	1
Land value increment tax	(1,635)	(66)
Tax-exempt income from disposal of land	(517)	-
Adjustments for prior years tax	(24)	(4)
Change in unrecognized temporary differences	22,484	24,409
Current year losses for which no deferred tax asset was recognized	1,547	9,494
Others	(15)	(5)
Income tax (benefit) expense	**$ (1,659)**	**(70)**

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2025	December 31, 2024
Tax effect of deductible temporary difference	$ 362,404	341,514
The carryforward of unused tax losses	180,665	183,717
	$ 543,069	**525,231**

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

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As of December 31, 2025, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax loss	Expiry date
2017(assessed)	$ 245,335	2027
2018(assessed)	102,855	2028
2019(assessed)	108,214	2029
2020(assessed)	104,460	2030
2021(assessed)	156,376	2031
2022(assessed)	58,402	2032
2023(assessed)	79,672	2033
2024(reported)	40,354	2034
2025(estimated)	7,657	2035
	$ 903,325	

2) Recognized deferred tax liabilities

The movements in the deferred tax liabilities for the years ended December 31, 2025 and 2024 were as follows:

	Land value increment tax
Deferred tax liabilities	
Balance on January 1, 2025	$ 3,169,451
Recognized in profit or loss	(1,635)
Balance on December 31, 2025	**$ 3,167,816**
Balance on January 1, 2024	$ 3,170,895
Recognized in profit or loss	(1,444)
Balance on December 31, 2024	**$ 3,169,451**

(v) The Company's income tax returns for the years through 2023 were assessed by the tax authorities.

(l) Capital and other equity

(i) Ordinary Shares

As of December 31, 2025 and 2024, the number of authorized ordinary shares was $1,600,000 thousand shares, with a par value of $10 per share. The total value of the authorized ordinary shares amounted to $16,000,000 thousand. As of the same date, $790,000 thousand ordinary shares had been issued, and all issued shares were paid in full.

(Continued)

TAIWAN TEA CORPORATION
Notes to the Financial Statements

(ii) Capital Surplus

The balances of capital surplus of the Company were as follows:

	December 31, 2025	December 31, 2024
Share premium	$ 1,807,534	1,807,534
Treasury share transactions	346,303	346,303
Difference between consideration and carrying amount of subsidiaries acquired or disposed	14,671	14,671
Employee stock options	29,375	29,375
Expired stock options-convertible bonds	64	64
Donation from shareholders	1	1
	$ 2,197,948	**2,197,948**

According to the R.O.C. Company Act, capital surplus shall first be used to offset prior years' deficit, and only after such offset can realized capital surplus be used to issue new shares or be distributed as cash dividends to shareholders on a pro rata basis in proportion to their existing shareholdings. The aforementioned realized capital surplus includes the share premium arising from the issuance of capital stock in excess of par value and from donations received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus per year shall not exceed 10% of the total paid-in capital.

(iii) Retained earnings

The Company is in a stage of ongoing growth, with its business scale steadily expanding. To support sustainable development, the policy for future earnings distribution is outlined below:

If the Company has earnings for the year, it shall, after paying taxes and making up accumulated losses, appropriate 10% of the remaining earnings as legal reserve, except when the legal reserve has already reached the amount of the Company's paid-in capital. Any further appropriations or reversals to special reserve shall be made in accordance with applicable laws and regulations. The balance, if any, together with accumulated unappropriated earnings, constitutes distributable earnings. The board of directors may retain all or part of such distributable earnings and shall make the earnings distribution proposal and submit it to the shareholders' meeting for approval.

When the Company distributes dividends, such dividends may be distributed in the form of cash or shares, provided that the cash portion shall not be less than 10% of the total dividends distributed.

If all or part of dividends, bonuses, legal reserves, or capital surplus are to be distributed in cash, the Board of Directors may be authorized to do so with the attendance of at least two-thirds of all directors and the approval of more than one-half of the directors present, and the distribution shall be reported to the shareholders' meeting.

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1) Legal reserve

When the Company incurs no loss, it may, pursuant to a resolution adopted by the shareholders’ meeting, distribute its legal reserve by issuing new shares or by distributing cash, provided that only the portion of the legal reserve which exceeds 25% of the paid-in capital may be distributed.

2) Special reserve

The Company chose to apply the exemption under IFRS 1 at its initial adoption of IFRS Accounting Standards, which resulting in its retained earnings to increase, incurred from unrealized revaluation increments and cumulative translation adjustments (gains) recognized under shareholders’ equity at transition date. In accordance with the requirements issued by the FSC, the Company shall appropriate an equal amount to a special reserve. When there is any subsequent use, disposal, or reclassification of the the Company may reverse the special reserve proportionately. For the years ended December 31, 2025 and 2024, the Company reversed $1,361 thousand and $1,584 thousand of the special reserve. The amounts of special reserve as of December 31, 2025 and 2024 were $3,323,469 thousand and $3,324,830 thousand, respectively.

In accordance with the rules issued by the FSC, a portion of current period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the difference between the current period total net reduction of other shareholder’ s equity and aforementioned special reserve. The amount to be reclassified to special reserve shall be a portion of current-period earnings plus other line items in the retained earnings movements and undistributed prior-period earning. A portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative change to other shareholders’ equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders’ equity shall qualify for additional distributions.

3) Earnings distribution

At the shareholders’ meeting held on June 18, 2025 and June 12, 2024, the Company resolved not to distribute the earnings for 2024 and 2023 due to the accumulated deficits.

