

Stock Code: 1806

# Champion Building Materials Co. Ltd.

Handbook for the 2024 Annual Meeting of Shareholders



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

June 19, 2024

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# **Champion Building Materials Co. Ltd.**

## **2024 Annual General Shareholders' Meeting**

### **Meeting Procedure**

1. Announcing Meeting in Session
2. Chairman's Address
3. Reported Matters
4. Acknowledged Matters
5. Matters for Discussion
6. Matters for Election
7. Matters for Other Discussion
8. Questions and Motions
9. Adjournment

**Champion Building Materials Co. Ltd.**  
**2024 Annual General Shareholders' Meeting Agenda**

1. Time: June 19<sup>th</sup>, 2024 (Wednesday) at 09:00 AM
2. Shareholders meeting will be held by means of :physical shareholders meeting
3. Location: No. 200-7, Zhuhaocuo, Neighborhood 13, Dapu Vil., Zhunan Township, Miaoli County
4. Chairman's Address
5. Reported Matters :
  - (1) 2023 Business Report.
  - (2) Audit Committee Review on 2023 Business Report and Financial Statements.
  - (3) Conduct of Matters for Endorsements and Guarantees.
  - (4) Conduct of Loaning of Funds to Others.
  - (5) Amendments to the Company's "Ethical Corporate Management Best Practice Principles".
  - (6) Amendments to the Company's "Procedures for Ethical Management and Guidelines for Conducts".
  - (7) Amendments to the Company's "Rules of Procedure for Board of Directors Meetings".
6. Acknowledged Matters :
  - (1) To Ratify the Company's 2023 Business Report and Financial Statements.
  - (2) To Ratify the Company's Profit and Loss Appropriation. in 2023.
7. Matters for Discussion
8. Matters for Election :

By-Election of the Company's Directors (incl. Independent Directors).
9. Matters for Other Discussion :

Adoption of the release of newly elected director from non-competition restrictions.
10. Questions and Motions
11. Adjournment

## I. Reported Matters

Proposal 1 (Proposed by the Board of Directors)

Motion: 2023 Business Report of the Company.

Explanation: Please refer to Page 8 herein Attachment 1 for the 2023 Business Report of the Company.

Proposal 2 (Proposed by the Board of Directors)

Motion: Audit Committee Review on 2023 Business Report and Financial Statements.

Explanation: Please refer to Page 10 herein Attachment 2 for the Audit Committee Audit Report.

Proposal 3 (Proposed by the Board of Directors)

Motion: Conduct of Matters for Endorsements and Guarantees.

Explanation: Conducted following Article 5 of the Company's Operational Procedure for Endorsement and Guarantee. Please refer to Page 11 herein Attachment 3.

Proposal 4 (Proposed by the Board of Directors)

Motion: Conduct of Loaning of Funds to Others.

Explanation: Conducted following the Company's "Operational Procedure for Loaning of Funds to Others". Please refer to Page 12 herein Attachment 4.

Proposal 5 (Proposed by the Board of Directors)

Motion: Amendments to the Company's "Ethical Corporate Management Best Practice Principles".

Explanation: 1. Articles 5, 7, 8, 17, 20 of the Company's "Code of Conduct of Integrity Management" are hereby amended for the purpose of implementing integrity management policies and preventing unethical conduct.  
2. This proposal has been reviewed and approved by the 14<sup>th</sup> audit committee of the 2<sup>nd</sup> session and the 1<sup>st</sup> Board of Directors meeting in 2024. Please refer to Page 13 herein Attachment 5.

Proposal 6 (Proposed by the Board of Directors)

Motion: Amendments to the company's "Procedures for Ethical Management and Guidelines for Conducts".

Explanation: 1. Article 3 of the Company's "SOP and Conduct Guidelines for Integrity Management" is hereby amended in response to the established Audit Committee.  
2. This proposal has been reviewed and approved by the 14<sup>th</sup> audit committee of the 2<sup>nd</sup> session and the 1<sup>st</sup> Board of Directors meeting in 2024. Please refer to Page 25 herein Attachment 6.

Proposal 7 (Proposed by the Board of Directors)

Motion: Amendments to the Company's "Code of Ethical Conduct".

Explanation: 1. Articles 12 and 13 of the Company's "Rules of Procedures for Board Meeting" are hereby amended in view of the effect on the operation of the Board meetings when the meeting chair is unable to preside over the meeting for any reason or does not declare the meeting adjourned in accordance with regulations.

2. This proposal has been reviewed and approved by the 14<sup>th</sup> audit committee of the 2<sup>nd</sup> session and the 1<sup>st</sup> Board of Directors meeting in 2024. Please refer to Page 35 herein Attachment 7.

## II. Acknowledged Matters

Proposal 1 (Proposed by the Board of Directors)

Motion: To ratify the Company's 2023 Business Report and Financial Statements.

Explanation: 1. The Company's 2023 Business Report, Parent-Company Only Financial Statements and Consolidated Financial Statements have been reviewed and adopted by passage by the Audit Committee and passed by the Board of Directors by resolution.

2. Please refer to Please refer to Page 43 herein Attachment 8.

Resolution:

Proposal 2 (Proposed by the Board of Directors)

Motion: To ratify the Company's 2023 Profit and Loss Appropriation.

Explanation: 1. The Company's 2023 Profit and Loss Appropriation Statement is as follows:

Champion Building Materials Co. Ltd.  
Profit and Loss Appropriation Statement  
for the Year 2023

Amount: NTD

<b>Beginning Retained Earnings</b>	<b>297,711,347</b>
Add: Net profit after tax	409,183
Gains (losses) on remeasurements of defined benefit plan	(3,968,016)
Less: 10% Legal Reserve	0
<b>Distributable Net Profit</b>	<b>294,152,514</b>
Distribution Items:	
Shareholders' Bonus-Cash	0
Shareholders' Bonus-Share	0
<b>Unappropriated Retained Earnings</b>	<b>294,152,514</b>

Chairman: LIN, JUNG-TE Manager: LIN, JUNG-TE Accounting Manager: LIAO, HUI-YI

2. This proposal has been reviewed and approved by the 17<sup>th</sup> audit committee of the 2<sup>nd</sup> session and the 4<sup>th</sup> Board of Directors meeting in 2024.

Resolution:

### III. Matters for Discussion

### IV. Matters for Election

Proposal 1 (Proposed by the Board of Directors)

Motion: By-Election of the Company's Directors (incl. Independent Directors)

Explanation: 1.The term of the Company's directors (incl. independent shareholders) are expected to expire on July 27, 2024, and a by-election of the aforesaid roles is therefore proposed to this Shareholders' meeting. As provided by the Company Act, in case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office.

2.This by-election is estimated to elect 7 directors (incl. 4 independent director) with a term of 3 years from June 19, 2024 to June 18, 2027.

3.This directors' (incl. independent directors) election adopts a nomination system, which the list of candidates is reviewed and passed by the Board of Directors of the Company, with relevant information presented as follows:

Type of Nominee	Name of Nominee	Education Background	Main Experiences	Name of Government or Juristic Person Represented
Director	Tai Yu Investment Co., Ltd. Representative LIN, JUNG-TE	Department of Business Administration/Pacific Western University (US)	Chairman and General Manager of Champion Building Materials Co. Ltd., Chairman of Swanview International, Ltd., Chairman of Super Universal, Ltd., Chairman of Tai Yu Investment Co., Ltd., Chairman of Guan Zhong Trading Co., Ltd., Chairman of Champion Highwealth Co., Ltd., Director of Taiwan Ceramics Industries Association, Chairman of Sinyih Ceramics (China) Co., Ltd., Chairman of Sinyih Ceramics (Penglai) CO., Ltd., Director of Champion Ceramics (Anhui) Co., Ltd., Director of Seagull Champion Ltd.	Tai Yu Investment Co., Ltd.

Type of Nominee	Name of Nominee	Education Background	Main Experiences	Name of Government or Juristic Person Represented
Director	Tai Yu Investment Co., Ltd. Representative LIN, YOU-YU	Department of Finance/Pepperdine University (US)	Director and General Manager of Champion Building Materials Co., Ltd., Chairman, Supervisor of Deqian Investment Co., Ltd., Chairman of Quicheng Investment Co., Ltd., Chairman of Champion Ceramics (Anhui) Co., Ltd., Director of Sinyih Ceramics (China) Co., Ltd., Director of Seagull Champion Ltd.	Tai Yu Investment Co., Ltd.
Director	Hua Yi Industrial Co., Ltd. Representative Lin, He-Cun	Officer Class/Central Police University, Department of Law/Chinese Culture University, passed Grade B Special Examination on Criminal Law for Policemen	Director of Champion Building Materials Co. Ltd., Director of Sinyih Ceramics (China) Co., Ltd., Director of Sinyih Ceramics (Penglai) Co., Ltd., governmental public servant (retired), Vice General Spokesperson and Audit and Legal Management Supervisor of Tidehold Development Co., Ltd., Independent Director of Microview Technology Corp., Independent Director of Carbon-Based Technology INC., Adjunct Lecturer of Taiwan Police College, Consultant of Mingtai Insurance	Hua Yi Industrial Co., Ltd.
Independent Director	Kung, Shu-Chang	Master of Science in Architecture and Master of Design / Harvard University	Professor of Graduate Institute of Architecture of National Yang Ming Chiao Tung University	Not Applicable
Independent Director	Yang, Ming-Hsun	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.	Not Applicable
Independent Director	Chen, Mei-Hua	Department of Law/Fu Jen University	Attorney at Law of Hang Yang Law Firm, Attorney at Law of Wu, Ling-Hua Law Firm, Attorney at Law of Wu, Zhang-Shu Law Firm, Attorney at Law of Chuan-Tai Law Firm	Not Applicable
Independent Director	Wu, Heng-Yi	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	Not Applicable

## V. Matters for Other Discussion

Proposal 1 (Proposed by the Board of Directors)

Motion: Adoption of the release of newly elected director from non-competition restrictions.

Explanation: 1. Regarding to Article 209 of the Company Act, the director acts for himself or others within the scope of the company's business, shall report to the shareholders' meeting to explain the important content of their actions and obtain the company's shareholder' meeting permission.

2.To leverage the expertise and relevant experience of our directors, the company proposes, in accordance with the law, to seek approval from the shareholders' meeting to lift the non-competition restrictions on newly appointed directors and their representatives.

3. This Proposal has been approved by the 1<sup>st</sup> Board of Directors meeting in 2024. The list of directors released from non-competition restrictions is as follows:

Name of Nominee	Hold Other Company Positions
Tai Yu Investment Co., Ltd. Representative LIN, JUNG-TE	Chairman of Guan Zhong Trading Co., Ltd., Chairman of Champion Highwealth Co., Ltd., Director of Taiwan Ceramics Industries Association, Chairman of Sinyih Ceramics (China) Co., Ltd., Chairman of Sinyih Ceramics (Penglai) CO., Ltd., Director of Champion Ceramics (Anhui) Co., Ltd., Director of Seagull Champion Ltd.
Tai Yu Investment Co., Ltd. Representative LIN, YOU-YU	Chairman of Champion Ceramics (Anhui) Co., Ltd., Director of Sinyih Ceramics (China) Co., Ltd., Director of Seagull Champion Ltd.
Hua Yi Industrial Co., Ltd. Representative Lin, He-Cun	Director of Sinyih Ceramics (China) Co., Ltd., Director of Sinyih Ceramics (Penglai) Co., Ltd.

Resolution:

## VI. Questions and Motions

## 2023 Business Report

(1) Implementation Results of 2023 Business Plans

Looking back to 2023, due to the changes in the requirements of the domestic real estate market in Taiwan, the supply of house-building projects mainly focused on small-sized and low-consideration construction projects, and the shipment of tiles was delayed due to the shortage of workers in the construction of the new construction site under the influence of the epidemic of COVID-19 from 2021 to 2022, which led to an increase in sales volume in 2023. However, the introduction of new products such as large-sized tiles in the Taiwan market to avoid the impact of price competition has increased the average sales price of the tile portfolio compared with 2022. Overall, the operating income of NT\$2,992,558 thousand in 2023 increased slightly by 5.19% over 2022. The increase in gross profit in 2023 was due to production efficiency and improvement of process losses, cost reduction to respond to the increase in profit due to international wars, inflation and the appreciation of the exchange rate of the US dollar, as well as the increased gain from price recovery of inventory.

