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Champion Building Materials Co. Ltd.

2022 Annual General Shareholders' Meeting

Agenda Handbook

http://group.champion.com.tw/

June 22, 2022

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Champion Building Materials Co. Ltd.

2022 Annual General Shareholders' Meeting

Meeting Procedure

1. Announcing Meeting in Session
2. Chairman's Address
3. Reported Matters
4. Acknowledged Matters
5. Matters for Discussion
6. Extraordinary Motions
7. Adjournment

Champion Building Materials Co. Ltd.
2022 Annual General Shareholders' Meeting Agenda

1. Time: June 22th, 2021 (Wednesday) at 09:00AM
2. Shareholders meeting will be held by means of :physical shareholders meeting
3. Location: No. 200-7, Zhuhaocuo, Neighborhood 13, Dapu Vil., Zhunan Township, Miaoli County
4. Chairman's Address
5. Reported Matters

   (1) 2021 Business Report.

   (2) Audit Committee Review on 2021 Business Report and Financial Statements.

   (3) Conduct of Matters for Endorsements and Guarantees.

   (4) Conduct of Loaning of Funds to Others.

   (5) Report on 2021 Employees' Compensations and Directors' Remunerations.
6. Acknowledged Matters

   (1) To Ratify the Company's 2021 Business Report and Financial Statements.

   (2) To Ratify the Company's Earnings Distribution in 2021.
7. Matters for Discussion

   (1) Discussion on Capital Reduction.

   (2) Amendments to the Company's "Procedures for Acquisition or Disposal of Assets".
8. Extraordinary Motions
9. Adjournment

I. Reported Matters

Case 1 (Proposed by the Board of Directors)

Proposal: 2021 Business Report of 2021 of the Company. For your approval.

Explanation: Please refer to Page 6 herein Attachment 1 for the 2021 Business Report of 2021 of the Company.

Proposal 2 (Proposed by the Board of Directors)

Proposal: Audit Committee Review on 202 Business Report and Financial Statements. For your approval.

Explanation: Please refer to Page 8 herein Attachment 2 for the Audit Committee Audit Report.

Proposal 3 (Proposed by the Board of Directors)

Proposal: Conduct of Matters for Endorsements and Guarantees. For your approval.

Explanation: Conducted following Article 5 of the Company's Operational Procedure for Endorsement and Guarantee. Please refer to Page 9 herein Attachment 3.

Case 4(Proposed by the Board of Directors)

Proposal: Conduct of Loaning of Funds to Others. For your approval.

Explanation: Conducted following the Company's "Operational Procedure for Loaning of Funds to Others". Please refer to Page 10 herein Attachment 4.

Case 5 (Proposed by the Board of Directors)

Proposal: Report on 2021 Employees' Compensations and Directors' Remunerations.

Explanation: 1. The profit before tax and before the deduction of remunerations of employees and Directors in 2021 was NT$1,135,401,313, and the Company has no cumulated loss. According to Article 19 of the Articles of Association, the Company intends to appropriate 3% and 1% of the profit before tax and before the deduction of remunerations of employees and Directors in 2021 as the remuneration of employees and the remuneration of Directors, respectively, which amounted to NT$34,062,039 and NT$11,354,013; the sum of remunerations of employees and Directors are NT$45,416,052, to be fully distributed in cash. The remuneration of employees and the remuneration of Directors have no difference with the initially provided amounts.

2. This case has been reviewed and adopted by passage in the 3th meeting of the 5st Compensation Committee and has been submitted for the 2nd meeting of the Board of Directors in 2022.

II. Acknowledged Matters

Case 1 (Proposed by the Board of Directors)

Proposal: To ratify the Company's 2021 Business Report and Financial Statements.

Explanation: 1.The Company's 2021 Business Report, Parent-Company Only Financial Statements and Consolidated Financial Statements have been reviewed and adopted by passage by the Audit Committee and passed by the Board of Directors by resolution.

2. Please refer to Please refer to Page 11 herein Attachment 5.

Resolution:

Proposal 2 (Proposed by the Board of Directors)

Proposal: To ratify the Company's 2021 Table for Earnings Distribution.

Explanation: 1.The Company's 2021 Table for Earnings Distribution is as follows:

Champion Building Materials Co. Ltd.

Table for Earnings Distribution

for the Year 2021

Amount: NTD

Beginning Undistributed Unappropriated Retained Earnings	**14,146,142**
Add: Net Profit after Tax for the Year	991,496,590
Gains (losses) on remeasurements of defined benefit plan	(2,021,295)
Distributable Earnings	(98,947,530)
Less: 10% Legal Reserve	**904,673,907**
Distribution Items:	
Shareholders' Bonus-Cash Dividend	(433,782,078)
Shareholders' Bonus-Share Dividend	0
Unappropriated Retained Earnings	**470,891,829**

Chairman: LIN, JUNG-TE Manager: LIN, JUNG-TE

Accounting Manager: LIAO, HUI-YI

2. This case has been reviewed and adopted by passage in the 3th meeting of the 2st Audit Committee and has been submitted for the 2nd meeting of the Board of Directors in 2022.
3. After the proposal for the shareholders' cash dividend distribution is passed at the annual shareholders' meeting, the Chairman shall be authorized to set the ex-dividend date for the distribution.
4. Subsequently, when the payout ratio alters as the number of outstanding shares is affected due to the repurchase of the Company's shares or other factors, the Company intends to propose to the shareholders' meeting to authorize the Chairman to manage relevant alteration matters.
5. The calculation for the cash dividend distribution is rounded to NT$1, and the sum of fractional amounts less than NT$1 is transferred to other income of the Company.

Resolution:

III. Matters for Discussion

Case 1(Proposed by the Board of Directors)

Proposal: Discussion on Capital Reduction. For your discussion.

Explanation:

1. To adjust our capital structure and improve the ROE, the Company intends to perform the capital reduction in cash and refund the shares to shareholders.
2. The Company intends to carry out a capital reduction in cash in the amount of NT$433,782,080 and cancel 43,378,208 shares, with a capital reduction ratio of 10%; after capital reduction, the capital shall be NT$3,904,038,700.
3. Calculated based on the total issued shares in the preceding paragraph, 900 new shares will be issued in exchange for 1,000 existing shares, and a refund of NT$1 will be made (i.e., a shareholder with 1,000 shares will have a reduction of 100 shares, and receive a refund of NT$1,000 in cash). The calculation will be based on the shareholding stated on the members' register on the base day for the capital reduction, and the capital reduced will be returned to shareholders based on their shareholding in cash; the amount returned will be rounded to NT$1.
4. The new shares to be issued for the capital reduction in cash will be dematerialized shares, which shall possess equal rights and obligations with the existing shares; for fractional shares after the capital reduction, shareholders may register for the consolidation; fractional shares after consolidation will be converted into cash (rounded to NT$1) payment to shareholders based on the par value of the share certificate; the Company intends to propose to the shareholders' meeting to authorize the Chairman for inquiring particular persons to subscribe such shares based on the par value.
5. After the proposal is passed by the shareholders' meeting and becomes effective after being submitted to the competent authority for declaration, the Company intends to propose to the shareholders' meeting to authorize the Chairman to set the base day for the capital reduction, the base day for the share conversion, as well as determine other unaddressed matters for the Chairman to be fully authorized and manage such matters based on the latest laws and regulations.
6. When the capital reduction ratio and the refundable amount per share require to be adjusted as the number of outstanding shares is affected due to the change in the Company's capital before the base day for the capital reduction, or when the proposal for the capital reduction required to be amended due to the amendments to laws and regulations, the orders of the competent authority, or the other changes in the objective environment, the Company intends to propose to the shareholders' meeting to authorize the Chairman for full discretion.
7. The letter from the Securities and Futures Investors Protection Center (Letter Zheng-Bao-Fa-Zi No. 1110001189) required the Company to convene a shareholders' meeting to report, explain, or make a resolution on June 22, 2022, regarding matters related to the capital reduction in cash. Please refer to Please refer to Page 28 herein Attachment 6.

Resolution:

Proposal 2(Proposed by the Board of Directors)

Proposal: Amendments to the Company's "Procedures for Acquisition or Disposal of Assets". For your discussion.

Explanation:

1. The Company amended Articles 3, 4, 5, and 7 of its "Procedures for Acquisition or Disposal of Assets" based on the Order Jin-Guan-Zheng-Fa-Zi No. 1110380465 issued by the Financial Supervisory Commission on January 28, 2022.
2. This case has been reviewed and adopted by passage in the 3th meeting of the 2st Audit Committee and has been submitted for the 2th meeting of the Board of Directors in 2021. Please refer to Please refer to Page 29 herein Attachment 7.

Resolution:

IV. Extraordinary Motions

Attachment 1

2021 Business Report

(1) Implementation Results of 2021 Business Plans

Looking back to 2021, due to the changes in the requirements of the domestic real estate market in Taiwan, the supply of house-building projects mainly focuses on small-sized and low-consideration construction projects. Due to the feverish domestic real estate transactions and the market demand for a great number of building projects, the shipping volume for the sales of tile products increased as compared to 2020; however, due to the competition with imported low-priced products in the market, the average selling price for products was relatively low, resulting in the lower revenue in 2021. Resulting from the effects of COVID-19 worldwide at the beginning of 2020 and the reduction of production activities in countries in 2021, the prices of natural gas required for the production of ceramic tiles decreased, bringing beneficial contributions to our production costs, allowing our gross profit to increase in 2021 as compared to 2020. In addition, gains from the investee accounted for by using the equity method was resulted from the relocation of Sinyih Ceramic (China) Co., Ltd. in response to the arrangements made by Kunshan High-Tech Industrial Development Zone and the execution of the demolition compensation agreement for the sales of land-use-right, houses and buildings, houses and buildings, above-ground structures, decorations and accessories with Kunshan High-Tech Zone House Co., Ltd., with a total transaction consideration was RMB452,268 thousand; in 2021, the Company has recognized gains or losses from the disposals of RMB321,694 thousand (equivalent to approximately NT$1,393,031 thousand) regarding relevant relocation operations completed, and the net profit after tax was NT$991,496 thousand in total in 2021.

In 2021, the Operating Revenue is NTD 2,912,598 Thousand, Cost of Goods Sold is 2,003,829 Thousand, Gross Profit Margin is 908,769 Thousand, the Gross Margin is 31.20%，the Net Profit After Tax is 991,496 Thousand, and the Profit Margin is 34.04%. The comparison table for the figures with those in 2020 is as follows:

Unit: NTD Thousands

Items	2020	2020	Amount Gained (Lost)	Gain (Loss)%
Operating Revenue	2,912,598	2,711,953	200,645	7.40
Cost of Goods Sold	2,003,829	1,842,252	161,577	8.77
Gross Profit Margin	908,769	869,701	39,068	4.49
Net Profit After Tax	991,496	(402,867)	1,394,363	346.11

(2) Budget Execution: the Company is exempted from preparation of 2021 financial forecast in accordance with "Regulations Governing the Publication of Financial Forecasts of Public Companies".

