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Champion Building Materials Co. Ltd.

Annual Report 2024



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Chapter 1. Letter to Shareholders

I. 2024 Business Report

(I) Implementation Results of the 2024 Business Plan

Looking back in 2023, due to the changes in Taiwan's domestic real estate market in recent years, the houses built were mainly small areas with low total prices. The sales increase due to the increase in shipment arising from the booming construction requirements of new construction sites in Taiwan. However, the tile product combination sold in 2024 thousand was mainly focused on small sizes. The operating income of NT\$3,150,535 in 2024 represents a slight increase of 5.28% from 2023, which was due to the effects of differences in the product size combinations, the focus on small-sized tiles on the average price and the increase in performance arising from the achievements of SPC of the consolidated company. The overall operating income in 2024 was NT\$3,429,476 thousand, representing a slight increase of 9.30% from 2023. In 2024, gross profit from sales decreased by NT\$16,300 thousand despite the increase in operating income due to the increase in costs in 2024 (i.e., the energy costs generated from domestic electricity prices and natural gases used in production).

In 2023, the consolidated net operating income was NT\$3,429,476 thousand, the operating cost was NT \$2,540,467 thousand, the gross operating profit was NT \$889,009 thousand, the gross profit margin was 25.92%, and the net loss after tax was NT \$119,339 thousand and the net interest rate was 3.48%. The comparisons with 2023 are as follows:

Unit: NT\$000'

Item	2024	2023	Increase (decrease) in amount	Increase (decrease)
Sales income	3,429,476	3,137,657	291,819	9.30
Sales cost	2,540,467	2,232,348	308,119	13.80
Sales gross profit	889,009	905,309	(16,300)	(1.80)
Net profit after Tax	119,339	409	118,930	29,078.23

(II) Budget Execution: According to the requirements under the "Regulations Governing the Publication of Financial Forecasts of Public Companies," the Company is exempted from preparing the 2024 financial forecast.

(III) Analysis on Financial Income and Expense and Profitability:

The analysis on the consolidated financial income and expense and profitability of the Company and its subsidiaries for the latest two years are summarized as follows:

Item		2024	2023
Financial income and expense (NT\$000')	Net cash inflows from operating activities	656,555	292,770
	Net cash outflows from investing activities	(491,892)	(80,423)
	Net cash inflows (outflows) from financing activities	40,166	(291,453)
Profitability (%)	Return on assets (%)	1.83	0.39
	Return on equity (%)	2.17	0.01
	Ratio to paid-in Operating profits	5.46	6.31

Item		2024	2023	
	capital (%)	Net profit before tax	4.60	1.58
	Net profit margin (%)		3.48	0.01
	Earnings per share after tax (NT\$)		0.31	0.001

(IV) R&D Status

Committing to sustainable development, the Company actively achieved carbon reduction and cost reduction through energy conservation, carbon reduction, and the recycling and reuse circulation of waste materials in its production procedures. To improve sales, it invested in the R&D of new products with high value, including the development of 30×60 cm, 60×60 cm, 45×90 cm, 90×90 cm, and 60×120 cm stone slate tiles, the development of 15×75 cm digital wood plank tile series products, the development of 60×120×2 cm and 60×60×2 cm new technological energy conservation stones (thick brick), and the development of 30×60 cm, 60×60 cm, 80×80 cm, 90×90 cm, and 90×180 cm digital printing Champion Macrobelli Marble series products, and other imitation high-end stone materials. It also introduced products developed by adopting digital molds and dry granulation technologies to add stereovision to building ceramics to comprehensively exhibit the delicate texture and glossiness of natural stone materials that are suitable for diverse spaces, bringing outstanding visual effects and ultimate user experience.

II. Summary of Operating Plans for 2025

(I) Operating Policy

The Company has an extensive sales network and is committed to strengthening channel sales services and enhancing the image of its retail stores to increase its market share in the retail sector. It offers a variety of competitive ceramic tile products in both production and sales, aiming to create added value for consumers. By upgrading retail stores and introducing digital resources, the Company strives to provide the best surface material solutions to meet the needs of customers and consumers in the residential building materials market. The Company is actively transforming into a marketing and service-oriented enterprise, positioning itself as “the leading provider of surface material systems.” In terms of product diversity, the Company supplies the Taiwan surface material market with large-format thin tiles, oversized ceramic tiles (90×180 Artistic Mid-size Tiles), energy-efficient porcelain tiles (2cm thick tiles), and SPC (stone plastic composite) flooring. Additionally, the Company has launched its "Champion Cement-Based Thick Self-Leveling" product, offering builders an alternative to traditional cement-sand mortar screeding or leveling. This product can also be paired with soundproof mats to quickly create permanent sound-insulating layers, helping reduce embodied carbon emissions and construction costs—contributing to the realization of low-carbon building practices.

(II) Projected Sales Volume and Basis Thereof

The Company has not released any public financial forecasts for 2025. Based on the production capacity planning of the Company’s kiln equipment, the total annual tile production volume is projected to be 12,800,000 square meters, of which 12,544,000

square meters will be for domestic sales and 256,000 square meters for export. For the wood flooring business, the annual target is set at 120,000 pings, based on factors such as market demand for floor space in both new and existing buildings, competition, and brand market share. The Company will continue to formulate reasonable and flexible sales strategies to secure orders and maintain smooth shipment flows.

(III) Significant Production and Marketing Policy

1. Reinforce and improve the sales network to satisfy consumers' demand by way of channel services, form our brand value through the added value of our products, and increase our market share.
2. For R&D and innovation, actively develop new products, guide the trend of tiles in the industry of surface building materials, as well as lead the market with our quality as always.
3. Continue to focus on deepening sustainable development in environmental protection and energy generation, carbon and environmental protection.

III. Future Development Strategies of the Company

- (I) Pay attention to sustainable development and environmental protection issues and achieve energy conservation: Develop and produce environmental-friendly green tiles at the automated, energy-saving, and environmental-friendly "green tiles" production base to achieve sustainable development.
- (II) R&D and innovation: Adhere to R&D and innovation to maintain our leading status in the market, reinforce the design and improve our equipment to develop the most cutting-edge surface building materials, and maintain our high-value and mid-to-high price brand.
- (III) Sales under multiple brands: Focus on our major position as the "Best Surface Building Material System Provider" and the operations of multiple brands. "Champion Tiles" is the top-notch MIT brand in the tile industry; our quality bestows the actual value of buildings. "Marcobelli Tiles" inherit the design concept of a famous Italian designer and possess the brand nature of Italian style. Marcobelli tiles are aesthetical tiles with European style and natural patterns produced and created in Taiwan. "Marvelous Living" imports tiles under European high-end brands, and provides worry-free and premium services to satisfy the demand for diverse products and services of architects, designers, and top-notch villa customers.

IV. Effects of External Competitive Environment, Regulatory Environment, and Macroeconomic Environment

(I) Effects of External Competitive Environment

The market in Taiwan is under the effects of low-priced imported tiles. Partial low-priced imported tiles have a poor quality that is harmful to consumers' rights. The lack of subsequent services had caused multiple consumer disputes, which materially affected the order of the market and production and sales. To strengthen our brand image in consumers' minds, the Company continues to improve our product quality and brand value and emphasize "local production and local services" to distinguish from tiles illegally imported.

We also implemented our “15-year warranty for household use” services to provide the optimal products and services to consumers so as to faithfully realize our corporate commitments and become the “choice of a lifetime” of consumers. We delivered the concept of “designating MIT tiles for the quality insurance of tiles” to nationals when selecting and purchasing tiles.

(II) Effects of Regulatory Environment

The Company adheres to the due performance of social responsibility and the national requirements related to environment and quality. We test all sources of pollution each year regularly and from time to time to comply with the environmental protection and pollution prevention measures, striving for quality monitoring and complying with the emission standards required for environmental protection. The Company will attach more attention to studying regulations to ensure the interests of all shareholders.

(III) Effects of Macroeconomic Environment

COVID-19 affected the global layout, and the economic prospects became conservative; however, the ceramic industry shall constantly innovate to create niches for the tile industry. Regarding the demand for real estate and residence, the rigid market recorded in recent years was primarily supported by the self-use demand. As a professional supplier for the supply of property materials, the Company adheres to our product quality, reinforces our brand image, and improves the added value of products to satisfy the demand of consumers and the market.

Facing the increase in manufacturing costs, the Company proactively seeks alternative new raw materials and continues to strictly implement specified measures related to energy-saving to achieve the targets of energy-saving, carbon emission reduction, and green environmental protection. Furthermore, we effectively reduce the cost of raw materials and develop new products with the concept of energy-saving and environmental protection to create a new blue ocean market.

Chairman: Lin, Jung-Te

Manager: Lin, You-Yu

Accounting Manager: Liao, Hui-Yi

Chapter 2. Corporate Governance Report

I. Information on Directors, Supervisors, President Vice President, Assistant Vice President, and Superiors of Departments and Branches

(I) Information on Directors and Supervisors

Information on Directors and Supervisors (I)

April 18, 2025

Title	Nationality or Place of Registration	Name	Gender	Date Elected (of Assumption)	Term of Office	Date Initially Elected	Shares Held When Elected		Current Number of Shares Held		Current Number of Shares Held by Spouse and Minors		Shares Held in the Name of Others		Major Experience (Educational Background)	Current Positions in the Company and Other Companies	Other Executives, Directors, or Supervisors Who Are Spouse or Relatives within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relationship	
Chairman	Taiwan	Tai Yu Investment Co, Ltd	None	20240619	Three years	20030606	17,142,759	4.39%	17,142,759	4.39%	0	0%	0	0%	None	Chairman of the Company; chairman of Swanview Internation, Ltd.; chairman of Super Universal Limited; chairman of Tai Yu Investment Co, Ltd; chairman of Guan Zhong Trading Co., Ltd.; chairman of Champion Highwealth Co., Ltd; chairman of Taiwan Ceramic Industries Association; chairman of Sinyih Ceramic (China) Co., Ltd.; chairman of Sinyih Ceramic (Penglai) Co., Ltd.; director of Champion Ceramics (Anhui) Co., Ltd; director of Seagull Champion Limited	Director	Lin, You-Yu	Father and son	Note
	Taiwan	Representative: Lin, Jung-Te	Male 61 to 70 years old				22,748,200	5.86%	2,096,360	0.54%	0	0%	Pacific Western University/ Department of Business Administration; Chengchi University/ EMBA (attended)							
Director	Taiwan	Tai Yu Investment Co, Ltd	None	20240619	Three years	20220621	17,142,759	4.39%	17,142,759	4.39%	0	0%	0	0%	None	Director and President of the Company; supervisor of Deqian Investment Co., Ltd.; chairman of Quicheng Investment Co., Ltd.; chairman of Champion Ceramics (Anhui) Co., Ltd; director of Sinyih Ceramic (China) Co., Ltd.; director of Seagull Champion Limited	Chairman	Lin, Jung-Te	Father and son	
	Taiwan	Representative: Lin, You-Yu	Male 31 to 40 years old				2,864,084	0.73%	0	0%	0	0%	Pepperdine University/ Department of Finance							

Title	Nationality or Place of Registration	Name	Gender	Date Elected (of Assumption)	Term of Office	Date Initially Elected	Shares Held When Elected		Current Number of Shares Held		Current Number of Shares Held by Spouse and Minors		Shares Held in the Name of Others		Major Experience (Education 1 Background)	Current Positions in the Company and Other Companies	Other Executives, Directors, or Supervisors Who Are Spouse or Relatives within the Second Degree of Kinship			Remarks
							Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relationship	
Director	Taiwan	Hua Yi Industrial Co, Ltd	None	20240619	Three years	20000526	9,931,500	2.54%	9,931,500	2.54%	0	0%	0	0%	None	Director of the Company; director of Sinyih Ceramic (China) Co., Ltd.; director of Sinyih Ceramic (Penglai) Co., Ltd.; director of Guan Zhong Trading Co., Ltd.; director of Champion Highwealth Co., Ltd.	None	None	None	
	Taiwan	Representative: Lin, He-Cun	Male 71 to 80 years old						2,879,869	0.74%	0	0%	0	0%	Central Police University/ Police Program; Chinese Culture University College of Law; passed the special examination class B for criminal police officer					
Independent Director	Taiwan	Kung, Shu-Chang	Male 61 to 70 years old	20240619	Three years	20240619	0	0%	0	0%	0	0%	0	0%	Master of Science in Architecture and Master of Design / Harvard University	Professor of Graduate Institute of Architecture of National Yang Ming Chiao Tung University	None	None	None	
Independent Director	Taiwan	Yang, Ming-Hsun	Male 51 to 60 years old	20240619	Three years	20240619	0	0%	0	0%	0	0%	0	0%	Bachelor of Laws / National Taiwan University	Director of Join Intl Law Offices, supervisor of Industrial Technology Investment Co. Ltd. , Chairman of Hsinchu Science Park Management Association, Consultant of The Allied Association For Science Park Industries.	None	None	None	

Title	Nationality or Place of Registration	Name	Gender	Date Elected (of Assumption)	Term of Office	Date Initially Elected	Shares Held When Elected		Current Number of Shares Held		Current Number of Shares Held by Spouse and Minors		Shares Held in the Name of Others		Major Experience (Educational Background)	Current Positions in the Company and Other Companies	Other Executives, Directors, or Supervisors Who Are Spouse or Relatives within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relationship	
Independent Director	Taiwan	Chen, Mei-Hua	Female 51 to 60 years old	20240619	Three years	20210727	0	0%	0	0%	0	0%	0	0%	Fu Jen University/ Department of Law	Independent Director, Audit Committee member, and Remuneration Committee member of the Company; a lawyer of Hengyang Law Firm	None	None	None	
Independent Director	Taiwan	Wu, Heng-Yi	Male 41 to 50 years old	20240619	Three years	20240619	0	0%	0	0%	190	0%	0	0%	Master of Banking and Finance /Sheffield Hallam University	Partner Accountant of Defeng United Accounting Firm, Independent Director of Longhua Electronics Co., Ltd. , Lecturer of Takming University of Science and Technology	None	None	None	

Note 1: When the Chairman and the President or equivalent positions (chief managerial officer) are held by the same person, spouse, or relatives within the first degree of kinship, the reason, relevant information on the reasonableness, necessity, and corresponding measures shall be explained (such as methods of increasing the number of seats for Independent Directors and the majority Directors not concurrently being employees or managers).

Chairman Lin possesses extensive industry experience and is familiar with the Company's business development and operational management; the Company requires his insights and instructions to guide the future development and operations of the Company.

According to the Corporate Governance Best Practice Principles, an additional seat of Independent Director was added for the re-election of Director at the shareholders' meeting on June 19, 2024. The Board has four Independent Directors and the Audit Committee to reinforce the monitoring of the Board; the Company has no circumstance of the majority Directors concurrently being employees or managers.

Table 1 Major Shareholders of Corporate Shareholders

April 18, 2025

Name of corporate shareholders	Major shareholders of corporate shareholders
Tai Yu Investment Co, Ltd	Champion Building Materials Co., Ltd 39.98%; Founden Industrial Co., Ltd. 40.48%; Founder Industrial Co., Ltd. 19.52%
Hua Yi Industrial Co, Ltd	Wang, Kuei-Feng 98.98%

Table 2 Major Shareholders of Corporate Major Shareholders in Table 1

April 18, 2025

Name of corporate shareholders	Major shareholders of corporate shareholders
Founden Industrial Co., Ltd.	Wang, Kuei-Feng 63.95%
Founder Industrial Co., Ltd.	Wang, Kuei-Feng 66.89%

Information on Directors and Supervisors (II)

I. Disclosure of Professional Qualification of Directors and Supervisors and Independence Status of Independent Directors:

Name Condition	Professional Qualification and Experience	Independence Status	Number of other publicly listed companies in which the Director concurrently holds the position as an independent director
Representative of Tai Yu Investment Co, Ltd Chairman Lin, Jung-Te	1. Chairman and President of the Company; chairman of Swanview Internation, Ltd.; chairman of Super Universal Limited; chairman of Tai Yu Investment Co, Ltd; chairman of Guan Zhong Trading Co., Ltd.; chairman of Champion Highwealth Co., Ltd; chairman of Taiwan Ceramic Industries Association; chairman of Sinyih Ceramic (China) Co., Ltd.; chairman of Sinyih Ceramic (Penglai) Co., Ltd.; director of Champion Ceramics (Anhui) Co., Ltd; director of Seagull Champion Limited. 2. None of the circumstances in subparagraphs under Article 30 of the Company Act occurred.	N/A	0
Representative of Tai Yu Investment Co, Ltd Director Lin, You-Yu	1. Director and President of the Company; supervisor of Deqian Investment Co., Ltd.; chairman of Quicheng Investment Co., Ltd.; chairman of Champion Ceramics (Anhui) Co., Ltd; director of Sinyih Ceramic (China) Co., Ltd.; director of Seagull Champion Limited. 2. None of the circumstances in subparagraphs under Article 30 of the Company Act occurred.	N/A	0

Name / Condition	Professional Qualification and Experience	Independence Status	Number of other publicly listed companies in which the Director concurrently holds the position as an independent director
Representative of Hua Yi Industrial Co, Ltd Director Lin, He-Cun	<ol style="list-style-type: none"> 1. Director of the Company; director of Sinyih Ceramic (China) Co., Ltd.; director of Sinyih Ceramic (Penglai) Co., Ltd.; retired public servant; vice president, spokesperson, and chief of audit and legal affairs of Tidehold Development Co., Ltd.; independent director of Microview Technology Corp.; part-time lecturer of a police school; consultant of Mingtai Fire & Marine Insurance Co., Ltd. 2. None of the circumstances in subparagraphs under Article 30 of the Company Act occurred. 	N/A	0
Independent Director Kung, Shu-Chang (member of the Audit Committee and the Sustainable Development Committee)	<ol style="list-style-type: none"> 1. Professor of Graduate Institute of Architecture of National Yang Ming Chiao Tung University. 2. None of the circumstances in subparagraphs under Article 30 of the Company Act occurred. 	Independent Director Kung, Shu-Chang complies with the independence requirements under the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”	<ol style="list-style-type: none"> 1. Number of other publicly listed companies in which the Director concurrently holds the position as an independent director: Zero. 2. Number of other publicly listed companies in which the Director concurrently holds the position as a member of the remuneration committee: Zero.
Independent Director Yang, Ming-Hsun (member of the Audit Committee and the Remuneration Committee)	<ol style="list-style-type: none"> 1. Director of Join Intl Law Offices, supervisor of Industrial Technology Investment Co. Ltd. , Chairman of Hsinchu Science Park Management Association, Consultant of The Allied Association For Science Park Industries. 2. None of the circumstances in subparagraphs under Article 30 of the Company Act occurred. 	Independent Director Yang, Ming-Hsun complies with the independence requirements under the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”	<ol style="list-style-type: none"> 1. Number of other publicly listed companies in which the Director concurrently holds the position as an independent director: Zero. 2. Number of other publicly listed companies in which the Director concurrently holds the position as a member of the remuneration committee: Zero.
Independent Director Chen, Mei-Hua (member of the Audit Committee and the convenor of Remuneration Committee)	<ol style="list-style-type: none"> 1. Lawyer of Wu Ling Hua Law Firm ; lawyer of We Zhang Xu Law Firm; a lawyer of Quan Tai Law Firm ; a lawyer of Hengyang Law Firm. 2. None of the circumstances in subparagraphs under Article 30 of the Company Act occurred. 	Independent Director Chen, Mei-Hua complies with the independence requirements under the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”	<ol style="list-style-type: none"> 1. Number of other publicly listed companies in which the Director concurrently holds the position as an independent director: Zero 2. Number of other publicly listed companies in which the Director concurrently holds the position as a member of the remuneration committee: Zero

Note : The Company regularly examines the qualification of Independent Directors.

Shareholding Status of Independent Directors in 2024 :

Name	Shares Held		Shares Held by Spouse		Shares Held by Relatives Within the Second Degree		Shares Held in the Name of Others	
	Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding
Kung, Shu-Chang	0	0.00	0	0.00	0	0.00	0	0.00
Yang, Ming-Hsun	0	0.00	0	0.00	0	0.00	0	0.00
Chen, Mei-Hua	0	0.00	0	0.00	0	0.00	0	0.00
Wu, Heng-Yi	0	0.00	190	0.00	0	0.00	0	0.00

None of the four Independent Directors, their spouses, relatives within the second degree of kinship, or lineal relatives by blood within the third degree of kinship is a natural person shareholder of the Company with 1% of the shareholding in the Company or with the top 10 shareholding, a director, supervisor, or employee of the Company or its affiliates. In addition, none of the four Independent Directors is a director, supervisor, or employee of any company stated in subparagraphs 5 to 8, paragraph 1, Article 3 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies,” and apart from being the Independent Director and functional committees’ members of the Company, they provide no audit or other professional service to the Company. Based on the above, four Independent Companies of the Company comply with the independence requirement.

II. Board Diversity and Independence:

(I) Board diversification:

1. Diversification policy:

The Board diversification policy of the Company was specified in Article 20 of the “Corporate Governance Best Practice Principles.” The content of the policy is as follows: The Board of the Company shall provide guidance to corporate strategies, supervise the management, and be held responsible for the Company and its shareholders. For the operations and arrangements for the governance system of the Company, the Company shall ensure that the Board exercises its powers according to laws, regulations, Articles of the Company, or the resolutions of the shareholders’ meeting.

Regarding the structure of the Board, an appropriate number of Directors of five persons or more shall be determined based on the scale of business development of the Company and the shareholding status of major shareholders, with reference to the practical operational requirements.

Diversification shall be considered for Board composition. Except that Directors who are concurrently managers of the Company shall not exceed one-third of the Directors, an appropriate diversification policy shall be formulated based on the business patterns and development requirements, which shall include but not limited to the standards of the

following two major aspects:

- I. Basic conditions and values: Gender, age, nationality, and culture.
- II. Professional knowledge and skills: Professional background (i.e., laws, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Board members shall generally possess the knowledge, skills, and literacy required for the execution of duties. To achieve the ideal target of corporate governance, the abilities that the overall Board shall be equipped with are as follows:

1. Ability to perform accounting and financial analysis.
 2. Ability to conduct management administration.
 3. Ability to conduct crisis management.
 4. Knowledge of the industry.
 5. An international market perspective.
 6. Ability to lead.
 7. Ability to make policy decisions.
2. The concrete management targets of the diversification policy and the achievements are as follows:

The Company has a total of seven Directors; Directors who are concurrently employees account for 14%, and Independent Directors account for 57%; the term of office and seniority of three Independent Directors are below three years, and the term of office and seniority of one Independent Director is over three years. The Company has achieved the concrete management target of having over half of the Independent Directors and having Directors who are concurrently managers of the Company less than one-third of Directors; at present, there is one female Director, accounting for 14.39%.

The description of the number of Directors of any gender not reaching one-third of the Board is as follows:

1. Reason description: The Company set up seven Directors according to its Articles. The current Directors were elected at the shareholders' meeting on June 19, 2024; however, there is only one female Director. Even though complying with relevant laws and regulations at the time, it failed to reach one-third of the number of Directors, which was due to the difficulties in seeking talents in a short period of time under the industry characteristics.
2. Measures adopted: Before the expiry of the term of office of the Board and the re-election in 2027, seek talent recommendations from the industry, schools, and other diverse channels for the benefit of improving corporate governance efficacy and realizing the Board diversification policy.

Director	Date Elected (of Assumption)	Nationality	Gender	Age Distribution			Business Management	Leadership	Industrial Knowledge	Finance and Accounting	Law
				31 to 50 years old	51 to 70 years old	Over 71 years old					
Lin, Jung-Te	20240619	Taiwan	Male		V		V	V	V		
Lin, You-Yu	20240619	Taiwan	Male	V			V	V	V		
Lin, He-Cun	20240619	Taiwan	Male			V	V		V		V
Kung, Shu-Chang	20240619	Taiwan	Male		V				V		
Yang, Ming-Hsun	20240619	Taiwan	Male		V		V	V			V
Chen, Mei-Hua	20240619	Taiwan	Female		V						V
Wu, Heng-Yi	20240619	Taiwan	Male	V						V	

(II) Board independence: There are a total of seven current Board members, in which four of them are Independent Directors. There are no circumstances stated in paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act between the Directors; please refer to the “Disclosure of information on the professional qualifications of Directors and the independence of Independent Directors” on page 6 of the annual report. For information on the academic background/experience, gender, and work experience of Directors, please refer to “3.2.1 Directors” of the annual report.

II. Information on President, Vice Presidents, Assistant Vice Presidents, Superiors of Departments and Branches

Information on President, Vice Presidents, Assistant Vice Presidents, Superiors of Departments and Branches

April 18, 2025

Title	Nationality	Name	Gender	Date Elected (of Assumption)	Shares Held		Shares Held by Spouse and Minors		Shares Held in the Name of Others		Major Experience (Educational Background)	Current Positions in Other Companies	Managers Who Are Spouse or Relatives within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relationship	
President	Taiwan	Lin, You-Yu	Male	20240129	2,864,084	0.73%	0	0%	0	0%	Pepperdine University/Department of Finance	Chairman of Champion Ceramics (Anhui) Co., Ltd.; Director of Sinyih Ceramic (China) Co., Ltd.; Director of Seagull Champion Limited ;Supervisor of Deqian Investment Co., Ltd.; Chairman of Quicheng Investment Co., Ltd.	Chairman	Lin, Jung-Te	Father	Note
												Special assistant	Lin, Meng-Yu	siblings		
Executive Vice President	Taiwan	Wang, Kai-Ming	Male	20210628	0	0%	0	0%	0	0%	National Taiwan University/Institute of Civil Engineering	None	None	None	None	
Assistant Vice President	Taiwan	Lin, Jen-Hsiung	Male	20020701	0	0%	0	0%	0	0%	National United University Ceramic Engineering	None	None	None	None	
CFO	Taiwan	Liao, Hui-Yi	Female	20071207	9,837	0.00%	0	0%	0	0%	Soochow University/ Department of Accounting (Master)	Supervisor of Seagull Champion Limited	None	None	None	

Title	Nationality	Name	Gender	Date Elected (of Assumption)	Shares Held		Shares Held by Spouse and Minors		Shares Held in the Name of Others		Major Experience (Educational Background)	Current Positions in Other Companies	Managers Who Are Spouse or Relatives within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relationship	
Special Assistant	Taiwan	Lin, Meng-Yu	Female	20130207	2,847,954	0.73%	0	0%	0	0%	Pepperdine University/ Department of Science and Business Administration	Director of Guan Zhong Trading Co., Ltd. ;Director of Champion Highwealth Co., Ltd. ;Chairman of Deqian Investment Co., Ltd. ; Supervisor of Quicheng	Chairman	Lin, Jung-Te	Father and daughter	
Assistant Vice President	Taiwan	Chang, Chih-Chung	Male	20171107	0	0%	0	0%	0	0%	Da-yeh University/ Department of Information Management	None	None	None	None	
Assistant Vice President	Taiwan	Chang, Shiuan-Ming	Male	20181105	0	0.00%	0	0%	0	0%	Nan Kai University of Technology/Department of Electrical and Electronic Engineering	None	None	None	None	
Assistant Vice President	Taiwan	Chang, Cing-Fu	Male	20190802	0	0.00%	0	0%	0	0%	Army Ordnance School/ Department of Vehicle Maintenance	None	None	None	None	
Assistant Vice President	Taiwan	Peng, Wei-Quan	Male	20250304	0	0.00%	0	0%	0	0%	National Chin-Yi University of Technology/Department of chemical and materials engineering	None	None	None	None	

Note 1: When the President and the Chairman or equivalent positions (chief managerial officer) are held by the same person, spouse, or relatives within the first degree of kinship, the reason, relevant information on the reasonableness, necessity, and corresponding measures shall be explained (such as methods of increasing the number of seats for Independent Directors and the majority Directors not concurrently being employees or managers):

Chairman Lin possesses extensive industry experience and is familiar with the Company's business development and operational management; the Company requires his insights and instructions to guide the future development and operations of the Company. Based on the corporate governance principles, the reelection of Directors was performed at the shareholders' meeting on June 19, 2024, and one Independent Director was added. The Board of the Company has four Independent Directors and the Audit Committee to enhance the supervision of the Board.

(II) Remuneration Paid to Directors, Supervisors, President, and Vice President for the Latest Year

Remuneration to General Directors, Independent Directors, Supervisors, President, and Vice President

(1) Remuneration to General Directors and Independent Directors

Unit: NT\$000'

Title	Name	Remuneration of Directors								Total of items A, B, C and D and ratios over net income after tax (%)		Relevant remuneration received by Directors who are also employees								Total of items A, B, C, D, E, F, and G and ratios over net income after tax (%)		Receive remuneration from investee companies other than subsidiaries or from the parent company
		Compensation (A)		Severance pay and retirement pension (B)		Remuneration of Directors (C)		Allowances for Business Execution (D)				Salaries, bonus, and allowance (E)		Remuneration of Directors (F)		Remuneration of Employees (G)						
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report			
Chairman	Tai Yu Investment Co., Ltd. Representative Lin, Jung-Te	0	0	0	0	660	660	470	1,007	1,130	1,667	3,141	4,216	0	0	0	0	0	0	4,271	5,883	0
										0.95%	1.40%									3.58%	4.93%	
Director	Tai Yu Investment Co., Ltd. Representative Lin, You-Yu	0	0	0	0	660	660	470	577	1,130	1,237	2,228	2,228	99	99	132	0	132	0	3,589	3,696	0
										0.95%	1.04%									3.01%	3.10%	
Director	Hua Yi Industrial Co., Ltd. Representative Lin, He-Cun	0	0	0	0	264	264	450	450	714	714	0	0	0	0	0	0	0	0	714	714	0
										0.60%	0.60%									0.60%	0.60%	
Director	Hua Yi Industrial Co., Ltd. Representative Chen, Jung-Yang (Rescinded on 18 June 2024)	0	0	0	0	0	0	260	260	260	260	0	0	0	0	0	0	0	0	260	260	0
										0.22%	0.22%									0.22%	0.22%	
Independent Director	Kung, Shu-Chang	0	0	0	0	264	264	380	380	644	644	0	0	0	0	0	0	0	0	644	644	0
										0.54%	0.54%									0.54%	0.54%	

Title	Name	Remuneration of Directors								Total of items A, B, C and D and ratios over net income after tax (%)		Relevant remuneration received by Directors who are also employees								Total of items A, B, C, D, E, F, and G and ratios over net income after tax (%)		Receive remuneration from investee companies other than subsidiaries or from the parent company
		Compensation (A)		Severance pay and retirement pension (B)		Remuneration of Directors (C)		Allowances for Business Execution (D)				Salaries, bonus, and allowance (E)		Remuneration of Directors (F)		Remuneration of Employees (G)						
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report			
														Amount in cash	Amount in shares	Amount in cash	Amount in shares					
Independent Director	Yang, Ming-Hsun	0	0	0	0	264	264	370	370	634 0.53%	634 0.53%	0	0	0	0	0	0	0	0	634 0.53%	634 0.53%	0
Independent Director	Chane, Mei-Hua	0	0	0	0	264	264	710	710	974 0.82%	974 0.82%	0	0	0	0	0	0	0	0	974 0.82%	974 0.82%	0
Independent Director	Wu, Heng-Yi	0	0	0	0	264	264	370	370	634 0.53%	634 0.53%	0	0	0	0	0	0	0	0	634 0.53%	634 0.53%	0
Independent Director	Wu, Yung-Ku (Rescinded on 18 June 2024)	0	0	0	0	0	0	340	340	340 0.28%	340 0.28%	0	0	0	0	0	0	0	0	340 0.28%	340 0.28%	0
Independent Director	Lu Chin-Tsang (Rescinded on 18 June 2024)	0	0	0	0	0	0	340	340	340 0.28%	340 0.28%	0	0	0	0	0	0	0	0	340 0.28%	340 0.28%	0

1. Please explain the payment policies, systems, standards, and structures for remuneration of Independent Directors and explain the connection between factors (such as duties, risks, and time invested) and the amount of remuneration paid:

According to the Articles of Association of the Company (the "Articles"), the Board (advised by the Remuneration Committee) is authorized to determine the compensation of Directors based on their participation in the Company's operations and the value of their contributions with reference to the common standards within the industry. Independent Directors of the Company do not receive Directors' remuneration distribution and other bonus distribution; the Board may determine the offering of traffic allowance for Directors with reference to the common standards within the industry.