In 2023, the Operating Revenue is 2,992,558 Thousand, Cost of Goods Sold is 2,102,433 Thousand, Gross Profit Margin is 890,125 Thousand, the Gross Margin is 29.74% , the Net Profit After Tax is 409 Thousand, and the Profit Margin is 0.01%. The comparison table for the figures with those in 2022 is as follows:

Unit: NTD Thousands

Items	2023	2022	Amount Gained (Lost)	Gain (Loss)%
Operating Revenue	2,992,558	2,844,942	147,616	5.19
Cost of Goods Sold	2,102,433	1,980,150	122,283	6.18
Gross Profit	890,125	864,792	25,333	2.93
Net Profit	409	(188,243)	188,652	(100.22)

(2) Budget Execution: the Company is exempted from preparation of 2023 financial forecast in accordance with “Regulations Governing the Publication of Financial Forecasts of Public Companies”.

(3) Financial Income/Expense and Profitability Analysis:

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

Items		2023	2022	
Financial Income/Expense (Thousand)	Net Cash In Flow from Operating Activities	255,003	467,196	
	Net Cash In (Out) Flow from Investment Activities	(267,680)	(429,886)	
	Net Cash In (Out) Flow from Fundraising Activities	(258,974)	(735,172)	
Profitability (%)	Return on Assets (%)	0.41	(2.01)	
	Return on Equity (%)	0.01	(3.15)	
	Proportion to Paid-In Capital (%)	Operating Income	8.51	9.74
		Earnings before taxes	1.59	(2.29)
	Net Margin (%)	0.01	(6.62)	
	Earnings Per Share (NTD)	0.001	(0.45)	

(4) R&D Status

The Company is committed to product development and production cost reduction, energy saving and carbon reduction as well as waste recycling, but also actively invested in high-value new product development, including digital slate tiles in the sizes of 30×60cm, 60×60cm, 45×90cm, 90×90cm, 60×120cm; digital wood bricks in the size of 15×75cm; new thick brick products in the sizes of 60×120×2cm and 60×60×2cm; Champion and Marcobelli marble series products with digital printing and high-end stone materials substitutes in the sizes of 30×60cm, 60×60cm, 80×80cm, 90×90cm and 90×180cm In addition, we continue to purchase new digital printing presses to replace the old models to enhance the added value of the products, so as to enhance the competitiveness of the company's products.

Chairman: LIN, JUNG-TE    Manager: LIN, JUNG-TE    Accounting Manager: LIAO, HUI-YI

Attachment 2

Audit Committee Review Report

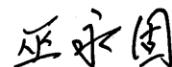
The Board of Directors has compiled and submitted the Company's 2023 (restated) Consolidated Financial Statements audited and attested by CPAs Chung-Che Chen and Shin-Chin Chih of KPMG Taiwan, with audit report issued; the aforesaid Business Report, Consolidated Financial Statements and Profit and Loss Appropriation have been reviewed and determined to be correct and accurate by the Audit Committee. In accordance with Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

To

Shareholders' Meeting of Champion Building Materials Co. Ltd.

Audit Committee

Convener: Wu Yung Ku



April 26, 2024

## Champion Building Materials Co. Ltd.

Conduct of Matters for Endorsements and Guarantees in 2023:

Unit: NTD Thousands

Endorsee/Guaranteed Party		Limit of Endorsement / Guarantee to a Single Business	Balance of Maximal Endorsement/ Guarantee in Current Period	Ending Endorsement and Guarantee Balance	Actual Amount Used	Amount of Endorsement / Guarantee made in Properties	Proportion of Accumulated Endorsement/Guarantee Amount to the Net Value in Most Recent Financial Statement	Maximal Limit of Endorsement/Guarantee
Company Name	Relations (Note 2)							
Guan Zhong Trading CO., Ltd.	1	1,634,198	110,633	90,633	3,011	-	1.67%	2,723,664
Champion Highwealth Co., Ltd.	1	1,634,198	30,710	15,355	13,391	-	0.28%	2,723,664
Guangdoli Co., Ltd.	3	1,634,198	25,966	25,966	559	-	0.48%	2,723,664
Gaoyuwang Co., Ltd	3	1,634,198	5,900	5,900	-	-	0.11%	2,723,664

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

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

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

## Champion Building Materials Co. Ltd.

Conduct of Loaning of Funds to Others in 2023 is as follows:

Unit: NTD Thousands

Counterparty of Loan	Account of Transaction	Related Parties (Y/N)	Maximal Amount in this Period	Ending Balance	Actual Amount Used	Interest Rate Interval	Property of Loan	Amount of Transaction	Reason for Necessity of a Short-Term Financing Facility	Amount of Allowance for Bad Debts	Collateral		Limit in Amount of Loans to a Single Borrower	Limit on Aggregate Amount on Loan of Funds
											Name	Value		
Sinyih Ceramic (china) Co., Ltd.	Other Receivables	Yes	562,640	432,800	346,240	4.80%	Where a short-term financing facility is necessary	-	Business Turnover	-	-	-	1,089,466	2,178,931
Champion Highwealth Co., Ltd	Other Receivables	Yes	100,000	100,000	40,000	3.10%	Where a short-term financing facility is necessary	-	Business Turnover	-	-	-	1,089,466	2,178,931
Guan Zhong Trading Co., Ltd.	Other Receivables	Yes	60,000	60,000	10000	3.10%	Where a short-term financing facility is necessary	-	Business Turnover	-	-	-	1,089,466	2,178,931
Wei Xun Co., Ltd	Other Receivables	No	7,000	7,000	6,627	2.00%	Where a short-term financing facility is necessary	-	Business Turnover	-	-	-	1,089,466	2,178,931
Fan Yang Co., Ltd.	Other Receivables	No	2,000	2,000	1,929	2.00%	Where a short-term financing facility is necessary	-	Business Turnover	-	-	-	1,089,466	2,178,931

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

**Champion Building Materials Co., Ltd.**  
**Comparison Table of Amendment for Ethical Corporate Management**  
**Best Practice Principles**

No.	After amendment	Before amendment	Description
Article 5	<p>Policies</p> <p>The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism <b><u>subject to the approval of Board meeting</u></b>, so as to create an operational environment for sustainable development.</p>	<p>Policies</p> <p>The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>Relevant rules contained in the Code of Conduct of Integrity Management are hereby amended in accordance with “The Code of Conduct of Integrity Management for TWSE/TPEX-listed Companies”.</p>
Article 7	<p>Scope of Prevention Programs</p> <p>The Company <b><u>shall establish an assessment mechanism for the risk of unethical conduct, regularly analyze and evaluate</u></b> the business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct, <b><u>so as to formulate a prevention programs and regularly review the appropriateness and effectiveness of the prevention programs.</u></b></p> <p>The prevention programs adopted by the Company shall at least include preventive measures against the following <b><u>by referring to national and international standards or guidelines.</u></b></p> <ol style="list-style-type: none"> <li>1. Offering and acceptance of bribes.</li> <li>2. Illegal political donations.</li> <li>3. Improper charitable donations or sponsorship.</li> </ol>	<p>Scope of Prevention Programs</p> <p><del>When establishing the prevention programs,</del> the Company shall <del>analyze which</del> business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct, <del>and strengthen the preventive measures.</del></p> <p>The prevention programs adopted by the Company shall at least include preventive measures against the following:</p> <ol style="list-style-type: none"> <li>1. Offering and acceptance of bribes.</li> <li>2. Illegal political donations.</li> <li>3. Improper charitable donations or sponsorship.</li> <li>4. Offering or acceptance of</li> </ol>	<p>Relevant rules contained in the Code of Conduct of Integrity Management are hereby amended in accordance with “The Code of Conduct of Integrity Management for TWSE/TPEX-listed Companies”.</p>

	<p>4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.</p> <p>5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.</p> <p>6. Engaging in unfair competitive practices.</p> <p>7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p>	<p>unreasonable presents or hospitality, or other improper benefits.</p> <p>5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.</p> <p>6. Engaging in unfair competitive practices.</p> <p>7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p>	
Article 8	<p>Commitment and Execution</p> <p><b><u>The Company shall require directors and senior management to issue a statement of compliance with the integrity management policy, and expressly stipulate that the employee shall abide by the integrity management policy under the conditions of employment.</u></b></p> <p>The Company and its respective business group shall clearly specify in their rules, external documents and <b><u>Company's website</u></b> the integrity management policies and the commitment by the Board of Directors and the senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p> <p><b><u>The Company shall make documented information and keep it properly for the integrity management policies, statements, commitments and implementation as referred to in the preceding two paragraphs.</u></b></p>	<p>Commitment and Execution</p> <p>The Company and its respective business group shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the Board of Directors and the senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p>	<p>Relevant rules contained in the Code of Conduct of Integrity Management are hereby amended in accordance with "The Code of Conduct of Integrity Management for TWSE/TPEX-listed Companies".</p>
Article 17	<p>Organization and Responsibilities</p> <p>The directors, managers, employees, mandataries, and substantial controllers of</p>	<p>Organization and Responsibilities</p> <p>The directors, managers, employees, mandataries, and substantial</p>	<p>Relevant rules contained in the Code of</p>

<p>the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies. To achieve sound management of integrity management, the Company shall set up a dedicated unit and <b><u>allocate adequate resources and competent personnel</u></b> to take over the formulation, supervision and implementation of integrity management policies and prevention programs. The foresaid unit and personnel shall report to the Board meeting regularly <b><u>(at least once each year):</u></b></p> <ol style="list-style-type: none"> <li><b><u>1. Assist in the incorporation of integrity and ethical values into the Company's business strategy, and establish relevant anti-fraud measures to ensure integrity based on the legal system.</u></b></li> <li><b><u>2. Regularly analyze and evaluate the business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct and formulate programs against unethical conduct as well as establish SOP and conduct guidelines related to businesses for each program.</u></b></li> <li><b><u>3. Plan the internal organization, staffing and management, and set up a mutual supervision and balance mechanism for business activities at a higher risk of being involved in an unethical conduct.</u></b></li> <li><b><u>4. Promotion and coordination of integrity policy advocacy training.</u></b></li> <li><b><u>5. Plan the reporting system to ensure the effectiveness of implementation.</u></b></li> </ol> <p><b><u>Assist the Board of Directors and management to check and evaluate the effective operation of the preventive measures established by the integrity management, and regularly evaluate the compliance of the relevant business processes and prepare reports.</u></b></p>	<p>controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, the Company shall establish a dedicated unit that is under the Board of Directors and responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, and shall report to the Board of Directors on a regular basis.</p>	<p>Conduct of Integrity Management are hereby amended in accordance with "The Conduct of Integrity Management for TWSE/TPEX-listed Companies".</p>
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<p>Article 20</p>	<p>Accounting and Internal Control</p> <p>The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal auditors of the Company shall <b><u>draw up the relevant audit plan according to the assessment results of the risk of unethical conduct, including the audit object, scope, project, frequency, etc., and shall check the compliance of the prevention program accordingly, and may appoint an accountant to carry out the check, and may, if necessary, professional assistance may be requested.</u></b></p> <p><b><u>The results of the check referred to in the preceding paragraph shall be reported to the senior management and the responsible unit for integrity management, and an audit report shall be submitted to the Board of Directors.</u></b></p>	<p>Accounting and Internal Control</p> <p>The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Company shall <del>periodically examine the Company's compliance with the foregoing systems and prepare audit reports and submit the same to the Board of Directors.</del></p>	<p>Relevant rules contained in the Code of Conduct of Integrity Management are hereby amended in accordance with “The Code of Conduct of Integrity Management for TWSE/TPEx-listed Companies”.</p>
<p>Article 26</p>	<p>Enforcement</p> <p>The ethical corporate management best practice principles of the Company shall be implemented after the Board of Directors grants the approval, and shall be sent to <b><u>the</u></b> supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p>	<p>Enforcement</p> <p>The ethical corporate management best practice principles of the Company shall be implemented after the Board of Directors grants the approval, and shall be sent to <b><u>all</u></b> supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p>	<p>Deleted: all</p>

# **Champion Building Materials Co. Ltd. Ethical Corporate Management Best Practice Principles**

## **Article 1 Purpose of Promulgation and Scope of Application**

These Principles are adopted to assist the Company to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.

These Principles are applicable to business groups and organizations of the Company, which comprise its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company ("business group").

## **Article 2 Prohibition on Unethical Conducts**

When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of the Company or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees, mandataries or substantial controllers or other stakeholders.