TAIWAN TEA CORPORATION
Notes to the Financial Statements

(iv) Other equity, net of tax

		Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income
Balance on January 1, 2025	$	(50,561)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		94
Disposal of investments in equity instruments measured at fair value through other comprehensive income		(22)
Balance on December 31, 2025	**$**	**(50,489)**
Balance on January 1, 2024	$	(50,796)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		235
Balance on December 31, 2024	**$**	**(50,561)**

(m) Loss per share

The details of the calculation of basic loss per share were as follows:

	For the years ended December 31	
	2025	**2024**
Basic loss per share		
Loss attributable to common shareholders of the Company	**$ (116,171)**	**(175,090)**
Weighted-average number of ordinary shares	790,000	790,000
	$ (0.15)	**(0.22)**

For the years ended December 31, 2025 and 2024, the Company had no potential dilutive ordinary shares; therefore, only basic loss per share is disclosed.

TAIWAN TEA CORPORATION
Notes to the Financial Statements

(n) Revenue from contracts with customers

(i) Details of revenue

	2025		
	Retail and trading	**Assets**	**Total**
Primary geographical markets			
Taiwan	$ **328,583**	**144,069**	**472,652**
Major products/services lines			
Merchandise sales	$ 321,321	-	321,321
Rental income	-	46,730	46,730
Others	7,262	97,339	104,601
	$ **328,583**	**144,069**	**472,652**

	2024		
	Retail and trading	**Assets**	**Total**
Primary geographical markets			
Taiwan	$ **349,576**	**83,532**	**433,108**
Major products/services lines			
Merchandise sales	$ 341,689	-	341,689
Rental income	-	37,183	37,183
Others	7,887	46,349	54,236
	$ **349,576**	**83,532**	**433,108**

(ii) Contract balances

	December 31, 2025	**December 31, 2024**	**January 1, 2024**
Notes receivable	$ 4,608	4,829	6,054
Accounts receivables	23,790	25,640	28,023
Less: Loss allowance	(73)	(141)	(281)
Total	$ **28,325**	**30,328**	**33,796**
Contract liabilities(Current and non-current)	$ **9,322**	**27,198**	**19,758**

For details on notes receivable, accounts receivables and allowance for impairment, please refer to Note 6(b).

The major change in contract liabilities primarily arises from the timing differences between the satisfaction of performance obligations and the receipt of customer payments. For the years ended December 31, 2025 and 2024, except for the recognition of revenue, there were no other significant changes.

(Continued)

(o) Employee remuneration and directors' remuneration

On June 18, 2025, the Company resolved at its shareholders’ meeting to amend its Articles of Incorporation. Under the amended Articles, if the Company reports profit for the fiscal year, no less than 1% shall be allocated as employee remuneration, of which at least 50% shall be distributed to nonmanagerial employees and no more than 5% as directors’ remuneration.. The remuneration may be distributed in the form of cash or shares as resolved by the Board of Directors. The recipients may include employees of the subsidiaries who meet certain requirements. Prior to the amendment, the Articles of Incorporation stipulated that, if the Company reports profit for the fiscal year, no less than 1% should be allocated as employee remuneration and no more than 5% as directors’ remuneration. The remuneration may be distributed in the form of cash or shares as resolved by the Board of Directors. The recipients may include employees of the subsidiaries who meet certain requirements.

The distribution of employee remuneration and directors’ remuneration shall be resolved by the Board of Directors with the attendance of at least two-thirds of the directors and the approval of more than one-half of the directors present. The distribution of employee remuneration shall also be reported to the shareholders’ meeting.

If the Company has accumulated deficits, the profit shall first be used to offset against the deficit before allocating employee remuneration and directors’ remuneration in accordance with the proportions prescribed in the preceding paragraph.

The Company had accumulated deficits for 2025 and 2024; therefore, no employee remuneration or directors’ remuneration is required to be accrued. The basis for estimating employee remuneration and directors’ remuneration is the amount of net profit before tax for the period, excluding employee and directors’ remuneration, multiplied by the respective allocation percentages stipulated in the Company’s Articles of Incorporation, with the estimated amounts recognized as operating expenses for the period. Any difference between the estimated and actual amount of remuneration distributed in the next year shall be treated as a change in accounting estimates and recognized in profit or loss of that year. If the Board of Directors resolves to distribute employee remuneration in shares, the numbers of shares to be issued is calculated based on the closing price of the Company’s ordinary shares on the trading day before the date of the Board resolution.

As the Company did not generate profit for 2025 and 2024, no employee remuneration or directors’ remuneration was required to be accrued; therefore, there was no difference between the estimated and actual amounts. Related information is available at the Market Observation Post System website (MOPS).

(Continued)

TAIWAN TEA CORPORATION
Notes to the Financial Statements

(p) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2025	2024
Interest income from bank deposits	$ 406	379
Others	14	8
Total interest income	**$ 420**	**387**

(ii) Other income

The details of other income were as follows:

	For the years ended December 31	
	2025	2024
Dividend income	$ 76	25
Government grants	9,349	14,286
Other income, others	7,265	723
Total other income	**$ 16,690**	**15,034**

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2025	2024
Foreign exchange gains (losses)	$ 35	(48)
Losses on disposals of property, plant and equipment	(101)	(691)
Gains on disposals of investment property	13,393	13,293
Impairment losses on property, plant and equipment	-	(12,136)
Impairment losses on other non-current assets	-	(2,927)
Others	(2)	(65)
Other gains and losses, net	**$ 13,325**	**(2,574)**

(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2025	2024
Interest expense	**$ 128,708**	**127,636**

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Notes to the Financial Statements

(q) Financial instruments

(i) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(ii) Credit risk of receivables

For credit risk exposure of notes receivables and accounts receivable, please refer to Note 6(b).