2. Except for the disclosures in the above table, remuneration received by Directors for providing services (such as being nonemployee consultants of the parent company/any company in the financial statements/investee) to all companies in the financial report for the latest year was NT\$240,000.

Note 1: A driver is assigned to Chairman Lin, Jung-Te, and the driver's compensation was NT\$1,197,628.

(1-2) Scale of Payment

Level of remuneration paid to each director of the Company	Name of Directors			
	Total remuneration for the first four items (A+B+C+D)		Total remuneration for the first seven items (A+B+C+D+E+F+G)	
	The Company	All companies in the Financial Statements H	The Company	All companies in the Financial Statements I
Les than NT\$1,000,000	Lin, He-Cun Chen, Jung-Yang Kung, Shu-Chang Yang, Ming-Hsun Chen, Mei-Hua Wu, Heng-Yi Wu, Yung-Ku Lu Chin-Tsang	Lin, He-Cun Chen, Jung-Yang Kung, Shu-Chang Yang, Ming-Hsun Chen, Mei-Hua Wu, Heng-Yi Wu, Yung-Ku Lu Chin-Tsang	Lin, He-Cun Chen, Jung-Yang Kung, Shu-Chang Yang, Ming-Hsun Chen, Mei-Hua Wu, Heng-Yi Wu, Yung-Ku Lu Chin-Tsang	Lin, He-Cun Chen, Jung-Yang Kung, Shu-Chang Yang, Ming-Hsun Chen, Mei-Hua Wu, Heng-Yi Wu, Yung-Ku Lu Chin-Tsang
NT\$1,000,000 (including)~NT\$2,000,000 (excluding)	Lin, Jung-Te Lin, You-Yu	Lin, Jung-Te Lin, You-Yu		
NT\$2,000,000 (including)~NT\$3,500,000 (excluding)				
NT\$3,500,000 (including)~NT\$5,000,000 (excluding)			Lin, Jung-Te Lin, You-Yu	Lin, You-Yu
NT\$5,000,000 (including)~NT\$10,000,000 (excluding)				Lin, Jung-Te
NT\$ 10,000,000 (including)~NT\$15,000,000 (excluding)				
NT\$15,000,000 (including)~NT\$30,000,000 (excluding)				
NT\$30,000,000 (including)~NT\$50,000,000 (excluding)				
NT\$ 50,000,000 (including)~NT\$100,000,000 (excluding)				
More than NT\$100,000,000				
Total	10	10	10	10

(2) Remuneration to President and Vice President

Unit: NT\$000'

Title	Name	Salaries (A)		Severance pay and retirement pension (B)		Bonuses and allowance (C)		Remuneration of Employees (D)				Total of items A, B, C, and D and ratios over net income after tax (%)		Receive remuneration from investee companies other than subsidiaries or from the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Amount in cash	Amount in shares	Amount in cash	Amount in shares			
President	Lin, You-Yu	2,213	2,213	99	99	15	15	132	0	132	0	3,459 2.06%	2,459 2.06%	0
Executive Vice President	Wang, Kai-Ming	1,871	1,871	108	108	506	506	144	0	144	0	2,629 2.20%	2,629 2.20%	0

(2-1) Scale of Payment

Level of remuneration paid to each president and vice president of the Company	Name of President and Vice President	
	The Company	All companies in the Financial Statements
Less than NT\$1,000,000		
NT\$1,000,000 (including)~NT\$2,000,000 (excluding)		
NT\$2,000,000 (including)~NT\$3,500,000 (excluding)	Lin, You-Yu Wang, Kai-Ming	Lin, You-Yu Wang, Kai-Ming
NT\$3,500,000 (including)~NT\$5,000,000 (excluding)		
NT\$5,000,000 (including)~NT\$10,000,000 (excluding)		
NT\$ 10,000,000 (including)~NT\$15,000,000 (excluding)		
NT\$15,000,000 (including)~NT\$30,000,000 (excluding)		
NT\$30,000,000 (including)~NT\$50,000,000 (excluding)		
NT\$ 50,000,000 (including)~NT\$100,000,000 (excluding)		
More than NT\$100,000,000		
Total	2	2

(3-1) Remuneration to Chief Executives with Top Five Highest Remuneration of the Listed Company (Disclose the Name and the Corresponding Remuneration Separately)

Unit: NT\$000'

Title	Name	Salaries (A)		Severance pay and retirement pension (B)		Bonuses and allowance (C)		Remuneration of Employees (D)				Total of items A, B, C, and D and ratios over net income after tax (%)		Receive remuneration from investee companies other than subsidiaries or from the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Amount in cash	Amount in shares	Amount in cash	Amount in shares			
President	Lin, You-Yu	2,213	2,213	99	99	15	15	132	0	132	0	2,459 2.06%	2,459 2.06%	0
Executive Vice President	Wang, Kai-Ming	1,871	1,871	108	108	506	506	144	0	144	0	2,629 2.20%	2,629 2.20%	0
Assistant Vice President	Chang, Cing-Fu	1,658	1,658	99	99	335	335	147	0	147	0	2,239 1.88%	2,239 1.88%	0
Assistant Vice President	Lin, Jen-Hsiung	1,710	1,710	-	-	318	318	147	0	147	0	2,175 1.82%	2,175 1.82%	0
CFO	Liao, Hui-Yi	1,524	1,524	87	87	365	365	168	0	168	0	2,144 1.80%	2,144 1.80%	0

Names of the Manager for the Distribution of Employee's Bonuses and the Distribution

December 31, 2024; Unit: NT\$000'

	Title	Name	Amount in shares	Amount in cash	Total	Ratio of the total sum to net profit after tax (%)
Manager	President	Lin, Jung-Te	0	930	930	0.78%
	Executive Vice President	Wang, Kai-Ming				
	Senior Special Assistant	Wang, Kuei-Feng				
	Assistant Vice President	Lin, Jen-Hsiung				
	CFO	Liao, Hui-Yi				
	Special Assistant	Lin, Meng-Yu				
	Assistant Vice President	Chang, Chih-Chung				
	Assistant Vice President	Jang, Shiuan-Ming				
	Assistant Vice President	Chang, Cing-Fu				
	Assistant Vice President	Liu, Jing-Yi				

(IV) Compare and Explain the Analysis on the Ratio of the Total Remuneration Paid to the Company's Directors, Supervisors, President, and Vice Presidents by the Company and All Companies in the Consolidated Statements to the Net Profit After Tax in the Individual or Separate Financial Report for the Latest Two Year, Respectively, and Explain the Policies, Standards, and Packages for Remuneration Payment, Procedures for Determining the Remunerations, and the Connection with Operating Performance and Future Risks.

1. Analysis on the Ratio of the Total Remuneration Paid to the Company's Directors, Supervisors, President, and Vice Presidents to the Net Profit After Tax in the Individual Financial Report for the Latest Two Year

	2024		2023	
	Ratio of the total remuneration paid to the Company's Directors, supervisors, President, and Vice Presidents by the Company to the net profit after tax in the individual or separate financial report (%)	Ratio of the total remuneration paid to the Company's Directors, supervisors, President, and Vice Presidents by all companies in the consolidated statements to the net profit after tax in the individual or separate financial report (%)	Ratio of the total remuneration paid to the Company's Directors, supervisors, President, and Vice Presidents by the Company to the net profit after tax in the individual or separate financial report (%)	Ratio of the total remuneration paid to the Company's Directors, supervisors, President, and Vice Presidents by all companies in the consolidated statements to the net profit after tax in the individual or separate financial report (%)
Directors	10.39%	11.83%	2,050.73%	2,463.07%
President and Vice Presidents	4.26%	4.26%	1,739.17%	1,996.87%

2. Policies, Standards, and Packages for Remuneration Payment

- (1) The Company has established its Remuneration Committee to evaluate the remuneration policies and systems for the Company's Directors and managers and make recommendations to the Board for them to make reference upon making decisions.
- (2) According to the Company's Articles, the compensation of Directors for executing their duties shall be determined by the Board according to individual Directors' level of participation and value of contributions with reference to the general standards within the industry. The Board may determine to provide traffic allowance to Directors with reference to the common standards within the industry. In addition, where the Company records any profits, the Company shall appropriate no more than 1.5% of such profits as remuneration to Directors according to Article 19 of the Company's Articles.
- (3) Remuneration policies for the Company's employees: The remuneration of managers is determined based on the hierarchy, duties, personal work experiences, expertise, and responsibilities of managers with reference to salary and benefit policies of companies within the same categories and nature in the human resources market and the Company. Annual performance evaluations are determined based on personal work performances and the Company's operating status, and are positively related to operating performance. Furthermore, where the Company records any profits, the Company shall appropriate 3% to 5% of such profits as remuneration to employees according to Article 19 of the Company's Articles. The standards for the compensation paid to the Company's managers are also determined by the Board based on individual performances, contributions to the Company's overall operations, and requirements under relevant rules and regulations of the Company with reference to the payment standards in the market.
- (4) The remuneration stated in the Remuneration Committee Charter includes cash compensation, share option, share bonuses, retirement benefits, or severance pay, allowances, and other measures with real incentives; the scope is consistent with the relevant remuneration to Directors and managers in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

3. Procedures for Determining the Remunerations

The performance evaluation of Directors and managers shall be based on the "Regulations for the Board of Directors' Performance Evaluation" and "Regulations for the Execution of Performance Evaluation" applicable to managers and employees. For the remunerations, reasonable compensations are provided based on the Company's overall operating performance, future risks and development trends of the industry, personal performance achievement rate, and level of contributions to the Company. Relevant performance evaluations and rationale of remunerations are reviewed by the Remuneration Committee and the Board; the remuneration systems are examined from time to time according to the actual operating status and market standards to seek a balance between sustainable operations and risk control of the Company.

4. Connection with Operating Performance and Future Risks

The examination of relevant payment standards and systems primarily considers the Company's overall operating status. The payment standards are determined based on the performance achievement rate and level of contributions to improve the overall functions of the organizational teams of the Board and management departments. Furthermore, the

Company refers to the remuneration standards within the industry to ensure the remunerations for the Company's management remain competitive within the industry to retain outstanding management talents.

The result of the mutual connections between the Company's operating results and the performance and remuneration of the management positively facilitate the overall performance of the Company, and in turn, realize the maximum shareholders' interest.

Significant decisions of the Company's management are made after considering various risk factors. The performance of such decisions reflects in the profit status of the Company, and in turn, relates to the remuneration of the management.

III. Operations of Corporate Governance

(I) Operations of the Board of Directors

(1) Information on the Operations of the Board of Directors

9 (A) meetings had been held for the Board in the latest year, and the attendance of Directors and supervisors are as follows:

Title	Name	Number of actual attendance (B)	Attendance by proxy	Actual attendance (presence) rate [B / A]	Remark
Chairman	Tai Yu Investment Co., Ltd. Representative Lin, Jung-Te	9	0	100%	
Director	Tai Yu Investment Co., Ltd. Representative Lin, You-Yu	9	0	100%	
Director	Hua Yi Industrial Co., Ltd. Representative Lin, He-Cun	9	0	100%	
Independent Director	Kung, Shu-Chang	4	0	100%	(Assumed office on 18 June 2024)
Independent Director	Yang, Ming-Hsun	4	0	100%	(Assumed office on 18 June 2024)
Independent Director	Chen, Mei-Hua	9	0	100%	
Independent Director	Wu, Heng-Yi	4	0	100%	(Assumed office on 18 June 2024)
Director	Hua Yi Industrial Co., Ltd. Representative Chen, Jung-Yang	5	0	100%	(Rescinded on 18 June 2024)
Independent Director	Wu, Yung-Ku	5	0	100%	(Rescinded on 18 June 2024)
Independent Director	Lu Chin-Tsang	5	0	100%	(Rescinded on 18 June 2024)

Other Matters to be Disclosed:

- I. Where any of the following circumstances occurred in the operations of the Board, the Company shall set out the date of the Board meeting, the session, the content of the resolution, opinions of all Independent Directors, and measures adopted by the Company for the opinions of the Independent Directors:
- (I) Matters set out in Article 14-3 of the Securities Exchange Act: For significant resolutions made by the Board for 2024 and as of the date of publishing the Annual Report, please refer to page 65 of the Annual Report.
 - (II) Except for the above matter, other resolutions at the meeting of the Board where Independent Directors expressed opposing or qualified opinions with records or written declarations: For significant resolutions made by the Board for 2024 and as of the date of publishing the Annual Report, please refer to page 65 of the

Annual Report.

II. For the execution of the Director’s recusal from resolutions in which they have interests, the Company shall set out the name of Directors, the content of the resolution, the reason for the abstention due to interests, and the participation status of voting:

Meeting Date	Content of the Resolution	Director Abstained	Reason for the Abstention	Voting Status
2024.1.29 (1 st meeting in 2024)	1.General manager appointment	Chairman Lin, Jung-Te Director Lin, You-Yu	Concurrent position as a manager	Passed by other attending Directors as proposed
	10.The Implementation and Distribution of Company’s “2023 Manager’ Year-end Bonus and Performance Bonus Allocation Plan”.	Chairman Lin, Jung-Te, Director Lin, You-Yu	Concurrent position as a manager	Passed by other attending Directors as proposed
	12.Discussion on the remuneration (standards and structure) of Directors and managers (including those who are newly appointed).)	General Director: Chairman Lin, Jung-Te Director Lin You-Yu, Director Lin, He-Cun, Director Chen, Jung-Yang, Independent Director: Director Wu, Yung-Ku, Director Lu, Chin-Tsang; Director Chen, Mei-Hua	Review over the Measures for Remuneration Paid to General Directors	Passed by other attending Directors as proposed
	13.Discussion on the Company’s “Measures for 2024 Performance Achievement Bonus” (including performance evaluation standards and policies), “Measures for Executive Vice President Performance Achievement Bonus”	Chairman Lin, Jung-Te, Director Lin, You-Yu	Concurrent position as a manager	Passed by other attending Directors as proposed

Meeting Date	Content of the Resolution	Director Abstained	Reason for the Abstention	Voting Status
2024.08.13 (5 th meeting in 2024)	8. Discussion on the remuneration (standards and structure) of Directors and managers (including those who are newly appointed).	General Director: Chairman Lin, Jung-Te, Director Lin You-Yu, Director Lin, He-Cun. Independent Director: Director Kung, Shu-Chang, Director Yang, Ming-Hsun, Director Chen, Mei-Hua , Director Wu, Heng-Yi.	Review over the Measures for Remuneration Paid to General Directors Review over the Measures for Remuneration Paid to General Directors	Passed by other attending Directors as proposed
	9. Discussion on the remuneration (standards and structure) of Directors and managers (including those who are newly appointed).	Chairman Lin, Jung-Te, Director Lin, You-Yu	Concurrent position as a manager	
	10. Amendments to the Company's "Measures for Remuneration Paid to Managers "	Chairman Lin, Jung-Te, Director Lin, You-Yu	Concurrent position as a manager	
2025.01.21 (1 st meeting in 2025)	6. Review and approval of the proposal for the distribution of year-end bonuses and performance bonuses for the Company's manager in 2024.	Chairman Lin, Jung-Te, Director Lin, You-Yu	Concurrent position as a manager	Passed by other attending Directors as proposed
	7. Discussion on the remuneration (standards and structure) of Directors and managers (including those who are newly appointed).	Chairman Lin, Jung-Te, Chairman Lin, Jung-Te, Director Lin, You-Yu	Review over the Measures for Remuneration Paid to Chairman Review over the Measures for Remuneration Paid to President	
2025.03.31 (3 rd meeting in 2025)	Proposal for the transaction with a related party of the Company in 2025	Chairman Lin, Jung-Te, Director Lin, You-Yu	The discussion content of the proposal is related to two Directors.	The proposal was approved by other attending Directors; however, to improve corporate governance and reduce the ratio of transactions with substantial related parties, the Company

					intends to reduce related party transactions to 50% by the end of 2025. The Company shall establish a project workforce and report the relevant work structure at the upcoming Board meeting.
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III. Listed Companies shall disclose the evaluation cycle and period, evaluation scope, method, and evaluation content for the self- (or peer) evaluations of the Board and complete Schedule II (2) Execution of the Board Evaluation.

Cycle of evaluation	Period of evaluation	Scope of evaluation	Method of evaluation	Content of evaluation
Execute once a year	January 1, 2024 to December 31, 2024	Board, individual Directors, and functional committees.	Use the “Board Performance Self-evaluation Questionnaire” for the overall Board internal self-evaluation.	The measurement items in the “Board Performance Self-evaluation Questionnaire” include five aspects of participation in the operation of the Company, improvement in the quality of the Board’s decision-making, composition and structure of the Board, election and continuing education of the Directors, and internal control, and internal control, and a total of 45 evaluation indicators.
			Use the “Director Performance Self-evaluation Questionnaire” for Director internal self-evaluation.	The measurement items in the “Director Performance Self-evaluation Questionnaire” include six aspects of alignment of the goals and missions of the Company, awareness of the duties of a Director, participation in the operation of the Company, management of internal relationships and communication, the Director’s professionalism and continuing education, and internal control, and a total of 23 evaluation indicators.
			Use the “Functional Committee Performance Self-evaluation Questionnaire” for functional committee internal self-evaluation.	The measurement items in the “Functional Committee Performance Self-evaluation Questionnaire” include five aspects of participation in the operation of the Company, awareness of the duties of the functional committee, improvement of the quality of the functional committee’s decision-making, composition and election of the functional committee’s members, and internal control, and a total of 25, 21 and 20 evaluation indicators for the Audit Committee, the Remuneration Committee and the Sustainable Development Committee, respectively.

IV. Objectives for strengthening the functions of the Board (such as the establishment of the Audit Committee and improvement of information transparency) during the current year and the latest year and the execution evaluation.

1. On January 29, 2024, the Board passed the following: (1) Amendments to the Company’s “Ethical Corporate Management Best Practice Principles”. (2) Amendments to the

- Company's "Procedures for Ethical Management and Guidelines for Conducts". (3) Amendments to the Company's "Rules of Procedure for Board of Directors Meetings". (4) Amendments to the "Procedures for Suspension and Recovery Applications" (5) Amendments to the "Insider Trading Prevention Management." (6) Amendments to the "Corporate Governance Best Practice Principles." (7) Amendments to the "Regulations for Internal Audits" (8) Amendments to the "Regulations for the Preparation and Reporting of the Sustainability Report." (9) Amendments to the "The Organic Regulations of the Audit Committee."
2. On March 14, 2024, the Board passed the following: (1) Amendments to the Company's "Articles of Incorporation for the Sustainable Development Committee".
 3. Approved by the Board on June 19, 2024: (1) Proposal for the appointment of the member of the 3rd session of the Audit Committee. (2) Proposal for the appointment of the member of the 6th session of the Remuneration Committee. (3) Proposal for the appointment of the member of the 2nd session of the Sustainable Development Committee.
 4. At the Board meeting on August 13, 2024, the Company reported and explained the responsibility insurance purchased for Directors and managers from Fubon Insurance; the insurance premium is \$1 million, and the insurance period is from 24:00 on September 3, 2024 to 24:00 on September 3, 2025.
 5. The Board approved the establishment of the "internal control system for sustainability information management" on November 13, 2024.
 6. On March 14, 2023, the Board passed the following: (1) Amendments to the Company's "Key Points for the Establishment and Exercise of the Functions and Powers of the Board of Directors" and "Regulations Governing the Financial Business between Affiliated Enterprises". (2) Amendments to the Company's "SOP for Handling the Directors' Requests". (3) Amendments to the Company's "Operation Procedures for Integrity Management and Guidelines" and "Regulations Governing the Handing of Report Cases of Illegal, Unethical or Dishonest Behavior". (4) Amendments to the Company's "Criteria for Preparing Financial Statements".

(II) Operations of the Audit Committee

Operations of the Audit Committee

8 (A) meetings had been held for the Audit Committee in the latest year, and the attendance of Independent Directors is as follows:

Title	Name	Number of actual attendance (B)	Attendance by proxy	Actual attendance (presence) rate (B/A) (Note)	Remark
Convener	Kung, Shu-Chang	3	0	100%	(Assumed office on 19 June 2024)
Member	Yang, Ming-Hsun	3	0	100%	(Assumed office on 19 June 2024)
Member	Chen, Mei-Hua	8	0	100%	(Assumed office on 19 June 2024)
Member	Wu, Heng-Yi	3	0	100%	
Convener	Wu, Yung-Ku	5	0	100%	(Rescinded on 18 June 2024)
Member	Lu, Chin-Tsang	5	0	100%	(Rescinded on 18 June 2024)

Other Matters to be Disclosed:

- I. Where any of the following circumstances occurred in the operations of the Audit Committee, the Company shall set out the date of the Audit Committee meeting, the session, the content of the resolution, resolution results of the Audit Committee, and measures adopted by the Company for the opinions of the Audit Committee.
- (I) Matters set out in Article 14-5 of the Securities Exchange Act: Please refer to page 30 of the Annual Report.
- (II) Except for the above matter, other resolutions not passed by the Audit Committee but received consent from two-thirds of all Directors: Please refer to page 30 of the Annual Report.
- II. For the execution of Independent Director's recusal from resolutions in which they have interests, the name of the Independent Directors, the content of the resolution, the reason for the recusal due to interests, and the participation in voting shall be set out: None.
- III. Communication between Independent Directors and Chief Internal Auditor and CPAs (the content shall include significant matters, methods, and results communicated regarding the Company's finance and business conditions).
- Communication between the Audit Committee with Chief Internal Auditor and CPAs:
1. The audit report for the preceding month is submitted to the Independent Directors/Audit Committee each month.
 2. The Chief Internal Auditor reports to the Independent Directors/Audit Committee regarding the following executions of audit operations at the quarterly meeting; when necessary, the Independent Directors/Audit Committee would directly contact the Chief Internal Auditor for communications.

Date	Matter of communication	Communication target
20240129	Report on the execution of the audit operations from October to December in 2023	Independent Directors and the Audit Committee
20240314	Report on the execution of the audit in January 2024	Independent Directors and the Audit Committee
20240328	Report on the execution of the audit in February 2024	Independent Directors and the Audit Committee
20240509	Report on the execution of the audit in March 2024	Independent Directors and the Audit Committee
20240813	Report on the execution of the audit operations from April to June in 2024	Independent Directors and the Audit Committee
20241113	Report on the execution of the audit operations from July to September in 2024.	Independent Directors and the Audit Committee
20250121	Report on the execution of the audit operations from October to December in 2024	Independent Directors and the Audit Committee
20250314	Report on the execution of the audit in January 2025	Independent Directors and the Audit Committee
20250331	Report on the execution of the audit in February 2025	Independent Directors and the Audit Committee
20250513	Report on the execution of the audit in March 2025	Independent Directors and the Audit Committee

3. Communication with CPAs: For material investments, financing, or the issuance of financial reports, Independent Directors also directly contact and communicate with CPAs when necessary.

Date	Matter of communication
20240328	Discussion on the audit scope and methods for the 2023 consolidated and individual financial report The type of auditor's report with CPAs issuing qualified opinions, key audit matters, and significant audit findings Updates on significant accounting standards or letters of explanation, laws and regulations related to securities administration, and laws and regulations related to taxation
20240426	Discussion on the audit scope and methods for the 2023 consolidated and individual financial report The type of auditor's report with CPAs issuing unqualified opinions, key audit matters, and significant audit findings Updates on significant accounting standards or letters of explanation, laws and regulations related to securities administration, and laws and regulations related to taxation
20240509	Discussion on the review scope and methods for the 2024Q1 consolidated financial report The type of auditor's report with CPAs issuing qualified opinions, key audit matters, and significant audit findings Updates on significant accounting standards or letters of explanation, laws and regulations related to securities administration, and laws and regulations related to taxation
20240813	Discussion on the review scope and methods for the 2024Q2 consolidated financial report The type of auditor's report with CPAs issuing qualified opinions, key audit matters, and significant audit findings Updates on significant accounting standards or letters of explanation, laws and regulations related to securities administration, and laws and regulations related to taxation

Date	Matter of communication
20241113	Discussion on the review scope and methods for the 2024 Q3 consolidated financial report The type of auditor’s report with CPAs issuing qualified opinions, key audit matters, and significant audit findings Updates on significant accounting standards or letters of explanation, laws and regulations related to securities administration, and laws and regulations related to taxation
20250331	Discussion on the audit scope and methods for the 2024 consolidated and individual financial report The type of auditor’s report with CPAs issuing qualified opinions, key audit matters, and significant audit findings Updates on significant accounting standards or letters of explanation, laws and regulations related to securities administration, and laws and regulations related to taxation
20250513	Discussion on the review scope and methods for the 2025 Q1 consolidated financial report The type of auditor’s report with CPAs issuing qualified opinions, key audit matters, and significant audit findings Updates on significant accounting standards or letters of explanation, laws and regulations related to securities administration, and laws and regulations related to taxation

Matters set out in Article 14-5 of the Securities Exchange Act:

Audit Committee	Content of the proposal and subsequent measures adopted	Opposing or qualified opinions from members
2024.01.29 14 th meeting of the 2 nd Audit Committee	Discussion on the Company’s 2024 business plan.	None
	Proposal to lend loans to the Company’s subsidiary Sinyih Ceramics (China) Co., Ltd. with a limit of CNY\$50 million.	None
	Proposal for the increase in the investment in subsidiary Champion Highwealth Co., Ltd.	None
	Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company’s subsidiary Guan Zhong Trading Co., Ltd. that intends to apply for a loan of USD\$1,500,000 with financial institutions.	None
	Amendments to the Company’s “Ethical Corporate Management Best Practice Principles”.	None
	Amendments to the Company’s “Procedures for Ethical Management and Guidelines for Conducts”.	None
	Amendments to the Company’s “Rules of Procedure for Board of Directors Meetings”.	None
	Amendments to the Company’s “Procedures for Suspension and Recovery Applications”.	None
	Amendments to the Company’s “Insider Trading Prevention Management.”.	None
	Amendments to the Company’s “Financial Reporting Preparation Standards.”.	None
	Amendments to the Company’s “Corporate Governance Best Practice Principles.”.	None
Amendments to the Company’s “Regulations for Internal Audits”.	None	

Audit Committee	Content of the proposal and subsequent measures adopted	Opposing or qualified opinions from members
	Amendments to the Company's "Regulations for the Preparation and Reporting of the Sustainability Report."	None
	Resolution results: All attending members passed the resolution as proposed with no opposing opinions.	
2024.03.14 15 th meeting of the 2 nd Audit Committee	Completion of the Company's 2023 Internal Control Self-evaluation and issuance of Internal Control Statement.	None
	Resolution results: All attending members passed the resolution as proposed with no opposing opinions.	
2024.03.28 16 th meeting of the 2 nd Audit Committee	The Company's 2023 individual financial statements and consolidated financial statements. (The CPA's issues a qualified audit report)	None
	Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Champion Highwealth Co., Ltd. that intends to apply for a loan of USD\$800,000 with financial institutions.	None
	Assessment of the independence and suitability of the Company's CPAs and appointment for the audit and certification service for 2024 financial statements.	None
	Proposal for the application for the credit union syndicated loans in the amount of NT\$1.7 to 2.04 billion by the Company to credit loans club organized by Taipei Fubon Bank and the proposal for the provision of collateral as the guarantee.	None
	Opinions of members: Expressed the respect for the 1 st proposal. The CPAs of the Company shall carry out the audit and revaluation after receiving the formal financial statements and update the independent auditor's report for the 2023 financial statements. Measures adopted by the Company for opinions of members: The Company will restate the Company's 2023 parent company only and consolidated financial statements after receiving the formal financial statements of Seagull Champion and engage CPAs to update the independent auditor's report. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.	
2024.04.26 17 th meeting of the 2 nd Audit Committee	The Company's 2023 (restated) individual financial statements, consolidated financial statements and business report.	None
	Proposal for the Company's 2023 Loss Compensation	None
	Resolution results: All attending members passed the resolution as proposed with no opposing opinions.	
2024.05.09 18 th meeting of the 2 nd Audit Committee	Discussion on the Company's 2024 Q1 consolidated financial statements.	None
	Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Guan Zhong Trading Co, Ltd. that intends to negotiate the financing limits of NT\$20 million with financial institutions.	None

Audit Committee	Content of the proposal and subsequent measures adopted	Opposing or qualified opinions from members
	Resolution results: All attending members passed the resolution as proposed with no opposing opinions.	
2024.8.13 1 st meeting of the 3 rd Audit Committee	Discussion on the Company's 2024 Q2 consolidated financial statements.	None
	Proposal for the provision of endorsement and guarantee services to subsidiary Guan Zhong Trading Co, Ltd. and the increase in the limit of its loans with a financial institution from the initial limit of NT\$20 million to NT\$30 million as a joint guarantor.	None
	Resolution results: All attending members passed the resolution as proposed with no opposing opinions.	
2024.11.13 3 rd meeting of the 3 rd Audit Committee	Discussion on the Company's 2024 Q3 consolidated financial statements.	None
	Proposal to lend loans to the Company's subsidiary Champion Highwealth Co., Ltd., with a limit of NT\$50 million.	None
	Proposal to lend loans to the Company's subsidiary Sinyih Ceramics (China) Co., Ltd.	None
	Proposal for the establishment of an internal control system for sustainability information management.	None
	Formulation of 2024 Audit Plan.	None
	Resolution results: All attending members passed the resolution as proposed with no opposing opinions.	
2025.01.21 4 th meeting of the 3 rd Audit Committee	Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Champion Highwealth Co., Ltd. that intends to negotiate the financing limits of USD\$800,000 with financial institutions.	None
	Proposal for the transaction with a related party in 2025.	Qualified opinions
	Opinions of members: For the adoption of the distribution system for the sales model of the Company, the advantages and disadvantages (pros and cons) of the distribution system and the necessity of relevant transactions with distributors with substantive relationships shall be evaluated and analyzed; the strategic models adopted by peers and other analysis reports shall be referred to, and they shall be reported to the upcoming Board meeting and Audit Committee meeting for review and discussion. Resolution results: An evaluation report will be presented at the next Audit Committee meeting. Resolution results: An evaluation report will be presented at the next Audit Committee meeting.	
2025.03.14 5 th meeting of the 3 rd Audit Committee	Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Guan Zhong Trading Co., Ltd. that intends to negotiate the financing limits of USD\$1,500,000 with financial institutions.	None
	Resolution results: All attending members passed the resolution as proposed with no opposing opinions.	
2025.03.31 6 th meeting of	Proposal for the transaction with a related party in 2025.	To be reserved for discussion by

Audit Committee	Content of the proposal and subsequent measures adopted	Opposing or qualified opinions from members
the 3 rd Audit Committee		the Board of Directors.
	The Company's 2024 business report, individual financial statements and consolidated financial statements.	None
	Completion of the Company's 2024 Internal Control Self-evaluation and issuance of Internal Control Statement.	None
	Proposal for the earning distribution for 2024.	None
	Amendment to the "Articles of Incorporation".	None
	Assessment of the independence and suitability of the Company's CPAs and appointment for the audit and certification service for 2025 financial statements.	None
	Proposal for the amendments to the "general rules for the internal control system."	None
	Amendments to the "internal control system for information circulation."	None
	Amendments to the Company's "Insider Trading Prevention Management."	None
	Amendments to the "Rules Governing Financial and Business Matters with Related Parties."	None
	Amendments to the "Procedures for Related Party Transactions."	None
	Amendments to the "Regulations for the Use of Notes."	None
	Resolution results: Proposal 1 was discussed by the Audit Committee, and the analysis report was submitted to the Board. The adjustment plan for the transaction policy with related parties in 2025 was discussed, and the implementation timetable of relevant policies was established at the Board meeting.	
2025.05.13 7 th meeting of the 3 rd Audit Committee	Discussion on the Company's 2025 Q1 consolidated financial statements.	None
	Proposal to lend loans to the Company's subsidiary Champion Highwealth Co., Ltd..	None
	Amended the internal control system of the Company: (1) procurement and payment cycle; (2) production cycle; (3) labor and wage cycle; (4) property, plant and equipment cycle; (5) investment cycle; (6) R&D cycle.	None
	Resolution results: All attending members passed the resolution as proposed with no opposing opinions.	