## **Article 3 Characteristics of Benefits**

"Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

## **Article 4 Legal Compliance**

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations

regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

#### Article 5 Policies

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism subject to the approval of Board meeting, so as to create an operational environment for sustainable development.

#### Article 6 Prevention Programs

The Company shall in their own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.

In the course of developing the prevention programs, the Company is advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.

#### Article 7 Scope of Prevention Programs

The Company shall establish an assessment mechanism for the risk of unethical conduct, regularly analyze and evaluate the business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct, so as to formulate a prevention programs and regularly review the appropriateness and effectiveness of the prevention programs.

The prevention programs adopted by the Company shall at least include preventive measures against the following by referring to national and international standards or guidelines.:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.

7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

#### Article 8 Commitment and Execution

The Company shall require directors and senior management to issue a statement of compliance with the integrity management policy, and expressly stipulate that the employee shall abide by the integrity management policy under the conditions of employment.

The Company and its respective business group shall clearly specify in their rules, external documents and Company's website the integrity management policies and the commitment by the Board of Directors and the senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

The Company shall make documented information and keep it properly for the integrity management policies, statements, commitments and implementation as referred to in the preceding two paragraphs.

#### Article 9 Ethical Management in Business Activities

The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with others, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

#### Article 10 Prohibition on Offering and Acceptance of Bribes

When conducting business, the Company and directors, supervisors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

#### Article 11 Prohibition on Illegal Political Donations

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and directors, managers, employees, mandataries and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

#### Article 12 Prohibition on Improper Charitable Donations or Sponsorship

When making or offering donations and sponsorship, the Company and its directors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

#### Article 13 Prohibition on Offering or Acceptance of Unreasonable Presents or Hospitality, or Other Improper Benefits

The Company and directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

#### Article 14 Prohibition on Infringement of Intellectual Property Rights

The Company and directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

#### Article 15 Prohibition on Engaging in Unfair Competitive Practices

The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

#### Article 16 Prevention of Injury to Stakeholders by the Product of Service

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services.

They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

#### Article 17 Organization and Responsibilities

The directors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound management of integrity management, the Company shall set up a dedicated unit and allocate adequate resources and competent personnel to take over the formulation, supervision and implementation of integrity management policies and prevention programs. The foresaid unit and personnel shall report to the Board meeting regularly (at least once each year):

1. Assist in the incorporation of integrity and ethical values into the Company's business strategy, and establish relevant anti-fraud measures to ensure integrity based on the legal system.
2. Regularly analyze and evaluate the business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct and formulate programs against unethical conduct as well as establish SOP and conduct guidelines related to businesses for each program.
3. Plan the internal organization, staffing and management, and set up a mutual supervision and balance mechanism for business activities at a higher risk of being involved in an unethical conduct.
4. Promotion and coordination of integrity policy advocacy training.
5. Plan the reporting system to ensure the effectiveness of implementation.
6. Assist the Board of Directors and management to check and evaluate the effective operation of the preventive measures established by the integrity management, and regularly evaluate the compliance of the relevant business processes and prepare reports.

#### Article 18 Legal Compliance of Business Practices

The Company and directors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

#### Article 19 Avoidance of Interest by Directors and Managers

The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company. When a proposal at a given Board of Directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company's directors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

#### Article 20 Accounting and Internal Control

The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal auditors of the Company shall draw up the relevant audit plan according to the assessment results of the risk of unethical conduct, including the audit object, scope, project, frequency, etc., and shall check the compliance of the prevention program accordingly, and may appoint an accountant to carry out the check, and may, if necessary, professional assistance may be requested.

The results of the check referred to in the preceding paragraph shall be reported to the senior management and the responsible unit for integrity management, and an audit report shall be submitted to the Board of Directors.

#### Article 21 Operational Procedures and Guidelines

The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, managers, employees, mandataries and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these Principles.
8. Disciplinary measures on offenders.

#### Article 22 Education Training and Assessments

The Company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers and invite the Company's commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

#### Article 23 Whistleblowing and Disciplines

The Company shall adopt a scrupulous whistle-blowing system, and shall keep confidentiality of the identity of the whistleblower and contents of such whistle-blowing.

The Company shall make immediate disclosure on the Company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

#### Article 24 Information Disclosure

The Company shall disclose the status of implementation for Ethical Corporate Management Best Practice Principles on its websites, annual reports, and prospectuses.

#### Article 25 Review and Amendment to Ethical Corporate Management Best Practice Principles

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

#### Article 26 Enforcement

The ethical corporate management best practice principles of the Company shall be implemented after the Board of Directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.

**Champion Building Materials Co., Ltd.**

**Comparison Table for the Amendment to the Procedures for Ethical Management and Guidelines for Conducts**

No.	After amendment	Before amendment	Description
Article 3	<p>For the purposes of the Procedures and Guidelines, "unethical conduct" means that any personnel of this Corporation, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.</p> <p>The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, managers, employees, persons having substantial control, or other interested parties.</p>	<p>For the purposes of the Procedures and Guidelines, "unethical conduct" means that any personnel of this Corporation, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.</p> <p>The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, <del>supervisors</del>, managers, employees, persons having substantial control, or other interested parties.</p>	Deleted supervisors

# **Champion Building Materials Co., Ltd.**

## **Procedures for Ethical Management and Guidelines for Conducts**

### **Article 1 Purpose of adoption and scope of application**

The Company engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, the Procedures for Ethical Management and Guidelines for Conduct (the "Procedures and Guidelines") are adopted pursuant to the provisions of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and the applicable laws and regulations of the places where the Company and its business groups and organizations operate, with a view to providing all personnel of the Company with clear directions for the performance of their duties.

The scope of application of the Procedures and Guidelines includes the subsidiaries of the Company, any incorporated foundation in which the Company's accumulated contributions, direct or indirect, exceed 50% of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by the Company.

### **Article 2 Applicable subjects**

For the purposes of the Procedures and Guidelines, the term "personnel of the Company" refers to any Director, supervisor, manager, employee, mandatary or person having substantial control of the Company or its group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of the Company through a third party will be presumed to be an act by the personnel of the Company.

### **Article 3 Unethical conduct**

For the purposes of the Procedures and Guidelines, "unethical conduct" means that any personnel of this Corporation, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, managers, employees, persons having substantial control, or other interested parties.

### **Article 4 Types of benefits**

For the purposes of the Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

### **Article 5 Responsible unit**

The Company designates the chief of corporate governance as the solely responsible unit (the "responsible unit") under the Board, with the Legal Affairs Office as the assisting unit, and provides it with sufficient resources and competent personnel to be in charge of the

amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation, and the submission of regular reports (at least once a year) to the Board:

1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Analyzing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistleblowing system and ensuring its operating effectiveness.
6. Assisting the Board and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.
7. Preparing and retaining properly documented information such as ethical management policy and compliance statements, situations concerning the performance of undertakings and enforcement.

#### Article 6 Prohibition against providing or accepting improper benefits

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of the Company shall comply with the provisions of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and the Procedures and Guidelines, and the relevant procedures shall have been carried out:

1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
4. Attendance at folk festivals that are open to and invite the attendance of the general public.

5. Rewards, emergency assistance, condolence payments, or honorariums from the management.
6. Normal social communication and customs that are spontaneous and have no risk of affecting particular rights and obligations.
7. Property with a market value of NT\$3,000 or less received due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's spouse or lineal relative.
8. Other matters in compliance with the Company's requirements.

**Article 7 Procedures for handling the acceptance of improper benefits**

Except under any of the circumstances set forth in the preceding article, when any personnel of the Company are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within three days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within three days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of the Company shall make a proposal, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported to the President and approved.

**Article 8 Prohibition of and handling procedure for facilitating payments**

The Company shall neither provide nor promise any facilitating payment.

If any personnel of the Company provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

#### Article 9 Procedures for handling political contributions

Political contributions by the Company shall be made in accordance with the following provisions, reported to the Chairman in charge for approval, and a notification given to the responsible unit, and when the amount of a contribution accumulates to NT\$3 million or more (within the same year), it shall be made only after being reported to and approved by the Board:

1. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
2. A written record of the decision-making process shall be kept.
3. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
4. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of the Company with the related government agencies shall be avoided.

#### Article 10 Procedures for handling political contributions

Charitable donations or sponsorships by the Company shall be provided in accordance with the following provisions and reported to the supervisor in charge for approval, and a notification shall be given to the responsible unit. When the amount is NT\$10 million or more, the donation or sponsorship shall be provided only after it has been submitted for adoption by the Board:

1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business.
2. A written record of the decision-making process shall be kept.
3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Company's commercial dealings or a party with which any personnel of the Company has a relationship of interest.
5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

#### Article 11 Recusal

When a Director, manager, or other stakeholders of the Company attending or present at a Board meeting, or the juristic person represented thereby, has a stake in a matter under discussion in the meeting, that Director, manager, or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the

Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as a proxy on behalf of another director. The Directors shall exercise discipline among themselves and may not support each other in an inappropriate manner.

Where the spouse, a blood relative within the second degree of kinship of a Director, or any company which has a controlling or subordinate relation with a Director has interests in the matters under discussion in the meeting of the preceding paragraph, such Director shall be deemed to have a personal interest in the matter.

If, in the course of conducting the Company's business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest are likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

#### Article 12 Special unit in charge of confidentiality regime and its responsibilities

The Company shall set up a special unit charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of the Company's trade secrets, trademarks, patents, works and other intellectual properties, and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

All personnel of the Company shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of the Company of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of the Company unrelated to their individual duties.

#### Article 13 Prohibition against unfair competition

The Company shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

#### Article 14 Prohibition of damage caused by products and services to stakeholders

The Company shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services. The Company shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders.

Where there are sufficient facts to determine, that the Company's products or services are

likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall immediately recall those products or suspend the services, verify the facts and present a review and improvement plan.

The responsible unit of the Company shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the Board.

#### Article 15 Prohibition against insider trading and non-disclosure agreement

All personnel of the Company shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other parties from using such information to engage in insider trading.

Any organization or person outside of the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.

#### Article 16 Compliance and announcement of the policy of ethical management

The Company shall request its Directors and senior management to issue a statement of compliance with the ethical management policy and require in terms of employment that employees comply with such policy.

The Company shall disclose its policy of ethical management in its internal rules, annual reports, on the Company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

#### Article 17 Ethical management evaluation prior to the development of commercial relationships

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparties in commercial dealings, the Company shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When the Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

1. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
2. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.

3. Whether enterprise's business operations are located in a country with a high risk of corruption.
4. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
5. The long-term business condition and degree of goodwill of the enterprise.
6. Consultation with the enterprise's business partners on their opinion of the enterprise.
7. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

**Article 18 Statement of ethical management policy to counterparties in commercial dealings**

Any personnel of this Corporation, when engaging in commercial activities, shall make a statement to the trading counterparty about the Company's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

**Article 19 Avoidance of commercial dealings with unethical operators**

All personnel of the Company shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that are involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement the Company's ethical management policy.

**Article 20 Stipulation of terms of ethical management in contracts**

Before entering into a contract with another party, the Company shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of the Company part of the terms and conditions of the contract, stipulating at the least the following matters:

1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to the prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefits that were provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party as damages and may also deduct the full amount of the damages from the contract price payable.
2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

**Article 21 Prohibition against insider trading and non-disclosure agreement**

1. As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, the Company will grant a reward discretionally depending on the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall

be subject to disciplinary action and be removed from office if the circumstance concerned is material.

2. The Company shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for insiders and outsiders of the Company to submit reports.
3. A whistleblower shall at least furnish the following information:
  - i. The whistleblower's name and I.D. number (whistleblowing reports may be submitted anonymously), and an address, telephone number and e-mail address where it can be reached.
  - ii. The informed party's name or other information sufficient to distinguish its identifying features.
  - iii. Specific facts available for investigation.
4. Personnel of the Company handling whistleblowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing.
5. The responsible unit of the Company shall observe the following procedure in handling whistleblowing matters:
  - i. Information shall be reported to the department head and the responsible unit if involving the rank and file and to an Independent Directors or the Audit Committee if involving a Director or a senior executive.
  - ii. The responsible unit of the Company and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related departments.
  - iii. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the Company will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
  - iv. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
  - v. With respect to a piece of confirmed information, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent a recurrence.
  - vi. The responsible unit of the Company shall submit to the Board a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

Article 22 Actions upon the event of unethical conduct by others towards the Company

If any personnel of the Company discovers that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall additionally notify the governmental anti-corruption agency.