Other financial assets measured at amortized cost, including other receivables, are considered to have low credit risk; therefore, the loss allowance is measured at 12-month expected credit losses.

Based on the assessment, no loss allowance was required to be recognized for aforementioned low-credit-risk financial assets.

(iii) Liquidity risk

The following table sets out the contractual maturities of financial liabilities, including estimated interest payments and excluding the effects of netting agreements. Financial liabilities whose carrying amount approximates their contractual cash flows are not included in the table below.

	Carrying amount	Contractual cash flows	With 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2025							
Non-derivative financial liabilities							
Accounts payable and other payables	$ 70,485	70,485	70,485	-	-	-	-
Bank loans and short-term notes and bills payable	5,209,735	5,437,343	251,919	222,182	2,726,807	2,236,435	-
Lease liabilities	4,472	4,628	1,265	1,062	934	1,367	-
Guarantee deposits received	410,030	410,030	27	73	-	779	409,151
Total	$ 5,694,722	5,922,486	323,696	223,317	2,727,741	2,238,581	409,151
December 31, 2024							
Non-derivative financial liabilities							
Accounts payable and other payables	$ 64,337	64,337	64,337	-	-	-	-
Bank loans and short-term notes and bills payable	5,098,835	5,187,164	268,692	268,692	2,148,234	2,501,546	-
Lease liabilities	4,735	4,970	1,030	1,030	1,351	1,559	-
Guarantee deposits received	409,603	409,603	-	-	1,264	239	408,100
Total	$ 5,577,510	5,666,074	334,059	269,722	2,150,849	2,503,344	408,100

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iv) Currency risk

The Company has no financial assets and liabilities exposed to significant foreign currency risk.

(Continued)

TAIWAN TEA CORPORATION
Notes to the Financial Statements

(v) Interest rate risk

For the interest rate exposure of the Company’s financial assets and liabilities, please refer to liquidity risk section of this note.

The following sensitivity analysis is based on the interest rate risk exposure at the reporting date. Regarding liabilities with variable interest rates, the analysis assumes that the amount of liabilities outstanding at the reporting date remained outstanding throughout the year. The rate of change used for internal reporting to management is an increase or decrease of 1% in interest rates, which also represents the management's assessment of the reasonably possible change in interest rates.

If the interest rate had increased/decreased by 1%, the Company’s profit before tax would have increased/decreased by $50,854 thousand and $49,855 thousand for the years ended December 31, 2025 and 2024, respectively, with all other variable factors remaining constant. This is mainly due to the Company’s variable-rate bank loans.

(vi) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The Company measures its financial assets at fair value through other comprehensive income on a recurring basis. The carrying amounts and fair values of the Company’s financial assets and liabilities, including the related fair value hierarchy information, are presented below. Fair value information is not required to be disclosed for financial instruments not measured at fair value whose carrying amounts are reasonably close to their fair values, nor for lease liabilities.

	December 31, 2025				
		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Finanacial assets at fair value through other comprehensive income					
Common shares of domestic unlisted companies	$ 786	-	-	786	786
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 65,051	-	-	-	-
Notes receivable and accounts receivables (including related parties)	28,325	-	-	-	-
Other receivables	979	-	-	-	-
Other current financial assets	8,260	-	-	-	-
Subtotal	102,615	-	-	-	-
Total	**$ 103,401**	**-**	**-**	**786**	**786**

(Continued)

TAIWAN TEA CORPORATION
Notes to the Financial Statements

	December 31, 2025				
		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term and long- term borrowings	$ 5,149,735	-	-	-	-
Short-term notes and bills payable	60,000	-	-	-	-
Notes and accounts payable (including related parties)	10,440	-	-	-	-
Other payables	60,045	-	-	-	-
Lease liabilities	4,472	-	-	-	-
Guarantee deposit received	410,030	-	-	-	-
Total	**$ 5,694,722**	**-**	**-**	**-**	**-**

	December 31, 2024				
		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Finanacial assets at fair value through other comprehensive income					
Common shares of domestic unlisted companies	$ 1,714	-	-	1,714	1,714
Financial assets measured at amortized cost					
Cash and cash equivalents	54,761	-	-	-	-
Notes receivable and accounts receivables (including related parties)	30,328	-	-	-	-
Other receivables	1,082	-	-	-	-
Subtotal	86,171	-	-	-	-
Total	**$ 87,885**	**-**	**-**	**1,714**	**1,714**
Financial liabilities measured at amortized cost					
Short-term and long- term borrowings	$ 5,038,835	-	-	-	-
Short-term notes and bills payable	60,000	-	-	-	-
Notes and accounts payable (including related parties)	10,341	-	-	-	-
Other payables	53,996	-	-	-	-
Lease liabilities	4,735	-	-	-	-
Guarantee deposit received	409,603	-	-	-	-
Total	**$ 5,577,510**	**-**	**-**	**-**	**-**

(Continued)

2) Valuation techniques for financial instruments not measured at fair value

The assumptions and methods used in evaluating financial instruments not measured at fair value are as follows:

a) Financial assets and liabilities measured at amortized cost

Fair value measurements of financial assets and liabilities are based on the most recent transaction prices or quoted prices when such prices from active markets or market makers are available. When observable market prices are not available, the fair values of financial assets and liabilities are estimated based on the discounted cash flow models.