(III) Operations of Corporate Governance and Its Deviation from the Corporate Governance
Best Practice Principles for TWSE and TPEX Listed Companies and Reasons Thereof
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Governance Best Practice Principles for TWSE and TPEX Listed Companies and
Reasons Thereof

Evaluation Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
I. Has the Company established and disclosed its Corporate Governance Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established its Corporate Governance Principles; the Principles were initially passed by the Board on March 28 2016, and the latest amendments were made on January 29, 2024; the Principles were disclosed on the Market Observation Post System (MOPS) and the Company's website.	No significant deviation.
II. Equity structure of the Company and shareholders' interests				
(I) Has the Company established an internal operating procedure to process shareholders' recommendations, suspicions, disputes, and litigations, and implemented such processes based on the procedure?		V	The Company has a spokesperson and an acting spokesperson in place, and it engages s stock affairs company and has dedicated personnel for stock affairs; the Company sets a section for investors' inquiries to process shareholders' recommendations or disputes.	
(II) Does the Company possess the list of its major shareholders and the ultimate controlling parties of the major shareholders?	V		The Company keeps close contact with internal parties.	No significant deviation.
(III) Has the Company established and executed the risk control and firewall system with its affiliates?	V		The management rights and responsibilities of the Company's personnel and property are explicitly specified. The Company has established regulations to control the management of related party transactions, endorsement and guarantee, loans to others between affiliates, and such matters are subject to the Company's "Procedures for the Related Party Transaction."	
(IV) Has the Company established its internal regulations to forbid internal parties from	V		The Company has established its "Procedures for the Prevention of Insider Trading" for execution. The Company held a communication session of three hours for five persons (including Directors,	

Evaluation Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
using information undisclosed to the market in trading securities?			managers, and relevant personnel) in 2024; the content of the session includes the introduction to the latest regulations and prevention operations related to insider tradings and specifications related to the declaration of internal parties' equity.	
<p>III. Composition and responsibilities of the Board</p> <p>(I) Has the Board developed and implemented a diversification policy for its composition?</p> <p>(II) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee established according to the law?</p>	V	V	<p>The composition of the Company's Board focuses on the element of diversification; members generally possess the knowledge, skills, and literacy required for the execution of their duties (please refer to page 8 of the Annual Report).</p> <p>Apart from establishing the Remuneration Committee and the Audit Committee according to the law, it also voluntarily established the Sustainable Development Committee. The "Sustainable Development Committee Charter" was resolved and approved by the Board on January 13, 2023.</p>	<p>No significant deviation.</p> <p>There is no other functional committee in place at present.</p>
(III) Has the Company established the regulations for the performance evaluation of the Board and its evaluation methods, regularly carried out the regular performance evaluation each year, reported to the Board regarding the results of the performance evaluation, and used the results as a reference for the remuneration and nomination for re-appointment of the individual Directors?	V		<p>The Board passed the Company's "Regulations for the Performance Evaluation of the Board" on August 10, 2018, which was revised on August 11, 2020, stating that the Board shall at least execute the performance evaluations for the Board, Directors, and functional committees once a year. The corporate governance officer of the Finance Department is responsible for the implementation of the evaluation of the Company by adopting internal questionnaires. Based on the operation of the Board, participation of Directors, operations of the Remuneration and Audit Committee, the evaluation of the Board operations by Directors, self-participation evaluations by Directors, committee operations by Remuneration Committee members, and committee operations by Audit Committee members are adopted. The results of the abovementioned performance evaluations will be used as the reference and basis for selecting or nominating Directors, and the results of the performance evaluation of the Board and functional committees will be used as the reference and basis for establishing their individual remuneration. The evaluation results were reported to the Board on March 31, 2025.</p>	No significant deviation.

Evaluation Item	Operations		Summary	Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No		
(IV) Has the Company regularly evaluated the independence of CPAs?	V		According to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies,” the Company regularly assesses the independence and adequacy of CPAs with reference to the AQIs and obtains the Independence Statement and AQI report issued by CPAs, and submits them to the Board for approval before making the appointment. In 2024, the independence of CPAs had been assessed by the Company. The independence and adequacy of CPAs Chung-Che Chen and Shin-Chin Chih from KPMG complied with the Company’s independence assessment standards, and the Company has obtained the Independence Statement and AQI report issued by CPAs, and the assessment results were submitted to and reviewed and approved by the Audit Committee and the Board on March 28, 2024.	No significant deviation.
IV. Has the listed company allocated an appropriate number of persons in charge of corporate governance who are appropriate for such positions and designated a Chief of Corporate Governance to be responsible for affairs related to corporate governance (including but not limited to providing data required for the execution of businesses to Directors and supervisors, assisting Directors and supervisors in legal compliance, handling matters related to meetings of the Board and shareholders' meeting according to the law, and preparing meeting minutes for meetings of the Board and shareholders' meetings)?	V		On May 11, 2021, the Board appointed the CFO of the Company as the Chief of Corporate Governance to be responsible for affairs related to corporate governance, including handling matters related to meetings of the Board, meetings of the Audit Committee, and shareholders' meeting according to the law, corporate registrations and alteration registrations, and preparing meeting minutes for meetings of the Board, meetings of the Audit Committee, and shareholders' meetings)	No significant deviation.
V. Has the Company established communication channels with stakeholders	V		The Company has a spokesperson and an acting spokesperson in place; their detailed contact information of telephone number and e-mail are	No significant deviation.

Evaluation Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
(including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and duly responded to significant issues of corporate social responsibility concerned by stakeholders?			disclosed on the Company's website to provide communication channels for stakeholders.	
VI. Has the Company appointed a professional stock affairs agency to process affairs related to shareholders' meetings?	V		The Company appointed SinoPac Securities Corporation as its stock affairs agency for processing affairs related to shareholders' meetings.	No significant deviation.
VII. Open information (I) Has the Company established its website to disclose information on its financial operations and corporate governance? (II) Has the Company adopted other methods for information disclosure (such as building an English website, appointing dedicated personnel to be responsible for the information collection and disclosure, implementing a spokesperson system, and uploading the course of investor conferences on the Company's website)?	V V		The Company has established its corporate website and disclosed information related to financial operations and corporate governance under the stakeholder section. The Company's website is http://group.champion.com.tw/ . The Company has appointed dedicated personnel to be responsible for the collection and disclosure of the Company's information. A spokesperson and acting spokesperson system is also in place to serve as the communication channel for external parties. We upload announcements to MOPS according to requirements.	No significant deviation.
(III) Has the Company published and declared its annual financial report within two months after the end of a fiscal year and published and declared its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified		V	The Company publishes and declares its financial reports and its operating status for each month before the specified deadline according to Article 36 of the Securities Exchange Act. At present, the Company is unable to publish and declare its annual financial report within two months after the end of a fiscal year, and it publishes and declares its financial reports for the first, second, and third quarters before the specified deadline.	Comply with requirements under the Securities Exchange Act; the Company will make adjustments according to future demand.

Evaluation Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
deadline?				
VIII. Is there any other significant information to facilitate a better understanding of the Company's corporate governance operations (including but not limited to employees' interests, care for employees, investor relations, supplier relations, rights of stakeholders, Directors and supervisors' continuing education records, the execution of risk management policies and risk evaluation standards, the execution of customer policies, and the purchase of responsibility insurance for Directors and supervisors)?	V		<p>1. Currently, the Company has not established relevant regulations for the promotion and performance of social responsibility; however, the management sets creating maximum interests for shareholders as its major target; the Company aegis interests of employees and shareholders by way of employees' bonuses and employee stock option plans.</p> <p>2. In response to the social development, the Company creates a work environment with gender equality and prioritizes employees' abilities for the recruitment and promotion of employees.</p> <p>3. The Company purchased labor insurance and health insurance for all employees according to the law and purchased group insurance to offer more comprehensive protection to employees.</p> <p>4. The Company encourages employees to voluntarily participate in activities of social contribution and social services.</p> <p>5. Except for declaring information on MOPS according to requirements, the Company publishes significant real-time information related to significant policies or financial operations and information that have effects on its operations to provide sufficient real-time information for investors.</p> <p>6. Continuing education of Directors and supervisors: To reinforce the promotion of corporate governance, the Company informs Directors of laws and regulations related to corporate governance and their updates; please refer to page 59 of the Annual Report.</p> <p>7. The execution of risk management policies and risk evaluation standards: The management of the Company discloses and reports relevant information in accordance with relevant laws and regulations. For the financial aspect, the management reviews our financial structure to prevent excessive financial risks; for the internal control aspect, the management has auditors in place to perform audits on the Company's internal control system regularly and from time to time and submit reports.</p> <p>8. Execution of consumer protection or customer policies: Except for maintaining our usual</p>	No significant deviation.

Evaluation Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
			<p>operations and realizing the maximization of shareholders' interests, the Company concurrently focuses on consumers' rights, environmental protection of communities and public welfare, and values the Company's social responsibility.</p> <p>9. Purchase of responsibility insurance for Directors and supervisors: The Company purchases responsibility insurance from Fubon Insurance for its Directors and supervisors; please refer to page 61 of the Annual Report.</p>	
<p>IX. According to the results of the Corporate Governance Evaluation by the Corporate Governance Center of TWSE for the Latest Year, explain the improvements, and propose the matters to be improved first and measures regarding any conditions not improved: To improve our corporate governance, the Company continues to make improvements according to the results of the Corporate Governance Evaluation and reinforce items we failed to secure scores.</p>				

Independence Evaluation of CPAs

Evaluation Item	Evaluation Standard	Comply with Independence Status
1. Whether CPAs have any direct or significant indirect financial interests with the Company.	No	Yes
2. Whether CPAs have any financing or guarantee with the Company or the Company's Directors.	No	Yes
3. Whether CPAs have any close business relationship with the Company or any potential employment relationship.	No	Yes
4. Whether CPAs and members of the audit team were Directors, managers, or held positions of significant effect on the audit work of the Company currently or in the latest two years.	No	Yes
5. Whether CPAs provide any non-audit service items that may directly affect the audit work.	No	Yes
6. Whether CPAs are brokers of shares or other securities issued by the Company.	No	Yes
7. Whether CPAs hold positions as the Company's defender or represent the Company in negotiating conflicts with other third parties.	No	Yes
8. Whether CPAs are relatives of Directors, managers, or persons of significant effect on the audit case of the Company.	No	Yes

(IV) Composition, Duties, and Operations of the Remuneration Committee:

(1) Information on the Members of the Remuneration Committee

Identity (Note)		Condition Name	Professional qualification and experience	Independence status	Number of other publicly listed companies in which the member concurrently holds the position as a member of the remuneration committee
Independent Director	Yang, Ming- Hsun		<p>1. Independent Director, Audit Committee's member, and Remuneration Committee's member of the Company; Director of Join Intl Law Offices, supervisor of Industrial Technology Investment Co. Ltd. , Chairman of Hsinchu Science Park Management Association, Consultant of The Allied Association For Science Park Industries.</p> <p>2. None of the circumstances in subparagraphs under Article 30 of the Company Act occurred.</p>	Independent Director Wu, Yung-Ku complies with the independence requirements under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	0
Independent Director	Chen, Mei-Hua		<p>1. Independent Director, Audit Committee's member, and Remuneration Committee's member of the Company; Lawyer of Wu Ling Hua Law Firm; a lawyer of We Zhang Xu Law Firm; a lawyer of Quan Tai Law Firm; a lawyer of Hengyang Law Firm.</p> <p>2. None of the circumstances in subparagraphs under Article 30 of the Company Act occurred.</p>	Independent Director Lu Chin-Tsang complies with the independence requirements under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	0
Independent Director	Wu, Heng-Yi		<p>1. Independent Director, Audit Committee's member, and Remuneration Committee's member of the Company; Partner Accountant of Defeng United Accounting Firm, Independent Director of Longhua Electronics Co., Ltd. , Lecturer of Takming University of Science and Technology</p> <p>2. None of the circumstances in subparagraphs under Article 30 of the Company Act occurred.</p>	Independent Director Chen, Mei-Hua complies with the independence requirements under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	0

Note: For relevant work seniority, professional qualification, and independence status of members of the Remuneration Committee, please refer to page 8 of the Annual Report.

(2) Information on the Operations of the Remuneration Committee

- I. The Company's Remuneration Committee comprises three members.
- II. Term of the Committee members: The 6th session from June 19, 2024 to June 18, 2027. All members attended in person. 2 (A) meetings had been held for the Remuneration Committee in the latest year, and the attendance of members is as follows:

Title	Name	Number of actual attendance (B)	Attendance by proxy	Actual attendance (presence) rate (%) (B/A)	Remark
Convener	Yang, Ming-Hsun	2	0	100	
Member	Chen, Mei-Hua	1	0	100	(Assumed office on 19 June 2024)
Member	Wu, Heng-Yi	1	0	100	(Assumed office on 19 June 2024)
Convener	Wu, Yung-Ku	1	0	100	(Rescinded on 18 June 2024)
Member	Lu Chin-Tsang	1	0	100	(Rescinded on 18 June 2024)

Other Matters to be Disclosed:

- I. Where the Board refuses to adopt or amend recommendations from the Remuneration Committee, the Company shall set out the date of the Board meeting, the session, the content of the resolution, resolution results of the Board, and measures adopted by the Company for the opinions of the Remuneration Committee (where the remuneration passed by the Board was favorable than the recommendations from the Remuneration Committee, the deviation and reasons thereof shall be described): None.
- II. For resolutions of the Remuneration Committee where members expressed opposing or qualified opinions with records or written declarations, the Company shall set out the date of the Remuneration Committee meeting, the session, the content of the resolution, opinions of all members, and measures adopted by the Company for the opinions of the Remuneration Committee.: None.

(V) Performance of Sustainable Development:

Performance of Sustainable Development and Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Performance Item	Operation (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
I. Has the Company established a governance structure to promote sustainable development and established a dedicated (part-time) unit for the performance of sustainable development? Has the Board authorized the senior management to handle such matters and supervise the conditions?	V		<p>With the resolution of establishment of “Sustainable Development Committee” by the Board meeting on January 13, 2023, the Company established the Committee, with Chairman Composed by the senior manager of each department, with the President appointed as chairman of the Committee, Executive Vice President as Deputy Chairman. The Committee meeting will be convened twice regularly each year, and convened irregularly as required to discuss over the major issues. The Sustainable Development Task Force is mainly responsible for coordinating and regularly checking the Company’s achievement of CSR, corporate governance and SDGs as well as performances.</p> <p>The Sustainable Development Committee of the Company reported the ESG implementation achievements to the Board and published the 2023 Sustainability Report on August 30, 2024.</p>	No significant deviation.
II. Has the Company conducted risk evaluations on environmental, social, and corporate governance issues related to the Company's operations, and established relevant risk management policies or strategies based on the materiality principle? (Note 2)		V	<p>The Company has developed a “Code of Practice for Sustainable Development” to assess the risks associated with important issues in relation to the principle of sustainability significance and to formulate relevant risk management policies or strategies based on the assessed risks. In 2024, the company formulated relevant measures for risk management to assess risks and formulated risk management policies for each risk. These policies cover management objectives, management scope and basis, organizational structure and management, risk measurement</p>	No significant deviation.

Performance Item	Operation (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
			mechanisms, and risk management implementation, with the aim of effectively identifying, measuring, and controlling various risks, and controlling risks arising from business activities within an acceptable range.	
<p>III. Environmental issues</p> <p>(I) Has the Company set up an appropriate environmental management system based on the characteristics of the industry in which it operates?</p>	V		<p>The Company has established an environmental management system that passed the ISO14001:2015 based on the characteristics of the industry in which it operates and has a dedicated department in place to protect the environment. Certifying organization for the ISO14001:2015 certification of the Company: Metal Industries Research & Development Centre (MIRDC); valid period: October 30, 2023 to December 11, 2025; certification date: December 1, 2006; certification number: 4XBE002-07. The company conducts an annual greenhouse gas inventory of its manufacturing plants to track emission reduction results. Environmental issues are handled in accordance with the Environmental Safety Management System and environmental regulations. The company continually reviews the effectiveness of its implementation and makes continuous improvements. The execution status is reported annually at the management review meeting.</p>	No significant deviation.
<p>(II) Has the Company endeavored to improve the utilization rate of various resources and use renewable materials that have lower impacts on the environmental load?</p>	V		<p>To improve the utilization efficiency of resources, the Company promotes internal management for energy-saving and carbon emission reduction and continues to improve the efficacy of process machines and equipment that consumes energy and water during the production to save water resources and improve the energy efficiency, and prioritizes the use of reusable consumables and packaging materials. Internally, the Company adopts e-signature for approval to minimize the burden on the environment. Also, the Company obtained the ISO50001:2018</p>	No significant deviation.

Performance Item	Operation (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
			certification from the international certifying Institution SGS. Certifying organization for the ISO50001:2018 certification of the Company: SGS; valid period: July 26, 2024 to July 25, 2028; certification date: July 26, 2021; certification number: ENMS749071.	
(III) Has the Company evaluated current and future potential risks and opportunities arising from climate change and adopted responding measures for issues related to climate?	V		The Company referred to the Task Force on -Related Financial Disclosures (TCFD) to establish its risk structure based on the four core disclosures of “governance,” “strategy,” “risk management,” and “indicators and targets” so as to understand impacts of climate change risks on the Company and, in turn, propose countermeasures.	No significant deviation.
(IV) Has the Company prepared statistics on its greenhouse gases (GHG) emissions, water use, and the total weight of wastes for the past two years and established management policies related to GHG reduction, water use reduction, or other wastes?	V		The Company continues to make integration and improvements for water, electricity, and oil gas at its primary production bases (such as fully replacing the fuel oil system with the natural gas system, examination on water recycling, recycling, and reuse of waste gas produced during the production process, recycling waste products for use, and green supplies procurements) and include the energy-saving and carbon emission reduction of the production process as its annual performance target for control. The targets of the energy-saving and carbon emission reduction of the production process for 2024 and 2025 are 1,050 tons CO ₂ e , respectively. Regarding the Company’s Zhaoqiao Plant, the GHG emission in 2023 and 2024 was 88,416.836 tons CO ₂ e, and 80,430.1819 tons CO ₂ e, respectively; the total water use in 2023 and 2024 was 360,963 cubic meter and 317,785 cubic meter, respectively, the total waste in 2023 and 2024 was 13,212.46 tons and 13,780.05 tons, respectively. Afnor Asia Ltd. executed the GHG emission verification in 2024. The Company registered the content on the National Greenhouse Gas (GHG)	No significant deviation.

Performance Item	Operation (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
			<p>Registry provided by the Environmental Protection Administration, Executive Yuan.</p> <p>Achievement of the Company: The GHG emission was decreased by 9.03%, the water usage increased by 11.96%, and the total waste increased by 4.29% compared to the preceding year.</p>	
IV. Social issues				
(I) Has the Company established appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The Company has established relevant management policies and procedures for employees according to regulations related to labor to protect employees' legal rights, appropriated retirement pension, and established the Employee Benefits Committee to process benefit matters.	No significant deviation.
(II) Has the Company established and implemented reasonable employee benefit measures (including remuneration, paid leaves, and other benefits) and reflected its operating performance or results in employees' remunerations?			<p>According to Article 19 of the Company's Articles, where the Company records any profits, the Company shall appropriate 3% to 5% of such profits as remuneration to employees</p> <ol style="list-style-type: none"> 1. For the remuneration policies of employees, please refer to page 21 of the Annual Report. 2. For the employees' benefit measures and implementation status, please refer to page 106 of the Annual Report. 	
(III) Has the Company provided a safe and healthy work environment for employees and organized training on health and safety for its employees on a regular basis?	V		The Company regularly arranges fire security inspections and organizes health and safety inspections for employees. The Company makes requirements for the workplace and implements environmental safety and health educational training according to regulations related to environmental protection, labor safety, and fire control. For the protection measures for employees' personal safety and work environment and the implementation status, please refer to page 106 of the Annual Report.	No significant deviation.
(IV) Has the Company established effective career development training plans for its employees?	V		The Company establishes educational training programs according to its policies and employees' personal career development and encourages employees to participate in continuing education and improve their personal abilities. For	No significant deviation.

Performance Item	Operation (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
			continuing education and training for employees, please refer to page 107 of the Company.	
(V) Has the Company complied with relevant laws and international standards and established policies related to the protection of consumers' interests and complaint procedures for customers' health and safety, customer privacy, marketing, and label of its products and services?	V		<p>1. The Company has established its “Regulations for Customers’ Feedback on Quality” to follow up on and ensure our products’ quality comply with customers’ requirements, maintain customer relationship, and communicate with customers to confirm matters to be improved, and in turn, examine and prepare the improvement countermeasures for improving our products’ quality and services. We also provide complaint channels for customers and have established the internal procedures for processing customers’ complaints and improvement, ensuring customers’ opinions are included in the examination for actual improvement. In 2024, we received several customer complaint cases related to the improvement of quality management; we completed improvements after comprehensive communications with customers.</p> <p>2. The labels of the Company’s products comply with relevant regulations and international standards.</p>	No significant deviation.
(VI) Has the Company established its supplier management policies to require suppliers to observe relevant regulations on issues related to environmental protection, occupational safety and health, or labor human rights, as well as their implementation status?		V	<p>The Company has established its “Regulations for the Management of Suppliers” and “Rules for the Safety and Health Management of Contractors.” Before engaging in business dealings with a supplier, the Company considers its historical credibility and reputation and keeps abreast of its current record for affecting the environment by violating occupational safety and health or labor’s human rights at all times. The Company and suppliers are jointly committed to the improvement of corporate social responsibility.</p>	No significant deviation.

Performance Item	Operation (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
V. Has the Company referred to internationally common standards or guidelines for the preparation of reports to prepare reports disclosing non-financial information of the Company, such as sustainability reports? Have the reports mentioned obtained certifications or assurance opinions from any certifying institution?		V	The Company prepared its Sustainability Report based on the GRI Standards by the Global Reporting Initiative (GRI) and complied with the requirements of the “Regulations for the Preparation and Reporting of Sustainability Reports of Listed Companies”; however, the assurance from a third-party verification institution has not been obtained.	No significant deviation.
VI. Where the Company has established its Sustainable Development Principles according to the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” please describe its operations and the deviation from the Principles established: No significant deviation.				
VII. Other significant information to facilitate a better understanding of the Company's corporate social responsibility operations:				
<p>1. Environmental protection: The Company adheres to its route for green development, sustainable development in respect of environmental protection, health, and intelligence is our long pursuit. Our investments in plants and equipment in Taiwan and China are four times higher than the plant construction costs of companies within the industry in the Mainland. In our production process, we utilize four major environmental-friendly processes of “hot air recycling for kilns,” “improvement of the electricity system,” “water resource reuse,” and “brick recycling” and invest immense efforts in energy-saving, carbon emission reduction, and green environmental protection. We believe such commitments are worthwhile and see them as our major mission for our social commitments. Through fields of green technologies, green processes, green energy, green label, and recycling, we constantly reduce our carbon emissions from production to consumption, imposing less burden on the earth. We obtained the ISO14001 environmental management system verification in 2006 and received ISO-50001 energy management system quality certification from SGS and TAF. In terms of green building material products, Champion provides over 200 types of green building material products, the most in the industry, for customers to select, and develops lightweight products to reduce the load of buildings. In addition, it developed technological energy conservation stones with multiple mold surfaces and multiple sizes, together with energy conservation construction methods, it became the first construction company that obtained the high-efficiency energy conservation system for energy conservation thick brick external walls and dry-up stone external walls made with technological energy conservation stones (high-performance green building material label certification). It is also the first company to build the building information modeling (BIM) component on the public platform to provide the BIM models for the green building material label and building material carbon footprint, allowing architects and construction businesses to rapidly calculate carbon emissions in the early planning stage. Champion also cooperates with large-scale construction companies for on-site waste tile recycling (promote the cradle-to-cradle (C2C) plan for product management) to reduce waste treatment issues of constructions (i.e., cut corners and waste tile recycling and reuse for products delivered to the construction sites).</p> <p>For our outlets, we received the “Outstanding Green Product Sales Performance from the</p>				

Performance Item	Operation (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary	
			<p>Environmental Protection Administration.” We hope that our efforts would set an example for other parties to follow. We invite all sectors to join hands in protecting the earth and creating a future with green environmental protection, leaving a premium living environment for our next generation. Our green concept hall exhibits tiles that convey green environmental protection concepts to consumers by using its brand-new design concept.</p> <p>Adhering to the business philosophy of environmental conservation and energy conservation, we prioritized the consideration of the effects of building materials on house owners and the earth. In recent years, we have constantly been launching and developing new products with green concepts that comply with international trends and achieve the world’s standards to add novelty to the household aesthetics of consumers, and we participated in the 2050 Net Zero City Exp to convey our concepts. Under the global ESG trend, the transition of the building material industry is imminent. The Company has its vision and determination for environmental protection and energy conservation; it aims to become the first and the solid supporter of property and green building transition, contributing to the sustainable survival of the earth.</p> <p>2. Community participation, social contributions, social services, and social welfare: Over the years, we have adopted actual actions to provide services to places that require assistance and respond to the idea of public welfare through our humble contributions and the realization of corporate social responsibility, for creating a stable and peaceful society. To show sympathy, respect, and care for vulnerable families and persons receiving assistance and maintain the dignity of families receiving assistance, for all vulnerable families and persons receiving assistance to have more confidence and courage in facing challenges in lives instead of shivering at the edge of the society in poor conditions without help and losing their hopes for living, we believe that the integrated power of public welfare groups and the respect to demands and current conditions of families receiving assistance are the keys to maximize the efficacy of such support.</p> <p>Realizing the spirit of corporate citizens and implementing the concept of “Taken from Society and Give Back to Society,” we actively engage in various charitable public welfare activities. Since 1996, we have organized the “One Dollar Charitable Tiles” event since 1996, in which we appropriate NT\$1 for the sales of each box of tiles to make long-term charitable donations to vulnerable groups; the amount of such donations has exceeded NT\$100 million; we took actual actions to care for domestic vulnerable groups and students in poverty in the hope of stirring up the public to care for our society and set an example for other parties to follow.</p> <p>One Dollar Charitable Tiles – “Local Care and Happy Households” – brought fruitful results; the scope of donation comprises three major directions of “talent, education, and environmental transformation.” Except for cultivating skills for those with disabilities, the program also provides scholarships for vulnerable children or those with economic difficulties. Furthermore, we assisted social welfare groups in conducting environmental transformation to spread the charitable ideas of One Dollar Charitable Tiles to every corner of society. We joined hands with the Miaoli Country Governance and National United University to jointly promote the “Power Co-generation and Hope Seed Project,” with “Warm Thoughts” as the idea, to provide guidance to Miaoli Yuan Nursing Home, Miaoli Xinmiao Nursing Home, Miaoli Miaobei Chihui Care Association, Association of Welfare Promotion of Miaoli, Hsinchu Aiheng Center, and Miaoli Former Inmate Care Association, a total of six social welfare department, and assist them in integrating and developing innovative public welfare gift boxes with features to initiate a brand-new future of brands.</p> <p>In recent years, the design and cultural creativity industry recorded booming development</p>	