Article 23 Internal awareness sessions and establishment of a system for rewards, penalties, and complaints, and related disciplinary measures

The responsible unit of the Company shall organize one awareness session each year and arrange for the Chairman, President, or senior management to communicate the importance of ethics to its Directors, employees, and mandataries.

The Company shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.

The Company shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

Article 24 Enforcement

The Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the Board, and shall be delivered to the Audit Committee and reported to the shareholders meeting; the same shall apply upon any amendment.

When the Procedures and Guidelines are submitted to the Board for discussion, each Independent Director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An Independent Director that is unable to attend a Board meeting in person to express objection or reservation shall provide a written opinion before the Board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the Board meeting.

**Champion Building Materials Co., Ltd.**  
**Comparison Table for the Amendment to the Regulations of Board Meetings**

No.	After amendment	Before amendment	Description
Article 12	<p>When the time of a meeting has arrived and one-half all board directors are not present, the meeting chair may announce postponement of the meeting time <b>on the same day</b>, provided that only two postponements may be made. If the quorum is still not met after two such delays, the meeting chair shall re-call the meeting following the procedures provided in Article 3, paragraph 2. The term "all board directors " as used in the preceding paragraph and in Article 17, paragraph 2, subparagraph 2 shall be calculated as the number of directors then in office.</p>	<p>When the time of a meeting has arrived and one-half all board directors are not present, the meeting chair may announce postponement of the meeting time, provided that only two postponements may be made. If the quorum is still not met after two such delays, the chair shall re-call the meeting following the procedures provided in Article 3, paragraph 2. The term "all board directors " as used in the preceding paragraph and in Article 17, paragraph 2, subparagraph 2 shall be calculated as the number of directors then in office.</p>	<p>In order to avoid any dispute arising from the undetermined extension of a Board meeting, this provision stipulates that when the number of attendees is not met, the meeting chair may announce an extension of the time limit for the meeting to the same day.</p>
Article 13	<p>A board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting.</p> <p>The meeting chair may not declare the meeting closed without the approval of a majority of directors present at the meeting.</p> <p>If at any time during the proceeding of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by</p>	<p>A board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting.</p> <p>The meeting chair may not declare the meeting closed without the approval of a majority of directors present at the meeting.</p> <p>If at any time during the proceeding of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by</p>	<p>In the event that the meeting chair is unable to preside over the meeting for any reason or does not declare the meeting adjourned in accordance with regulations, in order to avoid affecting the</p>

	<p>the directors sitting at the meeting, the chair shall declare a suspension of meeting, in which case paragraph 1 of the preceding article shall apply mutatis mutandis.</p> <p><b><u>If, for some reason, the meeting chair is unable to preside over the meeting or fails to announce the adjournment of the meeting in accordance with the provisions of paragraph 2, the selection of his/her proxy shall be subject to the provisions of paragraph 3 of Article 10.</u></b></p>	<p>the directors sitting at the meeting, the chair shall declare a suspension of meeting, in which case paragraph 1 of the preceding article shall apply mutatis mutandis.</p>	<p>operation of the Board, specifies the method for the selection of the meeting chair's proxy shall be expressly stated.</p>
Article 21	<p>These Regulations are agreed to and signed on April 6, 2006 and effected on January 1, 2007.</p> <p>1st Amendment was made on April 3, 2008</p> <p>2nd Amendment was made on April 27, 2010</p> <p>3rd Amendment was made on March 15, 2012</p> <p>4th Amendment was made on February 7, 2013</p> <p>5th Amendment was made on June 26, 2018</p> <p>6th Amendment was made on August 13, 2019</p> <p>7th Amendment was made on March 27, 2020</p> <p>8th Amendment was made on March 30, 2021</p> <p>9th Amendment was made on November 10, 2022</p> <p><b><u>10th Amendment was made on January 29, 2024</u></b></p>	<p>These Regulations are agreed to and signed on April 6, 2006 and effected on January 1, 2007.</p> <p>1st Amendment was made on April 3, 2008</p> <p>2nd Amendment was made on April 27, 2010</p> <p>3rd Amendment was made on March 15, 2012</p> <p>4th Amendment was made on February 7, 2013</p> <p>5th Amendment was made on June 26, 2018</p> <p>6th Amendment was made on August 13, 2019</p> <p>7th Amendment was made on March 27, 2020</p> <p>8th Amendment was made on March 30, 2021</p> <p>9th Amendment was made on November 10, 2022</p>	

# **Champion Building Materials Co. Ltd.**

## **Rules of Procedure for Board of Directors Meetings**

- Article 1 To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 Concerning the Regulations, the main agenda items, operational procedures, required content of meeting minutes, public announcements, and other compliance requirements for board meetings shall be handled in accordance with these Regulations.
- Article 3 Board meetings shall be convened at least once a quarter, which shall be set out in the rules of procedure.
- The reasons for calling a Board meeting shall be notified to each Director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.
- The notice set forth in the preceding paragraph may be effected by means of electronic transmission, after obtaining prior consent from the recipients thereof.
- All matters set out in the subparagraphs of Article 7, paragraph 1, shall be specified in the notice of the reasons for calling a Board meeting; none of them may be raised by an extempore motion.
- Article 4 A Board of Directors meeting shall be held at the location and during the business hours of the Company, or at a place and time convenient to all directors and suitable for holding such a meeting.
- Article 5 The Board of Directors of the Company shall appoint Finance function as the agenda working group.
- The agenda working group shall prepare agenda items for Board of Directors meetings and provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting.
- A director of the opinion that the pre-meeting materials provided are insufficiently comprehensive may request the agenda working group to supplement the materials. If a director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the board of directors.
- Article 6 Agenda items for regular board of directors' meetings shall include at least the following:
1. Reports:
    - (1) Minutes of the last meeting and actions arising.
    - (2) Reporting on important financial and business matters.
    - (3) Reporting on internal audit activities.
    - (4) Other important matters to be reported.
  2. Discussion:
    - (1) Items discussed and continued from the last meeting.
    - (2) Items for discussion at this meeting.
  3. Extraordinary Motions.

Article 7 The Company shall submit the following items for discussion by the Board of Directors:

1. Corporate business plan.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA).
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and an assessment of the effectiveness of the internal control system.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of any equity-type securities.
6. If the Board does not have Managing Directors, the election or discharge of the Chairman of the Board.
7. The appointment or discharge of a financial, accounting, or internal audit officer.
8. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following Board meeting for retroactive recognition.
9. Any matter required by Article 14-3 of the Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or Board meeting, or any such significant matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 8 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a one-year period to a single recipient, at an amount of NT\$100 million or more, or at an amount equal to or greater than 1% of net operating income or 5% of paid-in capital as stated in the CPA-attested financial statements for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

For foreign companies whose stock has no par value or a par value other than NTD10, the "5 percent of paid-in capital" in paragraph 2 above shall be calculated instead as 2.5 percent of shareholder equity.

If the Company has an independent director or directors, at least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the Board of Directors under Article 14-3 of the Securities and Exchange Act, each independent director shall attend in person or shall appoint another independent director to attend as his or her proxy. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

- Article 8 Apart from matters referred to in paragraph 1 of the preceding article, which are required to be submitted for discussion by the board of directors, when the board of directors delegates any exercise of its powers pursuant to laws or regulations or the Company's articles of incorporation, matters such as the level and substance of the delegation shall be items as follows:
1. Approval of various important agreements.
  2. Approval of borrowings via mortgage of properties and other borrowings.
  3. Approval of purchase and disposition of the Company's properties and real estate.
  4. Appointment of directors and supervisors of the re-invested companies.
  5. Approval of Record dates for capital increase or decrease, distribution of cash dividend, shares distribution or subscription, changes to ratio of dividend distribution, etc.
- Article 9 When a meeting of the board of directors is held, an attendance book shall be made ready for signature by directors attending the meeting and thereafter made available for future reference.
- All board directors shall attend board meetings in person; if attendance in person is not possible, they may, pursuant to the company's articles of incorporation, appoint another director to attend as their proxy. Attendance via tele- or video-conference is deemed as attendance in person.
- A director appointing another director to attend a board meeting in his or her place shall in each case give to that director a written proxy stating the scope of authorization with respect to the reasons for meeting.
- A proxy under paragraph 2 may accept a proxy from one person only.
- Article 10 Where a meeting of the board of directors is called by the chairperson of the board, the meeting shall be chaired by the chairperson. However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.
- Where a meeting of the board of directors is called by a majority of directors on their own initiative in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.
- When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the vice chairperson shall do so in place of the chairperson, or, if there is no vice chairperson or the vice chairperson also is on leave or for any reason is unable to act, by a managing director designated by the chairperson, or, if there is no managing director, by a director designated thereby, or, if the chairperson does not make such a designation, by a managing director or director elected by and from among themselves.
- Article 11 When holding a meeting of the board of directors, the Company may, as necessary for the agenda items of the meeting, notify personnel of relevant departments or subsidiaries to attend the meeting as nonvoting participants.
- When necessary, the company may also invite certificated public accounts, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes

place.

Article 12 When the time of a meeting has arrived and one-half all board directors are not present, the meeting chair may announce postponement of the meeting time on the same day, provided that only two postponements may be made. If the quorum is still not met after two such delays, the meeting chair shall re-call the meeting following the procedures provided in Article 3, paragraph 2. The term "all board directors " as used in the preceding paragraph and in Article 17, paragraph 2, subparagraph 2 shall be calculated as the number of directors then in office.

Article 13 A board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting.

The meeting chair may not declare the meeting closed without the approval of a majority of directors present at the meeting.

If at any time during the proceeding of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of meeting, in which case paragraph 1 of the preceding article shall apply mutatis mutandis.

If, for some reason, the meeting chair is unable to preside over the meeting or fails to announce the adjournment of the meeting in accordance with the provisions of paragraph 2, the selection of his/her proxy shall be subject to the provisions of paragraph 3 of Article 10.

Article 14 When the chair at a board of directors meeting is of the opinion that a matter has been sufficiently discussed to a degree of putting to a vote, the chair may announce the discussion closed and bring the matter to vote.

When a proposal comes to a vote at a board of directors meeting, if the chair puts the matter before all directors present at the meeting and none voices an objection, the matter is deemed approved.

The method of voting on matters at board of directors' meetings shall be, except for the case of unanimous consent of all directors present at the meeting upon inquiry [by the chair], conducted following any of the subparagraphs below by the chair. However, in case there is objection by the attendees, an adoption through opinions by a majority of attendees shall be obtained:

1. Voting by show of hands or voting machine.
2. Recorded Vote.
3. Voting through ballots.
4. Voting method as selected by the Company.

"All directors present at the meeting" in the preceding two paragraphs does not include directors prohibited from exercising voting rights pursuant to Article 16, paragraph 1.

Article 15 Except as otherwise stated in the Act or in the Company Act, a resolution on a matter at a board of directors meeting requires the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors.

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

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by

the chair, provided that all monitoring personnel shall be directors of the Company.

Vote counting for shall be reported in public at the place of the directors' meeting and made into records.

Article 16 If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director, is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.

The provisions of Article 180, paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206, paragraph 3 of that Act, apply to resolutions of board of directors' meetings when a director is prohibited by the preceding two paragraphs from exercising voting rights.

Article 17 Minutes shall be prepared of the discussions at board of directors' meetings. The meeting minutes shall record the following:

1. Session (or year), time, and place of meeting.
2. Name of the meeting chair.
3. Attendance of directors at the meeting, specifying the names and number of members present, excused, and absent.
4. Names and titles of those attending the meeting as nonvoting participants.
5. Name of minutes taker.
6. Matters reported on.
7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Article 7, paragraph 5.
8. Extraordinary motions: the name of the mover; the method of resolution and the result for each motion; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.
9. Other matters required to be recorded.

Any of the following matters in relation to a resolution passed at a meeting of the board of directors shall be stated in the meeting minutes and within two days of the meeting be published on an information reporting website designated by the competent authority:

1. Any matter about which an independent director expresses an objection or reservation

that has been included in records or stated in writing.

2. If the Company has an audit committee, any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee.

The attendance book forms a part of the minutes for each board of directors meeting and shall be well preserved during the existence of the Company.

The minutes of a board of directors meeting shall bear the signature or seal of both the meeting chair and the minutes taker; a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting and well preserved as important company records during the existence of the Company.

The production and distribution of the meeting minutes referred to in paragraph 1 may be done in electronic form.

Article 18 The Company shall record on audio or video tape the entire proceedings of a board of directors meeting, and preserve the recordings for at least five years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of a board of directors meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.