(3) Financial Income/Expense and Profitability Analysis:

The Company and its Subsidiaries' Consolidated Financial Income/Expense and Profitability Analyses for the most recent two years are compiled as follows:

Items			2021	2020
Financial Income/Expense (Thousand)	Net Cash In Flow from Operating Activities		428,474	474,818
	Net Cash In (Out) Flow from Investment Activities		125,601	(323,744)
	Net Cash In (Out) Flow from Fundraising Activities		(118,185)	230,089
Profitability (%)	Return on Assets (%)		12.37	(4.88)
	Return on Equity (%)		16.50	(7.04)
	Proportion to Paid-In Capital (%)	Operating Income	9.61	10.07
		Pre-Tax Profit	25.13	(7.20)
	Net Margin (%)		34.04	(14.86)
	Earnings per Share (NTD)		2.29	(0.93)

(4) R&D Status

The Company focuses on the product R&D of two tile brands (Champion and Marcobelli) and continues to attach attention to the reduction of production costs, energy-saving and carbon dioxide reduction, and improvement in product competitiveness; meanwhile, we also actively invest in the new product R&D of the two brands (Champion and Marcobelli) in terms of product materials, design, and sizes: digital slate tiles in the sizes of 30×60 ㎝, 60×60 ㎝, 45×90 ㎝, 90×90 ㎝, and 60×120 ㎝, digital wood bricks in the sizes of 15×75 ㎝ and 15×90 ㎝, new thick brick products in the sizes of 60×120×2 ㎝ and marble series products with digital printing and high-end stone materials substitutes in the sizes of 60×60×2 ㎝, 30×60 ㎝, and 60×60 ㎝. Furthermore, we continued introducing new equipment (i.e., digital printers and powder truck) and various tile products to improve the product competitiveness of the Company; meanwhile, we improved our product R&D and manufacturing capacity to develop large-scale slabs, sintered stone slabs, and other diverse products for our business expansion.

Chairman: LIN, JUNG-TE Manager: LIN, JUNG-TE

Accounting Manager: LIAO, HUI-YI

Attachment 2

Audit Committee Review Report

The Board of Directors has compiled and submitted the Company's 2021 Financial Statements audited and attested by CPAs Chung-Che Chen and Shin-Chin Chih of KPMG Taiwan, with audit report issued; the aforesaid Business Report, Financial Statements and Covering of Losses have been reviewed and determined to be correct and accurate by the Audit Committee. In accordance with Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

To

Shareholders' Meeting of Champion Building Materials Co. Ltd.

Audit Committee
Convener: Wu Yung Ku 巫永固

March 28, 2022

Attachment 3

Champion Building Materials Co. Ltd.

Conduct of Matters for Endorsements and Guarantees in 2021:

Unit: NTD Thousands

Endorsee/Guaranteed Party		Limit of Endorsement/Guarantee to a Single Business	Balance of Maximal Endorsement/ Guarantee in Current Period	Ending Endorsement and Guarantee Balance	Actual Amount Used	Amount of Endorsement/Guarantee made in Properties	Proportion of Accumulated Endorsement/Guarantee Amount to the Net Value in Most Recent Financial Statement	Maximal Limit of Endorsement/ Guarantee
Company Name	Relations (Note 2)							
SWANVIEW INTERNATIONAL, LTD.	1	1,949,465	166,080	83,040	0	0	1.28%	3,249,108
GUAN ZHONG TRADING CO., LTD.	1	1,949,465	81,520	61,520	20,260	0	0.95%	3,249,108
Champion Highwealth Co., Ltd	1	1,949,465	10,000	10,000	0	0	0.15%	3,249,108
SINYIH CERAMIC (PENGLAI) CO., LTD.	1	1,949,465	221,440	0	0	0	0%	3,249,108
Guangliyu CO., LTD.	3	1,949,465	40,000	40,000	32,580	0	0.62%	3,249,108

Note 1: The maximum of endorsement/guarantee of the Company is 50% of the net worth; the endorsement or guarantee to a single business by the Company is 30% of the net worth.

Note 2: The relation between Endorser/Guarantor and the Endorsee/Guaranteed Party are as follows:

1. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
2. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
3. A company with which it does business.

Attachment 4

Champion Building Materials Co. Ltd.

Conduct of Loaning of Funds to Others in 2021 is as follows:

Unit: NTD Thousands

Counterparty of Loan	Account of Transaction	Related Parties (Y/N)	Maximal Amount in this Period	Ending Balance	Actual Amount Used	Interest Rate Interval	Property of Loan	Amount of Transaction	Reason for Necessity of a Short-Term Financing Facility	Amount of Allowance for Bad Debts	Collateral		Limit in Amount of Loans to a Single Borrower	Limit on Aggregate Amount on Loan of Funds
											Name	Value		
SINYIH CERAMIC (CHINA) CO., LTD.	Other Receivables	Yes	999,120	651,600	434,400	4.8%	Where a short-term financing facility is necessary	0	Business Turnover	0	-	-	1,299,643	2,599,286
Champion Highwealth Co., Ltd	Other Receivables	Yes	10,000	10,000	0	2~2.5%	Where a short-term financing facility is necessary	0	Business Turnover	0	-	-	1,299,643	2,599,286

Note: The aggregate amount of the Company's loan of funds shall not be more than 40% of the net value; the loan of funds to an individual counterparty shall not be more than 20%of the net value.

Attachment 5

Independent Auditors' Report

The Board of Directors
Champion Building Materials Co., Ltd.

Opinion

We have audited the balance sheets of Champion Building Materials Co., Ltd. (the "Company") as of December 31 2021 and 2020, the statements of comprehensive income, statements of changes in equity, statements of cash flows for the years then ended, and the notes to individual financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits, the accompanying individual financial statements present fairly, in all material respects, the financial position of the Company as of December 31 2021 and 2020, and its financial performance and its cash flows for the years ended December 31 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the ROC. 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 ROC, and we have fulfilled our other ethical 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 individual financial statements of the Company for the year ended 31 December 2021. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. According to our judgment, key audit matters to be communicated in the audit report are as follows:

I. Income Recognition

For details of accounting policies related to income recognition, please refer to Note 4(15) Income recognition in the notes to individual financial statements. For details of description for income recognition, please refer to Note 6(16) Income from contract with customers in the notes to individual financial statements.

Description for the Key Audit Matter:

Champion Building Materials Co., Ltd. primarily engages in the manufacturing and trading of ceramics, ceramic products, stone products, and fire-resistant materials. Income is the primary source of cash inflows for its corporate operations, and is also a matter concerned by the user of the financial statements. Therefore, income recognition is a matter that requires great attention for our audits on the financial statements.

Corresponding audit procedures:

The primary audit procedures we performed for the abovementioned key audit matter include:

- We evaluated the appropriateness of accounting policies for income recognition;
- We performed circular internal control testing for sales income and checked the accuracy regarding the time spot of income recognition;
- We performed a variance analysis for top 10 customers of sales to evaluate whether any significant anomaly exists, and sent out inquiries to counterparties for evidence;
- We selected a period of time before and after the balance sheet date to verify relevant certificates, so as to confirm that relevant transactions had been accounted for appropriately.

II. Inventory Valuation

For details of accounting policies related to inventory valuation, please refer to Note 4(7) Inventory in the notes to individual financial statements. For details of uncertainties in accounting estimates and assumptions related to inventory valuation, please refer to Note 5(2) in the notes to individual financial statements. For descriptions on inventory valuation, please refer to Note 6(4) in the notes to individual financial statements:

Description for the Key Audit Matter:

The inventory amount of Champion Building Materials Co., Ltd. is presented at the lower of costs and net realizable amount. As the Company is in an industry related to real estate, the poor economic environment for real estate may result in more significant fluctuation in the selling prices of products, which may, in turn, generate risks where the inventory costs are higher than the net realizable value. Therefore, inventory valuation is a matter that requires great attention for our audits on the financial statements.

Corresponding audit procedures:

The primary audit procedures we performed for the abovementioned key audit matter include:

- We examined the statements of inventory age and analyzed the changes of inventory age in different periods. We also sample-checked whether inventories are in the correct range of age;
- We evaluated the reasonableness of ratio for the allowance for inventory price drops or obsolete losses;
- We evaluated whether inventory valuation had been executed according to the existing accounting policies. We evaluated the basis adopted for net realizable value to verify the accuracy used by the management in estimating the valuation of allowance for inventory.

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

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of the individual financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance of Champion Building Materials Co., Ltd., including the Audit Committee, are responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual financial statements as a

whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the ROC will always detect a material misstatement in the individual financial statements 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 individual financial statements.

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

1. Identify and assess the risks of material misstatement of the individual 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 Champion Building Materials Co., Ltd.'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 Champion Building Materials Co., Ltd.'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 individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the individual financial statements, including relevant notes, and whether the individual 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 investee companies accounted for using the equity method to express an opinion on the individual financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for forming the audit opinion for the Champion Building Materials Co., Ltd..

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 provided those charged with governance with a statement that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may be thought to bear on our independence (including relevant preventive measures).

From the matters communicated with those charged with governance, we determined key audit matters of the financial statements of the Champion Building Materials Co., Ltd. for the year ended 31 December 2021. We

describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

KPMG Taiwan

Chen Chung-Che

CPA:

Shin-Chin Chih

Financial Supervisory Commission Approval No.
Jin-guan-zheng-shen-zi No. 1000011652

Securities and Futures Commission Approval No.
Jin-guan-zheng-shen-zi No. 1020000737

March 28, 2022

Champion Building Materials Co., Ltd.

Balance Sheet

31 December 2021 and 2020

Unit: NT$000'

	Asset	2021.12.31 Amount	%	2020.12.31 Amount	%
	Current asset				
1100	Cash and cash equivalents (Note 6(1))	$ 2,225,120	26	1,816,230	25
1120	Financial assets at fair value through other comprehensive income – Current (Note 6(2) and (19))	12,100	-	12,631	-
1150	Net note receivables (Notes 6(3), (16), (19))	451,291	5	387,938	5
1170	Net account receivables (Notes 6(3), (16), (19))	331,430	4	254,623	3
1210	Other receivables)Related parties (Notes 6(19) and 7)	451,742	5	655,385	9
1310	Inventory – Manufacturing industry (Note 6(4))	823,808	10	841,782	11
1320	Inventory (applicable to the construction industry) (Notes 8 and 12)	59,339	1	65,344	1
1410	Prepayment	106,705	1	83,923	1
1476	Other financial assets – Current (Notes 6(19) and 8)	121,853	1	123,443	2
1479	Other current assets - Others	1,858	-	2,435	-
		4,612,246	53	4,243,734	57
	Non-current asset:				
1517	Financial assets at fair value through other comprehensive income – Non-current (Notes 6(2) and (19))	10,000	-	10,000	-
1550	Investments accounted for using equity method (Note 6(5))	2,191,395	25	1,570,494	20
1600	Property, plant and equipment (Notes 6(6) and 8)	1,617,685	19	1,623,913	21
1755	Right-of-use assets (Note 6(7))	80,276	1	24,990	-
1760	Net investment properties (Notes 6(8) and 8)	81,463	1	114,434	1
1780	Intangible assets	517	-	1,707	-
1840	Deferred income tax assets (Note 6(13))	43,928	1	33,612	-
1915	Prepayment for equipment (Note 9)	39,685	-	50,537	1
1920	Refundable deposits	4,520	-	2,702	-
1990	Other non-current assets - Others	23,112	-	31,256	-
		4,092,581	47	3,463,645	43
	Total asset	**$ 8,704,827**	**100**	**7,707,379**	**100**

	Liabilities and Equity	2021.12.31 Amount	%	2020.12.31 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Notes 6(9) and 8)	$ 415,812	5	395,000	5
2130	Contract liabilities – Current (Note 6(16))	8,554	-	4,631	-
2150	Note payables	118,589	1	111,558	1
2170	Account payables	151,335	2	133,820	2
2200	Other payables (Notes 6(19) and 7)	200,956	2	174,892	3
2230	Income tax liabilities for the period (Note 6(13))	57,851	1	62,914	1
2251	Allowance for liabilities of employees' benefits (Notes 6(12))	16,389	-	16,389	-
2280	Lease liabilities – Current (Note 6(19))	15,567	-	11,412	-
2320	Long-term liabilities due within one year or an operating cycle (Notes 6(10) and 8)	1,018,548	12	120,000	2
2399	Other current liabilities - Others	16,022	-	14,847	-
		2,019,623	23	1,045,463	14
	Non-current liabilities:				
2540	Long-term borrowings (Notes 6(10) and 8)	-	-	1,015,847	14
2570	Deferred income tax liabilities (Note 6(13))	90,027	1	101,054	1
2580	Lease liabilities – Non-current (Note 6(19))	64,864	1	16,044	-
2640	Net liabilities for defined benefits – Non-current (Note 6(12))	31,807	-	11,161	-
2645	Guarantee deposit received	290	-	908	-
		186,988	2	1,145,014	15
	Total liabilities	2,206,611	25	2,190,477	29
	Equity (Note 6(14)):				
3100	Share capital	4,337,821	50	4,337,821	56
3200	Capital reserve	157,999	2	157,999	2
3300	Retained earnings	1,626,061	19	636,586	8
3400	Other equity	376,335	4	384,496	5
	Total equity	6,498,216	75	5,516,902	71
	Total liabilities and equity	**$ 8,704,827**	**100**	**7,707,379**	**100**

(Please read the accompanying notes to individual financial statements)

Chairman: LIN, RONG-DE **Manager: LIN, RONG-DE** **Chief Auditor: LIAO, HUI-YI**

Champion Building Materials Co., Ltd.