Performance Item	Operation (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
			<p>across Taiwan. As a leading brand in the tile industry in Taiwan, we believe that the tile design in Taiwan may be fully applied in our daily lives. From Dajia Smile Wall, with a length of 350 meters covered by 59 smiling face collaged with Mosaic tiles in 1998 to the large-scale art wall made with mosaic tiles co-created by Champion Tiles and artist Yousifu in 2020, the Company provided partial materials to jointly complete the first art wall made with mosaic tiles in Taiwan, adding a new highlight to Country Highway No. 193 that is already attractive. By doing so, there are opportunities to create emerging tribal industries through the development of experiencing tribal cultures. Also, the artistic value of tiles may be exerted through the artist's skills.</p> <p>Aesthetic education has taken root. Champion Building Materials, a leading brand in the magnetic tile industry, is committed to expanding its brand influence, devoting itself to social welfare and promoting the aesthetics of living space. In the process of long-term cooperation with designers, the Company has witnessed the profound strength of Taiwan design, participated in the "Design Movement on Campus" commissioned by the Ministry of Education to Taiwan Design Research Institute and sponsored the "ITS 4.0 Version" tile to help transform the Food Lab of Daping Branch, Sanwan Elementary School, to enrich the value of learning from renovation of co-creation. It helped transform the housekeeping classroom of Kaohsiung Municipal Renwu Senior High School. The ingenious idea of the design is to use ceramic tiles to create more aesthetics in our lives, to upgrade the aesthetic sense of the school, to develop students' aesthetics, and to strengthen their cultural background.</p> <p>3. Consumers' rights: Quality Assurance and Permanent Commitment</p> <p>Simone slate tiles won the MIT Golden Selection, representing that the products reached the top level in terms of quality, design, and cost-performance ratio, which not only increases the trust of consumers in Champion but also sets the optimal benchmark for the industry. The award represents high recognition of outstanding quality and aesthetic designs and has been the recognition of Champion for constantly seeking excellence.</p> <p>The creation of maximum value for customers is the primary task of all Champion's employees. We adhere to our corporate concepts of "insisting on the production of tiles with premium quality" and "integrity-based" to provide satisfactory products and services to customers, realizing our corporate commitments and becoming the "choice of the lifetime."</p> <p>To allow consumers to immediately enjoy the high quality of home-used tiles and the high-standard protection upon purchasing the Company's products, we launched the upgrade of our ten-year warranty to a "15-year warranty," setting the first domestic example within the industry to transform our corporate concept of optimized products and services into actual actions. By doing so, we set a new benchmark for consumer services and satisfy the high-quality requirements of modern people regarding the household environment to achieve a sustainable building material industry and premium living environment.</p> <p>4. Human rights and safety and health: Taking care of employees' lives after retirement, we make appropriations from employees' personal salary to their retirement pension accounts according to the new retirement system promulgated by the Labor Insurance Bureau in the hope that all employees may have worry-free retirement lives. Furthermore, we also established the Employee Benefits Committee to ensure employees' rights. We have safety and health technicians, operational superiors, or construction security evaluation personnel who regularly participate in training in place to provide a safe and healthy working environment.</p>	

Status on Execution of Climate-related information

Item	Status on Execution						
<p>1. The Board of Directors and the management's supervisory and governance of climate-related risks and opportunities are clearly described.</p>	<p>1. According to the requirements of TWSE and TPEX, the Company has been reporting the planning for GHG inventory and verification timetable to the Board for control on a quarterly basis since May 2022.</p> <p>2. The Company has established its “Risk Management Policy and Procedures,” and the Board is the highest decision-making department for risk management. To reinforce climate-related risk management, relevant management systems and specifications have been established, and climate risk monitoring indicators are formulated for monitoring. Each year, the corporate governance officer reported to the Audit Committee and the Board regarding the implementation status of climate-related risk management.</p> <p>3. Starting in 2024, the Executive Vice President has been convening meetings for sustainable development and risk management to supervise the implementation status of the Company’s sustainable development policies and annual targets. Meanwhile, various functional groups were established to promote the business of “corporate governance, environmental” and social” aspects and regularly report the progress and implementation achievements of work. At the same time, the Sustainable Development Committee supervises and provides opinions to the corporate governance risk group in due course to facilitate the promotional efficacy, and the corporate governance chief regularly reports to the Board regarding the implementation status each year.</p>						
<p>2. The way that business, strategy and finance (short, medium and long term) of enterprises impacted by the identified climate risks and opportunities are clearly described.</p>	<p>1. In the short term, climate-related risks and opportunities have no material effects on the industry in which the Company operates; however, in the long run, the effects of climate issues will be increasing on a yearly basis. In the future, the Company shall develop green manufacturing in the long run to achieve stable development of the enterprise. Due to the existing designs and the requirements of the production model and energy conservation of plants, the Company shall appropriate budgets to the R&D, production, and facilities departments for internal reformation, and the derived financial issues will be the Company’s risks and opportunities.</p> <p>2. The Company has established its “Risk Management Policy and Procedures,” which allows the Company to regularly examine the risks and opportunities with respect to the environment, society, and economy (including corporate governance) comprehensively.</p>						
<p>3. The impact on finance from extreme climate events and transformational actions is clearly described.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Climate risks</th> <th style="text-align: center;">Potential financial impact</th> <th style="text-align: center;">Countermeasures</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Total GHG control, carbon tax, and carbon fees</td> <td style="text-align: center;">Limited expansion of production capacity</td> <td style="text-align: center;">Yearly GHG inventory to continue understanding the emission dynamics of our own plants</td> </tr> </tbody> </table>	Climate risks	Potential financial impact	Countermeasures	Total GHG control, carbon tax, and carbon fees	Limited expansion of production capacity	Yearly GHG inventory to continue understanding the emission dynamics of our own plants
Climate risks	Potential financial impact	Countermeasures					
Total GHG control, carbon tax, and carbon fees	Limited expansion of production capacity	Yearly GHG inventory to continue understanding the emission dynamics of our own plants					

Item	Status on Execution			
	Drought (self-operation and the supply chain)	The production is affected, resulting in financial losses and a decrease in operating income	Separate the supply chain and find substitutive supplies	
	Flood (self-operation and the supply chain)			
	Increase in temperature	The increase in power consumption and the increase in cost and carbon emissions	Introduce energy-saving and carbon-reducing equipment and include it in the energy-saving corporate culture	
	Impacts on the Company's reputation	Inability to satisfy stakeholders' expectations and causing harm to the Company's reputation	Enhance the communication with external stakeholders to improve our corporate image	
4. The way to integrate the identification, assessment and management process of climate risk into the overall risk management system is clearly described.	Risk category	Risk item	Management strategy	Implementation department
	Strategic risk	GHG emission management	1.Promote the energy and resource integration of the Company, examine the promotion progress, and enhance the improvement technologies for energy conservation and carbon reduction. 2.Develop green products, increase the waste recycling and reuse of products, and reduce carbon emissions during the production process. 3.Plan for the carbon footprint inventory and set short-, mid-, and long-term carbon emission targets to respond to the regulatory impacts.	Production Department Quality Assurance Department Administrative Department Environmental Safety and Health
	Strategic risk	Energy management	1.Promote energy-saving and high-efficiency equipment and formulate energy-saving targets to continue reducing the power consumption of products we produce. 2.Promote the reduction of power consumption for process, repeated use of energy, waste heat recycling technologies, equipment efficiency improvement, energy management, and other energy-saving improvement measures.	Production Department

Item	Status on Execution			
	Strategic risk	Waste management	<p>1. Commit to the source reduction of waste, waste reduction for processes, and recycling and reuse by adopting the concept of circular economy to achieve the minimum output of waste and the maximum use of resources.</p> <p>2. Implement the qualification review and management of waste clearing and processing companies according to the law to ensure that wastes are duly processed to achieve the target of minimum environmental impact.</p>	<p>Production Department R&D Department Administrative Department Environmental Safety and Health</p>
<p>5. The scenarios, parameters, assumptions, analysis factors and main financial impacts used shall be described if scenario analysis is used to assess resilience to the risks of climate change.</p>	<p>At present, the Company has not adopted scenario analysis to assess the resilience against climate change risks.</p>			
<p>6. The content of the plan, and the indicators and objectives used to identify and manage physical risks and transition risks shall be described if there is a transition plan to manage the risks of climate-related.</p>	<p>At present, the Company has no transformation plan for responding to the management of climate-related risks.</p>			
<p>7. The bases used for setting prices shall be described if internal carbon pricing is used as a planning tool.</p>	<p>At present, the Company has not adopted carbon pricing planning tools.</p>			
<p>8. Information on the activities covered, the scope and planned schedule of greenhouse gas emissions, and annual progress achieved shall be described if climate-related targets are set. The source and quantity of carbon reduction credits or the quantity of renewable energy certificates (RECs) to be offset shall be described if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant goals.</p>	<p>At present, the Company has not set climate-related targets.</p>			

Item	Status on Execution
9. Inventory and assurance of greenhouse gases, along with reduction goals, strategies, and specific action plans	<p>The consultation for GHG inventory and the formulation of talent training, strategic targets, control mechanisms, internal verification and external verification plans are ongoing, and the estimated timetable is planned as follows:</p> <p>A. The parent company will complete the GHG inventory by April 2025.</p> <p>B. Subsidiaries will complete the GHG inventory by May 2025.</p> <p>C. The parent company will complete the external verification by June 2025.</p> <p>Subsidiaries will complete the external verification by December 2027.</p>

Greenhouse gas inventory and assurance for the past two fiscal years

Information of Greenhouse Gas Inventory

Providing the emission (tCO₂e), intensity (tCO₂e/ NT\$ million), and data coverage of greenhouse gases for the past two fiscal years.

Climate change is an issue of concern worldwide; whether it's economic development, environment and ecology, or international competition, they are all affected by climate.

To actively respond to the global sustainable development actions and the national targets of net zero emissions, the Company commenced the introduction of the GHG inventory operation in 2023 in accordance with the Sustainable Development Roadmap published by the FSC in 2022, implementing voluntary GHG inventory and examine the GHG emissions of the Company thoroughly.

Meanwhile, the Company implements organizational GHG inventory according to the companies that shall report and register the annual GHG emissions generated by fossil fuels specified in the regulations of the Ministry of Environment. The scope of inventory includes director emissions (Scope 1) and indirect emissions (Scope 2), and the Company also engaged a just third-party institution to verify the GHG emission sources and emissions of the Company. According to the results of the inventory, total GHG emissions reached 80,430.1819 tCO₂e, and the intensity was 25.52 tCO₂e/NT\$ million (data calculated based on the operating income. However, the assurance opinion has not been issued as of the publication date of the 2024 annual report. The results will be set out in the Sustainability Report to be published in August 2025 after the verification. The Company will plan for various energy conservation improvement plans based on the data to reduce GHG emissions and achieve the target of GHG reduction.

Statistics of GHG Emission Scope and Scope 1 Emissions of the Plant

	Scope 1				Scope 2	Total emissions
	Fixed emissions	Process emissions	Transportation emissions	Effusion emissions	Indirect emissions from imported energy	
2024						
Emissions (tCO ₂ e/year)	61,784.6477				23,443.6608	80,430.1819
	54,704.5077	1,293.8493	961.0665	27.0976		
Ratio of gas by category (%)	70.85%				29.15%	100.00%
	68.01%	1.61%	1.19%	0.03%		
2023						
Emissions (tCO ₂ e/year)	61,784.6477				26,632.1880	88,416.836
	58,744.9763	2,037.0021	912.3212	90.3481		
Ratio of gas by category (%)	69.88%				30.12%	100.00%
	66.44%	2.30%	1.03%	0.10%		

Information of Greenhouse Gas Assurance

Providing the assurance status for the past two fiscal years as of the printing date of the annual report, including the scope of assurance, the institution of assurance, assurance criteria, and assurance opinion.

The Company has implemented the GHG inventory and assurance for fuel combustion at major production plants in 2024 and 2023. The scope of inventory and assurance covers Scope 1 (direct emission) and Scope 2 (indirect emissions (i.e., power consumption)) GHG emissions related to all production activities of the Company.

The assurance institution engaged by the Company is AFNOR Asia Ltd., and the institution is a professional third-party institution that has extensive assurance experience and professional knowledge. The assurance standard is to implement the verification according to the standards under ISO 14064-1:2006 and comply with the requirements of standards under 14064-3:2006. The assurance opinion is an opinion proposed for the 2023 GHG Statement issued by AFNOR Asia Ltd. based on the just verification process, and the results have no substantial difference from the GHG declaration of the organization under verification, and the declaration is prepared according to the international standards for GHG quantification, monitoring, However, the assurance opinion has not been issued as of the publication date of the 2024 annual report. The results will be set out in the Sustainability Report to be published in August 2025 after the verification.

Greenhouse Gas Reduction Goals, Strategies, and Specific Action Plans

Explanation of the baseline year and its data for greenhouse gas reduction, reduction goals, strategies, and specific action plans, as well as the status of achieving the reduction goals.

After continuing the GHG inventory for the fuel combustion in production plants for three years, the Company will set the targets for GHG reduction. Such targets are set based on the GHG results while taking into account the business scale and the scope of impact of the Company. The Company's target is to reduce its carbon emissions progressively in the following years and move toward a low-carbon economy.

To achieve the target of reduction, the Company will formulate detailed strategies and action plans. The plans include substantial actions (i.e., improving energy efficiency, improving product designs and processes, and improving employees' environmental protection awareness. Through such actions, it is expected to effectively reduce the Company's GHG emissions and fight against climate change.

(VI) Performance of Ethical Management and Measures Adopted:

Performance of Ethical Management and Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Operation			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
I. Establishment of ethical management policies and programs				
(I) Has the Company established its ethical management policies passed by the Board and expressly declared its ethical management policies and measures in its rules and documents for external parties, and the commitments made by the Board and the senior management to actively implement the operating policies?	V		The Company has established its “Ethical Management Principles” and “Procedures for Ethical Management and Guidelines for Conducts” to expressly state the Company’s ethical operating policies, practices, and the commitment of the Board and the management in actively implementing such operational policies. In addition, the Company also disclosed its “Ethical Management Principles” and “Procedures for Ethical Management and Guidelines for Conducts” on its website.	No significant deviation.
(II) Has the Company established an evaluation system for the risk of unethical behaviors, regularly analyzed and evaluated operating activities with higher risks of unethical behaviors within its scope of business, and established an unethical behavior preventive plan that at least covers the preventive measures for behaviors set out in paragraph 2 under Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has established its “Procedures for Ethical Management and Guidelines for Conducts” to prevent unethical behaviors; the content of the Procedures and Guidelines for Conducts covers the preventive measures for behaviors set out in paragraph 2 under Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.”	No significant deviation.

Evaluation Item	Operation			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
(III) Has the Company stated the operating procedures, behavioral guidelines, punishments for violations, and the complaint system in its unethical behavior preventive plan, duly implemented the plan, and regularly examined and amended the abovementioned plan?	V		The Company promulgated its “Procedures for Ethical Management and Guidelines for Conducts” and disclosed its ethical management policies, carried out ethical management evaluation before having business relationships, explained ethical operating policies to business partners, avoided transactions with companies having unethical management, and stated the due execution clauses of ethical management based on the principles of the Procedures and Guidelines for Conducts. Furthermore, the Company shall organize ethical management educational training or communication for the Company’s employees at least once a year for them to fully understand the Company’s determination, policies, preventive programs related to ethical management, and the consequences of violating ethical behaviors.	No significant deviation.
II. Implement ethical management (I) Has the Company evaluated business partners’ ethical records and included clauses related to ethical management in contracts with business partners?	V		The Company stated clauses for ethical behaviors in our business contracts to prevent unethical behaviors.	No significant deviation.
(II) Has the Company established a dedicated department supervised by the Board to be in charge of corporate ethical management? Has the dedicated department regularly (at least once a year) reported to the Board regarding the ethical management policies, unethical behavior preventive plan, and the execution of supervision?		V	The Company has not established a dedicated (part-time) department for the promotion of ethical corporate management.	No significant deviation.

Evaluation Item	Operation			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
(III) Has the Company established policies to prevent conflicts of interest and provide appropriate communication channels, and implemented such policies?	V		The Company's "Procedures for Ethical Management and Guidelines for Conducts" stated the policies and processing status for recusals due to the interests of the Company's Directors and all employees. It is stated that when discovering others involved in receiving unjust benefits, employees of the Company shall report to their direct supervisor and inform the dedicated department.	No significant deviation.
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical management, with the internal audit department being responsible for devising relevant audit plans based on the evaluation results of the risk of involvement in unethical behaviors, and examining, accordingly, the compliance with the unethical behavior preventive plan, or engaged CPAs to carry out the audit?	V		The Company has established a comprehensive and effective accounting system and internal control system. Except for regular audits performed by the internal audit department, KPMG (Taiwan) also regularly reviews the Company's financial statements.	No significant deviation.
(V) Has the Company regularly held internal and external educational training on ethical management?	V		In 2024, the Company organized educational training programs related to ethical management issues on the basis of 5 persons/3 hours.	No significant deviation.
III. Operations of the Company's whistleblowing system (I) Has the Company established concrete whistleblowing and incentive system, established convenient whistleblowing channels, and appointed appropriate dedicated handling personnel for the targets being reported?	V		The Company has established its "Procedures for Ethical Management and Guidelines for Conducts," which sets out the whistleblowing channels; legal personnel of the Company would assist in processing such matters.	No significant deviation.

Evaluation Item	Operation			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
(II) Has the Company established standard operating procedures for investigating the matters being reported and relevant confidentiality systems?	V		The Company's "Procedures for Ethical Management and Guidelines for Conducts" has relevant specifications in place for managing the report of unethical behaviors. The responsible department shall conduct the investigations, and the course of the investigation and relevant documents shall remain confidential throughout the course.	No significant deviation.
(III) Has the Company adopted measures to protect whistleblowers from being mistreated due to whistleblowing?	V		The Company adopts protective measures to protect whistleblowers from being mistreated due to whistleblowing.	No significant deviation.
IV. Improve information disclosure Has the Company disclosed the content of its Ethical Management Principles and the results of its implementation on the Company's website and MOPS?	V		The Company has set up its corporate website and published relevant corporate governance information in the stakeholder section. The Company's website is http://group.champion.com.tw/ .	No significant deviation.
V. Where the Company has established its Ethical Management Principles according to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe its operations and the deviation from the Principles: No significant deviation.				
VI. Other important information to facilitate a better understanding of the Company's ethical management operations (such as a review of and amendments to the Ethical Management Principles):				
<ol style="list-style-type: none"> 1. The Company observes the Company Act, Securities Exchange Act, Business Entity Accounting Act, rules and regulations related to TWSE/TPEX listed companies, or other laws and regulations related to business activities as the basis for implementing ethical management. 2. The Company's "Rules of Procedure for Board Meetings" sets out the interest recusal system for Directors; when Directors or the corporate they represent have interests in the proposals at the Board meeting that may harm the Company's interest, such Directors may describe their opinions and answer to inquiries; they may not participate in discussions and voting, and shall recuse themselves from discussion and voting, and may not exercise voting rights on behalf of other Directors. 3. On January 29, 2024, the Board passed the amendments to the Company's "Procedures for Ethical Management and Guidelines for Conducts": The Company shall require Directors and the management to issue a statement for the observation of ethical management policies and require the employees to observe the ethical management policies in the employment conditions. 				

(VII) Other information enabling a better understanding of the Company's corporate governance operations shall be disclosed:

1. Currently, the Company has not established relevant regulations for the promotion and performance of social responsibility; however, the management sets creating maximum interests for shareholders as its major target; the Company align interests of employees and shareholders by way of employees' bonuses and employee stock option plans.
2. In response to social development, the Company creates a work environment with gender equality and prioritizes employees' abilities for the recruitment and promotion of employees.
3. The Company purchased labor insurance and health insurance for all employees according to the law and purchased group insurance to offer more comprehensive protection to employees.
4. The Company encourages employees to voluntarily participate in activities of social contribution and social services.
5. Except for declaring information on MOPS according to requirements, the Company publishes significant real-time information related to significant policies or financial operations and information that have effects on its operations to provide sufficient real-time information for investors.
6. Continuing education of Directors and supervisors: To reinforce the promotion of corporate governance, the Company informs Directors of laws and regulations related to corporate governance and their updates.

The term of office of the current Directors is from June 19, 2024 to June 18, 2027; the continuing education for 2024:

Title	Name	Date of continuing education		Organizer	Name of the course	Hours of continuing education	Whether the continuing training complies with the requirements
		From	To				
Director	Lin, You-Yu	113/04/30	113/04/30	Independent Director Association Taiwan	Innovative Thinking and Transition Strategy for Board of Directors of Top-notch Enterprises Worldwide	3.0	Yes
		113/05/21	113/05/21	Independent Director Association Taiwan	ESG Rating Analysis in the Capital Market and the Business Implication of Sustainability Rating	3.0	Yes

Title	Name	Date of continuing education		Organizer	Name of the course	Hours of continuing education	Whether the continuing training complies with the requirements
		From	To				
Director	Lin, He-Cun	113/09/27	113/09/27	Taipei Bar Association	Current Status and Trend of Sustainability Reporting	3.0	Yes
Independent Director	Kung, Shu-Chang	113/08/17	113/08/17	Accounting Research and Development Foundation	Case study on the Contests for Corporate Control and analysis of legal disputes	3.0	Yes
		113/08/27	113/08/27	The Institute of Internal Auditors	Discussion of Audit Practices for Corporate Cost and Value Creation	6.0	
		113/09/10	113/09/10	Taiwan Project Management Association	Digital Transition and Digital Governance of Enterprises	3.0	Yes
Independent Director	Yang, Ming-Hsun	113/09/20	113/09/20	Securities and Futures Institute	2024 Insider Trading Prevention Seminar	3.0	Yes
Independent Director	Chen, Mei-Hua	113/08/23	113/08/23	Taipei Bar Association	ESG and Corporate Human Rights Due Diligence	3.0	Yes
		113/09/27	113/09/27	Taipei Bar Association	Current Status and Trend of Sustainability Reporting	3.0	Yes
Independent Director	Wu, Heng-Yi	113/09/20	113/09/20	Securities and Futures Institute	2024 Insider Trading Prevention Seminar	3.0	Yes
		113/12/05	113/12/05	CPA Associations R.O.C.(Taiwan)	Latest Specifications of the Anti-money Laundering Act and Practical Case Study	3.0	Yes

7. The execution of risk management policies and risk evaluation standards: The management of the Company discloses and reports relevant information in accordance with relevant laws and regulations. For the financial aspect, the management reviews our financial structure to prevent excessive financial risks; for the internal control

aspect, the management has auditors in place to perform audits on the Company's internal control system regularly and from time to time and submit reports.

8. Execution of consumer protection or customer policies: Except for maintaining our usual operations and realizing the maximization of shareholders' interests, the Company concurrently focuses on consumers' rights, environmental protection of communities and public welfare, and values the Company's social responsibility.
9. Purchase of responsibility insurance for Directors and supervisors: The Company purchased responsibility insurance for Directors and supervisors and has reported such matters at the 4th Board meeting on August 13, 2024.

Item	Content Summary
Insured company	Champion Building Materials Co., Ltd.
Insured persons	Directors, supervisors, and managers
Insured amount	US\$1,000,000
Insurance period	2024.9.3~2025.9.3
Insurance company	Fubon Insurance Co., Ltd.
Insurance coverage	<ol style="list-style-type: none"> 1. Insurance coverage for responsibilities of Directors and managers 2. Insurance coverage for corporate compensation 3. Insurance coverage for investigation and lawsuit expenses 4. Insurance coverage for securities claims 5. Insurance coverage for employment behavior responsibilities

(VIII) Execution of the Internal Control System

1. Statement of Internal Control:

Champion Building Materials Co. Ltd.

Statement of Internal Control System

Date: March 14, 2025

Based on the results of the self-evaluation on the internal control system for 2024, the Company hereby states as follows:

- I. The Company acknowledges that establishing, implementing, and maintaining the internal control system is the responsibility of the Company's Board and managers. The Company had established the system. The purpose of which is to provide reasonable assurance on the achievements of objectives such as effects and efficiency of operations (including profits, performance, and protection of assets' safety), credibility, timeliness, and transparency of reports, compliance with relevant regulations and relevant laws, regulations, and rules.
- II. An internal control system has inherent limitations. Regardless of the comprehensive design, an effective internal control system may merely provide reasonable assurance on achieving the three objectives mentioned above. Moreover, the effectiveness of an internal control system is subject to changes in the environment and circumstances. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company adopts immediate remedial actions in response to any identified deficiencies.
- III. The Company established the determination items for the effectiveness of its internal control system based on the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (the "Regulations") to determine whether the design and execution of its internal control system are effective. The determination items for the internal control system adopted by the "Regulations" divide the internal control system into five key components based on the course of management and control: 1. control environment; 2. risk evaluation; 3. control operations; 4. information and communications; and 5. supervisory operations. For the items mentioned above, please see the requirements under the "Regulations."
- IV. The Company adopted the aforementioned determination items for the internal control system to evaluate the effectiveness of the internal control system's design and execution.
- V. Based on the evaluation results above, the Company considered that the design and execution of the internal control system (including supervision and management of subsidiaries) as at December 31, 2024 are effective (including the understanding of the level of achievement regarding the objectives of operations' effects and efficiency, credibility, timeliness, and transparency of reports, compliance with relevant regulations and relevant laws, regulations, and rules), and the internal control system is able to provide reasonable assurance on the achievement of the above objectives.
- VI. The Statement is a major part of the Company's annual report and prospectus disclosed to the public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.

VII. The Statement was passed at the meeting of the Board on March 31, 2025. It is hereby stated that seven Directors who attended the meeting have agreed on the content of the Statement.

Champion Building Materials Co. Ltd.

Chairman Lin, Jung-Te

President Lin, You-Yu

2. Where CPAs were engaged to conduct a project audit on the internal control system, the audit report shall be disclosed: Not applicable.

(IX) Significant Resolutions Made by the Shareholders' Meetings and Board Meetings for the Latest Year and as of the Date of Publishing the Annual Report.