Where a board of directors meeting is held via tele- or video conferencing, the audio and visual documentation of the meeting form a part of the meeting minutes and shall be well preserved during the existence of the Company.

Concerning keeping of meeting procedure as provided in this Article, where the regulation has provided more rigid rules shall prevail.

Article 19 If the Board has Managing Directors, the provisions of Article 2, paragraph 2 of Article 3, Articles 4 to 6, Article 9, and Articles 11 to the preceding article shall apply mutatis mutandis to the procedure for meetings of the Managing Directors and the provisions of paragraph 4 of Article 3 shall apply mutatis mutandis to the election or discharge of the Chairman of the Board. However, if a meeting of Managing Directors is scheduled to be convened within seven days, the notice to each Managing Director may be made two days in advance.

Article 20 Adoptions and any amendments hereto these Regulations shall be agreed by the Board of Directors of the Company and submitted to the shareholders' meeting.

Article 21 These Regulations are agreed to and signed on April 6, 2006 and effected on January 1, 2007.

1st Amendment was made on April 3, 2008

2nd Amendment was made on April 27, 2010

3rd Amendment was made on March 15, 2012

4th Amendment was made on February 7, 2013

5th Amendment was made on June 26, 2018

6th Amendment was made on August 13, 2019

7th Amendment was made on March 27, 2020

8th Amendment was made on March 30, 2021

9th Amendment was made on November 10, 2022

10th Amendment was made on January 29, 2024

## Independent Auditors' Report

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

### Opinion

We have audited the financial statement of Champion Building Materials Co., Ltd. (the "Company") as of December 31 2023(restated) and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying individual financial statements present fairly, in all material respects, the financial position of the Company as of December 31 2023(restated) and 2022, and its financial performance and its cash flows for the years ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual financial statements of the Company for the year ended 31 December 2023(restated). These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. According to our judgment, key audit matters to be communicated in the audit report are as follows:

#### I. Income Recognition

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

Description for the Key Audit Matter:

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

Corresponding audit procedures:

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

include:

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

## II. Inventory Valuation

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

Description for the Key Audit Matter:

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

Corresponding audit procedures:

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

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

### **Other Matters - Update of Opinion**

On March 28, 2024, this auditor issued a qualified opinion on the financial statements of Champion Building Materials Co., Ltd. for the fiscal year 2023, prior to their restatement. The qualification arose due to the inability to access financial information from Seagull Champion Limited, an equity method investee, which prevented the auditor from obtaining sufficient and appropriate audit evidence related to the equity method investments. This limitation hindered the auditor's ability to determine whether adjustments to these investments were necessary. As described in Note 4(20) of the financial statements, on April 24, 2024, Seagull Champion Limited provided its financial information for 2023. Following this, the auditor performed analytical review procedures and conducted interviews with the management of Seagull Champion Limited, thereby obtaining sufficient and appropriate audit evidence. Consequently, the auditor has updated the opinion expressed in this report on the restated financial statements of Champion Building Materials Co., Ltd. for the fiscal year

2023, which now differs from the prior expressed opinion.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the individual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Champion Building Materials Co., Ltd.'s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Champion Building Materials Co., Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the individual financial statements, including relevant notes, and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of investee companies accounted for using the equity method to express an opinion on the individual financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for forming the audit opinion for the Champion Building Materials Co., Ltd..

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

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

From the matters communicated with those charged with governance, we determined key audit matters of the financial statements of the Champion Building Materials Co., Ltd. for the year ended 31 December 2023(restated). We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

The engagement partners on the audits resulting in this independent auditors' report are Chung-Che Chen and Shin-Chin Chih.

KPMG  
Taipei, Taiwan (Republic of China)  
April 26, 2024

**Champion Building Materials Co., Ltd.**

**Balance Sheet**

**31 December 2023 and 2022**

**Unit: NT\$000'**

Asset	2023.12.31 (restated)		2022.12.31			Liabilities and Equity	2023.12.31 (restated)		2022.12.31	
	Amount	%	Amount	%			Amount	%	Amount	%
<b>Current asset</b>						<b>Current liabilities:</b>				
1100 Cash and cash equivalents (Note 6(1))	\$ 1,282,607	17	\$ 1,554,258	20		2100 Short-term borrowings (Notes 6(10) and 8)	\$ 452,334	6	687,670	9
1120 Financial assets at fair value through other comprehensive income – Current (Note 6(2) and (19))	27,558	-	25,503	-		2130 Contract liabilities – Current (Note 6(16))	3,178	-	4,587	-
1150 Note receivables (Notes 6(4), (16), (19))	514,527	7	365,040	5		2150 Note payables	134,337	2	107,317	2
1170 Account receivables (Notes 6(4), (16), (19))	300,304	4	244,004	3		2170 Account payables	158,425	2	175,714	2
1210 Other receivables -Related parties (Notes 6(19) and 7)	410,871	5	365,284	5		2200 Other payables (Notes 6(19) and 7)	183,127	3	159,511	2
1310 Inventory – Manufacturing industry (Note 6(5))	913,158	12	888,188	12		2230 Current income tax liabilities (Note 6(13))	24,897	-	40,303	1
1320 Buildings and land held for sale (Notes 8 and 12)	59,339	1	59,339	1		2251 Allowances for employee benefit liabilities – Current (Notes 6(12))	17,798	-	16,749	-
1410 Prepayment	125,426	2	167,069	2		2280 Lease liabilities – Current (Note 6(19))	25,221	-	18,401	-
1476 Other financial assets – Current (Notes 6(19) and 8)	280,209	4	255,363	3		2320 Current portion of long-term borrowings (Notes 6(11) and 8)	899,766	12	-	-
1479 Other current assets - Others	1,871	-	1,858	-		2399 Other current liabilities - Others	9,874	-	10,782	-
	<u>3,915,870</u>	<u>52</u>	<u>3,925,906</u>	<u>51</u>			<u>1,908,957</u>	<u>25</u>	<u>1,221,034</u>	<u>16</u>
<b>Non-current asset:</b>						<b>Non-current liabilities:</b>				
1517 Financial assets at fair value through other comprehensive income – Non-current (Notes 6(2) and (19))	10,000	-	10,000	-		2540 Long-term borrowings (Notes 6(11) and 8)	-	-	899,231	12
1535 Financial assets measured at amortized cost– Non-current (Notes 6(3))	20,000	-	-	-		2570 Deferred income tax liabilities (Note 6(13))	90,883	1	94,671	1
1550 Investments accounted for using equity method (Note 6(6))	1,463,819	20	1,726,046	22		2580 Lease liabilities – Non-current (Note 6(19))	63,245	1	63,360	1
1600 Property, plant and equipment (Notes 6(7) and 8)	1,763,785	24	1,795,941	23		2640 Net defined benefit liabilities – Non-current (Note 6(12))	6,065	-	7,695	-
1755 Right-of-use assets (Note 6(8))	90,957	1	82,762	1		2645 Guarantee deposit received	290	-	290	-
1760 Net investment properties (Notes 6(9) and 8)	81,463	1	81,463	1			<u>160,433</u>	<u>2</u>	<u>1,065,247</u>	<u>14</u>
1780 Intangible assets	11,517	-	2,502	-		<b>Total liabilities</b>	<u>2,069,390</u>	<u>27</u>	<u>2,286,281</u>	<u>30</u>
1840 Deferred income tax assets (Note 6(13))	36,283	1	38,125	1		<b>Equity (Note 6(14)):</b>				
1915 Prepayment for equipment (Note 9)	94,589	1	40,554	1	3100	Share capital	3,904,039	52	3,904,039	50
1920 Refundable deposits	5,967	-	4,189	-	3200	Capital reserve	157,999	2	157,999	2
1990 Other non-current assets - Others	22,468	-	25,807	-	3300	Retained earnings	1,015,540	14	1,019,099	13
	<u>3,600,848</u>	<u>48</u>	<u>3,807,389</u>	<u>49</u>	3400	Other equity	369,750	5	365,877	5
<b>Total asset</b>	<u>\$ 7,516,718</u>	<u>100</u>	<u>7,733,295</u>	<u>100</u>		<b>Total equity</b>	<u>5,447,328</u>	<u>73</u>	<u>5,447,014</u>	<u>70</u>
						<b>Total liabilities and equity</b>	<u>\$ 7,516,718</u>	<u>100</u>	<u>7,733,295</u>	<u>100</u>

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

**Champion Building Materials Co., Ltd.**  
**Statements of Comprehensive Income**  
**For the Year Ended December 31 2023 and 2022**

Unit: NT\$000'

		<b>2023</b>		<b>2022</b>	
		<b>(restated)</b>			
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
	<b>Operating revenues (Notes 6(16) and 7):</b>				
4110	Revenue	\$ 3,101,596	104	2,932,977	103
4170	Less: Sales return	39,358	1	36,679	1
4190	Sales discounts	69,680	3	51,356	2
	<b>Net revenues</b>	<u>2,992,558</u>	<u>100</u>	<u>2,844,942</u>	<u>100</u>
5110	<b>Operating cost (Notes 6(5), (12), 7, and 12)</b>	<u>2,102,433</u>	<u>70</u>	<u>1,980,150</u>	<u>70</u>
5900	<b>Gross profit</b>	<u>890,125</u>	<u>30</u>	<u>864,792</u>	<u>30</u>
6000	<b>Operating expenses (Notes 6(4), (12), (17), and 12):</b>				
6100	Selling	344,324	12	280,927	10
6200	Administrative	173,554	6	177,918	6
6300	Research and development	40,301	1	25,700	1
6450	Expected credit impairment gains	(481)	-	(74)	-
	<b>Total operating expenses</b>	<u>557,698</u>	<u>19</u>	<u>484,471</u>	<u>17</u>
6900	<b>Operating income</b>	<u>332,427</u>	<u>11</u>	<u>380,321</u>	<u>13</u>
	<b>Non-operating income and expenses:</b>				
7010	Other income (Notes 6(18))	36,266	1	29,890	1
7020	Other gains and losses (Note 6(18))	(5,654)	-	22,736	1
7050	Financial costs (Note 6(18))	(40,678)	(1)	(30,942)	(1)
7070	Share of profit or loss from subsidiaries, associates, and joint ventures accounted for using the equity method	(260,175)	(9)	(491,572)	(17)
	<b>Total non-operating income and expenses</b>	<u>(270,241)</u>	<u>(9)</u>	<u>(469,888)</u>	<u>(16)</u>
	<b>Profit (Losses) before income tax</b>	62,186	2	(89,567)	(3)
7950	<b>Less: Income tax expenses (Note 6(13))</b>	<u>61,777</u>	<u>2</u>	<u>98,676</u>	<u>3</u>
	<b>Net profit (losses)</b>	<u>409</u>	<u>-</u>	<u>(188,243)</u>	<u>(6)</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	(3,968)	-	15,063	1
8316	Unrealized gains (losses) from investment in debt instrument measured at fair value through other comprehensive income	1,699	-	(1,327)	-
8330	Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using equity method - Items that will not be reclassified to profit or loss	17,136	1	(26,999)	(1)
8349	Less: Income tax related to items that will not be reclassified to profit or loss	-	-	-	-
	<b>Total items that will not be reclassified to profit or loss</b>	<u>14,867</u>	<u>1</u>	<u>(13,263)</u>	<u>-</u>
8360	<b>Items that will be reclassified to profit or loss</b>				
8361	Exchange differences arising from the translation of financial statements of institutions operating overseas	(19,188)	(1)	23,221	1

(Continued)

**Champion Building Materials Co., Ltd.**  
**Statements of Comprehensive Income**  
**For the Year Ended December 31 2023 and 2022**

Unit: NT\$000'

		<b>2023</b>		<b>2022</b>	
		<b>(restated)</b>			
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
8367	Unrealized gains (losses) from investment in debt instrument measured at fair value through other comprehensive income	388	-	(709)	-
8399	Less: Income tax related to items that may subsequently be reclassified into profit or loss	(3,838)	-	4,644	-
	<b>Total items that will be reclassified to profit or loss</b>	<b>(14,962)</b>	<b>(1)</b>	<b>17,868</b>	<b>1</b>
8300	<b>Other comprehensive income</b>	<b>(95)</b>	<b>-</b>	<b>4,605</b>	<b>1</b>
	<b>Total comprehensive income</b>	<b>\$ 314</b>	<b>-</b>	<b>(183,638)</b>	<b>(5)</b>
9750	<b>Basic Earnings (loss) per share (NT\$) (Note 6(15))</b>	<b>\$ 0.001</b>		<b>(0.45)</b>	
9801	<b>Diluted Earnings Per Share</b>	<b>\$ 0.001</b>			