Statements of Comprehensive Income

For the Year Ended December 31 2021 and 2020

Unit: NT$000'

		2021		2020	
		Amount	**%**	**Amount**	**%**
	Operating income (Notes 6(16) and 7):				
4110	Sales income	$ 3,017,748	104	2,822,096	104
4511	Construction income	15,880	-	-	-
4170	Less: Sales return	55,093	2	44,937	2
4190	Sales discounts	65,937	2	65,206	2
	Net operating income	2,912,598	100	2,711,953	100
	Operating costs (Notes 6(4), (12), 7, and 12):				
5110	Sales costs	1,997,824	69	1,842,252	68
5510	Construction costs	6,005	-	-	-
		2,003,829	69	1,842,252	68
5900	**Operating gross profit**	908,769	31	869,701	32
6000	**Operating expenses (Notes 6(3), (11), (12), and 12):**				
6100	Marketing expenses	277,982	10	247,837	9
6200	Management fees	185,691	6	155,571	6
6300	R&D expenses	27,487	1	23,671	1
6450	Expected credit impairment losses (gains)	641	-	5,728	-
	Total operating expenses	491,801	17	432,807	16
6900	**Net operating profit**	416,968	14	436,894	16
	Non-operating income and expenses:				
7010	Other income (Notes 6(11) and (18))	36,676	1	38,081	1
7020	Other gains and losses (Note 6(18))	28,617	1	11,047	-
7050	Financial costs (Note 6(18))	(31,834)	(1)	(31,331)	(1)
7070	Share of profit or loss from subsidiaries, associates, and joint ventures accounted for using the equity method	639,558	22	(767,048)	(28)
	Total non-operating income and expenses	673,017	23	(749,251)	(28)
	Net loss before tax	1,089,985	37	(312,357)	(12)
7950	**Less: Income tax expenses**	98,489	3	90,510	3
	Net loss for the period	991,496	34	(402,867)	(15)
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified into profit or loss**				
8311	Remeasurements of defined benefit plans	(2,021)	-	(2,307)	-
8316	Unrealized valuation (losses) gains from equity instruments at fair value through other comprehensive income	(531)	-	(1,645)	-
8330	Share of other comprehensive income from subsidiaries, associates, and joint ventures accounted for using equity method - Items that will not be reclassified into profit or loss	36,481	1	7,768	-
8349	Less: Income tax related to items that will not be reclassified	-	-	-	-
	Total items that will not be reclassified into profit or loss	33,929	-	3,816	-

(Please read the accompanying notes to individual financial statements)

Chairman: LIN, RONG-DE Manager: LIN, RONG-DE Chief Auditor: LIAO, HUI-YI

8360	**Items that may subsequently be reclassified into profit or loss**				
8361	Exchange differences arising from the translation of financial statements of institutions operating overseas	(55,138)	(2)	(20,664)	(1)
8399	Less: Income tax related to items that may subsequently be reclassified into profit or loss	(11,027)	-	(4,133)	-
	Total items that may subsequently be reclassified into profit or loss	(44,111)	(2)	(16,531)	(1)
8300	**Other comprehensive income for the period**	(10,182)	(1)	(12,715)	(1)
	Total comprehensive income for the period	**$ (981,314)**	**(33)**	**(415,582)**	**(16)**
9750	**Basic loss per share (NT$) (Note 6(15))**	**$**	**2.29**		**(0.93)**
9810	**Diluted earnings per share**	**$**	**2.27**	**-**	

(Please read the accompanying notes to individual financial statements)

Chairman: LIN, RONG-DE Manager: LIN, RONG-DE Chief Auditor: LIAO, HUI-YI

Champion Building Materials Co., Ltd.

Statements of Changes in Equity

For the Year Ended December 31 2021 and 2020

Unit: NT$000'

			Retained earning				Other equity items			
	Ordinary share capital	Capital reserve	Statutory surplus reserve	Special surplus reserve	Undistributed earnings	Total	Exchange differences arising from the translation of financial statements of institutions operating overseas	Unrealized valuation gains (losses) from equity instruments at fair value through other comprehensive income	Total	Total equity
Balance on 1 January 2020	$ 4,337,821	157,999	501,090	121,349	419,321	1,041,760	393,978	926	394,904	5,932,484
Net loss for the period	-	-	-	-	(402,867)	(402,867)	-	-	-	(402,867)
Other comprehensive income for the period	-	-	-	-	(2,307)	(2,307)	(16,531)	6,123	(10,408)	(12,715)
Total comprehensive income for the period	-	-	-	-	(405,174)	(405,174)	(16,531)	6,123	(10,408)	(415,582)
Balance on 31 December 2019	4,337,821	157,999	501,090	121,349	14,147	636,586	377,447	7,049	384,496	5,516,902
Net loss for the period	-	-	-	-	991,496	991,496	-	-	-	991,496

(Please read the accompanying notes to individual financial statements)

Chairman: LIN, RONG-DE Manager: LIN, RONG-DE Chief Auditor: LIAO, HUI-YI

Other comprehensive income for the period	-	-	-	-	(2,021)	(2,021)	(44,111)	35,950	(8,161)	(10,182)
Total comprehensive income for the period	-	-	-	-	989,475	989,475	(44,111)	35,950	(8,161)	981,314
Balance on 31 December 2020	**$ 4,337,821**	**157,999**	**501,090**	**121,349**	**1,003,622**	**1,626,061**	**333,336**	**42,999**	**376,335**	**6,498,216**

(Please read the accompanying notes to individual financial statements)

Chairman: LIN, RONG-DE Manager: LIN, RONG-DE Chief Auditor: LIAO, HUI-YI

Champion Building Materials Co., Ltd.

Statements of Cash Flows

For the Year Ended December 31 2021 and 2020

Unit: NT$000'

	2021	2020
Cash flows from operating activities:		
Net loss before tax for the period	$ 1,089,985	(312,357)
Adjusted for:		
Items of profit or loss		
Depreciation expenses	172,804	156,243
Amortization expenses	19,597	20,759
Expected credit impairment losses (gains reversal)	641	5,728
Interest expenses	31,834	31,331
Interest income	(29,852)	(31,005)
Dividend income	(931)	(400)
Share of losses from subsidiaries, associates, and joint ventures accounted for using the equity method	(639,558)	767,048
Losses (gains) on disposals and scrapping of property, plant and equipment	(462)	428
Losses (gains) on Investment Property	(14,813)	-
Losses from changes in lease	(1)	7
Total items of profit or loss	(460,741)	950,139
Changes in asset/liabilities related to operating activities:		
Net changes of asset related to operating activities:		
Increase in note receivables		
Decrease (increase) in account receivables	(633,353)	(39,935)
(Increase) decrease in inventory	(77,448)	32,958
Decrease in prepayments	28,374	(79,421)
Decrease (increase) in other current assets	(22,782)	1,198
(Increase) decrease in other financial assets - Current	577	247
Total net changes of asset related to operating activities	(804)	(4,370)
Net changes of liabilities related to operating activities:	(135,436)	(89,323)
Increase in contract liabilities		
(Decrease) increase in note payables	3,923	2,020
Decrease in account payables	7,031	(6,095)
Increase in other payables	17,515	(23,030)
Decrease in allowance for liabilities	26,229	15,752
Increase in other current liabilities	-	(4,678)
Net decrease in liabilities for defined benefits	1,175	130
Total net changes in liabilities related to operating activities	18,625	(16,871)
Total net changes in assets and liabilities related to	74,498	(32,772)
operating activities	(60,938)	(122,095)
Total adjustments	521,679	828,044
Cash inflow generated from operations	568,306	515,687
Interests paid	(29,537)	(28,422)
Income tax paid	(110,295)	(12,447)
Net cash inflow from operating activities	428,474	474,818

Cash flows from investment activities:		
Acquisition of property, plant and equipment	(108,378)	(88,661)
Disposal of property, plant and equipment	663	433
Decrease(Increase) in refundable deposits	(1819)	921
Decrease(Increase) in other receivables – Related parties	203,643	(88,730)
Acquisition of intangible assets	-	(390)
(Increase) decrease in other financial assets - Current	2,394	(122,412)
Losses (gains) on Investment Property	47,652	-
Decrease in other non-current assets	(14,655)	(25,357)
Increase in prepayments for equipment	(31,369)	(30,953)
Interests received	26,539	31,005
Dividend received	931	400
Net cash outflow from investment activities	125,601	(323,744)
Cash flows from financing activities:		
Increase in short-term borrowings	837,315	904,930
Decrease in short-term borrowings	(816,503)	(596,713)
Long-term borrowings	(120,000)	-
Repayment for long-term borrowings	(618)	(65,656)
Repayment for lease principals	(18,379)	(12,472)
Net cash inflows (outflows) from financing activities	(118,185)	230,089
Increase (decrease) in cash and cash equivalents for the period	435,890	381,163
Opening balance for cash and cash equivalents	1,816,230	1,435,067
Closing balance for cash and cash equivalents	**$ 2,252,120**	**1,816,230**

Independent Auditors' Report

The Board of Directors
Champion Building Materials Co., Ltd.

Opinion

We have audited the balance sheets of Champion Building Materials Co., Ltd. (the "Company") and its subsidiaries (the “Campion Group”) as of December 31 2021 and 2020, the consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows for the years then ended, and the notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Champion Group as of December 31 2021 and 2020, and its financial performance and its cash flows for the years ended December 31 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the ROC. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Champion Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the ROC, and we have fulfilled our other ethical 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 consolidated financial statements of the Champion Group for the year ended 31 December 2021. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. According to our judgment, key audit matters to be communicated in the audit report are as follows:

I. Income Recognition

For details of accounting policies related to income recognition, please refer to Note 4(15) Income recognition in the notes to consolidated financial statements. For details of description for income recognition, please refer to Note 6(19) Income from contract with customers in the notes to consolidated financial statements.

Description for the Key Audit Matter:

Champion Group primarily engages in the manufacturing and trading of ceramics, ceramic products, stone products, and fire-resistant materials. Income is the primary source of cash inflows for its corporate operations, and is also a matter concerned by the user of the financial statements. Therefore, income recognition is a matter that requires great attention for our audits on the financial statements.