1. Significant Resolutions of the 2024 Annual Shareholders' Meeting

Description	Resolution and execution status
(1) Recognition of the 2023 business report and financial statements.	<p>Relevant statements and documents have been archived by the competent authority, announced, and declared according to the Company Act and relevant laws and regulations.</p> <p>Passed after voting; the number of votes in favor: 239,735,385 votes (including voting rights exercised in electronic methods: 26,758,819 votes), accounted for 97.02% of the total voting rights; the number of votes in objection: 533,012 votes (including voting rights exercised in electronic methods: 533,012 votes), accounted for 0.21% of the total voting rights; the number of invalid votes: 0, accounted for 0% of the total voting rights; the number of renunciation or unused votes: 6,816,211 votes (including voting rights exercised in electronic methods: 6,816,211 votes), accounted for 2.75% of the total voting rights; the number of voting rights of the attending shareholders: 247,084,608 votes.</p>
(2) Recognition for the 2023 Loss Compensation.	<p>The Loss Compensation was passed at the 2024 shareholders' meeting as a resolution. The execution had been completed according to the resolution made by the shareholders' meeting.</p> <p>Passed after voting; the number of votes in favor: 239,769,256 votes (including voting rights exercised in electronic methods: 26,792,690 votes), accounted for 97.03% of the total voting rights; the number of votes in objection: 547,520 votes (including voting rights exercised in electronic methods: 547,520 votes), accounted for 0.22% of the total voting rights; the number of invalid votes: 0, accounted for 0% of the total voting rights; the number of renunciation or unused votes: 6,767,832 votes (including voting rights exercised in electronic methods: 6,721,832 votes), accounted for 2.73% of the total voting rights; the number of voting rights of the attending shareholders: 247,084,608 votes.</p>
(3) Re-elect the Company's Directors (including Independent Directors).	<p>The re-election of seven Directors (including four Independent Directors) was performed at the 2024 annual shareholders' meeting. The term of office of the new Directors is three years, from June 19, 2024 to June 18, 2027. The election results are announced on the MOPS.</p>

2. Significant Resolutions at the Board Meetings in 2024 and as of the Date of Publishing the Annual Report:

2024:

Board	Significant resolution of Board meetings	Matters stated in 14-3 of the Securities Exchange Act	Opposing or qualified opinions of Independent Directors
1 st in 2024 2024.1.29	1	Proposal for the general manager.	V None
	2	Discussion on the Company's 2024 business plan.	
	3	By-Election of the Company's Directors (incl. Independent Directors)	V None
	4	Adoption of the release of newly elected director from non-competition restrictions.	V None
	5	Proposal for the convening date, time, venue, main proposals, agenda, acceptance of shareholders' proposal rights, and other relevant matters of the 2024 annual shareholders' meeting of the Company.	
	6	Proposal for providing a loan of RMB50 million to subsidiary Singyih Ceramic (China) Co., Ltd.	V None
	7	Proposal for the increase in the investment in subsidiary Champion Highwealth Co., Ltd.	V None
	8	Proposal of the Company's intention to negotiate the financing limits with financial institutions due to the requirements of operating development.	
	9	Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Guan Zhong Trading Co., Ltd. that intends to apply for a loan of USD\$1,500,000 with financial institutions.	V None
	10	Execution of the Company's "year-end bonus and performance achievement bonus distribution for managers in 2023."	V None
	11	Discussion Implementation and Distribution on the Company's "Measures for 2023 Performance Achievement Bonus"	V None
	12	Discussion on the Company's remuneration (standards and structure) of directors, managers and functional committee (including those who are newly appointed)".	V None
	13	Discussion on the Company's "Measures for 2024 Performance Achievement Bonus" (including performance evaluation standards and policies) and "Measures for Executive Vice President Performance Achievement Bonus"	V None
	14	Amendments to the Company's "Ethical Corporate Management Best Practice Principles".	
	15	Amendments to the Company's "Procedures for Ethical Management and Guidelines for Conducts".	
	16	Amendments to the Company's "Rules of Procedure for	V None

Board	Significant resolution of Board meetings	Matters stated in 14-3 of the Securities Exchange Act	Opposing or qualified opinions of Independent Directors	
		Board of Directors Meetings”.		
	17	Amendments to the “Procedures for Suspension and Recovery Applications”.		
	18	Amendments to the “Insider Trading Prevention Management.”	V	None
	19	Amendments to the “Financial Reporting Preparation Standards.”	V	None
	20	Amendments to the “Corporate Governance Best Practice Principles.”		
	21	Amendments to the “Regulations for Internal Audits”		
	22	Amendments to the “Regulations for the Preparation and Reporting of the Sustainability Report.”		
	23	Amendments to the “The Organic Regulations of the Audit Committee.”		
	Opinions of Independent Directors: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.			
2 nd in 2024 2024.3.14	1	The Company’s 2023 individual financial statements and consolidated financial statements.		
	2	Completion of the Company’s 2023 Internal Control Self-evaluation and issuance of Internal Control Statement.	V	None
	3	Proposal of the Company’s intention to negotiate the financing limits with financial institutions due to the requirements of operating development		
	4	Amendments to the “Regulations for the Preparation and Reporting of the Sustainability Report.”		
	5	Proposal for the appointment of managers.		
	Opinions of Independent Directors: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.			
3 rd in 2024 2024.3.28	1	The Company’s 2023 individual financial statements and consolidated financial statements. (The CPA's issues a qualified audit report)		
	2	Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company’s subsidiary Champion Highwealth Co., Ltd. that intends to apply for a loan of USD\$800,000 with financial institutions.	V	None
	3	Assessment of the independence and suitability of the Company’s CPAs and appointment for the audit and certification service for 2024 financial statements.	V	None
	4	Proposal for the application for the credit union syndicated	V	None

Board	Significant resolution of Board meetings		Matters stated in 14-3 of the Securities Exchange Act	Opposing or qualified opinions of Independent Directors
		loans in the amount of NT\$1.7 to 2.04 billion by the Company to credit loans club organized by Taipei Fubon Bank and the proposal for the provision of collateral as the guarantee.		
	<p>Opinions of Independent Directors: Expressed the respect for the 1st proposal. The CPAs of the Company shall carry out the audit and revaluation after receiving the formal financial statements and update the independent auditor's report for the 2023 financial statements.</p> <p>Measures adopted by the Company for opinions of members: The Company will restate the Company's 2023 parent company only and consolidated financial statements after receiving the formal financial statements of Seagull Champion and engage CPAs to update the independent auditor's report.</p> <p>Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>			
4 th in 2024 2024.4.26	1	The Company's 2023 (restated) individual financial statements, consolidated financial statements and business report.		
	2	Proposal for the Company's 2023 Loss Compensation	V	None
	<p>Opinions of Independent Directors: None.</p> <p>Measures adopted by the Company for opinions of members: None.</p> <p>Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>			
5 th in 2024 2024.5.9	1	Discussion on the Company's 2024 Q1 consolidated financial statements.		
	2	The Company's intention to apply for a financing limit of NT\$50 million from Hua Nan Bank due to the business development needs.		
	3	Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Guan Zhong Trading Co, Ltd. that intends to negotiate the financing limits of NT\$20 million with financial institutions.	V	None
	4	Proposal for the approval of the list of Director and Independent Director candidates nominated by the Board.	V	None
	<p>Opinions of Independent Directors: None.</p> <p>Measures adopted by the Company for opinions of members: None.</p> <p>Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>			
6 th in 2024 2024.6.19	1	Proposal for the election of the Chairman after the re-election of Directors.	V	None
	2	Appointment of the 3rd session of the Audit	V	None
	3	Appointment of the 6th session of the Remuneration Committee.		
	4	Appointment of the 2 nd session of the Sustainable		

Board	Significant resolution of Board meetings		Matters stated in 14-3 of the Securities Exchange Act	Opposing or qualified opinions of Independent Directors
	Development Committee.			
	<p>Opinions of Independent Directors: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>			
7 th in 2024 2024.8.13	1	Discussion on the Company's 2023 Q2 consolidated financial statements.		
	2	Due to operational development needs, the Company plans to apply for a credit facility from financial institutions.	V	None
	3	Proposal for the provision of endorsement and guarantee services to subsidiary Guan Zhong Trading Co, Ltd. and the increase in the limit of its loans with a financial institution from the initial limit of NT\$20 million to NT\$30 million as a joint guarantor.	V	None
	4	Review and discuss the 2023 Sustainability Report of the Company.		
	5	Proposal for the donation of land at Jiantan Section to Zaoqiao Township Office.	V	None
	6	Proposal for the implementation of the 5 th treasury share repurchase.		
	7	Amendments to the "Regulations for the Repurchase of Shares to Transfer to Employees."		
	8	Discussion on the remuneration (standards and structure) of Directors and managers (including those who are newly appointed).	V	None
	9	Discussion on the remuneration (standards and structure) of Directors and managers (including those who are newly appointed).	V	None
	10	Amendments to the Company's "Measures for Remuneration Paid to Managers"	V	None
	11	Proposal for the appointment and dismissal of managers.		
	<p>Opinions of Independent Directors: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>			
8 th in 2024 2024.10.30	1	According to the letter from the Taiwan Stock Exchange Corporation dated October 24, 2024, the Audit Committee recommended and advised the Company to adopt active and necessary legal measures to protect the Company's rights and interests.		
	<p>Opinions of Independent Directors: I. The Audit Committee (Independent Directors) required the audit department of the Company to examine whether arrangements are made according to relevant internal regulations for related parties of the Company and to complete the report of the deficiency audit and improvement plan when</p>			

Board	Significant resolution of Board meetings		Matters stated in 14-3 of the Securities Exchange Act	Opposing or qualified opinions of Independent Directors
	<p>issuing the Q3 report.</p> <p>II. For transactions with related parties, Lan-Jai CPAs Firm (a third-party expert) is engaged to perform an audit of the transactions of Champion Building Materials Co., Ltd., Guan Zhong Trading Co, Ltd., and Champion Highwealth Co., Ltd with related parties (regular operating activities – product sales) from January to September 2023 based on the agreed procedures to understand the transaction prices and collection conditions with related parties are significantly not equivalent or evidently not reasonable.</p> <p>III. As partial distributors are substantial related parties, if Champion Building Materials Co., Ltd. intends to terminate the contract before the expiry date according to the requirements of contract termination and amendment in Article 20 of the “Tile Distribution Contract,” it shall notify the distributor of the termination of the contract in writing on December 31, 2024, 30 days in advance (November 30, 2024).</p> <p>IV. Due to the existence of the substantive relationship, Chairman Lin, Rong-De and Director Lin, Yo-Yu, related parties, recuse from voting for transactions related to related parties from now on.</p> <p>V. During the recusal period of related parties, Independent Director Gong, Shu-Zhang, Independent Director Yang, Ming-Xun, Independent Director Chen, Mei-Hua, and Independent Director Wu, Heng-Yi jointly review the approval and determination of transactions between the Company and related parties.</p> <p>VI. Transactions with related parties shall comply with the ‘Procedures for Related Party Transactions’ and ‘Rules Governing Financial and Business Matters with Related Parties’ of the Company and the ‘Guidelines for Related Party Transactions’ formulated by the competent authority.</p> <p>Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>			
9 th in 2024 2024.11.1 3	1	Discussion on the Company’s 2023 Q3 consolidated financial statements.		
	2	Due to operational development needs, the Company plans to apply for a credit facility from financial institutions.	V	None
	3	Proposal to lend loans to the Company’s subsidiary Champion Highwealth Co., Ltd.	V	None
	4	Proposal to lend loans to the Company’s subsidiary Sinyih Ceramics (China) Co., Ltd.	V	None
	5	Establish the internal control system for sustainability information management.	V	None
	6	For changes in personnel of material asset preservation, the Company intends to change the name of personnel of material asset preservation.		
	7	Formulation of 2024 Audit Plan.		
	8	Establish the 2025 audit plan according to the “Regulations Governing Establishment of Internal Control Systems by Public Companies.”	V	None
	9	Purchase materials (self-leveling cement) from Mainland China for sales through subsidiary Champion Building		

Board	Significant resolution of Board meetings	Matters stated in 14-3 of the Securities Exchange Act	Opposing or qualified opinions of Independent Directors
	Materials (Anhui) Co., Ltd..		
	<p>Opinions of Independent Directors: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>		

2025 :

Board	Significant resolution of Board meetings	Matters stated in 14-3 of the Securities Exchange Act	Opposing or qualified opinions of Independent Directors	
1 st in 2025 2025.01.21	1	Discussion on the Company's 2024 business plan.		
	2	Due to operational development needs, the Company plans to apply for a credit facility from financial institutions.		
	3	Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Champion Highwealth Co., Ltd. that intends to negotiate the financing limits of USD\$800,000 with financial institutions.	V	None
	4	Proposal for the transaction with a related party in 2025.	V	qualified opinions
	5	Execution of the Company's "year-end bonus and performance achievement bonus distribution for managers in 2024.	V	None
	6	Discussion Implementation and Distribution on the Company's "Measures for 2024 Performance Achievement Bonus"	V	None
	7	Discussion on the Company's remuneration (standards and structure) of directors, managers and functional committee (including those who are newly appointed)".	V	None
	8	Discussion on the Company's "Measures for 2025 Performance Achievement Bonus" (including performance evaluation standards and policies) and "Measures for Executive Vice President Performance Achievement Bonus"	V	None
	<p>Opinions of Independent Directors: For the adoption of the distribution system for the sales model of the Company, the advantages and disadvantages (pros and cons) of the distribution system and the necessity of relevant transactions with distributors with substantive relationships shall be evaluated and analyzed; the strategic models adopted by peers and other analysis reports shall be referred to, and they shall be reported to the upcoming Board meeting and Audit Committee meeting for review and discussion. Measures adopted by the Company for the opinions of Independent Directors: Submit the analysis report to the Board and the Audit Committee after its completion. Resolution result: Submit the analysis report to the Board and the Audit Committee after its completion.</p>			

Board	Significant resolution of Board meetings		Matters stated in 14-3 of the Securities Exchange Act	Opposing or qualified opinions of Independent Directors
2 nd in 2025 2025.3.14	1	The Company's 2024 individual financial statements and consolidated financial statements.		
	2	Proposal for the convening date, time, venue, main proposals, agenda, acceptance of shareholders' proposal rights, and other relevant matters of the 2025 annual shareholders' meeting of the Company.	V	None
	3	Due to operational development needs, the Company plans to apply for a credit facility from financial institutions.		
	4	Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Guan Zhong Trading Co., Ltd. that intends to apply for a loan of USD\$1,500,000 with financial institutions.	V	None
	5	Proposal for the appointment of managers.		
	6	Proposal for the dismissal of manager.		
	7	The Company enhanced its internal control matters.	V	None
	Opinions of Independent Directors: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.			
3 rd in 2025 2025.3.31	1	Proposal for the transaction with a related party in 2025.	V	無
	2	The Company's 2024 individual financial statements and consolidated financial statements.		
	3.	Completion of the Company's 2023 Internal Control Self-evaluation and issuance of Internal Control Statement.	V	無
	4.	Proposal for the Distribution of Employee and Director Remuneration for the Year 2024.	V	None
	5.	Proposal for the earning distribution for 2024.		
	6.	Amendment to the "Articles of Incorporation"		
	7.	The Company intends to add the content of the main proposals for the 2025 annual shareholders' meeting.		
	8.	Assessment of the independence and suitability of the Company's CPAs and appointment for the audit and certification service for 2025 financial statements.		
	9.	Proposal for the amendments to the "general rules for the internal control system."	V	None
	10	Amendments to the "internal control system for information circulation."	V	None
	11	Amendments to the Company's "Insider Trading Prevention Management."	V	None
	12	Amendments to the "Rules Governing Financial and Business Matters with Related Parties."		
	13	Amendments to the "Procedures for Related Party"	V	None

Board	Significant resolution of Board meetings		Matters stated in 14-3 of the Securities Exchange Act	Opposing or qualified opinions of Independent Directors
		Transactions.”		
	14	Amendments to the “Regulations for the Use of Notes.”	V	None
	<p>Opinions of Independent Directors: For point 1, after making inquiries, the attending Directors (except for two Directors who recused from voting due to conflicts of interest) approved the related party transactions in 2025; however, to improve corporate governance and reduce the transaction ratio with substantial related parties, the Company intends to reduce related party transactions to 50% by the end of 2025. The Company shall establish a project workforce and report the relevant work structure at the upcoming Board meeting.</p> <p>Measures adopted by the Company for opinions of members: To be presented in the upcoming Board of Directors meeting.</p> <p>Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>			
4 th in 2025 2025.5.13	1	Discussion on the Company’s 2024 Q1 consolidated financial statements.		
	2	The Company’s intention to apply for a financing limit of NT\$80 million from Shin Kong Commercial Bank due to the business development needs.	V	None
	3	Proposal for providing a loan of NT\$50 million to subsidiary Champion Highwealth Co., Ltd.	V	None
	4	Amended the internal control system of the Company: (1) procurement and payment cycle; (2) production cycle; (3) labor and wage cycle; (4) property, plant and equipment cycle; (5) investment cycle; (6) R&D cycle.	V	None
	5	Proposal for the dismissal of manager.	V	None
	6	Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company’s subsidiary Champion Highwealth Co., Ltd. that intends to apply for a loan of USD\$100,000 with financial institutions.	V	None
		<p>Opinions of Independent Directors: None.</p> <p>Measures adopted by the Company for opinions of members: None.</p> <p>Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>		

(X) The Primary Content of Directors or Supervisors’ Opposing Opinions with Records or Written Declarations on Significant Resolutions Passed by the Board of Directors for the Latest Year and as of the Date of Publishing the Annual Report: None.

IV. Information on Audit Fees

Information on Audit Fees

Unit: NT\$000'

CPA firm	Name of CPAs	Audit period	Audit fees	Non-audit fees	Total	Remark
KPMG (Taiwan)	Chen, Chung-Che	2024/1/1~ 2024/12/31	5,200	959	6,159	
	Chi, Shi-Qing	2024/1/1~ 2024/12/31				

Please specify the content of services for non-audit fees: Checklist for salary information of non-executive full-time employees of NT\$50 thousand, tax certification of NT\$650 thousand, Taxation CFC certification fees of NT\$30 thousand, affiliate report of NT\$50 thousand, sustainability performance linked loans limited assurance report of NT\$170 thousand, and business registration – alteration registration for the re-election of Directors of NT\$9 thousand.

(I) Where the Non-Audit Fees Paid to the CPAs, CPA's Firm, and Its Affiliates Accounted for One-Fourth of the Audit Fees and Above, the Audit and Non-Audit Fees and the Content of the Non-Audit Services Shall Be Disclosed :None.

(II) When the Audit Fees Decreased by 10% and Above as Compared with the Preceding Year, the Decrease in the Amount of the Audit Fees, the Ratio, and the Reason Shall be Disclosed: None.

V. Information on the Replacement of CPA: None.

VI. When the Chairman, President, Managers Responsible for Financial or Accounting Affairs of the Company Had Taken Office in the CPA Firm or its Affiliates for the Latest Year, Names, Titles, and the Period Taken Office in the CPAs' Firm or Its Affiliates shall be Disclosed: None.

VII. Changes in Equity Transfer and Pledge by Directors, Supervisors, Managers, and Shareholders with Shareholdings Over 10% for the Latest Year and as of the Date of Publishing the Annual Report.

Changes in Equity Held by Directors, Supervisors, Managers, and Major Shareholders

Title	Name	2024		Current year as of March 31	
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged
Chairman	Tai Yu Investment Co, Ltd	0	0	0	0
	Representative: Lin, Jung-Te	(117,000)	0	0	0
Director	Tai Yu Investment Co, Ltd	0	0	0	0
	Representative: Lin, You-Yu	0	0	0	0
Director	Hua Yi Industrial Co, Ltd	0	0	0	0
	Representative: Lin, He-Cun	(117,000)	0	0	0
Independent Director	Kung, Shu-Chang	0	0	0	0
Independent Director	Yang, Ming-Hsun	0	0	0	0
Independent Director	Chen, Mei-Hua	0	0	0	0
Independent Director	Wu, Heng-Yi	0	0	0	0
President	Lin, You-Yu	0	0	0	0
Executive Vice President	Wang, Kai-Ming	0	0	0	0
Senior Speical Assistant	Wang, Kuei-Feng	0	0	0	0
Assistant Vice President	Lin, Jen-Hsiung	0	0	0	0
Assistant Vice President	Lin, Meng-Yu	0	0	0	0
CFO	Liao, Hui-Yi	0	0	0	0
Assistant Vice President	Chang, Chih-Chung	0	0	0	0
Assistant Vice President	Jang, Shiuan-Ming	0	0	0	0
Assistant Vice President	Chang, Cing-Fu	0	0	0	0
Assistant Vice President	LIU,JING-YI	0	0	0	0
Assistant Vice President	PENG,WEI-QUAN	0	0	0	0

(1) Information on Equity Transfer : None.

(2) Information on Equity Pledged : None.

VIII. Information on Shareholders with Top Ten Shareholdings Who Are Related Parties or Spouses or Relatives within the Second Degree of Kinship

Information on Relationships between Shareholders with Top Ten Shareholdings

April 18, 2025

Name (Note 1)	Shares held by the shareholders		Shares held by spouses and minors		Shares held in the name of others		Title, name, or relationship of shareholders with top ten shareholdings who are related parties or spouses or family members within the second degree of kinship. (Note 3)		Remark
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Title (or name)	Relationship	
Deqian Investment Co., Ltd. Representative: Lin, Meng-Yu	29,032,763	7.44%	0	0	0	0	None	None	Chairman of Deqian ,Chung Yang and Founden, are the same person.
	2,847,954	0.73%	0	0	0	0	Lin, Jung-Te Lin, You-Yu	Direct relative Relative within the second degree of kinship	
Guicheng Investment Co., Ltd. Representative: Lin, You-Yu	28,740,880	7.36%	0	0	0	0	None	None	
	2,864,084	0.73%	0	0	0	0	Lin, Jung-Te Lin, Meng-Yu	Direct relative Relative within the second degree of kinship	
Fengde Industrial Co., Ltd. Representative: Wang, Chun-Tian	25,672,811	6.58%	0	0	0	0	None	None	Chairman of Hua Yi, and Founden are the same person.
	0	0	0	0	0	0	None	None	
Lin, Jung-Te	22,748,200	5.83%	2,096,360	0.54%	0	0	Tai Yu Lin, Meng-Yu Lin, You-Yu	Chairman Direct relative Direct relative	
Representative of Chung Yang Industrial Co., Ltd. Representative: Lin, Meng-Yu	22,687,161	5.81%	0	0	0	0	None	None	Chairman of Deqian ,Chung Yang and Founden, are the same person.
	2,847,954	0.73%	0	0	0	0	None	None	
Founden Industrial Co., Ltd. Representative: Lin, Meng-Yu	21,369,331	5.47%	0	0	0	0	None	None	Chairman of Deqian ,Chung Yang and Founden, are the same person.
	2,847,954	0.73%	0	0	0	0	None	None	
Investment account in the custody of HSBC	19,215,921	4.92%	0	0	0	0	None	None	
Tai Yu Investment Co., Ltd. Representative: Lin, Jung-Te	17,142,759	4.39%	0	0	0	0	None	None	
	22,748,200	5.83%	2,096,360	0.54%	0	0	Lin, Meng-Yu Lin, You-Yu	Direct relative Direct relative	
Shi, Shan-Hsiung	17,023,000	4.36%	0	0	0	0	None	None	

Name (Note 1)	Shares held by the shareholders		Shares held by spouses and minors		Shares held in the name of others		Title, name, or relationship of shareholders with top ten shareholdings who are related parties or spouses or family members within the second degree of kinship. (Note 3)		Remark
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Title (or name)	Relationship	
Hua Yi Industrial Co, Ltd. Representative: Wang, Chun-Tian	9,931,500	2.54%	0	0	0	0	None	None	Chairman of Hua Yi, and Founder are the same person.
	0	0	0	0	0	0	None	None	

IX. Shareholdings of the Company, the Company's Directors, Supervisors, Managers, and Companies Directly or Indirectly Controlled by the Company in the Same Investee Companies, and the Consolidated Shareholding Ratio in Aggregation.

Consolidated Shareholding Ratio

Unit: Share; %

Investee Company (Note)	Investments of the Company		Investments of Directors, supervisors, managers, and companies directly or indirectly controlled by the Company		Investments in aggregation	
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding
Swanview International, Ltd.	93,906,266	100.00%	0	0.00%	93,906,266	100.00%
Guan Zhong Trading Co., Ltd.	9,600,000	100.00%	0	0.00%	9,600,000	100.00%
Champion Highwealth Co., Ltd.	12,000,000	100.00%	0	0.00%	12,000,000	100.00%

Note: Investments of the Company that are accounted for by using the equity method.

Chapter 3. Fund-raising

I. Capital and Shares

(I) Source of share capital

Unit: Share; NT\$

Month and Year	Issue price	Authorized capital		Paid-up capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Properties other than cash in substitution of share capital	Others
1972.11	10	370,000	3,700,000	370,000	3,700,000	Establishment		
1973.05	10	1,500,000	15,000,000	1,500,000	15,000,000	Capital increase by cash of NT\$11,300,000		
1975.05	10	1,960,000	19,600,000	1,960,000	19,600,000	Capital increase by cash of NT\$4,600,000		
1983.05	10	5,096,000	50,960,000	5,096,000	50,960,000	Capital increase by cash of NT\$26,656,000 Capital increase from capital reserve of NT\$4,704,000		
1986.01	10	6,115,200	61,152,000	6,115,200	61,152,000	Capital increase by cash of NT\$10,192,000		
1989.05	10	10,000,000	100,000,000	10,000,000	100,000,000	Capital increase by cash of NT\$38,848,000		
1989.11	10	15,000,000	150,000,000	15,000,000	150,000,000	Capital increase by cash of NT\$50,000,000		
1990.03	10	19,900,000	199,000,000	19,900,000	199,000,000	Capital increase by cash of NT\$38,500,000 Capital increase from capital reserve of NT\$10,500,000		
1990.05	10	24,550,000	245,500,000	24,550,000	245,500,000	Capital increase from earnings of NT\$46,500,000		
1992.04	10	45,800,000	458,000,000	45,800,000	458,000,000	Capital increase by cash of 11,190,000 Capital increase from earnings of NT\$201,310,000		Approved by Letter (81) Tai-cai-zheng (Yi) No. 12611 on June 22, 1992
1992.07	10	60,000,000	600,000,000	60,000,000	600,000,000	Capital increase from earnings of NT\$142,000,000		Approved by Letter (81) Tai-cai-zheng (Yi) No. 01542 on July 8, 1992
1993.08	10	78,000,000	780,000,000	78,000,000	780,000,000	Capital increase from earnings of NT\$180,000,000		
1994.05	10	120,240,000	1,202,400,000	120,240,000	1,202,400,000	Capital increase from earnings of 319,800,000 Capital increase from capital reserve of		

Month and Year	Issue price	Authorized capital		Paid-up capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Properties other than cash in substitution of share capital	Others
						NT\$102,600,000		
1995.06	10	180,054,000	1,800,540,000	180,054,000	1,800,540,000	Capital increase from earnings of 480,960,000 Capital increase from capital reserve of NT\$117,180,000		Approved by Letter (84) Tai-cai-zheng (Yi) No. 22981 on May 6, 1995
1996.08	10	225,942,500	2,259,425,000	225,942,500	2,259,425,000	Capital increase from earnings of NT\$458,885,000		Approved by Letter (85) Tai-cai-zheng (Yi) No. 36690 on June 8, 1996
1997.08	10	355,000,000	3,550,000,000	238,139,625	2,381,396,250	Capital increase from earnings of NT\$121,971,250		Approved by Letter (81) Tai-cai-zheng (Yi) No. 36690 on June 8, 1996 Approved by Letter (86) Tai-cai-zheng (Yi) No. 46160 on June 11, 1997
1998.08	10	355,000,000	3,550,000,000	287,567,550	2,875,675,500	Capital increase from earnings of NT\$494,279,250		Approved by Letter (87) Tai-cai-zheng (Yi) No. 52458 on June 11, 1998
1999.09	10	355,000,000	3,550,000,000	293,300,000	2,933,000,000	Capital increase from earnings of NT\$57,324,500		Approved by Letter (88) Tai-cai-zheng (Yi) No. 62205 on July 7, 1999
2001.02	20	355,000,000	3,550,000,000	329,300,000	3,293,000,000	Preferred shares converted into ordinary shares of NT\$360,000,000		Approved by Letter (90) Tai-cai-zheng (San) No. 100590 on January 31, 2001
2002.10	10	300,000,000	3,000,000,000	234,800,000	2,348,000,000	Capital reduction of 945,000,000		Tai-cai-zheng-yi-zi No. 0910143329 on September 10, 2002
2004.08	10	300,000,000	3,000,000,000	269,800,000	2,698,000,000	Capital increase in cash through private offering of NT\$350,000,000		Jing-shou-shang-zi No. 09301162170 on August 31, 2004
2004.12	10	300,000,000	3,000,000,000	300,000,000	3,000,000,000	Capital increase in cash through private offering of NT\$302,000,000		Jing-shou-shang-zi No. 09401000820 on January 5, 2005
2007.07	10	400,000,000	4,000,000,000	315,375,400	3,153,754,000	Capital increase from earnings of NT\$153,754,000		Jin-guan-zheng-yi No. 0960039591 on July 27, 2007
2007.09	10	400,000,000	4,000,000,000	338,375,400	3,383,754,000	Capital increase in cash of NT\$230,000,000		Jin-guan-zheng-yi No. 0960047987 on September 7, 2007
2008.04	10	400,000,000	4,000,000,000	339,324,117	3,393,241,170	Conversion of corporate bonds of NT\$9,487,170		
2008.07	10	400,000,000	4,000,000,000	356,902,323	3,569,023,230	Capital increase from earnings of NT\$175,782,060		Jin-guan-zheng-yi-zi No. 0970036936 on July 22, 2008
2009.10	10	450,000,000	4,500,000,000	361,199,184	3,611,991,840	Capital increase from earnings of NT\$42,968,610		Jing-shou-shang-zi No. 09801242470 on October 22, 2009
2009.11	10	450,000,000	4,500,000,000	369,199,184	3,691,991,840	Capital increase in cash of NT\$80,000,000		Jing-shou-shang-zi No. 09801262400 on November 13, 2009
2010.02	10	450,000,000	4,500,000,000	390,027,126	3,900,271,260	Conversion of corporate bonds of NT\$208,279,420		Jing-shou-shang-zi No. 09901025350 on February 4, 2010

Month and Year	Issue price	Authorized capital		Paid-up capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Properties other than cash in substitution of share capital	Others
2010.05	10	450,000,000	4,500,000,000	396,650,214	3,966,502,140	Conversion of corporate bonds of NT\$66,230,880		Jing-shou-shang-zi No. 09901096620 on May 12, 2010
2010.07	10	450,000,000	4,500,000,000	397,502,716	3,975,027,160	Conversion of corporate bonds of NT\$8,525,020		Jing-shou-shang-zi No. 09901171570 on July 30, 2010
2010.09	10	450,000,000	4,500,000,000	418,012,428	4,180,124,280	Capital increase from earnings of NT\$205,097,120		Jing-shou-shang-zi No. 09901201940 on September 6, 2010
2010.10	10	450,000,000	4,500,000,000	422,106,626	4,221,066,260	Conversion of corporate bonds of NT\$40,941,980		Jing-shou-shang-zi No. 09901234200 on October 18, 2010
2011.05	10	450,000,000	4,500,000,000	427,672,646	4,276,726,460	Conversion of corporate bonds of NT\$55,660,200		Jing-shou-shang-zi No. 10001094540 on May 11, 2011
2011.06	10	450,000,000	4,500,000,000	422,672,646	4,226,726,460	Cancellation of treasury shares of NT\$50,000,000		Jing-shou-shang-zi No. 10001112870 on June 1, 2011
2011.08	10	450,000,000	4,500,000,000	424,012,266	4,240,122,660	Conversion of corporate bonds of NT\$13,396,200		Jing-shou-shang-zi No. 10001180610 on August 5, 2011
2011.11	10	450,000,000	4,500,000,000	429,965,078	4,299,650,780	Conversion of corporate bonds of NT\$59,528,120		Jing-shou-shang-zi No. 10001253130 on November 3, 2011
2012.02	10	450,000,000	4,500,000,000	433,755,078	4,337,550,780	Conversion of corporate bonds of NT\$37,900,000		Jing-shou-shang-zi No. 10101023790 on February 20, 2012
2012.04	10	450,000,000	4,500,000,000	437,335,078	4,373,350,780	Conversion of corporate bonds of NT\$35,800,000		Jing-shou-shang-zi No. 10101072050 on April 24, 2012
2018.12	10	450,000,000	4,500,000,000	433,782,078	4,337,820,780	Cancellation of treasury shares of NT\$3,553,000		Jing-shou-shang-zi No. 10701149490 on December 4, 2018
2022.10	10	500,000,000	5,000,000,000	390,403,870	3,904,038,700	Capital reduction 43,378,208		Jing-shou-shang-zi No. 11101192930 on October 12, 2022

Category of shares	Authorized capital			Remark
	Outstanding shares (Note)	Unissued shares	Total	
Ordinary shares	390,403,870	109,596,130	500,000,000	Listed 390,403,870

Summary of Information Related to the Declaration System

Category of securities	Estimated issuance amount		Issued amount		Issuance purpose and estimated effects of the issued shares	Estimated issuance period for the unissued shares	Remark
	Total number of shares	Approved amount	Number of shares	Price			
Ordinary shares	500,000,000	5,000,000,000	390,403,870	3,904,038,700			

(II) List of Major Shareholders

List of Major Shareholders

June 16, 2025

Shares		
Title of major shareholders	Number of shares held	Shareholding (%)
Deqian Investment Co., Ltd.	29,032,763	7.44%
Guicheng Investment Co., Ltd.	28,740,880	7.36%
Fengde Industrial Investment Co., Ltd.	25,672,811	6.58%
Lin, Jung-Te	22,748,200	5.83%
Chung Yang Industrial Co., Ltd.	22,687,161	5.81%
Founden Industrial Co., Ltd.	21,369,331	5.47%
Investment account in the custody of HSBC	19,215,921	4.92%
Tai Yu Investment Co, Ltd.	17,142,759	4.39%
Shi, Shan-Hsiung	17,023,000	4.36%
Hua Yi Industrial Co, Ltd	9,931,500	2.54%

(III) Dividend Policy of the Company and the Execution

1. Dividend policy: Where the Company records any profits for the year, the Company shall appropriate 3% to 5% and no more than 1.5% of such profits as remuneration to employees and remuneration for Directors, respectively. However, when the Company still has accumulated losses, it shall preserve the amount for compensation.