(Concluded)

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

**Champion Building Materials Co., Ltd.**  
**Statements of Changes in Equity**  
**For the Year Ended December 31, 2023 and 2022**

Unit: NT\$000'

	Retained earnings					Other equity				Total equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange differences on translating	Unrealized gains or Loss on instruments at fair value through other comprehensive income	Total	
<b>Balance at January 1, 2022</b>	\$ 4,337,821	157,999	501,090	121,349	1,003,622	1,626,061	333,336	42,999	376,335	6,498,216
Net loss	-	-	-	-	(188,243)	(188,243)	-	-	-	(188,243)
Other comprehensive income	-	-	-	-	15,063	15,063	18,577	(29,035)	(10,458)	4,605
Total comprehensive income	-	-	-	-	(173,180)	(173,180)	18,577	(29,035)	(10,458)	(183,638)
Appropriation and distribution of retained earnings										
Legal reserve	-	-	98,948	-	(98,948)	-	-	-	-	-
Cash dividends	-	-	-	-	(433,782)	(433,782)	-	-	-	(433,782)
	(433,782)	-	-	-	-	-	-	-	-	(433,782)
Capital reduction										
<b>Balance at December 31, 2022</b>	3,904,039	157,999	600,038	121,349	297,712	1,019,099	351,913	13,964	365,877	5,447,014
Net loss(restated)	-	-	-	-	409	409	-	-	-	409
Other comprehensive income(restated)	-	-	-	-	(3,968)	(3,968)	(15,350)	19,223	3,873	(95)
Total comprehensive income(restated)	-	-	-	-	(3,559)	(3,559)	(15,350)	19,223	3,873	314
<b>Balance at December 31, 2023</b>	<b>\$ 3,904,039</b>	<b>157,999</b>	<b>600,038</b>	<b>121,349</b>	<b>294,153</b>	<b>1,015,540</b>	<b>336,563</b>	<b>33,187</b>	<b>369,750</b>	<b>5,447,328</b>

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

**Champion Building Materials Co., Ltd.**  
**Statements of Cash Flows**  
**For the Year Ended December 31 2023 and 2022**

**Unit: NT\$000'**

	<b>2023</b>	<b>2022</b>
	<b>(restated)</b>	
<b>Cash flows from operating activities:</b>		
<b>Profit (Loss) before income tax</b>	\$ 62,186	(89,567)
<b>Adjustments for:</b>		
Depreciation expenses	179,652	177,435
Amortization expenses	19,175	18,489
Expected credit reversal of impairment losses	(481)	(74)
Interest expenses	40,678	30,942
Interest income	(30,542)	(24,225)
Dividend income	(931)	(931)
Share of losses from subsidiaries, associates, and joint ventures accounted for using the equity method	260,175	491,572
Losses on disposals and scrapping of property, plant and equipment	2,353	2,854
Lease modification gains	257	-
Total items of profit or loss	470,336	696,062
<b>Changes in asset/liabilities related to operating activities:</b>		
<b>Net changes of asset related to operating activities:</b>		
(Increase) decrease in note receivables	(149,487)	86,251
(Increase) decrease in account receivables	(55,819)	87,500
Increase in inventory	(24,970)	(64,380)
Decrease (increase) in prepayments	41,643	(60,364)
Increase in other current assets	(13)	-
Decrease (increase) in other financial assets - Current	882	(1,131)
Total net changes of asset related to operating activities	(187,764)	47,876
<b>Net changes of liabilities related to operating activities:</b>		
Decrease in contract liabilities	(1,409)	(3,967)
Increase (decrease) increase in note payables	27,020	(11,272)
(Decrease) increase in account payables	(17,289)	24,379
Increase (decrease) in other payables	23,616	(41,877)
Increase in allowance for liabilities	1,049	360
Decrease in other current liabilities	(908)	(5,241)
Decrease in net defined benefit liabilities	(5,598)	(9,049)
Total net changes in liabilities related to operating activities	26,481	(46,667)
Total net changes in assets and liabilities related to operating activities	(161,283)	1,209
Total adjustments	309,053	697,271
Cash inflow generated from operations	371,239	607,704
Interests paid	(40,895)	(30,086)
Income tax paid	(75,341)	(110,422)
<b>Net cash inflow from operating activities</b>	255,003	467,196

(Continued)

**Champion Building Materials Co., Ltd.**  
**Statements of Cash Flows**  
**For the Year Ended December 31 2023 and 2022**

Unit: NT\$000'

	<b>2023</b> <b>(restated)</b>	<b>2022</b>
<b>Cash flows from investment activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income Reversal of impairment loss	-	(15,439)
Acquisition of financial assets at amortized cost	(20,000)	-
Acquisition of investments accounted for using equity method	-	(30,000)
Acquisition of property, plant and equipment	(99,756)	(311,811)
Disposal of property, plant and equipment	2,459	-
Acquisition of intangible assets	(12,144)	(2,750)
(Increase) decrease in refundable deposits	(1,778)	331
(Increase) decrease in other receivables – Related parties	(45,587)	86,458
Increase in other financial assets - Current	(26,131)	(132,379)
Increase in other non-current assets	(12,707)	(20,419)
Increase in prepayments for equipment	(83,768)	(29,293)
Interests received	30,801	24,485
Dividend received	931	931
<b>Net cash outflow from investment activities</b>	<b>(267,680)</b>	<b>(429,886)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	2,027,731	1,798,963
Decrease in short-term borrowings	(2,263,067)	(1,527,105)
Repayment for long-term borrowings	-	(120,000)
Repayment of the principal portion of lease liabilities	(23,638)	(19,466)
Dividends paid to owners of the Company	-	(433,782)
Capital reduction	-	(433,782)
<b>Net cash outflows from financing activities</b>	<b>(258,974)</b>	<b>(735,172)</b>
Decrease in cash and cash equivalents for the period	(271,651)	(697,862)
Opening balance for cash and cash equivalents	1,554,258	2,252,120
Closing balance for cash and cash equivalents	<b>\$ 1,282,607</b>	<b>1,554,258</b>

(Concluded)

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

# Independent Auditors' Report

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

## Opinion

We have audited the consolidated financial statement of Champion Building Materials Co., Ltd. and its subsidiaries (the “Campion Group”) as of December 31 2023(restated) and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Champion Group as of December 31 2023(restated) and 2022, and its consolidated financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRICs”), or the former Standing Interpretations Committee (“SICs”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

## Basis for Opinion

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Champion Group for the year ended 31 December 2023(restated). These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. According to our judgment, key audit matters to be communicated in the audit report are as follows:

### I. Income Recognition

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

Description for the Key Audit Matter:

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

Corresponding audit procedures:

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

## II. Inventory Valuation

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

Description for the Key Audit Matter:

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

Corresponding audit procedures:

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

## III. Impairment of Property, Plant and Equipment

For accounting policies for the impairment of non-financial assets, please refer to Note 4(14) Inventory in the notes to consolidated financial statements. For details of uncertainties in accounting estimates and assumptions related to property, plant and equipment, please refer to Note 5(3) in the notes to consolidated financial statements. For descriptions on the impairment of property, plant and equipment, please refer to Note 6(8) in the notes to consolidated financial statements:

Description for the Key Audit Matter:

The primary scope of business of the Champion Group is manufacturing and sales of ceramic products. Its operating segments are comprised of the tile business segment and Chinese business segment; its property, plant and equipment accounted for 33% of the consolidated total assets. There is indication of impairment regarding property, plant and equipment as the Chinese business segment recorded continual operating losses. Therefore, the impairment of property, plant and equipment is a matter that requires great attention for our

audits on the financial statements.

Corresponding audit procedures:

- We examined whether there is any significant anomaly exists in calculating the carrying amount of the Chinese business segment's property, plant and equipment;
- We evaluated the reasonableness of assumptions and parameters adopted for the recoverable amount of property, plant and equipment;
- We reviewed whether the recoverable amount was determined at the higher of the net fair value and value in use;
- We compared the recoverable and carrying amount of property, plant and equipment to confirm whether property, plant and equipment is impaired.

#### **Other Matters- Update of Opinion**

On March 28, 2024, this auditor issued a qualified opinion on the consolidated financial statements of Champion Building Materials Co., Ltd. and its subsidiaries for the fiscal year 2023, prior to their restatement. The qualification arose due to the inability to access financial information from Seagull Champion Limited, an equity method investee, which prevented the auditor from obtaining sufficient and appropriate audit evidence related to the equity method investments. This limitation hindered the auditor's ability to determine whether adjustments to these investments were necessary. As described in Note 4(20) of the consolidated financial statements, on April 24, 2024, Seagull Champion Limited provided its consolidated financial statements for 2023. Following this, the auditor performed analytical review procedures and conducted interviews with the management of Seagull Champion Limited, thereby obtaining sufficient and appropriate audit evidence. Consequently, the auditor has updated the opinion expressed in this report on the restated consolidated financial statements of Champion Building Materials Co., Ltd. and its subsidiaries for the fiscal year 2023, which now differs from the prior expressed opinion.

#### **Other Matters -Issue an audit report for individual financial statements.**

Champion Building Materials Co., Ltd. had prepared its individual financial statements for the years ended December 31, 2023(restated) and 2022, on which we have issued separate an unqualified opinion , with other matters paragraph, and an unqualified opinion.

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

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

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

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

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance,

but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the ROC will always detect a material misstatement in the consolidated financial statements when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determined key audit matters of the consolidated financial statements of the Champion Group for the year ended 31

December 2023(restated). We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

The engagement partners on the audits resulting in this independent auditors' report are Chung-Che Chen and Shin-Chin Chih.

KPMG

Taipei, Taiwan (Republic of China)

April 26, 2024

**Champion Building Materials Co., Ltd. and Its Subsidiaries**  
**Consolidated Balance Sheet**  
**December 31, 2023 and 2022**

Unit: NT\$000'