Corresponding audit procedures:

- We evaluated the appropriateness of accounting policies for income recognition;
- We performed circular internal control testing for sales income and checked the accuracy regarding the time spot of income recognition;
- We performed a variance analysis for top 10 customers of sales to evaluate whether any significant anomaly exists, and sent out inquiries to counterparties for evidence;
- We selected a period of time before and after the balance sheet date to verify relevant certificates, so as to confirm that relevant transactions had been accounted for appropriately.

II. Inventory Valuation

For details of accounting policies related to inventory valuation, please refer to Note 4(8) Inventory in the notes to consolidated financial statements. For details of uncertainties in accounting estimates and assumptions related to inventory valuation, please refer to Note 5(2) in the notes to consolidated financial statements. For descriptions on inventory valuation, please refer to Note 6(5) in the notes to consolidated financial statements:

Description for the Key Audit Matter:

The inventory amount of Champion Group is presented at the lower of costs and net realizable amount. As the Champion Group is in an industry related to real estate, the poor economic environment for real estate may result in more significant fluctuation in the selling prices of products, which may, in turn, generate risks where the inventory costs are higher than the net realizable value. Therefore, inventory valuation is a matter that requires great attention for our audits on the financial statements.

Corresponding audit procedures:

- We examined the statements of inventory age and analyzed the changes of inventory age in different periods. We also sample-checked whether inventories are in the correct range of age;
- We evaluated the reasonableness of ratio for the allowance for inventory price drops or obsolete losses;
- We evaluated whether inventory valuation had been executed according to the existing accounting policies. We evaluated the basis adopted for net realizable value to verify the accuracy used by the management in estimating the valuation of allowance for inventory.

III. Impairment of Property, Plant and Equipment

For accounting policies for the impairment of non-financial assets, please refer to Note 4(14) Inventory in the notes to consolidated financial statements. For details of uncertainties in accounting estimates and assumptions related to property, plant and equipment, please refer to Note 5(2) in the notes to consolidated financial statements. For descriptions on the impairment of property, plant and equipment, please refer to Note 6(7) in the notes to consolidated

financial statements:
Description for the Key Audit Matter:

The primary scope of business of the Champion Group is manufacturing and sales of ceramic products. Its operating segments are comprised of the tile business segment and Chinese business segment; its property, plant and equipment accounted for 31% of the consolidated total assets. There is indication of impairment regarding property, plant and equipment as the Chinese business segment recorded continual operating losses. Therefore, the impairment of property, plant and equipment is a matter that requires great attention for our audits on the financial statements.

Corresponding audit procedures:

· We examined whether there is any significant anomaly exists in calculating the carrying amount of the Chinese business segment's property, plant and equipment;

· We evaluated the reasonableness of assumptions and parameters adopted for the recoverable amount of property, plant and equipment;

· We reviewed whether the recoverable amount was determined at the higher of the net fair value and value in use;

· We compared the recoverable and carrying amount of property, plant and equipment to confirm whether property, plant and equipment is impaired.

Other Matters

Champion Building Materials Co., Ltd. had prepared its individual financial statements for the years ended 2021 and 2020, and we have issued our auditor's report containing an unqualified opinion for reference.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and

obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Champion Group'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 Champion Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Champion Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including relevant notes, and whether the consolidated 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 group entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for forming the audit opinion for the Champion Group.

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 provided those charged with governance with a statement that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may be thought to bear on our independence (including relevant preventive measures).

From the matters communicated with those charged with governance, we determined key audit matters of the consolidated financial statements of the Champion Group for the year ended 31 December 2021. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

KPMG Taiwan

Chung-Che Chen

CPA:

Shin-Chin Chih

Financial Supervisory Commission Approval No.
Jin-guan-zheng-shen-zi No. 1000011652

Securities and Futures Commission Approval No.
Jin-guan-zheng-shen-zi No. 1020000737
March 28, 2022

Champion Building Materials Co., Ltd. and Its Subsidiaries

Consolidated Balance Sheet

31 December 2021 and 2020

Unit: NT$000'

		2021.12.31		2020.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets				
1100	Cash and cash equivalents (Note 6(1))	$ 2,624,014	28	2,006,126	20
1110	Financial at fair value through profit or loss - Current (Notes 6(2) and (22))	107,802	1	115,295	1
1120	Financial at fair value through other comprehensive – Current (Notes 6(3) and (22))	12,100	-	12,631	-
1141	Current contract assets (Notes 6(19) and (22))	6	-	-	-
1150	Net note receivables (Notes 6(4) and (22))	453,650	5	450,117	5
1170	Net account receivables (Notes 6(4) and (22))	492,703	5	443,742	4
1180	Net account receivables - Related parties (Notes 6(4) and 7)	146,969	2	209,236	2
1310	Inventories - Manufacturing industry (Notes 6(5))	869,808	9	1,110,525	11
1321	Houses and lands available for sales (Note 8)	59,339	1	65,344	1
1410	Prepayments	122,173	1	103,496	1
1476	Other financial assets - Current (Notes 6(21、22), 7, and 8)	272,870	3	188,389	2
1479	Other current assets – Others	63,089	1	65,510	1
		5,224,523	56	4,770,411	48
	Non-current assets				
1517	Financial at fair value through other comprehensive – Non-current (Notes 6(3) and (22))	10,000	-	10,000	-
1550	Investments accounted for using the equity method (Note 6(6))	490,164	5	445,222	4
1600	Property, plant and equipment (Notes 6(7) and 8)	3,061,323	31	3,784,353	38
1755	Right-of-use assets (Notes 6(8) and 8)	265,517	3	287,563	3
1760	Net investment properties (Notes 6(9) and 8)	81,463	1	160,539	2
1780	Intangible assets (Note 6(10))	143,821	2	153,655	2
1840	Deferred income tax assets (Note 6(16))	46,286	-	35,288	-
1915	Prepayment for equipment (Note 9)	39,685	-	50,537	1
1980	Other financial assets – Non-current (Notes 6(22))	52,133	1	70,706	1
1990	Other non-current assets – Others	106,518	1	126,502	1
		4,296,910	44	5,124,365	52
	Total assets	**$ 9,521,433**	**100**	**9,894,776**	**100**

		2021.12.31		2020.12.31	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note 6(11))	$ 424,286	4	1,278,965	14
2130	Contract liabilities - Current (Note 6(19) and 7)	38,740	-	38,594	-
2150	Note payables	120,241	1	111,693	1
2170	Account payables	177,959	2	288,802	3
2181	Account payables – Related parties (Note 7)	235,465	2	314,126	3
2200	Other payables	329,182	3	473,559	5
2220	Other payables – Related parties (Note 7)	40,189	-	148,401	1
2230	Income tax liabilities for the period	62,474	2	62,914	1
2251	Allowances for employee benefit liabilities - Current (Note (14))	16,389	-	16,389	-
2280	Lease liabilities - Current	16,790	-	11,412	-
2320	Long-term liabilities due within one year or one business cycle (Note 6(12))	1,018,548	11	120,000	1
2399	Other current liabilities - Others	175,406	2	170,850	2
		2,655,669	27	3,035,705	31
	Non-current liabilities:				
2540	Long-term borrowings (Note 6(12))	-	-	1,015,847	10
2556	Long-term provision for decommissioning, restoration and rehabilitation	54,421	1	52,106	1
2570	Deferred income tax liabilities (Note 6(16))	96,321	1	107,700	1
2580	Lease liabilities - Non-current	66,585	1	16,044	-
2630	Long-term deferred income (Note 6(15))	86,845	1	92,887	1
2640	Net liabilities for defined benefits - Non-current (Note 6(14))	31,807	-	11,161	-
2645	Guarantee deposit received (Note 6(22))	31,569	-	46,424	-
		367,548	4	1,342,169	13
	Total liabilities	3,023,217	31	4,377,874	44
	Interests attributable to the owner off the parent company (Note 6(17)):				
3100	Share capital	4,337,821	46	4,337,821	44
3200	Capital reserve	157,999	2	157,999	2
3300	Retained earnings	1,626,061	17	636,586	6
3400	Other equity	376,335	4	384,496	4
31XX	Total interests attributable to the owner off the parent company	6,498,216	69	5,516,902	56
36XX	Non-controlling interests	-	-	-	-
	Total equity	6,498,216	69	5,516,902	56
	Total liabilities and equity	**$ 9,521,433**	**100**	**9,894,776**	**100**

(Please read the accompanying notes to consolidated financial statements)

Chairman: LIN, JUNG-TE Manager: LIN, JUNG-TE Chief Auditor: LIAO, HUI-YI

Champion Building Materials Co., Ltd. and Its Subsidiaries

Consolidated Statements of Comprehensive Income

For the Year Ended December 31 2021 and 2020

Unit: NT$000'

		2020		2019	
		Amount	Amount	Amount	%
	Operating income (Note 6(19)):				
4110	Sales income	$ 3,313,154	104	3,761,505	104
4511	Construction income	15,880	-	-	-
4170	Less: Sales return	57,034	2	85,261	2
4190	Sales discount	66,073	2	67,243	2
	Net operating income	3,205,927	100	3,609,001	100
	Operating costs (Notes 6(4), (14), and 12)				
5110	Total cost of sales	2,446,053	77	2,918,008	81
5510	Cost of construction sales	6,005	-	-	-
	Operating costs	2,452,058	77	2,918,008	81
5900	**Operating gross profit**	753,869	23	690,993	19
6000	**Operating expenses (Notes 6(14),(20), and 12):**				
6100	Marketing expenses	307,976	10	504,265	14
6200	Management fees	341,943	11	503,829	14
6300	R&D expenses	27,487	-	23,670	1
6450	Expected credit impairment losses (Notes 6(4) and (22))	54,918	2	9,676	-
6300	**Total operating expenses**	732,324	23	1,041,440	29
6900	**Net operating income (loss)**	21,545	-	(350,447)	(10)
	Non-operating income and expenses:				
7010	Other income (Notes 6(15) and (21))	8,593	-	7,894	-
7020	Other gains and losses (Notes 6(7),(15) and (21))	1,294,212	40	47,433	1
7050	Financial costs (Note 6(21))	(54,834)	(1)	(83,696)	(2)
7060	Share of profit or loss from associates and joint ventures accounted for using the equity method (Note 6(6))	6,302	-	65,674	2
	Total non-operating income and expenses	1,254,273	39	37,305	1
	Net profit (loss) before tax	1,275,818	39	(313,142)	(9)
7950	**Less: Income tax expenses (Note 6(16))**	284,322	8	89,725	
	Profit (loss)	991,496	31	(402,867)	(11)
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified into profit or loss**				
8311	Remeasurements of defined benefit plans	(2,021)	-	(2,307)	-
8316	Unrealized profit or loss of investments in equity instruments at fair value through other comprehensive income	(531)	-	(1,645)	-
8320	Share of comprehensive income from associates and joint ventures accounted for using the equity method – Items that will not be reclassified into profit or loss	36,481	1	7,768	-
8349	Less: Income tax related to items that will not be reclassified into profit or loss	-	-	-	-
	Total items that will not be reclassified into profit or loss	33,929	1	3,816	-
8360	**Items that may subsequently be reclassified into profit or**				

(Please read the accompanying notes to consolidated financial statements)