The profits for the year refer to the profit before tax of the year and before deducting the remuneration to employees and remuneration to Directors.

The distribution of the remuneration to employees and remuneration to Directors shall receive consent from the majority of the attending Directors at a Board meeting with two-thirds of Directors attended, and the distribution shall be reported to the shareholders' meeting.

Targets for the remuneration to employees in shares or cash included employees from subsidiaries fulfilling certain conditions; such conditions shall be established by the Board.

Shall there be earnings from the final account, the Company shall pay taxation, compensate losses from prior years, and appropriate 10% of the remaining earnings as the statutory surplus reserve. However, when the statutory surplus reserve has reached the Company's paid-in capital, such appropriation may be exempted. Furthermore, the Company shall appropriate or reverse special surplus reserve, the remaining earnings, together with the undistributed earnings at the beginning of the period, shall be used for the distribution of dividends, and the Board shall prepare the earning distribution proposal and submit it to the shareholders' meeting for the determination of distribution.

At present, the development of the Company's business is in the mature stage with stable profits and a healthy financial structure. To pursue sustainable operations and long-term development, based on the future capital demand and long-term business planning of the Company, the Board may prepare a dividend distribution proposal in accordance with the operating status at the

time, with equal considerations given to shareholders' interests, balanced dividend policies, and capital requirements, and submit the proposal to the shareholders' meeting for determination.

Earning distribution may be distributed in cash dividend or share dividend; however, the distribution percentage of share dividend shall not exceed 50% of the total dividend.

2. Dividends Distribution Intended at the Shareholders' Meeting:

The Table for Earning Distribution Compensation for 2024 is as follows:

Champion Building Materials Co., Ltd.

Table for Earning Distribution and Loss Compensation

2024

Amount: NT\$

Undistributed earnings at the beginning of the period	294,152,514
Add: Net profit after tax for the year	119,339,721
Re-measurements of the defined benefit plan	12,930,856
Less: 10% appropriation as statutory surplus reserve	(13,227,058)
Earnings available for distribution	413,196,033
Distribution items:	
Shareholders' dividend – Cash dividend (NT\$1 per share)	(386,516,870)
Shareholders' dividend – Share dividend	0
Undistributed earnings at the end of the period	26,679,163

(IV) Effects of the Right Issue Discussed at the Shareholders' Meeting on the Operating Performance and Earning per Share of the Company: None.

(V) Remuneration of Employees, Directors, and Supervisors

1. The ratio or scope of remuneration of employees and Directors set out in the Articles of Association:

Dividend policy: Where the Company records any profits for the year, the Company shall appropriate 3% to 5% and no more than 1.5% of such profits as remuneration to employees and remuneration for Directors, respectively. However, when the Company still has accumulated losses, it shall preserve the amount for compensation.

The profits for the year refer to the profit before tax of the year and before deducting the remuneration to employees and remuneration to Directors.

The distribution of the remuneration to employees and remuneration to Directors shall receive consent from the majority of the attending Directors at a Board meeting with two-thirds of Directors attended, and the distribution shall be reported to the shareholders' meeting.

Targets for the remuneration to employees in shares or cash included employees from subsidiaries fulfilling certain conditions; such conditions shall be established by the Board.

2. The estimation basis for the estimation regarding the amount of remuneration of employees, Directors, and supervisors, the calculation basis for the number of shares for share distribution as remuneration of employees, and the accounting for differences between the actual distribution amount or the estimation amount: Included in next year's income .

3. Distribution of remuneration passed by the Board:

(1) Amount of remuneration of employees and remuneration of Directors and supervisors made in cash or share distribution.

The Company's Table for earning distribution Compensation for 2024 was passed by the Board as a resolution on March 31, 2024. The profit before tax and before the deduction of remunerations of employees and Directors in 2024 was NT\$ 187,883,620, and the Company has no cumulated loss. According to Article 19 of the Articles of Association, the Company intends to appropriate 3% and 1.5% of the profit before tax and before the deduction of remunerations of employees and Directors in 2024 as the remuneration of employees and the remuneration of Directors, respectively, which amounted to NT\$ 5,636,509 and NT\$ 2,639,016; the sum of remunerations of employees and Directors are NT\$ 8,275,525.

(2) Amount of remuneration of employees in shares and the ratios of the remuneration to the net profit after tax and to the total sum of remuneration of employees in the individual or separate financial report for the period: Not applicable.

4. Actual distribution of the remuneration of employees and Directors for the preceding year (including the number of shares and amount distributed and share price), the differences with the recognized remuneration of employees and Directors, and the explanations of the differences, reasons, and processing status:

The Company's 2023 Table for Covering of Losses has been adopted by resolution in the General Shareholders' Meeting on June 19, 2024, which the shareholders' dividend, employees' compensation in cash and directors and supervisors' compensation not be dispatched.

The Company recognized remuneration to employees and remuneration to Directors and supervisors of NT\$0 in 2023; there is no difference between the actual distribution and the amount recognized in the financial report. Where the actual distribution amount differs from the estimated amount, the Company would deem such differences as changes in the estimation, and recognize them as gains or losses in the following year.

(VI) Repurchase of the Company's Shares by the Company:

Status of Share Repurchase by the Company (Completed Execution) November 13, 2024

Repurchase Round	5th
Purpose of Repurchase	Transfer of shares to employees
Repurchase Period	2024/8/14~2024/10/11
Repurchase Price Range	NT\$9.00 to NT\$14.00
Type and Quantity of Shares Repurchased	3,887,000 common shares
Total Amount of Repurchased Shares	NT\$46,592,483
Percentage of Shares Repurchased to Planned Quantity (%)	48.59%
Number of Shares Retired or Transferred	0 shares
Cumulative Treasury Shares Held by the Company	3,887,000 shares

II. Corporate Bond: The Company has not issued any corporate bond for the latest year and as of the date of publishing the Annual Report.

III. Preferred Shares: None.

IV. Global Depository Receipt: None.

V. Employee Stock Option: None.

VI. Mergers with or Transfers of Other Companies' Shares for the Issuance of New Shares: None.

VII. Execution of the Capital Utilization Plan

(I) Content of the Plan

Regarding previous issuance or private offering of securities that had not been completed or had been completed for the latest three years but the effects of the plan had not shown, the content of the plan for each issuance or private offering of securities shall be explained in detail: None.

(II) Execution Status: None.

Chapter 4. Business Overview

I. Scope of Business

(I) Scope of Business

1. The Company's scope of business is as follows:
 - C901010 Ceramic and Ceramic Products Manufacturing
 - C901070 Cutting, Shaping and Finishing of Stone
 - H701040 Specific Area Development
 - H701060 New County and Community Construction and Investment
 - 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.
2. Operating Proportion

Amount: NT\$000'

Year	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
Tiles	3,241,712	94.52	3,075,903	98.03	2,967,339	98.70
wooden floor	7,160	0.21	6,851	0.22	16,485	0.55
Construction engineering income	180,604	5.27	54,903	1.75	22,584	0.75
Total	3,429,476	100.00		100.00	3,006,408	100.00

3. Products

Amount: NT\$000'

Product	2024	2023	2022
Quartz tiles	787,558	865,277	1,011,970
External tiles	639,513	526,717	502,323
Slate tiles	1,695,969	1,505,569	1,208,630
Floor tiles	31,188	45,821	33,819
Wall tiles	4,752	11,039	110,858
Others	270,496	183,234	138,808
Total	3,429,476	3,137,657	3,006,408

4. New Products to be Developed

- (1) Development of slate tile series products in the sizes of 30x30cm, 60x60cm, 45x9cm, 90x90cm, and 60x120cm.
- (2) Development of porcelain wall tile series product in the sizes of 30x60 cm and 60x60 cm.
- (3) Development of new series digital slate tiles in the sizes of 30x60 cm and 60x60 cm.
- (4) Development of new thick brick products in the sizes of 60x60x2 cm, and 60x120x2 cm.
- (5) Development of new large-scale slab products in the size of 90x180 cm.
- (6) Development of porcelain marble tile series product in the sizes of 90x90 cm, 60x120 cm and 60x60 cm.
- (7) Development of new effects of external tile in size of 6x22.7cm.
- (8) Development of 60x120 cm new Simone slate tile products

- (9) Development of 60x120 cm new Stazzema slate tile products
- (10) Development of 60X120 New Century series products
- (11) Development of 60X120 Impression series products
- (12) Development of 90x90 new Juno Granite technological energy conservation stone products
- (13) Development of 90x90 new Aurisina Granitello, Phantom Stone – Cold Dark Grey, Olympic White, Phantom Stone – Warm Light Grey, Savoy Grey, Engraving Grey, Conglomerate, Antium technological energy conservation stone products
- (14) Development of 60x120 new Beige Travertine, Phantom Stone – Cold Dark Grey, Pearl Jade, Engraving Black, Snow Stone, Olympic White, Spray White, Conglomerate -Cold Grey, Green Marble, Gneiss, Grey Hamp, and Olive Green technological energy conservation products
- (15) Development of 90x180 new Master Art Giamor Milano products

(II) Industry Overview

1. Current Condition and Development of the Industry:

MIT ceramics have been developing and passing down in Taiwan for over half of the century, possessing absolute professional manufacturing technologies. The industry possesses industry capacity of premium quality and a comprehensive supply chain and connects to the international stage. Apart from introducing foreign printing technologies and trendy styles, the ceramic industry in Taiwan has also continued to upgrade the equipment and introduce advanced technologies for upgrade and transformation to maintain excellent competitiveness in response to global sustainability, environmental protection, and technology manufacturing. Except for the application development and trends, sustainable implementation has become the prioritized target, allowing the ceramic industry to turn to low-carbon and environmental development. Through digitalization, smartness, technology utilization, and sustainable environmental protection implementation, it will continue to exhibit its infinite potential in the future.

Tiles are one of the best widely recognized building materials used in the fitting and decoration of households, shops, and offices. Under constant self-request, ceramics in Taiwan has been continuously upgraded with respect to equipment, manufacturing, design, and R&D, and the faith for fine quality has never changed. Through the extensive experiences accumulated by major domestic ceramic suppliers and constant growth over time, Taiwan has actively developed exclusive products and created versatile tiles in Taiwan. MIT tiles in Taiwan comply with the CNS (National Standards of the Republic of China) inspection and passed multiple quality verification by receiving the MIT smile label, ISO international certification label, CNS mark, green building material label, and environmental protection label. Passing all levels of national quality inspection, MIT tiles represent safety and health upon use. MIT tiles are deeply preferred and recognized by architects, designers, professionals, and consumers, are on par with the design and texture of Western tiles, and play the part as an essential building material of significance preferred by nationals.

The production cost of the ceramic industry is relatively higher, and companies within the industry in Taiwan are majorly SMEs; however, SMEs possess the advantage of the clustering

effect through the close production system from upstream, mid-stream to downstream and advanced technologies in Taiwan, as well as international trends. Recently, we introduced digital molds and dry granulation digital printing technologies to make further improvements and add stereovision to building ceramics to comprehensively exhibit the delicate texture and glossiness of natural stone materials that are suitable for diverse spaces, bringing outstanding visual effects and ultimate user experience. We created natural stone material texture and woody texture to create the boutique value of premium building materials, just like in Europe.

Catering to the requirements of all environments and space design, our product functions have their unique merits. Our corporate commitment to providing the best materials for homes for life remains unchanged. Champion Building Materials integrate tiles with VR technology and the brand-new Champion 2.0 version by utilizing modern technologies allow designers to see the 3D realistic picture of tiles in space utilization by way of 720-degree VR. Such immersive experiences provide real-scene senses that allow customers to pick tiles at ease.

In the post-pandemic era, people have different ideas about home decoration. Apart from the functions, consumers care for the quality, spaciousness, and field designs of their living spaces and seek the relaxing and comfortable feelings therefrom. In addition, with the continuous increase of construction costs, construction projects with small square meters and low total price have become the mainstream of the market. However, how to enlarge the space has become an important topic for designers. Therefore, the idea of large size tiles for small houses is born, creating the effect of space expansion. In this way, the small space looks neat and enlarged by reducing the tiling joints with large-scale tiles so as to extend the spacious visual feeling.

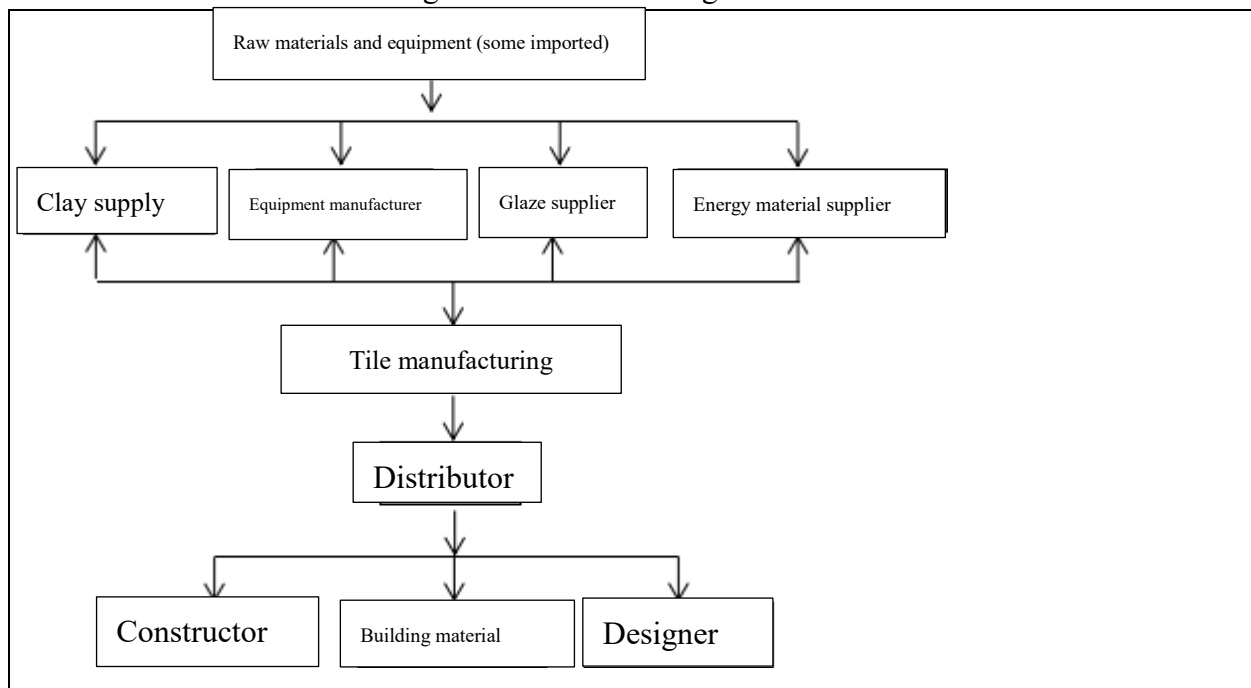
The Company continues to introduce foreign trends into Taiwan to create indoor design values. On the other hand, we face challenges imposed by imported low-priced tile products. The Company will continue to adhere to concepts of low-carbon emission, energy-saving, and environmental protection for its tiles. Under the unfavorable macroeconomy, we will focus on different niche markets and sell premium MIT products to the international market.

With the increasing attention attached to climate change and environmental protection issues worldwide, low-carbon and energy-saving technologies have become significant. Tiles are important materials in the building industry; the ways to reduce carbon emissions during the processes, solve energy consumption, and recycle and reuse have become necessary topics for companies. Champion is deeply aware of the future trends and makes plans for green plants. In 2013, it became the first enterprise that obtain the green plant label in the domestic tile industry, which is beneficial for the sustainable development of the overall environment and ecology and harmonious co-existence with mother nature. It drives the transition and upgrade of the overall tile industry through innovation, greenness, and environmental protection to improve the added value of tiles and develop toward carbon reduction. It launched recycled green building material products that comply with net zero buildings, selected recycled green building products, and secured 15 points for the application for the nine major indicators of green buildings by reducing carbon emissions during manufacturing, complying with the

LEBR. Facing the competition in the international market, Champion continues to deepen the brand value of MIT tiles, actively expands energy conservation products and construction methods to secure its stable position in the tile market with products of high quality and high added value and lays a solid foundation for the business growth of the Company. Champion will extend its existing concepts of low carbon, energy conservation, and environmental protection and continue to make innovations to connect to the international stage and sell MIT products with premium quality to different niche markets.

2. Connection between the Upstream, Midstream, and Downstream of the Industry:

Vertical integration is applicable to the ceramic industry instead of horizontal integration. Therefore, upstream suppliers and downstream customers have clear divisions and show a sign of vertical work division. The ceramic industry has a high entry barrier and requires advanced equipment and professional technologies, posing higher entry barriers for competitors. The primary raw materials for tile manufacturing are earth materials and building stones as the clay, feldspar, quartz. After completing product manufacturing, as the sales volume is large and professional engineering is required, it is difficult to directly face building material retailers or users. Products are resold to building material suppliers, specialty stores or directly sold to customers via distributors and agencies in different regions.



3. Development Trend of Products and Competition:

As the MIT ceramic industry is keeping up with the times, tiles, the most extensively used building materials, shall have more high-quality options. In addition to combining high-tech functions, the ceramic industry mainly displays personalized and comfortable space atmosphere through color, tactile surface and innovative collocation. With international advanced printing technology and design, it perfectly presents the real texture of natural stone and wood. At the same time, the ceramic tile is durable and easy to clean. It improves the application scope of ceramic tile and the new height of life aesthetics in an all-round way, which is the best choice to show the style of various indoor public space.

From external walls to indoor spaces of houses, tiles certainly significantly affect the aesthetics of households. Regardless of modern and simple, grandeur and elegance, quiet luxury, or warming and brightness, tiles with diverse prints and styles can easily achieve such spatial atmospheres. From external walls to indoor spaces of houses, tiles certainly significantly affect the aesthetics of households. Regardless of grandeur and elegance or warming and romance, tiles with diverse prints and styles can easily achieve such spatial atmospheres. This makes today's tiles have already surpassed the past and become the good value for money and an important role in building visual impression of indoor public space.

Tiles are durable and easy to maintain and clean and have infinite development spaces in terms of the deriving capacity as wall and floor materials. In response to the coming of the super-aged society, the demand of senior citizens, children, pregnant women, and even pets for anti-slip and easily cleanable tiles has increased, showing that the safety and convenience of tiles have been evolving to the comprehensive application of all ages. As the weather in Taiwan is humid and warm, the wearing and stampede rates of public facilities and commercial spaces are higher than that of household spaces; therefore, the anti-skidding factor and durability of tiles are significant. With the progress of modern technologies, various stone materials and patterns have emerged from the development of natural stone materials to wooden materials, cement (raw concrete), and particularly marble tiles, creating new trends for household design. Abandoning the natural defect of marble to grant the natural color and luster to tiles to create unique living styles is a kind of pursuit of modern people for a quality life.

In recent years, there has been an international trend of large-scale designs, and there are more diverse specifications and sizes. Together with the latest digital inkjet printing technologies, we created delicate natural textures true to nature and allowed tiles utilization to expand from floor and wall to desktop and tabletop furniture, providing more diverse new aspects of tiles. Tile manufacturers attach more attention to the detail and texture of products and realize stereoscopic surfaces through different crafts such as unique glaze, dry granular, and mold to allow versatile and delicate hand feeling and layer. Furthermore, due to the aging society, the demand for anti-slip tiles has increased significantly, which gave rise to the booming development of many anti-slip products. Develop surfaces of gloss finish, natural finish, or roughened finish, together with extensive patterns, to manifest the grandeur visual effects, securing large business opportunities in the market.

From tiles for the appearance of buildings, outdoor and indoor floor tiles, and wall tiles, the category of tiles has become more diversified in recent years, and new construction methods have been rolling out. In particular, the new dry-fasten construction method is one of them. For the 2cm thick brick with the dry-fasten construction method, the theory is to adopt the dry-fasten construction method for tiles to allow them to maintain a space with the wall to further block the direct heat and radiation of sun for the wall; therefore, it also has the laudatory title of "green construction method." The construction method has passed the "thermal conductivity experiment of building materials" and obtained the high-performance green building material label, helping construction companies and the government to achieve

net zero buildings in advance. Apart from effective energy conservation and carbon reduction, the new dry-fasten construction method can also avoid the problems of cracking and inflating that often occurred in the past, and the construction is convenient, accelerating the tiling speed; therefore, it has become the prestigious doctrine of tile engineering in recent years. Together with products with renewable green building material certification and light tiles, we can help Taiwan to achieve net zero emissions by 2050. Furthermore, with technological energy conservation stone and elevated energy conservation construction methods, we allow fast construction, convenient repair and maintenance, hidden pipelines, and fast water drainage to effectively reduce the rooftop temperature. In addition, Champion also launched its brand-new product, “Champion Thick Self-leveling Cement,” to provide a new option to construction companies for substituting traditional tile cement mortar layers or leveling, and it can also be used together with soundproofing mats to rapidly complete permanent sound insulation layers, reducing the embodied carbon (EC) of buildings and construction costs to help realize low-carbon buildings.

With the progress of digital printing technologies, Champion Building Materials made its tile products true to nature and natural. We made use of natural materials’ texture of marble, cement, and wood grain as the foundation and infused creative ideas in texture exhibition, tiling combination, and humanized design. By using digital inkjet printing for special application design, we managed to produce products that possess diverse tile surface textures exhibiting a wide range of simulated wood grain, cement textures, and natural stone material textures. The exquisite color and textural changes equivalent to natural stone materials or natural wood made a breakthrough from the traditional concept of single-colored tiles. By using slate tiles, brick with wood finish, ceramic wall tiles, marble tiles, and digital external tiles, new colors and styles overthrowing the traditions may be displayed in space.

Champion Building Materials spares no effort in keeping up with the world-advanced equipment, materials, and design, to allow consumers to purchase top-notch tile products without spending a large amount of capital. Also, we provide premium after-sale services and a 15-year warranty for our products for consumers to have worry-free experiences.

(III) Technology and R&D Overview

1. For the current year and as of the date of publishing the Annual Report, we had invested R&D expenses amounted to NT\$12,026 thousand.
2. Technology or products successively developed
 - (1) Development of slate tile series products in the sizes of 90×90 cm, 60×120 cm and 90x180cm.
 - (2) Development of ceramic marble tile series products in the sizes of 60×120 cm, 60×60 cm, 90×90 cm, 90x180cm.
 - (3) Development of new digital slate tile series in the sizes of 30×60 cm and 60×60 cm.
 - (4) Development of thick brick series products in the sizes of 60×120×2 cm and 60×60×2 cm.
 - (5) Light formula for different specifications of products and energy-saving technology development.

(IV) Long-term and Short-term Business Development Plan

1. Short-term Development Direction:

Domestic Market:

The national mortgage affordability ratio for 2024 Q3 announced by the Ministry of the Interior was 46.80%. Due to the increase in the medium of the household prices in the quarter, the affordability ratio increased by 0.78% from Q2. However, the Central Bank launched property loan-related control measures successively starting in August, resulting in the slowdown in the property market and the convergence of the increase in housing prices. The affordability ratio of the quarter increased by 1.64% and 1.72% as compared to the most recent two quarters (2024 Q1 and Q2). In particular, Hsinchu County/City and Yilan County showed a quarterly decrease in the affordability ratio.

According to the Ministry of the Interior, in terms of the mortgage affordability ratio of the six major cities in Taiwan in the quarter, New Taipei City, Taichung City, Taoyuan City, and Taipei City increased by 1.42%, 1.34%, 1.14%, and 1.13% as compared to the last quarter with a larger increase, while Kaohsiung City and Tainan City increased by 0.88% and 0.31%.

For counties and cities other than the six major cities in Taiwan, the mortgage affordability ratio, the mortgage affordability ratio of Keelung City remained lower than 30%, and the mortgage affordability ratio of other counties/cities ranged between 30% to 40%. In particular, Hsinchu County has a heavier burden of 46.04%, but the ratio reduced by 0.74% as compared to last quarter, and the ratio for Yilan County and Hsinchu City reduced by 0.21% and 0.02%, respectively.

In 2025, the domestic housing market is likely to enter the adjustment stage, primarily due to the low possibility of losing the control policy imposed by the government in the short term and the time that is required for the destocking of the additional supply in the housing market, together with the variables brought by the political and economic situations due to the Trump 2.0 policies; therefore, it is forecasted that the housing market development in Taiwan in 2025 will be less favorable as compared to that of 2024.

(1) Upgrade of tile product designs and production procedures: In response to the variable building material renovation styles and the requirements for outstanding product quality, the Group introduced digital models and dry granulation technologies to optimize the product quality of tiles. Apart from marble tiles, matte slate tiles, and other star products, we estimated to launch the 90x180cm large-sized tiles with a brand-new size ahead of peers in 2023, continued to develop anti-slip and anti-scratch technological energy conservation stones with a thickness of 2 cm, provided various items and products with diverse specifications to improve the lifestyle of households in Taiwan.

- (2) Upgrade channels and outlets and introduce digital resources: Champion has been the leading brand with top market share in the tile sector in Taiwan for many years; it possesses comprehensive resources from R&D, production, service, and educational training. In 2020, it rolled out the strategy to “upgrade all fitting outlets” for restructuring and the provision of a favorable consumer shopping experience. For partner channels and outlets of different sizes, we provide outlet display design modules to transform their spaces into comfortable and elegant spaces. We developed the “Champion – Tile Professional” APP comprehensively and conveniently display the sizes, textures, and patching models of tiles online through digital methods. By adopting the panorama technology, the APP allows the visualization of tiles selected in the integral space to improve the performances of channels and outlets, which gave rise to the stable growth of distributing channels and outlets of our brands in the Taiwan region.
- (3) Upgrade brand services: Champion occupies the first position in the market with outstanding product quality of “even elephants cannot break.” With continuous online marketing of multiple brands, we also launched a product warranty of up to 15 years to serve as a robust backup force for the living environment of consumers and customers that are builders. Also, we regularly organize training lectures and programs for interior designers, cementers for construction and engineering, as well as contracted outlets, and strive to fully consider all details for building materials and fitting. Furthermore, we continued to build the brand image halls of distribution and exhibition centers across Taiwan and have gained recognition from receiving international awards.
- (4) Designer operations: With Champion Tiles, Macrobelli Tiles, and Marvelous Living, our extensive products are able to secure the existing customer bases. We also provide the most extensive green building material products within the industry and a high-performance energy-saving system to attract designer customers to use our products so as to design excellent household space for consumers. We also announce product information and activities through LINE@; each year, in addition to inviting designers to give lectures in the exhibition to share design arguments, we will also promote the sponsorship of the Champion Building Materials International Design Award, and take concrete actions to encourage Taiwan designers to promote Taiwan’s design power to the international market.
- (5) Cements operations: Premium products require excellent cementers to carefully manage the engineering details of the masonry engineering, from stone-breaking removal, waster clearing, brickwork, masonry finish, water-proof work, and tiling. We value cementers and deem them as our good partners. We hold seminars to share new materials and new construction methods as well as information related to tiles through LINE@Life Circle, so as to jointly create a premium living environment.

China Market:

We continue to adjust the business organization in China and adopt the asset-light strategy and the most efficient operating model to steadily expand the "Champion" brand to compete for sales in China's integrated market. In the future, we may revitalize our idle land and factories, and continue to look for high-quality business opportunities to accumulate good operating capacity. In addition, the Group is also committed to optimizing the cost and expense control in China, so as to reduce the impact of the China business on the Group’s overall operation.

2. Long-term Business Plan:

The market layout strategy of the Champion Group for markets in Taiwan and China focuses on centralizing the Group's resources for the market performance in the Taiwan region. Upholding our position as the "Best Surface Building Material System Provider," we aim to create value for customers' operations; we launched diverse product lines for building materials, refined our services, upgraded our brand image, and adopted smart and green manufacturing, and utilized innovative layout plans to stand firmly as the top brand in Taiwan. Combining core elements of building, space, and humans, we create maximum value for buildings through premium building materials and designs, allowing the stable growth of the Champion Building Material Group in the Taiwan region. In addition, our operation in the China region focuses on the stable and light-asset policy; we focus on favorable project investments to strive for profits in the Mainland this year, showing the Group's favorable and reasonable profitability.

From floors, walls, external walls, parks, to sidewalks, and from the indoor private living spaces to the outdoor public spaces, "tiles are the best surface building material widely recognized," and they are also permanent building materials fulfilling the criteria for building durability and sense of design. In 2023, the new size 90X180cm Master Art tiles were formally launched to utilize technologies to restore the rare and luxury stone texture, which replaces stone materials with practicability and allows comprehensive and diverse tile applications and sizes, exhibiting magnificent and infinite visual effects.

Adopting "all-rounded worry-free housing" as the philosophy, we launched nano anti-slip tiles, noise reduction floor construction method, and dry-fasten thick brick construction method of energy conservation and carbon reduction to comprehensively protect the home life of consumers, create peaceful, energy-saving and carbon-reducing, and worry-free spaces, and improve the overall building spaces and living quality.

For the past 53 years, the Champion Building Material Group has constantly been making innovations and has become the largest tile design and production group in Taiwan; we receive awards for product innovation year after year, and our quality exceeds the national standards. From land tiles, wall tiles, external wall tiles to 2cm thick tiles, medium slabs, imported slabs, and slates, we became the leader in the industry, and proposed the longest warranty service of 15 years.

In the future, we will provide intact and comprehensive integrated surface building material solutions. In the future, we will introduce stone materials and large-scale tile applications, wooden floors, public space applications, and innovative building materials development and turn to low carbon, energy conservation, and sustainable development to transform Champion Building Material Group into the "Best Surface Building Material System Provider" through planning, designing, contracting for, and providing the comprehensive and diverse integrated system services, bearing the innovative spirit in mind.

II. Market, Production, and Marketing Overview

(I) Market Analysis

1. Effects of the property market and ESG regulations

With the global attention attached to environmental sustainability, the property market in Taiwan is facing the challenge of "carbon transition." The government is estimated to commence levying carbon fees in 2025 at approximately NT\$300 per ton, which will directly increase the construction cost by 15% or above in estimation and, in turn, affect house prices. The implementation of ESG-related regulations will facilitate the development toward

environmental protection and sustainability for the building material and property industries. Meanwhile, the implementation will also require companies to make corresponding adjustments in terms of technology, management, and strategy to adapt to the new market environment and regulatory requirements.