	2023.12.31 (restated)				2022.12.31			
	Amount		%		Amount		%	
<b>Assets</b>								
<b>Current assets</b>								
1100	Cash and cash equivalents (Note 6(1) and (22))	\$ 1,705,602	21	1,785,126	21			
1110	Financial at fair value through profit or loss – Current (Notes 6(2) and (22))	62,167	1	67,746	1			
1120	Financial at fair value through other comprehensive income – Current (Notes 6(3) and (22))	27,558	-	25,503	-			
1141	Contract assets – Current (Notes 6(19) and (22))	2,443	-	602	-			
1150	Note receivables (Notes 6(5,19) and (22))	525,529	7	376,933	5			
1170	Account receivables (Notes 6(5,19) and (22))	327,167	4	269,505	3			
1180	Account receivables – Related parties (Notes 6(5,19,22) and 7)	11,578	-	30,139	-			
1220	Current income tax assets	10	-	-	-			
1310	Inventories – Manufacturing industry (Notes 6(6))	1,017,066	13	980,576	12			
1321	Buildings and land held for sale (Note 8)	59,339	1	59,339	1			
1410	Prepayments	144,436	2	177,416	2			
1476	Other financial assets – Current (Notes 6(22), 7, and 8)	330,140	4	339,426	4			
1479	Other current assets – Others (Notes 6(22))	46,946	-	49,403	1			
		<u>4,259,981</u>	<u>53</u>	<u>4,161,714</u>	<u>50</u>			
<b>Non-current assets</b>								
1517	Financial at fair value through other comprehensive – Non-current (Notes 6(3) and (22))	10,000	-	10,000	-			
1535	Financial assets measured at amortized cost – Non-current (Notes 6(4) and (22))	20,000	-	-	-			
1550	Investments accounted for using the equity method (Note 6(7))	375,951	5	465,321	6			
1600	Property, plant and equipment (Notes 6(8) and 8)	2,621,144	33	3,006,680	36			
1755	Right-of-use assets (Notes 6(9) and 8)	260,338	4	250,293	3			
1760	Net investment properties (Notes 6(10) and 8)	81,463	1	81,463	1			
1780	Intangible assets (Note 6(11))	135,378	2	138,388	2			
1840	Deferred income tax assets (Note 6(16))	39,518	-	41,169	1			
1915	Prepayment for equipment (Note 9)	104,622	1	40,555	-			
1980	Other financial assets – Non-current (Notes 6(22))	38,429	-	34,722	-			
1990	Other non-current assets – Others	96,921	1	102,915	1			
		<u>3,783,764</u>	<u>47</u>	<u>4,171,506</u>	<u>50</u>			
	<b>Total assets</b>	<b>\$ 8,043,745</b>	<b>100</b>	<b>8,333,220</b>	<b>100</b>			
<b>Liabilities and equity</b>								
<b>Current liabilities:</b>								
2100	Short-term borrowings (Note 6(12) and (22))	\$ 465,725	6	725,183	9			
2130	Contract liabilities – Current (Note 6(19) and (22))	8,511	-	46,114	1			
2150	Note payables (Note 6(22))	134,700	2	108,033	1			
2170	Account payables (Note 6(22))	173,557	3	194,461	2			
2181	Account payables – Related parties (Note 6(22) and 7)	18,678	-	44,643	1			
2200	Other payables (Note 6(17) and (22))	312,786	4	274,055	3			
2220	Other payables – Related parties (Note 6(22) and 7)	17,193	-	13,779	-			
2230	Current income tax liabilities	24,897	-	40,303	1			
2251	Allowances for employee benefit liabilities – Current (Note 6(14))	17,798	-	16,749	-			
2280	Lease liabilities - Current (Note 6(22))	31,148	-	22,045	-			
2320	Current portion of long-term borrowings (Note 6(13) and (22))	899,766	11	-	-			
2399	Other current liabilities - Others	162,477	2	164,018	2			
		<u>2,267,236</u>	<u>28</u>	<u>1,649,383</u>	<u>20</u>			
<b>Non-current liabilities:</b>								
2540	Long-term borrowings (Note 6(13) and (22))	-	-	899,231	11			
2556	Long-term provision for decommissioning, restoration and rehabilitation	59,068	1	57,577	1			
2570	Deferred income tax liabilities (Note 6(16))	96,330	1	100,665	1			
2580	Lease liabilities – Non-current (Note 6(22))	72,667	1	66,167	1			
2630	Long-term deferred income (Note 6(15))	73,458	1	81,489	1			
2640	Net defined benefit liabilities – Non-current (Note 6(14))	6,065	-	7,695	-			
2645	Guarantee deposit received (Note 6(22))	21,593	-	23,999	-			
		<u>329,181</u>	<u>4</u>	<u>1,236,823</u>	<u>15</u>			
	<b>Total liabilities</b>	<u>2,596,417</u>	<u>32</u>	<u>2,886,206</u>	<u>35</u>			
<b>Interests attributable to the owner off the parent company (Note 6(17)):</b>								
3100	Share capital	3,904,039	49	3,904,039	47			
3200	Capital reserve	157,999	2	157,999	2			
3300	Retained earnings	1,015,540	13	1,019,099	12			
3400	Other equity	369,750	4	365,877	4			
31XX	Total equity attributable to owners of the Company	<u>5,447,328</u>	<u>68</u>	<u>5,447,014</u>	<u>65</u>			
36XX	Non-controlling interests	-	-	-	-			
	<b>Total equity</b>	<u>5,447,328</u>	<u>68</u>	<u>5,447,014</u>	<u>65</u>			
	<b>Total liabilities and equity</b>	<b>\$ 8,043,745</b>	<b>100</b>	<b>8,333,220</b>	<b>100</b>			

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

**Champion Building Materials Co., Ltd. and Its Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the Year Ended December 31 2023 and 2022**

Unit: NT\$000'

		2023 (restated)		2022	
		Amount	%	Amount	%
<b>Operating revenue (Note 6(19) and 7):</b>					
4110	Sales revenue	\$ 3,195,032	101	3,074,520	102
4511	Construction revenue	54,903	2	22,584	1
4170	Less: Sales return	42,528	1	38,799	1
4190	Sales discount	69,750	2	51,897	2
<b>Net revenue</b>		<u>3,137,657</u>	<u>100</u>	<u>3,006,408</u>	<u>100</u>
<b>Operating costs (Notes 6(4), (14), and 12)</b>					
5110	Cost of sales	2,197,263	70	2,129,001	71
5510	Cost of construction sales	35,085	1	14,290	-
<b>Operating costs</b>		<u>2,232,348</u>	<u>71</u>	<u>2,143,291</u>	<u>71</u>
5900	<b>Gross profit</b>	<u>905,309</u>	<u>29</u>	<u>863,117</u>	<u>29</u>
6000	<b>Operating expenses (Notes 6(5), (14),(20), and 12):</b>				
6100	Selling	399,581	13	330,267	11
6200	Administrative	251,134	8	236,649	8
6300	Research and development	40,300	1	25,700	1
6450	Expected credit impairment losses (Notes 6(5) and (22))	(32,192)	(1)	23,630	1
6300	<b>Total operating expenses</b>	<u>658,823</u>	<u>21</u>	<u>616,246</u>	<u>21</u>
6900	<b>Operating income (loss)</b>	<u>246,486</u>	<u>8</u>	<u>246,871</u>	<u>8</u>
<b>Non-operating income and expenses:</b>					
7010	Other income (Notes 6(21))	22,785	1	12,620	-
7020	Other gains and losses (Notes 6(7),(15),(21)and 7)	(64,689)	(2)	(217,816)	(7)
7050	Financial costs (Note 6(21))	(42,155)	(1)	(34,564)	(1)
7060	Share of profit or loss from associates and joint ventures accounted for using the equity method (Note 6(7))	(100,813)	(2)	(62,065)	(2)
<b>Total non-operating income and expenses</b>		<u>(184,872)</u>	<u>(4)</u>	<u>(301,825)</u>	<u>(10)</u>
<b>Profit (Loss) before income tax</b>		<u>61,614</u>	<u>4</u>	<u>(54,954)</u>	<u>(2)</u>
7950	<b>Less: Income tax expenses (Note 6(16))</b>	<u>61,205</u>	<u>2</u>	<u>133,289</u>	<u>4</u>
<b>Net profit (loss)</b>		<u>409</u>	<u>2</u>	<u>(188,243)</u>	<u>(6)</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	(3,968)	-	15,063	1
8316	Unrealized profit or loss of investments in equity instruments at fair value through other comprehensive income	1,699	-	(1,327)	-
8320	Share of comprehensive income from associates and joint ventures accounted for using the equity method – Items that will not be reclassified into profit or loss	17,136	1	(26,999)	(1)
8349	Less: Income tax related to items that will not be reclassified into profit or loss	-	-	-	-
<b>Total items that will not be reclassified to profit or loss</b>		<u>14,867</u>	<u>1</u>	<u>(13,263)</u>	<u>-</u>

(Continued)

**Champion Building Materials Co., Ltd. and Its Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the Year Ended December 31 2023 and 2022**

Unit: NT\$000'

	2023				2022			
	(restated)							
	Amount	%	Amount	%	Amount	%	Amount	%
8360	<b>Items that will be reclassified to profit or loss</b>							
8361	Exchange differences arising from the translation of financial statements of institutions operating overseas							
	(19,188)	(1)	23,221		1			
8367	Unrealized gains (losses) from investment in debt instrument measured at fair value through other comprehensive income							
	388	-	(709)		-			
8399	Less: Income tax related to items that may be reclassified into profit or loss							
	(3,838)	-	4,644		-			
	<b>Total items that will be reclassified to profit or loss</b>							
	(14,962)	(1)	17,868		1			
8300	<b>Other comprehensive income</b>							
	(95)	-	4,605		1			
	<b>Total comprehensive income</b>							
	<u>\$ 314</u>	<u>2</u>	<u>(183,628)</u>		<u>(5)</u>			
	<b>Net profit (loss) attributable to:</b>							
8610	Owner of the parent							
	\$ 409	2	(183,243)		(6)			
8620	Non-controlling interests							
	-	-	-		-			
	<u>\$ 409</u>	<u>2</u>	<u>(183,243)</u>		<u>(6)</u>			
	<b>Total comprehensive income attributable to:</b>							
8710	Owner of the parent							
	\$ 314	2	(183,638)		(5)			
8720	Non-controlling interests							
	-	-	-		-			
	<u>\$ 314</u>	<u>2</u>	<u>(183,638)</u>		<u>(5)</u>			
9750	<b>Basic earnings (losses) per share(NT\$) (Note 6(18))</b>							
	<u>\$ 0.001</u>		<u>(0.45)</u>					
9801	<b>Diluted earnings per share(NT\$) (Note 6(18))</b>							
	<u>\$ 0.001</u>							

(Concluded)

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

**Champion Building Materials Co., Ltd. and Its Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the Year Ended December 31 2023 and 2022**

**Unit: NT\$000'**

	Interests attributable to the owner of the parent company							Total	Total equity	
	Retained earnings					Other equity				
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange differences on translating			Unrealized gains or Loss on instruments at fair value through other comprehensive income
<b>Balance at January 1, 2022</b>	<u>\$ 4,337,821</u>	<u>157,999</u>	<u>501,090</u>	<u>121,349</u>	<u>1,003,622</u>	<u>1,626,061</u>	<u>333,336</u>	<u>42,999</u>	<u>376,335</u>	<u>6,498,216</u>
Net loss	-	-	-	-	(188,243)	(188,243)	-	-	-	(188,243)
Other comprehensive income	-	-	-	-	15,063	15,063	18,577	(29,035)	(10,458)	4,605
Total comprehensive income	-	-	-	-	(173,180)	(173,180)	18,577	(29,035)	(10,458)	(183,638)
Appropriation and distribution of retained earnings										
Legal reserve	-	-	98,948	-	(98,948)	-	-	-	-	-
Cash dividends	-	-	-	-	(433,782)	(433,782)	-	-	-	(433,782)
Capital reduction	(433,782)	-	-	-	-	-	-	-	-	(433,782)
<b>Balance at December 31, 2022</b>	<u>3,904,039</u>	<u>157,999</u>	<u>600,038</u>	<u>121,349</u>	<u>297,712</u>	<u>1,019,099</u>	<u>351,913</u>	<u>13,964</u>	<u>365,877</u>	<u>5,447,014</u>
Net profit(restated)	-	-	-	-	409	409	-	-	-	409
Other comprehensive income(restated)	-	-	-	-	(3,968)	(3,968)	(15,350)	19,223	3,873	(95)
Total comprehensive income(restated)	-	-	-	-	(3,559)	(3,559)	(15,350)	19,223	3,873	314
<b>Balance at December 31, 2023</b>	<u>\$ 3,904,039</u>	<u>157,999</u>	<u>600,038</u>	<u>121,349</u>	<u>294,153</u>	<u>1,015,540</u>	<u>336,563</u>	<u>33,187</u>	<u>369,750</u>	<u>5,447,328</u>

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

**Champion Building Materials Co., Ltd. and Its Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the Year Ended December 31 2023 and 2022**

	Unit: NT\$000'	
	2023 (restated)	2022
<b>Cash flows from operating activities:</b>		
<b>Profit before income tax</b>	\$ 61,614	(54,954)
<b>Adjusted for:</b>		
Items of profit or loss		
Depreciation expenses	371,471	375,199
Amortization expenses	29,006	28,328
Change of lease benefits	265	-
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	4,400	(3,581)
Interest expenses	42,155	34,564
Interest income	(18,778)	(8,669)
Dividend income	(931)	(931)
Share of losses from subsidiaries, associates, and joint ventures accounted for using the equity method	100,813	62,065
Losses on disposals and scrapping of property, plant and equipment	23,838	2,949
Impairment losses on property, plant and equipment	-	65,163
Impairment losses on other assets	-	32,993
Amortization of Deferred Revenue	(6,632)	(6,676)
Expected credit losses (gains)	(32,192)	23,630
Total adjustments to reconcile profit	513,415	605,034
Changes in asset/liabilities related to operating activities:		
Increase in contract assets	(1,841)	(596)
(Increase) decrease in notes receivable	(148,613)	76,798
(Increase) decrease in accounts receivable	(5,790)	305,766
Increase in inventory	(36,490)	(107,503)
Decrease (increase) in prepayments	32,917	(55,573)
Decrease in other current assets	1,699	13,011
Decrease in other financial assets	18,163	56,340
Total changes in operating assets	(139,955)	288,243
(Decrease) increase in contract liabilities	(37,632)	7,374
Increase (decrease) in notes payable	26,667	(12,208)
Decrease in accounts payable	(41,245)	(174,320)
Increase (decrease) in other payable	24,452	(57,671)
Increase (decrease) in other current liabilities	9,653	(12,816)
Decrease in net defined benefit liabilities	(5,598)	(9,049)
Total net changes in liabilities related to operating activities	(23,703)	(258,690)
Total net changes in assets and liabilities related to operating activities	(163,658)	29,553
Total adjustments	349,757	634,587