Chairman: LIN, JUNG-TE Manager: LIN, JUNG-TE Chief Auditor: LIAO, HUI-YI

	loss				
8361	Exchange differences arising from the translation of financial statements of institutions operating overseas	(55,138)	(2)	(20,664)	(1)
8399	Less: Income tax related to items that may be reclassified into profit or loss	(11,027)	-	(4,133)	-
	Total items that may subsequently be reclassified into profit or loss	(44,111)	(2)	(16,531)	(1)
8300	**Other comprehensive income for the period**	(10,182)	(1)	(12,715)	(1)
	Total comprehensive income for the period	**$ 981,314**	**30**	**(415,582)**	**(12)**
	Net loss for the period attributable to:				
8610	Owner of the parent company	$ 991,496	31	(402,867)	(11)
8620	Non-controlling interests	-	-	-	-
		$ 991,496	**31**	**(402,867)**	**(11)**
	Total comprehensive income attributable to:				
8710	Owner of the parent company	$ 981,314	30	(415,582)	(12)
8720	Non-controlling interests	-	-	-	-
		$ 981,314	**30**	**(415,582)**	**(12)**
	EARNINGS PER SHARE (NT$) (Note 6(18))				
9750	**Basic earnings per share**	**$ 2.29**		**(0.93)**	
9810	**Diluted earnings per share**	**$ 2.27**		**-**	

(Please read the accompanying notes to consolidated financial statements)

Chairman: LIN, JUNG-TE Manager: LIN, JUNG-TE Chief Auditor: LIAO, HUI-YI

Champion Building Materials Co., Ltd. and Its Subsidiaries

Consolidated Statements of Changes in Equity

For the Year Ended December 31 2021 and 2020

Unit: NT$000'

	Interests attributable to the owner of the parent company									
							Other equity items			
	Share capital		Retained earning							
	Ordinary share capital	Capital reserve	Statutory surplus reserve	Special surplus reserve	Undistributed earnings	Total	Exchange differences arising from the translation of financial statements of institutions operating overseas	Unrealized valuation losses (gains) from equity instruments at fair value through other comprehensive income	Total	Total equity
Balance on 1 January 2020	$ 4,337,821	157,999	501,090	121,349	419,321	1,041,760	393,978	926	394,904	5,932,484
Net loss for the period	-	-	-	-	(402,867)	(402,867)	-	-	-	(402,869)
Other comprehensive income for the period	-	-	-	-	(2,307)	(2,307)	(16,531)	6,123	(10,408)	(12,715)
Total comprehensive income for the period	-	-	-	-	(405,174)	(405,174)	(16,531)	6,123	(10,408)	(415,582)
Balance on 31 December 2020	4,337,821	157,999	501,090	121,349	14,147	636,586	377,447	7,049	384,496	5,516,902
Net loss for the period	-	-	-	-	991,496	991,496	-	-	-	991,496
Other comprehensive income for the period	-	-	-	-	(2,021)	(2,021)	(44,111)	35,950	(8,161)	(10,182)
Total comprehensive income for the period	-	-	-	-	989,475	989,475	(44,111)	35,950	(8,161)	981,314
Balance on 31 December 2021	**$ 4,337,821**	**157,999**	**501,090**	**121,349**	**1,003,622**	**1,626,061**	**333,336**	**42,999**	**376,335**	**6,498,216**

(Please read the accompanying notes to consolidated financial statements)

Chairman: LIN, JUNG-TE Manager: LIN, JUNG-TE Chief Auditor: LIAO, HUI-YI

Champion Building Materials Co., Ltd. and Its Subsidiaries

Consolidated Statements of Cash Flows

For the Year Ended December 31 2021 and 2020

Unit: NT$000'

	2021	2020
Cash flows from operating activities:		
Profit (loss) before tax	$ 1,275,818	(313,142)
Adjusted for:		
Items of profit or loss		
Depreciation expenses	401,705	421,578
Amortization expenses	29,361	30,793
Change of lease benefits	(864,971)	1,563
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	16,865	(2,911)
Interest expenses	54,834	83,696
Interest income	(3,113)	(2,189)
Dividend income	(931)	(400)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(6,302)	(65,674)
Loss (gain) on disposal of property, plan and equipment	(486,654)	28,607
Property, plant and equipment transferred to expenses	-	8,570
Loss (gain) on disposal of investment properties	(57,441)	-
Impairment losses on property, plant and equipment	67,241	-
Impairment losses on other assets	11,556	-
Amortization of Deferred Revenue	(6,537)	(6,440)
Expected credit loss (gain)	54,918	9,676
Total adjustments to reconcile profit (loss)	(789,469)	506,869
Changes in asset/liabilities related to operating activities:		
Decrease (increase) in notes receivable	(3,386)	(95,355)
Decrease (increase) in accounts receivable	(45,324)	(78,526)
Decrease in inventory	251,661	142,051
Decrease (increase) in prepayments	(18,744)	30,670
Adjustments for decrease (increase) in other current assets	1,748	(17,047)
Decrease (increase) in other financial assets	18,345	(15,890)
Total changes in operating assets	204,300	(34,097)
Increase (decrease) in contract liabilities	66	(37,885)
Increase (decrease) in notes payable	8,548	(6,126)
Increase (decrease) in accounts payable	(189,504)	218,412
Increase (decrease) in other payable	(211,481)	81,820
Increase (decrease) in other payable to related parties	-	31,701
Decrease in allowance for liabilities	-	(4,678)
Increase in other current liabilities	39,587	425
Net decrease in liabilities for defined benefits	18,625	(16,871)

(Decrease) increase in decommissioning liabilities	-	(1,800)
Total net changes in liabilities related to operating activities	(334,159)	264,998
Total net changes in assets and liabilities related to operating activities	(129,859)	230,901
Total adjustments	(919,328)	737,770
Cash inflow generated from operations	356,490	424,628
Interests paid	(51,831)	(80,786)
Income tax paid	(274,677)	(12,494)
Net cash inflow from operating activities	29,982	331,348

Champion Building Materials Co., Ltd. and Its Subsidiaries

Consolidated Statements of Cash Flows (Cont'd)

For the Year Ended December 31 2021 and 2020

Unit:NT$000'

	2021	2020
Cash flows from investment activities:		
Acquisition of financial assets at fair value through profit or loss	(8,758)	(112,384)
Disposal of investments accounted for using the equity method	-	317,070
Acquisition of property, plant and equipment	(110,703)	(99,474)
Disposal of property, plant and equipment	928,079	4,944
Decrease in refundable deposits	18,834	4,187
Acquisition of intangible assets	(192)	(435)
Proceeds from disposal of use-of-right assets	941,201	-
Proceeds from disposal of investment properties	132,309	-
Decrease (increase) in other financial assets	(63,564)	(130,040)
Increase in other non-current assets	(14,194)	(34,849)
Increase in prepayments for equipment	(31,369)	(39,523)
Interests received	3,113	2,189
Dividend received	931	400
Net cash inflow (outflow) from investment activities	1,795,687	(87,915)
Cash flows from financing activities:		
Increase in short-term borrowings	801,943	1,752,009
Decrease in short-term borrowings	(1,765,220)	(1,606,936)
Repayment for long-term borrowings	(120,000)	(65,656)
Decrease in guarantee deposits received	(15,035)	(31,588)
(Decrease) increase in other payables - Related parties	(87,024)	32,401
Repayment for lease principals	(18,956)	(9,698)
Net cash inflows (outflows) from financing activities	(1,204,292)	70,532
Effects of changes in exchange rate on cash and cash equivalents	(3,489)	(1,947)
Increase (decrease) in cash and cash equivalents for the period	617,888	312,018
Opening balance for cash and cash equivalents	2,006,126	1,694,108
Closing balance for cash and cash equivalents	**$ 2,624,014**	**2,006,126**

(Please read the accompanying notes to consolidated financial statements)

Chairman: LIN, JUNG-TE Manager: LIN, JUNG-TE Chief Auditor: LIAO, HUI-YI

Attachment 6

CHAMPION BUILDING MATERIALS CO LTD
Supplementary Instructions for Cash Reduction in 2022

1.Reason, necessity, and rationale of the capital reduction in cash.

Description: As the profit after tax of the Company for 2021 was NT$991,496 thousand; the retained earnings were NT$1,626,061 thousand (including undistributed earnings of NT$1,003,622 thousand), the Company's debt ratio was reduced to 25%; the overall financial structure of the Company is stable, and it possesses sufficient cash and cash equivalents of NT$2,252,120 thousand. The future prospects of the Company's operation are favorable, and it continues performing subsequent investments and development. With sufficient self-owned capital, the Company's share capital accounts for 50% of its total assets. To allow a lighter burden of the share capital, the Company performs its capital reduction plan (it is intended to be made by way of returning capital to shareholders through a capital reduction in cash) to adjust the capital structure, and in turn, improve its earnings per share and ROE.

2.The source of funds for the capital reduction in cash and the effects of the capital reduction in cash on the Company's finance, normal operation of businesses, and the stability of its capital structure.

Description: The amount of the capital reduction in cash is NT$433,782,080, with the primary source of the fund being the Company's self-owned capital. As the revenue and profits for 2021 were favorable, and the Company's overall debt ratio reduced to 25%, the cash position of the Company as of December 31, 2021 amounted to NT$2,252,120 thousand, representing sufficient capital for the proposal of capital reduction in cash from our self-owned capital. In addition, the Company has been investing in promoting the production equipment related to energy-saving and carbon dioxide reduction as well as the updates and adjustments in recent years to improve the production efficiency and facilitate our sustainable corporate operations. After the completion of capital reduction in cash and the dividend distribution, based on the analysis made in accordance with laws and regulations and relevant requirements, it is estimated that the cash position for the cash flows in the following year will be approximately NT$1.68 billion. Furthermore, the Company also has sufficient capital for the abovementioned operating and investment plans; therefore, the capital reduction in cash will not affect the Company's future operations and investment plans.

3.Whether the Company will perform fundraising or stock grants for the year of the shareholders' meeting or the following year, and the necessity and rationale.

Description: For the year of the shareholders' meeting (2022) or the following year (2023), based on the Company's operating and financial positions, the Company currently has no plan for fundraising or stock grant.

4.Moreover, for the following circumstances, the Company will also particularly address the considerations for the decision-making of the capital reduction in cash and the reason for the adjustments to the operating strategies:

(1)Net cash outflow in the 2021 statements of cash flow.

After examining the 2021 parent company only and consolidated financial statements, there is no such circumstance as the cash flows were net cash inflows.

(2)Fundraising activities in the capital market in 2020 and 2021 (capital increase in cash through the issuance of ordinary shares or preferred shares, or the issuance of domestic convertible corporate bonds, or global depository receipt)

After examining the 2021 parent company only and consolidated financial statements as well as the 2020 annual report, there is no such circumstance as there was no fundraising activity performed in the capital market.