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

If quoted prices in active markets are available for financial instruments, those quoted prices are used as their fair values.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial unions, pricing institute, or authorities and such prices can reflect actual and regularly occurring market transactions, then the financial instrument is considered to have quoted prices in active market. If these conditions are not met, the market is regarded as inactive. In general, wide bid–ask spreads, significantly increased bid–ask spreads, or low trading volume are indicators of an inactive market.

For financial instruments without quoted prices in an active market, fair value is determined using valuation technique or quoted price from counterparties. Fair value measured by a valuation technique can be estimated by reference to the current fair values of other financial instruments with substantially similar terms and characteristics, the discounted cash flow method, or other valuation techniques, including models using observable market data available on the reporting date.

For financial instruments held by the Company that do not have quoted prices in an active market, their fair value measurements are presented below by category and by nature.

- Equity instruments without quoted price: The fair value was calculated via the ratio, which is counted in the mix of the investee's estimated EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) and the quoted market price of the comparative listing company. Also, the fair value was discounted for its lack of liquidity in the market.

(Continued)

- Equity instruments without quoted price: The fair value is measured at net asset value method. By looking through the nature and the included items of each asset and liability item and collecting the market value information of each asset and liability for items whose book value may be different from the fair value, the Company needs to obtain the fair value of the company's net assets, and calculate the company's equity value. The discount effect is adjusted due to lack of market liquidity in equity securities

b) Derivative financial instruments

The fair value of derivative instruments is measured using valuation models generally accepted by market participants.

c) Fair value hierarchy

The Company strives to use market-observable inputs when measuring assets and liabilities. The levels of the fair value hierarchy, which are classified based on the inputs used in the valuation techniques, are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data (i.e., unobservable inputs).

4) Transfers between levels

For the years ended December 31, 2025 and 2024, there were no changes in the valuation techniques for fair value measurements, and there were no transfers between the levels of the fair value hierarchy.

5) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted eqiuity instrument
Opening banlance January 1, 2025	$ 1,714
Total gains and losses	
Recognized in other comprehensive income	94
Reclassified as investments accounted for using equity method (Note)	(1,022)
Ending balance, December 31, 2025	**$ 786**

(Continued)

TAIWAN TEA CORPORATION
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	Fair value through other comprehensive income
	Unquoted eqiuity instrument
Opening banlance January 1, 2024	$ 479
Total gains and losses	
Recognized in other comprehensive income	235
Purchased	1,000
Ending balance, December 31, 2024	**$ 1,714**

Note: for details of the transation, please refer to Note 7(b).

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company' s financial instruments that use Level 3 inputs to measure fair value include "fair value through other comprehensive income – equity investments".

The fair value of the Company's equity investments without quoted prices in an active market are classified to Level 3 and have multiple significant unobservable inputs. The significant unobservable inputs are individually independent, and there is no correlation between them.

Quantified information on significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Marker Approach and Net Asset value Method	·Net Asset Value ·Market illiquidity discount rate (15% and 15%~25.7% as of December 31, 2025 and 2024.) ·Price-to-book ratio (1.38 and 1.55 to1.68 as of December 31, 2025 and 2024) ·Price-to-earnings ratio (11.69 and 10.83 as of December 31, 2025 and 2024.)	·Not applicable ·The estimated fair value would increase (decrease) if the market illiquidity discount rate were lower (higher). ·The estimated fair value would increase (decrease) if the price-to-book ratio were higher (lower). ·The estimated fair value would increase (decrease) if the price-to- earnings ratio were higher (lower).

(Continued)

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7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's fair value measurements of financial instruments are considered reasonable. However, the use of different valuation models or assumptions may result in different valuation outcomes. For financial instruments classified within Level 3 of the fair value hierarchy, changes in valuation inputs may have the following effects on profit or loss and other comprehensive income:

		Increase or	Profit or loss		Other comprehensive income	
	Inputs	**decrease by**	**Favorable**	**Unfavorable**	**Favorable**	**Unfavorable**
December 31, 2025						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market illiquidity discount rate	2%	-	-	19	(19)
Equity investments without an active market	Price-to-book ratio	2%	-	-	6	(6)
Equity investments without an active market	Price-to-earnings ratio	2%	-	-	10	(10)
December 31, 2024						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market illiquidity discount rate	2%	-	-	44	(44)
Equity investments without an active market	Price-to-book ratio	2%	-	-	18	(18)
Equity investments without an active market	Price-to-earnings ratio	2%	-	-	7	(7)

The favorable and unfavorable effects represent the changes in fair value, which is measured using valuation techniques based on various unobservable inputs. The analysis above reflects only the effects of changes in a single input, and it does not take into account the interrelationships and variability among the inputs.

(r) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note presents the Company's exposure to the aforementioned risks, as well as the Company's objectives, policies, and procedures for measuring and managing those risks. For further quantitative disclosures, please refer to the respective notes in the financial statements.

(Continued)

(ii) Structure of risk management

The Company’s Audit Committee oversees how management monitors compliance with the Company’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company’s Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures and exception management and report the results of their reviews to the Board of Directors.

(iii) Credit risk

Credit risk represents the potential financial loss to the Company if a customer or counterparty involved in any transaction fails to perform its contractual obligations. The Company’s exposure to accounts risk primarily arises from trade receivables and bank deposits.