(Continued)

**Champion Building Materials Co., Ltd. and Its Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the Year Ended December 31 2023 and 2022**

Unit: NT\$000'

	2023 (restated)	2022
Cash inflow generated from operations	411,371	579,633
Interests paid	(43,238)	(33,707)
Income tax paid	(75,363)	(140,404)
<b>Net cash inflow from operating activities</b>	<u>292,770</u>	<u>405,522</u>
<b>Cash flows from investment activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(15,439)
Acquisition of financial assets at amortized cost	(20,000)	-
Disposal of financial assets at fair value through profit or loss	-	45,937
Acquisition of investments accounted for using equity method	-	(59,177)
Acquisition of property, plant and equipment	(103,965)	(312,260)
Disposal of property, plant and equipment	139,004	27
(Increase) decrease in refundable deposits	(3,610)	17,102
Acquisition of intangible assets	(12,297)	(3,000)
Increase in other financial assets	(12,680)	(126,378)
Decrease (increase) in other non-current assets	6,346	(27,514)
Increase in prepayments for equipment	(92,930)	(29,293)
Interests received	18,778	8,669
Dividend received	931	931
<b>Net cash outflow from investment activities</b>	<u>(80,423)</u>	<u>(500,395)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	2,067,061	1,876,723
Decrease in short-term borrowings	(2,325,354)	(1,567,351)
Repayment for long-term borrowings	-	(120,000)
Decrease in guarantee deposits received	(1,982)	(8,063)
Decrease in other payables – Related parties	-	(42,738)
Repayment for lease principals	(31,178)	(21,987)
Dividends paid to owners of the Company	-	(433,782)
Capital reduction	-	(433,782)
<b>Net cash outflows from financing activities</b>	<u>(291,453)</u>	<u>(750,980)</u>
Effects of changes in exchange rate on cash and cash equivalents	(418)	6,965
Decrease in cash and cash equivalents for the period	(79,524)	(838,888)
Opening balance for cash and cash equivalents	1,785,126	2,624,014
Closing balance for cash and cash equivalents	<u>\$ 1,705,602</u>	<u>1,785,126</u>

(Concluded)

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

## Appendices

### Champion Building Materials Co. Ltd.

#### Information of Directors

The statutory aggregate number of shares held by all directors is 19,520,194 shares, and the shareholding by directors as of June 19, 2024 is as follows:

Common Shares	Name	Date Elected	Term	Current Number of Shares Held	
				Number of Shares	Shareholding Ratio
Chairman	Tai Yu Investment Co., Ltd. Representative LIN, JUNG-TE	July 27, 2021	3 Year	17,142,759	4.39%
Director	Tai Yu Investment Co., Ltd. Representative LIN, YOU-YU	July 27, 2021	3 Year	17,142,759	4.39%
Director	Hua Yi Industrial Co., Ltd. Representative Lin, He-Cun	July 27, 2021	3 Year	9,931,500	2.54%
Director	Hua Yi Industrial Co., Ltd. Representative Chen, Jung-Yang	July 27, 2021	3 Year	9,931,500	2.54%
Independent Director	Wu Yung Ku	July 27, 2021	3 Year	0	0%
Independent Director	Lu, Cing-Cang	July 27, 2021	3 Year	0	0%
Independent Director	Chen, Mei-Hua	July 27, 2021	3 Year	0	0%
Subtotal of Shareholding by All Directors				27,074,259	6.93%

The total number of shares held by all directors is 27,074,259 shares, accounting for 6.93% of issued shares.

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

Note 2: The Audit Committee of the Company was established on June 26, 2018 to replace the function of supervisors.

# Champion Building Materials Co. Ltd.

## Articles of Incorporation

### Chapter 1 General Provisions

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

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

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

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

Article 4 (Deleted)

### Chapter 2 Shares

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

Article 5-1 (Deleted)

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

enterprise.

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

### Chapter 3 Shareholders’ Meeting

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

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

### Chapter 4 Director

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

The Audit Committee shall be formed by all independent directors of the Company, whose number shall not be lower than three, and shall contain one convener as well as at least one independent director with expertise in accounting or finance.

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

Article 11 The directors shall elect among themselves one director to serve as

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

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

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

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

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

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

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

under industry practice and at general level.

## Chapter 5 Managerial Officers

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

## Chapter 6 Accounting

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

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

1. Report on Operations.
2. Financial Statements.
3. Proposals Concerning Appropriation or Net Profits of Making Up.

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

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

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

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

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

undistributed earnings and proposed to the shareholders' meeting for resolution on distribution as proposed by the Board of Directors.

Article 19-2 As the Company is currently in a mature industry, has stable profitability and sound financial structure, for sustainable management and long-term development as well as the Company's future capital needs and long-term operation plans, the Board of Directors may, in accordance with current operation status with considerations of shareholder's equity, balanced dividend policies and capital needs and planning, propose earnings distribution for submission to the shareholders' meeting for resolution. The earnings distribution may be made in cash dividend or share dividend; however, the proportion of stock dividend distribution may not be more than 50% of the total dividend (50%).

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

## Chapter 7 Additions

Article 21 These Articles of Incorporation are agreed to and signed on November 2, 1972; 1<sup>st</sup> Amendment was made on April 2, 1974; 2<sup>nd</sup> Amendment was made on January 2, 1975; 3<sup>rd</sup> Amendment was made on December 24, 1982; 4<sup>th</sup> Amendment was made on June 23, 1983; 5<sup>th</sup> Amendment was made on May 9, 1984; 6<sup>th</sup> Amendment was made on January 5, 1986; 7<sup>th</sup> Amendment was made on May 22, 1989; 8<sup>th</sup> Amendment was made on November 28, 1989; 9<sup>th</sup> Amendment was made on March 3, 1990; 10<sup>th</sup> Amendment was made on April 25, 1990; 11<sup>th</sup> Amendment was made on May 15, 1990; 12<sup>th</sup> Amendment was made on April 2, 1991; 13<sup>th</sup> Amendment was made on December 7, 1991; 14<sup>th</sup> Amendment was made on March 25, 1992; 15<sup>th</sup> Amendment was made on April 22, 1993; 16<sup>th</sup> Amendment was made on March 23, 1994; 17<sup>th</sup> Amendment was made on April 6, 1995; 18<sup>th</sup> Amendment was made on May 23, 1996; 19<sup>th</sup> Amendment was made on May 24, 1997; 20<sup>th</sup> Amendment was made on May 15, 1998; 21<sup>st</sup> Amendment was made on May 26, 2000; 22<sup>nd</sup> Amendment was made on June 15, 2001; 23<sup>rd</sup> Amendment was made on June 14, 2002; 24<sup>th</sup> Amendment was made on June 6, 2003; 25<sup>th</sup> Amendment was made on June 23, 2006; 26<sup>th</sup> Amendment was made on June 15, 2007; 27<sup>th</sup> Amendment was made on June 25, 2008; 28<sup>th</sup> Amendment was made on June 16, 2009; 29<sup>th</sup> Amendment was made on June 10, 2010; 30<sup>th</sup> Amendment was made on June 28, 2011; 31<sup>st</sup> Amendment was made on June 18, 2014; 32<sup>nd</sup> Amendment was made on June 16, 2015; 33<sup>rd</sup> Amendment was made on June 28, 2016; 34<sup>th</sup> Amendment was made on June 26, 2018; 35<sup>th</sup> Amendment was made on June 16, 2020.

# **Champion Building Materials Co. Ltd.**

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

- Article 1 To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 3 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.
- An agenda handbook shall be furnished when convening of a regular shareholders' meeting, and notices for convening such meeting shall be submitted to each shareholder 30 days prior to the date of such meeting and notices to shareholders holding less than 1000 registered shares may be made by public announcements on MOPS 30 days prior to the special shareholders' meeting; notice for convening of a special shareholders' meeting shall be submitted to each shareholder 15 days prior to the date of such meeting, and notices to shareholders holding less than 1000 registered shares may be made by public announcements on MOPS 15 days prior to the special shareholders' meeting.
- The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
- Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.
- A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda.

A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

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

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

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

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

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

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

Article 6 The Company shall furnish the attending shareholders and their proxies (collectively, "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

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

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

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

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

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

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

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

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

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

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

Article 10 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

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

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

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

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

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

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

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

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

Article 12 Voting at a shareholders meeting shall be calculated based the number of shares. With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

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

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

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

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

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

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the

one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# **Champion Building Materials Co. Ltd.**

## **Regulations Governing Election of Directors**

- Article 1 Except as otherwise provided by law and regulation or by the Company's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.
- Article 2 The cumulative voting method shall be used for election of the directors and supervisors at the Company. Each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Elections of both directors and supervisors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. Acceptance method and public announcements of Director nominations shall be conducted following the Company Act and Securities and Exchange Act. Election for independent directors shall be performed along with the election of non-independent director, with the number of elects calculated separately.
- Article 3 Election of directors in the Company is conducted in a shareholders' meeting, with the Board of Directors preparing for ballots for directors and calculation of number of voting rights.
- Article 4 The number of directors and supervisors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance. In case a shareholder is elected as a director, the shareholder shall make own decision to accept the appointment as a director, or, where an elected director is found with unmatched personal information in a verification or qualification of such elect is deemed invalid in accordance with relevant laws and regulations, the vacancy shall be filled by candidate(s) with second most voting rights in the same shareholders' meeting.
- Article 5 The board of directors shall prepare separate ballots. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 6 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.

Article 7 The ballot cabinets (boxes) shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 8 If a candidate is a shareholder, a voter must enter the candidate's account name and 99 shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 9 In case the total amount as entered in "Number of voting rights allotted" on the ballot is fewer than the number of voting rights stated on the vote, the disparity between the two figures are deemed as having the rights waived.

Article 10 A ballot is invalid under any of the following circumstances:

- (1) A ballot that is not placed in the ballot cabinet (box).
- (2) The ballot was not prepared by a person with the right to convene.
- (3) A blank ballot is placed in the ballot cabinet (box).
- (4) The number entered in "number of voting rights allotted" column is not in Chinese or Arabic numerals.
- (5) The writing is unclear and indecipherable or has been altered.
- (6) The ballot was not entered in following Article 8 herein.
- (7) Other words or marks are entered in addition to the number of voting rights allotted.
- (8) The total number entered in "number of voting rights allotted" column exceeds the number of voting right as stated over the ballot.

Article 11 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation shall be announced by the chair or his/her assignee on the site.

Article 12 The board of directors of the Company shall issue notifications to the persons elected as directors.

Article 13 Elects of the Company's directors shall contain a majority of members without any relationship to other directors as follows:

- (1) Spouse.
- (2) Relatives within second degree of kinship.

Article 14 Any matters unattended by these Procedures shall be conducted in accordance with the Company's Articles of Incorporation, Company Act, Securities and Exchange Act and relevant laws and regulations.

Article 15 These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

## **Champion Building Materials Co. Ltd.**

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

Not applicable as the Company did not disclose the financial forecast for the year 2024.

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

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

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

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

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

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

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

- I. The profit before tax and before the deduction of remunerations of employees and Directors in 2023 was NT\$62,186,367, and the Company has no cumulated loss. According to Article 19 of the Articles of Association, the Company intends to appropriate 3% and 1% of the profit before tax and before the deduction of remunerations of employees and Directors in 2023 as the remuneration of employees and the remuneration of Directors, respectively, which amounted to NT\$1,865,591 and NT\$621,864; the sum of remunerations of employees and Directors are NT\$2,487,455.
- II. Number of shares proposed to be distributed as employees' stock bonus and its proportion to earnings to capital increase: None.
- III. Earnings per Share with considerations of proposals on employees' bonus and

directors and supervisors' compensation: NTD 0.001

(3) Status of Earnings from the Preceding Year used for Distribution of Employees' Revenue Share and Directors and Supervisors' Compensation:

The Company's 2022 Table for Covering of Losses has been adopted by resolution in the General Shareholders' Meeting on June 19, 2023, which the shareholders' dividend, employees' compensation in cash and directors and supervisors' compensation not be dispatched.

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

Explanation:

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

(2) The proposals by shareholder' for 2023 General Shareholders' Meeting of the Company is open from April 12th to April 22th, 2024, with relevant information announced on MOPS in accordance with relevant laws and regulations.

(3) The Company did not receive any shareholder proposal.