Attachment 7

Champion Building Materials Co. Ltd.
Comparison Table of Amendment for Procedures for Acquisition or Disposal of Assets

Article No.	After Amendment	Before Amendment	Description
III	Evaluation Procedures: (Omitted) (II)The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant (CPA), for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT$300 million or more, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. For those fulfilling the following circumstances, the requirements related to obtaining financial statements of the issuing company for the most recent period and engaging a CPA to provide an opinion regarding the reasonableness of the transaction price when the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT$300 million or more as set out in Article 10 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies shall not apply: 1. Securities acquired through cash contribution in an incorporation by promotion or by public offering. 2. Securities issued at face value	Evaluation Procedures: (Omitted) (II)The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant (CPA), for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT$300 million or more, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. **When the CPA requires to adopt any expert' s report, it shall comply with Statements on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.** For those fulfilling the following circumstances, the requirements related to obtaining financial statements of the issuing company for the most recent period and engaging a CPA to provide an opinion regarding the reasonableness of the transaction price when the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT$300 million or more as set out in Article 10 of the Regulations Governing the Acquisition and Disposal of Assets by Public	As per 28 January 2022 Letter No. Taiwan-Stock-Trading-1110380465 by the Financial Supervisory Commission

	by an issuing company carrying out a cash capital increase in accordance with relevant laws and regulations, with the Company as a sponsor of the issue. 3. Securities issued by an investee company wholly invested by the Company that is carrying out a cash capital increase, with the Company as a sponsor of the issue. 4. Securities listed and traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) and emerging stocks. 5. Government bonds or bonds in repurchase or reverse purchase agreements. 6. Domestic funds or overseas funds. 7. TWSE or GTSM listed securities acquired or disposed of in accordance with the TWSE or GTSM rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities. 8. Securities acquired through the Company's sponsorship of a cash capital increase by a public company, when the securities acquired are not privately placed. 9. Subscription to fund shares before the establishment of a fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act, or subscription or redemption of domestic private placement funds, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in	Companies shall not apply: 1. Securities acquired through cash contribution in an incorporation by promotion or by public offering. 2. Securities issued at face value by an issuing company carrying out a cash capital increase in accordance with relevant laws and regulations, with the Company as a sponsor of the issue. 3. Securities issued by an investee company wholly invested by the Company that is carrying out a cash capital increase, with the Company as a sponsor of the issue. 4. Securities listed and traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) and emerging stocks. 5. Government bonds or bonds in repurchase or reverse purchase agreements. 6. Domestic funds or overseas funds. 7. TWSE or GTSM listed securities acquired or disposed of in accordance with the TWSE or GTSM rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities. 8. Securities acquired through the Company's sponsorship of a cash capital increase by a public company, when the securities acquired are not privately placed. 9. Subscription to fund shares before the establishment of a fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act, or subscription or redemption of domestic private placement	

	securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund. (Omitted)	funds, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund. (Omitted)	

IV	Operating Procedures (I) Degree of Authority Delegated and the Levels to which Authority is Delegated 1. The acquisition or disposal of assets shall be subject to the "Regulations for Authorization Permission." In addition, investments in the Mainland China shall be approved by the shareholders' meeting or executed by the Chairman under the authorization of the shareholders' meeting, subject to the approval from the Investment Commission. 2. When the Company intends to acquire or dispose of property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board and recognized by the supervisors: ①The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.	Operating Procedures (I) Degree of Authority Delegated and the Levels to which Authority is Delegated 1. The acquisition or disposal of assets shall be subject to the "Regulations for Authorization Permission." In addition, investments in the Mainland China shall be approved by the shareholders' meeting or executed by the Chairman under the authorization of the shareholders' meeting, subject to the approval from the Investment Commission. 2. When the Company intends to acquire or dispose of property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board and recognized by the supervisors: ①The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.	

	②The reason for choosing the related party as a transaction counterparty. ③With respect to the acquisition of property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the Procedures. ④ The date and price at which the related party originally acquired the property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party. ⑤Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. ⑥An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph. ⑦Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts shall be done in accordance with the Procedures, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted	②The reason for choosing the related party as a transaction counterparty. ③With respect to the acquisition of property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the Procedures. ④ The date and price at which the related party originally acquired the property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party. ⑤Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. ⑥An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph. ⑦Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts shall be done in accordance with the Procedures, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted	

	toward the transaction amount. For the acquisition or disposal of equipment or its right-of-use assets between a public company and its parent company or subsidiaries, the Board, in accordance with the laws and regulations, may authorize the chairperson to provide an endorsement or guarantee within a specific limit, provided it is subsequently submitted to and ratified by the upcoming Board meeting: Where the position of Independent Director has been created in accordance with the laws and regulations, when the procedures for the acquisition and disposal of assets are submitted for discussion by the Board pursuant to the preceding paragraph, the Board of directors shall take into full consideration each Independent Director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting. **The Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 2 and the transaction amount will reach 10 percent or more of the Company's total assets, the Company shall submit the materials in all the subparagraphs of paragraph 2 to the shareholders' meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its parent**	toward the transaction amount. For the acquisition or disposal of equipment or its right-of-use assets between a public company and its parent company or subsidiaries, the Board, in accordance with the laws and regulations, may authorize the chairperson to provide an endorsement or guarantee within a specific limit, provided it is subsequently submitted to and ratified by the upcoming Board meeting: Where the position of Independent Director has been created in accordance with the laws and regulations, when the procedures for the acquisition and disposal of assets are submitted for discussion by the Board pursuant to the preceding paragraph, the Board of directors shall take into full consideration each Independent Director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting. (Omitted)	

	company or subsidiaries or between its subsidiaries. (Omitted)		

V	Announcement and Reporting Procedures: (I) Under any of the following circumstances, for acquiring or disposing of assets, the Finance Department shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format based on the nature within 2 days counting inclusively from the date of occurrence of the event: 1. Acquisition or disposal of property or its right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than property or its right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company. 4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the	Announcement and Reporting Procedures: (I) Under any of the following circumstances, for acquiring or disposing of assets, the Finance Department shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format based on the nature within 2 days counting inclusively from the date of occurrence of the event: 1. Acquisition or disposal of property or its right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than property or its right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company. 4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the	

	transaction counterparty is not a related party, and the transaction amount reaches NT$500 million or more. 5. Acquisition or disposal by the Company in the construction business of property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million. 6. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT$500 million. 7. Apart from assets transactions other than those stated in the preceding six paragraphs or engaging in investments in the Mainland China, the amount of any individual transaction, or the cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year, or the cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of property or right-of-use assets thereof within the same development project within the preceding year, or the cumulative transaction amount	transaction counterparty is not a related party, and the transaction amount reaches NT$500 million or more. 5. Acquisition or disposal by the Company in the construction business of property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million. 6. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT$500 million. 7. Apart from assets transactions other than those stated in the preceding six paragraphs or engaging in investments in the Mainland China, the amount of any individual transaction, or the cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year, or the cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of property or right-of-use assets thereof within the same development project within the preceding year, or the cumulative transaction amount	

	of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year reaches 20 percent or more of paid-in capital or NT$300 million. "Within the preceding year" as used refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount; provided, this shall not apply to the following circumstances: ① Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan. ② Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. ③ Trading of bonds under repurchase and resale agreements, or subscription or	of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year reaches 20 percent or more of paid-in capital or NT$300 million. "Within the preceding year" as used refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount; provided, this shall not apply to the following circumstances: ① Trading of government bonds. ② Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. ③ Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. ④ Where equipment or right-of-use assets thereof for	

	redemption of money market funds issued by domestic securities investment trust enterprises. ④ Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million or more. ⑤ Acquisition or disposal by the Company in the construction business of property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million. ⑥Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT$500 million. (Omitted)	business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million or more. ⑤ Acquisition or disposal by the Company in the construction business of property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million. ⑥Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT$500 million. (Omitted)	

VII	Asset Appraisal Procedures: In acquiring or disposing of property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser; the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion. (I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. (II) Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained. (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are	Asset Appraisal Procedures: In acquiring or disposing of property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser; the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion. (I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. (II) Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained. (III) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction	

	higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. (IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. (V) Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the appraisal report shall be obtained within 2 weeks counting inclusively from the date of occurrence, and the certified public accountant's opinion under subparagraph (III) of the preceding paragraph shall be obtained within 2 weeks counting inclusively from the day the	amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, **Subject to the Statements on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation,** a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. (IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. (V) Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the appraisal report shall be obtained within 2 weeks counting inclusively from the date of occurrence, and the certified public accountant's opinion under subparagraph (III).	

	appraisal report is obtained.		

Champion Building Materials Co. Ltd.
Procedures for the Acquisition and Disposal of Assets

I. Purpose:

The Procedures are established to improve the asset management and implement information disclosure; unaddressed matters shall be subject to requirements under relevant laws and regulations promulgated by the competent authority.

II. Scope of Application for Assets:

(I) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.

(II) Property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.

(III) Memberships.

(IV) Patents, copyrights, trademarks, franchise rights, and other intangible assets.

(V) Right-of-use assets.

(VI) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).

(VII) Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

(VIII) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

(IX) Other major assets.

III. Evaluation Procedures:

(I) For the acquisition or disposal of securities (excluding short-term notes and governmental

bonds) of the Company the Finance Department shall carry out relevant efficacy analysis and evaluate potential investment risk; for the acquisition or disposal of property and other fixed assets, the execution departments shall formulate the capital expenditure plans in advance, carry out feasibility evaluations for the purpose of the acquisition or disposal and estimated benefits, and submit such results to the Finance Department for preparing the capital expenditure budget plan, and make execution and control according to the content of the plan.

(II) The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant (CPA), for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT$300 million or more, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. For those fulfilling the following circumstances, the requirements related to obtaining financial statements of the issuing company for the most recent period and engaging a CPA to provide an opinion regarding the reasonableness of the transaction price when the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT$300 million or more as set out in Article 10 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies shall not apply:

10. Securities acquired through cash contribution in an incorporation by promotion or by public offering.
11. Securities issued at face value by an issuing company carrying out a cash capital increase in accordance with relevant laws and regulations, with the Company as a sponsor of the issue.
12. Securities issued by an investee company wholly invested by the Company that is carrying out a cash capital increase, with the Company as a sponsor of the issue.
13. Securities listed and traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) and emerging stocks.
14. Government bonds or bonds in repurchase or reverse purchase agreements.
15. Domestic funds or overseas funds.
16. TWSE or GTSM listed securities acquired or disposed of in accordance with the TWSE or GTSM rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.
17. Securities acquired through the Company’s sponsorship of a cash capital increase by a public company, when the securities acquired are not privately placed.
18. Subscription to fund shares before the establishment of a fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act, or subscription or redemption of domestic private placement funds, provided that the trust agreement for

the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.

(III) For the acquisition or disposal of property, equipment or its right-of-use asset, the price shall be determined by way of either price inquiry, price comparison, price negotiation, or public tender, with reference to the announced current value, current appraisal value, and the actual trading price of adjacent properties. Where the transaction amount reaches 20 percent of the Company's paid-in capital or NT$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the asset appraisal procedures in the Procedures.

(IV) For the acquisition or disposal of memberships, intangible assets or its right-of-use asset, where the transaction amount reaches 20 percent of the Company's paid-in capital or NT$300 million or more, the Company, unless transacting with a domestic government agency, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser.

(VI-1) The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with the Procedures, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained in accordance with the Procedures need not be counted toward the transaction amount.

(V) When the Company engages in any acquisition or disposal of property or its right-of-use assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance with the Procedures, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the Procedures. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

1. The Company that acquires property or its right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

①Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

②Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

2. The Company that acquires property or its right-of-use assets thereof from a related party and appraises the cost of the property or its right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

①The related party acquired the property or its right-of-use assets thereof through inheritance or as a gift.

② More than 5 years will have elapsed from the time the related party signed the contract to obtain the property or its right-of-use assets thereof to the signing date for the current transaction.

③The property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.

④The property' right-of-use assets for business use are acquired by the Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

3. When the results of the Company's appraisal conducted regarding the acquisition of property or its right-of-use assets by the Company are uniformly lower than the transaction price, the matter shall be handled in compliance with the Procedures. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA has been obtained, this restriction shall not apply:

①Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

❶Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the

gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

❷Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

②Where the Company acquiring property, or obtaining property's right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land above in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the property or obtainment of the its right-of-use assets thereof.

4. Where the Company acquires property or its right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the requirements are uniformly lower than the transaction price, the following steps shall be taken:

①A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities Exchange Act against the difference between the property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.

②The Audit Committee shall comply with Article 218 of the Company Act.

③Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

④The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

⑤When the Company obtains property or its right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

(VI) The Company engaging in derivatives trading shall comply with the "Procedures for Engaging in Derivative Transaction" and pay strict attention to control of the following important risk management and auditing matters to realize the internal control system.

(VII) The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board meeting to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders' meeting and include it along with the expert opinion referred to in the preceding paragraph when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

The Company participating in a merger, demerger, or acquisition shall convene a Board meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and

national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board meetings.

Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
2. An action, such as a disposal of major assets that affects the company's financial operations.
3. An event, such as a major disaster or major change in technology that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back

after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion, and relevant procedures.

After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating Company's shareholders' meeting has adopted a resolution authorizing the Board to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions hereof.

IV. Operating Procedures

(I) Degree of Authority Delegated and the Levels to which Authority is Delegated

1. The acquisition or disposal of assets shall be subject to the "Regulations for Authorization Permission." In addition, investments in the Mainland China shall be approved by the shareholders' meeting or executed by the Chairman under the authorization of the shareholders' meeting, subject to the approval from the Investment Commission.
2. When the Company intends to acquire or dispose of property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board and recognized by the supervisors:

   ①The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.

   ②The reason for choosing the related party as a transaction counterparty.

③With respect to the acquisition of property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the Procedures.

④ The date and price at which the related party originally acquired the property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.

⑤Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

⑥An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph.

⑦Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts shall be done in accordance with the Procedures, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

For the acquisition or disposal of equipment or its right-of-use assets between a public company and its parent company or subsidiaries, the Board, in accordance with the laws and regulations, may authorize the chairperson to provide an endorsement or guarantee within a specific limit, provided it is subsequently submitted to and ratified by the upcoming Board meeting:

Where the position of Independent Director has been created in accordance with the laws and regulations, when the procedures for the acquisition and disposal of assets are submitted for discussion by the Board pursuant to the preceding paragraph, the Board of directors shall take into full consideration each Independent Director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.

The Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 2 and the transaction amount will reach 10 percent or more of the Company's total assets, the Company shall submit the materials in all the subparagraphs of paragraph 2 to the shareholders' meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its parent company or subsidiaries or between its subsidiaries.

(II) Execution Unit and Transaction Procedures

The execution unit for investments in securities of the Company is the Finance Department; the execution unit of property and equipment, or its right-of-use assets is the using

department and relevant responsible units; the execution unit for a merger, demerger, acquisition, or transfer of shares is designated by the Chairman. After the acquisition or disposal of assets being evaluated and the approval is granted according to the requirements, the execution unit shall perform the contract execution, payment and receipt, delivery, acceptance check, and other transaction procedures, and it shall make arrangements according to relevant operations of the internal control system based on the asset's nature.

V. Announcement and Reporting Procedures:

(I) Under any of the following circumstances, for acquiring or disposing of assets, the Finance Department shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format based on the nature within 2 days counting inclusively from the date of occurrence of the event:

1. Acquisition or disposal of property or its right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than property or its right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million or more.
5. Acquisition or disposal by the Company in the construction business of property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million.
6. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT$500 million.
7. Apart from assets transactions other than those stated in the preceding six paragraphs or engaging in investments in the Mainland China, the amount of any individual transaction, or the cumulative transaction amount of acquisitions and disposals of the same type of

underlying asset with the same transaction counterparty within the preceding year, or the cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of property or right-of-use assets thereof within the same development project within the preceding year, or the cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year reaches 20 percent or more of paid-in capital or NT$300 million. "Within the preceding year" as used refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount; provided, this shall not apply to the following circumstances:

① Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.

② Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

③ Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

④ Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million or more.

⑤ Acquisition or disposal by the Company in the construction business of property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million.

⑥Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT$500 million.

(II) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the

information reporting website designated by the FSC by the 10th day of each month.

(III) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

(IV) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.

2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.

3. Change to the originally publicly announced and reported information.

VI. Investment Scope and Limits:

Except for the acquisition of assets, the Company and its subsidiaries may invest in the purchases of property or its right-of-use assets or securities not for business use; the restrictions for their limits are as follows. When calculating subparagraphs (IV) and (V), the participation in investment and establishment, or assuming the position as a director or supervisor, with an intention of long-term holding, may be excluded.

(I) The total amount of the property or its right-of-use assets not for business use shall not exceed 50% of the Company's net worth, or 30% of a subsidiary's net worth.

(II) The total amount of securities shall not exceed 120% of the Company's net worth, or 120% of a subsidiary's net worth.

(III) The limit for the investment in individual securities shall not exceed 60% of the Company's net worth, or 60% of a subsidiary's net worth.

(IV) The net investments of the Company in a single listed company shall not exceed 10% of the net worth in the latest financial statements of the individual company.

(V) The investment and shareholding of the Company in a single listed company shall not 10% of the net worth in the latest financial statements of the individual company.

(VI) The total amount of investments in securities by a subsidiary specializes in investments shall not exceed the company's net worth.

VII. Asset Appraisal Procedures:

In acquiring or disposing of property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT$300 million or more, the Company, unless transacting with a domestic government agency, engaging

others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser; the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

(IV) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.

(V) Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained.

(VI) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.

2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

(IV) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

(V) Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the appraisal report shall be obtained within 2 weeks counting inclusively from the date of occurrence, and the certified public accountant's opinion under subparagraph (III) of the preceding paragraph shall be obtained within 2 weeks counting inclusively from the day the appraisal report is obtained.

VIII. Requirements for the Acquisition or Disposal of Assets by Subsidiaries

(I) The acquisition or disposal of assets of subsidiaries shall comply with the Company’s requirements.

(II) For subsidiaries that are not domestic public companies, when their acquisition or disposal of assets fulfills the announcement and reporting standards established in

the Procedures, they shall notify the parent company to make announcement and report on the designated website according to relevant requirements within two days from the date of occurrence.

(III) In the announcement and reporting standards for subsidiaries, the "if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT$300 million or more" referred to shall be subject to the paid-in capital or total assets of the Company.

"Subsidiaries" referred to are investees in which the Company directly holds over 50% shares with voting rights, or investees in which the Company indirectly holds over 50% shares with voting rights via subsidiaries, and so forth, or investees in which the Company directly, or indirectly via subsidiaries, holds over 50% shares with voting rights, and so forth.

IX. Penalty for the Violation of Relevant Requirements:

Operations related to the acquisition or disposal of relevant assets shall be subject to requirements under the internal control system of the Company. For any material violations found, penalties will be imposed to relevant personnel based on the circumstances of violation.

X. Other Matters

(I) The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

(II) Professional appraisers and their officers, CPAs, attorneys, and securities underwriters that provide the Company with appraisal reports, CPA's opinions, attorney's opinions, or underwriter's opinions may not be a related party of any party to the transaction.

(III) Supplementation for relevant laws and regulations: Unaddressed matters in the Procedures shall be subject to relevant laws and regulations.

(IV) After being approved by the Board, the Procedures were submitted to the Audit Committee and reported to the shareholders' meeting for approval; the same shall apply for any amendment. If any Director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the Director's dissenting opinion to the Audit Committee.

When the procedures for the acquisition and disposal of assets are submitted for discussion by the Board pursuant to the preceding paragraph, the Board shall take into full consideration each Independent Director's opinions, and their opinions and reasons for and against the proposal shall be including in the meeting minutes.

(V) 10% of the total assets in the Procedures shall be calculated based on the total assets in

the latest parent company only or individual financial statements stated in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

For the Company with shares without a par value or shares for a par value other than NT$10, the transaction amount related to 20% of the paid-in capital shall be calculated based on 10% of the interests attributable to owners of the parent company.

Appendices

Champion Building Materials Co. Ltd.

Information of Directors

The statutory aggregate number of shares held by all directors is 20,000,000 shares, and the shareholding by directors as of June 22, 2022 is as follows:

Common Shares	Name	Date Elected	Term	Current Number of Shares Held	
				Number of Shares	Shareholding Ratio
Chairman	Tai Yu Investment Co., Ltd. Representative LIN, JUNG-TE	July 27, 2021	3 Year	19,047,510	4.39%
Director	Tai Yu Investment Co., Ltd. Representative LIN, YOU-YU	July 27, 2021	3 Year	19,047,510	4.39%
Director	Hua Yi Industrial Co., Ltd. Representative Lin, He-Cun	July 27, 2021	3 Year	11,035,000	2.54%
Director	Hua Yi Industrial Co., Ltd. Representative Chen, Jung-Yang	July 27, 2021	3 Year	11,035,000	2.54%
Independent Director	Wu Yung Ku	July 27, 2021	3 Year	0	0%
Independent Director	Lu, Cing-Cang	July 27, 2021	3 Year	0	0%
Independent Director	Chen, Mei-Hua	July 27, 2021	3 Year	0	0%
Subtotal of Shareholding by All Directors				30,082,510	6.93%

The total number of shares held by all directors is 30,082,510 shares, accounting for 6.93% of issued shares.

Note 1: The above list is prepared in accordance with entries on shareholders' register as of book closure date of this General Shareholders' Meeting.

Note 2: The Audit Committee of the Company was established on June 26, 2019 to replace the function of supervisors.

Champion Building Materials Co. Ltd.

Articles of Incorporation

Chapter 1 General Provisions

Article 1 The Company is incorporated in accordance with the Company Act and registered under the business name of 冠軍建材股份有限公司 (Champion Building Materials Co. Ltd.)。

Article 2 The Company's scope of services is set out hereunder:
C901010 Ceramic and Ceramic Products Manufacturing
C901070 Cutting, Shaping and Finishing of Stone
H701040 Specific Area Development
H701060 New Towns, New Community Development
C901060 Manufacture of Refractory Products
C802990 Other Chemical Products Manufacturing
ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1 The Company may make guarantees externally with related companies or companies within the identical scope of business as the needs of the business may require, and the total amount of the Company's re-investments may be more than 40 percent of the paid-in capital and shall not be restricted by regulations as provided by Article 13 of the Company Act.

Article 3 The Company shall have its head office in Miaoli County, the Republic of China, and may, pursuant to a resolution adopted at the meeting of the Board of Directors, set up branch offices or plants within or outside the territory of the Republic of China when deemed necessary.

Article 4 (Deleted)

Chapter 2 Shares

Article 5 The total amount of the Company's capital is NTD 5,000,000,000, which is divided into 500,000,000 shares, with a value per share of NTD 10, to be issued by installments by the Board of Directors under authorization. Among the overall shares contains 5 million shares retained by the Company for share subscription warrant, or share subscription warrants associated with preferred shares or corporate bonds. The Company may obtain the consent of at least two-thirds of the voting rights present at the most recent shareholders meeting attended by shareholders representing a majority of total issued shares before transferring shares to employees at less than the average actual share repurchase price or issuing employee stock subscription warrant at less than market subscription price.

Article 5-1 (Deleted)

Article 6 The Company may be exempted from printing its share certificate, and shall register the issued shares with a centralized securities depositary enterprise.

Article 7 Stock affairs of the Company stocks in terms of stock assignment, pledge of rights, report on loss, inheritance, gifting and loss of stamp, change or address change and other relevant affairs shall be conducted in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by competent authority and other relevant laws and regulations, except

as otherwise provided in regulations or securities provisions.

Chapter 3 Shareholders' Meeting

Article 8 Shareholders' meetings of the Company are of two kinds: (1) regular meeting, which shall be convened at least once a year by the Board of Directors according to the law within six months after close of each fiscal year; and (2) special meeting, which may be convened when necessary following applicable regulations.

Article 9 A shareholder is in principle having one voting right for each share held, and the fractional shares under one share will not be granted voting rights.
The shares held by the Company do not entitle the Company voting rights as provided by laws and regulations.