1) Accounts receivables and other receivables

To mitigate the credit risk associated with accounts receivables, the Company’s management has assigned a dedicated team to establish customer credit management policies, and to be responsible for determining and approving credit lines, as well as other monitoring procedures. In addition, the Company continually evaluates the financial condition of its counterparties and, when appropriate, uses certain credit enhancement tools (such as advance payments and insurance) to reduce the risk of financial loss arising from late payment.

2) Investments

The credit risk of bank deposits and other financial instruments is measured and monitored by the Company’s finance department. Since the counterparties and contracting parties of the Company are banks and financial institutions, as well as corporate entities with good credit ratings, there is no significant concern regarding their ability to fulfill contractual obligations; hence, the Company considers the credit risk arising from these counterparties to be insignificant.

3) Guarantees

As of December 31, 2025 and 2024, the Company did not provide any endorsements or guarantees.

(iv) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Company’s reputation.

(Continued)

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The Company’ s finance department continuously monitors the Company’ s cash flow requirements and uses various information to forecast and monitor its short-term and long-term cash flow position in order to ensure that sufficient liquidity is maintained to settle its liabilities as they fall due. As of December 31, 2025 and 2024, the Company had unused credit facilities with financial institutions which amounted to $474,800 thousand and $777,054 thousand, respectively, which were sufficient to fulfill all contractual obligations. Accordingly, the Company does not expect to encounter significant liquidity risk in raising funds to fulfill its contractual obligations.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, may affect the Company’ s earnings or the value of its financial instruments. The objective of market risk management is to control market risk exposures within an acceptable range, while optimizing the returns.

(s) Capital management

The Company’s objectives for managing capital are to safeguard its ability to continue as a going concern, to continue to provide returns to shareholders, to maintain the interests of other stakeholders, and to maintain an optimal capital structure to minimize the cost of capital.

To maintain or adjust its capital structure, the Company may adjust dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to repay liabilities.

Similar to other companies in the industry, the Company manages capital based on a debt-to-capital ratio. This ratio is calculated by dividing net debt by total capital. Net debt is defined as total liabilities as presented in the balance sheet, less cash and cash equivalents. Total capital comprises all components of equity (i.e., share capital, capital surplus, retained earnings, and other equity items) plus net debt.

The Company’s capital management strategy for the year ended December 31, 2025 was consistent with that of the year ended December 31, 2024, with the objective of maintaining a debt-to-capital ratio of approximately 40%, ensuring financing at a reasonable cost. The Company’s debt-to-capital ratio as of the reporting date is as follows:

	December 31, 2025	**December 31, 2024**
Total liabilities	$ 8,915,570	8,845,780
Less:cash and cash equivalents	(65,051)	(54,761)
Net debt	8,850,519	8,791,019
Total equity	12,419,299	12,534,218
Adjusted capital	**$ 21,269,818**	**21,325,237**
Debt-to-equity ratio	**42%**	**41%**

(t) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the year ended December 31, 2025 was as follows:

	For the years ended December 31 2025
Disposal of investment property	$ 18,380
Less:Beginning advance received	(12,600)
Cash received during the year	**$ 5,780**

(7) Related-party transactions

(a) Parent company and ultimate controlling party

Shan Young Assets Management Co., Ltd. is the parent company and the largest shareholder of the Company. Sanyang Motor Co., Ltd. is the ultimate controlling party of the Company and has issued the Consolidated Financial Statements available for public use. For details of the related transactions, please refer to Note 7(b), note 1.

(b) Related parties names and relationship

Related parties that has transactions with the Company during the periods covered in the financial statements were as follows:

Name of related party	Relationship with the Company
Sanyang Motor Co.,Ltd. (Note 1)	Ultimate controlling party (had significant influence over the Company prior to June 18, 2025)
Shan Young Asset Management Co.,Ltd. (Note 1)	The parent company (had significant influence over the Company prior to June 18, 2025)
Nanyang Industries Co., Ltd. (Note 1)	Same ultimate controlling party
NOVA Design Co., Ltd. (Note 1)	Same ultimate controlling party
SUNSHINE AUTO-LEASE Co., Ltd. (Note 1)	Same ultimate controlling party
Shian Yang Industries Co., Ltd. (Note 1)	Same ultimate controlling party
Zoeng Chang Industry Co., Ltd.	Other related party
King Zone Corporation	Other related party
He Xu International Co., Ltd.	Other related party
Vitalon Foods Company	Other related party
CTE TECH CORP.	Other related party
Chiao Song Health Co., Ltd.	An associate of the Company

Note 1: Sanyang Group is the Company' s largest shareholder and obtained control over the Company on June 18, 2025. Accordingly, the Company has been included in the Sanyang Group from that date.

(Continued)

TAIWAN TEA CORPORATION
Notes to the Financial Statements

(c) Significant transactions with related parties

(i) Sales

The significant sales to related parties were as follows:

		Sales	
		For the years ended December 31	
		2025	2024
Ultimate controlling party	$	4,095	2,655
Other related parties		19,695	23,027
	$	23,790	25,682

The sales terms offered by the Company to related parties do not differ significantly from those for general customers. The credit terms granted are all between 30 to 60 days.

(ii) Purchases

Purchases from related parties were as follows:

		Purchases	
		For the years ended December 31	
		2025	2024
Other related parties	$	100	1,137

The purchase prices paid by the Company to the related parties do not differ significantly from those paid to general suppliers. The payment terms range from 18 to 30 days and do not differ significantly from those offered by general suppliers.