2. Imminent replacement of old houses

The number of old houses aged over three decades exceeded 5 million across Taiwan, and the structural safety of buildings before the Chi-Chi Earthquake is troubling. However, the progress of urban renewal and the replacement of old and obsolete buildings is slow, and the replacement of all old houses requires 300 to 400 years. The pressure of ESG and net zero carbon emissions is imminent. Even though the old house facelift subsidies in New Taipei helped, they cannot solve the issue of structural safety or help carbon reduction. Subsidies shall be directly put into house replacement to make the policy more effective.

3. Set an example of innovative construction and environmental protection for the industry

Branded construction companies exhibited their environmental and sustainable behaviors, established foundations to continuously promote environmental education and promoted sustainable procurement policies to adopt innovation for the implementation of corporate sustainability, showing the importance of corporate social responsibility (CSR). It not only complies with the global ESG trends in recent years but also creates joint prosperity for enterprises, residences, and environments. With the increasing environmental protection awareness of consumers, we adopted innovative construction methods and environmental protection behaviors to create a sustainable environment suitable for living, which will become the new development direction of the industry in the future.

4. Small sizes and two bedrooms have become mainstream, and “miniature residence” is trending in the housing market in Taiwan

With rising housing prices and the constant new height reached for the housing misery index and mortgage affordability rate, people can only reduce the area of houses they purchase. The family structure is becoming smaller and smaller, and young people do not get married or give birth. In recent years, due to the increase in self-awareness, the era of two generations in different houses has arrived, and the divorce rate remains high. Metropolitan areas have more employment opportunities, shaping the high urban rental requirements. In addition, we will enter an ultra-aged society in 2025, and the ratio of the elderly population to the total population will continue to increase, causing the requirement for barrier-free small houses in the aging society.

(II) Competitive Niche

Given the changes in the market, external challenges, and the increased costs, we adhere to our sustainable operating concept regarding joint prosperity and mutual benefits with the channel system. We constantly brainstorm the supplemental measures for more variations to continue our advancement and improve values with our business partners in the intense competition so as to constantly keep our leading status and secure our champion throne under the waves of global competition and rapid information.

1. Healthy Brand Image as the Leader of the Industry:

We are the leading brand in the tile industry with the top market share, and we possess comprehensive one-stop resources for R&D, production, services, and education and training. We have won the first prize in “Taiwan Household Ideal Brands for Tiles” for nine consecutive years since 2010 and received the only title

of “Top 100 Brands in Taiwan” within the industry, becoming the top company for brand awareness and market with our status far ahead of companies within the same industry. In 2015, we became a ceramic enterprise and received certification from the EU. We are also a ceramic enterprise that received the title of “500 Most Valuable Brand in China” for a consecutive ten years and was recognized as a Renowned Chinese Trademark.

2. Comprehensive Sales Channel Layout and Structure:

We possess the largest marketing network in Taiwan by having 203 building materials suppliers in the Taiwan market. We initiated the “15-year home use warranty” ahead of companies within the industry and provided worry-free protection and services, becoming consumers’ choice of life.

3. Honor Award and Extraordinary Recognition:

Champion has countless “top one” honors in the tile industry. In 2011, we received the title of “Top 100 Brands in Taiwan.” We are the first to receive the PAS 2050 carbon footprint certification from BSI and the EU environmental protection label. In 2012, the Zhaoqiao Plant received the only “Excellent Energy-saving Performance Award – Excellent Award.” In 2013, we received the “green factory” label from the MOEA. In 2014, we received the golden medal of TTQS. In 2015, Champion Building Material received the honor of the 1st National Gold Seal Award and recognitions from different sectors. In 2017, Champion Building Material received the Outstanding Taiwanese Company Award in Mainland. In 2020 and 2021, we received the honor of the MIT Taiwan Golden Selection Award. In 2022 and 2023, Taipei and Taichung Brand image Hall were awarded MUSE DESIGN AWARDS, London Design Awards and International Design Award (IDA), USA International Design Award (IDA), DEU iF Design Awards, UK International Property Awards (IPA), UK SBID Design Awards, ITA A' Design Competition & Awards, AUS Sydney Design Awards, KOR K-Design Awards. Furthermore, we won the “Manufacturing Industry Golden Prize” from Happy Enterprises in 2023. Simone slate tiles won the MIT Golden Selection in 2024.

(III) Favorable and Unfavorable Factors for Future Development

1. Favorable Factor

(1) Champion has the top one market share, enhances product development, and improves the competitive strength in technology:

Champion performed upgrades for five major aspects, including product R&D, equipment improvements, newly established manufacturing procedures, product sales services, and management operating systems to create advances for the operational nature of the Group.

With 53 years of operating experience in building materials, Champion Building Materials adheres to providing diverse building materials for a wide base of consumers as the “Best Surface Building Material System Provider” for its sustainable corporate operation and adopts integrated services for design and engineering.

One step ahead of companies within the industry, Champion Building Materials introduced top-notch technologies and equipment from Italy. We actively infuse technologies and functions into traditional tiles, continue improving our technological R&D capacity, and accelerate the development of new products. For manufacturing crafts, product systems, and styles, we align ourselves with the market demand and have obtained additional attention from consumers. The “Champion Marble” tiles in the sizes of 90X90cm and 60X120cm and the slate tiles in the size of 90X90cm concurrently launched in Europe created a new trend that breakthroughs traditional mindsets.

- (2) Comprehensive products with comprehensive combination advantages:

The Company possesses the only comprehensive product lines for external tiles, wall tiles, floor tiles, polished crystal tiles, slate tiles, marble tiles, 2cm thick bricks, and exported slab tiles to satisfy the one-stop shipping demand of customers and the market for the procurement of tiles. In recent years, we launched simulated wood tiles, cement tiles, and high-end stone texture tiles by using digital inkjet printing technology to provide diverse and extensive changes for our products. Digital slate tiles, marble tiles, and ceramic wall tiles possess the advantages of being used in combination with our entire product portfolio, providing diverse options and versatile tile application services to customers, and in turn, improving the product's competitive strength and the market share of the Company.

- (3) Develop anti-slip tile products to create worry-free houses:

In response to the arrival of the super-aged society, we developed the anti-slip tiles with the new nano anti-slip technology; the particular surface nano glaze provides a smooth texture of the tile surface and allowing the tiles to generate suction effects when encountering water, increasing the force of friction between legs and tiles so as to realize the anti-slip effect and minimize the risks of falling. The anti-slip level reaches P5 under the Australian criteria, which is the highest anti-slip level. The surface is smooth and not rough, wear-resistant and anti-dirt, and easily cleanable, and the tiles are suitable for indoor (including wet areas and outdoor use) at home, as well as public facilities and commercial spaces. We complied with the public construction anti-slip coefficient under the national standards and fulfilled anti-slip safety and quality appeals.

- (4) Launched large-scale tiles to realize magnificent houses:

Not allowing the European and American large-scale tiles to take advantage, we launched the first largest boutique tiles, "Master Art," with the top tier specifications to exhibit the outstanding advantages of the crucial technology of tile craftsmanship. We utilized technologies to restore the rare and luxurious stone texture with delicate texture and layers, and the amazing visual effects inject brand-new vitality into spatial renovation to replace natural stone materials with practicability; the price is only one-third of natural stone materials. As compared to the long delivery term and high fluctuation in prices of the procurement of imported tiles, domestically produced tiles with high quality are worthy of trust. With 20 natural and classic stone texture designs and luxurious stone patterns of Italian aesthetics, as well as the gloss finish and natural finish, we can satisfy different spatial requirements and preferences. With extensive application in living room floors, TV walls, kitchen islands, wet areas and walls in the washrooms, halls, elevator halls, corridors, and other spaces, the tiles are also applicable to the renovation of long and narrow old houses to extend the visual ratio and embellish the housing shape. As the gaps can be significantly reduced upon tiling, the tiles can avoid a petty and complicated sense of segregation and increase the extension of view, showing a spatial feeling exceeding the actual area to create elegant and grandeur boutique housing.

- (5) Technological energy conservation stones provide energy conservation benefits for buildings

Our tile products with multiple specifications, multiple mold surfaces, and multiple scenarios, together with different mold surface designs and classic, premium stone material texture, and their durability is more favorable than water permeable bricks (AAC). They have strong bending strength, and

their anti-stain and low-water absorption features are applicable to plazas within building sites, arcades, uncovered sidewalks, outdoor stairs, underground parking lots, or walls. The level obtained under the BERS has absolutely crucial effects. The two major green innovative construction methods, including the “energy conservation dry-up stone external wall system” with technological energy conservation stones” and the “Champion rooftop heat isolation energy conservation system,” realized the requirements for energy conservation, carbon reduction, and waste reduction of buildings, fast construction, time and work conservation, and low subsequent maintenance costs. The dry-up stone external wall system possesses outstanding heat isolation, de-humidifying, and heat exhaust functions, is able to significantly reduce the energy consumption of buildings, has low maintenance costs, and its safety and climate resistance surpass existing relevant external decoration building materials by far.

- (6) Outlet upgrades for the exploration of aesthetics of space designs:
During the course of renovation and fitting, consumers are required to consider the deployment of space structures, including ceiling, floor, doors, windows, and other elements, in detail to exhibit visual aesthetics and the value of space. Champion is committed to improving the consumer experience of all channels, investing in the vertical and horizontal development advantages of brands under the Group, and establishing ten major brand image halls in Taipei, Taoyuan, Miaoli, Taichung, Kaohsiung, and Pingtung to demonstrate its products’ value, create an immersive experience with tiles, and realize the ideal household dreamed by customers. In particular, the brand image hall in Taipei adopted the concepts of “space stage” and “laboratory” and won the iF Design Award in Germany; the brand image hall in Taichung adopted the ideas of “blossom” and “infinity” and won the A’ Design Silver Award from in Italy and the MUSE Platinum Award in the U.S.; the two halls won 25 international design awards in total, exhibiting the reputation and influence of tile quality in Taiwan in the global design sector. Through the promotion and consultation of full decoration outlets and outlet demonstration upgrades, together with diverse marketing activities of outlets and the organization of building material outlets from time to time, we successfully shared our sales experience.
- (7) Service and digital upgrade “Champion tile matching webpage & App 2.0 and LINE@” :

Consumers’ awareness changes along with their lifestyles. With service and digital upgrades, we created the Champion - Tile Professional 2.0 application for professionals to download for use and for consumers to have tile replacement experiences online. We offer a comprehensive online display of tile sizes, patterns, and collage models conveniently through digitalization. The built-in 720° surround scene technology of the application effectively displays the tiles selected in the overall space with visualization, and the real-time tile matching experience function and services improved end users’ application imagination of our branded products and increased the purchase rate. To improve the trading performance of channels and stores, we recorded a stable increase in the distribution and cooperating channels and stores of our brands in Taiwan, and we also share new materials, new construction methods, and tile-related information through the use of LINE@ and seminars to jointly create premium household environments. By adopting the leading traditional marketing methods among competitive brands, we achieved brand marketing differentiation to secure more potential consumers.

(8) Equipment upgrade to increase the growing momentum:

In recent years, Champion has been actively making arrangements for its operations in the markets in Taiwan and China and has taken actions in the expansion of production lines, business organization optimization, advancement in production efficiency, and upgrades of sales services to continue driving the upward growth of operations in Taiwan. Recently, the partial replacement of the kiln production line of Zhaoqiao Plant in Miaoli has been completed, which effectively reduced production costs and improved production efficiency.

(9) Adopt energy conservation and carbon reduction as the top brand for creating net zero buildings

The course of tile production involves a large amount of energy and raw material consumption and waste generation. With environmental friendliness as the precondition, we actively optimize our green competitiveness and invest in energy-saving facilities (i.e., kiln replacement and the overall reformation of the air pressure system of plants) to improve production value and achieve the effects of environmental protection and energy conservation. During the course of production, we achieve the purpose of environmental friendliness through heat air recycling from kilns, improvement in power systems, reuse of water resources, tile material recycling and other technologies. Champion voluntarily discloses relevant, sustainable practices and became the first tile business to complete its ESG Report and takes the lead in completing the organizational carbon inventory in the tile industry. For green building materials, Champion provides the most extensive (over 200 types) green building material products within the industry for customers to choose from and develops light products to reduce the load of buildings. Regarding the high-efficiency and energy-saving system of dry-fasten thick brick on external walls, Champion became the first company in the building industry to obtain the high-performance green building material certificate, assisting in creating low-carbon buildings. We work with Farglory Land to launch the tile circulation and renew project for environmental protection companies to recycle the remaining tile materials generated from construction sites and deliver them back to Champion for reproduction for them to become renewable tiles that can be used at the construction site so as to reduce building waste, implement the philosophy of sustainable environmental development, and help solve the waste issues upon tile constructions. Champion has become the first company to complete BIM for green building material labels and building material's carbon footprint, allowing architects and construction companies to rapidly calculate carbon emissions at the initial stage of planning.

2. Unfavorable Factor

Impacts of the regulations for the impact sound of floors (46-6) on tile companies in Taiwan:

Over 30 countries worldwide have established "regulations for the impact sound of floors." To improve living quality, the Construction and Planning Administration of the Ministry of the Interior announced the implementation of the newly established regulations (Article 46-6 of the Construction Chapter under the Building Technical Regulations) on January 1, 2021, that the house floor of all newly built townhouses and congregate housing shall comply with the indicators for the impact sound of floors; however, there were multiple issues in the past two years.

New regulations resulted in the absence of the sound insulation layer by

building construction companies and banning the use of insulation materials and permanent surface materials by adopting cheaper and non-durable laminate flooring as the surface materials, which is not environmental and significantly reduces the useful life of floors. However, as consumers do not understand, they lose the right to choose the surface material for floors, and if they want to change to tiles or stone materials as the surface materials, the insulation layer shall be reproduced according to the law. In this case, the initial floor height is reduced, and all doors shall be reproduced, causing high expenses. If the insulation layer is not reproduced, it violates the law and may cause complaints and disputes with residents below, which offers zero protection to consumers' rights and interests and the evident defects of the prevailing regulations.

Countermeasures

Sustainable, peaceful houses create value for the construction projects

Tiles and the built-in permanent insulation pad not only comply with the specifications in the “regulations for the impact sound of floor,” allowing construction projects to remain legal permanently, but also offer insulation and noise reduction for permanent habitable environments.

- Permanently legal construction projects – Complying with the “regulations for the impact sound of floors” and avoiding house acquisition disputes allow construction projects to maintain their value and make the construction projects more competitive.

- Noise reduction for sustainable peace: Adopt permanently effective insulation and noise reduction to return the rights to choose surface building materials to consumers for flexible replacement of floor materials, which improves living quality and avoids disputes, and construction companies can build favorable goodwill.

- Tiles are the best surface materials: Tiles are durable, waterproof, and easily cleanable. Adopt Champion Tiles and Macrobelli Tiles, brands under Champion, to allow the use of 15 years or above.

Obtain the MIT smile label to improve the protection by passing the stringent testing

The government is committed to promoting the MIT product certification system in Taiwan. The MOEA engages third-party just certification institutions for the certification, including the MIT recognition, plant quality management, and quality testing; products have to pass all the items under the stringent specifications to obtain the label and authorization. For the quality testing, products shall pass the product safety testing, product function testing, and product labeling testing to pass the review. Choosing products with MIT smile label certification when choosing tiles provides relatively higher protection to consumers.

Obtain the renewable green building material certification to control both health and energy-saving

Except for the guaranteed product safety, we also actively invested in acquiring the renewable green building material certification, for which the raw material procurement, product manufacturing, application course, and the recycling cycle after us shall achieve the status of having a minimum burden on the earth's environment; only materials with no harm to the human body and health may pass the approval of the green building materials and make contributions to the sustainable environment.

The Company will strengthen its own brand and corporate image, emphasize local production, local services, “MIT” quality products, and the first-ever “15-year warranty in Taiwan for its advertisement promotion, and apply for the “MIT

smile corporate” certification to distinguish with illegally imported tiles, continue to contribute to promoting products produced in Taiwan, and focus on the quality and safety of building materials’ quality for residential houses. Meanwhile, we provide tile selection handbooks at our outlet for consumers to clearly see the MIT smile label when selecting building materials as products with the smile label mean verified premium quality, realizing our corporate commitment and allowing us to become the “choice of life” of consumers.

4. Major Sales Region of Primary Products

Amount: NT\$000’

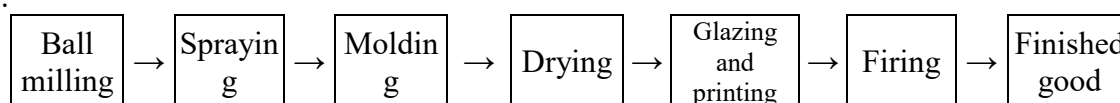
Sales region	2024	2023
Asia	3,424,967	3,126,345
America	1,182	342
Australia	3,327	10,970
Others	0	0
Total	3,429,476	3,137,657

(II) Major Use and Production Process of Primary Products

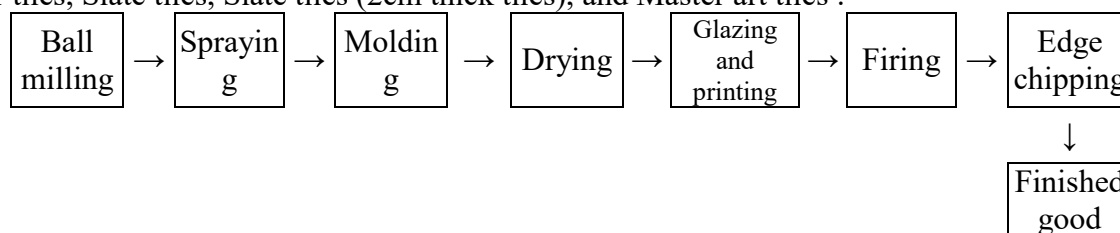
Primary products	Major use
External tiles	Tiles for laying on the external walls of buildings
Wood plank tiles	Tiles for laying on the internal walls of buildings
Floor tiles	Tiles for laying on the internal floors of buildings
Slate tiles	Tiles for laying on the internal and external floors and walls of buildings
Slate tiles (2cm thick tiles)	Tiles for laying on the external floor and wall of buildings and dry hanging
Polished tiles	Tiles for laying on the internal floors of buildings
Marble tiles	Tiles for laying on the internal floors of buildings
Master art tiles	Tiles for laying on the internal floors of buildings

Production Process of Products:

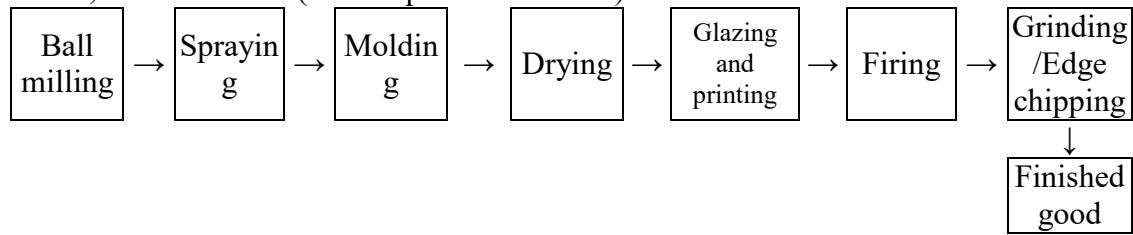
External tiles, Floor tiles(no edge chipping), Slate tile(no edge chipping), and Wood plank tiles :



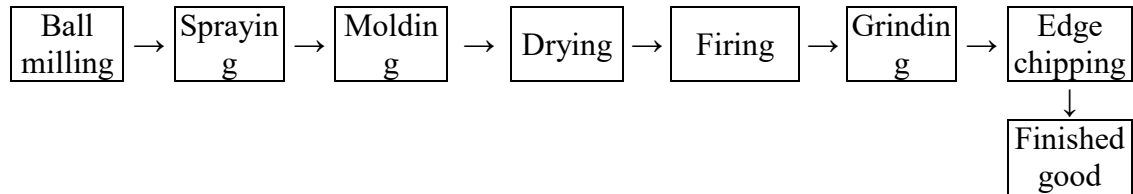
Floor tiles, Slate tiles, Slate tiles (2cm thick tiles), and Master art tiles :



Marble tiles, Master art tiles(Glazed polished surface) :



Polished tiles:



Product introduction :

Champion Group has been established for 53 years. For raw material selection, production craftsmanship, design concepts, and environmental protection considerations, efforts for innovation for the delicate lifestyles of nationals were made in all such parts, and it spares no effort in exploring domestic and foreign markets as the No. 1 brand in the tile industry in Taiwan. Champion Group has been making innovations, and its product innovations have won awards on a yearly basis, with the quality exceeding national standards, including floor tiles, wall tiles, external wall tiles, technological energy conservation stones, and 90 x180 board tiles. It took the lead in the industry to propose the longest warranty services of 15 years to provide complete and comprehensive surface building material integration solutions. It aims to provide the most complete and diverse system integration services with large-sized tile applications, wooden floors, public space applications, and innovative building material development by adopting an innovative spirit. Adhering to the active response to the global sustainable development trends, Champion initiated the introduction of the BIM component platform in 2023 ahead of its peers to comply with international advanced building regulations. The combination of technological energy conservation stones and Champion's energy conservation dry-up stone external wall system can achieve an indoor temperature reduction by 4°C and a reduction of power consumption by A/Cs from 24% to 36% through the building material thermal transmittance (U-value) test. The combination of technological energy conservation stones and the Champion rooftop heat isolation energy conservation system with an elevation of 15 cm can effectively reduce the temperature of rooftops by 15°C, help secure energy conservation scores under the green building indicators, reduce the energy consumption of buildings, and realize the effects of energy conservation and carbon reduction. It provides over 55% renewable building materials and diverse excellent products and is the optimal option for construction businesses to promote net zero buildings.

Digital inkjet printing and Digital mold series product:

- Wood plank Porcelain:
Bellissimo, Everglade, Impression, Aberdeen, Foliation
- Floor Porcelain:
Starry Stone, Stone Neutrals, Color Board
- Slate Porcelain:
Simone, Stazzema, Lithus, Mica, Wave Grey, Palermo, Basaltina, Build, Vesta, Piasentina, Minerva, Mist Flow, Hillview, Vatican, Pluton, Lime Stone, Rockefeller, Ceppo, Pietra Cardosa, Sand Stone, Mixed Stone, Murano · Lipica, Geocentric Stone · SardegnaII · Artist, Oman Sandstone, Stone Neutrals, Portland, Silver Mountains, Knitting, Flower bricks, Parthenon, Ground Stone
- Technology energy-saving tiles
Juno Granite, Austrina Granitello, Granules Fine, Vesta, Lavagrigia, Antium, Lime Stone
- Marble Porcelain:
New century, Brand New, Top Stone, Silky Marble, Royal Marble, Impression, Venice, and Ducale, Matte Marble, Florence
- Master art Porcelain:
New Horizon, Giamor Milano

In 2024, we released tile products that led the design trend and the tile crafts successively.

Key Indicators for Tiles

Category	Inspection item	Champion Building Materials
External Wall Tile	Back crease	Depth of the back crease over 1.5mm Back crease in the shape of a barb
	Water absorption	Below 2.0% for ceramic quartz Below 3.0% for stone glaze
	Crushing strength	Over 800N
Floor Tile	Water absorption	Below 7.0%
	Crushing strength	Over 1,200N
Slate Porcelain	Water absorption	Below 0.5%
	Crushing strength	Over 1,700N
Slate Porcelain (2cm thick brick)	Water absorption	Below 0.5%
	Crushing strength	Over 10,000N
Polished Tile	Water absorption	Below 0.1%
	Crushing strength	Over 1,700N
Marble Porcelain	Water absorption	Below 0.5%
	Crushing strength	Over 1,700N
Master art Porcelain	Water absorption	Below 0.5%
	Crushing strength	Over 2,200N

(III) Supply of Major Raw Materials for 2024:

Unit: NT\$000'

Raw material	Purchase amount	%	Domestic		Foreign	
			Amount	%	Amount	%
Earth material	364,761	57.73	33,269	11.14	331,493	99.5
Glaze material	267,033	42.27	265,372	88.86	1,661-	0.5-
Total	631,794	100.00	298,641	100.00	333,154	100.00

Major raw materials used by the Company have sufficient domestic and foreign supply and are unlikely to have oligopoly circumstances. Also, the Company has long-term cooperative relationships with suppliers and has healthy cooperation; therefore, the acquisition of raw materials is relatively stable.

(IV) Names of customers taking up more than ten percent of main net purchasing (selling) amount in either of the last two years as well as amount and ratios:

List of main customers for purchasing

Amount: NT\$000'

Item	2023				2024				2025 and as of Q1			
	Name	Amount	Ratio to the net sales of the year (%)	Relationship with the issuer	Name	Amount	Ratio to the net sales of the year (%)	Relationship with the issuer	Name	Amount	Ratio to the net sales of the year as of Q1 (%)	Relationship with the issuer
1	Guangdori Co., Ltd.	574,269	18.30	Substantive Related Party	Guangdori Co., Ltd.	703,280	20.51	Substantive Related Party	Guangdori Co., Ltd.	208,134	24.26	Substantive Related Party
2	Gaoyu Wang Co., Ltd.	384,145	12.24	Substantive Related Party	Gaoyu Wang Co., Ltd.	408,688	11.92	Substantive Related Party	Guangliyu Co., Ltd.	85,635	9.98	Substantive Related Party
3	Guangliyu Co., Ltd.	325,271	10.37	Substantive Related Party	Guangliyu Co., Ltd.	340,106	9.92	Substantive Related Party	Gaoyu Wang Co., Ltd.	75,437	8.79	Substantive Related Party
	Others	1,853,972	59.09		Others	1,977,404	57.65		Others	488,887	56.97	Substantive Related Party
	Net sales	3,137,657	100.00		Net sales	3,429,478	100.00		Net sales	858,093	100.00	

Note: Changes in major customers are mainly attributable to the fact that such customers are the distributors responsible for selling the Company's branded tiles in their respective regions to the end construction market, and the sales volume fluctuates in line with market demand for tiles.

List of main customers for sales

Amount: NT\$000'

Item	2023				2024				2025 and as of Q1			
	Name	Amount	Ratio to the net purchases of the year (%)	Relationship with the issuer	Name	Amount	Ratio to the net purchases of the year (%)	Relationship with the issuer	Name	Amount	Ratio to the net purchases of the year (%)	Relationship with the issuer
1	CPC Corporation, Taiwan	259,514	17.16	None	CPC Corporation, Taiwan	292,821	20.07	None	CPC Corporation, Taiwan	103,038	26.55	None
2	Maissive Trading Co., Ltd.	201,116	13.30	None	Taiwan Power Company	188,324	12.91	None	Taiwan Power Company	48,395	12.47	None
3	Taiwan Power Company	172,888	11.43	None	Maissive Trading Co., Ltd.	181,142	12.42	None	Maissive Trading Co., Ltd.	43,014	11.08	None
	Others	878,771	58.11		Others	796,648	54.60		Others	193,623	49.90	
	Net purchases	1,512,289	100.00		Net purchases	1,458,935	100.00		Net purchases	388,070	100.00	

Note: Changes in suppliers are primarily due to differences in raw materials required for production and product categories. Since the increase in electricity tariffs in 2024, total procurement expenditures have risen. As for Maissive, a supplier of raw materials for the Company's production, the reduction in procurement volume was due to differences in raw materials required for varying product combinations.

III. Number of Employees, Average Year of Services, Average Age, and Educational Background Distribution for the Latest Two Years and as of the Date of Publishing the Annual Report

May 13, 2025

Year		2023	2024	Current year and as of May 13, 2025
Number of employees	Above assistant manager	32	30	29
	Section chief	173	175	170
	Basic	501	528	518
	Total	706	733	717
Average age		42.1	40.6	40.72
Average year of services		8.6	8.4	8.65
Educational background distribution	Ph. D	0	0	0
	Master	16	14	14
	University and college	164	165	166
	High school	343	352	338
	Below high school	183	202	199

IV. Information on Environmental Expenses

- (I) Losses (including compensation and matters violating the environmental protection regulations found in the results for the environmental protection audits, date of disposals, number of disposals, provisions under the regulations of such violations, the content violating the regulations, and the content of disposal) incurred to the Company due to environmental pollution for the latest year and as of the date of publishing the Annual Report, the potential estimated amount incurred at present and in the future and countermeasures shall be disclosed; for those that cannot be reasonably estimated, explain the fact related to the inability to reasonably estimate:None.
- (II) Future Countermeasures:None.
- (III) Estimated Environmental Expenses for Three Years in the Future

Unit: NT\$000'

Year	Pollution prevention equipment to be purchased or the content of expenses	Estimated improvement	Amount
2025	(1) Exhaust gas processing equipment for the kiln (2) Wastewater processing equipment (3) Noise prevention equipment (4) Bag collector equipment (5) Addition of plant and machines (1) Addition of detention basin	(1) Maintenance, repair, improvement, and updates (2) Reduce pollution and improve efficiency (3) Organize indoor plant for raw materials and waste to prevent dust effusion Conservation of water and soil – Prevent flood hazard	83,695

2026	(1) Exhaust gas processing equipment for the kiln (2) Wastewater processing equipment (3) Noise prevention equipment (4) Bag collector equipment (5) Addition of detention basin (6) Addition of plant and machines (6)	(1) Maintain, improve, and upgrade equipment to reduce air pollution (2) Add equipment to reduce water pollution (3) Upgrade the grinding line and the noise room of the office to reduce noise hazards (4) Replace dust-collecting equipment to reduce dust pollution (5) Clear sludge for soil and water conservation (4)	88,000
2027	(1) Exhaust gas processing equipment for the kiln (2) Wastewater processing equipment (3) Noise prevention equipment (4) Bag collector equipment (5) Addition of detention basin (6) Addition of plant and machines	(1) Maintain, improve, and upgrade equipment to reduce air pollution (2) Add equipment to reduce water pollution (3) Upgrade the grinding line and the noise room of the office to reduce noise hazards (4) Replace dust-collecting equipment to reduce dust pollution (5) Clear sludge for soil and water conservation (6) Recover kiln heat to the new equipment at the spray end	88,000

(IV) Effects After Improvements

- (1) Effects on net profits: No significant effect.
- (2) Effects on competition status: Improve the Company's sustainable environmental protection and image.

V. Labor-capital Relationship

(I) The Company's employee benefit measures, continuing education, training, and retirement systems and their implementation, labor-capital agreement, and measures to protect employees' interests.

1. Employee Benefit Measures

- (1) The Company's benefit measures include national health insurance, labor insurance, group insurance, incentives for senior employees with excellent performances, labor insurance, free uniform provision, employees' bonus distribution, and educational lectures.
- (2) Full-time employees working for a year are entitled to one free health inspection. The Company values the health inspection results of employees. After receiving consent from employees, the Company actively assists employees in treatment follow-up or by arranging specialists stationed in the plant for consultation for

employees with abnormal or special inspection circumstances to ensure employees' health.