Chapter 4 Director

Article 10 The Company shall have 7 directors to be elected at the shareholders meeting from among the individuals of legal capacity, with the term of three years. Total number of the aforesaid directors shall contain no fewer than three independent directors and shall not be lower than one-fifth of all directors. A nomination system as provided in the Article 192-1 of the Company Act is adopted in the Company's election of directors, whose nomination method shall be handled in accordance with Company Act and other relevant laws and regulations. All Directors shall be eligible for re-election. Concerning professional qualification, shareholding, limitations on concurrent roles, recognition of independence, nomination method and election methods as well as other matters of compliance shall be conducted in accordance with relevant rules. Total number of shares held by all directors shall be conducted in accordance with "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".
The Audit Committee shall be formed by all independent directors of the Company, whose number shall not be lower than three, and shall contain one convener as well as at least one independent director with expertise in accounting or finance.

Article 10-1 The Company may have its Board of Directors under authorization obtain liability insurance for directors with respect to liabilities resulting from exercising their duties during their terms of directorship to reduce the risks of material loss to the Company and shareholders due to violation.

Article 11 The directors shall elect among themselves one director to serve as Chairman and one director as Vice Chairman. The Chairman shall represent the Company externally and internally serve as chair of the shareholders' meetings and Board of Directors meetings and conduct all affairs in accordance with laws and regulations, articles of incorporation and resolutions thereof. Where the Chairman is on leave or for any reason unable to exercise the powers of the chair, the Vice Chairman shall serve as Chair; in case the Vice Chairman is also on leave or for any reason unable to exercise the powers of the chair, the Chairman shall appoint one of the directors to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.

Article 11-1 A Board of Directors shall meet at least quarterly.
A notice specifying the reason for convening a Board meeting shall be sent to all Directors seven (7) days before the scheduled meeting day; provided, however, that a Board meeting may be convened on short notice in the event of emergency. The notice for calling a meeting of the directors may be effected by means of writing,

electronic email or facsimile.

Article 12 The Board of Directors is composed by directors of the Company, with duties as follows:

1. Determination and amendments of various important provisions and Articles of Incorporation.
2. Decisions and amendments of business plans of the Company.
3. Review on budget and final accounts.
4. Proposals on earnings distribution or covering of losses.
5. Approval of re-investments and loans to other companies and mortgage of assets.
6. Proposal and Approval of Purchases and Disposition of Important Properties and Real Estate.
7. Decisions on Important Appointment of Roles
8. In case endorsements, guarantees, and acceptance exceed total credit as set forth by the Board of Directors, such conduct shall be reported to the Board of Directors for approval.
9. Establishment, adjustment and cancellation of important organization of the Company, and decisions on other important matters.
10. Other functionalities as entitled in accordance with laws and regulations and the shareholders' meeting.

Article 13 Where a director is unable to attend a Board of Directors meeting, a director may appoint another director to attend a meeting of the board of directors in his/her behalf ; however, a director may accept the appointment to act as the proxy of one other director only.

Article 14 The Company may establish other functional committees in accordance with relevant laws and regulations.

Article 15 Compensation to the directors of the Company shall be determined based on the director's engagement in the Company's operations and value of his/her contribution by the Board of Directors under authorization in accordance with industry practices. The Board of Directors may make discretionary payments of transportation allowances following resolutions under industry practice and at general level.

Chapter 5 Managerial Officers

Article 16 The Company may have one general manager and one or more managerial officers for assisting the general manager in handling various affairs. The general manager shall take comprehensive managements over all affairs of the Company under the order of the Board of Directors. Appointment and dismissal of the general manager shall be in compliance with relevant laws and regulations.

Chapter 6 Accounting

Article 17 A fiscal year of the Company starts from January 1st of each year and ends on December 31st of the same year.

Article 18 After the close of each fiscal year, the following reports and statements shall be prepared by the Board of Directors and shall be submitted to the Audit Committee for review and obtain report prepared by the Committee 30 days prior to the date of shareholders' meeting before submitted to the regular meeting of shareholders for acceptance:

1. Report on Operations.

2. Financial Statements.
3. Proposals Concerning Appropriation or Net Profits of Making Up.

Article 19 If there is a profit for the Company at the end of each fiscal year, a proportion at 3~5% of the profit shall be set aside as employees' compensation, and a proportion at no more than 1.5% shall be set aside as directors' compensation. However, the Company's accumulated losses shall have been covered first.

The "profit at the end of each fiscal year" as referred to in the preceding paragraph refers to the benefit of the year before tax and deductions of employees' compensation and directors' compensation.

Distribution of employees' compensation and directors' compensation shall be resolved by adoption by a majority of directors in a Board of Directors meeting attended by two-third of all directors, and shall be reported to the shareholders' meeting.

Qualification requirements of employees, including the employees of parents or subsidiaries of the Company meeting certain specific requirements, entitled to receive employees' compensation in shares or cash in accordance with the provision set furth by the Board of Directors.

Article 19-1 Where there are earnings in the final accounts in each fiscal year, the Company shall first withhold taxes, make up losses in the preceding years, and then set aside 10% legal reserve, except when the legal reserve reaches the amount of the Company's paid-in capital; in addition, where the special reserve is set aside or reversed under applicable laws and regulations or provisions by competent authorities, except for distribution of earnings of shares, in case there are still earnings, such earnings will be combined with undistributed earnings and proposed to the shareholders' meeting for resolution on distribution as proposed by the Board of Directors.

Article 19-2 As the Company is currently in a mature industry, has stable profitability and sound financial structure, for sustainable management and long-term development as well as the Company's future capital needs and long-term operation plans, the Board of Directors may, in accordance with current operation status with considerations of shareholder's equity, balanced dividend policies and capital needs and planning, propose earnings distribution for submission to the shareholders' meeting for resolution.

The earnings distribution may be made in cash dividend or share dividend; however, the proportion of stock dividend distribution may not be more than 50% of the total dividend (50%).

Article 20 In regard to all matters not provided for in these Articles of Incorporation, the Company Act shall govern.

Chapter 7 Additions

Article 21 These Articles of Incorporation are agreed to and signed on November 2, 1972; 1st Amendment was made on April 2, 1974; 2nd Amendment was made on January 2, 1975; 3rd Amendment was made on December 24, 1982; 4th Amendment was made on June 23, 1983; 5th Amendment was made on May 9, 1984; 6th Amendment was made on January 5, 1986; 7th Amendment was made on May 22, 1989; 8th Amendment was made on November 28, 1989; 9th Amendment was made on March 3, 1990; 10th Amendment was made on April 25, 1990; 11th Amendment was made on May 15, 1990; 12th Amendment was made on April 2, 1991; 13th Amendment was made on December 7, 1991; 14th Amendment was made on March 25, 1992; 15th Amendment

was made on April 22, 1993; 16th Amendment was made on March 23, 1994; 17th Amendment was made on April 6, 1995; 18th Amendment was made on May 23, 1996; 19th Amendment was made on May 24, 1997; 20th Amendment was made on May 15, 1998; 21st Amendment was made on May 26, 2000; 22nd Amendment was made on June 15, 2001; 23rd Amendment was made on June 14, 2002; 24th Amendment was made on June 6, 2003; 25th Amendment was made on June 23, 2006; 26th Amendment was made on June 15, 2007; 27th Amendment was made on June 25, 2008; 28th Amendment was made on June 16, 2009; 29th Amendment was made on June 10, 2010; 30th Amendment was made on June 28, 2011; 31st Amendment was made on June 18, 2014; 32nd Amendment was made on June 16, 2015; 33rd Amendment was made on June 28, 2016; 34th Amendment was made on June 26, 2018; 35th Amendment was made on June 16, 2020.

Champion Building Materials Co. Ltd.
Rules of Procedure for Shareholders' Meeting

Article 1 To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2 The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

An agenda handbook shall be furnished when convening of a regular shareholders' meeting, and notices for convening such meeting shall be submitted to each shareholder 30 days prior to the date of such meeting and notices to shareholders holding less than 1000 registered shares may be made by public announcements on MOPS 30 days prior to the special shareholders'meeting; notice for convening of a special shareholders' meeting shall be submitted to each shareholder 15 days prior to the date of such meeting, and notices to shareholders holding less than 1000 registered shares may be made by public announcements on MOPS 15 days prior to the special shareholders' meeting.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing

more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

Article 5 The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 6 The Company shall furnish the attending shareholders and their proxies (collectively, "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

When the government or a juristic person is a shareholder, it may be represented by more

than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting.

Article 8 The Company shall make an uninterrupted audio and video recording of the proceedings of the shareholders meeting. The recorded materials shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in.

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

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

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

Article 10 If a shareholders meeting is convened by the board of directors, the meeting agenda shall

be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

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

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

Article 12 Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any

other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number

of abstentions, shall be entered into the MOPS.

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

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

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

Article 14 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected, and the names of directors and supervisors not elected and number of votes they received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in public announcement.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of the Company.

Where the aforesaid method of resolution is made by the chair inquiring opinions of shareholders, and no shareholder has shown any objection, “all attending shareholders have been inquired by the chair, followed by passage without objection” shall be stated; however, in case there is objection by a shareholder, the voting through ballots and number of voting rights and its proportion for adoption shall be stated.

Article 16 On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19 These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

(1)Influence on the Company's operation performance and earnings per share by issuance of bonus shares as proposed in this General Shareholders' meeting:

Not applicable as the Company did not disclose the financial forecast for the year 2022.

(2) Relevant Information of Employee's Bonus and Directors and Supervisor's Compensation

1. Percentage or Scope of Employees' Bonus and Directors and Supervisors' Compensation as provided in the Articles of Incorporation

   If there is a profit for the Company at the end of each fiscal year, a proportion at 3~5% of the profit shall be set aside as employees' compensation, and a proportion at no more than 1.5% shall be set aside as directors' compensation. However, the Company's accumulated losses shall have been covered first.

   The "profit at the end of each fiscal year" as referred to in the preceding paragraph refers to the benefit of the year before tax and deductions of employees' compensation and directors' compensation.

   Distribution of employees' compensation and directors' compensation shall be resolved by adoption by a majority of directors in a Board of Directors meeting attended by two-third of all directors, and shall be reported to the shareholders' meeting.

   Qualification requirements of employees, including the employees of parents or subsidiaries of the Company meeting certain specific requirements, entitled to receive employees' compensation in shares or cash in accordance with the provision set furth by the Board of Directors.

2. Information concerning Employees' Bonus and Proposal of Other Distributions as Adopted in the Board of Directors meeting:

   (1) The profit before tax and before the deduction of remunerations of employees and Directors in 2021 was NT$1,135,401,313, and the Company has no cumulated loss. According to Article 19 of the Articles of Association, the Company intends to appropriate 3% and 1% of the profit before tax and before the deduction of remunerations of employees and Directors in 2021 as the remuneration of employees and the remuneration of Directors, respectively, which amounted to NT$34,062,039 and NT$11,354,013; the sum of remunerations of employees and Directors are NT$45,416,052, to be fully distributed in cash. The remuneration of employees and the remuneration of Directors have no difference with the initially provided amounts.

   (2) Number of shares proposed to be distributed as employees' stock bonus and its proportion to earnings to capital increase: None.

   (3) Earnings per Share with considerations of proposals on employees' bonus and directors and supervisors' compensation: NTD 2.29.

3. Status of Earnings from the Preceding Year used for Distribution of Employees' Revenue

Share and Directors and Supervisors' Compensation:

The Company's 2020 Table for Covering of Losses has been adopted by resolution in the General Shareholders' Meeting on July 27, 2021, which the shareholders' dividend, employees' compensation in cash and directors and supervisors' compensation will not be dispatched.

(3)Explanations on the handling of proposals by shareholders holding more than 1% in this General Shareholders'' meeting:

Explanation:1. Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of the Company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and the number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words

2. The proposals by shareholder' for 2021 General Shareholders' Meeting of the Company is open from April 18rd to April 28rd, 2022, with relevant information announced on MOPS in accordance with relevant laws and regulations.

3. The Company did not receive any shareholder proposal.