(iii) Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship		December 31, 2025	December 31, 2024
Accounts receivables	Ultimate controlling party	$	13	379
Accounts receivables	Other related parties		2,077	2,209
		$	2,090	2,588

(iv) Payables to related parties

The payables to related parties were as follows:

Account	Relationship		December 31, 2025	December 31, 2024
Accounts payable	Other related parties	$	42	105

TAIWAN TEA CORPORATION
Notes to the Financial Statements

(v) Leases

1) Leases to related parties

	For the years ended December 31	
	2025	**2024**
Rental income		
Other related parties	**$ 1,446**	**-**

	December 31, 2025	**December 31, 2024**
Guarantee deposits received		
Other related parties	**$ 2,100**	**-**

The Company entered into leasing contracts, considering the market conditions of neighboring areas, and collects rentals in accordance with the terms in the contracts.

2) Leases from related parties

	For the years ended December 31	
	2025	**2024**
Interest expense		
Ultimate controlling party	$ 24	41
Parent company	8	14
Other related parties	94	38
	$ 126	**93**

	December 31, 2025	**December 31, 2024**
Lease liabilities		
Parent company- Shan Young Assets Management Co., Ltd.	$ 257	559
Ultimate controlling party- Sanyang Motor Co., Ltd.	811	1,679
Other related parties- SUNSHINE AUTO-LEASE Co., Ltd.	3,404	2,497
	$ 4,472	**4,735**

TAIWAN TEA CORPORATION
Notes to the Financial Statements

	For the years ended December 31	
	2025	2024
Rent expense		
Ultimate controlling party	$ 3	-
Other related parties	-	330
	$ 3	330

The Company entered into leasing contracts, considering the market conditions of neighboring areas, and paid rentals in accordance with the terms in the contracts

(vi) Others

1) Guarantee deposits paid (recorded under other non-current assets, others)

	December 31, 2025	December 31, 2024
Ultimate controlling party	$ 156	156
Parent company	54	54
	$ 210	210

2) Operating expense

	For the years ended December 31	
	2025	2024
Ultimate controlling party	$ 566	509
Other related parties	40	-
Total	$ 606	509

3) Other interest income

	For the years ended December 31	
	2025	2024
Ultimate controlling party	$ 3	3

4) Property transactions

On December 10, 2024, the Company entered into a real estate sales agreement with Chiao Song Health Co., Ltd. for the proposed sale of land located in the Jiuhu and Zhuwei sections of Miaoli, with a contract price of $210,000 thousand. According to the agreement, the transfer of the real estate will proceed after Chiao Song Health Co., Ltd. obtains the development permit for the healthcare industry park issued by the county government.

TAIWAN TEA CORPORATION
Notes to the Financial Statements

(d) Key management personnel compensation

	For the years ended December 31	
	2025	2024
Short-term employee benefits	$ 14,906	15,234
Post-employment benefits	160	106
	$ 15,066	15,340

(8) Pledged assets:

The carrying amounts of assets pledged as collateral by the Company are as follows:

Pledged assets	Object	December 31, 2025	December 31, 2024
Inventory	Financial institution borrowings	$ 823,795	768,669
Property, plant and equipment	Financial institution borrowings	4,816,182	4,778,168
Investment property	Financial institution borrowings	4,743,250	4,764,197
Total		$ 10,383,227	10,311,034

(9) Commitments and contingencies:

(a) Significant unrecognized contractual commitments

(i) A portion of the Company's land is leased out, used for cooperative afforestation. When such contracts are terminated due to the land being taken back for self-use or being sold, the relevant matters shall be handled in accordance with the contract terms. In certain cases, compensation may arise for damages to the crops, or compensation may be required pursuant to the 37.5% Arable Rent Reduction Act. When such compensation arises, the Company recognizes the related amount in accordance with the specific circumstances of each case.

(ii) The amounts of guarantee notes received under land sales or construction contracts are as follows:

	December 31, 2025	December 31, 2024
Guarantee notes received	$ 23,856	5,727

(iii) The amounts of guarantee notes issued by the Company for financing and construction are as follows:

	December 31, 2025	December 31, 2024
Guarantee notes paid	$ 62,792	62,792

(Continued)

TAIWAN TEA CORPORATION
Notes to the Financial Statements

(iv) The unpaid amounts under construction-in-progress and investment property contracts that have been signed but not yet completed are as follows:

	December 31, 2025	December 31, 2024
Contracted amount	$ 204,012	37,956
Unpaid balance	$ 39,966	17,484

(v) The contract prices under the investment property sales agreements are as follows:

	December 31, 2025	December 31, 2024
Contracted amount	$ 13,786	43,582
Amounts collected in accordance with contracts	$ 8,421	26,775

(vi) The unused balances of letters of credit issued (denominated in thousands of foreign currencies) are as follows:

	December 31, 2025	December 31, 2024
USD	USD 139	-
EUR	EUR -	22

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By funtion / By item	For the year ended December 31					
	2025			2024		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	$ 46,568	77,165	123,733	46,213	81,609	127,822
Labor and health insurance	5,521	8,534	14,055	5,523	8,921	14,444
Pension	2,577	3,833	6,410	2,608	4,127	6,735
Remuneration of directors	-	11,600	11,600	-	13,173	13,173
Others	7,933	11,167	19,100	10,247	14,400	24,647
Depreciation	82,439	16,248	98,687	73,619	25,315	98,934
Amortization	383	1,250	1,633	385	1,432	1,817

(Continued)

TAIWAN TEA CORPORATION
Notes to the Financial Statements

For the years ended December 31, 2025 and 2024, the information on the number of employees and employee benefit expenses of the Company is as follows:

	For the years ended December 31	
	2025	2024
Number of employees	205	217
Number of directors (non-employee)	9	11
Average employee benefit expense	$ 833	843
Average employee salary expense	$ 631	620
Percentage of adjustment to average employee salary expense	1.8 %	(7.9)%
Remuneration for supervisors	$ -	-

The information on the Company's compensation policies is as follows:

The remuneration policy for the Company's directors and managerial officer complies with the "Regulations Governing the Appointment and Exercise of Powers of Remuneration Committees of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the counter." The policy is reviewed by the Remuneration Committee and submitted to the Board of Directors for resolution.