- (3) Assign dedicated nursing staff to assist in providing knowledge and notices related to health to employees and providing relevant consultation and arrangements for hospitals and clinics for employees with abnormal health inspection results.
- (4) Employees' satisfaction survey: The Company regularly organizes the "employees' satisfaction survey" each year to understand the recognition of the organization and the work satisfaction of employees. We also prepare improvement measures according to the statistical analytical results of the survey and recommendations from employees. We believe that "happy employees give rise to satisfied customers."
- (5) The Company holds birthday celebrations each month and provides vouchers and gifts to employees having their birthdays and provide gift money or consolation money in unfixed amount to employees for marriages, funerals, celebrations, hospitalization, and significant disasters.
- (6) The Benefits Committee is responsible for the measures of the Company's benefits, including company trips, gifts for the Labor Day and three significant Chinese festivals, birthday celebrations, scholarships and grants for their offspring, gift money for marriages, fertility subsidies, house-warming gifts, subsidies for funerals, and consolation money for hospitalization.

2. Retirement System

The Company has established its Regulations for Employee Retirement. From July 1, 2005, the Company appropriate 6% of employees' monthly wages to the retirement pension personal account in the custody of the Labor Insurance Bureau each month for new employees and existing employees who chose to adopt the new system of the Labor Pension Act each month, continue to calculate the year of services under the old system for existing employees who chose to adopt the old system of the Labor Pension Act and existing employees who chose to adopt the new system of the Labor Pension Act, and appropriate retirement pension provision in an appropriate amount, which is calculated according to the payment standards for the retirement pension under the Regulations for Employee Retirement, to the special account with the Bank of Taiwan.

3. Continuing Education and Training of Employees:

The Company provides a diversified learning environment for employees. Employees may learn through channels of internal/external training, digital learning platform, OJT, reading club, unscheduled benchmark learning and exchange, foreign exhibition participation and observation, training for professional sales engineers, celebrity lectures, and superior/peer instructions; meanwhile, we adopt the training systems for new employees, general knowledge training, professional functions, and management functions to allow employees to acquire systematic and professional training, cultivation, and instruction. The Company also provides appropriate resources to allow all employees to acquire multiple skills and knowledge for effectively executing

the Company’s tasks to serve as the basis for the improvement of our production capacity. The “certificate allowance” system encourages employees to participate in external professional certification examinations to improve employees’ professional abilities, which not only improves employees’ working skills and competitive strength but also creates corporate values for the Company.

The Company has established its “Regulations for the Educational Training of Employees” to improve employee’s quality, enrich their knowledge and skills, and in turn, improve the work quality and performance. We also established the “Handbook for the Management of Training Quality” to serve as the basis for the process and operations of educational training. To realize experience inheritance and cultivate talents in the hope of effectively exerting our human capital and duly implementing the sharing of training and development resources, we established the “Regulations for the Management of Internal Lecturers” to encourage employees to participate in the professional lecturer training and becoming lecturers. The teaching quality of internal lecturers shall be evaluated, and the Company commends outstanding lecturers publicly every half year. The Company also participated in the TTQS (corporate institution version) evaluation (evaluation once every two years) promoted by the Workforce Development Agency, MOL. The Company received the silver medal certification, golden medal, silver medal, silver medal and silver medal in 2011, 2014, 2018, 2021 and 2023, respectively. The Company received star recognition as a happy enterprise evaluated by the Taipei City Government in 2012 and 2014.

The actual performance of relevant educational training in 2024 is as follows:

Amount: NT\$

Item	Number of classes	Total number of employees	Total number of hours	Total training expenses
Management function training	4	386	12.5	305,650
Professional function training	150	3,697	528.59	759,145
General knowledge training	14	1,158	19.59	160,945
Total	168	5,241	560.68	1,225,740

4. Succession Plan for Directors and Significant Executives:

The structure of the Company’s Board shall be determined based on the Company’s scale of operations and development and the shareholding of its major shareholders with reference to the demand for practical operations

The Company implements the diversification policy of the Board’s composition according to the “Corporate Governance Principles.” Currently, a total of seven Directors (including four Independent Directors) possess versatile and complementary industry experience and professional finance, financial, and accounting capacities. Two

of the Directors are also the senior management of the Company. In the future, the composition and structure of the Company’s Board and the experiences and backgrounds of Directors will follow the current structure.

Employees at the level of Assistant Vice President (inclusive) of the Company are our senior management. Except for possessing outstanding work capacities, personnel in the succession plan shall have values and behaviors that comply with the corporate culture. The Company explicitly set out the management functions and training programs for potential executives to hold different positions on a rotation basis to cultivate their abilities in leadership, business management, and strategies. The training model of successors to the senior management is divided into training programs, tutor consultancy, personal development plan, and work rotation, and the content includes marketing management, production management, human affairs management, financial management, R&D management, and information management.

5. Relevant certificates designated by the competent authority obtained by personnel related to the financial Information transparency of the Company:

Personnel related to the financial Information transparency		Relevant certificates designated by the competent authority	Number of employees holding relevant certificates
Nature	Number of employees		
Financial personnel	1	CPA	1
Internal audit personnel	1	Certified Internal Auditor (CIA)	1

6. Protection Measures for the Personal Safety of Employees and Work Environment and the Implementation Status:

- (1) To safeguard the safety and health of employees and realize the occupational safety and health management, the Company has established its “Occupational Safety and Health Management Plan” for all employees to observe and promote the “Zero Disaster Activity” in the hope of improving the awareness of the Company’s employees regarding the inside or outside the plant and reducing the occurrence of occupational disasters.
- (2) To understand the actual status of the operating environment of labor and evaluate the exposure of workers to their operating environment, the Company implements operating environment monitoring according to the hazardous characteristics of the operating environment. The monitoring evaluation team shall discuss and establish the operating environment monitoring plan (with sampling strategies), duly execute the place, and carry out examinations and updates according to the actual need; the plan shall be implemented four times a year.
- (3) The Company executes safety and health educational training or communication every month, holds fire prevention educational training every half year, and carries out emergency management training every year in the hope of making comprehensive preventive measures and immediately adopting accurate safety protection measures

upon the occurrence of any event.

- (4) The Company organizes employees' health inspections each year, engages specialists from the occupational medicine department for on-site services twice a month, and recruits dedicated nursing staff to continue caring for employees' physical and mental health; furthermore, we create a healthy workplace culture through the provision of health information and health facilitation activities.
- (5) The Company established its Occupational Safety and Health Committee according to the law; the Committee has more than seven members (members who are labor representatives accounted for more than one-third). The Committee holds meetings at least once every three months; when necessary, extraordinary meetings may be held. The Committee proposes recommendations on the safety and health policies established by the employer, discusses, coordinates, and makes recommendations for matters related to safety and health.
- (6) To ensure the safety and health of employees at the workplace, the Company takes safety into consideration in its operational process, prepares warning slogans (including foreign languages), and distributes safety equipment for hazardous operations.

(7) Professional occupational safety and health management personnel

Personnel holding certificates related to occupational safety and health		Personnel holding certificates related to occupational safety and health	
Chief of occupational safety and health	2	First-aid personnel	25
Occupational safety and health manager	1	Superiors of hazardous operations	13
Occupational safety and health managing staff	3	Fixed crane operator	9
Labor health service nursing staff	2	Forklift operator	113

- (II) Set out losses (including matters of labor inspection results violating the Labor Standard Act; date of disposals, number of disposals, provisions under the regulations of such violations, the content violating the regulations, and the content of disposal shall be set out) incurred to the Company due to environmental pollution for the latest year and as of the date of publishing the Annual Report, the potential estimated amount incurred at present and in the future and countermeasures shall be disclosed; for those that cannot be reasonably estimated, explain the fact related to the inability to reasonably estimate:

Disposal date	Disposal No.	Regulation violated	Content of regulation violated	Disposal content
2024/6/27	Fu-Lao-Zi-Zi No. 1130136840	1. Violated paragraph 2, Article 32 of the Labor Standards Act. Paragraph 1, Article 36 of the Labor Standards Act.	1. The extended working hours exceeded the regulatory requirements. Failed to arrange a regular day off for every seven days as a rest day.	A fine of NT\$100,000

VI. Cybersecurity management:

(I) Describe the cybersecurity risk management structure, cybersecurity policies, concrete management plans, and resources invested in cybersecurity management:

1. Cybersecurity risk management structure:

The responsible department for information security is the Information Security Department, and there is one CIO and multiple dedicated information security personnel who are responsible for establishing internal information security management policies, planning and implementing information security operations, and promoting and implementing promotion and information security policies.

The Audit Office of the Company is the supervising department for information security supervision. The Office has one Audit Officer and multiple dedicated auditors who are responsible for supervising the implementation status of internal information security and regularly reporting to the Audit Committee regarding the inspection circumstances of corporate information security. If any deficiency is found during an audit, the Office will immediately require the department under the audit to propose improvement plans and concrete practices and regularly track the improvement achievements to reduce internal information security risks.

2. Cybersecurity policies:

- (1) Target: Protect the confidentiality, completeness, and availability of the Company's information assets and reasonably reduce the operational risks of the Company to protect the rights and interests of customers and the Company.
- (2) Policy: Comply with the internal control procedures, regularly implement information security education and training for employees, set up a comprehensive backup system and internal and external defense system, formulate a disaster recovery plan, and carry out regular exercises.

3. The concrete management plans are set out below; as calculated, relevant resources invested in cybersecurity management in 2024 were approximately NT\$2.25 million.

- (1) Organize the Information Security Committee and establish information security management policies to ensure information security.
- (2) Duly process personal information based on the Personal Data Protection Act.
- (3) Comply with requirements related to intellectual property rights and ensure computer software installed is legally authorized.
- (4) Comprehensively install end protection software for PCs and servers.
- (5) Carry out backups for core business systems and regularly confirm the effectiveness of backups.
- (6) Regularly carry out vulnerability screening of core servers.
- (7) Regularly carry out disaster recovery exercises to rapidly resume the operations of systems upon the occurrence of information security events.

- (8) Regularly implement information security promotion to strengthen the information security awareness and regulatory concepts of employees.
- (II) Set out losses suffered due to material cybersecurity events in the most recent year and up to the publication date of the annual report, possible effects, and countermeasures. If it is unable to make reasonable estimates, the fact that reasonable estimates cannot be made shall be described:

The Company continues to care for, collect, and analyze changes in market and technology development related to products of the Company to reduce effects brought by changes in technology while actively investing in developing new products and introducing the latest kilns from Italy to production lines of its plants to reduce the carbon emissions of products so as to provide supporting plans for the green and sustainability trends in the building industry at present and ensure stable operating income and profit. In the most recent year and up to the publication date of the annual report, changes in technology and changes in the industry have no material impacts on the Company's finance and business, and there was no material information security risk incident.

VII. Significant Contracts:

Contract nature	Parties involved	Period of the contract	Primary content	Restrictive terms
Syndicated loans	15 banks, including Taipei Fubon Bank	Entered into the contract on May 27, 2024 The credit period shall be five years from the initial utilization (2024/07/05-2029/07/05).	The total limit cap of the syndicated loans was NT\$2.04 billion; the loans are primarily used for the repayment of borrowings from financial institutions and to improve our mid-term operating capital.	Lands and plants of Zhaoqiao Plant and Zhunan Plant, the office building in Zhunan, and machines and equipment are the collaterals for the contract.

Chapter 5. Review and Analysis on the Financial Position and Financial Results and Matters of Risk

I. Financial Position

Unit: NT\$000'

Item	Year	2024	2023	Changes	
				Amount	%
Current assets		4,480,403	4,259,981	220,422	5.17
Non-current assets		3,835,575	3,783,764	51,811	1.37
Total assets		8,315,978	8,043,745	272,233	3.38
Current liabilities		1,089,246	2,267,236	(1,177,990)	(51.96)
Non-current liabilities		1,660,386	329,181	1,331,205	404.40
Total liabilities		2,749,632	2,596,417	153,215	5.90
Share capital		3,904,039	3,904,039	0	0.00
Capital reserve		157,999	157,999	0	0.00
Retained earnings		1,147,810	1,015,540	132,270	13.02
Other equity		403,090	369,750	33,340	9.02
Treasury shares		(46,592)	0	(46,592)	-
Total shareholders' interests		5,566,346	5,447,328	119,018	2.18

Descriptions of items with significant changes:

1. Current liabilities: The decrease in current liabilities was due to the execution of a five-year loan contract in May 2024 and the withdrawal for the repayment of long-term liabilities due within one year.
2. Non-current liabilities: Due to the execution of a five-year loan contract in May 2024 and the withdrawal of borrowings totaling NT\$1.4 billion to repay current liabilities.
3. Treasury shares: The increase in the repurchased shares of the Company was due to the execution of the "repurchase of shares to transfer to employees" in 2024.

II. Financial Results

Primary reasons for the significant changes in operating income, net operating profit, and net profit before tax for the latest two years, estimated sales volume and its basis, and potential effects on the Company's financial operations in the future and countermeasures.

(I) Primary Reasons for the Significant Changes in Operating Income, Net Operating Profit, and Net Profit Before Tax for the Latest Two Years

Unit: NT\$000'

Item	Year	2024	2023	Increase or decrease in amount	Changes (%)
Net operating income		3,429,476	3,137,657	291,819	9.30
Operating costs		2,540,467	2,232,348	308,119	13.80
Operating gross profit		889,009	905,309	(16,300)	(1.80)
Operating expenses		675,845	658,823	17,022	2.58
Operating gains		213,164	246,486	(33,322)	(13.52)
Non-operating income and expenses		(33,421)	(184,872)	151,451	(81.92)
Net profit before tax		179,743	61,614	118,129	191.72
Less: Income tax expenses		60,404	61,205	(801)	(1.31)
Net profit after tax		119,339	409	118,930	29,078.24
Other comprehensive income		46,271	(95)	46,366	(48,806.32)
Total comprehensive income for the period		165,610	314	165,296	52,642.04

Descriptions of the analysis of changes:

1. Description of differences between operating costs and operating gains: The growth in sales of operating income resulted in the growth in operating costs and gross profit; the increase in the operating costs in 2024 was due to the increase in total energy cost – electricity bills and natural gas of NT\$321,978 thousand and the increase in machine suspension loss of NT\$70,155 thousand due to the production suspension of partial production lines in manufacturing factories for equipment modification and upgrades; inventory revaluation gains increased by NT\$61,857 thousand from 2023 due to the decrease in inventory of finished goods for sales.
2. The net losses from the differences between the comparison of non-operating income and expenses for the two periods reduced by NT\$151,451 thousand are as follows:
 - (1) The decrease in the loss differences between other gains and losses was NT\$44,565 thousand:
 - Ⓛ Losses on the disposal of plant and equipment in 2024 were NT\$10,359 thousand, representing a decrease from 2023.
 - Ⓜ NTD depreciated due to the appreciation of the foreign currency – USD in 2024. The decrease in losses of NT\$42,562 thousand from the differences between the comparison of two periods generated from the exchange gains of assets

denominated in foreign currencies held by the Company and exchange losses in 2023 of NT\$20,799 thousand.

(2) The share of profit or loss of affiliates and joint ventures recognized by using the equity method in 2024 was a loss of NT\$1,106 thousand, and the decrease in loss differences from the loss of NT\$100,813 thousand in 2023 was NT\$99,707 thousand, which was due to the transfer of the carrying amount of investments accounted for using the equity method to current assets held for sales as the Board resolved to approve the plan to sell the equity of an invested affiliate on June 28, 2024.

(II) Estimated Sales Volume and Its Basis, and Potential Effects on the Company’s Financial Operations in the Future and Countermeasures: Please refer to the description under “II. Projected Sales Volume and Basis Thereof” in the 2025 Annual Report (page 2).

III. Cash Flows

(I) Liquidity Analysis for the Latest Two Years

Item	Year	2024	2023	Changes (%)
Cash flow ratio		60.28	12.91	366.92
Cash flow adequacy		90.93	72.83	24.85
Cash re-investment		10.17	5.76	76.56

Descriptions of the analysis of changes:

1.Cash flow ratio: In 2024, the increase in cash flow ratio was due to the increase in net cash flow from operating activities as compared to 2023 and the decrease in current liabilities due to the withdrawal of long-term borrowings for the repayment of short-term liabilities.

2.Cash flow adequacy ratio: The increase in cash inflow from operating activities in the most recent five years was due to the significant increase in net cash flow from operating activities in 2024, and the increase in cash flow adequacy ratio in 2024 was due to the significant decrease in inventory and the absence of cash dividend distribution in 2024.

(II) Cash Flow Analysis for the Following Year

Unit: NT\$1,000

Opening cash balance	Net cash flow from operating activities throughout the year	Cash inflow (outflow) throughout the year	Amount of remaining cash (insufficiency)	Remedial measures for cash insufficiency	
				Investment plan	Wealth management plan
1,917,490	650,000	830,000	1,737,490	(300,000)	-

1. Analysis of the changes in cash flows for the year:

(1) Operating activities: It is estimated that net cash inflow will be generated from the operating activities in the following year.

(2) Investing activities: Net cash inflow from investing activities was mainly due to

the cash income generated from the acquisition of assets and the disposal of assets.

- (3) Financing activities: The net cash outflow was due to the estimated distribution of shareholders' cash dividends and the repayment according to loan contracts.

Remedial measures for estimated cash insufficiency and liquidity analysis: None.

IV. Effects of Significant Capital Expenditures on the Financial Operations for the Latest Year: None.

V. Investment Policy and Major Reasons of Profit or Loss, for the Latest Year and Improvement Plan and the Investment Plan for the Following Year

- (I) Investment policy: Based on the existing scale, all employees of the Group shall duly perform their duties with care and focus on the consolidation of our foundation. The Company will spare no effort in its operations to accumulate gains little by little and exert the maximum economic benefits.

- (II) Major reasons for profit or loss and its improvement plan:

The share of profit or loss of affiliates and joint ventures recognized using the equity method in 2024 was a loss of NT\$1,106 thousand, and the decrease in loss difference of NT\$99,707 thousand from the loss of NT\$100,813 thousand in 2023 was due to the transfer of the carrying amount of investments accounted for using the equity method to current assets held for sales as the Board resolved to approve the plan to sell the equity of an invested affiliate on June 28, 2024. (III) Investment plan for the following year: None.

VI. Analysis and Evaluations for Matters of Risk shall be Made on the Following Matters shall for the Latest Year and as of the Date of Publishing the Annual Report.

- (I) Effects of changes in interest rates and currency rates and inflation on the company's profit or loss and future countermeasures:

Changes in interest rates

The Company has fair value change risk and cash flow risk due to loans on fixed and floating interest rates. The Company manages its interest rate risk by maintaining an appropriate portfolio of fixed and floating interest rates. When interest rates increase or decrease by 0.5%, with all other variables remaining unchanged, the net profit in 2024 would decrease by NT\$25,368 thousand.

Currency risks are primarily arising from the foreign currency conversion gains or losses upon the translation of cash and cash equivalent, account receivable, other receivables, financial assets available for sales, borrowings, account payable, and other payables denominated in foreign currencies. In 2024, when the functional currency depreciates or appreciates against the USD and Euro with all other variables remaining unchanged, the net profit in 2024 would decrease or increase by NT\$13,391 thousand. A certain level of nature hedging arising from the elimination of receivables and payables may reduce the changes in currency rates, which has an insignificant effect on the Company's operating gain or loss.

Inflation

In recent years, inflation was affected by the increase in international crude oil price, and partial product costs (such as fuel expenses) of the Company were also affected. The inflation rate has no significant effect on the Company's operations and profits. Also, the tile sales of the Company focus on the domestic market, and the selling price may be appropriately adjusted in accordance with inflation as compared to general consumers' goods; therefore, the effect of inflation is insignificant to the Company's operating gain or loss.

- (II) Policies for high-risk, high-leverage investments, loans to others, endorsement and guarantee, and derivative transactions, primary reasons for profit or loss, and future countermeasures:

Loans to others and endorsement and guarantee shall be based on the policies and countermeasures stated in the Company's "Procedures for the Acquisition or Disposal of Assets," "Procedures for Loan to Others," and "Procedures for Endorsement and Guarantee."

Derivative transactions: 1. Market risk: The Company holds interest rate swap contracts to avoid risks incurred due to the volatility of interest rates; therefore, gain or loss that may be generated from changes in interest rates would be offset by the gain or loss arising from the valuation on changes in interest rates of the hedging items; therefore, the market price risk is insignificant. 2. Credit risk: The counterparties for derivative transactions engaged by the Company are financial institutions with healthy credibility; it is estimated that there shall be no significant credit risk. 3. Liquidity risk: The working capital of the Company is sufficient to satisfy the above cash flows, and there are relevant cash inflows or outflows upon the expiry of the interest rate swap contracts; therefore, there shall be no significant cash flow risk. 4. Cash flow risk arising from changes in interest rates: The Company entered into interest rate swap contracts with financial institutions to avoid risks arising from floating rates; therefore, volatility of interest rates in the market has no significant effect on the Company's future cash flows.

- (III) Future R&D plan and R&D expenses estimated to be invested:

1. Technologies or products of the future R&D plan

- (1) Development of slate tile series products in the sizes of 45×90cm, 90×90cm, and 60×120cm.
- (2) Development of porcelain wall tile series product in the sizes of 30×60 cm and 60×60 cm.
- (3) Development of new series digital slate tiles in the sizes of 30×60cm and 60×60 cm.
- (4) Development of new thick brick products in the sizes of 60×60×2 cm, 60×120×2 cm and 90×90×2cm..
- (5) Development of porcelain marble tile series products in the sizes of 90×90 cm, 60×120 cm, 60×60 cm and 90×180cm..
- (6) Development of new effects of External Wall Tile in the size of 6×22.7cm.

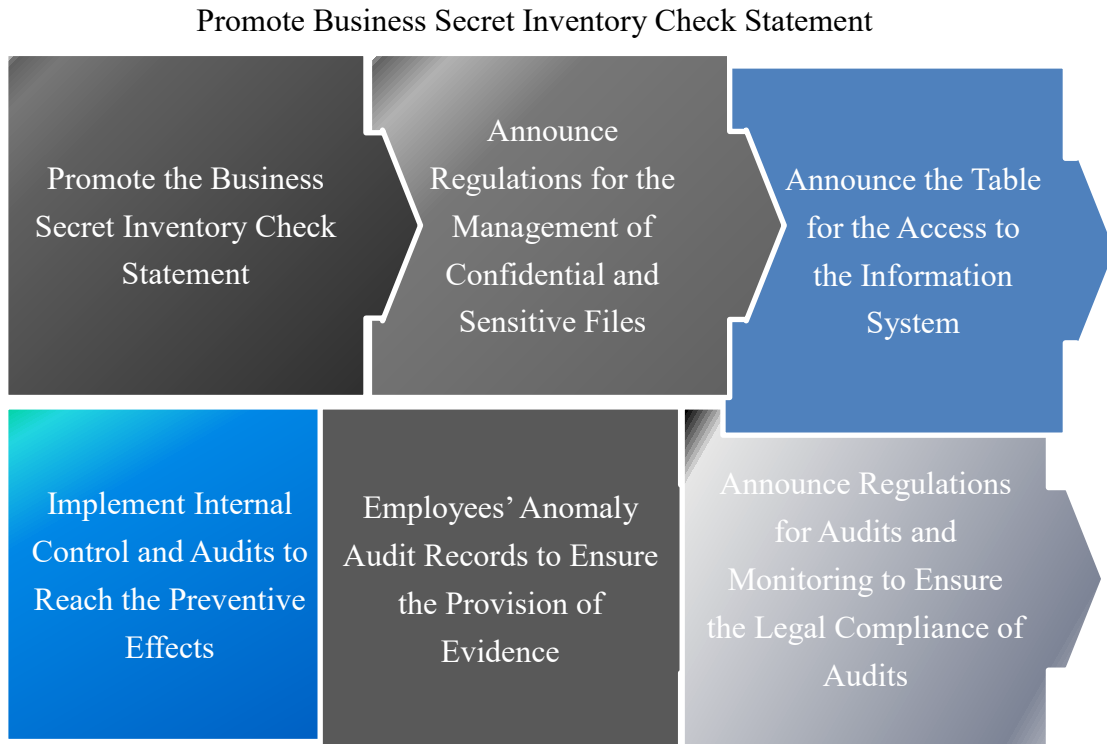
2. R&D expenses estimated to be invested: NT\$40,000 thousand.

- (IV) Effects of changes in domestic and foreign significant policies and laws on the Company's financial operations and countermeasures:

In response to the amendments to corporate governance and the Company Act by the competent authority, the Company has made appropriate arrangements; there is no significant effect on the financial operations at present.

(V) Effects of changes in technologies and industries on the Company's financial operations and countermeasures:

Evaluation and analysis of information security risk:

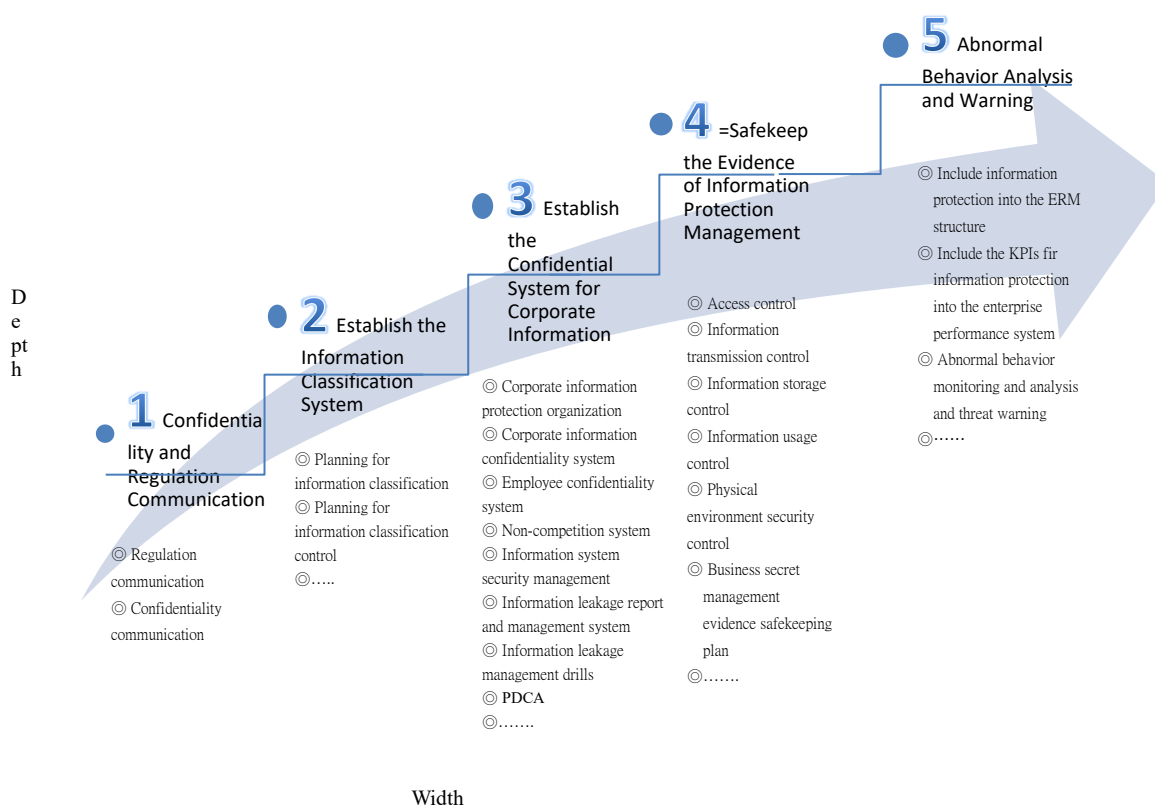


The scope of protecting information security includes employees, customers, suppliers, and shareholders, and information software and hardware equipment related to operations. All information security rules, regulations, and systems are established based on the technical protection, applications, and digital security standards; they are included in the management operating systems to ensure privacy protection and information security maintenance upon business contacts between employees and suppliers and customers. By establishing an information security monitoring system, we set up the execution of weak spot screening to prevent the invasion of external hackers and the leakage of internal secrets. The control of information software and hardware equipment includes internet and personal information equipment, such as the establishment of information security systems for desktop computers, laptops, tablets, and smartphones, to realize the protection of personal information, internal confidential information, and customers' and suppliers' information.

Through the information security management system and execution rules, the Company duly controls and explicitly defines the duties and management responsibility. For internal control, apart from the IT Department's continual efforts to improve the information security protection management system, new employees shall sign the

agreement for ethical occupational services for employees on the day of on-boarding and accept information security educational training, and the Company conducts educational training related to information security for employees to improve employees' information security awareness through continual training and internalize the information security into our operations, realizing the information security protection of utmost safety and precision. In 2024, there was no complaint related to the invasion of customers' privacy or the loss of customer information.

Blueprint for the Promotion and Implementation of Information Security Management



- (VI) Effects of changes in the corporate image on the Company's crisis management and countermeasures: None.
- (VII) Expected benefits and possible risks arising from mergers and acquisitions and countermeasures: None.
- (VIII) Expected benefits and possible risks arising from the expansion of plants and countermeasures: None.
- (IX) Risks arising from concentrate sales or purchases and countermeasures and countermeasures: None.
- (X) Effects of significant transfers of or changes in equity by Directors or top ten major shareholders with over 10% shareholding on the Company, risks, and countermeasures: None.
- (XI) Effects of changes in the ownership on the Company, risks, and countermeasures: None.
- (XII) Litigation or non-litigation: None.

(XIII) Other significant risks and countermeasures: None.

VII. Other Significant Matters: None.

Chapter 6. Additional Information

I. Information Related to Affiliates

Please refer to the Market Observation Post System (MOPS). 【website:

<https://mops.twse.com.tw>> Individual Company > Electronic Document Download > Related Party Disclosures Section】 , Enter the company code to search for information related to affiliated enterprises.

II. Private Offering for the Latest Year and as of the Date of Publishing the Annual Report: None.

III. Other Matters of Supplements and Explanations Required: None.

Chapter 7. Matters Having Significant Effects on Shareholder's Interests or Securities' Price Stated in Subparagraph 2, Paragraph 2 under Article 36 of the Securities Exchange Act for the Latest Year and as of the Date of Publishing the Annual Report: None.

Champion Building Materials Co. Ltd.

Chairman: Lin, Jung-Te