The remuneration policy for executive officers is mainly determined based on their academic and professional experience, performance, contributions to the Company, future potential, and the Company's operating performance. The remuneration policies for employees and directors are implemented in the years when the company had a surplus in accordance with the Company's Articles of Incorporation. Employee compensation is determined mainly with reference to their academic and professional background, technical skills, and the value of the position held, while also considering industry salary levels. Salaries are administered in accordance with the Company's "Employee Title, Grade, and Salary Determination Guidelines." Employee compensation includes base salary, various allowances, position-based pay, overtime pay, and various bonuses. Bonus distribution is based on the Company's annual operating performance, as well as the contributions of individual employees and departments.

TAIWAN TEA CORPORATION
Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required for the company under the "Regulations Governing the Preparation of Financial Reports by Securities Issuers":

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held at the reporting date (excluding subsidiaries, associates and joint ventures): None

(iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(v) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2025 (excluding investees in Mainland China):

(In Thousands of NTD/shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value			
The Company	Chiao Song Health Co., Ltd.	Taiwan	Elderly Residence	4,000	4,000	400,000	40.00 %	3,850	(360)	(144)	Note 1
The Company	Chanshuo Co., Ltd.	Taiwan	Other Entirement and recreational industry	1,000	-	100,000	4.35 %	1,038	810	16	Note 1

Note1：An associate of the company。

Note2：On June 18, 2025, Chanshuo Co.,Ltd. is reclassified from financial assets measured at fair value through other comprehensive income to investments accounted for under the equity method, because it was included in the Sanyang Group in June 2025. Please refer to Note 7(b) for details.

(c) Information on investment in mainland China: None

TAIWAN TEA CORPORATION
Notes to the Financial Statements

(14) Segment information:

(a) General information

For management purposes, the Company is organized into business units based on its products and services. The two reportable segments are as follows:

(i) Retail and trading segment: Manufacture and sale of tea and other agricultural products, trading of imported goods (including food, alcoholic beverages, and other products), and operation of recreational tourism.

(ii) Asset segment: Management of land assets, including land inspections, land and building leases, and contract renewals. In cases where individuals wish to purchase land (such as tenant farmers), the segment handles the related land sale procedures.

Other operating activities and information related to operating segments that are not separately reported are disclosed under “Other segments.”

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. The accounting policies applied by reportable segments are consistent with the company’s summary of material accounting polices.

Transfer prices between operating segments are similar to transactions with third parties.

The accounting policies applied by reportable applied by reportable segments is consistent with the company summary of material accounting polices.

(b) Informantion on reportable segments

2025	**Retail and trading**	**Asset**	**Other**	**Reconciliation and elimination**	**Total**
Revenue:					
Revenue from external customers	$ 328,583	144,069	-	-	472,652
Interest income	3	12	405	-	420
Total revenue	**$ 328,586**	**144,081**	**405**	**-**	**473,072**
Interest expense	$ 39	421	128,248	-	128,708
Depreciation and amortization	69,552	27,639	3,129	-	100,320
Reportable segment profit or loss	**$ (11,676)**	**89,968**	**(196,122)**	**-**	**(117,830)**

TAIWAN TEA CORPORATION
Notes to the Financial Statements

2025	Retail and trading	Asset	Other	Reconciliation and elimination	Total
Assets:					
Investments accounted for using equity method	$ -	-	4,888	-	4,888
Capital expenditure	3,738	1,205	6,690	-	11,633
Reportable segment assets	**$ 6,158,814**	**15,023,157**	**152,898**	**-**	**21,334,869**
Reportable segment liabilities	**$ 44,351**	**3,639,118**	**5,232,101**	**-**	**8,915,570**

2024	Retail and trading	Asset	Other	Reconciliation and elimination	Total
Revenue:					
Revenue from external customers	$ 349,576	83,532	-	-	433,108
Interest income	1	10	376	-	387
Total revenue	**$ 349,577**	**83,542**	**376**	**-**	**433,495**
Interest expense	$ 42	366	127,228	-	127,636
Depreciation and amortization	69,924	27,713	3,114	-	100,751
Other material non-cash items					
Impairment of assets	-	10,303	4,760	-	15,063
Reportable segment profit or loss	**$ 8,536**	**16,397**	**(200,093)**	**-**	**(175,160)**
Assets:					
Investments accounted for using equity method	$ -	-	3,994	-	3,994
Capital expenditure	3,436	35,298	10,856	-	49,590
Reportable segment assets	**$ 6,237,008**	**14,999,654**	**143,336**	**-**	**21,379,998**
Reportable segment liabilities	**$ 47,084**	**7,432,848**	**1,365,848**	**-**	**8,845,780**

TAIWAN TEA CORPORATION
Notes to the Financial Statements

(c) Geographical information

The Company classifies its revenue based on the geographical location of its customers. For both 2025 and 2024, all revenue from external customers was generated in Taiwan.

(d) Major Customers

The revenues contributed by major customers that accounted for more than 10% of the Company's total revenues in 2025 and 2024, were as follows:

	For the years ended December 31	
	2025	**2024**
Customer A from asset segment	$ 97,334	46,349

TAIWAN TEA CORPORATION

Statement of inventories

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net Realizable Value	Note
Merchandise	$ 18,548	16,286	
Finished goods	38,318	33,389	
Work in progress	40,046	39,254	
Raw materials	143,956	143,955	
Consumables	14,983	14,916	
Land	823,795	2,326,836	
Inventories in transit	4,994	4,994	
Total	1,084,640	**2,579,630**	
Less:Allowance for inventory market price decline and obsolescence	(12,025)		
Net	**$ 1,072,615**		

TAIWAN TEA CORPORATION

Statement of changes in property, plant and equipment

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(d) for the related information.

Statement of changes in investment property

Please refer to Note 6(e) for the related information.

TAIWAN TEA CORPORATION

Statement of long-term borrowings

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Lender	Loan Type	Financing Period	Interest rates	Ending Balance	Collateral
Chang Hwa Bank	Credit line of secured loans: 300,000	112.02.22-117.02.22	Note	$ 225,000	Land located in Tongluo Township, Miaoli County
Mega Bills	Credit line of secured loans: 1,167,800	114.02.08-116.02.07	"	1,137,000	Land located in Tongluo Township, Miaoli County and land and buildings located in Sanyi Township
Hua Nan Bank	Credit line of secured loans: 25,800	108.05.22-118.05.22	"	8,815	Land, buildings, and parking spaces located in Neihu District, Taipei City
	Credit line of secured loans: 90,000	114.04.01-116.04.01	"	90,000	Land, buildings, and parking spaces located in Neihu District, Taipei City and land and buildings located in Sanxia District, New Taipei City
	Credit line of secured loans: 75,000	109.09.28-116.09.28	"	18,720	Land and buildings located in Yuchi Township, Nantou County
	Credit line of secured loans: 25,000	109.09.28-116.09.28	"	6,100	Land and buildings located in Yuchi Township, Nantou County
Taiwan Business Bank	Credit line of secured loans: 770,000	114.06.26-116.06.26	"	650,000	Land located in Sanyi Township, Miaoli County
Mega Bank	Credit line of secured loans: 500,000	114.06.05-116.06.04	"	490,000	Land and buildings located in Zhongzheng District, Taipei City
	Credit line of secured loans: 660,000	110.07.01-117.07.01	"	317,000	"
	Credit line of secured loans: 240,000	110.07.01-117.07.01	"	90,000	"
Land Bank of Taiwan-syndicated loans	Credit line of secured loans, part A: 2,300,000	110.10.28-117.10.28	"	1,909,000	Land and buildings located in Neipu Township, Pingtung County
	Credit line of secured loans, part B: 100,000	110.10.28-117.10.28	"	58,100	"
	Credit line of secured loans, part C: 200,000	110.10.28-117.10.28	"	-	"
Subtotal				4,999,735	
Less: Current portion				(259,100)	
Total				$ **4,740,635**	

Note：The interest rate is around 2.06%～2.890%。

TAIWAN TEA CORPORATION

Statement of deferred tax liabilities

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(k) for the related information.

TAIWAN TEA CORPORATION

Statement of operating revenue

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Amount	Note
Merchandise sales	$ 321,778	
Less: Sales discounts and returns	(457)	
Net sales	321,321	
Rental income	46,730	
Other revenue	104,601	
Net operating revenues	**$ 472,652**	

TAIWAN TEA CORPORATION

Statement of operating costs

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Beginning inventory	$ 165,229
Add: Purchases	48,178
Self-harvested agricultural products	77,059
Less: Others	(10,016)
Ending inventory	(143,956)
Raw material used	136,494
Consumables	
Beginning inventory	14,356
Add: Purchase	23,146
Less: Ending inventory	(14,983)
Reclassification to expense and others	(5,372)
Consumables used	17,147
Direct labor	9,720
Manufacturing overhead	86,114
Manufacturing cost	249,475
Add: Beginning work in progress	29,453
Purchases	263
Less: Ending work in progress	(40,046)
Reclassification to expense and others	(12,554)
Cost of finished goods	226,591
Add: Beginning finished goods and merchandise inventory	57,448
Finished goods and merchandise purchased	36,336
Less: Ending finished goods and merchandise inventory	(61,860)
Reclassfication to expense and others	(18,857)
Production cost	239,658
Loss on physical inventories	35
Inventory scrappage loss	853
Loss on inrentory market price decline and obsolescence	1,292
Cost of goods sold	241,838
Rental cost	31,878
Food, Beverage and Service cost	13,879
Unamortized manufacturing overhead	2,628
Operating costs	**$ 290,223**

TAIWAN TEA CORPORATION

Statement of selling expenses

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Salaries and wages expense	$ 32,870
Freight expense	5,476
Depreciation expense	5,412
Insurance Expense	4,677
Others (each item is less than 5% of the account balance)	21,242
Total	**$ 69,677**

Statement of administrative expenses

Item	Amount
Salaries and wages expense	$ 54,228
Tax expense	17,623
Depreciation expense	10,408
Professional service expense	7,516
Others (each item is less than 5% of the account balance)	39,791
Total	**$ 129,566**

TAIWAN TEA CORPORATION

Statement of finance costs

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(p) for the related information.